

Maize

24th -31st 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:

Slight downtrend of maize prices is witnessed in Delhi mandis due to moderate spot demand. There was no demand from Punjab as local crop has been reached at the market. The demand from Haryana was also less. Poultry feed millers purchased maize from the local market but very few. The feed quality maize traded at the range of Rs.660-665 per quintal, where as Atta quality prevailed at Rs.675-680 per quintal. The arrival was mainly from U.P.; a few arrivals were also witnessed from Bihar. The average arrival from Bihar and UP remained 8-10 trucks. The market expects that the maize prices likely to decline after Dewali.

KARNATAKA MARKET:

The most of the market remained closed at this weekend due to Dewali. The ongoing monsoon hampered the trading activity in Bangalore. The maize was traded at Rs.580-590 per quintal and Rs.620-625 per quintal at Nammakal. The ongoing market sentiment is likely to remain weak after Dewali due to arrival of new crop.

KOLKATA MARKET:

Less demand due to Dewali pushed down the prices from Rs.680-685 to Rs.645-650 per quintal in Kolkata market. 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 prevailed on higher side due to less stock at the market and more demand from West Bengal and Delhi. The demand from Bangladesh was also poor. The old crop was sold in this market at the range of Rs.540-545 per quintal as loose basis. The bilty price is pegged on Rs.575-580 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 remained closed and it will be continued to 2-3 days due to Dewali. The market price for maize is prevailing at lower side of Rs.545-550/qlt due to rainfall activity and government procurement and more arrival. The daily average was arrival 20000-25000 gunny bags. In November, the prices likely to go down around Rs.50-60/qlt, when the arrival would be full fledged. It is expected that the prices would not go down as short-term basis.

DAVENGERE MARKET:

The rainfall activity was restricted the market activity and therefore the prices remained slight strong at this mandis. It was reported that maize has been traded at the range of Rs. 520-525 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 very weak at this weekend in Ahmedabad market. The starch prices remained at Rs.620-625 per quintal as compared to Rs.655-665 per quintal as of last day due to more arrival from local and Maharashtra. The less demand from poultry industry offset the uptrend. The poultry feed mill quality corn was traded at the range of Rs.635-640 per quintal.

GLOBAL MARKET

As the harvest in US progressed and reports suggest about 65% of the corn as harvested, the prices have tended to come down. Dec corn at CBOT was reported at \$1.97 per bushel (\$77.62 per MT), lower by about \$1.78 per MT from last week. The FOB value for Dec corn was \$101 per MT.

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 Red corn variety available in Rajasthan, parts of Uttar Pradesh and parts of Andhra Pradesh was selling at Rs.603 per quintal. The yellow variety, which is preferred by the poultry and cattle sector, was selling at Rs.550 - Rs.617 per quintal at the market

place. The spot prices in Nizamabad (Andhra Pradesh) are reported at Rs.545-550 per quintal, while in Devengere (Karnataka) the prices were reported at Rs.520-525 per quintal.

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

MARKETS	22.10.05	31.10.05
Delhi (Bihar Maize)	665-670	660-665
Delhi (UP Maize)	640-680	635-640
Maharashtra	550-570	510-515
Gujarat (Maharashtra Maize)	600-610	600-625
Sangli truck bilty	585-590	550-560
Pune Starch	645-650	615-630
Ahmedabad Poultry feed mills	665-670	635-640
Ahmedabad Starch	655-665	620-625
Bihar (Loose Price)	530-535	575-580
Bangalore - Tamil Nadu delivery New	580-590	580-590
Nammaklall Maize	620-625	620-625
Kolkata mill delivery	645-650	645-650
Nizamabad Local Maize	555-560	545-550
Devengere Local maize	515-520	525-530

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Corn: USDA Latest Weekly Export Sales Data

According to the latest export sales data of USDA, the net sales of 718,400 MT corn were 26 percent below the previous week and 19 percent under the prior 4-week average. Major increases for Taiwan (133,600 MT), Japan (117,900 MT), Mexico (109,200 MT), unknown destinations (69,700 MT), Egypt (57,600 MT), Algeria (51,000 MT, including 30,000 MT switched from unknown destinations), Colombia (42,500 MT, including 14,000 MT switched from unknown destinations), and South Korea (42,100 MT). Optional origin sales for Egypt (62,000 MT) were declared U.S. origin. Exports of 948,200 MT were 23 percent below the previous week and 5 percent under the prior 4-week average. The primary destinations were Japan (492,100 MT), Mexico (104,900 MT), Taiwan (64,200 MT), South Korea (59,200 MT), Egypt (57,600 MT), Algeria (44,500 MT), Costa Rica (23,100 MT), Tunisia (22,000 MT), El Salvador (21,700 MT), and Canada (21,300 MT). (This summary is based on reports from exporters for the period October 14-20, 2005.)

Poor Quality of Maize Sold at a Discount in S. India

The corn, which is coming into the markets, has high moisture content and is being sold at a discount in most of the south Indian markets. Due to more rains in the coastal areas of Andhra Pradesh, Tamil Nadu and also in parts of Karnataka storage of corn could pose a major problem in these areas. Poultry industry would prefer corn at a moisture content of 11- 12% as it can be stored easily. Corn with high moisture, when stored in bags, without any

aeration tends to spoil due to presence of a fungus and the toxin Aflatoxin, which is harmful for poultry, cattle and humans alike.

No Avian Bird Flu in India

There is no bird flu in India despite the Government of India has set the system in motion of surveillance and testing for avian flu. Poultry Diagnostics and Research Centre (PDRC), which is an autonomous research and diseases surveillance wing of the Venkateshwara Hatcheries (VH) Group has signed and agreement with Lasher Associates Inc, US, and Bombay Natural History Society (BNHS) for testing of migratory birds for bird flu. On the other side the Department of Animal Husbandry, Ministry of Health, Ministry of Environment and forest are all coordinating the efforts on preparedness for the eventuality. As per FAO, consumer responses to potential bird flu outbreaks are already having a disruptive impact on industries in Europe and beyond. In Europe the reaction has been mixed, for example in Germany there has been no change while consumption of poultry in Italy has declined by 40 percent. India learnt a bitter lesson in early 2004 when the consumption of eggs and chicken dropped due to panic only and the industry suffered a loss of over Rs.3000 crores (\$675 million). At present there are no reports of any demand drop in Delhi market.

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 (31.10.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.11
European Union	Euro	54.43
Japan	Yen	39.01
Great Britain	Pound Sterling	80.09

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	2110	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	2600
Karnal to Hyderabad	3160-70	Bangalore to Delhi	2500
Jaipur to Kolkata	2830-40	Bangalore to Ahmedabad	1650
Kolkata to Delhi	2160-70	Kolkata to Ahmedabad	2400
Karnal to Mumbai	1900	Kolkata to Bangalore	2000
Mumbai to Delhi	1900	Delhi to Ahmedabad	940

WEATHER WATCH: (As on 28th October)

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Mainly dry weather is likely to prevail over the region.

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

Isolated to scattered rainfall activity is expected over North-eastern States, Sub-Himalayan West Bengal & Sikkim. Isolated rains may occur over rest areas of the region except over East UP and Bihar where mainly dry weather may prevail during next 3 days. Fairly widespread rainfall activity is expected over Orissa during next 48 hrs.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Scattered rains are likely over Chattisgarh, East MP and Vidarbha during next 48 hrs then decrease subsequently.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: November (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Mainly dry weather is likely to prevail over West Madhya Pradesh during next 3-4 days.

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

Widespread rains with heavy to very heavy rains at a few places are expected over Coastal

Andhra Pradesh, Rayalaseema, Interior Karnataka during next 2 days. Fairly widespread rains

are also likely over rest areas of the region with isolated heavy rains during this period. The

overall rainfall activity over Tamilnadu & Pondicherry and Kerala may decrease after 24 hours.

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

Isolated to scattered rainfall activity is expected over Maharashtra. Mainly dry weather is likely to

prevail over rest areas of the region.

WEATHER OUTLOOK

Yesterday's deep depression over southwest Bay of Bengal moved northwestwards and lay centered at 0830 ISI of 28 October, close to Ongole.

The Deep Depression is just crossing the AP coast between Ongole (15.5 deg N/80deg E) and Bapatla (16N/80E).

Under its influence, widespread rainfall with heavy to very heavy falls at a few places is likely over Coastal Andhra Pradesh and Rayalaseema during next 48 hours. Isolated heavy rainfall may also occur over Interior Karnataka, Talangana and coastal Orissa during next 24-36 hrs. Scattered rains may continue thereafter.

The western disturbance as an upper air system over North Pakistan and neighbourhood has moved away east-northeastwards leading to fair weather and chilly night over Jammu & Kashmir.

WARNING (AS ISSUED BY INDIA METEOROLOGICAL DEPARTMENT)

i) **Heavy to very heavy** rainfall likely at a few places over Coastal Andhra Pradesh and

Rayalseema. **Isolated heavy rainfall** is also likely over Andaman & Nicobar Islands, north

Tamilnadu, Talangana and Interior Karnataka and costal Orissa.

ii) **Squally winds** with speed reaching 60-65 kmph likely along and off Coastal Andhra Pradesh during next 12 hrs. State of sea will be rough to very rough. Fishermen are advised not to venture into the sea.



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

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

Price ROC: 9-day Price ROC (+0.7707) going to downward, indicating bearish 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 downwards after cutting the %D line from up in neutral condition (75.36).

Moving Average: The 3-day moving average line is going downward but prevailed above the 5-day moving average line, indicating bearish sentiment.

Resistance and Support level:

The resistance level at present is at 527.0 and 530.1 marks. Support level may be seen at 519.04 and 516.75 marks as short-term basis.

R1	R2	S1	S2
527.0	530.1	519.04	516.75

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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