

**Maize**

**November 14 - 19, 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 surged at the Delhi mandis due to less arrival from U.P. and M.P. The upward demand from poultry feed mills also underpinned the prices. The higher prices of bajra also supported the maize prices. The prices for U.P. Red and Gajar maize were prevailed at the range of Rs.675-690 and Rs.670-675 per quintal with the average arrival of 3 - 4 trucks in Delhi, which is less as compared to previous week.

### KARNATAKA MARKET:

The Bangalore market sentiment is slightly improves as compared to last week for maize prices. Davengere and Nizamabad market prices were Rs. 620-30 and 625-635 per quintal respectively. The Nammakalal maize was traded at Rs.625-635 per quintal.

### KOLKATA MARKET:

The high demand and less arrival pushed up the prices in Kolkata market and Siliguri market. The South Indian corn has not been reached at the market therefore the prices remained strong. The arrival from Bihar remained very less around 10-12 trucks per day. The maize is likely to be arrived from A.P. within 10-15 days. It is likely to remain strong in the coming days.

### BIHAR MARKET:

Very less stock and slight high demand from Kolkata, and Siliguri pushed up the wheat prices on mostly strong position and settled at Rs. 615-625 per quintal as bilty price in Bihar market. The maize was sold in the market at the price of Rs.585-595 per quintal as loose basis. There was lower stock. The Rabi maize sowing progress is going on in this mandis.

### NIZAMABAD MARKET:

The Nizamabad mandis showed bit improvement in prices for maize. The inferior quality of maize was sold at the range of Rs.515-525 per quintal where as good quality maize prevailed at Rs.530-540 per quintal in this mandis.

The average arrival was 12000-14000 gunny bags. The government procurement is going on in this mandis.

### DAVENGERE MARKET:

The market showed bit improvement in prices of Nizamabad mandies. The maize was supplied to Bangalore and other parts of South Indian market. It was reported that maize has been traded at lower range of Rs. 520-530 per qtl. It is expected that the maize prices would stable in the coming days as long term basis.

### AHMEDABAD MARKET:

The maize prices remained range bound with positive tone at this weekend in Ahmedabad market due to local arrival and supply was low. The starch prices were unchanged at Rs.615-620 per quintal. The poultry feed mill quality corn was traded at the range of Rs.630-635 per quintal. The market is likely to go down further in the coming day.

### GLOBAL MARKET

The Corn futures prices are continuing its losing streak. On Friday, all the corn future contracts fell modestly and made new contract lows. The absence of any positive news caused the prices to continue its falling trend.

December corn fell 1.25 cents to \$1.91 per bushel after touching \$1.9075 levels, a new low for the contract. March contract fell by 1.25 cents to \$2.0525, after making new low for the contract at \$2.05. May corn ended 1.75 cents down at 2.1325. as it's a falling market and there is no fresh breath from any news, the trend reversal is not in the sight. Further, sharp fall in soybean futures prices, on lower demand due to bird flu fears, pressured the corn prices too. News of two more outbreaks of bird flu in China, and some more are expected according to WHO reports hit the market sentiments. Corn has been trending lower over the past several months on better-expected production despite severe drought conditions in parts of Illinois and Iowa this summer. A large carry over supply from the last year's bumper production and this year's large production, have combined to pressure the market.

## CONCLUSION

Prices of maize is surged due to high demand of maize in the market. Most of the market prices of maize showed the high as compared to last week. Maize is the third most important coarse cereal in India and used for poultry, starch and live stock feed. Demand of maize was more than production was the major cause to increase the maize prices in India. At present the maize prices of specific varieties is much higher than Minimum Support Price (MSP) by GOI. The market sentiment for next week is expected range bound with bullish inclination.

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

MARKETS	12.11.05	19.11.05
Delhi (MP Maize)	695-700	670-685
Delhi (UP Maize)	675-700	660-670
Maharashtra	490-500	675-685
Gujarat (Maharashtra Maize)	570-600	500-515
Sangli truck bilty	520-530	525-535
Pune Starch	575-600	580-600
Ahmedabad Poultry feed mills	630-635	630-635
Ahmedabad Starch	615-620	615-620
Bihar (Bilty Price)	610-615	615-625
Bangalore - Tamil Nadu delivery New	580	620-30
Nammaklall Maize	615-620	625-35
Kolkata mill delivery	685-690	680-90
Nizamabad Local Maize	535-540	525-535
Devengere Local maize	515-520	520-530

## NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

### S.Africa maize Up on Weather Concern

Maize prices are appreciating in South Africa. South Africa's December contract for white maize jumped 4% to 949 rand per ton. Traders blamed increased concern over weather for this jump. Weakening rand versus dollar also have added bullish impact. Traders are not confident about this trend to continue for long. Weather however will remain the crucial factor, and could trigger prices in either direction. Traders feel that prices are lucrative enough to pull farmer's inclination towards this crop. In its September estimates, South Africa's Crop Estimates Committee revealed farmers' intention to sow 42% less area with maize. For 2006, targeted area was put at 1.6999 million hectares.

### Maize harvest in Russia touches 2.6 mln ton

Harvesting of maize is in progress in Russia. According to ministry of Agriculture, harvesting of maize was done in

70.6% of the targeted area by November 14<sup>th</sup> 2005. Ministry report revealed that harvesting was done in 6.20-lakh hectare by November 14<sup>th</sup>, 2005. Ministry report also showed that 2.6 million ton of grain was harvested by November 14<sup>th</sup>, 2005, which is down by 0.3 million ton compared to a year ago harvest of grain. Maize yields have averaged 2.6 tonne per hectare - down by 0.03 tonne per hectare from the same date last year. Area wise break up of maize harvest shows harvesting of 1.15 million ton done in Krasnodar Krai, Rostov Oblast (over 300,000 tonnes), Belgorod Oblast (300,000 tonnes), Republic of Kabardino-Balkaria (200,000 tonnes) and Stavropol Krai (about 200,000 tonnes).

### Kenyan Farmers Awaiting Start of Govt Purchase

Kenyan farmers in the north Rift areas are looking for government to open National Cereals and Produce Board (NCPB) Depot, so that they can market their produce to realize better remuneration for their products. Prices in the markets are down due to increased supply of wheat and maize. Farmers earlier were expecting commencement of government purchases by this Monday. Prices of maize in the markets were last quoted at 900 shillings per 90 kg against 1200 shillings offered at NCPB Depots.

### China Corn Prices Down amidst Bird Flu Concerns

Meanwhile, China's corn prices fell slightly in the week to Wednesday, extending mild declines from the previous week on bird flu concerns. Recent outbreaks of bird flu in poultry flocks in at least four provinces have hurt China's poultry sector and weakened demand for poultry feed. Recent bird flu cases in northeastern Japan poultry, however, are likely unrelated to the deadly H5N1 strain that has been found in Southeast Asia since 2003, a Tokyo government official said Wednesday. Officials detected signs of the H5N2 virus, which is considered far less dangerous than the H5N1 strain.

### Procurement of Flood-Damaged Maize in A.P. Approved

According to the Chief Minister Y.S. Rajasekhara Reddy, the Union Government has approved to expand relaxation of quality control (Fair Average Quality - FAQ) to procure even discoloured maize with suitable cuts in Minimum Support Price (MSP). Andhra Pradesh Chief Minister's proposals for change of specifications for procurement of maize, which has approved by the Union Agriculture Minister Sharad Pawar recently. Therefore the maize will be procured from the farmers with A, B, C categories. Damaged grains to be increased from 1.5% to 4.5%. Thousands of maize farmers, particularly from Telangana region like Karimnagar, Adilabad, Medak, Nizambad, Mahabubnagar will benefit from the decision. The Chief Minister has directed the collectors of these districts to immediately inform the farmers about the development so that they do not resort to distress sale of maize.

## U.S. Corn Output Estimate Pegged around 11 Billion Bushels

According to the U.S. Department of Agriculture (USDA), the November corn production report estimated stood at 11.032 billion bushels, which is up from 10.857 billion in October and higher than many trade estimates expecting around 10.965 billion bushels. This was based on an average yield of 148.4 bushels an acre, up from 146.1 bushels in the October report. The USDA pushed up ethanol use by 25 million bushels to 1.575 billion bushels and it raised food, seed and industrial use by 75 million bushels to 2.960 billion. But the USDA left exports unchanged at 2 billion bushels. Coupled with the production increase, 2005-06 ending stocks rose to 2.319 billion bushels, from 2.22 billion in October.

## KHARIF CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (17.10.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
60.00	73.25	70.70	+2.55	AP(+1.6, +31.9), Guj(-0.7, -13.3), Kar(+0.5, +6.4), Maha(+1.1, +24.6), Raj(-0.6, -6.1)

Source: Department of Agriculture, Government of India

## FOREX RATES (19.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.74
European Union	Euro	53.60
Japan	Yen	38.40
Great Britain	Pound Sterling	78.53

## 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)
Ahmedabad to Bangalore	2150	Kolkata to Bangalore	2000
Ahmedabad to Kolkata	2890	Delhi to Ahmedabad	940
Ahmedabad to Delhi	1445	Delhi to Bangalore	3110
Bangalore to Kolkata	2600	Delhi to Kolkata	2110
Bangalore to Delhi	2500	Karnal to Mumbai	2000
Bangalore to Ahmedabad	1650	Mumbai to Delhi	2000
Kolkata to Ahmedabad	2400	Kandla to Delhi	1800

## WEATHER WATCH: (As on 19<sup>th</sup> November)

### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

#### Weather Outlook

- Yesterday's upper air cyclonic circulation over southwest Bay of Bengal off south Tamil Nadu-Sri Lanka has become less marked and is now seen as a northeast-southwest shear zone over central Bay of Bengal. The other cyclonic circulation over southeast Arabian Sea also persists and extends upto 2.1 km a.s.l..

- Model predictions continue to indicate weakening of NE monsoon circulation pattern.

Under this scenario, only scattered light to moderate rainfall is likely over Tamil Nadu,

- The western disturbance as an upper air system over north Pakistan and neighbourhood persists. Under its influence, light to moderate rainfall /snowfall is likely at many places in Jammu & Kashmir and Himachal Pradesh. The system is likely to move away by 13th.

- Another Western disturbance is expected to approach NW India by 16<sup>th</sup> November, 2005 and cause isolated to scattered rains/snow in J&K beginning from 16th.

#### Zone-wise weather forecast for next 5-Days

##### NORTH & NORTH NORTH-WEST INDIA [ J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

- Isolated to scattered snow/rains are expected over J & K and Himachal Pradesh during next 24 hours. Mainly dry weather may prevail over plains of NW India.

##### EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

- Mainly dry weather may prevail over the region.

##### CENTRA CENTRAL INDIA L [ MP, CHATTISGARH, VIDARBHAJ]

- Mainly dry weather is likely to prevail over the region during next 5 days.

#### **SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]**

Scattered rains are likely over Tamil Nadu & Pondicherry, South Coastal Andhra Pradesh, Kerala, Andaman &

Nicobar Islands and Lakshadeep for next 2-3 days. The overall rainfall activity is expected to decrease further.

#### **WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]**

- Mainly dry weather is likely to prevail over the region.

**Source: NCMRWF**

## **TECHNICAL ANALYSIS**

**Commodity: Maize**

**Contract: December (Future)**

**Exchange: NCDEX**

**Perspective: Very Short Term (Weekly)**

**NCDEX December contract** traded on higher side at this weekend, as the contract opened above the previous closing price and settled on higher side.

The most of the indicators are indicating toward bullishness of prices.

The open interest as well as the volume of trade is increasing.

**Outlook:** It is expected that the prices for maize to remain bullish in the coming days as short term. However the prices are likely to bullish as medium term and bearish as long term.

**Recommendation:** Remain long with caution



### **Resistance and Support level:**

The resistance level at present is at 570 and 575 marks. Support level may be seen at 555 and 551marks as short-term basis.

R1	R2	S1	S2
570	575	555	551

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