

Maize

20th -26th 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 remained almost stable in this week. 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 stable but there was no demand from the Punjab 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 arrival remained remarkable. The Bangalore to Tamilnadu delivery was quoted at Rs.565-570 per qtl. The Nammaklall local maize was traded at same price of last week at 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 slight weak week as against of previous week as less demand and arrival from Bihar. The market demand for maize is witnessed very weak in this week. 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 a range bound with stable in this week over last week due to stable market demand from Kolkata, Delhi and other places. 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.525-530 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 market sentiment remained relatively on stable position amidst new crop arrival in this week. The arrival was likely to the range of 15000 reck every day, 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 slight upside in this week as compared to previous week due to new crop arrival in this market and monsoon activity. It was reported that maize has traded at the range of Rs. 540-545 per qtl. It is expected that the maize prices would decline in the coming days as long term basis.

GLOBAL MARKET

Corn futures at Chicago Board of Trade settled down on Friday. December future settled off 1 cent at \$207.25 per bushel and March off 1 cent at \$2.195 per bushel. Prime factor was the intensity and track of RITA. Market got strength in early hours on ideas that rains in Midwest region might interrupt harvest. However, storm has also disrupted the shipping activities. Activities at New Orleans port have been hampered due to storm damage. Weakening intensity of storm might help cutting downtime of the ports. However, since the track of storm is uncertain, guesses on likely affect on crop harvest in Midwest might prove phony.

CONCLUSION

The maize prices showed an stable position in most of the places during this week. 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. 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	26.09.05	19.09.05
Delhi (Bihar and U.P. Maize)	695-700	710-715
Maharashtra	575-580	560-565
Gujarat (Maharashtra Maize)	630-640	600-610
Sangli truck bilty	610	610
Pune Starch	660	660-665
Ahmedabad Poultry feed mills	700	700-705
Ahmedabad Starch	675-680	650-670
Bihar (Loose Price)	525-530	530-535
Bangalore - Tamil Nadu delivery	565-570	590
Nammaklall Maize	625	625
Kolkata mill delivery	620-625	630
Nizamabad Local Maize	565-570	565-570
Devengere Local maize	540-545	538-542

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

SPFL Likely to Buy Maize through Direct Purchase

Coimbatore based major broiler farm the Suguna Poultry Farm Ltd (SPFL) is now planning to go for a maize procurement system through a direct purchase of corn from farmers. Therefore three direct maize procurement centres likely to open in the South at Shimoga, Nizamabad and Ottanchathram near Palani in November 2005 for purchase of poultry feed. B. Soundararajan, managing director of Suguna Poultry Farm Ltd, said that the plan is to overcome the high transportation cost incurred during domestic import and to bring down the overall cost of its feed manufacture at the same time as helping local farmers to get a remunerative price. At present, Suguna Poultry Farm consumes four lakh tonne of maize per year for its poultry feed. It is estimated that with the rise in maize consumption, the requirement of its feed unit in Tamil Nadu alone would go up to 1.25 lakh tonne from the present one lakh tonne.

Maize Prices Continued to Rise at Delhi Mandis

Good demand continued to push up the maize prices. Rising incomes in the developing world and consequent growth in meat and poultry consumption have increased the demand for maize, more as a livestock feed. The maize prices are prevailing at the range of Rs.700-705 per quintal at Delhi mandis. The arrival is mainly from Bihar and U.P., however the supply remained slight weak. The demand from Haryana and local market witnessed very strong. The local arrival in Punjab reduced the maize demand from Delhi. On an average the country's maize production fluctuates between 10-14 million tonnes with 80-90% of the production-taking place in the kharif season.

Canadian Government to Initiate Anti-Dumping Duty

Canadian Government has decided to start an antidumping and /or countervailing duty investigation on Corn imported from the United States. Corn Products International a US

company is disappointed on this decision as Casco its subsidiary in Canada is the largest industrial corn user and corn processor of corn starches, sweeteners, corn oil and animal feeds. The company feels these duties may affect various stakeholders including customers, vendors, employees and Canadian agricultural industry. Corn products international in opposition of this action is planning to pursue all regulatory and other measures that may be available to counter this decision. It is believed that this duty may at the earliest take effect from middle of December 2005.

USDA: U.S. Corn Export Increased

According to the latest export sales report for corn of USDA, the net sales of 746,600 MT were 36 percent above the previous week. Increases for Mexico (248,000 MT), Taiwan (170,000 MT, including 58,000 MT switched from unknown destinations), Japan (169,600 MT, including 38,600 MT switched from unknown destinations), Costa Rica (64,400 MT, including 54,600 MT switched from Guatemala), Algeria (39,000 MT), and Morocco (32,900 MT, including 30,000 MT switched from unknown destinations) were partially offset by decreases for Guatemala (62,200 MT) and unknown destinations (48,600 MT). Exports of 914,800 MT were more the two and one-tenth times the previous week and 32 percent over the prior 4-week average. The primary destinations were Japan (328,400 MT), Mexico (198,600 MT), Taiwan (77,700 MT), South Korea (58,400 MT), Syria (50,700 MT), Morocco (32,900 MT), and Venezuela (32,000 MT). (This summary is based on reports from exporters for the period September 9-15, 2005)

KHARIF CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (19.09.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	73.35	72.66	+0.69	AP(+1.1, +21.5), Bih(-0.3, -7.4), Guj(-0.4, -7.7), Raj(-0.6, -6.1), UP(-0.6, -5.7)

Source: Department of Agriculture, Government of India

FOREX RATES (26.09.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.95
European Union	Euro	52.87

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	1700
Delhi to Cuttack	2720-30	Ahmedabad to Bangalore	2100
Delhi to Guwahati	3490-3500	Ahmedabad to Kolkata	2880
Karnal to Guwahati	3550-3560	Ahmedabad to Delhi	1555
Chandigarh to Cuttack	3160-3170	Bangalore to Kolkata	2650
Karnal to Hyderabad	3160-3170	Bangalore to Delhi	2400
Jaipur to Kolkata	2830-40	Bangalore to Ahmedabad	1550
Kolkata to Delhi	2160-70	Kolkata to Ahmedabad	2440
Karnal to Mumbai	1900	Kolkata to Bangalore	2100
Mumbai to Delhi	1900	Delhi to Ahmedabad	900

WEATHER WATCH:

Meteorological Analysis

Last week's well marked low pressure area over East Madhya Pradesh and neighbourhood moved northwestwards and lay over northwest Madhya Pradesh and adjoining southwest Uttar Pradesh on 15th. It moved in a northerly direction and intensified into a depression on 16th and lay over southwest Uttar Pradesh with its center close to Agra at 0830 hrs. IST. It lay about 100 km southeast of Delhi in the evening of 16th. It weakened into a low pressure area over West Uttar Pradesh on 17th morning and became less marked on 18th. However, the associated upper air cyclonic circulation persisted over the same area which moved over to Uttaranchal and neighbourhood of 18th evening and over to Uttaranchal and adjoining Himachal Pradesh on 19th. It became less marked on 20th morning.

Last week's depression over northeast Arabian Sea with its center at 20.5°N/68°E about 250 km west-southwest of Veraval persisted over the same area till 15th. It weakened into a well marked low pressure area on 16th morning. It then moved northwards and weakened into a low pressure area over Gujarat State on 17th and became less marked on 18th. The associated upper air cyclonic circulation persisted over Gujarat and adjoining southeast Rajasthan on 18th and moved away westwards to Pakistan on 19th morning.

An upper cyclonic circulation extending upto mid-tropospheric levels lay over north Andaman Sea and adjoining eastcentral Bay of Bengal on 15th. Under its influence, a low pressure area formed over the same area on 16th. It moved northwestwards and concentrated into a depression on 17th morning over northeast Bay of Bengal near lat. 20.5°N/long. 90.5°E with its center about 400 km southeast of Balasore. It moved in a westerly direction and intensified into a deep depression and lay centred at 0830 hrs. IST near lat.20.0°N/ long. 87.5°E about 100 km east of Paradeep on 18th morning. It then moved in a west-southwesterly direction and intensified into a cyclonic storm at 1730 hrs. IST of 18th and lay near lat. 19.5°N/ long.86.5°E about 80 km east-southeast of Puri. It crossed north Andhra Pradesh near Kalingapatnam on 19th morning at 0830 hrs. IST and lay centred near lat. 18.5°N/ long.84.0°E close to Kalingapatnam. It then moved westwards and lay centred at 1430 hrs. IST near lat. 18.5°N/ long.83.5°E about 50 km west of Kalingapatnam on the evening of 19th. It moved west-northwestwards and weakened into a deep depression with its center at 0230 hours IST of 20th near lat. 18.5°N/ long.83.0°E. about 100 km west of Kalingapatnam and at 0830 hrs. IST of 20th near lat. 19.0°N/ long.82.5°E close to Jagdalpur. It lay centered at 1430 hours IST of 20th near lat. 19.0°N/ long.81.5°E near about 50 km west of Jagdalpur. It weakened further into a depression at 1730 hrs. IST of 20th and lay centred near lat. 19.0°N/ long.80.5°E about 150 km west of Jagdalpur. It then moved northwestwards and lay centred at 0830 hrs. IST of 21st near lat. 19.5°N/ long.79.5°E close to Chandrapur in Vidarbha.

Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places over northwest & central India, Gujarat, Konkan & Goa and Coastal Karnataka during 1st half of the week. During 2nd half of the week the rainfall activity increased along the east coast. Subsequently the rainfall belt shifted to the interior peninsula towards the end of the week. Isolated to scattered rains occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim throughout the week except on 21st when rain/thundershowers occurred at most places with heavy rains.

Rainfall During The Week (Week ending on 21st September, 2005)

Rainfall was excess/normal in 25 and deficient/scanty in 11 out of 36 meteorological sub-divisions (Actual: 59.3 mm, Normal: 36.9 mm and Departure: +61%).

Cumulative Seasonal Rainfall (1st June to 21st September, 2005)

Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions. (Actual: 835.0 mm, Normal : 848.5 mm and Departure: -2%).

Outlook For The Week Ending On September 28th, 2005

1). Fairly widespread to scattered rainfall with heavy to very heavy falls at a few places is likely over Maharashtra, Gujarat Coastal Karnataka and south Rajasthan till 24th. It will decrease significantly thereafter till the end of the week.

2). Rain/Thundershower are likely to be fairly widespread over western Himalayas and scattered over plains of northwest India in the first half of the week with reduction in the second half of the week.

3). Scattered light to moderate rainfall will continue in remaining part of India outside Tamil Nadu and south Andhra Pradesh where it may be isolated only.

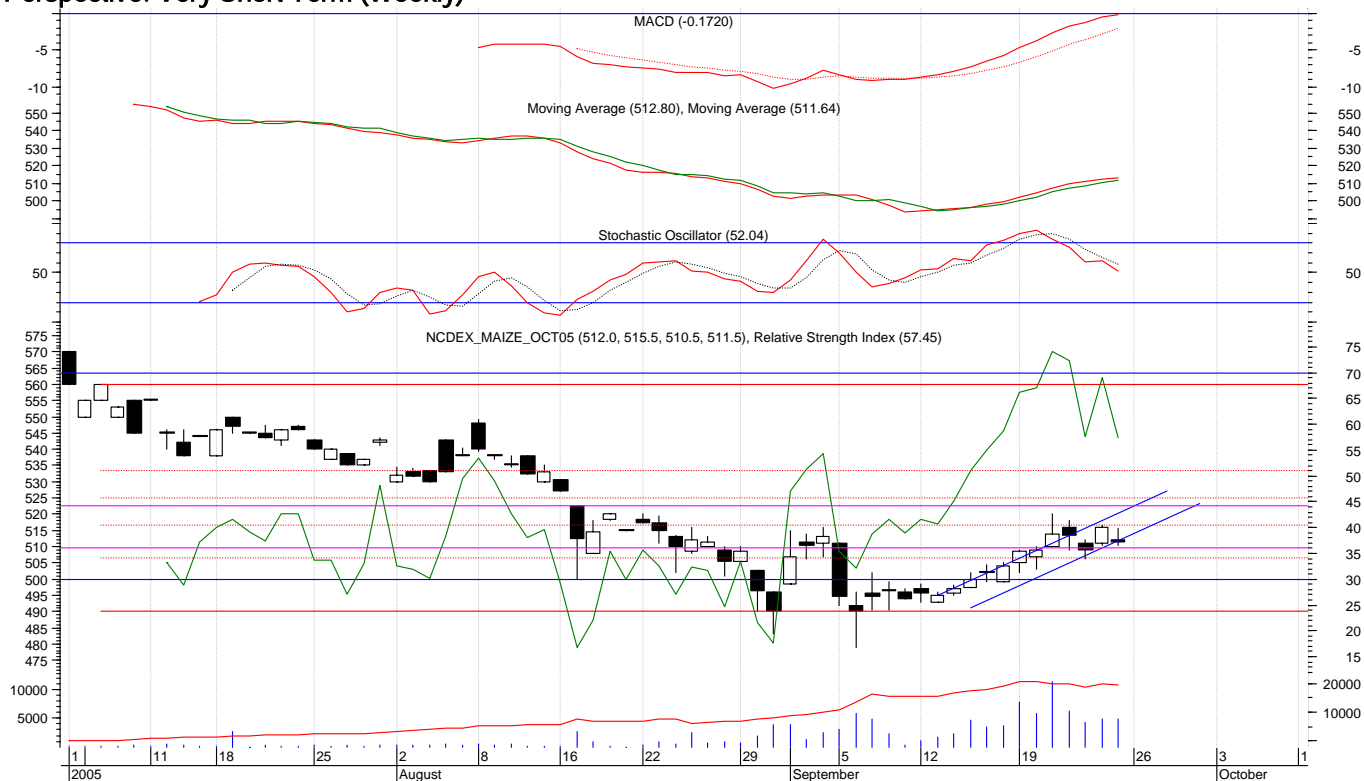
TECHNICAL ANALYSIS

Commodity: Maize

Contract: October (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is going towards down for prices. The opening price remained far below the previous day's closing price and settled on lower side.

RSI: (57.45) 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 downward after cutting the %D line from up and remained in neutral condition. Indicating weak sentiment as long-term basis.

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 522.76 marks. Support level may be seen at 509.73 marks.

Almost all the indicators are pointing towards the bullishness of the prices, except candlesticks and stochastic. The prices for maize are likely to remain 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.

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