

Maize

28th June-4th July, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

FAO: World Production of Maize Expected to Decline

The FAO stated that meanwhile the maize prices have increased since the second half of May mainly due to weather concerns. A faster pace in import purchases in recent weeks, especially from Argentina and the US has pushed the prices up. In South Africa, white and yellow maize prices increased in recent weeks on strong demand from nearby countries. Over the coming months world production of maize is forecast to decline from last year's record level and feed wheat supplies are expected to be lower than in the current season, possibly leading to price increases for those categories.

IGC: Corn Crop Production to Decline

Looking at maize or corn, according to the IGC, the production is expected to decline by around 5% from last year's record to 673.7 million MT, due to reduced yields in the US and smaller crops in the EU and the CIS. However, the total is somewhat higher than forecast a month ago, with estimates lifted for Argentina and Mexico. The IGC expects world consumption to be close to last year's consumption, with US use underpinned by fast-rising ethanol output and a fall in the EU balanced by rises in China and Brazil. Maize trade is forecast to rise to 77.9 million MT (76.1 million) mainly because of Brazil's crop shortfall, and a minor rise in Far East Asia, where South Korea is set to buy more after the past year's unexpectedly steep fall in purchases. Global carry-over stocks should rise for the second successive year, by some 5 million MT.

US Corn Planting Increases 1% More Than Last Year

According to the USDA seeded area estimates for 2005, corn planted area for all purposes is projected at 81.6 million acres, up 1% from 2004 and 4% above 2003. Farmers increased corn plantings 179,000 acres from their March intentions. Corn farmers in the 10 major corn producing States (Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin) planted 64.9 million acres, an increase of 2% from the 63.6 million acres planted last year. The largest

increases occurred in Illinois and Kansas, each with 350,000 more acres than a year ago. The Illinois planted acreage, at 12.1 million, is a record high. South Dakota is the only major corn State to decrease, while Minnesota is unchanged from the previous year. Planted acres increased from last year throughout much of the Corn Belt and southern Great Plains. However, growers in most other areas of the U.S. decreased their corn acreage as producers switched to other more profitable crops due to low corn prices and high fuel and fertilizer costs.

US Corn Stocks Totaled of 4.32 Billion

Corn stocks in all positions on June 1, 2005 totaled 4.32 billion bushels, up 45% from June 1, 2004, according to the USDA's latest stocks in all positions estimates for the United States. This is the highest June 1 stocks level since 1988. Of the total stocks, 2.46 billion bushels are stored on farms, up 60% from a year earlier. Off-farm stocks, at 1.86 billion bushels, are up 30% from a year ago. The March - May 2005 indicated disappearance is 2.44 billion bushels, compared with 2.30 billion bushels during the same period last year.

U.S. Corn Sales Hovered around 2.5 Times

According to USDA, the net sales of 1,217,200 MT maize in U.S. were two and two-fifths times the previous week and double the prior 4-week average. Increases for Japan (352,100 MT), Taiwan (185,100 MT, including 118,000 MT switched from unknown destinations), unknown destinations (155,700 MT), South Korea (119,000 MT), Morocco (86,100 MT, including 84,100 MT switched from unknown destinations), Mexico (82,300 MT), Colombia (46,600 MT), Canada (44,500 MT), Syria (40,300 MT, all switched from Egypt), Peru (35,000 MT), and Algeria (28,000 MT) were partially offset by decreases for Guatemala (30,700 MT). Sales of 122,000 MT for delivery in 2005/06 were mainly for Guatemala (45,500 MT), unknown destinations (38,600 MT), and Japan (25,400 MT). Exports of 1,058,200 MT were 1 percent below the previous week, but 20 percent over the prior 4-week average. The principal recipients were Japan (368,400

MT), Taiwan (185,300 MT), Egypt (113,600 MT), Morocco (86,100 MT), Colombia (56,800 MT), Mexico (45,900 MT), Algeria (43,000 MT), and Syria (40,300 MT).

Domestic Maize Market Hovering, amid Monsoon Activity

The maize market scenario in domestic spot market showed uptrend direction in most of the places amidst monsoon activity and less arrival in the mandis. The Bihar maize has traded in Delhi and Kolkata at the range of Rs.645-650 and Rs.590-595 per quintal. In Nizamabad, the local maize was sold at Rs.565-570 per quintal. The maize price prevailed in Bihar at the range of Rs.500-505 per quintal as loose basis. It is expected that the price would be strong in the coming days.

TRADE ANALYSIS

DELHI MARKET:

The domestic market sentiment for maize remained strong in this week in Delhi market. The maize was traded at the range of Rs.645 per quintal in Delhi mandis against Rs.635-640 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 slightly weak in this week amidst less supply. The Bangalore to Tamilnadu delivery was traded at Rs.590 per qtl. The Nammaklall local maize was traded at the range of Rs.610 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:

It is witnessed that the maize prices remained firm in Kolkata market due to less arrival of 50-60 trucks. The market price for Kolkata mill delivery was at Rs. 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.515-520 per qtl. as loose basis in this week and bilty price hovered to Rs.540-550 per quintal. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, Bangladesh, U.P., and West Bengal etc. On an average 50% stocks are present at that moment. 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.565-570 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 weak in the first few days of this weekend but it is rebounded at this weekend. Corn futures on the Chicago Board of Trade (CBOT) ended higher Friday amid short covering and longer-term weather forecasts indicate a lack of moisture for dry Midwest areas prior to pollination. CBOT July corn fetched 4.25 cents higher at \$2.165 a bushel, September corn was 3.25 cents higher at \$2.255, and December corn was 4 cents higher at \$2.358. The corn futures opened firmer on Friday and prices remained at supportive levels throughout the day. In spite of the gains on Friday, December corn still ended the week down 5.75 cents from Monday's close. Funds were net sellers of an estimated 1,800 corn contracts. CBOT Ethanol futures ended firm. The July contract settled 2 cents higher at \$1.49 per gallon and the August contract ended 1 cent higher at \$1.48 per gallon.

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

MARKETS	27.06.05	4.07.05
Delhi (Bihar maize)	635	645
Pune starch/ Poultry feed mill delivery	660	660
Sangli truck bilty	610	590-600
Pune Maize	660	660
Ahmedabad Starch	650-655	670
Ahmedabad Poultry mills (New Maize)	685	680
Bihar	500	515-520
Bangalore - Tamil Nadu delivery	600	590
Nammaklall local maize	620	610
Kolkata mill delivery	580-585	600
Nizamabad Local Maize	550-560	565-570
Devengere	540-545	540-545

CONCLUSION

Corn prices continue to rule higher in most part of the country and with no sign of relief in near future. Good monsoon sentiments have stabilized the corn prices in India. Though little late the monsoon has covered almost all parts of the country. As per the Indian Meteorological Department (IMD) the deficiency, which was 49% on Jun 22, now is only 20%. Due to the delayed rains the sowing though has been affected, but is expected to cover up in the next few days. Reports from Ministry of Agriculture, the total area under coarse cereals is only 0.84 million hectares as compared to 1.398 million hectares last year during the same time. The area under corn was only 55% of last year (0.495 mil hac as compared to 0.9 mil hac last year). Many parts of the country experiencing flash floods also (Gujarat and Himachal Pradesh), it could be a dangerous situation. The poultry end users are the worst effected. Buying corn from Bihar and transporting it all the way to Gujarat or other parts of the country costs more money. The price of corn imported into India (without duty) at the port will be little higher than the domestic corn prices.

WEATHER WATCH:

Progress Of Southwest Monsoon

The southwest monsoon advanced further as a weak current over the remaining parts of West Bengal, some more parts of Orissa & Bihar and some parts of Jharkhand & northeast Uttar Pradesh on 23rd and further into remaining parts of Maharashtra, Karnataka, Andhra Pradesh, Orissa, Bihar and Jharkhand, entire Chhattisgarh, some more parts of East Uttar Pradesh, Saurashtra & Kutch, Gujarat Region and southern parts of Madhya Pradesh on 24th. The southwest monsoon has advanced into entire East Madhya Pradesh, East Uttar Pradesh, most parts of West Madhya Pradesh & Uttaranchal and some more parts of southeast Rajasthan, West Uttar Pradesh, Himachal Pradesh and Gujarat on 26th and further into most parts of Arabian Sea, Gujarat State, entire West Uttar Pradesh, most parts of East Rajasthan, entire West Madhya Pradesh, parts of Haryana, some more parts of Punjab & Himachal Pradesh on 27th. It advanced further into entire Arabian Sea, remaining parts of Gujarat, East Rajasthan, Punjab, Haryana and Himachal Pradesh, entire Jammu & Kashmir & parts of West Rajasthan on 29th. Northern limit of monsoon passed through 26°N/70°E, Barmer, Jodhpur, Bikaner, Ganganagar, 31°N/73°E.

Meteorological Analysis

Last week's off shore trough at sea level over east Arabian Sea extending from Gujarat coast to Kerala coasts persisted on most days of the week.

An upper air cyclonic circulation extending upto mid-tropospheric levels formed over north Bay of Bengal on 26th. It was seen as a low pressure area over northeast Bay of Bengal & adjoining Gangetic West Bengal & north Orissa on 27th. It became well marked low in the evening itself. It moved northwestwards and concentrated into depression and lay over Jharkhand & adjoining Gangetic West Bengal close to Jamshedpur on 28th & 29th.

Last week's depression over northeast Arabian Sea & adjoining Saurashtra & Kutch moved westwards and weakened into well marked low pressure area over northeast & adjoining northwest Arabian Sea on 23rd and became less marked on 24th. However, an upper air cyclonic circulation extending upto mid-tropospheric levels lay over Saurashtra & Kutch & adjoining northeast Arabian Sea on 25th. It lay over north Gujarat and adjoining southwest Rajasthan extending between 1.5 & 5.8 km a.s.l. during 26th to 29th.

Last week's upper air cyclonic circulation over coastal Orissa & westcentral Bay of Bengal extending between 3.1 & 4.5 km a.s.l. persisted on 23rd. It was seen off Andhra coast on 24th and became less marked on 25th.

An upper air cyclonic circulation formed over Sub-Himalayan west Bengal & Sikkim and neighbourhood extending in lower levels on 23rd & persisted on 24th. It lay over northeastern States on 25th and became less marked on 26th.

Another fresh upper air cyclonic circulation extending in lower levels lay over central parts of Uttar Pradesh on 24th & 25th and merged with the seasonal trough on 26th. The seasonal trough at sea level got organised during 2nd half of the week and was seen extending from northwest India to north Bay of Bengal across central India.

Rainfall

During this week southwest monsoon was **active to vigorous** over Orissa, Chhattisgarh and Gujarat State on many days of the week; over Gangetic West Bengal, Konkan & Goa, Madhya Maharashtra and Telangana on some days of the week and over Sub-Himalayan West Bengal & Sikkim, Bihar, Uttaranchal, Himachal Pradesh, West Madhya Pradesh, Vidarbha and Coastal & North Interior Karnataka on 1-2 days of the week.

Heavy Rainfall

Heavy to very Heavy rainfall occurred **at a few places** over Gujarat State, Konkan & Goa, Madhya Maharashtra and **isolated** over northeastern States, West Bengal & Sikkim, Orissa, West Madhya Pradesh, Chhattisgarh, Haryana, Chandigarh & Delhi, and Coastal Karnataka. Moderate rainfall also occurred **at a few places** over the remaining parts of the country outside Jammu & Kashmir, West Rajasthan, Rayalaseema and Tamil Nadu & Pondicherry where it was **isolated**.

Outlook for the week ending July 6

Enhanced rainfall activity is likely to continue over Gujarat State and west coast during the first half of the week and decrease thereafter.

Ongoing rainfall activity over central India may enhance and extend westwards over northwest India during the second half of the week.

Light to moderate rain/thundershowers are also likely over 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

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	2000
Delhi to Guwahati	3330-3340	Ahmedabad to Kolkata	2780
Karnal to Guwahati	3440-3445	Ahmedabad to Delhi	1500
Chandigarh to Cuttack	2660-2670	Bangalore to Kolkata	2550
Karnal to Hyderabad	2770-2780	Bangalore to Delhi	2450
Jaipur to Kolkata	2440-2450	Bangalore to Ahmedabad	1450
Kolkata to Delhi	2000	Kolkata to Ahmedabad	2300
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.43.53** per dollar

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