

Maize

2nd - 8th August, 2005

MAJOR ACTIVITY HIGHLIGHTS

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

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Maharashtra Poultry Industry in Danger amid Rains & Flood

The poultry industry in Raigad, Thane and Ratnagiri districts of Maharashtra witnessed a worst affected due to the heavy rains and floods. It was noticed that around half a million ready-to-market broiler birds have perished in the floods, leading to losses of over Rs 2.5 crore for the poultry farmers. The poultry feed, which worth lakhs of rupees has been destroyed, in addition to poultry sheds. Due to the breakdown in transportation, poultry feed and raw material for the feed could not reach the farms, leading to starvation of birds. For the State's poultry industry, the recent years have proved to be lucky with the monsoons bringing down the prices of maize, which is the main ingredient of poultry feed. But if the current crisis continues for long, the farmers will find themselves in the same situation they were in a couple of years ago when the industry was on a slide due to drought and fear of bird flu.

S. African Maize Prices High amid Speculation

South African maize prices were witnessed to a six-month peak in line with global prices and a flurry of speculative buying by farmers, according to the traders said. The market was expecting to crop forecast of over 12 million tons, which would be the country's largest harvest in over two decades, as demand from the drought-hit southern African region boosted exports.

U.S. Corn Export Down by 8% over the Previous Week (July 22-28, 2005)

Corn: Net sales of 246,300 MT--a marketing-year low--were 61 percent below the previous week and the prior 4-week average. Increases for Taiwan (124,600 MT, including 58,000 MT switched from unknown destinations), Egypt (116,400 MT), Japan (67,400 MT, including 51,000 MT switched from unknown destinations), South Korea

(65,000 MT, including 58,000 MT switched from unknown destinations), Syria (47,400 MT), Guatemala (47,300 MT, including 20,400 MT switched from unknown destinations), Mexico (44,800 MT), and Colombia (42,100 MT) were partially offset by decreases for unknown destinations (474,500 MT). Optional origin sales of 33,000 MT were reported for Algeria. Sales of 294,300 MT for delivery in 2005/06 were mainly for Mexico (150,600 MT), unknown destinations (88,000 MT), and Taiwan (37,800 MT). Exports of 908,100 MT were 8 percent below the previous week, but 15 percent over the prior 4-week average. The principal recipients were Egypt (176,400 MT), Japan (174,700 MT), Mexico (97,000 MT), Colombia (83,700 MT), Taiwan (64,800 MT), South Korea (57,700 MT), Syria (47,400 MT), and Guatemala (38,800 MT).

Current Maize Sowing Progress

Maize sowing is just down 2 per cent at 62.18 lakh hectares.

GM Corn Likely to Grow in Germany for Experimental Purposes

In this year genetically modified corn will again be grown on state-owned fields in Bavaria, Germany, for experimental purposes. The German Office of Agriculture announced that the German Institute scientifically supervises the experimental fields trials for Agriculture. According to the press release, the open-air experiments include the field trials, environmental monitoring and testing of the different corn varieties. The total area of 8.5 hectares is clearly smaller than last year's 24 available hectares. As stated by the German Office of Agriculture, the experimental cultivation should confirm last year's results and provide further insight into questions about the co-existence of transgenic and conventional corn. It is chiefly concerned with the dispersion of pollen.

China Likely to Export 7 MMT of Corn

It is expected that China would export around 7 million metric tons (MT) of corn by the end of the 2004-05 season, one million tons more than initially thought, according to the reports of U.S. agricultural attaché for the country. The near record corn output of 130.3 million MT in 2004 resulted in lower than expected domestic prices. The government increased support for corn exports in 2005 to prevent the domestic price from falling. The forecast for 2005-06 corn export is unchanged at 3 million MT. As happened in 2004-05, government decisions in 2005-06 have not been made clear ahead of the fall harvest.

TRADE ANALYSIS

DELHI MARKET:

Maize prices in Delhi mandis did show some bullishness but later down the week it made some technical correction in the market. The arrivals in the market remained weak. The demand from Punjab was also low and new crop arrival from U.P. was poor. However the trading sentiment remained on upper side this week but later on did show correction. The ongoing market sentiment entails that the maize prices likely to remain low in the coming days.

KARNATAKA MARKET:

The maize market situation in Karnataka showed an upward tone in this week over last week amidst strong demand and less supply. The Bangalore to Tamilnadu delivery was quoted at Rs.610 per qtl, The Nammaklall local maize was traded at the range of Rs.640 per quintal. The ongoing market sentiment is likely to remain steady in the coming days due to no arrival.

KOLKATA MARKET:

It is witnessed that the maize prices remained range bound with stable sentiment in Kolkata market due to less demand. The market price for Kolkata mill delivery was at Rs. 615-620 per qtl., which was unchanged from last week's price. It is likely to remain stable condition in the coming days.

BIHAR MARKET:

In Bihar, the maize prices prevailed on downside in this week as compared to previous week's price. As loose basis it was sold at the range of Rs.500 per qtl at this weekend. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, U.P., and West Bengal etc. The demand from Bangladesh did show some improvement in this week. The new crop has arrived in the market but it remained in limited amount. It is expected that the price would be low in the coming days.

NIZAMABAD MARKET:

In Nizamabad, the prices remained very firm due to strong demand and no arrival. The new crop likely to hit the market within two months. It is expected that the price would stable in the coming days.

DAVENGERE MARKET:

This market price for maize in this market remained range bound with slight weak undertone as compared to previous week's price. It was reported that maize has traded at the range of Rs. 560 per qtl.,

GLOBAL MARKET

Despite the extremely dry weather experienced in parts of the U.S. Midwest this summer, the U.S. corn crop has ample supplies of old crop corn ahead of the 2005-06 crop providing a resistance to the current production estimates given by private analysts. The U.S. Department of Agriculture is scheduled to release its first estimate of U.S. corn production for the 2005-06 crop year on Aug. 12. Several private forecasters are expected to provide their production estimates ahead of the report. In July, the USDA estimated a yield of 145.0 bushels per acre. Exports of 908,100 MT were 8 percent below the previous week, but 15 percent over the prior 4-week average. The principal recipients were Egypt (176,400 MT), Japan (174,700 MT), Mexico (97,000 MT), Colombia (83,700 MT), Taiwan (64,800 MT), South Korea (57,700 MT), Syria (47,400 MT), and Guatemala (38,800 MT). At CBOT the market remained down for most of the week but on Tuesday the market did show some recovery due to spillover support from the soybean market. The weather and technical selling did keep the market on the down tone.

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

MARKETS	1.08.05	08.08.05
Delhi (Bihar maize)	645-650	645-655
Maharashtra	640-655	640-655
Gujarat (Maharashtra Maize)	730-750	730-760
Sangli truck bilty	635-645	645-650
Pune Starch	675-680	675-680
Ahmedabad Poultry feed mills	700-705	700-705
Ahmedabad Starch	680-690	680-690
Bihar (Loose Price)	500-505	500
Bangalore - Tamil Nadu delivery	620	610
Nammaklall Maize	650	640
Kolkata mill delivery	615-620	615-620
Nizamabad Local Maize	590-595	595-600
Devengere Local maize	565-570	560

CONCLUSION

The market did show some improvement during this week but after a sharp rise at the NCDEX the market is expected to go through some technical correction. Most areas of India have received above normal rainfall in the month of July and most of the reservoirs are almost full. The rainfall is about 16% above the normal, but the distribution on rainfall is the main issue. The current widespread rains have also caused huge losses of human lives as well and stocks. Areas that have been affected by floods include Western Maharashtra, Konkan, Gujarat, North Karnataka and Parts of Madhya Pradesh. Parts of Bihar, West Bengal, Assam and Mizoram.

Till a week ago there were reports of delayed monsoon in Karnataka, West Bengal and Rajasthan and currently North Karnataka specially Belgaum are bearing the brunt of heavy rainfall and release of water from dams.

Though on paper the total area under cereals has been higher than last year, which heavy rains in parts of Maharashtra, Karnataka and Gujarat which are cereals growing areas as well, it is unlikely that the farmers will be in a position to sow again. As the flood waters recede they take with it the top soil which contains the organic matter. Reports appearing in a section of press indicate Area under cotton, coarse cereals (with exception of maize), sugarcane and jute has increased as compared to the same period in previous year.

The prices of maize are stable as most of the end users have covered themselves in advance. But with the demand rising the spot prices are also higher. Report suggest spot prices are up to Rs.5616 (\$129) at Davangere, while in Nizamabad the spot prices have broken the Rs.6000 (\$138) per ton barrier are up to Rs.6096 (\$140) per MT. These prices are at market yards and additional costs of handling and transport will need to be added, which will further add to the cost.

The future price for Aug is also up to Rs.6030 (\$138.6) per MT, while for sept the prices are ruling a little lower at Rs.5890 (\$135) per MT.

While it is still too early to assess the damage caused by rains in Western Maharashtra, Gujarat and North Karnataka in the cereal belts, the prices are showing an upward trend. Also with delayed rains in Rajasthan, parts of Madhya Pradesh and Bihar it is unlikely that cereal crop will be sown in those areas as well, which will make meeting the requirements very difficult.

The worst effected areas in North Karnataka include Belgaum, Bagalkot, Bijapur, Raichur, Gulbarga and Bagalkot districts. Jamkhandi is amongst the worst effected areas. All the above areas are major suppliers of maize to Karnataka from where it moves to Tamil Nadu, Gujarat and other parts of the country.

The high temperature and low moisture in US is likely to take its toll and effect the grain production. Reports suggest the production of corn down to 9.99 Billion bushels (253 MMT) down from record production of 299 MMT in 2004. The average productivity is also expected to be down to 135.7 bushels/acre (3.44 tons/acre) down from over 4 tons/acre in 2004. The corn prices in US are stable. CBOT closed on Friday at \$2.205 per bushel (\$86.80 per MT) for Sept delivery, down from July 29 close of \$93.10 per ton. The FOB value would be close to \$102 per ton.

WEATHER WATCH:

Weather during the week ending on 7th August, 2005

All India medium range weather forecast valid for next 5 days.

Monsoon Outlook

Yesterday's low-pressure area over Jharkhand has weakened and now lies as an upper air cyclonic circulation over Bangladesh and adjoining NE states. The monsoon trough has moved to the north of its normal position temporarily and hence rainfall is likely to continue over Uttaranchal, Himachal Pradesh and J & K for next 1-2 days. The trough in mid-latitude westerlies that lies around 80°E longitude is likely to move north-north-eastwards. Hence, rainfall activity is expected to recede from plains of Punjab, Haryana and west Uttar Pradesh. Scattered to fairly widespread rainfall is likely over West Bengal, Sikkim, Orissa, Chhattisgarh, East Madhya Pradesh and parts of Jharkhand and Vidarbha during next 2-3 days. Subsequently, the upper air cyclonic circulation is getting organized in to a well-marked low-pressure area around 10th August 2005. Under its influence, the rainfall activity over Orissa, Chhattisgarh, East Madhya Pradesh and parts of Jharkhand and Vidarbha is expected to enhance beginning from 10th August 2005 onwards. The off-shore trough now runs from south Konkan to north Kerala coast and is likely to cause moderate rainfall with isolated heavy falls over Konkan & Goa and coastal Karnataka during next 4-5 days.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Scattered rainfall is likely over the region during next 24 hours. Subsequently, rainfall activity is likely to recede from the plains of north and northwest India. However, fairly widespread activity is expected over J & K, Himachal Pradesh and Uttaranchal for next 48 hours.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Orissa, parts of Jharkhand and NE states are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2-3 days. Subsequently, activity over NE states is likely to reduce. Isolated to scattered rainfall activity is likely over rest of the regions during this period.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive scattered to fairly widespread rains during next 4-5 days.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Karnataka, north Kerala, are likely to receive fairly widespread rainfall activity during next 2-3 days with isolated heavy falls in Coastal regions of Karnataka and Kerala. Rest areas of the region are likely to receive isolated to scattered rains during this period.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Konkan & Goa and parts of north Maharashtra may receive fairly widespread rains with isolated heavy falls in Konkan & Goa during this period. Rest areas of the region are likely to receive isolated to scattered rains during this period.

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Delhi to Kolkata	1940-1950	Kandla to Delhi	1600
Delhi to Cuttack	2660-2670	Ahmedabad to Bangalore	2000
Delhi to Guwahati	2830-2840	Ahmedabad to Kolkata	2835
Karnal to Guwahati	3440-3445	Ahmedabad to Delhi	1500
Chandigarh to Cuttack	3110-3120	Bangalore to Kolkata	2350
Karnal to Hyderabad	3110-3120	Bangalore to Delhi	2400
Jaipur to Kolkata	2660-2670	Bangalore to Ahmedabad	1400
Kolkata to Delhi	1700	Kolkata to Ahmedabad	2300
Karnal to Mumbai	1500	Kolkata to Bangalore	1850
Mumbai to Delhi	1800	Delhi to Ahmedabad	900

KHARIF CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (22.07.05)			Area Difference In Absolute %Age
	This Year	Last Year	Diff	
58.00	54.44	59.71	-5.27	AP(+2.0, +58.4), Bih(-0.9, -29.5), Chhat(-0.8, -43.6), Guj(-2.5, -48.6), MP(-0.5, -8.3), Kar(-1.4, -20.4), UP(-1.4, -15.0), Jhar(-0.4, -29.8)

Source: Department of Agriculture, Government of India

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.49
European Union	Euro	53.79

TECHNICAL ANALYSIS

Commodity: Maize

Contract: AUGUST (Future)

Exchange: NCDEX

Perspective: Very Short Term (Daily)



Candlesticks: The candlestick pattern is indicating bullishness with a weak undertone. The opening price remained above the previous day's closing price and intra day movement prevailed on upper side. RSI (84.76) is above the neutral zone.

MACD: The MACD (7-day) is moving upwards and it is still in positive territory, indicating strong sentiment as long-term basis.

Stochastic: The %K-line is going upward after cutting the %D-line from down and both have crossed the over bought condition. A slight correction is expected in the market.

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

Resistance and Support level:

The resistance level at present is at 598.7 marks and a support level may be seen at 583.6 marks.

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

Recommendation: Remain long.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.