

Maize

29th August-5th 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, the maize prices witnessed range bound with stable sentiment at this weekend due to less arrival, strong demand from Punjab and Haryana. However the quality of the product remained poor. The arrival from U.P. remained good. 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 remained range bound with steady at this week due to stable demand. The market is expecting that the new crop will hit the market within one month. FCI's selling in the market has been closed. The Bangalore to Tamilnadu delivery was quoted at Rs.600-605 per qtl, The Nammakal local maize was traded at lower side with the range of Rs.600-605 per quintal. The ongoing market sentiment is likely to remain steady in the coming days due to no arrival.

KOLKATA MARKET:

In Kolkata market the maize prices witnessed a slight weak undertone in this week as compared to previous week due to less demand. The arrival from Bihar remained moderately. The market price for Kolkata mill delivery was quoted at Rs. 600-605 per qtl., which was lowered 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. As loose basis the maize was traded at the range of Rs.515-520 per quintal and the bilty price was at the range of Rs.535-540 per quintal. 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 prices get down due to less demand and surplus arrival in this week as against of last week. The market price for maize remained Rs.569-570 per quintal at this weekend. The new crop likely to hit the market in this monthy. It is expected that the price would stable in the coming days.

DAVENGERE MARKET:

This market price for maize in this market remained weak as compared to previous week's price. It was reported that maize has traded at the range of Rs. 539-540 per qtl.

GLOBAL MARKET

The prices in US remained almost same as last week. CBOT closed at \$2.035 per bushel (\$80.18 per MT) for September delivery. The December delivery was marginally lower than last week at \$2.1725 per bushel (\$85.60 per MT). The FOB prices were \$102 per MT for October and \$104 per MT for November delivery.

The freight rates are expected to go up higher in the wake of Kartina, higher demand of grains in the world market and higher fuel prices.

As regards increased demand in the world, China's grain demand is predicted to continue its slow growth in the next four years, with grain consumption increasing 0.9 percent annually. In India as per the analysis the maize demand is expected to grow by 4.1 percent in 2005-06, whereas the production is expected is decrease by about 5.7% over last year. The increase in consumption is due to the increased broiler placement and the decreased production of corn due to the erratic monsoon.

CONCLUSION

It may not be official as yet, but monsoon seems to be over as of now. Officially the monsoon season ends on Sept 30 and there would a 10% deficit then, if there is a little progress. Current deficit is about 6%. The areas in the

deficit zone are west Rajasthan; west Uttar Pradesh; Jharkhand; Nagaland-Manipur-Mizoram-Tripura; coastal Andhra Pradesh and western Madhya Pradesh. Reports suggest that the soya crop, which is the main crop of the area (Madhya Pradesh and parts of Rajasthan) is in danger of withering, if there is no rainfall in the next 2 - 3 days.

As per Indian Meteorological Department, a new touch is forming which might bring rainfall over all four southern States, Kerala, Karnataka, Tamil Nadu and Andhra Pradesh in the next 2 - 3 days.

Amidst all this talk about monsoon, the grain prices have shown an upward trend. Yellow corn prices averaged at Rs.6010 (\$138) per MT. The local corn traded at Rs.6900 (\$159) per MT. The highest prices were reported in Gujarat. The harvest still about a month away, increased prices will affect the maize user industries bring down profits.

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

MARKETS	27.08.05	5.09.05
Delhi (Bihar and U.P. Maize)	685-690	680-690
Maharashtra	520-525	585-590
Gujarat (Maharashtra Maize)	620-630	620-625
Sangli truck bilty	600-605	600-610
Pune Starch	640-645	645-660
Ahmedabad Poultry feed mills	685	680-685
Ahmedabad Starch	660	650-655
Bihar (Loose Price)	510	515-520
Bangalore - Tamil Nadu delivery	600	600-605
Nammaklall Maize	625	600-605
Kolkata mill delivery	600-610	600-605
Nizamabad Local Maize	588-590	569-570
Devengere Local maize	558-560	539-540

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Kharif Sowing Progress Near to Completion

Kharif sowing is nearing completion and for the first time during the season, rice acreage is marginally higher from a year earlier, the latest government data showed Monday. Kharif crops are sown in June-July and harvested September onwards. However, due to vagaries of monsoon, sowing of certain varieties of crops continues till end-August. It has to be ensured that harvest of kharif crops does not eat into the time meant for sowing of rabi crops in October and November. Total area coverage under coarse cereals has increased over the past seven weeks and as on August 29 was at 22.5 million hectare compared with 22.6 million hectares in the year earlier period.

WEATHER WATCH:

Meteorological Analysis

Last week's upper air cyclonic circulations over Sub-Himalayan West Bengal & Sikkim and another over Lakshadweep area became less marked on 25th.

A fresh upper air cyclonic circulation extending between 1.5 & 4.5 km a.s.l. formed over Tamil Nadu and neighbourhood on 27th. It moved westwards and lay over Kerala on 28th and over Lakshadweep area on 29th & 30th. It became less marked on 31st.

Another upper air cyclonic circulation extending upto 2.1 km a.s.l. was seen over South Interior Karnataka on 29th. A fresh upper air cyclonic circulation formed over southwest Bay of Bengal off Tamil Nadu coast on 30th. It lay over westcentral Bay of Bengal off south coastal Andhra Pradesh on 31st.

During 27th to 31st, an upper air cyclonic circulation extending between 1.5 & 4.5 km a.s.l. lay over Gujarat and neighbourhood.

A north-south trough extending upto 1.5 km a.s.l. was seen from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal during 29th to 31st.

A western disturbance as an upper air system moved across Western Himalayan region during 27th to 29th.

The monsoon trough continued to lie close to foothills of Himalayas throughout the week.

Rainfall

During this week, rainfall activity remained generally subdued over most parts of the country. However, Northeastern States, West Bengal & Sikkim, Tamil Nadu & Pondicherry and Kerala experienced moderate rainfall with isolated heavy falls. Light to moderate rainfall also occurred at a few places over Andaman & Nicobar Islands Himachal Pradesh, Uttaranchal, Bihar, Orissa, south Gujarat, Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh, Rayalaseema, Karnataka and Lakshadweep on some days of the week. Light rainfall occurred over Jammu & Kashmir, East Uttar Pradesh, Jharkhand, Chhattisgarh south Madhya Pradesh, Telangana, Marathwada and north Gujarat on one or two days of the week. Weather remained mainly dry over Punjab, Haryana, West Uttar Pradesh, Rajasthan, Vidarbha and north Madhya Pradesh.

Rainfall During The Week (For the week ending on 31st August, 2005)

Rainfall was excess/normal in 8, deficient/scanty in 27 and no rain in 1 (West Rajasthan) out of 36 meteorological sub-divisions (Actual: 24.5 mm, Normal: 49.9 mm and Departure: -51%).

Cumulative Seasonal Rainfall (1st June to 31st August, 2005)

Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions (Actual: 675.8 mm, Normal: 717.9 mm and Departure: -6%).

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

Outlook For The Week Ending On September 7, 2005

1. Southwest monsoon is likely to withdraw from West Rajasthan.
2. Ongoing rainfall activity over south Peninsula is likely to continue and may enhance over Karnataka and Andhra Pradesh during 2nd half of the week. The rainfall activity may also extend to central India and parts of east India during the 2nd half of the week.
3. A north-south trough with an embedded cyclonic circulation is likely to develop along east coast of India during first half of the week. This may cause isolated light

4. showers over northeast & east central and adjoining gangetic plains.
4. Mainly dry weather is likely to prevail over northwest & westcentral India.

KHARIF CROP ACERAGE STATISTICS (In Lakh Hectares)

Normal Area	Area Coverage (29.08.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	72.22	72.66	-0.44	AP(+1.0, +18.7), Bih(-0.5, -14.3), Guj(-0.3, -7.7), Raj(-0.6, -6.1), UP(-0.6, -5.7)

Source: Department of Agriculture, Government of India

FOREX RATES (5.09.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.74
European Union	Euro	54.94

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	2500	Ahmedabad to Bangalore	2000
Delhi to Guwahati	3330-3340	Ahmedabad to Kolkata	2890
Karnal to Guwahati	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

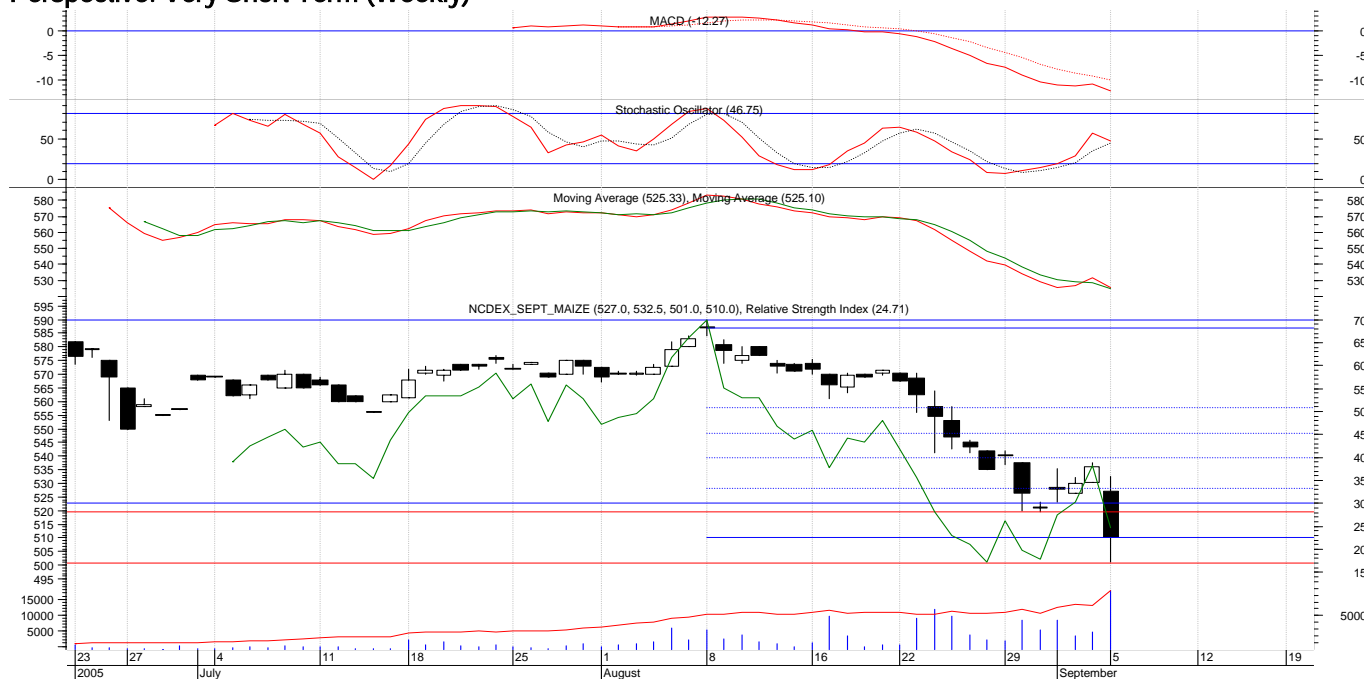
TECHNICAL ANALYSIS

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 (24.71) is in the oversold condition. Indicating trend reversal.

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

Stochastic: The %K-line is going downward to cut the %D line and remained in neutral condition. Indicating slight bearishness.

Moving Average: The 3-day moving average line is going downward after cutting the 5-day moving average line from up, indicating weak sentiment.

Resistance and Support level:

The resistance level at present is at 519.27 marks. Support level may be seen at 501.24 marks.

Almost all the indicators are pointing towards the bearishness of the prices. However the RSI showed trend reversal. The prices for maize likely to remain range bound with 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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