

Maize

7th June-13th June, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Indian Corn Prices Improved Amid Monsoon Anxiety

The rise in Indian corn prices has come at a time when global corn prices have softened marginally amid good sowing in the US. According to a market analyst, the reasons for rise in prices in the last seven days are mainly for cynicism over monsoon. Traders feel shortfall in supplies, particularly of maize in south and west India is also pushing up the prices. Corn prices in other states are ranging from a high of Rs 640 in Gujarat to a low of Rs 435-440 a quintal in Bihar, where stocks are well supplied. Maize was trading at Rs 425-595 a quintal in the previous week. Traders feel proper advancement of monsoon may lead to a market correction in the coming days but supply position will continue to play a crucial role in price movement. In the US, 95 per cent of the corn has been planted and about 83 per cent have even emerged from the ground and this is keeping prices under check, according to market analyst.

S. Africa: Sufficient Maize for Two Years' Consumption

It was reported that the South Africa country has enough maize around 15 MMT available for two years' consumption. If farmers do not plant any maize in the coming season, the market should be in balance within the next eight to 12 months, according to trade sources. The low price of maize means that South African farmers cannot produce it profitably. Grain SA has urged government to look at proposals for higher tariffs on the importing of cheaper overseas grain.

GM Maize: Research Confirms Health Risks

According to claiming of NGOs (Non Government Organisations), the latest research on rats has confirmed worries of health risks of genetically modified food and ban on release of GM foods must be taken immediately. The data on the collapse of the immune system and organ

abnormalities in rats fed with GM maize (MON 863) have been disclosed. The multinationals had been hiding data on the adverse reactions of GM foods; claimed by Dr Suman Sahai from the Gene Campaign and he reported that the Government in India had been accepting industry data. The two organisations demanded publication of all the food and feed safety data that has been generated on the GM crops such as cabbage, cauliflower, brinjal, potato and tomato that are being researched in India. They also recommended that the import of GM foods must be stopped and all foods that have been imported must be tested for the presence of GM foods. The maximum imported food products are maize and soybean, which is genetically modified.

USDA: Corn Production 2 MMT Lower in Brazil

According to USDA, the 2005/06 projected price range for corn is \$1.55 to \$1.95, compared with \$2.00 to \$2.10 for 2004/05. The most noteworthy change in the global outlook for 2004/05 is in Brazil with a 2 million ton reduction in the corn crop, lower imports, smaller feed use and exports, and a 0.4 million ton drop in ending stocks. The global outlook for 2005/06 is for decreased coarse grain production, lower use, and a moderate drop in stocks relative to last month. Smaller crops are projected in Ukraine (down 1.5 million tons), Russia (down 1 million), Argentina and Australia (each down 0.5 million), and several other countries. Global coarse grain use in 2005/06 is down fractionally with the largest declines occurring in Russia, Ukraine, and Australia. Consumption is up in Egypt, Iran, and Tunisia. Global imports are down slightly as smaller imports by Turkey, Russia, Indonesia, and Chile are only partially offset by larger imports by Egypt, Morocco, Brazil, and Iran. Exports from Argentina, Brazil, Ukraine, and Kazakhstan are lower while exports by the EU-25 and South Africa rise. Global ending stocks drop just over 2 million tons with the largest declines occurring in Russia, Ukraine, and Australia. Stocks are up in Iran, Egypt, Tunisia, and several other countries.

TRADE ANALYSIS

DELHI MARKET:

In Delhi market, the price for maize remained strong with daily average of 20-25 trucks in this week. The arrival was mainly from Bihar. The Bihar new maize was quoted at Rs 595-600 per qtl in Delhi market. The market sentiment remained strong amidst more demand. It is expected that the present market scenario would continue this trend in the coming days.

KARNATAKA MARKET:

The maize market situation in Karnataka remained relatively higher in this week amidst less demand. The Bangalore to Tamilnadu delivery was traded at Rs.585 per qtl, which was slightly higher from Rs.575-580 per qtl of the previous week range. The ongoing market sentiment is likely to remain stable in the coming days.

KOLKATA MARKET:

The Kolkata market prices for maize showed slightly downward sentiment in this week amidst less demand from the market. The market price for Kolkata mill delivery was at Rs. 525-530 per qtl. It is likely to remain stable condition in the coming days.

BIHAR MARKET:

The market position in Bihar was also showed strong condition with range bound in this week. Prices of the new maize were quoted at Rs 435 per qtl. The truck bilty price for maize was at Rs.445-450 per qtl. The Bihar maize has been supplying to Maharastra, Rajasthan, Punjab, Haryana, Delhi, Kolkata and also Bangladesh. It is expected that the price may improve with the increasing supply to other states.

CONCLUSION

The market condition for maize remained stable with range bound in most of the mandis in this country. The Indian prices on the other hand have been going up as the monsoon controversy heats up. Yellow Maize average rates were reported at Rs.6250 - Rs.6480 (\$143 - \$149) per MT at market yards. The price for Kesari (Dark Yellow) were reported little lower at Rs.6125 (\$140) per MT. Added to this the mandi costs and delivery costs, the prices of yellow corn will be much higher than anticipated. The prices were the highest in Gujarat and touched Rs.6525 (\$150)

WEATHER WATCH:

Monsoon Outlook:

Southwest monsoon advanced into some more parts of southwest Bay, entire southeast Bay, parts of westcentral Bay, some more parts of eastcentral Bay and parts of north east Bay of Bengal on 2nd. It further advanced into Kerala, and also into some parts of south Arabian Sea, parts of Tamil Nadu and some more parts of southwest Bay of Bengal on 5th. It has further entire south Arabian sea, parts of central Arabian sea, entire Kerala and southern parts of coastal Karnataka, some more parts of Tamil Nadu, southwest, central and northeast Bay on 6th. It has further advanced over

Rainfall:

NIZAMABAD MARKET:

In Nizamabad, the market sentiment remained unchanged with range bound in this week. The market price for local maize variety was quoted at Rs.527-530 per qtl. It is expected that the market would continue this tone in the coming days.

DAVENGERE MARKET:

This market showed range bound with stable sentiment on maize prices. It was reported that maize has traded at the range of Rs. 525-530 per qtl.

GLOBAL MARKET

In the global market, the corn prices remained range bound in this week. But at the weekend the corn futures on the Chicago Board of Trade (CBOT) ended lower Friday with speculative stops hit because of the market waits for confirmation on weekend rainfall. CBOT July corn settled 5.5 cents lower at \$2.10, September corn was 4.75 cents lower at \$2.203, and December corn was 4.25 cents lower at \$2.303 a bushel. The opening was higher but declined later due to technical selling. Prices reached between \$2.08 and \$2.09 would trigger selling. However, most weather forecasts, both private and public, have forecasted warmer weather into next week and improved weather conditions has been a main concerning factors in weaker prices. According to traders, neutral U.S. Department of Agriculture supply and demand reports in corn had little effect on trade activity Friday. The USDA slightly lowered its old and new crop world ending stocks for corn, to 127.99 MMT and 121 MMT from 128.70 MMT and 122.1 MMT, respectively. But the government left its U.S. new-crop corn ending stocks estimate unchanged at 2.540 billion bushels, above analysts' estimates for 2.458 billion. CBOT Ethanol futures ended unchanged. The June contract settled at \$1.23 and the July contract settled at \$1.24 per gallon.

per MT at the market yard. Prices were however lower in Bihar and some parts of Andhra Pradesh and were report at Rs.4800 (\$109) per MT and Rs.5100 (\$117) per MT respectively. Maize is the third most important crop in the country and the top coarse cereal and as prices go sky rocketing, the end users (Poultry farmers, starch manufacturers) get affected and not the consumers directly. Does that mean that the grain is not important? To the people involved in its production and use, it is probably more important than thought. At current FOB values and lower freight costs, importing maize for the costal areas without duty would be feasible and this will help the poultry as well as the starch sector.

some more parts of central Arabian Sea, most parts of Coastal Karnataka, some more parts of South Interior Karnataka, Tamil Nadu and some more parts of southwest Bay on 7th. Southwest monsoon further advanced over some more parts of eastcentral Arabian Sea, Goa, entire Coastal Karnataka, most parts of South Interior Karnataka, Tamil Nadu, parts of Rayalaseema and southern parts of Coastal Andhra Pradesh, entire southwest Bay and some more parts of central Bay on 8th.

Rain/thundershowers occurred at many places over Andaman & Nicobar Islands, northeastern States, West

Bengal & Sikkim, Karnataka, Kerala and Lakshadweep; at a few places over Orissa Jharkhand, Uttaranchal Himachal Pradesh, Jammu & Kashmir, Konkan & Goa and Andhra Pradesh and at isolated places over the rest regions of the country. Isolated dust storm / thunderstorm accompanied with squall occurred over plains of northwest India.

Outlook For The Week:

Conditions are favourable for further advance of southwest monsoon into the northeastern states and some more parts of south peninsula during the second half of the week.

Heavy to very heavy rainfall occurred at a few places over Andaman & Nicobar islands. Isolated heavy rainfall also occurred over Assam and Meghalaya, Sub Himalayan West Bengal & Sikkim and interior Karnataka.

Ongoing rainfall activity over Andaman & Nicobar Islands and south peninsula is likely to continue. Isolated rain/thundershowers also likely over northwest and eastcentral India.

IASL'S PRELIMINARY SUPPLY AND DEMAND ESTIMATES (2004-2005)

(Million tonnes)

Beginning Stocks	Domestic Production	Demand for Maize						Supply for Maize	
		Human Consumption	Starch	Poultry feed	Brewery	Cattle & other feed	Exports	Consumption	Ending Stocks
0.72	12.24*	3.70	1.50	6.70	0.00	1.20	0.15-0.20**	13.25-13.30	Insignificant

** Discounting exports, other than traditional buyers; * summer + winter season crop projections

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./to n)	City	Freight rates (RS./ton)
Delhi to Kolkata	2000	Kandla to Delhi	1600
Delhi to Cuttack	2650	Ahmedabad to Bangalore	1950
Delhi to Guwahati	3330	Ahmedabad to Kolkata	2945
Karnal to Guwahati	3440	Ahmedabad to Delhi	1555
Chandigarh to Cuttack	2770	Bangalore to Kolkata	2600
Karnal to Hyderabad	3000	Bangalore to Delhi	2350
Jaipur to Kolkata	2550	Bangalore to Ahmedabad	1400
Kolkata to Delhi	2000	Kolkata to Ahmedabad	2100
Karnal to Mumbai	1500	Kolkata to Bangalore	2100
Mumbai to Delhi	1800	Delhi to Ahmedabad	722

DAILY PRICE CHANGES IN DOMESTIC WHOLESALE MARKETS (Rs. Per Quintal)

MARKETS	13.06.05	04.06.05
Delhi (Bihar maize)	595-597	590-595
Pune starch/ Poultry feed mill delivery	575	630
Sangli truck bilty	620-625	600
Pune Maize	625	625
Ahmedabad Starch	655-660	660-665
Ahmedabad Poultry mills (New Maize)	640-645	640-650
Bihar (Nogachia Gulab Bagh etc)	435	425
Bangalore - Tamil Nadu delivery	585	580
Nammaklal local maize	600-605	600
Chennai Maize	NR	600
Kolkata mill delivery	520-525	535-540
Nizamabad Local Maize	527-530	525

NA: Not Available

INDIA MAIZE CROP - IASL'S PRELIMINARY ESTIMATES FOR YEAR 2004-2005

(Million Tonnes)

States	2004-2005 Projections	2003-2004 final estimates
Madhya Pradesh	2.26	2.26
Rajasthan	0.99	1.96
Uttar Pradesh	1.40	1.54
Bihar	1.22	1.22
Andhra Pradesh	1.12	1.12
Karnataka	1.85	0.92
Himachal Pradesh	0.85	0.85
Maharashtra	0.63	0.63
Punjab	0.60	0.60
Gujarat	0.32	0.52
Tamil Nadu	0.45	0.45
Others	0.65	0.65
Total	12.24	12.72

RABI CROP ACERAGE STATISTICS

Normal Area	Area Coverage			Area difference in absolute %age over
	This Year	Last Year	Diff	
7.00	9.05	8.36	0.69	Bihar (+0.3, +9.1), Gujarat (+0.2, 41.7), Karnataka (-0.1, -16.9), Uttar Pradesh (+0.2, 35.5)

Source: Department of Agriculture, Government of India

REVISED MAIZE PRODUCTION FIGURES (2000-2001 TO 2004-2005**)

(Million tonnes)

Year	2000-2001	2001-2002	2002-2003	2003-2004*	2004-2005**
Production	12.04	13.30	11.11	12.72*	12.24

*IASL's final Estimates/ **IASL's preliminary estimates
(Other figures are government estimates)

Exchange Rate: Indian rupee was quoted at **Rs.43.62** per dollar

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