

Maize

21st-26th December 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 showed a positive trend of prices due to strong demand and less arrival. The prices remained range bound at first few days of this week but it remained strong on Monday as compared to last Monday. The Maharashtra and M.P. maize was quoted at Rs. 675-677 and Rs.710-715 per quintal in Delhi on Monday. The Rajasthan maize also showed upper trend in this mandis and prevailed at Rs.710-715 per quintal. The arrival from Karnataka and U.P remained closed. The strong demand from Haryana and Punjab kept the prices mostly on strong position. The domestic demand also pushed up the prices. The arrival remained poor around 90-120 metric tonnes on Monday. It is expected by the traders that the maize prices would remain steady in the coming days.

KARNATAKA MARKET:

Maize prices improved in this week at this market due to less arrival and strong domestic demand. The daily average arrival of 20-25 trucks is witnessed, which is not sufficient for the market. The local arrival from Devengere and other areas was going in this mandis. The Nammaklall maize has traded at Rs.620 per quintal on higher side. Bangalore (T.N. Delivery) was quoted at Rs. 595-600/qlt on Monday.

KOLKATA MARKET:

Kolkata market rebounded in this week and traded on higher side as against of last week. The arrival from Karnataka and A.P. witnessed very poor on an around 1 rack per week. The demand is also poor but very less arrival kept the prices on positive side. The maize was quoted at Rs.645-650 per quintal on Monday. The demand from feed mill is witnessed also weak.

BIHAR MARKET:

Maize prices go beyond from the normal prices in Bihar market amidst very less stock and good spot and other neighbouring State's demand. The maize is only supplying to Siliguri in West Bengal market. The quality became substandard. The sowing progress is going ahead. According to the traders, the sowing area has increased nearly 50% in this area. Good weather is also boosting up

the sowing area. The maize was traded at the range of Rs.650-655 per quintal as bilty price in this market.

NIZAMABAD MARKET:

Due to less arrival as stocks is almost depleted; the maize prices remained firm in Nizamabad market in this week. The daily average arrival of 200-300 bags is noticed in this market. The less arrival did not fulfil the strong demand. The NCDEX quality maize was traded at the range of Rs.560-565 per quintal on Monday. The stock remained very weak.

DAVENGERE MARKET:

The Devengere market recovered slightly in this week as compared to last week. The maize has traded at the range of Rs.530-535 per quintal for good quality where as inferior quality maize prevailed at RS.520-525 per quintal with moderate arrival. The demand from poultry feed mills remained improved in this market.

AHMEDABAD MARKET:

Ahmedabad market for maize remained firm in this week but this strong undertone is noticed from Friday due to strong demand from starch and poultry industry. The market is feeding by Maharashtra. The starch prices were quoted at Rs.625-635 per quintal. The poultry feed mill quality corn was traded at the range of Rs.630-640 per quintal. The daily average arrival witnessed at around 40-50 motors. Market sentiments are expected to steady in next week.

GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) continued its strong sentiment from several days and closed bullish Friday in a holiday-shortened trading session. March futures settled at its highest level since Oct. 21 due to light fund buying, spillover strength from the wheat and technical buying supported prices up in the absence of fresh news. Volume remained poor than normal due to some traders started their holiday early. March corn increased 1.25 cents higher to \$2.14 per bushel, May corn also improved 1.25 cents to \$2.228 and July corn ended up

1 cent at \$2.308. Near-term support for March corn comes in at 2.12 and 2.113 with 2.143 and 2.188 as resistance. Commodity fund buying was estimated at 3,400 contracts. Where as ethanol futures remained mostly lower. The most-active April contract did not trade and fell 2.5 cents lower to \$1.95 per gallon. The CBOT will be closed Monday due to the Christmas holiday and will re-open Tuesday, Dec. 27.

CONCLUSION

It is witnessed that the current prices of maize is rulling on higher side as compared to corresponding period of last year. At the same time last year, corn was traded at the market yards across the States on an average of Rs.525-530 per quintal, while this year same time the average price is Rs.580-590 per quintal. This prices has increased to 10-12% than last year at the market yard. The Delhi market is showing mostly strong position among the other States. The lower production in this Kharif season is also a bullish factor for prices up. The giant supplier in our country are now Maharashtra, M.P. and Karnataka. This States are feeding the corn to other States. But the strong demand from Starch and Poultry industry kept the the prices on mostly upper side. It is expected that the prices would continue this tone in the coming days also.

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

MARKETS	19.12.05	26.12.05
Delhi (MP Maize)	690	710-715
Delhi (Maharashtra Maize)	660-665	675-677
Maharashtra	525-530	530-535
Gujarat (Maharashtra Maize)	620-625	625-630
Sangli truck bilty	525	540
Pune Starch	610-615	620
Ahmedabad Poultry feed mills	615-620	625-635
Ahmedabad Starch	615-620	630-640
Bihar (Bilty Price)	630	650
Bangalore - Tamil Nadu delivery New	580-585	595-600
Nammaklal Maize	610	620
Kolkata mill delivery	630-635	645-650
Nizamabad Local Maize	555-565	560-565
Devengere Local maize	525-530	530-535

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

China: Corn Export Likely to Decline

It is expecting that China's recent aggressive corn export programme would be declined due to bird flu report in this country. According to several analysts, fewer reports of bird flu from China in the past week are hindering the corn export demand.

Corn Import Touched around 6 MMT in S.Korea

In South Korea, corn imports for livestock feed for the January to November time frame reached 6.056 million tonnes from 5.673 million of last year. However, US exports to South Korea during the same time frame reached just 1.793 million tonnes from 3.569 million tonnes last year. Gulf basis was firm again today as exports seem to be picking up but producer selling is still slow. Other demand areas look strong for corn with solid growth in ethanol production and profitable livestock operations in the US. Friday's Cattle-on-Feed report is expected to show feedlot supply at about 3.1% over last year for December 1st.

Maize Planting Likely to Down in Argentina

According to the latest report of Argentina that the corn planting area is likely to decrease in this current year. Argentina officials raised their estimate for corn planted area to 3.07 million hectares from 3.05 million previous. But it is remained below than that of 3.35 million hectares of last year.

Corn: US Exports Increased by 16%

According to latest report of USDA weekly export sales highlights on corn, the net sales of 885,500 MT were 4 percent below the previous week, but 9 percent over the prior 4-week average. Major increases were reported for Japan (317,100 MT), Taiwan (154,600 MT, including 58,000 MT switched from unknown destinations), South Korea (113,100 MT, including 58,000 MT switched from unknown destinations), Colombia (71,000 MT), and Mexico (52,300 MT). Exports of 1,182,600 MT were 16 percent above the previous week and 29 percent over the prior 4-week average. The primary destinations were Japan (239,700 MT), Mexico (231,900 MT), Taiwan (194,200 MT), Egypt (129,100 MT), Colombia (116,600 MT), South Korea (58,300 MT), Algeria (39,400 MT), and the Dominican Republic (38,000 MT). (This summary is based on reports from exporters for the period December 9-15, 2005.)

Maize: Karnataka Farmers Protests to Cut Moisture Level

The farmers in Shimoga of Karnataka were protesting before Deputy Commissioner office on Wednesday to cutback in moisture content level of maize. Previous it was 14% and this year it was decreased to 12%. According to Karnataka Sarvodaya Paksha executive president K.S. Puttannaiah who led the protest that farmers don't have any tools or arrangement to decrease the moisture content or to store the grain for a longer period in case if Government delays buying the grain. Therefore the government should be decreased the moisture content level as of previous year.

Rabi Maize Acreage Hovering

According to Ministry of Agriculture, the sowing in coarse cereals is lower by 1.76 lakh hectares (lh) with area under jowar decreasing by 2.96 lh. The area under coarse cereals remains down due to area under maize (35,000 hectares) and barley (61,000 hectares) is increasing. Maize area in Bihar has increased where as it has decreased in Tamil Nadu.

ITC Entered to Procure Maize in Shimoga

India Tobacco Company (ITC) has entered into the Shimoga market of Karnataka and therefore the maize growers are expecting to get better prices for maize. According to sources, the ITC likely to procure at least 2 lakh bags of maize this year in the open market. Therefore they have already taken permission from the local APMC to trade in Shimoga market. They are likely to buy the maize

through the traders in this year. Next year they possibly will enter in a different way and buy directly from farmers. At present the spot market price is prevailing at Rs.490-500/quintal where as the current MSP for maize is at Rs.540/quintal. Maize sales through Government purchase centres are not hopeful. Up to now, 1817 farmers have sold 1,26,604 bags of maize in the district as compared to 3.5 lakh bags of last year. Each bag weighs 96 kg. This year the response is not good because the Government had fixed moisture content at 12% over 14% last year. So the farmers are selling this maize to the private traders at throwaway prices. Maize is more in demand in South India, particularly in Tamil Nadu where this grain is used mainly for fodder and to powder with other grains.

RABI CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (19.12.05)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
7	6.41	6.06	+0.35	Bih (+0.8, +53.4), TN(-0.3, -21.6)

Source: Department of Agriculture, Government of India

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Ahmedabad to Bangalore	2300	Kolkata to Bangalore	2300
Ahmedabad to Kolkata	2700	Delhi to Ahmedabad	1110
Ahmedabad to Delhi	1390	Delhi to Bangalore	3000
Bangalore to Kolkata	2670	Delhi to Kolkata	2110
Bangalore to Delhi	2450	Karnal to Mumbai	2300
Bangalore to Ahmedabad	1610	Mumbai to Delhi	2300
Kolkata to Ahmedabad	2500	Kandla to Delhi	2250

FOREX RATES (26.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.12
European Union	Euro	53.43
Japan	Yen	38.73
Great Britain	Pound Sterling	78.16

WEATHER WATCH: (As on 25th December, 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

- A trough in easterly is likely to approach southern Peninsular India in next 48 Hrs. Under its influence south Tamilnadu, Kerala and south-interior Karnataka may receive isolated to scattered rainfall during 27-29 December 2005. India

- A western disturbance is likely to approach J&K by 28th December 05. Under its influence hilly regions of NW India are likely to get snowfall and adjoining areas rainfall during 27-29 December 05.

- Cold wave conditions prevailed over many parts of Jammu & Kashmir, Punjab and parts of Rajasthan and Gujarat where night temperatures were below normal by 4-5° C. Prevailing cold wave conditions over most parts of NW India and fog conditions over Punjab, Haryana, Delhi, north Rajasthan, Uttar Pradesh are likely to continue over most parts of NW India during next 2 days. Thereafter, minimum temperatures over NW India are likely to rise by about 1-2 degree C.

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 snowfall/rainfall over J&K, H.P., Uttaranchal, Punjab, Haryana and west U.P. during 27-29 December 2005. Subsequently, foggy conditions with a fall of night temperatures may occur over the plains of NW India.

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

- Region is likely to experience mainly dry weather during 3-4 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

- Region is likely to experience mainly dry weather during next 4-5 days.

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

- Isolated to scattered rainfall are likely over Tamilnadu, Kerala and south-interior Karnataka during 27-29 December.

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

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

Source: NCMRWF

TECHNICAL ANALYSIS

Commodity: Maize

Contract: January (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures have increased gradually in this week as compared to last week but the volume of trade was decreasing day by day. On Monday, the prices opened above the previous closing prices but settled on slight lower side though the prices remained above the last day's closing. The January contract opened at Rs.566.00 but settled on Rs.565.50.

The most of the indicators are hinting bullish trend of maize prices, where as Stochastic indicator (94.37) is indicating trend reversal. The Candlesticks is representing stable sentiment.

MACD is moving upwards after making a bullish crossover from down, indicating medium term bullishness.

The open interest is increasing where as volume of trade is decreasing.

Outlook: Maize prices are expected to remain range bound with steady in the coming days as short term where as some bullish undertone might be possible as medium term.

Recommendation: Go for long position.



Resistance and Support level:

The resistance level at present is at 567.5 and 570.0 marks. Support level may be seen at 565.0 and 562.0 marks as very short term likely for Tuesday.

R1	R2	S1	S2
567.5	570.0	565.0	562.0

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