

Maize

17th-22nd 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

Kharif Maize Sowing Progress Improving

It is reported by the agricultural ministry that the shortfall in kharif sowing progress is now minimizing. Delay in onset and advancement of the south west monsoon has led to shortfall in kharif acreage this year. As on 16 August, coarse cereals acreage is down 2.3 per cent on year followed by oilseeds and rice, which dropped 1.8 per cent each. On the other hand, sugarcane acreage rose 10.5 per cent on year, pulses up 16 per cent, cotton up 3.4 per cent and that of jute moved up slightly. The maize sowing is down 3.8 per cent at 69.91 lakh hectares.

South Africa Expecting Largest Maize Harvest since 1981

South African farmers are keeping part of their maize crop on the land in vast bags due to avoid excessive storage costs, the maize millers' association says, distorting official harvest figures. South Africa is expecting its largest maize harvest since 1981, which is at least 12.5 million tonnes. Some trading companies had also purchased the bags to store their grain. Some traders had begun to worry the slow pace at which South Africa's maize stocks were picking up might be a sign the harvest was lower than expected. Currently, South African white maize futures are trading at around 650 rand a tonne, having drooping from November highs of over 1000 on good rains. Farmers say they will receive considerably less once delivery and storage costs are deducted.

U.S. Corn Sales Down by 57%

According to latest data released by the USDA, the net sales of 465,200 MT corn were 57 percent below the previous week and 27 percent under the prior 4-week average. Increases for Mexico (187,600 MT), Japan (148,400 MT, including 20,800 MT switched from unknown destinations), Colombia (58,400 MT, including 20,000 MT switched from unknown destinations), South Korea (47,000 MT), and Venezuela (27,500 MT) were partially offset by decreases for Taiwan (50,000 MT) and Guatemala (9,500 MT). Net sales of 1,137,300 MT for delivery in 2005/06 were mainly for unknown destinations (416,500 MT), Japan (225,800 MT), Taiwan (178,000 MT), Egypt (120,000 MT),

South Korea (110,000 MT), and Mexico (95,000 MT). Exports of 744,000 MT were 23 percent below the previous week and 19 percent under the prior 4-week average. Japan (426,100 MT) was the primary destination, with smaller quantities to Mexico (67,200 MT), Egypt (65,800 MT), Taiwan (63,900 MT), Colombia (59,800 MT), and Canada (38,200 MT). (This summary is based on reports from exporters for the period August 5-11, 2005.)

Kharif Maize Production Likely to 14.5 MT in 2005-06

Maize prices ended almost unchanged to slightly higher on Friday. It is anticipated that the maize production during 2005-06 would go up by 2.6% to 14.5 million tonnes. Andhra Pradesh, Rajasthan, Madhya Pradesh, Bihar and Uttar Pradesh are the major producing states. The monsoon activity remained good in most of the producing states except Bihar and this good rainfall activity enhances well for maize production.

Zimbabwe Imports Maize to Offset Deficit

Zimbabwe is expected to import 120 000 tonnes of maize every month and has bought 300000 tonnes in the past three months to offset the shortages of food after poor rains. According to Samuel Muvuti, the state-run Grain Marketing Board chief executive, they intend to import grain at the rate of 120,000 tonnes per month. The government says it will import 1.8 million tonnes of maize in total.

Growth of Broiler in India

It was reported that around 1537 million broilers were placed in India in the year 2004-05. The placements are anticipated to be 1695 million in the year 2005-06, a growth of approximately 10.29%. In 2004-05, on the basis of share, South had the highest share of 40.60% followed by North at 24.53%. East and West had a share of 19.65% and 15.22% respectively. Within the regions, North India is expected to show a maximum growth of 11.03% followed by West India at 10.67%. South and East are expected to grow at 10% and 9.67% respectively. Within the North the highest growth is expected in Uttar Pradesh (13.3%) and Rajasthan (12.65%) while in the Western region, Maharashtra is expected to grow at 11.43% followed by Goa, Daman and

Diu at 10%. In the Southern Region the highest growth is expected in Karnataka (10.71%) followed by Andhra Pradesh (10.53%), as more movement is expected from Tamil Nadu to these areas. Tamil Nadu is expected to see a growth of 9.38%. Within the east the North Eastern states have a high potential but the placements are expected to be small as compared to other states. The highest growth is expected in Orissa (12.5%), followed by Chattisgarh at 12%.

TRADE ANALYSIS

DELHI MARKET:

Maize prices in Delhi mandis remained range bound with stable note in this week as compared to last week. 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 maize prices witnessed down at first few days of this week but later it got its old position and settled on higher side. The ongoing market sentiment entails that the maize prices likely to remain low in the coming days as long-term basis.

KARNATAKA MARKET:

Karnataka market showed a weak undertone in this weekend amid less demand and available supply in the market. FCI selling in the market has been closed. The Bangalore to Tamilnadu delivery was quoted at Rs.605 per qtl. The Nammakal local maize was traded at the range of Rs.630 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 remained slight strong in this week as compared to previous week's price amidst less arrival and less stock. The quality of the maize has deteriorated, according to the traders. The new crop will come later. As loose basis it was sold at the range of Rs.505-510 per qtl at this weekend. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, U.P., and West Bengal etc, but limited. The demand from Bangladesh did show some improvement in this week. It is expected that the price would be weak in the coming days.

NIZAMABAD MARKET:

In Nizamabad, the prices rebounded from its recent gains and settled on lower side at this weekend. The market price for maize remained Rs.591-592 per quintal at this weekend. The new crop likely to hit the market within two months. It is expected that the price would be stable in the coming days.

DAVENGERE MARKET:

This market price for maize in this market remained range bound with slight strong undertone as compared to previous week's price. It was reported that maize has traded at the range of Rs. 560-561 per qtl.

GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) closed at weaker levels on the last trading period of this week amidst choppy trading, as light technically based fund selling and spillover pressure from soybeans weighed on prices. In this week the range-bound trade is followed. The market remains in a holding pattern with the U.S. corn crop moving toward maturity and uncertainty surrounding its potential yield and production. September corn slipped 1 cent to \$2.103 per bushel, December corn fell 1.25 cents to \$2.235 and March corn finished 1.5 cents lower at \$2.33. Commodity fund selling was estimated at 3,000 contracts. On technical charts, December corn has traded above its contract low of \$2.208 for the past five trading days, forming a near-term bottom, according to technical analyst. However, a downside gap formed by Monday's losses remains unfilled between \$2.28 and \$2.30. Meanwhile, recent export sales and fund short-covering underpinned wheat futures with the December contract settling 3.75 cents higher at \$3.393. Ethanol futures did not trade on Friday. The September contract settled 1.5 cents higher at \$1.965 per gallon.

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

MARKETS	16.08.05	22.08.05
Delhi (Bihar maize)	665-670	665-670
Maharashtra	575-600	575-580
Gujarat (Maharashtra Maize)	675-700	650-660
Sangli truck bilty	645-650	605-610
Pune Starch	675-680	650-660
Ahmedabad Poultry feed mills	700-705	700
Ahmedabad Starch	680-690	685
Bihar (Loose Price)	500	500-505
Bangalore - Tamil Nadu delivery	610	605
Nammakal Maize	640	630
Kolkata mill delivery	615-620	615-620
Nizamabad Local Maize	608-610	591-592
Devengere Local maize	555-560	560-561

CONCLUSION

The monsoon is progressing well and now is good in east India, which is good news. Over the last few days, Central India has received some rains, which may not be enough.

Though the commodity prices are stable at Mandi level (Market yard), the arrivals are very slow. There are still some stocks available in Bihar and arrivals were good in Khagaria and Muzzafarpur. Some arrivals were also seen in Karnataka and Madhya Pradesh. On the world market the big question is when will China start importing maize. The USDA reports a 3.10 MMT export potential from China, while the market observers believe it to be too high, though the export is down from last year (2004-05) figure of 7.00 MMT. China's corn production is expected to be 127 MMT as against 130 MMT last year (2004-05).

WEATHER WATCH:

Meteorological Analysis

Last week's upper air cyclonic circulation extending in middle tropospheric levels over northwest Bay of Bengal off Orissa - west Bengal coast persisted upto 12th. It lay over northwest Bay of Bengal on 13th and 14th; this system moved inland and laid over north Orissa and adjoining Jharkhand and Chhattisgarh on 15th and 16th. It was seen over Jharkhand and adjoining southeast Uttar Pradesh on 17th.

The other upper air cyclonic circulation over northeastern states persisted upto 12th and became less marked on 13th.

A western Disturbance as an upper air system moved across western Himalayan region during 15th and 16th. An upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over central Pakistan and neighbourhood on 16th and 17th. Another upper air cyclonic circulation extending between 2.1 and 4.5 km a.s.l. lay over Gujarat and neighbourhood on 16th and 17th.

The axis of the Monsoon Trough continued to remain close to the foothills of Himalayas during 1st half of the week. However it shifted southwards during 2nd half of the week and it's axis at sea level passed through Ferozpur, Delhi, Kanpur, Allahabad, Digha and thence southwards to central Bay of Bengal on 17th.

Rainfall

During this week rainfall activity remained subdued in many parts of the country. However moderate rainfall with isolated heavy falls occurred over Northeastern States, Sub-Himalayan West Bengal & Sikkim and Andaman & Nicobar Islands. Rainfall activity increased during 2nd half when Orissa, Gangetic West Bengal, Chhattisgarh, East Uttar Pradesh, East Madhya Pradesh, Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Coastal Karnataka, Konkan & Goa and Madhya Maharashtra received fairly wide spread rainfall with isolated heavy falls. Scattered showers also occurred over the rest regions of the country outside West Rajasthan and Sauashtra & Kutch where only isolated rainfall occurred on one or two days during the week.

Rainfall During The Week (For the week ending on 17th August, 2005)

Rainfall was excess/normal in **8** and deficient/scanty in **28** out of **36** meteorological sub-divisions (Actual: 33.5 mm, Normal: 62.5 mm and Departure: -46%).

Cumulative Seasonal Rainfall (1st June to 17th August, 2005)

Rainfall was excess/normal in **29** and deficient in **7** out of **36** meteorological sub-divisions (Actual: 601.8 mm, Normal: 611.1 mm and Departure: -2%).

The sub-division-wise weekly and seasonal rainfall distribution is presented in the enclosed map.

Outlook For The Week Ending On August 24th, 2005

1. Moderate rainfall with isolated heavy falls likely over Northeastern states Sub-Himalayan West Bengal & Sikkim, Chhattisgarh, East Madhya Pradesh, Orissa, Konkan & Goa and Coastal Karnataka.
2. Scattered showers also likely over West Madhya Pradesh, Interior Maharashtra, Bihar, Jharkhand, Gangetic West Bengal and Uttar Pradesh
3. Weak monsoon conditions likely to prevail in 2nd half of the week with subdued rainfall activity over

Northwest and west central India and also over interior peninsular India.

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Delhi to Kolkata	2250-2300	Kandla to Delhi	1600
Delhi to Cuttack	2600-2650	Ahmedabad to Bangalore	2000
Delhi to Guwahati	3330-3340	Ahmedabad to Kolkata	2890
Karnal to Guwahati	3450-3500	Ahmedabad to Delhi	1445
Chandigarh to Cuttack	3110-3120	Bangalore to Kolkata	2350
Karnal to Hyderabad	3110-3120	Bangalore to Delhi	2350
Jaipur to Kolkata	2660-2670	Bangalore to Ahmedabad	1350
Kolkata to Delhi	2000	Kolkata to Ahmedabad	2400
Karnal to Mumbai	1800	Kolkata to Bangalore	1850
Mumbai to Delhi	1800	Delhi to Ahmedabad	900

KHARIF CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (8.08.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	69.91	72.69	-2.78	AP(+0.8, +15.3), Bih(-0.5, -14.3), Guj(-0.4, -7.7), Kar(-1.1, -13.7), Raj(-0.8, -7.4), UP(-0.6, -5.7)

Source: Department of Agriculture, Government of India

FOREX RATES (22.08.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
European Union	Euro	53.06

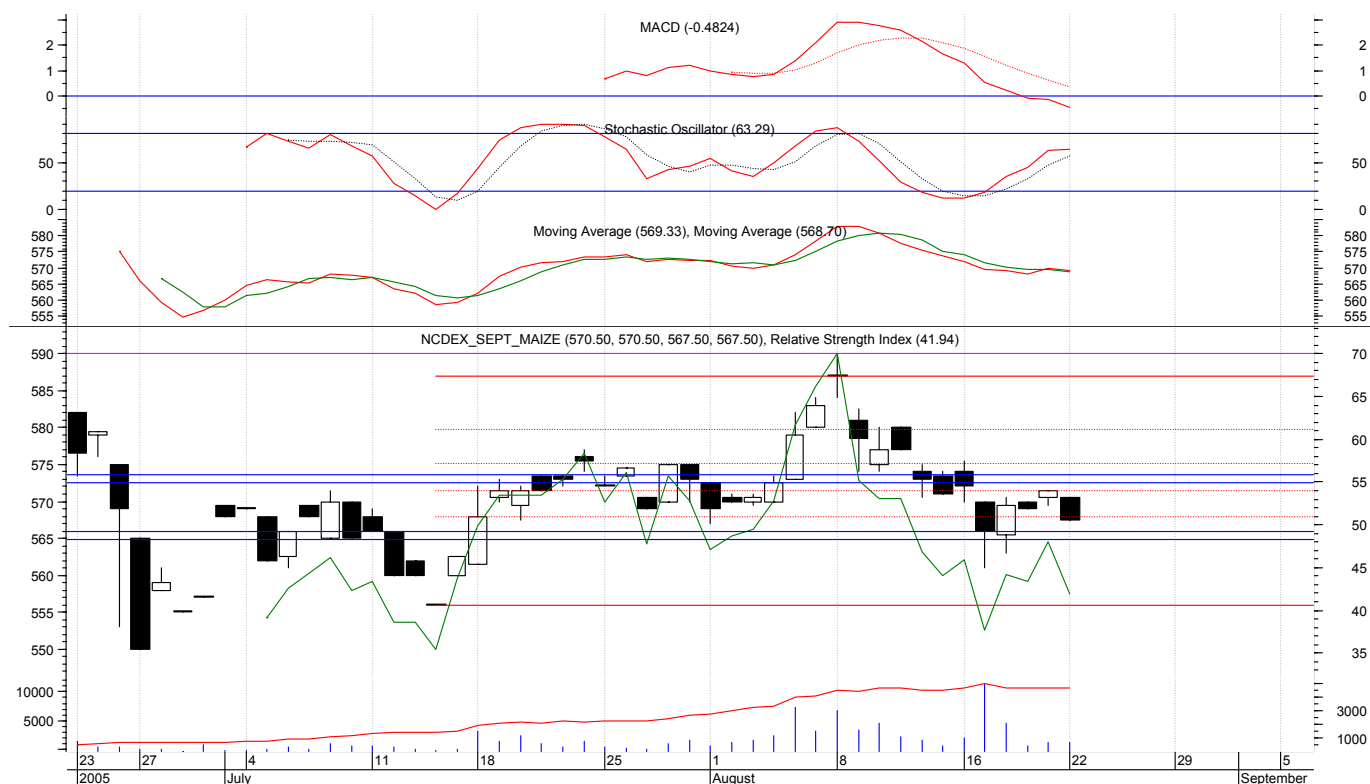
TECHNICAL ANALYSIS

Commodity: Maize

Contract: September (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is showing bearishness. The opening price remained below the previous day's closing price and intra day movement prevailed on lower side. RSI (41.94) is in the neutral zone. The opening may be on lower side.

MACD: The MACD (7-day) is moving downwards and it has entered in negative territory, indicating weak sentiment as long-term basis.

Stochastic: The %K-line is going bent after cutting the %D - line from down and both has prevailed in the neutral condition. Indicating slight bearishness.

Moving Average: The 3-day moving average line is going downward but it is remained above the 5-day moving average line, indicating slight weak sentiment.

Resistance and Support level:

The resistance level at present is at 572.55 and 573.55 marks. Support level may be seen at 565-9 and 564-9 marks.

Almost all the indicators are pointing towards the bearishness of the prices. The prices for maize likely to remain range bound, but intraday movement may be on lower side in the coming days. The volume and open interest are indicating that there is strong support from the market.

Recommendation: Remain short.

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