

### 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 sellers got support in the future market and range bound to weak 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 1180 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   |
|----------------------|-------|---------|------|------|
| <b>Sell</b>          | >1205 | 1197    | 1195 | 1210 |
| Support & Resistance |       |         |      |      |
| S2                   | S1    | PCP     | R1   | R2   |
| 1187                 | 1190  | 1202.80 | 1222 | 1231 |



### Spot Market Fundamentals

- Mostly steady sentiment witnessed in major markets.
- Procurement target set by MP government for the current rabi marketing season 2011-12 is likely to be unachievable due to the lack of adequate storage facilities.
- Since no fresh procurement is taking place in MP and this has reduced the wheat price by Rs 15/qrtl in Indore market.
- Record production of the commodity in MP will further weigh on domestic wheat prices in coming days.
- 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.
- Better returns during last year will encourage Canadian farmers to increase the area under wheat as acreage under wheat during 2011-12 is forecasted at 95.7 lakh hectares compared to the last year's acreage of 82.69 lakh hectares.
- Ending stocks of wheat in Canada during 2010-11 have fallen sharply to 57 lakh tones compared to the last year's ending stock of 78.29 lakh tones.
- 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.

**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<br>12-05-11 | Change<br>from Prior<br>Day | Arrivals<br>12-05-11 | Change<br>from Prior<br>Day |
|-----------------------|-------------------------------|--------------------|-----------------------------|----------------------|-----------------------------|
| Delhi (Lawrence Road) | Mill Quality (Ready Delivery) | 1190               | +15                         | 11000                | +1000                       |
| Delhi (Narela)        | Mill Delivery Loose           | 1170               | -                           | 10000                |                             |
| Delhi (Nazafgarh)     | Mill Delivery Loose           | 1150-70            |                             | 1500                 |                             |
| Gujarat (Rajkot)      | Mill Quality                  | 1170               | -                           | 4000                 | -2000                       |
| Gujarat (Ahmadabad)   | Mill delivery                 | 1190               | Unch                        | NR                   | -                           |
| Gujarat (Surat)       | Mill delivery                 | 1220               | Unch                        | NR                   | -                           |
| M.P. (Bhopal)         | Mill quality loose (Lokwan)   | 1300               | +50                         | 3000                 | -3000                       |
| M.P. (Indore)         | Mill delivery                 | 1185               | -15                         | 3000                 | -3000                       |
| Rajasthan (Kota)      | Mill quality                  | 1170-80            | -                           | 30000                | -5000                       |
| U.P. (Kanpur)         | Mill delivery                 | 1160               | -5                          | 1500                 | -                           |
| Punjab (Khanna)       | Mill quality loose            | 1120-30            | +10                         | 3000                 | -2000                       |
| Haryana (Karnal)      | Mill quality (Mill delivery)  | 1200               | -                           | 30000                | +5000                       |
| 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<br>11-05-2011 | Value in Rupees<br>12-05-2011 |
|--------------------|----------|-------------------------------|-------------------------------|
| USA                | Dollar   | 44.69                         | 44.79                         |
| European Union     | Euro     | 64.39                         | 63.59                         |
| United Kingdom     | GBP      | 73.12                         | 73.19                         |

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