

Maize

14th - 20th June, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Coarse Cereals Area Coverage:

The total area coverage under coarse cereals is only 570,200 hectare compared with 1.2 million hectares a year ago. The area under jowar cultivation has fallen to 95,000 hectare from 199,500 hectare, bajra to 10,000 hectare from 92,500, maize to 402,200 hectare from 825,500.

Japan Likely to Permit 1% Bt Corn

Japan is offering to allow imports of feed corn with up to 1% Bt10 corn contamination. Japan's Food Safety Commission is responsible for this approval. If received, feed grain cargoes containing that level of the unapproved, genetically modified Bt10 corn would not be destroyed or rejected. The genetically modified corn had started for testing in Japan after the March 22 by Syngenta that it accidentally sold Bt10 corn seed to U.S. farmers. The U.S. farmers planted this crop on 37,000 acres from 2001 through 2004. Two shipments have since been found with traces of Bt10 corn and were not allowed to enter the country.

USDA Latest Export Sales Report on Maize

Net sales of 691,700 MT were 23 percent above the previous week and 2 percent over the prior 4-week average. Increases for Japan (434,400 MT, including 81,500 MT switched from unknown destinations), Taiwan (118,900 MT), Mexico (91,300 MT), Jordan (85,900 MT, including 105,500 MT switched from unknown destinations and reductions of 27,500 MT), Egypt (55,300 MT, switched from unknown destinations), Morocco (50,600 MT, switched from unknown destinations), and Canada (30,100 MT) were partially offset by decreases for unknown destinations (257,600 MT). Sales of 56,800 MT for delivery in 2005/06 were mainly for Japan (56,600 MT). Exports of 869,200 MT were 3 percent above the previous week and 2 percent over the prior 4-week average. The principal recipients were Japan (400,800 MT), Jordan (110,900 MT), Mexico (101,400 MT), Egypt (55,300 MT), Morocco (50,600 MT), Colombia (50,300 MT), and Canada (31,400 MT).

AP Farmers to Cultivate Maize 30,000 Acre for Ethanol

The various agrochem firms has inspired farmers in the backward Rayalseema region of Andhra Pradesh to cultivate maize across 30,000 acre. The companies are eyeing to produce industrial alcohol (ethyl alcohol or ethanol) from the produce. According to an industry source, the companies have invested nearly Rs 250 crore for the project. Of this, the Hyderabad-based Rs 350 crore Nandi group has taken over the largest area of cultivation, 15,000 acre, where 3,500 farmers will cultivate maize. The National Bank of Agricultural and Rural Development (Nabard) is also looking at part financing the project. A study conducted by Firstcall found that there was a demand supply gap of 3,160-lakh litre of industrial alcohol or ethanol in the country. The demand for 5,000-lakh litre of ethanol was met with a supply of only 1,840-lakh litres. The demand-supply gap was likely to widen further when the Union government makes it mandatory to blend ethanol up to 10 per cent in petrol/diesel in the next phase. Indian companies thus far have not undertaken into alcohol making through maize or the cereal route as it takes thousands of acre of land to cultivate the raw material. From maize, 400 litre of ethanol can be produced per tonne of feedstock compared with only a 100 litre for beet and cane. Raw material accounts for 70-80 per cent of overall costs of ethanol.

CORN Prices Witnessed to Higher in Domestic Market

The corn situation was witnessed on higher note than June 2004 prices, specially in states of Bihar, Gujarat, Maharashtra, Rajasthan, Tamilnadu and Uttar Pradesh. The average price in mid June 2004 was Rs.530.7 per quintal, while this year the average prices are higher by approximately Rs550-Rs.650 per quintal. GOI estimates the production at 14.5 MMT for the year 2004-05, while the trade estimates the production at 12.1 - 12.5 MMT during the same period. While the average productivity by GOI has been estimated at 2.07 tons per hectare, the trade

estimates the productivity at 1.78 tons per hectare. Based on the current usage in poultry, livestock, starch and food the requirement will range from 12.9 - 13.3 MMT, without taking into account exports to Bangladesh, Nepal and Sri Lanka. Under certain circumstances, poultry and livestock farmers have used wheat, sorghum and bajra (Pearl Millet) in diets. But these materials can not replace corn completely though some replacement is possible which also compromises the efficiency of production. With the wheat situation so alarming and prices much higher than maize, it will be almost impossible to include wheat in poultry rations. As regards Bajra (Pearl Millet) and Sorghum, the prices are higher than or similar to corn,

TRADE ANALYSIS

DELHI MARKET:

The domestic market sentiment for maize remained very high in Delhi market. The maize was traded at the range of Rs.650-665 per quintal in Delhi mandis. The arrival was mainly from Bihar but very less. It is expected that the ongoing market sentiment would remain strong as short-term basis in the coming days.

KARNATAKA MARKET:

The maize market situation in Karnataka remained relatively higher in this week amidst less supply. The Bangalore to Tamilnadu delivery was traded at Rs.590 per qtl, which was slightly higher from Rs.575-580 per qtl of the previous week range. The FCI is likely to release its maize stock in July. The ongoing market sentiment is likely to remain stable in the coming days.

KOLKATA MARKET:

The Kolkata market prices for maize showed higher tone in this week amidst less supply from the Bihar. The market price for Kolkata mill delivery was at Rs. 535-540 per qtl. It is likely to remain stable condition in the coming days.

BIHAR MARKET:

In Bihar, the maize prices have increased to Rs.450 per quintal as loose basis but bilty price hovered around Rs.500

CONCLUSION

The market condition for maize remained strong 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. The corn situation was witnessed on higher note than June 2004 prices, specially in states of Bihar, Gujarat, Maharashtra, Rajasthan, Tamilnadu and Uttar Pradesh. The average price in mid June 2004 was Rs.530.7 per quintal, while this year the

WEATHER WATCH:

Monsoon Outlook:

Last week's trough at sea level off Konkan-Kerala coasts persisted upto 12th. It was seen off Kerala coast on 13th & 14th and from Konkan to Kerala coasts on 15th. Last week's upper air cyclonic circulation over North Interior Karnataka became less marked on 9th. Last week's trough at lower levels from West Rajasthan to Assam and the upper air cyclonic circulation over Pakistan & adjoining Punjab also became less marked on 9th. The other upper air cyclonic circulation over Jharkhand & neighbourhood moved northeastwards on 9th and became less marked on 10th. A fresh upper air cyclonic circulation was seen over Coastal

Rainfall:

which does not allow poultry farmers to use these commodities on a large scale. Under such circumstances, the cost of production of chicken is bound to go up in coming months, if the availability of coarse cereals does not improve and prices do not stabilize. The current cost of production of chicken in South India (under integration) is about Rs.27 (\$0.72) per kg, while in North India the cost of production is estimated at Rs.31 (\$0.71) per kg. A small increase in feed cost by Rs.0.50 (\$0.011) per kg would increase the cost of production in South by Rs.0.87 (\$0.02) per kg, while in the North the cost of production would increase by Rs.0.95 (\$0.022) per kg.

per quintal. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, Bangladesh, U.P., and West Bengal etc.

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.530-535 per qtl. The government did not start delivery the stock, however it is expected that the price would decline if government would release its stock.

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. Corn prices in US closed higher on Friday. CBOT closed higher at \$2.29 per bushel (\$90.15) per ton fir July delivery. This is higher by \$7.48 per ton in one week. (Close on June 10 was \$2.10 per bushel - \$82.67 per ton). The FOB values were \$100 per ton for July delivery. The freight is also steady and going down on almost all routes, which is a very encouraging sign.

average prices are higher by approximately Rs550-Rs.650 per quintal. GOI estimates the production at 14.5 MMT for the year 2004-05, while the trade estimates the production at 12.1 - 12.5 MMT during the same period. While the average productivity by GOI has been estimated at 2.07 tons per hectare, the trade estimates the productivity at 1.78 tons per hectare. Based on the current usage in poultry, livestock, starch and food the requirement will range from 12.9 - 13.3 MMT, without taking into account exports to Bangladesh, Nepal and Sri Lanka.

Karnataka & adjoining Konkan & Goa on 11th & 12th. It became less marked on 13th. An upper air cyclonic circulation extending between 2.1 & 5.8 km a.s.l. lay over southwest Bay of Bengal & Tamil Nadu on 13th & 14th. It became less marked on 15th. A North-South trough from northeastern States to central Bay of Bengal extending between 2.1 & 5.8 km a.s.l. was seen from 10th to 13th. It became less marked on 14th. However, a trough extending upto 2.1 km a.s.l. from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal was seen on 14th & 15th.

Light to moderate rainfall occurred at many places over Andaman & Nicobar Islands, Sub Himalayan West Bengal

& Sikkim, Coastal Karnataka and Kerala; at a few places over northeastern States, Gangetic West Bengal, Konkan & Goa, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh, Tamil Nadu & Pondicherry, interior Karnataka and Lakshadweep. It was isolated in the remaining parts of the country outside Uttar Pradesh and East Madhya Pradesh

Outlook For The Week:

Ongoing rainfall activity over Kerala and coastal Karnataka may get enhanced. Other parts of the Peninsula and northeast India may receive normal rainfall. Monsoon is likely to advance further into Maharashtra, Orissa, rest of

where weather was mainly dry. Isolated duststorm also occurred over plains of northwest India.

Isolated heavy rainfall also occurred over Andaman & Nicobar Islands and North Interior Karnataka on 1 or 2 days of the week.

the Peninsula, southern parts of Chhattisgarh and remaining parts of West Bengal. This may lead to abatement of heat wave conditions prevailing in east-central 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./ton)	City	Freight rates (RS./ton)
Delhi to Kolkata	2000	Kandla to Delhi	1600
Delhi to Cuttack	2440-2450	Ahmedabad to Bangalore	1900
Delhi to Guwahati	3330	Ahmedabad to Kolkata	2835
Karnal to Guwahati	3440	Ahmedabad to Delhi	1445
Chandigarh to Cuttack	2660-2670	Bangalore to Kolkata	2450
Karnal to Hyderabad	2770-2780	Bangalore to Delhi	2300
Jaipur to Kolkata	2440-2450	Bangalore to Ahmedabad	1400
Kolkata to Delhi	2000	Kolkata to Ahmedabad	2500
Karnal to Mumbai	1500	Kolkata to Bangalore	2000
Mumbai to Delhi	1800	Delhi to Ahmedabad	750

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

MARKETS	13.06.05	20.06.05
Delhi (Bihar maize)	595-597	660-670
Pune starch/ Poultry feed mill delivery	575	650
Sangli truck bilty	620-625	585
Pune Maize	625	625-630
Ahmedabad Starch	655-660	655-660
Ahmedabad Poultry mills (New Maize)	640-645	675-680
Bihar (Nogachia Gulab Bagh etc)	435	450
Bangalore - Tamil Nadu delivery	585	590
Nammaklall local maize	600-605	610
Chennai Maize	NR	610
Kolkata mill delivery	520-525	540
Nizamabad Local Maize	527-530	530-535
Devengere	NR	520-530

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.43.54** per dollar

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