

Maize

8th-12th November, 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 soared 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 was prevailed at the range of Rs.695-700 and Rs.670-675 per quintal with the average arrival of 4-5 trucks in Delhi, which was very strong as against of last week.

KARNATAKA MARKET:

The Bangalore market showed a stable but slight weak sentiment for maize prices as arrival is increasing day-by-day from Davengere and local market. The maize was traded at Rs.580 per quintal and Rs.615-620 per quintal at Nammakal on lower side.

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. 610-615 per quintal as bilty price in Bihar market. The maize was sold in the market at the price of Rs.580-585 per quintal as loose basis. The stock remained very poor. The Rabi maize sowing progress is going on in this mandis. It is expected that the price would be strong in the coming days.

NIZAMABAD MARKET:

The Nizamabad mandis showed stable prices for maize. The inferior quality of maize was sold at the range of Rs.510-515 per quintal where as good quality maize prevailed at Rs.535-540 per quintal in this mandis. The average arrival was 15000-17000 gunny bags. The

government procurement is going on in this mandis. Therefore the prices remained stable.

DAVENGERE MARKET:

The marker showed same behaviour as of Nizamabad. The maize was supplied to Bangalore and other parts of South India market. It was reported that maize has been traded at lower range of Rs. 515-520 per qtl due to more arrival. 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 slight weak undertone at this weekend in Ahmedabad market due to local arrival and more supply with moderate demand. The starch prices remained at Rs.615-620 per quintal as compared to Rs.611-615 per quintal as of last week. 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

Chicago Board of Trade (CBOT) corn futures improved slightly Friday amidst a bit of technical momentum as early selling withered and turned into fund short covering. The other bullish factors were fund and local buying, spread trading and spillover strength from rallying soybean futures. Total funds were net buyers of an estimated 1,000 contracts. Dec corn finished 1.75 cents higher at \$1.955, Mar raised 1.75 cents to \$2.098 and May increased 1.5 cents to \$2.173 a bushel. The corn prices remained strong as it pierced overhead resistance at \$1.955, which underpinned fund short covering. According to the sources, the stronger prices to the acquired technical strength once prices broke resistance and reversed course. Ethanol for December delivery was unchanged at \$1.995 and January was steady at \$1.93 a gallon.

CONCLUSION

Less arrival and less crop production in U.P. kept prices firm in Delhi however most of the market is showing upward

ness of prices. The futures market also remained slight strong where as it has already reached its highest point. Yellow corn traded at Rs.550 per quintal while the local corn remained at Rs.560 per quintal. The maize was traded at Davangere (Karnataka) spot market on Rs.515-520 per quintal while in Nizamabad (Andhra Pradesh) the price was Rs.540-550 per quintal.

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

MARKETS	7.11.05	12.11.05
Delhi (MP Maize)	-	695-700
Delhi (UP Maize)	650-670	675-700
Maharashtra	490-500	490-500
Gujarat (Maharashtra Maize)	610-620	570-600
Sangli truck bilty	540	520-530
Pune Starch	610-620	575-600
Ahmedabad Poultry feed mills	630-635	630-635
Ahmedabad Starch	600-611	615-620
Bihar (Bilty Price)	550-565	610-615
Bangalore - Tamil Nadu delivery New	590	580
Nammaklall Maize	635-640	615-620
Kolkata mill delivery	670-680	685-690
Nizamabad Local Maize	540-550	535-540
Devengere Local maize	520-530	515-520

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Corn: Harvesting & Export Report in U.S.

In U.S., farmers are anticipated to have made good progress on the final stages of the corn harvest, with the U.S. Department of Agriculture expected to report anywhere from 89%-92% complete in Monday afternoon's weekly crop report. Last week the harvest was 80% complete. Export inspections for the week ended Nov. 3 totaled 34.301 million bushels, compared to 36.455 million the previous week. One year ago, inspections were 47.067 million, the USDA said. Corn inspections for 2005-06 to date total 315.699 million, compared to 318.121 million at the same time last year.

S.Africa's Maize Exports Slightly Weak

South African maize prices climbed up on Tuesday amidst rand weakness, where as data witnessed exports down slightly in the week to November 4. The rand was near four-month lows versus the dollar, trading around 6.75/dollar. It was weighed down by broad global strength in the U.S. currency. Rains and planting intentions for the coming season are the bullish factor. Figures released after the market closed at 1000 GMT showed maize exports down in the week to November 4. Maize exports for the week were 21,093 tonnes versus 23,412 the previous week exclusively to other African countries. White maize as usual comprised the bulk of exports at 19,618 tonnes. Only 881 tonnes of white maize went to Malawi over the course of the week,

leaving traders to consider when an estimated 140,000 tonnes would be sent to the drought-stricken southern African country, which has said it plans to import \$18 million of maize from South Africa.

U.S. Corn Going in a Critical Path

According to sources, U.S. corn export demand has been less than expected, which is more important to the market now because over 90% of the crop harvested. And with issues such as bird flu and competition from other feed grains hanging over the market, U.S. corn could have a tough time in the near term. The Philippines is seeking 100,000 MT of corn for December or January shipment. Taiwan is expected to tender Thursday for up to 60,000 MT of U.S. NO. 2 yellow corn for shipment Dec. 17-31 from the U.S. Gulf or Jan. 1-15 from the Pacific Northwest.

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.

USDA Soared Corn Ending Stocks

Globally, the USDA raised corn-ending stocks to 114.2 MMT, from 111.9 MMT. It reduced Argentina's corn crop estimate to 17.3 MMT, from 18 MMT in October, and

Brazil's crop estimate was also reduced to 42.5 MMT, from 44 MMT last month.

China's Corn Export Remained at 3 MMT

China's corn exports were unchanged at 3 million tons and its production was also unchanged at 126 million tons. Chinese corn sales continued to reduce due to low feed grain demand because of bird flu and competition from other feed grains continue to hold back U.S. exports, according to the sources.

Corn: USDA Latest Weekly Export Sales Report

According to the latest weekly export sales data of USDA, the net sales of 884,100 MT of U.S. corn were 27% below the previous week and 8% under the prior 4-week average. Major increases are witnessed from Cuba (254,200 MT), Japan (175,400 MT), Mexico (140,500 MT), Taiwan (58,800 MT), South Korea (56,700 MT), Colombia (52,700 MT), the Dominican Republic (42,900 MT), Syria (39,900 MT, all switched from Egypt), Canada (28,200 MT), and Algeria (26,700 MT, including 25,600 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (62,000 MT). Where as exports of 922,800 MT were 9% below the previous week and 12% less than the prior 4-week average. The primary destinations were Japan (363,500 MT), Mexico (146,700 MT), Algeria (67,700 MT), Taiwan (60,800 MT), Syria (39,900 MT), Egypt (38,800 MT), South Korea (32,300 MT), Morocco (29,000 MT), the Dominican Republic (27,500 MT), Cuba (24,200 MT), and Colombia (23,200 MT). (This summary is based on reports from exporters for the period October 28 - November 3, 2005.)

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 (12.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.77
European Union	Euro	53.51
Japan	Yen	38.90
Great Britain	Pound Sterling	79.74

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 11th 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 16th 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, UTTANCHAL, 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, VIDARBHA]

• 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 except Moving Average and Stochastic.

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. The opening for the next trading day is likely to above.

Recommendation: Remain long.



Resistance and Support level:

The resistance level at present is at 570 and 575 marks. Support level may be seen at 555 and 550 marks as short-term basis.

R1	R2	S1	S2
570	575	555	550

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