

**Maize**

**19<sup>th</sup>-25<sup>th</sup> July, 2005**

## MAJOR ACTIVITY HIGHLIGHTS

- DOMESTIC AND INTERNATIONAL NEWS
- TRADE ANALYSIS
- WEATHER WATCH
- SUPPLY AND DEMAND ESTIMATION
- DAILY PRICE CHANGES IN DOMESTIC WHOLESALE MARKETS
- TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

## DOMESTIC AND INTERNATIONAL NEWS:

### Kharif Sowing Progress

Maize sowing in India is down 12 per cent, at 44.96 lakh hectares.

### Corn Market Witnessed to 130-Bushel Yield

The corn markets have started to take into account the potential for below normal yields in parts of the U.S. growing area, notes University of Illinois Extension Economist Darrel Good. Prior to last week, corn prices had shown only modest response to concerns about the 2005 U.S. crop. Increased acreage and adequate old crop supplies tended to keep prices in check, Good said in a recent analysis of markets. Last week, however, prices moved up sharply in response to forecasts of increasing stress on the western corn belt crop. According to Good, while parts of the eastern corn belt received significant precipitation from hurricane Dennis, large areas of excessive dryness persist. Above normal temperatures are expected to persist through the end of the month, with the National Weather Service also forecasting below normal levels of precipitation for most growing areas. It is not clear how well the crop will recover in areas that received measurable precipitation and forecast weather would continue to stress the crop during pollination and kernel development, he said.

### Corn Estimate Increases in South Africa

The corn harvest in South Africa will be larger than initially expected, according to the latest crop report released by the South African Grain Information Service (SAGIS). The reports illustrated that production forecasts were lifted 1.8% from the previous crop report to 12,092,000 metric tons (MT) of commercial production, the largest crop since the 14,423,000 MT in 1980-81. The developing agriculture crop was left unchanged at a forecast 265,948 MT for a total crop of 12,358,248 MT, up from the previous estimate of 12,149,048 and 9,710,900 MT harvest of last year. Seeded area was left unchanged at 2,930,000 hectares of commercial maize or corn and 413,440 hectares in developing agriculture areas. The anticipated white maize plantings are 1,845,000 hectares, while yellow maize plantings are 1,085,000 hectares. The production forecast

of white and yellow maize is 7,196,000 MT and 4,897,000 MT, respectively. The yield of white maize is 3.90 MT per hectare and that of yellow maize is 4.52 MT 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.

### USDA: Latest Weekly Export Sales Report of Corn

According to the latest report of USDA, the net sales of 596,100 MT corn were 85 percent above the previous week, but 20 percent under the prior 4-week average. Major increases for Japan (286,800 MT, including 49,200 MT switched from unknown destinations), Taiwan (103,200 MT, including 55,000 MT switched from unknown destinations), Syria (89,100 MT, including 32,400 MT switched from unknown destinations), Mexico (64,400 MT), and Egypt (62,300 MT, including 55,600 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (126,500 MT). Sales of 262,800 MT for delivery in 2005/06 were mainly for Japan (177,800 MT), unknown destinations (58,000 MT), and the Dominican Republic (25,000 MT). Optional origin sales of 62,000 MT for delivery in 2005/06 were reported for Egypt. Exports of 813,300 MT were 41 percent above the previous week, but 6 percent below the prior 4-week average. The principal recipients were Japan (258,300 MT), Egypt (142,300 MT), South Korea (91,300 MT), Syria (88,900 MT), Taiwan (67,000 MT), Algeria (30,200 MT), Mexico (28,500 MT), and El Salvador (25,700 MT). (Report only for 8<sup>th</sup> July to 14<sup>th</sup> July).

### Production Estimates for Maize in India

As per the 2nd estimates the maize production in 2004-05 was expected to be 13.58 MMT, while the target was fixed at 15 MMT. The Industry is of the opinion that the production is close to 12.2 - 12.6 MMT, almost a difference of 1 MMT. Based on the trend line analysis, the land under corn is expected to remain same at about 6 - 6.6 Mill hac. The maize demand in 2010 is expected to be 16.65 MMT, while some analysts believe that India will be able to produce 15 MMT, some are of opinion that the production will be 16.95 MMT by 2010. The increase in corn

production will be due to increased productivity due to new genetics and replacement of local cultivars and OPV with hybrid corn varieties.

## TRADE ANALYSIS

### DELHI MARKET:

The domestic market sentiment for maize remained weak at this weekend in Delhi market due to less demand from Haryana and Punjab and moderate arrival from Bihar. However at the first few days of this week it remained very strong but later it declined. The maize was traded at the range of Rs.660-665 per quintal in Delhi mandis, which was lower from Rs.680-684 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 stable undertone in this week amidst strong demand and less supply. The Bangalore to Tamilnadu delivery was traded at Rs.590-600 per qtl, The Nammaklal 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 strong sentiment in Kolkata market due to strong demand, less supply and monsoon activity. The market price for Kolkata mill delivery was at Rs. 615-620 per qtl. It is likely to remain stable condition in the coming days.

### BIHAR MARKET:

In Bihar, the maize prices remained slightly strong at Rs.530 per qtl. as loose basis in this weekend against previous week and bilty price remained at Rs.550-555 per quintal. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, Bangladesh, U.P., and West Bengal etc. The new crop has been reached in the market but very few. It is expected that the price would be stable in the coming days.

### NIZAMABAD MARKET:

In Nizamabad, the market prices for maize hovered around Rs.10-15 to Rs.588-590 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 price for maize in this market remained range bound with slight weak undertone compared to previous week's price. It was reported that maize has traded at the range of Rs. 543-550 per qtl on moderate 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) showed a mixed sentiment on Friday on short covering ahead of the weekend. September corn slipped 0.5 cent to \$2.335 per bushel, December corn

settled unchanged at \$2.448, and March gained 0.25 cent to \$2.518. December corn ended the week 28.25 cents lower than Monday's high of \$2.73, a decline of 10.3%. December corn traded as low as \$2.43 on Friday, but remained above its 50-day moving average of \$2.425. According to DTN Meteorlogix, the forecast for extreme heat for sections of the U.S. corn belt this weekend. Early next week, Meteorlogix forecast cooler temperatures and precipitation to move through parts of the region early next week. Commodity fund selling was estimated at 3,000 contracts on Friday.

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

MARKETS	25.07.05	18.07.05
Delhi (Bihar maize)	660-665	680-684
Maharashtra	600-605	600-605
Gujarat (Maharashtra Maize)	680-700	680-700
Sangli truck bilty	635-640	615
Pune Starch	675	680
Ahmedabad Poultry feed mills	700	700
Ahmedabad Starch	680-685	685
Bihar (Loose Price)	530	520-525
Bangalore - Tamil Nadu delivery	595-600	590-600
Nammaklal Maize	625	625
Kolkata mill delivery	615-620	605-610
Nizamabad Local Maize	588-590	587-590
Devengere Local maize	543-550	552-555

## 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 slight weak at this weekend. However, the prices remained weak in first few days of this week but it rebounded at this weekend. In the last two weeks, the prices have again increased and yellow maize reach a high of Rs.6790 (\$156) per MT. In Gujarat the prices were the highest and maize was trading at Rs.6700 (\$154) per MT. On Friday the prices for Deshi Red and Kesari (bright yellow) varieties were reported to be Rs.6000 (\$138) per MT and Rs.6775 (\$156) per MT. On the spot market, maize is available from Davangere (Karnataka) at Rs.5500 (\$126) while from Nizamabad (Andhra Pradesh) it is available at Rs.5840 (\$134) per MT.

## WEATHER WATCH:

### Monsoon Outlook for Next Week

A monsoonal low pressure area that has formed over North Bay of Bengal off Gangetic West Bengal and Orissa coast yesterday has further intensified in to a well marked low today thus bringing the monsoon trough to its normal position. This system is expected to intensify further in to a monsoon depression over the same region during next 24-48hours. Subsequently, it is expected to move slowly in

west-northwesterly direction. Under the influence of these circulation features, most parts of central India and peninsular India are likely to experience enhanced rainfall activity in coming 4-5 days.

A mid-tropospheric cyclonic circulation is likely to form over NE Arabian Sea and adjoining regions of Sourashtra and Kutch around 28 July, 2005. Subsequent to its formation rainfall activity may enhance over north Konkan and adjoining regions as well.

#### Zone-wise weather forecast for next 5 days

##### North & North-West India [ J&K, HP, Uttranchal, Punjab, Haryana, west UP]

The region is likely to receive scattered rainfall over Himachal Pradesh and Uttranchal during next 3-4 days. Over the remaining sectors of J&K, Punjab, Haryana, Delhi and West UP are likely to experience isolated showers.

##### East and NE India [East UP, Bihar, Jharkhand, West Bengal, Orissa, NE states]

Fairly wide spread rainfall with isolated heavy rain spells is expected over Orissa and Gangetic West Bengal during next 4-5 days.

Scattered to fairly widespread rainfall activity is likely over Bihar, Jharkhand, sub-Himalayan West Bengal and NE states during next 3 days.

#### 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 (18.07.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
58.00	44.96	51.17	-6.21	AP(+1.9, +76.0), Bih(-0.9, -29.5), Chhat(-0.5, -48.2), Guj(-2.1, -58.5), MP(-0.5, -8.3), Mah(-1.2, -33.1), Kar(-2.4, -37.3), Raj(+1.0, +14.3), UP(-1.1, -16.7)

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)

#### Central India [ MP, Chattisgarh, Vidarbha]

With the revival of monsoon, fairly wide spread rainfall is likely over the areas of Chattisgarh and East Madhya Pradesh during next 4 days. Vidharbha and West Madhya Pradesh may experience scattered rainfall activity.

#### South India [Tamilnadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadweep]

Widespread rainfall activity is likely over coastal Karnataka, south interior Karnataka and Telangana and fairly widespread over Kerala and North Interior Karnataka during next 3 days. Isolated to Scattered rainfall is likely over Tamilnadu and Rayalseema for coming 5 days.

#### West India [ Maharashtra other than Vidarbha, Gujarat, Rajasthan]

Scattered rainfall is likely over Konkan & Goa, Madhya Maharashtra, and Marathwada during next 2 days that is likely to get enhanced in to a fairly widespread rainfall

activity starting from 28<sup>th</sup> July, 2005. Isolated to scattered rainfall is likely over north Gujarat and Rajasthan during next 3days.

#### 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

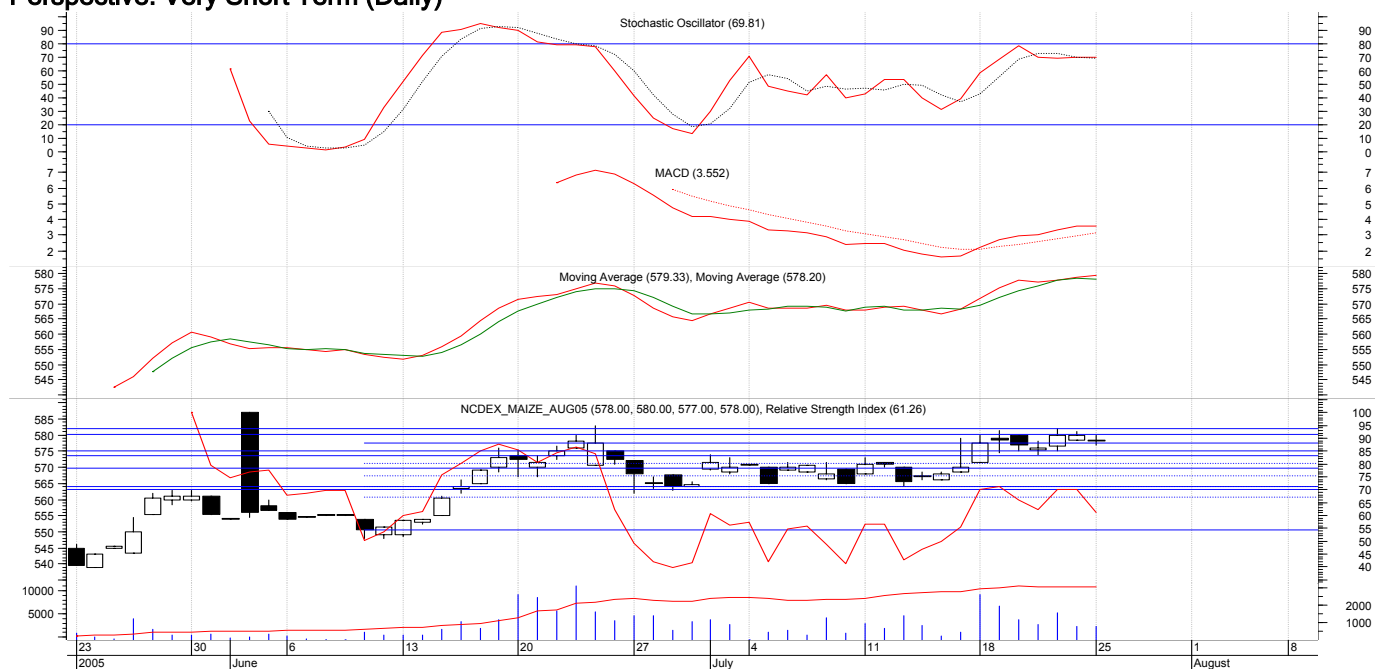
### TECHNICAL ANALYSIS

Commodity: Maize

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Daily)



**Candlesticks:** The candlestick pattern is indicating towards downward direction. RSI (61.26) is in neutral.

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

**Stochastic:** The %K-line is going to downwards after cutting the %D -line from up and indicating weak ness of the market as long-term basis.

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

Resistance and Support level:

The resistance level at present is at 580.10 marks and a support level may be seen at 575.23 marks.

Almost all the indicators are pointing towards the weakness of the prices. Therefore the trading sentiment is expected that the prices for maize would remain range bound with slight weak undertone in the coming days. The

volume and open interest are indicating that there is strong support from the market.

**Recommendation:** Remain short.

**Exchange Rate:** Indian rupee was quoted at **Rs.43.50** per dollar.

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