

## Maize

11<sup>th</sup>-17<sup>th</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:

Delhi market for maize continued its range bound with slight weak undertone due to domestic stable demand. The Bihar maize was traded at the range of Rs.670-675 per quintal and UP maize was traded at Rs.630-660 per quintal. The arrival remained moderate. The poultry mills are attracted by the bajra due to lower price of bajra at Rs.560-565 per quintal. Therefore it is expected that the price would go down in the coming days. Arrival is coming from U.P. and Bihar at present. 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 in the coming days as long-term basis.

#### KARNATAKA MARKET:

The maize prices soared in the Karnataka market during this week as compared to last week due to rainfall activity, which hampered the arrival. The arrival was coming from Devengere and other places. The Bangalore to Tamilnadu delivery for new crop was quoted at Rs.580-585 per qtl. The Nammakal local maize was traded at lower price of Rs.600-605 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 remained slight strong during this week as against of previous week due to festive demand. The market was 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.640-650 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 in the most places of India.

#### NIZAMABAD MARKET:

In Nizamabad mandis, the market price for maize is prevailing at Rs.555-560/qtl due to rainfall activity. The daily average arrival has been restricted at this mandis from 20000-25000 to 2000-3000 gunny bags. In November, the prices likely to go down around Rs.50-60/qtl, when the arrival would be full fledged. It is expected that the prices would go down slightly as short-term basis.

#### DAVENGERE MARKET:

Maize was traded in this market on downside in this week as compared to previous week due to new crop arrival in this market and less 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. 510-520 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 unchanged Friday, getting better from earlier losses because heavy commission house buying late and local short covering on the close helped to overcome the earlier losses after several contracts put new life-of-contract lows, according to sources. December corn settled unchanged at \$2.035 cents per bushel, March corn ended unchanged at \$2.163 per bushel and May corn settled unchanged at \$2.24 per bushel. All three contracts set new life-of-contract lows in mid-morning trade. Commodity funds sold an estimated 2,000 contracts on the day. Ethanol futures ended the session moderately lower. The December contract declined 14 cents and settled at \$1.76

cents per gallon. On Monday, the U.S. Department of Agriculture is planned to release the weekly export inspections report at 10 a.m. CDT (1500 GMT) and the weekly crop progress report at 1500 CDT (2000 GMT).

## 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. The prices for some varieties like Deshi Red and Kesari from Gujarat, Rajasthan and Maharashtra were higher and traded in the range of Rs.615-620 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	17.10.05
Delhi (Bihar Maize)	670-680	670-675
Delhi (UP Maize)	630-660	630-660
Maharashtra	610-615	575-600
Gujarat (Maharashtra Maize)	700-710	660-670
Sangli truck bilty	600	590
Pune Starch	635-645	625-630
Ahmedabad Poultry feed mills	670	660-665
Ahmedabad Starch	640-650	625-650
Bihar (Loose Price)	525-530	525-530
Bangalore - Tamil Nadu delivery New	555-575	580-585
Nammaklal Maize	615-620	600-605
Kolkata mill delivery	620-640	640-650
Nizamabad Local Maize	570-575	555-560
Devengere Local maize	545-550	510-520

## NEWS ANALYSIS:

### DOMESTIC AND INTERNATIONAL

#### USDA: US Corn Production Up in 2005

According to the latest World Agricultural Supply And Demand Estimates (WASDE) of USDA, this month's outlook for 2005/06 U.S. corn is for increased production, higher domestic consumption, larger stocks, and lower prices. Forecast 2005 corn production is up 218 million bushels from last month to 10.857 billion bushels (the second largest crop on record). Beginning stocks of 2005/06 corns drop 13 million bushels, based on the September Grain Stocks report. Projected 2005/06 feed and residual rises 50 million bushels and food, seed, and industrial use is up 15 million bushels. Exports are unchanged. Corn ending stocks are up 141 million bushels from last month and are 108 million higher than the

previous year. The projected 2005/06-price range for corn is \$1.65 to \$2.05 per bushel, down 5 cents on each end from last month, compared with \$2.06 for 2004/05. (1 Bushel = 56 Pounds)

#### Karnataka Govt. Declares Support Prices for Maize

According to the Deputy Commissioner of Karnataka M B Dyaberi, the State Government has declared minimum support prices of maize at Rs. 540 per quintal, which will be purchased through procurement centres in Devengere district. He said that maize procurement centres would be opened at the APMC premises in all taluks. The purchase centres will be started its procurement when District Administration will receive the Government Order.

#### Late Rains Likely to Boost Kharif Crop Output in Rajasthan

Rajasthan is expecting better kharif crop production than earlier estimates amidst late monsoons during the first fortnight of September, which helped retrieve some of the wilting summer crop. The state's agriculture department has revised the estimated damage down to 25-30% from the August estimates of 40-50%. Around 70% of kharif crops would be able to save due to late rains. Particularly, fodder production is expected to be very good, according to Prabhu Lal Saini, the minister for agriculture, Rajasthan. About 12.60 million hectare in the state was sown with various kharif crops this season, against a target of 14 million hectare. In 2004, 13.6 million hectare was planted during kharif. The rains are also a benefit for the coming rabi crop (winter crop), as most fields have retained their moisture. Kharif crops such as maize, millet (Bajra), groundnut, guar, and soybean are generally sown during the last week of May to the end of July.

#### Corn: U.S Export Hovers around 31%

According to the latest export sales highlights of USDA, the net sales of 933,300 MT corn were 2 percent below the previous week, but 27 percent over the prior 4-week average. Increases were reported for Japan (409,100 MT), Egypt (174,100 MT), Taiwan (122,300 MT, including 58,000 MT switched from unknown destinations), unknown destinations (38,000 MT), Canada (34,100 MT), Saudi Arabia (31,300 MT), Mexico (27,400 MT), and the Dominican Republic (25,900 MT). Exports of 1,023,300 MT were 31 percent above the previous week and 33 percent over the prior 4-week average. The primary destinations were Japan (380,400 MT), Egypt (157,600 MT), South Korea (115,400 MT), Mexico (91,900 MT), Taiwan (73,800 MT), Colombia (53,400 MT), and Canada (38,400 MT). (This summary is based on reports from exporters for the period September 30 - October 6, 2005.)

#### Kenya's Grains Production Below than Consumption

Kenya's agriculture sector has pulled behind population growth, recording a mere 2.9 per cent growth in the past 10 years. According to the report from Kenya's agriculture sector, maize production had stagnated at 2.52 MMt against the national requirement of 3.06 MMt. The country produced 2.5 million bags of wheat annually against the national requirement estimated at 8 million bags. The report says rice production has remained at the range of 45,000 Mt and 50,000 Mt per annum against a consumption of 110,000 Mt. The shortfall is usually met through commercial imports mainly from Pakistan, Thailand, Vietnam, India, and China, according to the report.

## Punjab Agro Augments The Target of Maize Contract Farming

Punjab Agro today declared that it had exceeded the target of contract farming of new and high yielding varieties of maize for Kharif 2005. The new target is fixed on more than 57,700 acres as compared to the earlier target of 54,000 acres. More than 25,000 acres of land have been carried under maize contract farming in Hoshiarpur alone. Ropar, Jalandhar, Gurdaspur, Kapurthala, Patiala, Nawanshahar, Fatehgarh Sahib and Ludhiana districts have also benefited from contract farming of kharif maize this year. According to the MD of Punjab Agro Investment Corporation Himmat Singh, all maize-growers are benefiting from the MSP of Rs. 540 per quintal of maize.

## China Expected to Export about 3 MMT Corn

It is expected that China would be produced 126 MMT of corn of which 100 MMT will be used in feed. China is likely to export about 3 MMT and the ending stocks are anticipated to be lower by 10.8 MMT at 25.6 MMT from last years 36.4 MMT.

## 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 (15.10.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.89
European Union	Euro	53.95
Japan	Yen	39.17
Great Britain	Pound Sterling	78.78

## 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 12<sup>th</sup> October)

### Withdrawal of southwest monsoon

Southwest monsoon withdrew from the remaining parts of Bihar & Maharashtra, entire Arunachal Pradesh and Sub-Himalayan West Bengal & Sikkim; some parts of Assam & Meghalaya, Gangetic West Bengal, Telangana, North Interior Karnataka & Goa and some more parts of Orissa & Chhattisgarh on 10<sup>th</sup>. It further withdrew from the remaining parts of northeast & peninsular India and thus from the entire country, Bay of Bengal and Arabian Sea on 11<sup>th</sup>.

The Northeast monsoon set in over Tamilnadu, Kerala and adjoining parts of Andhra Pradesh and Karnataka on 12<sup>th</sup>.

### Meteorological Analysis

Last week's upper air cyclonic circulation over southeast Arabian sea and neighbourhood became less marked on 6<sup>th</sup> and the upper air cyclonic circulation over Sub-Himalayan West Bengal & Sikkim became less marked on 7<sup>th</sup>.

Last week's upper air cyclonic circulation over Southwest Bay of Bengal lay over Tamilnadu and neighbourhood on 7<sup>th</sup> extending upto 0.9 km a.s.l. It became less marked on 8<sup>th</sup>.

An upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over Himachal Pradesh and neighbourhood on 8<sup>th</sup>. It moved away eastwards on 10<sup>th</sup>.

An upper air cyclonic circulation lay over East Uttar Pradesh extending upto 3.1 km a.s.l. on 8<sup>th</sup>. It moved over to East Uttar Pradesh & adjoining Bihar on 9<sup>th</sup> morning and became less marked on the same evening.

A Western Disturbance as an upper air system lay over North Pakistan and adjoining Jammu & Kashmir from 10<sup>th</sup> to 12<sup>th</sup>.

An upper air cyclonic circulation extending upto mid tropospheric levels was seen over southeast Arabian sea and neighbourhood on 11<sup>th</sup>. Under its influence, a low pressure area formed over southeast Arabian sea on 12<sup>th</sup>

An upper air cyclonic circulation formed over southeast Bay of Bengal extending between 1.5 and 4.5 km a.s.l. on 7<sup>th</sup>. It extended upto 3.6 km a.s.l. on 8<sup>th</sup>. Under its influence, a low pressure area formed over central parts of south and adjoining west-central Bay of Bengal on 9<sup>th</sup> morning. It moved slightly westwards and lay over southwest & adjoining west-central Bay of Bengal on 9<sup>th</sup> evening. It persisted there upto 11<sup>th</sup>. Moving further westwards, it lay over southwest Bay of Bengal and adjoining areas of coastal Tamil Nadu on 12<sup>th</sup>.

## RAINFALL

Under the influence of the above systems, rain/thundershowers occurred at a few places over south peninsula during first three days of the week. Subsequently, the rainfall activity over south peninsula increased with moderate rain/thundershowers at many places. Isolated heavy rainfall occurred over Tamil Nadu & Pondicherry and Kerala. Fairly widespread rainfall continued over Andaman & Nicobar islands and Lakshadweep on many days of the week. Scattered rainfall occurred over Coastal Orissa on 7<sup>th</sup>, 8<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup>. Isolated to scattered light rainfall occurred over Western Himalayas during 2<sup>nd</sup> half of the week and over Northeastern states on many days of the week. Isolated light rain also occurred over South Konkan & Goa, South Madhya Maharashtra, Interior Orissa and Chhattisgarh on 2 to 3 days during the week and over East

Uttar Pradesh and Bihar on 1-2 days of the week. Isolated light rain occurred over Punjab on 12<sup>th</sup>.

## Rainfall During The Week (Week ending on 12<sup>th</sup> October, 2005)

Rainfall was excess/normal in 7, deficient/scanty in 21 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 10.1 mm, Normal: 22.5 mm and Departure: -55%).

## Cumulative Seasonal Rainfall (1<sup>st</sup> to 12<sup>th</sup> October, 2005)

Rainfall was excess/normal in 6, deficient/scanty in 25 and no rain in 5 out of 36 meteorological sub-divisions. (Actual: 22.1 mm, Normal: 42.7mm and Departure: -48%).

## Outlook For The Week Ending On October 19<sup>th</sup>, 2005

- Rain/thundershowers will occur at many places over south peninsula with isolated heavy to very heavy falls during first half of the week. Subsequently, the rainfall activity over south peninsula is likely to be scattered.
- Light to moderate rain/thundershowers are also likely over South Konkan & Goa, South Madhya Maharashtra, Orissa, Chhattisgarh, Marathwada and Vidarbha during first 3-4 days of the week.
- Light to moderate rain/thundershowers likely over Western Himalayas during middle of the week.
- Isolated to scattered light rainfall is also likely over Bihar, Jharkhand and Gangetic West Bengal during first half of the week and over Northeastern states during 2<sup>nd</sup> half of the week.

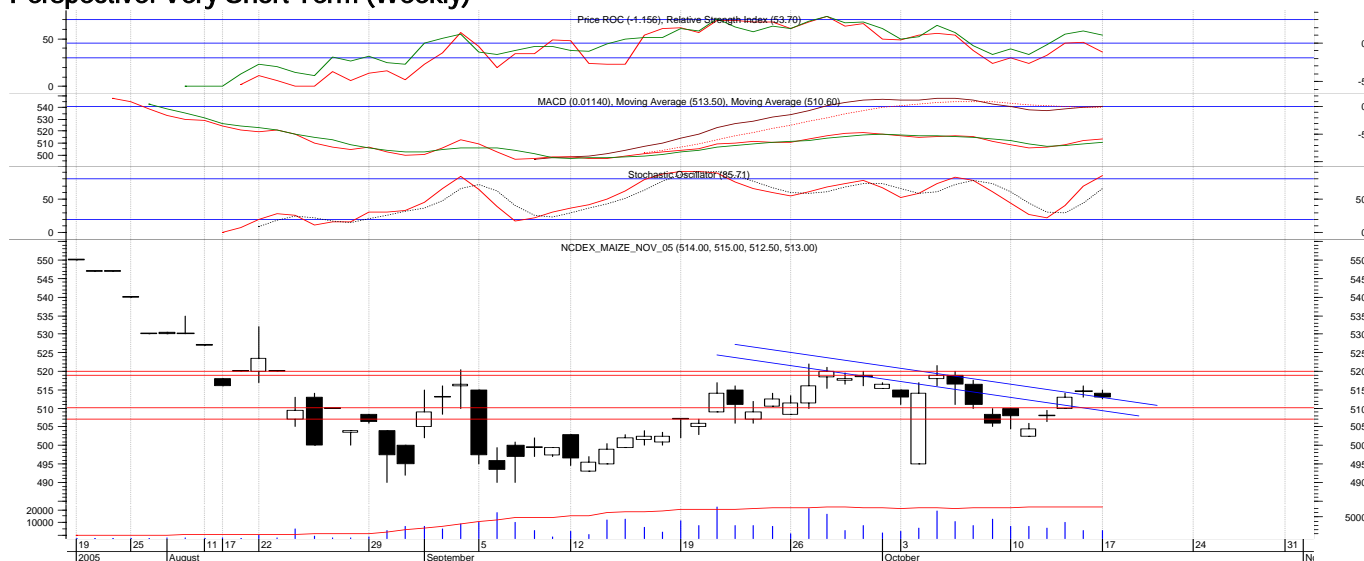
## TECHNICAL ANALYSIS

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 far below the closing price of last day and closed on lower side.

**RSI:** (53.70) RSI is going to downward and remains in the neutral region. Indicating bearish sentiment.

**Price ROC:** 9-day Price ROC (-1.156) going to downwards, indicating bearish sentiment of prices.

**MACD:** The MACD (7-day) is moving upwards after bullish cross over of its EMA from down and prevailed in almost negative 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, but the %D line still remains on neutral region. Indicating strong sentiment as long-term basis.

**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 518.9 and 520.5 marks. Support level may be seen at 510.1 and 507.5 marks as short-term basis.

R1	R2	S1	S2
518.9	520.5	510.1	507.5

Almost all the indicators are pointing towards the bearishness of the prices, except Candlesticks, RSI and price ROC. Therefore the prices for maize are expected to remain bearish in the coming days 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.

**Recommendation:** Remain short.

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