

WHEAT

Review: The NCDEX wheat futures staged a strong rally last week on account of extended buying in the futures market. Spot market also witnessed an aggressive buying during the week from the government agencies and private traders. With the lifting of the stock limit on wheat by UP and Haryana government also boosted the price rise. Moreover, the concerns over output were raised following intense heat condition in key wheat growing areas. The most active May contract wheat futures made a weekly high of Rs.1175 per quintal from a low of Rs.1136.20 per quintal and settled at Rs.1167.40 per quintal, gaining by 2.49%.

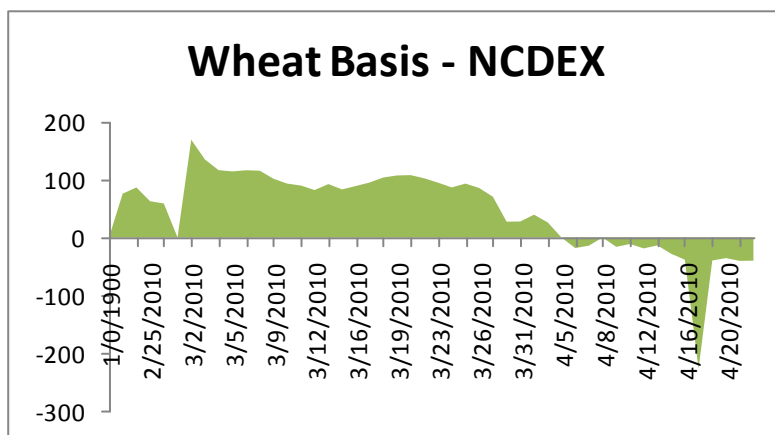
Outlook: Wheat futures are expected to trade on a positive note during the week ahead on account of lower production estimates due to prevailing heat wave. Also government's plans to impose a 40 per cent import duty on wheat imports may also support the prices.

- ♣ Punjab farmers' fears loss of 20 to 25 per cent of wheat due to immense heat wave prevailing in the state and demanding compensation for their losses
- ♣ Government is planning to impose a 40 per cent customs duty on wheat imports considering difference of cost between domestic wheat and imported wheat
- ♣ Wheat from Australia is available at \$ 275 (Rs 12,375) per tonne, while from black sea region, it is available at \$225, if a custom duty of 40 per cent is imposed, traders will have to incur a huge cost. Mainly south Indian millers are importing wheat in large Quantities
- ♣ So far, government has procured over 15 million tonnes of the targeted 26 million tonnes of during current season in key growing states of Punjab, Haryana and Uttar Pradesh
- ♣ Stockiest, private buyers and government agencies are making aggressive buying, after the Haryana government increased stock limits on wheat
- ♣ Since the prices are quoting around Minimum Support Price level, an aggressive buying has been seen in the spot markets

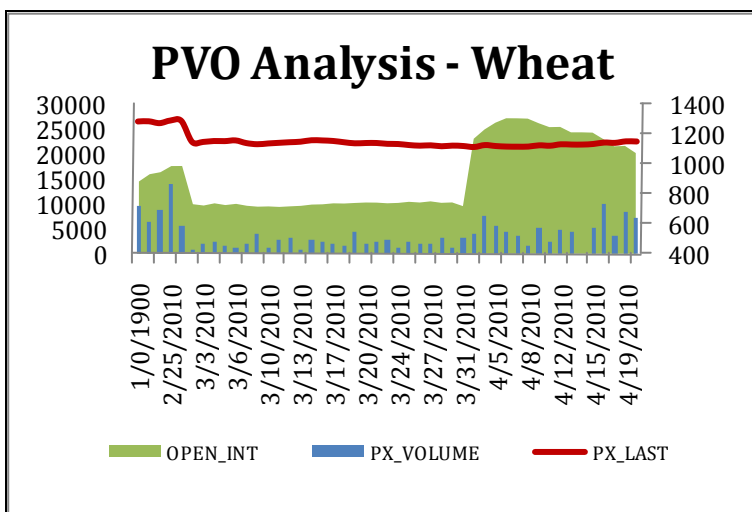
Futures prices

Exchange	NCDEX	MCX
Contract	May-10	May-10
Open	1138.00	1140.10
High	1175.00	1180.00
Low	1136.20	1136.20
Close	1167.40	1170.20
% Change	2.49	3.19
Volume	39530.00	96.00
% Change	41.99	231.03
Open Interest	17080.00	0.47
% Change	-25.38	30.50

Basis



Derivative Analysis



Chana

The chana futures witnessed a choppy trading with positive bias last week. An improvement in spot demand pushed up the spot prices and in turn futures market took the trend. An emerging demand from stockists and dal millers supported the positive trend during the week. The most active May contract chana futures made a weekly high of Rs.2262 per quintal and a low of Rs.2195 per quintal and settled at Rs.2244 per quintal, gaining by 0.31%.

Outlook

Chana futures are expected to trade sideways to higher on some demand in the spot market amid lower arrivals

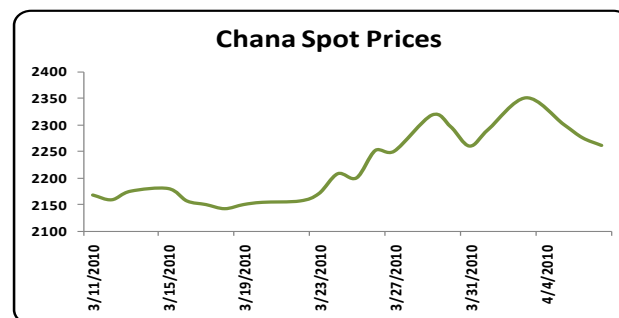
Factors to watch out

- ❖ Buying interests from traders and millers at lower levels as the wedding season has started may support the prices
- ❖ Prices may also get support from the Rajasthan government's decision to increase the stock limits of chana to ensure better prices for farmers
- ❖ Chana stocks on 23 April NCDEX accredited warehouses fell by 62 tonnes to 36386 tonnes.
- ❖ The declining stock level at exchange designate warehouses is likely to support the prices
- ❖ The spot prices of chana at major markets in Delhi closed at Rs 2,200 per 100 kg, down 13 rupees from the previous close
- ❖ India is expected to harvest a record output of over 7 million tonnes Chana during current season compared with just below 6.5 million tonnes last year
- ❖ Farmers are holding back their produce anticipating rise in the prices in near term
- ❖ The prices of other pulses are also supporting the chana prices also

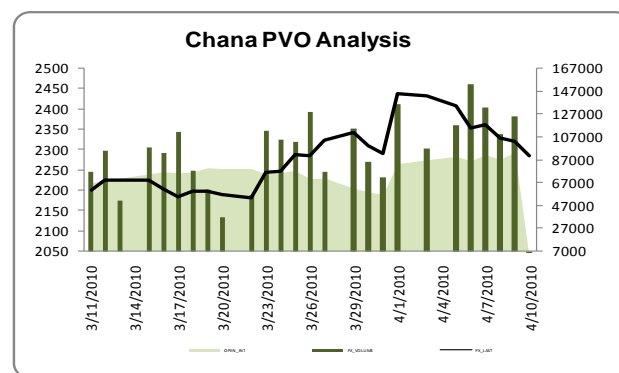
Futures prices

	May	Jun
Open	2235	2322
High	2262	2350
Low	2195	2285
Close	2244	2328
% Change	0.31	0.09
Volume	638240	270080
% Change	9.12	91.04
Open Interest	127780	64510
% Change	7.73	20.58

Spot prices:



Derivatives Analysis



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