

Maize

November 21- 26, 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 at the Delhi mandies are mildly declined due to harvesting pressure and good arrival of maize from Maharashtra, U.P. and M.P. The Bajra prices also mildly declined. There is low demand of maize during this week. The prices for M.P maize were prevailed at the range of Rs.660-680 and U.P. maize prices at Rs.650-655 per quintal. The arrival is increased as compared to previous week. The maize prices are expected to decline in next week due to above-mentioned factors.

KARNATAKA MARKET:

The Bangalore market sentiment is mildly declined as compared to last week for maize prices. The Nammaklall maize prices were traded at Rs.625-635 per quintal. Bangalore (T.N. Delivery) were traded at Rs. 620-625/qrtl.

KOLKATA MARKET:

Maize prices at Kolkata market are marginally declined as compared to last week. There were more supplies of maize during this week in Kolkata from Bihar and Andhra. Harvesting of maize is started in major producing states. More supply of maize is the major factor for declining the prices. Prices are expected to decline further in next week due to harvesting pressure.

BIHAR MARKET:

Maize prices are mildly declined in Bihar markets. Harvesting of Maize is started in Bihar is cause for declining the prices. Bihar is supplying maize to Kolkata and Delhi. Arrivals of maize is increasing day by day in Mandies.

NIZAMABAD MARKET:

The Nizamabad mandis showed bit improvement in prices for maize as compared to last week. Maize prices increased in Devengere market as compared to last week, prices were Rs. 655-665 per quintal. The major cause for increase in maize prices at Nizamabd only due to increased

export demand from Bangladesh about 22 Rake (1 Rake=2200 ton).

DAVENGERE MARKET:

The marker showed bit improvement in prices of Nizamabad mandies. Maize prices increased in Devengere and Nizamabad market as compared to last week, prices were Rs. 625-635 per quintal respectively. The major cause for increase in maize prices at Devengere only due to increased export demand from Bangladesh.

AHMEDABAD MARKET:

The maize prices are marginally declined because arrivals are increasing due to harvesting pressure in Maharashtra. The starch prices were at Rs.600-605 per quintal. The poultry feed mill quality corn was traded at the range of Rs.620-625 per quintal. These prices are low as compared to last week. Market sentiments are expected to decline further in next week.

GLOBAL MARKET

December Corn/Maize settled down 1 cent at \$ 1.8975 per bushel, 1 cent off the high and 0.5 up from the low. March Corn settled down 1.5 cent at \$ 2.0275 per bushel, 0.25 cent up from the low and 1.5 cent of the high. There is low export demand of corn in global market. Weekly export sales for corn came at 1.03 million metric tonnes as compared to trade expectations 8 -10 lakh tonnes. The international Grain Council revised higher production forecast for coarse grain production for the 2005-06 seasons at 958 million tonnes; it is 5 million tonnes up from last year. The more supply of maize will bring negative impact on its prices. The above- mentioned factors shows the bearish market. The absence of any positive news caused the prices to continue its falling trend.

CONCLUSION

Maize prices at spot market range bound with weak sentiments. Most of the market prices of maize showed lower as compared to last week. Maize is the third most important coarse cereal in India and used for poultry, starch and livestock feed. Harvesting pressure of new crop in major producing states is the major cause to decline maize prices in most of the market. The prices are expected to range bound with weak market sentiments.

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

MARKETS	26.11.05	19.11.05
Delhi (MP Maize)	660-680	670-685
Delhi (UP Maize)	650-655	660-670
Maharashtra	510-515	510-515
Gujarat (Maharashtra Maize)	620-625	620-625
Sangli truck bilty	530-535	525-535
Pune Starch	580-590	580-600
Ahmedabad Poultry feed mills	620-625	630-635
Ahmedabad Starch	600-605	615-620
Bihar (Bilty Price)	615-620	615-625
Bangalore - Tamil Nadu delivery New	600-620	620-30
Nammaklall Maize	620-625	625-35
Kolkata mill delivery	675-685	680-90
Nizamabad Local Maize	555-565	525-535
Devengere Local maize	525-535	520-530

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

USDA: Weekly Export Sales of Corn /Maize

A brief summary is based on USDA weekly export sales reports (November 11-17, 2005) as follows: Net sales of 1,032,800 MT were 31 percent below the previous week and 4 percent under the prior 4-week average. Major increases were reported for Japan (392,700 MT), Mexico (154,800 MT), Taiwan (113,600 MT, including 58,000 MT switched from unknown destinations), Algeria (62,900 MT, including 20,000 MT switched from unknown destinations), South Korea (53,400 MT, including 53,100 MT switched from unknown destinations), unknown destinations (44,100 MT), Panama (31,000 MT), Syria (30,000 MT), the Dominican Republic (26,100 MT), Guatemala (22,300 MT), and Colombia (21,200 MT). Exports of 967,400 MT were 9 percent below the previous week and 2 percent under the prior 4-week average. The primary destinations were Japan (347,100 MT), Mexico (144,100 MT), Egypt (111,000 MT), Taiwan (74,100 MT), South Korea (53,100 MT), Costa Rica (50,100 MT), Algeria (42,900 MT), the Dominican Republic (41,900 MT), and Canada (35,000 MT).

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 14th 2005. Ministry report revealed that harvesting was done in 6.20-lakh hectare by November 14th, 2005. Ministry report also showed that 2.6 million ton of grain was harvested by November 14th, 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).

Maize prices up in South Africa due to drought

Crisis of food shortage in South Africa has exacerbated with declaration of national food disaster by Zambia. Drastic drought situation in southern, central, eastern and northern parts of Zambia in 2005 has caused acute shortage of food material. Zambian president has declared the food disaster and has appealed for the donor assistance. Drought has occurred in six nations including Malawi in South Africa. Maize is staple in these countries. Drought has affected maize crop badly in these nations. Prices of maize have skyrocketed in local markets in these nations.

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.

South Africa's Maize Crop Report Skeptical

Lot of confusions prevailed against maize crop report in South Africa. Crop Estimation Committee of South Africa put planting intentions of farmers at 1.372 million hectares in 2005-06 compared to 2.93 million hectares in last season. According to poll made by private agencies, planting intentions earlier were put at 1.83 million hectares. Traders said that estimation of crop committee seem skewed as survey was done a month ago, when prices were low. Bulk of South African maize is getting its way out to drought stricken South African nations including Zambia, Zimbabwe and Malawi. More than 80% of this South Africa's maize was exported to Zimbabwe, Around 2300 ton of white maize was exported to Zambia and 1700 ton was exported to Malawi.

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 (26.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.78
European Union	Euro	53.88
Japan	Yen	38.40
Great Britain	Pound Sterling	78.84

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 26th November)

ALL INDIA WEATHER FORECAST (From 21-26 November 2005).

Weather Outlook

A **depression** lies with its centre near **lat 8.5°N / long 82.5°E** over Southwest Bay of Bengal. The system is likely to move slowly in West-northeastward direction. Under its influence **rainfall activity** is likely to increase over Tamil Nadu and Pondicherry.

East-west oriented shear zone covering Bay of Bengal, Southern parts of India and Arabian Sea is expected to remain active in coming days.

Under the expected scenario, **fairly widespread rains with isolated heavy falls** can be expected over the regions of Coastal Tamil Nadu initially and possibly widespread rains with heavy to very heavy falls extend to interior Southern parts of Tamil Nadu and Kerala; scattered to fairly widespread rains over South Coastal district of Andhra Pradesh, subsequently with the slow West-northwestward movement of low pressure area in coming days.

A weak **Western Disturbance** lies over North Pakistan and adjoining Jammu & Kashmir region. Scattered rain / snow is expected over hilly region of North-west India during next 2 days.

Zone-wise weather forecast for next 5-Days

North & North-West India (J&K, HP, Uttranchal, Punjab, Haryana, Delhi, West UP)

With the presence of Western Disturbance scattered rain / snow is likely over Jammu & Kashmir and Himachal Pradesh during next 2 days. Mainly dry weather may prevail over the rest region for next 3-4 days with a possible fall in night temperatures by 1 °C - 2°C.

East and NE India (East UP, Bihar, Jharkhand, West Bengal, Orissa, NE States)

Mainly dry weather is likely to prevail over the region.

Central India (MP, Chhattisgarh, Vidarbha)

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

South India (Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadweep)

Widespread rainfall with isolated heavy to very heavy falls are likely over Coastal Tamil Nadu & Pondicherry and Andaman & Nicobar Islands Subsequently, widespread rain belt with isolated heavy falls is to extend over South Coastal district (s) of Andhra Pradesh, Kerala, Interior parts of Tamil Nadu and Lakshadweep.

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)

Technical Analysis for NCDEX December contract

The most of the indicators are hinting bearish market sentiments.

MACD is moving downwards, indicating medium term bearishness.

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

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

Recommendation: Remain short



Resistance and Support level:

The resistance level at present is at 562 and 565 marks. Support level may be seen at 556 and 552 marks as short-term basis.

R1	R2	S1	S2
562	565	556	552

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