

Maize

18th-22nd October, 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:

Maize prices continued its stable undertone at the domestic spot market at Delhi. The restricted arrival offset the less demand in the market, therefore the prices remained range bound with stable sentiment. The feed quality maize traded at the range of Rs.665-670 per quintal, where as Atta quality prevailed at Rs.680-685 per quintal. The arrival was mainly from U.P.; a few arrivals were also witnessed from Bihar. The arrival from Bihar and UP remained 4-5 trucks and 20-25 trucks on an average. The demand from Haryana remained poor and no demand from Punjab, therefore the prices remained stable at the Delhi mandis. The market expects that the maize prices likely to decline after Dewali.

KARNATAKA MARKET:

The ongoing monsoon hampered the trading activity in Bangalore. The maize was traded at Rs.580-8590 per quintal and Rs.620-625 per quintal at Nammaklall. The arrival has been coming from Devengere and other markets. The prices might be going down in near futures, according to trade sources. The government procurement has been started at this market. 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 remained slight strong during this week as against of previous week due to restricted arrival. The less arrival is offsetting the less demand. The market is emphasized on superior quality of maize. The Bihar maize has been sold in this market at the range of Rs.645-650 per quintal. It is likely to remain weak in the coming days, might be after Dewali.

BIHAR MARKET:

Maize prices in Bihar mandis remained range bound with slight strong in this week over last week due to less stock and slight upward market demand from Kolkata and Siliguri. Some demand was also noticed from Delhi but few. The demand from Bangladesh was also poor. The old crop was sold in this market at the range of Rs.530-535 per quintal as loose basis. The bilty price is pegged on Rs.555-

560 per quintal. The quality of the maize has deteriorated, according to the traders. It is expected that the price would be weak in the coming days when the arrival will come in full-fledged in the most places of India.

NIZAMABAD MARKET:

In Nizamabad mandis, the market price for maize is prevailing at Rs.555-560/qtt due to rainfall activity and government procurement. The daily average was arrival 15000-20000 gunny bags. The ongoing procurement restricted the price movements on downside. In November, the prices likely to go down around Rs.50-60/qtt, when the arrival would be full fledged. It is expected that the prices would not go down as short-term basis.

DAVENGERE MARKET:

Maize was traded in this market on slight upside in this week as compared to previous week due to slight strong demand for maize from Bangalore and its surrounding areas. The difference of market price between Nizamabad and Devengere is witnessed on an average Rs.30-35/qtt. Therefore this market will behave as Nizamabad mandis. It was reported that maize has been traded at the range of Rs. 515-520 per qtl. It is expected that the maize prices would decline in the coming days as long term basis.

AHMEDABAD MARKET:

The maize prices remained strong at this weekend in Ahmedabad market. The starch prices remained at Rs.650-665 per quintal as compared to Rs.640-650 per quintal as of last day due to local demand. The less demand from poultry industry slightly offset the uptrend. The bullish demand from starch industry kept prices strong. The poultry feed mill quality corn was traded at the range of Rs.665-670 per quintal.

GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) fetched lower price on Friday as spillover weakness from the soy complex and concerns about the spread of Asian bird flu. December corn declined 1.25 cents to \$2.015 per bushel, March corn fell 1 cent \$2.145 per bushel and May corn slipped 1 cent to \$2.228 per bushel. Seasonal harvest

related pressure added to the weak tone, according to a floor trader. December corn matched its contract low of \$2.01 during the session but was unable to decline further. March corn did slip to a new life of contract low of \$2.138, and May matched its contract low of \$2.22. Commodity fund buying was estimated at 2,000 contracts on the day. Ethanol futures finished mostly higher on Friday. The January contract did not trade but declined 2 cents, finishing at \$1.785 cents per gallon.

CONCLUSION

The prices of corn are still higher in some parts of the country than its normal price level even though the harvest has started in India and small quantities of corn is reaching in the market yards. Although the demand from poultry industry is witnessed less as bird flu in international country hampered the activity. The prices for some varieties like Deshi Red and Kesari from Gujarat, Rajasthan and Maharashtra were higher and traded in the range of Rs.620-625 per quintal. According to sources, the total estimate for kharif maize production is about 9.2 - 9.8 MMT in Kharif, while in Rabi the crop is expected to be about 2.4 MMT, limiting the total corn crop at 11.6 - 12.2 MMT for the year 2005-06, against a demand of 13.7 MMT based on the growth of poultry, livestock and starch sector and their requirements.

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

MARKETS	22.10.05	17.10.05
Delhi (Bihar Maize)	665-670	670-675
Delhi (UP Maize)	640-680	630-660
Maharashtra	550-570	575-600
Gujarat (Maharashtra Maize)	600-610	660-670
Sangli truck bilty	585-590	590
Pune Starch	645-650	625-630
Ahmedabad Poultry feed mills	665-670	660-665
Ahmedabad Starch	655-665	625-650
Bihar (Loose Price)	530-535	525-530
Bangalore - Tamil Nadu delivery New	580-590	580-585
Nammaklal Maize	620-625	600-605
Kolkata mill delivery	645-650	640-650
Nizamabad Local Maize	555-560	555-560
Devengere Local maize	515-520	510-520

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

U.S. Harvests 49% of Corn Crop as of Sunday

The U.S. Department of Agriculture reported Monday that the U.S. harvested on an average 49% of corn crop as of Sunday, above the 43% harvested last year and slightly ahead of the five-year average of 48%. Several analysts noted that corn conditions in several states continue to show improvement, which is unusual, this late in the growing season. In Iowa, the good-to-excellent category

increased four percentage points to 77%, while in Indiana; corn gained five percentage points in the good-to-excellent category.

Cereals Export from India Witnessed Up

According to the data from the commerce ministry that the plantation exports from India increased 7.7% from a year earlier to US \$277 million during April-August. Cereal exports also increase 17.3% to \$866 million in the first five months during this financial year. Exports of nuts and seeds raised 12.8% during April-August to \$272 million while processed foods hovered 12.5% to \$313 million, according to the commerce ministry. In the plantation sector, coffee exports soared 34.4% to \$134 million respectively during the period. India exports 80% of its total coffee output, which is about 275,000 tonnes per annum.

S.Africa Maize Exports Tripled to Over 60,000 MT

South African maize exports still rising due to international demand and therefore the prices are hike up. The export remained nearly tripled last week to over 60,000 tonnes amidst heavy shipments to Zimbabwe, data showed on Tuesday. The total maize exports have reached 60,498 tonnes for the week to October 14, as against of 21,377 tonnes the previous week, according to the South African Grain Information Service (SAGIS). The main destination is Zimbabwe and they bought 45,048 tonnes of white maize. Smaller amounts of white maize exported to eight other African countries, with Angola buying 4,817 tonnes and Botswana 4,364 tonnes. Exports of yellow maize, which is mostly used for animal feed, were little changed at 2,600 tonnes to four neighbouring countries.

Domestic Maize Prices Remained Stable

The maize was traded in Maharashtra mandis at the rate of Rs.570-600 per quintal amidst strong arrival and less demand from Gujarat on Thursday. In Gujarat, the feed quality maize was traded at the lower range of Rs.630-650 per quintal.

U.S. Corn Export Remained High

According to the latest export sales highlights on corn, net sales of 966,100 MT--a marketing-year high--were 4 percent above the previous week and 16 percent over the prior 4-week average. Increases for Japan (409,700 MT, including 5,600 MT switched from unknown destinations), Taiwan (122,300 MT), Morocco (115,900 MT, including 110,900 MT switched from unknown destinations), Costa Rica (81,500 MT), Lebanon (48,800 MT, including 52,500 MT switched from unknown destinations), Egypt (48,600 MT, including 38,400 MT switched from unknown destinations), Guatemala (45,900 MT, including 10,500 MT switched from unknown destinations), and Mexico (40,800 MT) were partially offset by decreases for unknown destinations (56,100 MT) and South Korea (54,800 MT). Exports of 1,231,700 MT--a marketing-year high--were 20 percent above the previous week and 34 percent over the prior 4-week average. The primary destinations were Japan (398,300 MT, including 45,600 MT late reporting), Mexico (173,700 MT), Egypt (161,100 MT), Taiwan (106,700 MT), Morocco (86,900 MT), Guatemala (52,400 MT), Lebanon (48,800 MT), Venezuela (30,000 MT), and Canada (29,100 MT). (This summary is based on reports from exporters for the period October 7 - October 13, 2005.)

A.P. Markfed Likely to Procure 4 lakh Mt Maize

The AP State Cooperative Marketing Federation Limited (AP Markfed) has established 286 more centres across 134

mandals in seven major maize-growing districts of Karimnagar, Nizamabad, Adilabad, Medak, Mahabubnagar, Warangal and Ranga Reddy to procure about 4 lakh metric tonnes of maize valued at Rs 216 crore. In this year the sowing area has been increased about 30% at 6.45 lakh hectares and the estimated production is pegged at 16 lakh tonnes in Andhra Pradesh. Where as the last year production was at 12 lakh tonnes. The MSP has also been fixed at Rs 540 per quintal as compared to Rs 525 per quintal previous year. AP Markfed, in consultation with the Food Corporation of India, Central Warehousing Corporation, State Warehousing Corporation, agricultural market committees apart from other private providers, has made arrangements to store maize in godowns with a storage capacity of up to 3.81 lakh metric tonnes.

Krishna Likely to Establish 3 Maize Procurement Centres

According to district civil supplies officer D Veerabhadra Rao, around three maize procurement centres will be established in Krishna district in Andhra Pradesh from November 1. The centres would be set up at Jaggiapet, Nandigama, Kanchikacharla where the production of maize is higher. The centres are likely to initiate their operations from November 1. A deputy tahasildar, a technical assistant, and a civil supplies officer along with clerical staff would be in charge of the centres. As much as 35,000 tonnes of maize was being produced in the district. The MSP is fixed at Rs.540 per quintal.

KHARIF CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (10.10.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	73.1	70.70	+2.40	AP(+1.6, +31.9), Guj(-0.7, -13.3), Kar(+0.5, +5.8), Maha(+1.0, +24.4), Raj(-0.6, -6.1)

Source: Department of Agriculture, Government of India

FOREX RATES (22.10.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.09
European Union	Euro	54.31
Japan	Yen	39.09
Great Britain	Pound Sterling	80.08

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	2150	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	3550-60	Ahmedabad to Delhi	1555
Chandigarh to Cuttack	3160-70	Bangalore to Kolkata	2800
Karnal to Hyderabad	3160-70	Bangalore to Delhi	2400
Jaipur to Kolkata	2830-40	Bangalore to Ahmedabad	1600
Kolkata to Delhi	2160-70	Kolkata to Ahmedabad	2550
Karnal to Mumbai	1900	Kolkata to Bangalore	2100
Mumbai to Delhi	1900	Delhi to Ahmedabad	910

WEATHER WATCH: (As on 19th October)

Meteorological Analysis

Last week's low-pressure area over southwest Bay of Bengal and adjoining areas of Coastal Tamil Nadu persisted and became well marked on 13th. The associated upper air cyclonic circulation extended upto mid-tropospheric levels. It lay over southern parts of Rayalaseema and adjoining Karnataka & Tamil Nadu on 14th morning and weakened into a low pressure area in the same evening. It was seen over North Interior Karnataka and adjoining south Madhya Maharashtra and Konkan & Goa on 15th and became less marked on 16th. However the associated upper air cyclonic circulation extending upto mid-tropospheric levels lay over eastcentral Arabian Sea and adjoining Konkan coast. It lay over East Madhya Pradesh & adjoining Vidarbha extending upto 3.1 km a.s.l. on 17th. It was seen over East Madhya Pradesh extending upto 0.9 km a.s.l. on 18th morning and over East Uttar Pradesh and neighbourhood between 3.1 and 4.5 km a.s.l. in the evening. The system became less marked on 19th.

The other low pressure area persisted over southeast Arabian Sea and neighbourhood on 13th & 14th. It lay over western parts of southeast Arabian Sea on 15th and became well marked on 16th. It lay over eastcentral Arabian Sea on 17th. It weakened into a low pressure area on 18th morning and became unimportant thereafter.

Last week's western disturbance as an upper air system over North Pakistan and adjoining Jammu & Kashmir lay over Jammu & Kashmir and neighbourhood on 13th and moved away northeastwards on 14th. However another western disturbance as an upper air system was seen over North Pakistan on the same day. It lay over north Pakistan & adjoining Jammu & Kashmir upto 16th and over extreme northwest Jammu & Kashmir on 17th. It moved away

northeastwards on 18th. An induced upper air cyclonic circulation formed over central Pakistan extending upto 3.1 km a.s.l. on 16th which persisted upto 17th and became less marked on 18th.

A trough in westerlies was seen with its axis at 500 hpa roughly along long. 68°E and north of lat. 25°N on 16th and along long 72°E and north of lat. 30°N on 17th. It also became less marked on 18th.

A fresh upper air cyclonic circulation extending upto mid-tropospheric levels was seen over central parts of south Bay of Bengal on 17th. Under its influence a feeble low pressure area formed over southwest and adjoining westcentral Bay of Bengal off south Andhra-North Tamil Nadu coasts in the evening of 18th which persisted on 19th.

Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places with isolated heavy to very falls over south Peninsula on many days of the week. Light to moderate rainfall occurred at a few places over Andaman & Nicobar Islands, Maharashtra, Chhattisgarh, Orissa and Lakshadweep on many days of the week. However, rainfall activity increased with heavy to very heavy falls over coastal areas of Orissa and West Bengal towards the end of the week. Isolated light to moderate rainfall also occurred over Bihar, Jharkhand, parts of northeastern States, East Madhya Pradesh, East Uttar Pradesh, rest West Bengal & Sikkim on 1-2 days of the week.

Light to moderate rainfall /snowfall occurred over Jammu & Kashmir on some days of the week. Weather was mainly dry over the rest regions of the country.

Rainfall During The Week (Week ending on 19th October, 2005)

Rainfall was excess/normal in 17, deficient/scanty in 11 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 33.0mm, Normal: 15.2 mm and Departure: +118%).

Cumulative Seasonal Rainfall (1st October to 19th October, 2005)

Rainfall was excess/normal in 16, deficient/scanty in 16 and no rain in 4 out of 36 meteorological sub-divisions. (Actual: 55.9 mm, Normal: 57.9 mm and Departure: -3%).

Outlook For The Week Ending On October 26th, 2005

- 1). Enhanced rainfall activity is likely over West Bengal & Sikkim, Orissa and northeastern States during the first half of the week. Scattered rainfall also likely over East Uttar Pradesh, Bihar, Jharkhand and Chhattisgarh.
- 2). Moderate rainfall activity is likely over south Peninsula during the first half of the week which may increase during the 2nd half.
- 3). A western disturbance is likely to affect western Himalayan region during second half of the week and may cause light to moderate scattered rain/snow over Jammu & Kashmir.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: November (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is indicating bearish sentiment of prices. The opening price remained above the previous closing price but settled on downside.

RSI: (60.86) RSI is going to downward and remains in the neutral region.

Price ROC: 9-day Price ROC (+2.775) going to upward, indicating bullish sentiment of prices.

MACD: The MACD (7-day) is moving upwards and remains above of its EMA and prevailed in positive territory, indicating bullish sentiment of the prices as long-term basis.

Stochastic: The %K-line is going upward after cutting the %D line from down and reached at overbought condition (90.22). Indicating trend reversal.

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 524.6 and 527.3 marks. Support level may be seen at 514.6 and 511.6 marks as short-term basis.

R1	R2	S1	S2
524.6	527.3	514.6	511.6

Outlook: The prices for maize are expected to remain bearish in the coming week as short term. However the prices are likely to bullish as medium term and bearish as long term. The volume and open interest are indicating that there is strong support from the market. The opening for the next trading day is likely to down.

Recommendation: Remain short.

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