

Maize

21st - 27th June, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

SAGIS Boosted Summer Corn Output Estimates

Summer grain production estimates were raised in the latest crop report released by the South African Grain Information Service (SAGIS). South Africa increased the planned size of its summer commercial corn crop by 3.2% from last month's projections to 11.883 million MT (MMT). This is the largest crop since the 12.1 MMT in 1993-94. The estimated area planted to corn or maize during the current 2004-05 seasons remained unchanged at 2.930 million hectares. The expected white maize plantings are 1.845 million hectares, while yellow maize plantings are 1.085 million hectares. The production forecast of white and yellow maize is 7.064 MMT and 4.820 MMT, respectively. The yield of white maize is 3,830 kilograms per hectare and that of yellow maize is 4,440 kilograms per hectare. The estimated area of white and yellow maize planted under irrigation is 70,110 hectares (3.8%) and 119,295 hectares (11%), respectively. The area planted to maize in the developing agricultural sector is estimated at 413,440 hectares and the expected maize crop for this sector is 265,948 MT, which is 16.6% or 37,878 MT more than the 228,070 MT of last season.

U.S. Corn Markets Underway on Higher Note

According to the analysts at the Chicago Board of Trade (CBOT), the corn markets have started on a strong note in this week due to the forecast for hot weather into July has added to the weather concerns and funds are expected to be active buyers over the near-term. Traders view the warmer weather as potentially supportive to fast growth for the crops in the western corn belt, and crop conditions for tonight's weekly crop progress report could show an improvement. Another limiting factor is the higher planted acreage due to good spring weather. Even if average yields are down 5% from trend, if harvested acres are 1 million above the recent USDA forecast, ending stocks for the 2005-06 season would come in near 1.842 billion bushels if usage is left unchanged.

Asia to Import 58 MMT of Course Grains

It is forecasted that the Asian countries would import around 58MMT, also unchanged from the 2004-05 estimated level. Somewhat higher maize purchases by the Republic of Korea are expected to be offset by smaller barley and maize imports by Japan and the Syrian Arab Republic, while little year-on-year variations are expected in imports by other countries. Where as in Africa, total imports are forecast at about 15.6 MMT, close to the 2004-05 high. Imports by several northern African countries are seen to increase because of the expected decline in output. However, imports are forecast to remain the same or even decline slightly in most sub-Saharan countries. The largest decrease over the 2004-05 levels is expected in South Africa and Kenya due to an anticipated improvement in domestic supplies. In Zimbabwe, however, despite smaller domestic production, imports may be smaller because of foreign exchange difficulties. In Europe, imports are likely to remain largely unchanged from 2004-05. The largest importer is expected to be the EU where imports of coarse grains are expected to remain at 3.2 million MT.

Brazil Likely to be Net Importer on Maize

Brazil is anticipated to emerge as a net maize importer for the first time since 2000-01 as a result of the anticipated decline in production resulting from dry weather in some major producing regions. In March, the Government reauthorized imports of genetically modified maize (GMO) from Argentina (banned since 2000) and this raised expectations for large imports but, more recently, the decision to import GMO maize was again overruled. By contrast, a small decline in imports by Mexico is likely, given this year's anticipated bumper maize crop.

Argentina and U.S. to be Net Exporter for Corn

Prospects for major exporters of maize are more favorable in 2005-06 as compared to 2004-05. Lower exportable supplies among smaller exporting countries could result in much larger sales by the five major exporters. Larger exports are forecast especially from Argentina, where a bumper maize crop is expected, and from the United States where, in spite of a likely decline in production, exportable

supplies are large. The expected increase in maize exports by Argentina and the United States would largely make up for the anticipated reductions in sales by Brazil, China and Romania. Among other countries, a sharp rebound in maize exports is expected also in South Africa as a result of higher production, large stocks and strong import demand from the nearby countries.

World Maize Price Hovered amid Strong Demand

Maize prices hovered since the second half of May mainly on weather concerns. A faster pace in import purchases in recent weeks, especially from Argentina and the United States, and stronger demand than earlier anticipated, particularly from Brazil, have also provided some support to prices. Also in South Africa, it is witnessed that the white and yellow maize prices increased in recent weeks amidst strong demand from nearby countries. However, over the coming months several factors likely to provide further support to prices: world production is forecast to decline from last year's record level, exports are likely to be down from China and Brazil, and feed wheat supplies are expected to be lower than in the current season.

U.S. Corn Sales Down from Previous Week

According to U.S. Department of Agriculture, the net sales of 508,200 MT corn were 20 percent below the previous week and 18 percent under the prior 4-week average. Increases for Japan (166,700 MT, including 65,300 switched from unknown destinations), Egypt (92,200 MT), Mexico (91,000 MT), South Korea (57,500 MT), Israel (56,300 MT, including 56,000 MT switched from unknown destinations), Colombia (55,200 MT), Algeria (45,500 MT,

TRADE ANALYSIS

DELHI MARKET:

The domestic market sentiment for maize remained range bound with weak undertone this week in Delhi market. The maize was traded at the range of Rs.635-640 per quintal in Delhi mandis against Rs.660-665 per quintal of previous week range. 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.600 per qtl, which was slightly higher from Rs.590 per qtl of the previous week range. The Nammakal local maize was traded at the range of Rs.620 per quintal. 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 also witnessed to higher tone in this week amidst less supply from the Bihar. The market price for Kolkata mill delivery was at Rs. 580-585 per qtl. It is likely to remain stable condition in the coming days.

BIHAR MARKET:

In Bihar, the maize prices have increased from Rs.450 to Rs.500 per quintal as loose basis in this week and bilty

including 45,000 MT switched from unknown destinations), Guatemala (39,200 MT), and Syria (27,500 MT--all switched from Egypt) were partially offset by decreases for unknown destinations (194,000 MT). Exports of 1,066,700 MT were 32 percent above the previous week and 25 percent over the prior 4-week average. The principal recipients were Japan (394,800 MT), Mexico (155,400 MT), Taiwan (150,800 MT), Israel (63,300 MT), South Korea (58,200 MT), the Dominican Republic (43,200 MT), Colombia (38,500 MT), Syria (27,500 MT), Algeria (25,500 MT), and Egypt (25,000 MT). Note: Accumulated exports for Japan were adjusted down by 57,900 MT.

Monsoon Declines the Sowing Area of Rice and Maize

It has witnessed that only three metrological sub-divisions received excess rainfall for the week, as compared to 19 in the same period last year. Only five sub-divisions received normal rainfall, which is a fall of seven as compared to the same period last year. Nine metrological sub-divisions received deficient rainfall that is about four more divisions as compared to the same period last year. The biggest change in this period has been the number of metrological sub-divisions receiving scanty rainfall, which stands at 19 in this period, as compared to zero sub-division that received scanty rainfall for the same period last year. The actual amount of rainfall for the week in review stood at 27.6 mm. According to the latest data available, important crops like rice, jowar, maize and oilseeds have seen a decrease in their area of coverage. There have also been no recorded shortages in chemical and bio pesticides, while most pest and crop diseases remained below the economic threshold levels.

price hovered to Rs.550 per quintal. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, Bangladesh, U.P., and West Bengal etc. The supply was less due to hoarding of stocks and quality was deteriorated. It is expected that the price would further increase in the coming days.

NIZAMABAD MARKET:

In Nizamabad, the market sentiment hovered amidst limited arrival in this week. The market price for local maize variety was quoted at Rs.550-560 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 strong sentiment on maize prices. It was reported that maize has traded at the range of Rs. 540-545 per qtl on less arrival.

GLOBAL MARKET

In the global market, the corn prices remained range bound in this week. Hot and dry forecasts for the corn belt and 90-degree-plus temperatures in Chicago lifted corn futures at the Chicago Board of Trade (CBOT) on Friday, with the market ending just off session highs. July corn rose 6.25 cents to \$2.328 a bushel, while December gained 6 cents to \$2.528. According to the private weather firm report, forecast models show some quiet period in the dry weather pattern for the entire Midwest and offer the prospect for normal precipitation during the weekend of July 1-4.

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

MARKETS	27.06.05	20.06.05
Delhi (Bihar maize)	635	660-670
Pune starch/ Poultry feed mill delivery	660	650
Sangli truck bilty	610	585
Pune Maize	660	625-630
Ahmedabad Starch	650-655	655-660
Ahmedabad Poultry mills (New Maize)	685	675-680
Bihar	500	450
Bangalore - Tamil Nadu delivery	600	590
Nammaklall local maize	620	610
Kolkata mill delivery	580-585	540
Nizamabad Local Maize	550-560	530-535
Devengere	540-545	520-530

CONCLUSION

Corn prices continue to rule higher and with no sign of relief in near future. Prices in areas like Sangli, Miraj, which are the producing areas, are ruling at Rs.600 per qtl. delivered to the feed factory. Prices in other areas of Karnataka are also higher and arrivals are very slow. Arrivals in only few markets of Andhra Pradesh and Bihar are about 100 tons, while in Karnataka one or two markets are reporting arrivals of higher than 500 tons. Prices range from a low of Rs.500 per qtl. in Bihar to a high of Rs.713 per qtl. in Gujarat. Bihar Maize is available in Delhi at Rs.635 per qtl. The monsoon on the other side has advanced, but it is not enough. Some areas of Maharashtra are covered, but the major area is left out. Monsoon also surpassed Hyderabad and reached Calcutta. The north is probably the most severely affected due to high temperatures and parched land. Only small areas seem to be cultivated where irrigation is available.

WEATHER WATCH:

Progress Of Southwest Monsoon

The southwest monsoon which remained stagnant during the last week, gained momentum during this week. It advanced over some more parts of west-central Bay of Bengal, remaining parts of eastcentral Bay of Bengal, some more parts of north Bay of Bengal, Nagaland, Manipur, Mizoram & Tripura and parts of Assam & Meghalaya and Arunachal Pradesh on 16th; over central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of Sub-Himalayan West Bengal & Sikkim on 17th; over some more parts of eastcentral Arabian Sea parts of south Konkan & Goa, south Madhya Maharashtra, parts of North Interior Karnataka, entire Rayalaseema, parts of Telangana, Coastal Andhra Pradesh and some more parts of westcentral and north Bay of Bengal on 18th and over some more parts of eastcentral Arabian sea, Konkan & Goa, Madhya Maharashtra and north interior Karnataka on 19th. Southwest monsoon further advanced over entire central Arabian Sea, parts of north Arabian sea, southern most parts of Saurashtra & Kutch, some more parts of northwest

Bay, parts of Gangetic West Bengal and entire Sub-Himalayan West Bengal & Sikkim on 20th and over some more parts of north Arabian Sea, Saurashtra & Kutch, some more parts of Gujarat region, Madhya Maharashtra, Telangana, coastal Andhra Pradesh, some parts of coastal Orissa, some more parts of Gangetic west Bengal and some parts of Bihar on 21st. The Northern limit of monsoon passed through 23°N/60°E, 23°N/65°E, Naliya, Surat, Sholapur, Gonnvaram, Gopalpur, Kolkata and Bhagalpur, Latitude 28°N/Long.85°E.

Meteorological Analysis

Last week's trough at sea level off Konkan to Kerala coast persisted throughout the week. At the leading edge of this trough an upper air cyclonic circulation extending between 2.1 and 5.8 km a.s.l. formed over eastcentral Arabian sea off Konkan coast on 17th. It lay over North Konkan and neighbourhood extending upto 5.8 km a.s.l. on 19th and off Saurashtra coast on 20th. Under its influence, a depression formed over northeast Arabian sea which lay centered close to Porbandar on the morning of 21st. It moved slightly northwestwards & lay centered near 22°N/68°E, about 150 km west of Porbandar on the morning of 22nd and moving westwards, it lay centred near Latitude 22°N/Long.67.5°E, about 200 km west of Porbandar on the same evening. Last week's upper air trough from Sikkim to North Bay of Bengal persisted on 16th extending upto 1.5 km a.s.l. It lay as an upper air cyclonic circulation over Assam & neighbourhood on 16th evening and over Sub-Himalayan West Bengal & neighbourhood on 17th morning and extended upto 1.5 km a.s.l. It persisted there till 19th & moved over to Bangladesh & neighbourhood extending upto 0.9 km a.s.l. on 20th. It became less marked on 21st. An upper air cyclonic circulation extending between 1.5 and 4.5 km a.s.l. lay over south Pakistan & adjoining southwest Pakistan on 17th. It lay over southwest Rajasthan & adjoining Gujarat extending upto 3.1 km a.s.l. on 18th & 19th. It persisted there on 20th extending upto 0.9 km a.s.l. and became less marked on 21st. An upper air cyclonic circulation extending upto 1.5 km a.s.l. formed over coastal Orissa and adjoining west central Bay of Bengal on 20th evening. It persisted upto 22nd extending between 2.1 & 5.8 km a.s.l.

Rainfall

Under the influence of these systems, rain /thundershower occurred at many places over Andaman & Nicobar Islands, Northeastern States, Sub-Himalayan West Bengal & Sikkim, Konkan & Goa, Coastal Karnataka, Kerala and Lakshadweep through out the week. It was at most places over Konkan & Goa, Coastal Karnataka and Kerala from 19th to 26th. Light to moderate rainfall occurred at a few places over Orissa, Madhya Maharashtra and south interior Karnataka on many days of the week and over Gangetic West Bengal and Jharkhand on 2-3 days of the week. Rain/thundershower activity increased over central parts of the country, Saurashtra and south Gujarat region in the latter half of the week when rain/thundershower occurred at many places over south Gujarat and Saurashtra & Kutch and at a few places over Bihar and Jharkhand towards the end of the week. Isolated to scattered light rain also occurred over remaining parts of the country on 2-3 days except over West Uttar Pradesh where weather remained mainly dry during the entire week.

Heavy Rainfall

Heavy to very heavy rainfall occurred at a few places over Konkan & Goa, Coastal Karnataka and Kerala on many days of the week. Isolated heavy rainfall also occurred over

Andaman & Nicobar Islands, Northern eastern states, Sub-Himalayan West Bengal & Sikkim, south interior Karnataka on some days of the week and over Gangetic west Bengal and Tamil Nadu on 1-2 days of the week.

The monsoon was **vigorous** over Konkan & Goa on 22nd and over Coastal Karnataka on 20th & 22nd. It was **active** over Kerala on 17th, 19th, 20th & 21st; over Konkan & Goa on 19th; Arunachal Pradesh on 20th and Coastal Karnataka on 21st.

Outlook

During first half of the week the southwest monsoon is likely to advance over the entire Peninsula, Maharashtra, eastcentral India and also some parts of Uttar Pradesh,

Madhya Pradesh and Gujarat. Also the heat wave conditions over central and northwest parts of country are likely to abate.

The ongoing rainfall activity over Kerala and Coastal Karnataka is likely to decrease during the first half of the week. The ongoing rainfall activity over Northeastern States is likely to continue and extends westwards into Gangetic West Bengal, Bihar, Orissa, Jharkhand, Chhattisgarh and East Uttar Pradesh. **Isolated** to **scattered** rain/thundershowers also likely over plains of northwest India. The rainfall activity over interior parts of Peninsula is likely to remain subdued.

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

RABI CROP ACERAGE STATISTICS

Normal Area	Area Coverage			Area difference in absolute %age over last estimate
	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

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

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

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.43.49 per dollar

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