

Price Drivers

- Wheat production is expected to cross 85 MMT, Procurement over 20MMT so far
- Export deferred now. Export parity from Gujarat and Bihar only
- Pressure from new crop is expected to decrease in the third week of May.
- Procurement target of 26 MMT is likely to achieve.
- MSP and bonus are keeping market up where Procurement agencies are active.
- IGC revised wheat production estimates up, Rough weather will support international wheat market in weeks ahead.

Analysis: Technical

- Candlestick chart formation shows buyers getting support in the future market and firm bias likely to continue for short term.
- RSI is moving up in positive zone indicating firm sentiment in the market.
- Decreased volume is supportive for uptrend for short term.
- Wheat may trade in the price band of Rs 1170 to Rs1220 in short and medium term.
- Market is getting support at 1190 level.
- Market participants are advised to go for sell at higher level.

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Sell	<1200	1197	1194	1204
Support & Resistance				
S2	S1	PCP	R1	R2
1192	1195	1199.00	1202	1204



Spot Market Fundamentals

- Mostly steady sentiment witnessed in major markets of wheat on Monday and arrivals remained under decline.
- Wheat prices almost remained stable to weak in major cash market on lower demand against higher supply in the last week period. Prices are likely to remain stable in weeks ahead on expected decrease in arrivals from the third week of May.
- As per govt. officials view, exports will be allowed after assessing local demand and India's grain bins are overflowing and the forecast for a normal monsoon promises another bumper crop may force govt. to think about limited quantity of export.
- The Government agencies are expected to procure 5.9 million tons during May to June which would lead overall procurement to near 25.8 million tons.
- Almost every market in Punjab and Haryana has received higher arrivals in the last week and arrival pressure is likely to increase in weeks ahead.
- Meanwhile, an Indian ministerial panel deferred a decision on lifting a ban on wheat and rice exports as it wanted to first take stock of requirement under a proposed food security law to increase subsidized grain sales.
- The total wheat procurement in the country has crossed the 200 lakh tons mark as on May 4th, 2011. This year procurement may cross 25 MMT based on arrival pressure in all major market.
- On April 1, at the start of the new harvesting season, India's public wheat stocks, at 15.36 million tonnes, were more than twice the required minimum buffer and strategic reserve of seven million tons. Total arrivals registered at 213 lakh tons as on 3rd May, 2011.
- Punjab is projecting wheat production of 159 lakh tons as against 151.69 lakh tons last season. Haryana has revised its target to achieve wheat output of 104.09 lakh tons in current season, which will be almost 10 per cent higher than wheat production of 98 lakh tons. Meanwhile, International wheat companies Cargill, Louis Dreyfus, Olam India and Glencore (Agri Core) have procured almost 1MMT in various states so far. Prices of wheat rule below MSP in Bihar, Gujarat and U.P.

Prices of wheat will remain under pressure on rising supply from major producing states and MNC's buying interest in states like U.P., Rajasthan and Bihar where there are fewer nos. of procurement centers and comparatively lower prices. Meanwhile export decision deferred right now and govt may reconsider it in June.

Prices at key Market

Centre	Variety	Prices 09.05-11	Change from Prior Day	Arrivals 09-05-11	Change from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1170	Unch	8000	-6000
Delhi (Narela)	Mill Delivery Loose	1170	Unch	5000	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1150-1175	Unch	1500	-500
Gujarat (Rajkot)	Mill Quality	1050	-10	10000	+4000
Gujarat (Ahmadabad)	Mill delivery	1190	Unch	NR	-
Gujarat (Surat)	Mill delivery	1220	Unch	NR	-
M.P. (Bhopal)	Mill quality loose (Lokwan)	1125	+25	4000	-1000
M.P. (Indore)	Mill delivery	1200	Unch	4000	-2000
Rajasthan (Kota)	Mill quality	1120	+5	40000	-25000
U.P. (Kanpur)	Mill delivery	1160	+25	1300	-700
Punjab (Khanna)	Mill quality loose	1120-1125	Unch	10000	-5000
Haryana (Karnal)	Mill quality (Mill delivery)	1175	+05	11000	-4000
Haryana (Sirsa)	Mill delivery loose	1170	Unch	5000	-2000
Haryana (Rewari)	Mill quality loose	1170	Unch	NR	-
Haryana (Panipath)	Mill quality loose	1170	Unch	NR	-

*Prices in Rs/ Qtl & Arrivals in bags (1 bag = 1 Qtl)

RBI Indicative Exchange Rates

Country/ Continent	Currency	Value in Rupees 09-05-2011	Value in Rupees 07-05-2011
USA	Dollar	44.70	44.78
European Union	Euro	64.43	66.27
United Kingdom	GBP	73.22	73.42

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