

Maize

6th -12th 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:

In Delhi mandis, it is observed that the maize prices continued the range bound with stable tone in this week due to stable demand and less arrival from Bihar and Uttar Pradesh. The new crop arrival from U.P. remained poor. The demand from Punjab and Haryana witnessed not strong. However the quality of the product remained poor. However the maize prices witnessed this stable tone throughout this week. According to the traders, the new crop has reached in Punjab mandis; therefore the demand from Delhi remained poor. The market expects that the maize prices likely to decline in the coming days as long-term basis.

KARNATAKA MARKET:

Karnataka market witnessed range bound with steady at this week due to stable demand. The market is expecting that the new crop will hit the market within 10-15 days. The Bangalore to Tamilnadu delivery was quoted at Rs.600 per qtl, The Nammaklall local maize was traded at higher side with the range of Rs.620 per quintal. The ongoing market sentiment is likely to remain steady in the coming days due to no arrival.

KOLKATA MARKET:

Maize prices in Kolkata market witnessed strong in this week due to strong demand and less 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 stable condition in the coming days.

BIHAR MARKET:

Maize prices in Bihar mandis remained range bound with slight weak undertone in this week as against of previous week. The demand remained poor in this week. The demand from Bangladesh was also poor. The old crop was sold in this market at Rs.510-515 per quintal as loose basis and the new crop was at Rs.475-480 per quintal, but very few. 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 decreased slightly in this week as compared to previous week due to new crop arrival. The market price for maize remained Rs.560-565 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 higher side in this week as compared to previous week due to strong demand and less stock. The government stock has been sold in this market. The new crop likely to hit the market within 10-15 days. It was reported that maize has traded at the range of Rs. 545-549 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) witnessed mixed sentiment on Friday in slow trade with the market awaiting direction from Monday's U.S. Department of Agriculture reports. Futures traded in extremely narrow ranges in quiet activity as most market participants chose to wait until Monday to enter into positions. September corn remained up 0.25 cent higher to \$2.03 cents per bushel, where as December corn slipped 0.25 cent to \$2.16, and March corn finished unchanged at \$2.273. Friday morning, the U.S. Department of Agriculture reported corn export sales were 591,700 tons for the 2005-06-crop year. The report was delayed a day due to the Labour Day holiday. In addition, the USDA announced that Egypt had purchased 120,000 metric tons of U.S. corn for delivery in the 2005-06-crop year. Commodity fund selling was estimated at 2,000 contracts. Ethanol futures ended the session mixed. The December contract slipped 1 cent to \$1.99 per gallon.

CONCLUSION

Over the last week, the commodity prices have increased rapidly. This increase can be attributed to two things.

1. Monsoon Panic
2. Low stocks in the market viz a viz higher demand

Based on the data available from IMD, monsoon has lag behind in Western Rajasthan (-39%), Western UP (-28%), Haryana (-23%), Delhi & Punjab (-22%). Due to deficient rains in North India the crops that are likely to be effected are Sugarcane, Rice, Coarse cereals (maize, Jowar and bajra) and Oilseeds, in states of Uttar Pradesh, Punjab, Haryana, Rajasthan, Jharkhand and Bihar.

Within the last one week corn is the only commodity prices of which has shown a very small increase of 2.8% as most of the end users are covered till the new crop arrives in the market. The trade awaits the Sept 12, 2005 USDA report. As per the industry report, corn production estimates will again be lowered and the produced is estimated to be close to 10.288 billion bushels (261 MMT) (Average 10.027 - 10.595 billion bushels) (254 - 269 MMT) as against last months 10.35 billion bushels (262 MMT) report. The decrease in production is being attributed to high temperature in the corn belt.

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

MARKETS	12.09.05	5.09.05
Delhi (Bihar and U.P. Maize)	680-685	680-690
Maharashtra	580-585	585-590
Gujarat (Maharashtra Maize)	620-625	620-625
Sangli truck bilty	610	600-610
Pune Starch	660-665	645-660
Ahmedabad Poultry feed mills	690-695	680-685
Ahmedabad Starch	660-665	650-655
Bihar (Loose Price)	510-515	515-520
Bangalore - Tamil Nadu delivery	600	600-605
Nammaklall Maize	620	600-605
Kolkata mill delivery	625-630	600-605
Nizamabad Local Maize	560-565	569-570
Devengere Local maize	545-549	539-540

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Maize Prices Likely to Rule above Rs 600/qrtl

The continuous growth in meat and poultry consumption has increased the demand for maize, more as a livestock feed. Most of the feed mill industry depend on maize; have expressed concern about the availability and price of maize. The Domestic and Export Market Intelligence Cell at the Centre for Agricultural and Rural Development Studies (CARDS), which has observed the price movement of maize between 1998 and 2005, envisages a steep rise in the price levels of up to Rs 635 a quintal till October-end before sliding to around Rs 611 a quintal in November and further down to Rs 600 a quintal in December. Market sources expect the declining trend to continue till end of

June 2006. A closer look at the maize price movement in the Udumalpet market in Tamil Nadu (said to be one of the biggest maize market in the country) reveals that this commodity was quoting just below the Rs 400 a quintal-mark in 1998, but within a span of 15 months peaked to Rs 680 a quintal before falling to the Rs 400-a-quintal level in March 2001.

Maize Yield in India is below than China or Thailand

In India, the crop was raised in 7 million hectares in 2004-05 and the yield hovered around 1.8 tonnes a hectare, which according to trade sources was well below the average yield levels of China (4.4 tonnes a hectare) or Thailand (3.2 tonnes a hectare). The country's maize production fluctuates between 10 and 14 million tonnes with 80 to 90 per cent of the production taking place in the kharif season, the CARDS (Centre for Agricultural and Rural Development Studies) Director, Dr N. Raveendran, said. Market sources estimate the annual requirement at over 13 million tonnes based on current usage in poultry, livestock, starch and food, but without taking the exports to Bangladesh, Nepal and Sri Lanka into account. The sources further said if either the availability of coarse cereal did not improve or the price stabilizes, the cost of production of chicken in south India (under integration) would rise. At present, the production cost per kg of chicken is Rs 27. A small increase in feed cost by Re 0.50/kg would increase the production cost by Re 0.87/kg, they said.

Record Maize Production in South Africa

According to the official data that around 9.15 million tonnes of maize has been received from South African farmers so far, but the figure is expected to rise with much of the 2005 crop still being stored on farms. Official estimates put the total 2005 crop at 12.18 million tonnes, which is the highest since 1981, but the slow pace of delivery has prompted some traders to suggest this figure might be too high, while others say it is too soon to say. SAGIS said it understood 1,100 tonne plastic bags capable of holding 200 tonnes of maize had been imported to the country, implying a capacity to store 220,000 tonnes in total, although not all the bags are currently in use.

USDA Latest Export Sales Report on Corn

According to the latest data of USDA for export-sales highlights, the net sales of 591,700 MT maize for the 2005/06 marketing year (which began Sept. 1) were primarily for Mexico (225,400 MT), Japan (159,600 MT), South Korea (55,000 MT), Colombia (52,200 MT), the Dominican Republic (40,000 MT), and unknown destinations (30,000 MT). A total of 2,247,200 MT in sales were outstanding on August 31 (the end of the marketing year) and were carried over to the 2005/06 marketing year. Exports of 473,300 MT for August 26-31 were mainly for Japan (130,200 MT), South Korea (116,700 MT), Taiwan (90,100 MT), and Mexico (69,800 MT). Accumulated exports for the year were 45,409,400 MT--down 6 percent from the prior year's total of 48,188,000 MT. Exports for September 1 of 10,300 MT were mainly for Mexico (9,700 MT). (This summary is based on reports from exporters for the period August 26-September 1, 2005.)

S.Africa Maize Price Hovers amid Crop Worries

South African maize futures witnessed mostly high, which have not seen since January on Friday as traders said worries the crop could be much less than forecast were spreading through the market after lower than expected delivery figures. On Wednesday, according to the South

African Grain Information Service (SAGIS), only 9.15 million tonnes of maize had been delivered up to Sept 2, much less than the 12.18 million tonnes the national Crop Estimates Committee had forecast. According to some traders, the market was also pricing itself higher in order to encourage farmers who had warned they could not break even at lower price levels earlier in the year to plant the 2006 harvest. If the Crop Estimates Committee is right, traders fear the total surplus could run to far more than the country can export. SAGIS will now release weekly unverified delivery figures, but traders say they are unlikely to move the market significantly unless the total figure for deliveries received so far suddenly rises or falls.

Maize Cultivation Hovers by 30% in A.P.

In this kharif season it is witnessed that Andhra Pradesh (AP) have been receiving good rains after a gap of over five years with water tanks and dams full to the brim and a jubilant farmer population. According to the data received, it is observed that nine districts have received 16% less than normal rain and 12 districts received just normal rain from the southwest monsoon, which is likely to carry on for the next two weeks in the state. Accordingly, the government estimates an overall growth of 2% in the agriculture sector, which will have a good effect on the economy. In the meantime, due to market fluctuations, farmers in the state are shifting from cotton and chillies to alternative crops like maize, castor, groundnut etc. Moreover, the government has now determined to purchase crops directly from the fields, by opening mobile collection centres across the state. On the other hand, the area under maize cultivation has increased by 30% in the state. Official estimates say that maize yields are estimated at 22 lakh tonne in the current year as against 18 lakh tonne last year.

Kharif Crops Affected amid Excessive rainfall in Karnataka

In Karnataka, the excess rainfall and flash floods have damaged kharif crops worth Rs 707 crore, therefore the overall harvest are likely to affect. Heavy rainfall during last week of July and first week of August coupled with the release of surplus water from many reservoirs and floods in some rivers affected standing Kharif crops. In many taluks of northern districts and some parts of southern districts, crops are still under water. On the current data till date, the state agriculture department has achieved 93.5% of Kharif crop sowing in 64.96 lakh hectares against targeted area of 69.47 lakh hectares. The department is confident of achieving 100% sowing within the end of Kharif season, which ends this month in Karnataka. While maize, bajra, tur and sugarcane are better this season. But the excess rainfall and floods affected crops standing on 1.98 lakh hectares. Most affected crops are paddy, sugarcane, maize, tur and sunflower. However, floods washed away paddy, maize, tur, and sunflower and sugarcane crops. Earlier, the Karnataka government had forecast the production of cereals in Kharif season at 76.60 lakh tonne, up from 71.86 lakh tonne a year ago and 2.25% growth in oil seed production at 12.79 lakh tonne, up from 10.46 lakh tonne.

WEATHER WATCH:

Withdrawal Of Southwest Monsoon

Southwest monsoon has withdrawn from parts of West Rajasthan on 2nd. Withdrawal line passes through Sri Ganganagar, Bikaner and Barmer.

Meteorological Analysis

Last week's upper air cyclonic circulation over westcentral Bay of Bengal off Coastal Andhra Pradesh extending upto 4.5 km a.s.l. tilting southwards with height persisted upto 2nd. It moved westwards across Coastal Andhra Pradesh, Telangana, North Interior Karnataka and Konkan & Goa during 3rd to 6th. It was seen over Konkan & Goa and adjoining eastcentral Arabian Sea extending between 2.1 km and 5.8 km a.s.l. on 7th. A north-south trough extending in the lower tropospheric levels was seen from Uttar Pradesh to the above system on 2nd & 3rd and from southeast Rajasthan on 4th & 5th.

A fresh upper cyclonic circulation extending upto 3.1 km a.s.l. formed over southwest Bay of Bengal in the evening of the 5th. Under its influence, a low pressure area formed over Central parts of south Bay of Bengal on 6th. It moved northwestwards and lay over westcentral Bay of Bengal off coastal Andhra Pradesh on 7th morning and became well marked in the evening.

A fresh upper air cyclonic circulation extending upto 2.1 km a.s.l. was seen over northwest Madhya Pradesh and adjoining southwest Uttar Pradesh on 6th. It became less marked on 7th. Another upper air cyclonic circulation formed over central Pakistan and adjoining west Rajasthan extending upto 1.5 km a.s.l. on 7th.

Rainfall

Southwest Monsoon was active to vigorous over Kerala and Rayalaseema on many days of the week and over Karnataka, Telangana, Tamil Nadu & Pondicherry, Konkan & Goa, Madhya Maharashtra, Sub-Himalayan West Bengal & Sikkim, Bihar, Jharkhand and East Uttar Pradesh on one to two days of the week.

Moderate rainfall occurred at many places with isolated heavy falls over south peninsula on many days of the week. Rainfall activity increased with light to moderate scattered rainfall over central India and adjoining Gangetic plains during 3rd to 7th. Light to moderate rainfall also occurred over western Himalayan region and northeastern States. Rainfall activity remained subdued over plains of northwest India with mainly dry weather over Punjab & West Rajasthan.

Temperature

Maximum Temperatures were above normal by 4 to 6°C over central India and northwest India during the 1st half of the week. They decreased over central India during 2nd half but continued to remain above normal over northwest India especially over Rajasthan where the departures were of the order of 6 to 8°C.

Rainfall During The Week (Week ending on 7th September, 2005)

Rainfall was excess/normal in 15; deficient/scanty in 20 and no rain in 1 (West Rajasthan) out of 36 meteorological sub-divisions (Actual: 34.7 mm, Normal: 47.4 mm and Departure: -27%).

Cumulative Seasonal Rainfall (1st June to 7th September, 2005)

Rainfall was excess/normal in 27 and deficient/scanty in 9 out of 36 meteorological sub-divisions. (Actual: 707.0 mm, Normal: 765.3 mm and Departure: -8%).

Outlook For The Week Ending On September 14, 2005

Fairly widespread rainfall with isolated heavy falls likely over south peninsula, Orissa, Gujarat and Maharashtra & Goa.

Moderate scattered rainfall likely over central India and northwest India.

Increase in rainfall activity is likely over Gangetic West Bengal, Jharkhand and Bihar during 2nd half of the week.

Generally subdued rainfall activity likely over northeast India.

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 (12.09.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.82
European Union	Euro	54.05

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Delhi to Kolkata	2050	Kandla to Delhi	1600
Delhi to Cuttack	2450-2500	Ahmedabad to Bangalore	2000
Delhi to Guwahati	3330-3340	Ahmedabad to Kolkata	2835
Karnal to Guwahati	3500	Ahmedabad to Delhi	1445
Chandigarh to Cuttack	3110-3120	Bangalore to Kolkata	2300
Karnal to Hyderabad	3110-3120	Bangalore to Delhi	2400
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

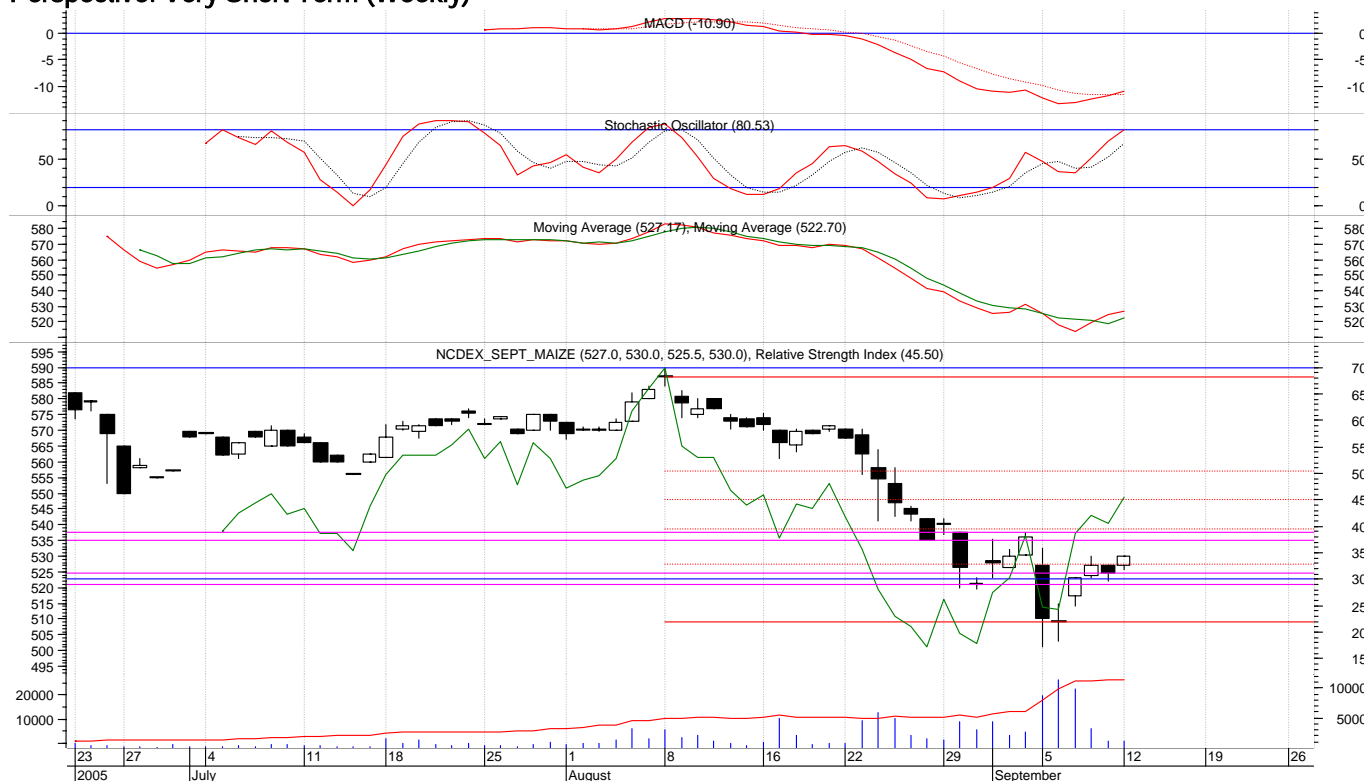
TECHNICAL ANALYSIS

Commodity: Maize

Contract: September (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is showing bullishness. The opening price remained above the previous day's closing price and intra day movement prevailed on upper side. RSI (45.50) is in the neutral condition. Indicating strong 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 neutral condition. Indicating slight bullishness.

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 534.74 marks. Support level may be seen at 524.54 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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