

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 indecision in the market.
- RSI is moving down in neutral zone indicating weakness in the market.
- MACD is also moving down in positive zone which further supports weakness in the market.
- Both volume and open interest also hints for downtrend as both are reducing with price improvement.
- Market participants are advised to go for sell at higher level.

Trade Recommendation: Wheat NCDEX (May)

Call	Entry	T1	T2	SL
Sell	<1200	1195	1193	1203
Support & Resistance				
S2	S1	PCP	R1	R2
1187	1190	1197.00	1203	1205



Spot Market Fundamentals

- Mostly steady sentiment witnessed in major markets of wheat on Monday and arrivals remained under decline.
- Rainfall during past few days in Punjab has raised the concerns for wheat crop as around 20% crop is harvested till date in the state.
- Wheat procurement by all state run procurement agencies during 2011-12 rabi marketing season (April-June) is reported at 217.37 lakh tones compared to 209.91 lakh tones procured in 2010-11 rabi marketing season during the same period.
- 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.

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 10-05-11	Change from Prior Day	Arrivals 10-05-11	Change from Prior Day
Delhi (Lawrence Road)	Mill Quality (Ready Delivery)	1175	+5	10000	+2000
Delhi (Narela)	Mill Delivery Loose	1170	Unch	5000	Unch
Delhi (Nazafgarh)	Mill Delivery Loose	1150-1175	Unch	1000	-500
Gujarat (Rajkot)	Mill Quality	1050	-	6000	-4000
Gujarat (Ahmadabad)	Mill delivery	1190	Unch	NR	-
Gujarat (Surat)	Mill delivery	1220	Unch	NR	-
M.P. (Bhopal)	Mill quality loose (Lokwan)	1125	-	6000	+2000
M.P. (Indore)	Mill delivery	1200	Unch	8000	+4000
Rajasthan (Kota)	Mill quality	1200	-	40000	-
U.P. (Kanpur)	Mill delivery	11605	+5	700	-600
Punjab (Khanna)	Mill quality loose	1120	-5	8000	-2000
Haryana (Karnal)	Mill quality (Mill delivery)	1175	-	11000	-
Haryana (Sirsa)	Mill delivery loose	1170	Unch	5000	-
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 10-05-2011	Value in Rupees 09-05-2011
USA	Dollar	44.73	44.70
European Union	Euro	63.90	64.43
United Kingdom	GBP	73.20	73.22

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