

## Maize

27<sup>th</sup> September- 3<sup>rd</sup> 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:

The maize spot market prices at Delhi mandis rebounded from its recent gains and traded at the range of Rs. 680-685 per quintal for Bihar maize and Rs.640-670 per quintal for UP maize. The arrival from Bihar and UP remained 4-5 trucks and 15-20 trucks on an average. The demand from Haryana remained poor and no demand from Punjab, therefore the prices went down at the Delhi mandis. 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 remained almost stable with range-bound at Karnataka market during this week due to stable market demand. The arrival of new crop was from Davengere and other places. The arrival remained remarkable. The Bangalore to Tamilnadu delivery for new crop was quoted at Rs.565-570 per qtl. The Nammakal local maize was traded at same price of last week at Rs.630-635 per quintal. The old crop was traded at the range of Rs.600-610 per quintal but stock remained less. 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 stable during this week as against of previous week as less demand and arrival from Bihar. The market is emphasized on superior quality of maize. The Bihar maize has been sold in this market at the range of Rs.620-640 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 for maize was noticed range bound with stable in this week amidst new crop arrival in this week. The arrival was likely to the range of 15000 recks for every day, according to the traders. The market price for maize remained Rs.565-570 per quintal at this weekend. The new crop has been going to Maharashtra and Gujarat. The Nizamabad maize has been sold at Maharashtra and Gujarat mandis at the range of Rs.615-620 and Rs.660-670 per quintal. 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 strong demand for maize at other places. It was reported that maize has been traded at the range of Rs. 545-550 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 higher on Thursday. December corn future settled 0.25 cents at \$2.035 per bushel and March up 0.5 at \$2.165 per bushel. Firming up of energy prices helped boosting sentiments in the market. Early strength in the market might be related to buy back activities by shorts ahead of quarterly stock report. Upward revision by International Grain Council however put cap on rising prices. IGC pegged world corn production at 665.8 million ton, up against its previous estimates of 661.4 million ton. Weekly export sales came with in earlier expectations. The United State Department of Agriculture estimated the weekly export sale of US corn at 702,800 ton, down against targeted 832,900 required per week to reach the USDA forecast for marketing year 2005-06.

#### CONCLUSION

The maize prices showed relatively weak at most of the places as compared to last week. The prices of yellow corn and similar varieties, which are used by poultry and starch

industry, continue to be high and rule at Rs.560.00 - Rs.570.00 per quintal at the spot on an average, in spite of the harvest for corn has already started in parts of Karnataka. Add to this the commissions and delivery charges, the price at the end use point is close to Rs.620.00 - Rs.640.00 per quintal. The main driving factor for price hike up was other coarse grains, which can also be used in poultry (Grain Sorghum and Pearl Millet) were also in short supply and the prices at the end of the week were about 25% and 6% respectively higher than corn, putting all the pressure on corn. The Bihar maize has been traded at Delhi mandis at the range of Rs.680-685 per quintal with an average arrival of 4-5 trucks everyday and UP maize was sold at the range of Rs.640-670 per quintal with an average arrival of 15-20 trucks everyday. The market demand remained slight poor due to less demand from Haryana and no demand from Punjab. The market is expecting that the prices would go down in few days.

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

MARKETS	26.09.05	3.10.05
Delhi (Bihar Maize)	695-700	680-685
Delhi (UP Maize)	-	640-670
Maharashtra	575-580	600-615
Gujarat (Maharashtra Maize)	630-640	660-675
Sangli truck bilty	610	600
Pune Starch	660	640-650
Ahmedabad Poultry feed mills	700	670-680
Ahmedabad Starch	675-680	650-660
Bihar (Loose Price)	525-530	525-530
Bangalore - Tamil Nadu delivery New	565-570	565-570
Nammaklal Maize	625	630-635
Kolkata mill delivery	620-625	620-640
Nizamabad Local Maize	565-570	565-570
Devengere Local maize	540-545	545-550

#### NEWS ANALYSIS:

#### DOMESTIC AND INTERNATIONAL

##### S.Africa Maize Exports Four Times Higher

South African maize exports for the marketing year to date are four times higher than at the same time last year, official data showed on Monday. However the demand is falling due to the higher prices. In the trading year from May to the end of August, South Africa had exported 840,000 tonnes of maize against only 202,000 tonnes at the same time last year, the South African Grain Information Service said. Last week, Japanese buyers had cancelled a port slot for exporting 70,000 tonnes of South African yellow maize due to higher prices. The UN World Food Programme warned it might look elsewhere for its southern African purchases if prices rose further. Malawi has also sourced some maize from Tanzania instead of South Africa as prices rise. Last week, South Africa's Crop Estimates Committee said it was standing by its estimate of a 12.18 million tonne crop, but the SAGIS figures showed the

country's unused maize stocks stood at only 8.9 million tonnes at the end of August, up a touch on 8.4 million tonnes at the same time last year.

##### Maize Harvesting on Track in Ukraine

It is witnessed that Ukraine have started harvesting maize for grain purposes. As of September 26 maize is harvested from 98,500 hectares (6 percent of the area forecast). The collection is 374,400 tonnes at a yield of 3.8 tonne per hectare. As of September 27, 2004 maize was harvested from 72,900 hectares (3 percent of the forecast). The crop as of that day was 252,900 hectares at a yield of 3.47 tonne per hectare.

##### S.Africa Received 9.43 MMT Maize This Year

According to the official data, around 9.43 million tonnes of maize have been received from the 2005 South African harvest. This is slightly up from the previous week's 9.39 million tonnes released by the South African Grain Information Service (SAGIS). The SAGIS figures have been well below official crop forecasts, raising fears that the harvest might fall short of predictions. But despite the worry South African officials last week kept their crop forecast unchanged at 12.18 million tonnes.

##### IGC Lifts World Maize Estimate

According to the latest report of International Grain Council (IGC), the new 2005 maize production forecast is 666 MMT (Million Metric Tonnes), 4 million up from last month, chiefly due to improved prospects in the United States, where hurricane damage to the crop was slight. China remains on course for another large crop after good rains. Low temperatures and dry soils in Argentina hamper sowing, where some farmers may turn instead to soyabean, and low prices are discouraging plantings in South Africa. Global maize consumption in 2005/06 is now put at 667 MMT, 2 million more than previously forecast. With another big US crop, its feed use of maize (148 MMT) will remain large, while a record 73 MMT will be used for food and industrial purposes, half of it for ethanol. Short supplies will cut feed use of maize in the EU by 5 MMT from last year. Total maize trade in 2005/06 is forecast to increase to 77 MMT, with particularly strong demand from Latin America. In Pacific Asia, animal health problems, especially avian influenza, continue to suppress feed import needs. US export shipments are expected to rise by 7 MMT to 53 MMT in 2005/06. Argentina is shipping at a high rate due to reduced competition from China. The higher US crop estimate is reflected in a rise in the projection of maize stocks to 53 MMT at the end of 2005/06, only 2 million less than the previous year.

##### USDA: U.S. Corn Export Down

Net sales of 702,800 MT were 6 percent below the previous week. Increases for Japan (224,800 MT), Taiwan (188,700 MT), Mexico (121,900 MT), Egypt (66,000 MT, including 60,000 MT switched from unknown destinations), El Salvador (39,700 MT), Venezuela (31,000 MT), and Colombia (30,500 MT) were partially offset by decreases for unknown destinations (32,000 MT) and Guatemala (11,900 MT). Exports of 956,400 MT were 5 percent above the previous week and 35 percent over the prior 4-week average. The primary destinations were Japan (313,600 MT), Mexico (117,500 MT), South Korea (111,100 MT), Taiwan (109,000 MT), Egypt (101,700 MT), El Salvador (35,500 MT), Peru (27,400 MT), and Ecuador (26,400 MT). (This summary is based on reports from exporters for the period September 16-22, 2005)

## Kharif Maize Production Likely to be Lower

According to the some analysts, production of corn in India likely to lower by 20-25% than last year, because of delayed rains, drought like conditions and later heavy rains at the end of the crop season. A correct picture will be feasible only after Oct 15th when more arrivals start coming in at the market yards. Major losses are reported from Uttar Pradesh and Rajasthan in the North, Andhra Pradesh in South. Where as some gains are reported from Karnataka, which are not sufficient to cover the losses in the above states. Rabi (winter) maize is showing some gains in Tamil Nadu, but with Tamil Nadu consuming about 1.2 MMT of corn a year for broiler and layer sectors and production estimated at 0.45 - 0.6 MMT, it is going to put pressure on Andhra Pradesh and Karnataka to cover the supplies. Major expansion in poultry is predicted in South India, especially layers in Namakkal in Tamil Nadu to the tune of 25% which is going to increase the pressure on corn in South India.

## Maize Production Expecting to Go Down in China

U S Grains Council officers are conducting a corn crop survey in China and initial reports indicate a 4-5% lower production for the year 2005-06. The production was estimated at 127 MMT, but this figure is being though as too high. Some of the Chinese analysts have predicted that China would soon be a net importer of corn.

## 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 (3.10.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.09
European Union	Euro	52.75
Japan	Yen	38.71
Great Britain	Pound Sterling	77.53

## 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	3550-60	Ahmedabad to Delhi	1555
Chandigarh to Cuttack	3160-70	Bangalore to Kolkata	2750
Karnal to Hyderabad	3160-70	Bangalore to Delhi	2450
Jaipur to Kolkata	2830-40	Bangalore to Ahmedabad	1550
Kolkata to Delhi	2160-70	Kolkata to Ahmedabad	2500
Karnal to Mumbai	1900	Kolkata to Bangalore	2100
Mumbai to Delhi	1900	Delhi to Ahmedabad	900

## WEATHER WATCH:

### Withdrawal of southwest monsoon

Southwest monsoon has withdrawn from entire West Rajasthan, parts of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana, East Rajasthan, Gujarat Region and Saurashtra & Kutch on 28<sup>th</sup>. The withdrawal line passed through Srinagar, Dharamshala, Patiala, Jaipur, Udaipur, Ahmedabad and Dwarka.

### Meteorological Analysis

Last week's depression close to Chandrapur in Vidarbha, has moved west-northwestwards and weakened into a well-marked low-pressure area over north Madhya Maharashtra and neighbourhood on 22<sup>nd</sup>. The associated upper air cyclonic circulation extended upto mid-troposphere levels. It then moved north-northeastwards and further weakened into a low pressure area over southwest Madhya Pradesh and adjoining Gujarat Region on 23<sup>rd</sup>, over northeast Rajasthan and adjoining northwest Madhya Pradesh on 24<sup>th</sup> and over west Uttar Pradesh and Uttaranchal on 25<sup>th</sup>. The system became less marked on 26<sup>th</sup>.

A western disturbance as an upper air cyclonic circulation extending in the lower tropospheric levels moved across western Himalayan Region during 22<sup>nd</sup> to 25<sup>th</sup>. A westerly trough in the mid-tropospheric levels lay along long. 72.0°E and north of lat. 20.0° N on 24<sup>th</sup> and 25<sup>th</sup>.

An upper air cyclonic circulation extending in the lower tropospheric levels formed over north Bay of Bengal on 26<sup>th</sup>. It persisted on 27<sup>th</sup> and 28<sup>th</sup>.

A fresh upper air cyclonic circulation extending between 2.1 & 3.1 km a.s.l. lay over Saurashtra & Kutch and neighbourhood on 27<sup>th</sup> and 28<sup>th</sup>.

### Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places with heavy to very heavy falls over Coastal Andhra Pradesh, Telangana, Maharashtra & Goa, Coastal Karnataka, Gujarat, West Madhya Pradesh, East Rajasthan, Haryana, Delhi, Himachal Pradesh, Uttaranchal and West Uttar Pradesh during 1<sup>st</sup> half of the week. Fairly widespread rains with isolated heavy falls occurred over northeastern states and Sub-Himalayan West Bengal & Sikkim. Isolated to scattered rainfall also occurred over the remaining parts of the country on some days of the week. However, rainfall activity remained subdued over West Rajasthan and Jammu & Kashmir.

### Rainfall During The Week (Week ending on 28<sup>th</sup> September, 2005)

Rainfall was excess/normal in 16 and deficient/scanty in 20 out of 36 meteorological sub-divisions (Actual: 35.7 mm, Normal: 35.9 mm and Departure: -1%).

### Cumulative Seasonal Rainfall (1<sup>st</sup> June to 28<sup>th</sup> September, 2005)

Rainfall was excess/normal in 32 and deficient/scanty in 4 out of 36 meteorological sub-divisions. (Actual: 872.8 mm, Normal: 884.4 mm and Departure: -1%).

### Outlook For The Week Ending On October 5<sup>th</sup>, 2005

The southwest monsoon is likely to withdraw from remaining parts of the northwest India and some parts of central India.

Scattered to fairly widespread rainfall likely over northeastern States, south peninsula, Konkan & Goa, Madhya Maharashtra and along the east coast of India.

Mainly dry weather is likely to prevail over northwest and westcentral India.

## 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 above the previous day's closing price but got down quickly and settled on lower side.

**RSI:** (63.63) is in the neutral condition. Indicating bullish sentiment.

**MACD:** The MACD (7-day) is moving slight but remained above its EMA from down and prevailed in positive 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 530.00 marks. Support level may be seen at 520.8 marks as short term.

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 strong undertone in the coming days as short term. However the prices are likely to decline as long term. The volume and open interest are indicating that there is strong support from the market.

**Recommendation:** Remain long.

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