

Maize

4th -10th 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 prices in Delhi mandis prevailed at the range of Rs.670-680 per quintal for Bihar maize and Rs.630-660 per quintal for U.P. maize. Maize price is likely to increase at this mandis in this month, according to the traders. The market is expecting that the price would go up to Rs.700-710/ qtl in this month. But the price is likely to decrease by Rs.20-30/qtl in the month of November. Arrival is coming from U.P. and Bihar at present. Due to lower crop production in U.P., the prices would not go down in the coming days. The crop arrival at the U.P. mandis is not remarkable. 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 witnessed almost stable with range-bound at Karnataka market during this week due to stable market demand. The arrival of new crop was from Devengere and other places. The Bangalore to Tamilnadu delivery for new crop was quoted at Rs.555-575 per qtl. The Nammakal local maize was traded at lower price of last week at Rs.615-620 per quintal. The old crop was traded at the range of Rs.615-620 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 will be closed for few days due to Durgapuja in the West Bengal. 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 maintained its range bound with stable sentiment in this week over last week due to stable market demand from Kolkata and Siliguri. Some demand was also noticed from Delhi but few. 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 stable range of Rs.525-530 per quintal as loose basis. The bilty price is pegged on Rs.550-555 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.

NIZAMABAD MARKET:

In Nizamabad mandis, the market price for maize is prevailing at Rs.545-550/qtl as loose basis and bilty price at Rs.565-570/qtl. In October, the market did not expect any abrupt change of prices. On an average Rs.10-20/qtl might be decrease. But overall sentiment would be stable. In November, the prices likely to go down around Rs.50-60/qtl, when the arrival would be full fledged.

DAVENGERE MARKET:

Maize was traded in this market on stable position in this week as compared to previous week due to new crop arrival in this market and strong demand for maize at other places. The difference of market price between Nizamabad and Devengere is witnessed on an average Rs.30-35/qtl. Therefore this market will behave as Nizamabad mandis. 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 lower ahead of USDA report. December corn future settled off 1.75 at \$2.025 and March off 1.5 cents at \$2.155 per bushel. Traders are expecting USDA (United State Department of Agriculture) to release bearish crop data on Wednesday next week. USDA is expected to raise its estimates for corn production by 200-250 million bushels in its forthcoming report. In its September report, USDA estimated the US corn production at 10.639 billion bushels. On export front,

Egypt bought 1.20 lakh ton of US corn and Taiwan bought 60,000 ton of US corn. But these export news had not much impact on prices. In other news, one more cargo was found traces of GMO corn. This cargo now will not be allowed to drop off. Weather is perfect for crop harvest in United State.

CONCLUSION

The prices of corn are still higher in some parts of the country even though the harvest has started in India and small quantities of corn is reaching in the market yards. The prices for some varieties like Deshi Red and Kesari from Gujarat, Rajasthan and Maharashtra were higher and traded in the range of Rs.610 - Rs.620 per quintal. The highest price for yellow corn was in Gujarat in the range of Rs.650-660 per quintal, while the average was around Rs.550 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	10.10.05	3.10.05
Delhi (Bihar Maize)	670-680	680-685
Delhi (UP Maize)	630-660	640-670
Maharashtra	610-615	600-615
Gujarat (Maharashtra Maize)	700-710	660-675
Sangli truck bilty	600	600
Pune Starch	635-645	640-650
Ahmedabad Poultry feed mills	670	670-680
Ahmedabad Starch	640-650	650-660
Bihar (Loose Price)	525-530	525-530
Bangalore - Tamil Nadu delivery New	555-575	565-570
Nammaklal Maize	615-620	630-635
Kolkata mill delivery	620-640	620-640
Nizamabad Local Maize	570-575	565-570
Devengere Local maize	545-550	545-550

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

U.S. Harvested around 26% of Corn

According to the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS), 90% of U.S. corn has reached maturity, up 14% from the previous week, 18% higher than a year ago and 6% more than the five-year average as of October 2, 2005. 26% of the corn crop has been harvested, compared to 18% the previous week, 23% a year ago and 26% on average. Corn is rated 55% good to excellent, up 3% from the ending September 25, 2005.

Ukraine Fetched 1.25 MMT of Maize

Ukraine's farms continue harvesting maize for grain uses. As of October 3 maize is harvested from 322,200 hectares (19 percent of the area forecast). The collection as of the day is 1.25 million tonnes at a yield of 3.89 tonne per hectare, Agrarian Policy Ministry informed. As of October 4, 2004 maize was harvested from 171,000 hectares (7 percent of the forecast). The crop as of that day was 600,700 tonnes at a yield of 3.51 tonne per hectare.

Production Estimates for Kharif Maize

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. According to the estimation of IASL(Agrivatch.com), the kharif maize production was pegged at 11.13 million tonnes. According to the some analysts, production of corn in India likely to lower by 20-25% than last year. 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.

S. Africa Harvested 9,61 MT Maize in This Year

According to the Official data of South Africa, the amount of harvested maize around 9,61 million tons until now. The South African Grain Information Service (SAGIS) reported that this was up slightly from the 9,43-million tons of last week. The SAGIS figures have been well below official crop forecasts, raising fears that the harvest might fall short of predictions. But South African officials last month kept their crop forecast unchanged at 12,18-million tons. Some traders speculate that large amounts of grain are being stored on farms and not showing up in delivery data. The data was released after the market was closed but prices were little changed on the day.

Corn: U.S. Export Remains Weak

According to the latest export sales data of USDA, the net sales of 952,600 MT corn were 36 percent above the previous week. Increases for Japan (596,800 MT, including 65,700 MT switched from unknown destinations), South Korea (151,600 MT, including 137,300 MT switched from unknown destinations), Mexico (92,000 MT), Tunisia (52,500 MT, including 25,000 MT switched from unknown destinations), Syria (44,200 MT, including 43,500 MT switched from Egypt), El Salvador (34,700 MT), and Colombia (26,700 MT) were partially offset by decreases for unknown destinations (96,700 MT), Guatemala (29,900 MT), and Cuba (9,000 MT). Exports of 781,500 MT were 18 percent below the previous week, but 12 percent over the prior 4-week average. The primary destinations were Japan (181,000 MT), South Korea (171,600 MT), Taiwan (128,600 MT), Mexico (111,900 MT), the Dominican Republic (54,500 MT), and Syria (44,200 MT). (This summary is based on reports from exporters for the period September 23-29, 2005).

Maize Production Likely to Increase in U.P.

Uttar Pradesh Government is expecting that the kharif maize production would be increased due to a substantial increase in the area under cultivation. According to the agriculture department, the estimated maize production is pegged to 18.40 lakh metric tonnes in this State. According to the sources, a total of 10 lakh hectare land is under maize cultivation and maintain the per hectare productivity at 18.40 quintal. Last year, the average production of maize was 15.39 quintal per hectare in the State. Baranasi division performed top position and put the productivity at 20.18 quintal per hectare and Mirzapur division on the lowest rung with 5.91 quintal. During the year 2003-04, the land under maize cultivation was at 7.76-lakh hectare with production of about 12 lakh metric tonne. Kanpur division accounted for maximum 2.6-lakh metric tonne maize production, while the lowest contribution was achieved from Chitrakoot division of 61 quintal. For the year 2005-06, the state government had fixed the target of 15,800 quintal for distribution of improved seeds. Out of this, 4050 quintal of seeds was certified seeds while remaining 11,750 quintal of seeds were improved quality seeds. The production is expected to touch a new high due to new agricultural techniques despite the distribution of seeds was less than that of last year.

KHARIF CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (3.10.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	73.04	70.79	+2.25	Kar(+0.5, +5.7), Maha(+1.0, +24.4), Raj(-0.6, -6.1)

Source: Department of Agriculture, Government of India

FOREX RATES (10.10.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.62
European Union	Euro	54.15
Japan	Yen	39.25
Great Britain	Pound Sterling	78.61

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: (As on 5th October)

Withdrawal of southwest monsoon

Southwest monsoon has withdrawn from the remaining parts of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana including Delhi, Rajasthan, entire Uttaranchal & Uttar Pradesh, most parts of Madhya Pradesh & Gujarat and some parts of north Chhattisgarh & Bihar. The withdrawal line passes through Raxaul, Motihari, Patna, Daltonganj, Pendra, Seoni, Khandwa, Surat, 20° N/69° E and 20° N/60° E as on 5th.

Meteorological Analysis

Last week's upper air cyclonic circulation over Saurashtra & Kutch extending between 1.5 & 5.8 km a.s.l. persisted upto 1st October. It lay over Saurashtra & Kutch and adjoining southeast Pakistan on 2nd. It became less marked on 3rd.

Under the influence of the last week's upper air cyclonic circulation over north Bay of Bengal, a low pressure area formed over westcentral Bay of Bengal on 29th September. The associated upper air cyclonic circulation extended upto mid-tropospheric levels. It persisted on 30th and lay over northwest and adjoining westcentral Bay of Bengal off Orissa -West Bengal coast on 1st & 2nd October. The system then moved north-northeastwards, became well marked and lay over southern parts of Gangetic West Bengal & neighbourhood on 3rd. It was seen as a low pressure area over Gangetic West Bengal and adjoining Bangladesh on 4th. The system became less marked on 5th. However, the associated upper air cyclonic circulation persisted extending upto 2.1 km a.s.l.

A western disturbance as an upper air system moved across Jammu & Kashmir during 2nd half of the week.

An upper air cyclonic circulation extending in the mid-tropospheric levels was seen over southeast Bay of Bengal

on 3rd & 4th. It moved westwards and lay over southwest Bay of Bengal on 5th.

Another upper air cyclonic circulation extending between 1.5 & 3.1 km a.s.l. lay over southeast Arabian Sea and neighbourhood on 4th & 5th.

Rainfall

Under the influence of the above systems, rain/thundershowers occurred at many places with isolated heavy falls over Andaman & Nicobar Islands, northeastern states, West Bengal & Sikkim, coastal areas of Orissa, Konkan & Goa, Andhra Pradesh and Tamil Nadu & Pondicherry. Light to moderate rainfall also occurred over Madhya Maharashtra, Kerala & Lakshadweep on some days of the week and over East Uttar Pradesh, Bihar, Jharkhand, interior Orissa, Rayalaseema and south Chhattisgarh on one or two days of the week. Weather was mainly dry in the rest regions of the country.

Rainfall During The Week (Week ending on 5th October, 2005)

Rainfall was excess/normal in 8, deficient/scanty in 23 and no rain in 5 out of 36 meteorological sub-divisions (Actual: 17.3 mm, Normal: 28.3 mm and Departure: -39%).

Cumulative Seasonal Rainfall (1st June to 30th September, 2005)

Rainfall was excess/normal in 32 and deficient/scanty in 4 out of 36 meteorological sub-divisions. (Actual: 879.3 mm, Normal: 892.5 mm and Departure: -1%).

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

Outlook For The Week Ending On October 12th, 2005

- Moderate rainfall likely over northeastern states with heavy falls over Assam and Sub-Himalayan West Bengal & Sikkim during 1st half of the week.
- Scattered light to moderate rainfall likely over south peninsula.
- Mainly dry weather likely to prevail over northwest and central India.
- Isolated light to moderate rainfall/thundershowers may occur over Western Himalayas towards the end of the week.

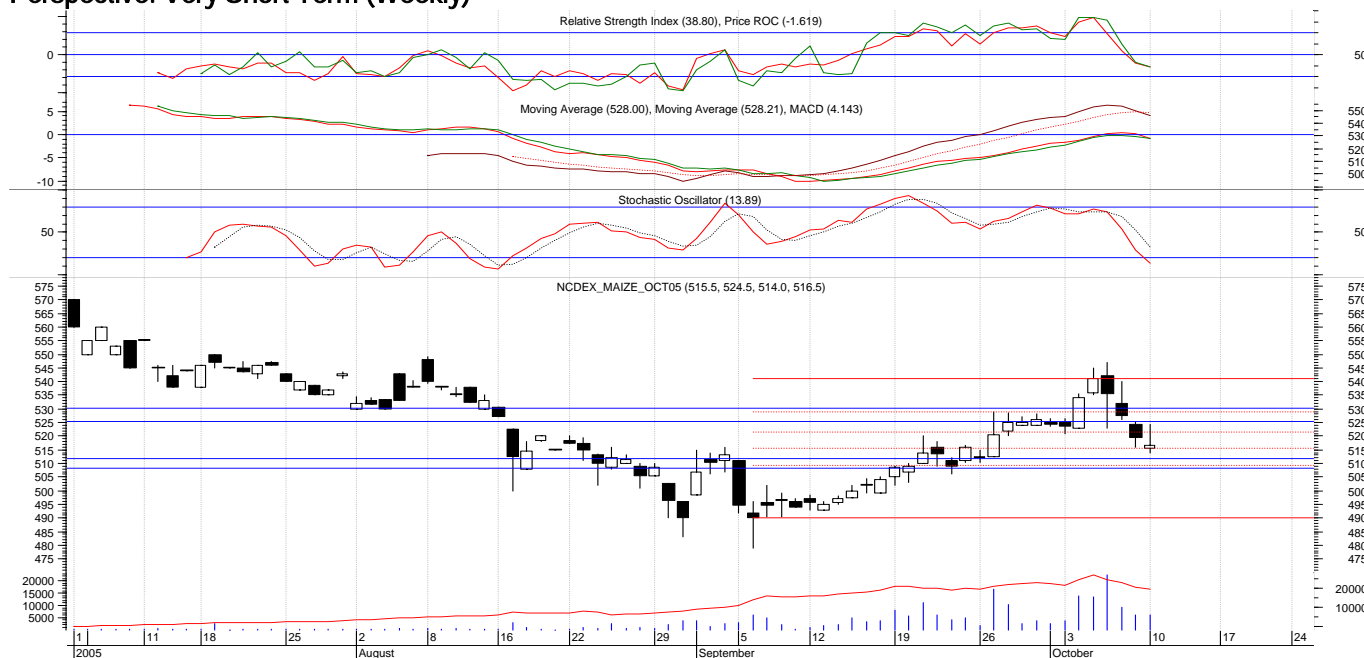
TECHNICAL ANALYSIS

Commodity: Maize

Contract: October (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)



Candlesticks: The candlestick pattern is indicating bearish sentiment of prices. The opening price remained far below the closing price of last day but settled on slight higher side, though the closing price remained below the last day.

RSI: (38.80) is in the neutral condition. But indicating bearish sentiment.

Price ROC: 9-day Price ROC (-1.619) remained down, indicating bearish sentiment of prices.

MACD: The MACD (7-day) is moving downwards after bearish cross over of its EMA from up and prevailed in

positive territory, indicating bearish sentiment as long-term basis.

Stochastic: The %K-line is going downward after cutting the %D line from up and reached at oversold condition, but the %D line still remains on neutral region. Indicating weak sentiment as long-term basis.

Moving Average: The 5-day moving average line is going downward after cutting the 7-day moving average line from up, indicating weak sentiment.

Resistance and Support level:

The resistance level at present is at 525.4 and 530.3 marks. Support level may be seen at 511.8 and 508.3 marks as short-term basis.

R1	R2	S1	S2
525.4	530.3	511.8	508.3

Almost all the indicators are pointing towards the bearishness of the prices. The prices for maize are likely to remain bearish 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 slight strong support from the market.

Recommendation: Remain short.

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