

Maize

5th -11th July, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Maize Area Declined in Kharif Season

It is witnessed that the sowing of maize is down 58 per cent at 1.1 million hectares of delay of monsoon and crop diversification.

CBOT Corn Down on Hurricane Dennis

Corn futures at the Chicago Board of Trade (CBOT) closed Friday at moderately lower levels amidst Hurricane Dennis. It might bring needed rainfall to dry areas of the Midwest early next week. July corn declined 7.5 cents to \$2.263, September corn lost 7 cents to \$2.348 and December corn fell 6.75 cents to \$2.463. However for this week, July gained 9.75 cents, September rose 9.25 cents, and December finished the week with a 10.5 cent gain. Commodity fund buying was estimated at 4,800 contracts on the day. Corn and soy prices are currently fluctuating in line with forecasts for Hurricane Dennis, particularly as to whether the storm could leave rains early next week in the parched eastern U.S. Midwest corn and soybean belt.

USDA: U.S. Corn Export Remained Down

According to the latest report of USDA, the net sales of 942,600 MT corn were 23 percent below the previous week, but 29 percent above the prior 4-week average. Major increases were reported for Japan (327,200 MT), South Korea (115,400 MT, including 55,000 MT switched from unknown destinations), Taiwan (84,600 MT), unknown destinations (82,000 MT), Egypt (80,000 MT), Colombia (56,800 MT), the Dominican Republic (53,200 MT), Mexico (46,800 MT), Peru (44,600 MT), and Syria (29,000 MT, all switched from unknown destinations). Optional origin sales of 33,000 MT were reported for Algeria. Sales of 27,500 MT for delivery in 2005/06 were mainly for Japan (25,400 MT). Exports of 773,900 MT were 27 percent below the previous week and 18 percent under the prior 4-week average. The principal recipients were Japan (334,000 MT), South Korea (80,500 MT), Mexico (57,000 MT), Colombia (45,000 MT), Peru (39,600 MT), the Dominican Republic (32,800 MT), Costa Rica (31,500 MT), Cuba (30,100 MT), Syria (29,000 MT), and Canada (23,200

MT). This summary is based on reports from exporters for the period June 24 - 30, 2005.

NMCE to Open Futures in Maize with Other 3 Commodities

It was reported that the National Multi-Commodity Exchange of India Ltd (NMCE) plans to introduce futures trading on four new commodities soon. These commodities are mainly for arecanut, maize, dry ginger and bold variety pepper. According to the Managing Director of NMCE, the new commodity contracts would be introduced within a month's time. All the four new commodities are grown and traded extensively in Karnataka and Kerala. Karnataka is the largest producer of arecanut and accounts for close to 50 per cent of the country's total annual output of around five lakh tonnes. Karnataka States is witnessed to the largest grower of maize and ginger.

US Corn Market Supported by Dry Weather and Crop Conditions

It is noticed that the December corn was up 9.5 cents for the week, though it does not mean that corn was higher. Dry weather and declining crop conditions supported the market, while ideas of rain next week took gains away. If anything is certain, it is that there will be more volatility next week. The weather forecasts change rapidly, but the way things look now. It still looks like a lot of areas get missed and some of the areas that receive rain do not get enough. The other problem is that this hurricane is the only major chance of rain for the Corn Belt in the next two weeks. The western Corn Belt is now in the above normal temperature and below normal precipitation category in the long range forecast. Most of the western Corn Belt is in good shape as far as moisture goes, but a couple of hot, dry weeks during pollination could trim some of the yield potential. In summary, the weather problems are not over just because there is rain in the forecast right now.

Estimated Foodgrains Output At 204.61 MMT for 2004-05

According to the Fourth Advance Estimates of the Ministry of Agriculture, the foodgrains production during 2004-05 has now been projected at 204.61 million tonnes; which includes 103.32 million tonnes of Kharif foodgrains and 101.29 million tonnes of Rabi foodgrains. The Fourth Advance Estimates put the rice production at 85.31 million tonnes, wheat production at 72 million tonnes, coarse cereals at 33.92 million tonnes and pulses at 13.38 million tonnes. The production of oilseeds has been put at 261.03 lakh tonnes, of cotton at 170.02 lakh bales of 170 kgs each, of jute and mesta at 104.89 lakh bales of 180 kgs of each and of sugarcane at 2323.18 lakh tonnes.

TRADE ANALYSIS

DELHI MARKET:

The domestic market sentiment for maize remained range bound with stable undertone in this week in Delhi market due to less demand from Haryana and Punjab. The maize was traded at the range of Rs.640-645 per quintal in Delhi mandis throughout this week. The arrival was mainly from Bihar with the average arrival of 5000-6000 gunny bags. It is expected that the ongoing market sentiment would remain slightly strong as long-term basis in the coming days.

KARNATAKA MARKET:

The maize market situation in Karnataka remained unchanged in this week amidst stable demand and supply. The Bangalore to Tamilnadu delivery was traded at Rs.590 per qtl, The Nammakal local maize was traded at the range of Rs.610 per quintal. The FCI did not release its maize stock until now. The ongoing market sentiment is likely to remain stable in the coming days.

KOLKATA MARKET:

It is witnessed that the maize prices remained almost unchanged in Kolkata market due to stable demand and supply and monsoon activity. The market price for Kolkata mill delivery was at Rs. 595-600 per qtl. It is likely to remain stable condition in the coming days.

BIHAR MARKET:

In Bihar, the maize prices have increased to Rs.520-525 per qtl. as loose basis in this week and bilty price hovered to Rs.550-560 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.

NIZAMABAD MARKET:

In Nizamabad, the market price for maize hovered slightly amidst limited arrival in this week. The market price for local maize variety was quoted at Rs.566-568 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. 540-542 per qtl on less arrival.

GLOBAL MARKET

In the global market, the corn prices fluctuated tremendously due to dry weather and weak crop conditions. July corn declined 7.5 cents to \$2.263, September corn lost 7 cents to \$2.348 and December corn fell 6.75 cents to \$2.463. However for this week, July gained 9.75 cents, September rose 9.25 cents, and December finished the week with a 10.5-cent gain. . Corn and soy prices are currently fluctuating in line with forecasts for Hurricane Dennis, particularly as to whether the storm could leave rains early next week in the parched eastern U.S. Midwest corn and soybean belt.

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

MARKETS	11.07.05	4.07.05
Delhi (Bihar maize)	640-642	645
Pune starch/ Poultry feed mill delivery	680	660
Sangli truck bilty	600	590-600
Pune Maize	680	660
Ahmedabad Starch	660	670
Ahmedabad Poultry mills (New Maize)	680	680
Bihar	520-525	515-520
Bangalore - Tamil Nadu delivery	590	590
Nammakal local maize	610	610
Kolkata mill delivery	600	600
Nizamabad Local Maize	566-568	565-570
Devengere	540-542	540-545

CONCLUSION

The maximum spot market showed the range bound with stable sentiment, where as some market witnessed slightly upward sentiment. While the departments may indicate a high production of maize in India, the prices indicate another story. Some price indications are Yellow: Rs.5700 (\$131) per MT at the Market yard, Local: Rs.6170 (\$142) per MT at the Market yard Red: Rs.6655 (\$153) per MT at Market yard. The future prices have also shown an upward trend. They are July - Rs.5635 (\$130) per MT, Aug Rs.5715 (\$131) per MT. Prices for October are lower to Rs.5530 (\$137) while for Dec is again up to Rs.5700 (\$131) per MT. The spot prices in Nizamabad are reported at Rs.5665 (\$130).

If the production is so high (15 MMT as targeted) and demand has been put at 13.19 MMT and exports have been lower than last year, there should be surplus. Only surplus has been reported in Karnataka as it did get a bumper crop, but in all other states the production was much lower than anticipated and the area covered was also much less. Due to lower rains the production was effected.

The seed industry estimates the area coverage to be at 6.3 Million hectares and at an average production of 1.95 tons / hac the production is estimated at 12.28 MMT (a simple calculation). If the production is estimated at 15 MMT (as targeted) and the productivity estimated at 1.95 tons per hac, the area coverage is 7.69 million hac.

WEATHER WATCH:

Progress Of Southwest Monsoon

The southwest monsoon has further advanced over the remaining parts of West Rajasthan on 30th June and thus covered the whole country almost two weeks ahead of its normal schedule.

Meteorological Analysis

Last week's depression over Jharkhand & adjoining Gangetic West Bengal with its centre close to Jamshedpur moved slowly west-northwestwards and lay over Jharkhand and neighbourhood with its centre close to Daltonganj on 30th. Moving further west-northwestwards it was seen over northeast Madhya Pradesh and adjoining southeast Uttar Pradesh with its centre close to Rewa on 1st July and close to Khajuraho on 2nd. The system practically remained stationary on 3rd & 4th and lay close to Banda in southeast Uttar Pradesh on 5th. It further moved west-northwestwards and weakened into a well marked low pressure area over southwest Uttar Pradesh and adjoining East Rajasthan on 6th. A westerly trough was seen over the Western Himalayan Region during 2nd half of the week, which interacted with the above system enhancing the rainfall over northwest India and Western Himalayan Region.

Last week's upper air cyclonic circulation over Gujarat and neighbourhood extending between 2.1 and 5.8 km a.s.l. tilting southwards with height persisted upto 3rd July and became less marked on 4th.

Last week's offshore trough at sea level over east Arabian Sea also became less marked on 30th June.

An upper air cyclonic circulation over northwest Rajasthan and neighbourhood extending in the lower tropospheric levels was seen on 30th June & 1st July and it merged with the seasonal trough on 2nd. Another upper air cyclonic circulation was also seen extending in the lower tropospheric levels over Punjab and neighbourhood on 3rd July. It was seen over Haryana and adjoining areas of Rajasthan and west Uttar Pradesh during 4th to 6th.

A fresh upper air cyclonic circulation formed over Bangladesh and neighbourhood on 4th & 5th July. It became

less marked on 6th. Another upper air cyclonic circulation extending upto 4.5 km a.s.l. formed over northwest Bay of Bengal off Gangetic West Bengal-Orissa coast on 6th.

The seasonal monsoon trough at sea level was near its normal position throughout the week.

Rainfall

During this week enhanced rainfall activity occurred over central India which extended westwards into northwest India and Western Himalayan Region during 2nd half.

Southwest monsoon was active to vigorous over Gujarat state, Uttaranchal, east Rajasthan, East Madhya Pradesh on many days of the week, over West Rajasthan, Konkan & Goa, West Uttar Pradesh, west Madhya Pradesh and Haryana on a few days of the week and over Karnataka, Punjab, Jammu & Kashmir, Himachal Pradesh, west Bengal & Sikkim, Jharkhand, Chhattisgarh, East Uttar Pradesh and Kerala on 1-2 days of the week.

During the week, **heavy to very heavy** rainfall occurred at a few places over Gujarat Region, East Madhya Pradesh, Himachal Pradesh, Konkan & Goa and **isolated** over Andaman & Nicobar Islands, West Bengal & Sikkim, Jammu Division, Uttaranchal, Haryana, West Uttar Pradesh, West Madhya Pradesh, Chhattisgarh, Madhya Maharashtra, Saurashtra, Coastal & South Interior Karnataka and Kerala on 2-3 days during the week.

Light to moderate rainfall also occurred in the rest regions of the country, however the rainfall activity remained generally subdued over parts of Northeastern States, interior Peninsula, Marathwada and Vidarbha.

Outlook for the week ending on July 13

Rainfall activity is likely to increase over Orissa, Chhattisgarh, peninsular India and Maharashtra during 1st half of the week and over central parts of the country during 2nd half. It may also increase over northeastern States and Sub-Himalayan West Bengal & Sikkim during the 2nd half of the week. Generally subdued rainfall activity likely over the remaining parts of the country.

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 (4.07.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
58.00	10.91	26.27	-15.36	AP(-0.5, -40.2), Chhat(-0.5, -100.0), Guj(-2.1, -100.0), HP(-1.5, -49.0), MP(-2.2, -72.2), Mah(-1.2, -95.8), Kar(-3.5, -61.0), Ori(-0.6, -70.7), Pun(-0.5, -47.0), Raj(-2.0, -99.6)

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	2330-2340	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	2550
Karnal to Hyderabad	3110-3120	Bangalore to Delhi	2450
Jaipur to Kolkata	2660-2670	Bangalore to Ahmedabad	1450
Kolkata to Delhi	2000	Kolkata to Ahmedabad	2200
Karnal to Mumbai	1500	Kolkata to Bangalore	1850
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)

TECHNICAL ANALYSIS

Commodity: Maize

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Daily)



Candlesticks: The candlestick pattern is indicating towards a slightly upward sentiment. RSI (53.71) is in neutral.

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

Stochastic: The %K-line is going to downward after cutting the %D -line, indicating weak ness of the market.

Moving Average: The 3-day moving average line is going to downward after cutting the 5-day moving average line, indicating slightly weak sentiment.

Resistance and Support level:

The resistance level at present is at 570.10 marks and a support level may be seen at 559.10 marks.

Almost all the indicators are pointing towards the weak ness of the prices except candlesticks. Therefore the trading sentiment is expected that the price for maize would remain range bound with slightly weak undertone in the coming days. The volume and open interest are indicating that there is no strong support from the market.

Recommendation: Remain short.

Exchange Rate: Indian rupee was quoted at **Rs.43.56** per dollar

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