

Maize

13th -19th September, 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

TRADE ANALYSIS

DELHI MARKET:

The maize spot market prices at Delhi mandis witnessed a drastic strong in this week. The prices was gradually increased from the ahead of this week and continued to increase and remained on mostly strong at this weekend. The arrival from Bihar and U.P. was hampered due to the rainfall activity and the rains puts pressure on prices. The demand from Haryana was pronounced but the demand from Punjab remained weak due to the local crop has been arrived in this market. However the quality of the product remained poor. The market expects that the maize prices likely to decline in the coming days as long-term basis.

KARNATAKA MARKET:

The maize prices decreased at Karnataka market during this week due to strong arrival of new crop from Devengere. The Bangalore to Tamilnadu delivery was quoted at Rs.590 per qtl, which was decreased around Rs.10-15 per quintal as compared to last week. The Nammaklall local maize was traded at higher side with the range of Rs.625 per quintal. The ongoing market sentiment is likely to remain weak in the coming days due to arrival of new crop.

KOLKATA MARKET:

In Kolkata market, maize prices witnessed range bound with steady in this week as against of previous week as stable demand and arrival from Bihar. The Bihar maize has been sold in this market at the range of Rs.625-630 per quintal. It is likely to remain weak in the coming days.

BIHAR MARKET:

Maize prices in Bihar mandis showed an upward trend in this week over last week due to less stock and more demand from Delhi, Haryana and other mandis. The demand from Bangladesh was also poor. According to the traders, the maize has been exported slightly to Bangladesh from Dalkola side. The old crop was sold in this market at Rs.530-535 per quintal as loose basis. The quality of the maize has deteriorated, according to the traders. The Bihar maize has been supplied to M.P., Rajasthan, Delhi, U.P., and West Bengal etc, but limited. It is expected that the price would be weak in the coming days.

NIZAMABAD MARKET:

In Nizamabad, the maize prices hovered around Rs.5-10 per quintal in this week as compared to previous week due to strong demand. The arrival is likely to the range of 10000-10500 reck every day in the coming days, according to the traders. The new crop has been going to Maharashtra and Gujarat. The market price for maize remained Rs.565-570 per quintal at this weekend. It is expected that the price would decline in the coming days.

DAVENGERE MARKET:

Maize was traded in this market on downside in this week as compared to previous week due to new crop arrival in this market. The government stock has been sold in this market. It was reported that maize has traded at the range of Rs. 538-542 per qtl. It is expected that the maize prices would decline in the coming days as long term basis.

GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) traded as a mixed sentiment on Friday amidst choppy and lackluster activity. Trading remained quiet as the Monday's higher than expected crop production estimate from the U.S. Department of Agriculture. December corn settled 0.25 cent lower to \$2.063, March corn slipped 0.25 cent to \$2.188, and May corn also ended the session down 0.25 cent at \$2.26. There was lack of interest in the market regarding trading. Farmer sales of cash corn remained quiet as the recent weak price trend has discouraged selling, sources said. Ethanol futures didn't trade and finished lower. The December contract settled 9 cents lower at 1.885 cents per gallon. On Monday, the USDA is scheduled to release the weekly export inspections report at 10:00 a.m. CDT and the weekly crop progress at 3:00 p.m. CDT.

CONCLUSION

The maize prices showed an upward movement in most of the places during this week except Devengere, Maharashtra etc. Rains kept pressure on the prices in most of the region. The new crop has mainly hit in most of the market. Besides these rains in most of the parts of the country North, West and East could also damage crops if

the rains continue. Some area like Punjab, Haryana, Himachal Pradesh, Orissa have witnessed that rains could damage crops like cotton, coarse cereals and rice. According to the government, the first advance estimates have placed the overall Kharif maize production for 2005-06 at 12.17 million tonnes compared to 11.60 million tonnes in the previous year. This is inline with industry estimates for the year 2004-05. The requirement for 2004-05 was close to 13.19 MMT, while in 2005-06 the requirement of corn is pegged at 13.73 MMT. The lower production will surely put pressure on corn and increase prices in the long run.

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

MARKETS	12.09.05	19.09.05
Delhi (Bihar and U.P. Maize)	680-685	710-715
Maharashtra	580-585	560-565
Gujarat (Maharashtra Maize)	620-625	600-610
Sangli truck bilty	610	610
Pune Starch	660-665	660-665
Ahmedabad Poultry feed mills	690-695	700-705
Ahmedabad Starch	660-665	650-670
Bihar (Loose Price)	510-515	530-535
Bangalore - Tamil Nadu delivery	600	590
Nammaklall Maize	620	625
Kolkata mill delivery	625-630	630
Nizamabad Local Maize	560-565	565-570
Devergere Local maize	545-549	538-542

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

French Corn Output Declined

In overseas news, French corn output was lowered to 13.267 million metric tons down from 13.643 million tons and off 19% from 2004-05, the French Agriculture and Fisheries Ministry reported Tuesday.

White Maize Exports Hovers in S.Africa

White maize exports from South Africa increased last week as demand from its drought-hit neighbours kept grain flowing to the region despite a recent rally in prices. White maize exports jumped to 20,003 tonnes from 8,800 the previous week, according to the South African Grain Information Service (SAGIS). Most of the exports on an about 16,110 tonnes, which went to Zimbabwe, where a combination of drought and a disordered land reform process has left millions vulnerable to food shortages. It said 2,342 tonnes were shipped to Mozambique and 1,168 to Botswana, with smaller amounts going to Lesotho and Swaziland. Yellow maize exports fell to about 21,596 tonnes from 30,800. Indonesia imported 19,700 tonnes of the grain while the rest went to Botswana, Namibia and Swaziland. South African maize prices have jumped in recent weeks amid fears that this year's harvest may come in below expectations. Officials last month predicted a 12.18 million tonne crop, which would be the biggest in over two decades. The next forecast is due on September 20. South Africa's final maize crop will top 12 million tonnes,

despite figures showing far lower deliveries from farmers, the country's maize millers' body said on Tuesday. Around 9.15 million tonnes of maize have been delivered from farmers; the South African Grain Information Service said last week that it is well below the government's official crop forecast of 12.18 million tonnes. But the National Crop Estimates Committee said on Monday that the SAGIS figures did not include huge amounts of unrecorded maize stored on farms.

USDA: U.S. Corn Export Remained Weak

According to latest report of USDA on corn that the net sales of 547,900 MT were 7 percent below the previous week. The primary buyers were Mexico (135,500 MT), Egypt (111,200 MT), Taiwan (76,500 MT), Japan (71,900 MT), Canada (47,000 MT), Costa Rica (37,200 MT), and Colombia (36,000 MT), including 20,000 MT switched from unknown destinations). Exports of 425,700 MT were 12 percent below the previous week and 45 percent under the prior 4-week average. The primary destinations were Taiwan (186,500 MT), Mexico (59,600 MT), Egypt (51,200 MT), Japan (37,200 MT), and Algeria (26,800 MT). (This summary is based on reports from exporters for the period September 2-8, 2005.)

Maize Export Banned from District Poonch in J&K

It was witnessed that the District Magistrate Poonch Mr. Mohd. Ramzan Thakur in implement of powers vested in him under Section 144 Cr. Pc has imposed ban on export, storing, transporting and hoarding of the maize in district Poonch with immediate effect. All persons, who are involving in export of maize from the district, should immediately register themselves with the Assistant Director, CAPD Poonch or TSOs concerned. No sale permission should be allowed in bulk except under written permission from Assistant Director, CAPD Poonch is noticed. This order shall remain in force for a period of two months.

Kharif Maize Production Estimated at 12.17 MT

According to the government, the first advance estimates have placed the overall Kharif maize production for 2005-06 at 12.17 million tonnes compared to 11.60 million tonnes in the previous year. Agriculture Secretary Smt. Radha Singh announced kharif production estimations here today. The maize production at 12.17 million tonnes is above the production level of 11.60 million tonnes last year. The production of Kharif coarse cereals at 26.44 million tonnes for 2005-06 is marginally below the production of 26.70 million tonnes in the previous year.

Mini Markets Likely to Procure 8 lakh MT of Maize in A.P.

Agricultural Marketing System are expected to be changes due to the activity of the Mini Markets, are coming up in Andhra Pradesh. On an average 300 such markets are likely to be set up on experimental basis, to procure Maize. Afterwards, this system will be extended for other commodities. The procurement will be handled by village societies of Velugu Project and will be supported by Markfed, Civil Supplies, Marketing Department and Agriculture department of Government of Andhra Pradesh. A sum of Rs. 1 Crore has already sanctioned by the state government to the procurement centres for purchasing tarpaulins, moisture meters, weighing machines and sieves. During 2003-04, 2.3 lakh MT of Maize has been procured under MSP. This year, kharif Maize cultivation witnessed to increase by about 40 %. Therefore, it is projected that about 22 lakh MT of Maize is going to enter

into the markets. The Mini Markets, which are going to be set up in villages, are likely to procure about 8 lakh MT of Maize.

Corn Production Estimates Hoveres in U.S.

USDA estimates for corn production have been increased from 262 MMT from August 2005 report to 270 MMT. The increase is mostly due to better than expected yield and a very early corn harvest that is already underway. The yield is estimated at 3.63 tons / acre (8.99 tons / hac) against 3.53 tons / acre (8.71 tons / hac) in the August report. In 2004-05 the productivity was 4.07 tons/acre (10.07 tons / hac). India has the average yield of 0.73 - 0.8 tons / acre (1.8 - 2.0 ton/hac) in corn. Though there are areas where the productivity is higher as well. USDA also came out with the world production numbers and the productivity in China (2.54 times), Argentina (3.45 times), Brazil (1.79 times), South Africa (1.56 times) and Mexico (1.5 times) is also higher than India. The corn usage in US has also been estimated. In fiscal 2006, the usage in Feed and residual use is expected to be 148 MMT as against 156 MMT in 2004-05. The use in feed and industrial sector is expected to be higher at 72 MMT as against 68 in 2004-05. Use by ethanol sector is also expected to be higher at 38 MMT in FY 2006 as against 33 MMT in FY 2005.

KHARIF CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (05.09.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	72.80	72.66	+0.14	AP(+1.0, +19.3), Bih(-0.3, -8.8), Guj(-0.4, -7.7), Raj(-0.6, -6.1), UP(-0.6, -5.7)

Source: Department of Agriculture, Government of India

FOREX RATES (19.09.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.93
European Union	Euro	53.15

First Advance Estimates of Kharif Production of 2005-06 vis-à-vis Fourth Advance Estimates of 2004-05 Production in Million Tonnes

Crops	2004-05 (4th Advance Estimates)	2005-06 (1st Advance Estimates)	% Variation
Maize	11.60	12.17	4.9
Coarse Cereals	26.70	26.44	-1.0

Source: GOI

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Delhi to Kolkata	2050	Kandla to Delhi	1650
Delhi to Cuttack	2660-2670	Ahmedabad to Bangalore	2050
Delhi to Guwahati	3440-3450	Ahmedabad to Kolkata	2835
Karnal to Guwahati	3550-3560	Ahmedabad to Delhi	1500
Chandigarh to Cuttack	3160-3170	Bangalore to Kolkata	2550
Karnal to Hyderabad	3160-3170	Bangalore to Delhi	2400
Jaipur to Kolkata	2770-2780	Bangalore to Ahmedabad	1450
Kolkata to Delhi	2000	Kolkata to Ahmedabad	2335
Karnal to Mumbai	1850	Kolkata to Bangalore	2111
Mumbai to Delhi	1850	Delhi to Ahmedabad	900

WEATHER WATCH:

Chief Features

During past 24 hours, widespread rains with isolated heavy falls have occurred over Uttar Pradesh, Haryana, Delhi, Uttaranchal, Gujarat, Konkan & Goa, and Andaman & Nicobar Islands. Chief amounts of rainfall recorded (in cms) are: Bareilly-27, Pantnagar-17, Bahraich-12, Ayodhya-11, Port Blair, Mahabaleshwar & Mandi-8 each, Haridwar-7, Delhi (Safdarjung), Chandigarh & Baroda-6 each, Tehri, Delhi (Palam) & Ambala-5 each, Dahanu, Porbander, Dwarka & Gorakhpur-4 each.

Yesterday's depression over southwest Uttar Pradesh has weakened into a low pressure area over West Uttar Pradesh and neighbourhood. Its associated upper air cyclonic circulation extends upto mid-tropospheric levels. Under this scenario the prevailing rainfall activity over plains of northwest India is likely to decrease considerably from today evening. However, enhanced rainfall will continue over Uttaranchal and Himachal Pradesh during next 24 hours.

Yesterday's well marked low pressure area over northeast Arabian Sea has moved northwards and weakened into a low pressure area and now lies over Gujarat state. Its associated upper air cyclonic circulation extends upto mid-tropospheric levels. It will cause moderate rains with isolated heavy falls over Gujarat and Konkan & Goa.

The low pressure area over East Central Bay of Bengal has concentrated into a depression and now lies over northeast Bay of Bengal near Lat. 20° N and Long. 90.5° E with its centre about 400 km of southeast of Balasore. The system is likely to intensify further and move in west-northwesterly direction. This may cause heavy to very heavy rainfall over Orissa and Gangetic West Bengal during next 2-3 days.

Forecast valid 0830 hours IST of 20th September, 2005

NORTH: Rain/thundershowers likely at many places over Himachal Pradesh, Uttaranchal, Haryana and Uttar Pradesh and a few places in the rest region. Rainfall likely to decrease further over the region from 18th.

EAST: Rain/thundershowers likely at many places over Nagaland, Mizoram, Manipur & Tripura, Gangetic West Bengal and Orissa and at a few places over the rest region. Rainfall will increase over eastcentral India from 19th.

SOUTH: Rain/thundershowers likely at many places over Andaman & Nicobar Islands; at a few places over north Coastal Andhra Pradesh and Coastal Karnataka and isolated in the rest region.

WEST: Rain/thundershowers likely at many places over Gujarat State, Konkan & Goa, Madhya Maharashtra and East Rajasthan and at a few places over the rest region.

Heavy Rainfall Warning

Isolated heavy to very heavy rainfall likely over Uttar Pradesh, Himachal Pradesh, Uttaranchal, Gangetic West Bengal, Orissa, Konkan & Goa, Gujarat State and Andaman & Nicobar Islands.

Outlook for subsequent two days based on NCMRWF and other numerical weather products:

- 1) Increase in rainfall over east central and adjoining peninsular India.
- 2) Further decrease in rainfall activity over Northwest India.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: October (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is indicating strong sentiment for prices. The opening price remained above the previous day's closing price and settled on upper side. RSI (64.86) is in the neutral condition. Indicating bullish sentiment.

MACD: The MACD (7-day) is moving upwards after cutting the EMA from down and prevailed still in negative territory, indicating strong sentiment as long-term basis.

Stochastic: The %K-line is going upward after cutting the %D line and remained in oversold condition. Indicating Trend reversal.

Moving Average: The 5-day moving average line is going upward after cutting the 7-day moving average line from down, indicating strong sentiment.

Resistance and Support level:

The resistance level at present is at 511.18 marks. Support level may be seen at 500.75 marks.

Almost all the indicators are pointing towards the bullishness of the prices. The prices for maize likely to remain range bound with strong undertone in the coming days. The volume and open interest are indicating that there is strong support from the market.

Recommendation: Remain long.

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