

Maize

12th -18th July, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

China Approved a New Variety of GM Maize NK603

According to the U.S. Department of Agriculture (USDA) reports, the United States and China have decided to augment bilateral cooperation on animal and plant health and food safety. It was also reported that China had approved a new variety of maize NK603, which is derived from biotechnology, for use in the country. This brings to eight the number of varieties of biotechnology maize approved by China, along with two varieties of cotton, seven varieties of canola and one variety of soybeans, USDA said.

South Africa Planted GM Maize Crops Commercially

In the period 1990 to 1999, the South African government did an interim biosafety assessment and participated in a decision-making process involving a scientific advisory committee SAGENE (SA Committee for Genetic Engineering), which culminated in the Genetically Modified Organisms (GMO) Act, No 15 of 1997. GM maize was approved for commercial release in South Africa in 1998 and initially comprised about 6 yellow maize hybrids. In 2003, the various GM maize crops were planted in South Africa, which were White maize - 140 000 hectares comprising 8% of the total crop and Yellow maize - 190 000 hectares constituting 20% of the total crop. Before these GM food crops enter the market, they have to pass strict requirements specified by a number of international scientific agencies such as the World Health Organisation (WHO), the FAO (Food & Agricultural Organisation) and the Organisation for Economic Cooperation and Development (OECD). In South Africa GM foods and crops have to pass the stringent requirements of the GMO Act, No 15 of 1997. As of 1 April 2004, maize varieties that are resistant to corn borer and other plant pests have been released for animal feed and human consumption. Most of these maize varieties have also been approved in the USA, Japan, and the EU. South Africa is at present the only country in Africa to plant GM crops commercially, but a number of other African states are already conducting field trials with such crops. GM foods are, therefore, being grown and marketed

in South Africa and it is likely that their use will increase in future.

USDA Estimated Smaller Corn Crop

According to the latest report from the USDA's World Agricultural Outlook Board, the global outlook for 2005-06 is for decreased coarse grains production, smaller beginning stocks, lower use, and a drop in ending stocks relative to last month. Relative to last month, the outlook for 2005-06 U.S. corns is for smaller supplies, unchanged use, and higher prices. Forecast beginning stocks of 2005-06 corns are down 100 million bushels from last month. The decline is due to forecast increases in 2004-05 of 150 million bushels in feed and residual use and 25 million in exports, which is only partially offset by a 75 million drop in corn used for ethanol. Projected 2005-06-corn production is down 200 million bushels from last month because crop conditions indicate prospective yields are lower than the yields used last month. Sorghum production is 5 million bushels lower because the smaller harvested area reported in the Acreage report more than offsets the increase in forecast yields; crop conditions indicate prospective yields are higher than the yields used last month.

Corn Export Sales Remained Poor in U.S.

According to the latest report of USDA, the net sales of 323,000 MT of corn were 66 percent below the previous week and 61 percent under the prior 4-week average. Major increases were reported for Japan (215,500, including 93,500 MT switched from unknown destinations), Egypt (49,600 MT, including 60,000 MT switched from unknown destinations and reductions of 11,800 MT), South Korea (47,000 MT), and Colombia (19,000 MT). Sales of 92,900 MT for delivery in 2005/06 were mainly for unknown destinations (58,000 MT) and Japan (34,000 MT). Exports of 575,600 MT were 26 percent below the previous week and 38 percent under the prior 4-week average. The principal recipients were Japan (126,900 MT), Mexico (113,300 MT), Egypt (109,600 MT), Taiwan (65,600 MT), South Korea (59,400 MT), and Algeria (29,500 MT).

Zimbabwe Imported Maize from S.Africa

The head of Grain Marketing Board in Zimbabwe said imports of 1.8 million tons of maize should be enough until June next year. The government had predicted a bumper harvest but blamed drought for the shortfall, not its controversial land reform programme. Zimbabwe has been slow to take UN food, saying it wants to feed its own people. The maize has already started coming into the country from South Africa.

Mexico Going to Impose Over Quota Corn Tariff

Mexico is now decided that they would impose a 1% tariff on over-quota corn imported from the United States through the end of the calendar year. SE officials stated that the 2005 duty-free corn TRQ of 3,461,900 metric tons (MT) had already been filled in June 2005. They also noted an agreement to determine the requirements for over-quota U.S. yellow corn for 2005. Commenting on the decision, the U.S., agricultural attaché for Mexico reported that in spite of the agreed upon NAFTA bound tariffs for white and yellow corn, the Mexican Government had customarily issued additional import permits beyond the amount required by the free trade agreement. Usually, these additional imports have been subject to minor tariffs (roughly 1-2% on yellow corn and 2-3% on white) rather than the NAFTA bound tariffs. In the last two years, however, the Mexican Lower House decided that over-quota imports of white corn would be subject to the import tariffs specified by NAFTA (72.6% in 2004 and 54.5% in 2005).

TRADE ANALYSIS

DELHI MARKET:

The domestic market sentiment for maize remained very strong at this weekend in Delhi market due to strong demand from Haryana and Punjab and less arrival from Bihar. The maize was traded at the range of Rs.665-670 per quintal in Delhi mandis, which was higher from Rs.640-642 a quintal of previous week's price. It is expected that the ongoing market sentiment would remain strong as long-term basis in the coming days.

KARNATAKA MARKET:

The maize market situation in Karnataka remained range bound with strong undertone in this week amidst strong demand and less supply. The Bangalore to Tamilnadu delivery was traded at Rs.600 per qtl, The Nammakal local maize was traded at the range of Rs.625 per quintal. The FCI has released its maize stock recently but few. The ongoing market sentiment is likely to remain weak in the coming days due to FCI releases of maize.

KOLKATA MARKET:

It is witnessed that the maize prices remained almost range bound with stable in Kolkata market due to stable demand and less supply and monsoon activity. The market price for Kolkata mill delivery was at Rs. 600-610 per qtl. It is likely to remain stable condition in the coming days.

BIHAR MARKET:

In Bihar, the maize prices remained unchanged at Rs.520-525 per qtl. as loose basis in this week against previous week and bilty price remained at Rs.540-545 per quintal. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, Bangladesh, U.P., and West Bengal etc. It is expected that the price would further increase in the coming days due to less stock, monsoon activity etc.

NIZAMABAD MARKET:

In Nizamabad, the market prices for maize hovered around Rs.10-15 to Rs.580-585 a quintal in this weekend amidst limited arrival in this week. 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 also showed strong sentiment on maize prices. It was reported that maize has traded at the range of Rs. 550-553 per qtl on less arrival.

GLOBAL MARKET

In the global market, the corn prices fluctuated tremendously due to dry weather and weak crop conditions. It was witnessed that the corn futures at the Chicago Board of Trade (CBOT) closed sharply higher Friday due to private weather forecasters predict a heat dome over the U.S. Midwest crop region next week. Corn is in the middle of the pollination stage in much of the U.S. Midwest, and desperately needs moisture in areas where it has been extremely dry, they included. On a continuation chart, corn reached its highest level since June 30, 2004. September corn rose 7.25 cents to \$2.578 per bushel, and December corn rose 6.25 cents to \$2.68 after reaching \$2.69, its highest level since June 29, 2004. March rose 4.75 cents higher to \$2.72. Commodity fund buying was estimated at 17,000 contracts on the day.

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

MARKETS	11.07.05	18.07.05
Delhi (Bihar maize)	640-642	665-670
Pune starch/ Poultry feed mill delivery	680	680-685
Sangli truck bilty	600	615
Ahmedabad Starch	660	685
Ahmedabad Poultry mills (New Maize)	680	700
Bihar	520-525	520-525
Bangalore - Tamil Nadu delivery	590	600
Nammakal local maize	610	625
Kolkata mill delivery	600	600-610
Nizamabad Local Maize	566-568	580-585
Devengere	540-542	550-553

CONCLUSION

The maximum spot market showed strong sentiment due to less arrival, monsoon activity, less stock, government intervention programme, less planting of kharif rice crop. The futures market at NCDEX remained very firm at this weekend on technical correction. However, the prices remained weak in first few days of this week but it rebounded at this weekend.

WEATHER WATCH:

Forecast for the period upto 23 July, 2005

Weather Systems:

The active monsoon conditions prevailed over most parts of northwest India and central India due to the prevalent monsoon depression. During the week, monsoon rainfall activity has been quite extensive and in excess of normal over the Arunachal Pradesh,

West Uttar Pradesh, Haryana/Chandigarh/Delhi, Punjab, Himachal Pradesh, J&K, Marathwada, Vidarbha, Telangana, North Interior Karnataka and Lakshadweep that resulted in contributing about 3% above normal rainfall and 32% of the seasonal quantum of rainfall for the country. The All India rainfall scenario has transformed from deficit regime to the above normal rainfall regime during the week thus raising the total quantum of monsoon rain for the period 1June-13 July to 1% above normal from 2% below normal during the previous week.

Forecast for next 5-6 days

The upper air cyclonic circulation over north-interior Karnataka and neighbourhood is likely to cause scattered to fairly widespread rains in South Peninsula viz. Kerala, Tamilnadu, Andhra Pradesh and Karnataka during next 2-3 days.

The interaction between the upper air cyclonic circulation over west Uttar Pradesh and the Western disturbance in the form of an upper air cyclonic circulation over Punjab, is expected to cause scattered to fairly widespread rains over North West India during next 24-48 hours. The activity is expected to reduce thereafter.

NE and eastern parts of the country viz., NE States and, West Bengal, Bihar, Jharkhand and Orissa are likely to receive widespread rains during next 4-5 days.

Zone-Wise Rainfall Forecast for Next 5 Days

NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, WEST UP]: Scattered to Fairly widespread rainfall is likely over many parts of NW India viz., West Uttar Pradesh, Haryana, Punjab, Uttranchal, and Himachal Pradesh during next 24-48 hours and reduce thereafter.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]: Scattered to fairly widespread rainfall is expected over East Uttar Pradesh, Jharkhand and Orissa and fairly wide spread to wide spread rainfall with isolated heavy rains over Bihar, West Bengal, and NE States during next 4 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]: Isolated to Scattered rainfall is expected over Chhattisgarh, Madhya Pradesh and Vidarbha during next 2 days.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]: Scattered to fairly widespread rains are also likely over entire south peninsular India viz., Kerala, Karnataka, Andhra Pradesh and Tamilnadu. during next 2-3 days.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]: Fairly widespread rains are expected over Konkan & Goa during next 2-3 days. Madhya Maharashtra, Marathwada Gujarat and West Rajasthan may receive isolated to scattered rains during above period. East Rajasthan may receive scattered to fairly wide spread rains during next 48 hours.

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

KHARIF CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (11.07.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
58.00	29.03	41.39	-12.36	AP(+0.5, +30.5), Bih(-0.3, -14.2), Chhat(-0.7, -80.5), Guj(-2.0, -82.1), MP(-1.3, -26.1), Mah(-1.3, -72.1), Kar(-2.6, -44.0), Pun(-0.7, -41.8), Raj(-1.9, -36.2), UP(-2.2, -38.6)

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	1940	Kandla to Delhi	1600
Delhi to Cuttack	2660-2670	Ahmedabad to Bangalore	2000
Delhi to Guwahati	2830-2840	Ahmedabad to Kolkata	2780
Karnal to Guwahati	3440-3445	Ahmedabad to Delhi	1500
Chandigarh to Cuttack	3110-3120	Bangalore to Kolkata	2500
Karnal to Hyderabad	3110-3120	Bangalore to Delhi	2450
Jaipur to Kolkata	2660-2670	Bangalore to Ahmedabad	1450
Kolkata to Delhi	1700	Kolkata to Ahmedabad	2170
Karnal to Mumbai	1500	Kolkata to Bangalore	1800
Mumbai to Delhi	1800	Delhi to Ahmedabad	900

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)

TECHNICAL ANALYSIS

Commodity: Maize

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Daily)



Candlesticks: The candlestick pattern is indicating towards an upward sentiment. RSI (72.11) is in neutral.

MACD: The MACD (7-day) is moving upwards and it is still in positive territory.

Stochastic: The %K-line has been reached in oversold condition but the %D -line has not been reached in this region, indicating weak ness of the market as long-term basis.

Moving Average: The 3-day moving average line is going to upwards after cutting the 5-day moving average line from down, indicating strong sentiment.

Resistance and Support level:

The resistance level at present is at 579.10 marks and a support level may be seen at 564.70 marks.

Almost all the indicators are pointing towards the strong ness of the prices. Therefore the trading sentiment is expected that the price for maize would remain range bound with strong undertone in the coming days. The volume and open interest are indicating that there is slightly strong support from the market.

Recommendation: Remain long.

Exchange Rate: Indian rupee was quoted at **Rs.43.54** per dollar.

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