

Maize

17<sup>th</sup> -23<sup>rd</sup> January 2006

## 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 slight weak sentiment in this week as against of last week due to higher arrival and slight less demand from Punjab and Haryana. The higher arrival around 25000-35000 bags is witnessed at this weekend. The arrival was from Maharashtra, Karnataka, Rajasthan and M.P. The most of the bags is coming from Maharashtra. The Maharashtra and M.P. maize was traded at Rs. 675-680 and Rs.700-710 per quintal in Delhi on Monday. The Rajasthan maize also showed weak trend in this mandis and prevailed at Rs.690-700 per quintal. The Karnataka maize has traded at Rs.675-680 per quintal on Monday on lower side. It is expected by the traders that the maize prices would remain steady in the coming days.

### KARNATAKA MARKET:

Due to strong demand from Starch industry pushed up the maize prices slightly in this week as compared to last week. The daily average arrival was witnessed at 10000-15000 bags from Devengere and local area. The demand from poultry industry remained stable. Maize traded at the range of Rs.590-595 per quintal in Bangalore. The Nammakal maize has traded at Rs.610 per quintal on stable side.

### KOLKATA MARKET:

The market sentiment for maize prices remained range bound in this week as compared to last week in Kolkata market. Therefore this market maintained steady sentiment in this week. The price fluctuation remained almost steady due to stable demand-supply scenario. The average weekly arrival was around 3-5 racks. This market is feeding by Karnataka. The demand from feed mill is witnessed also weak.

### BIHAR MARKET:

Maize prices remained mostly steady in Bihar market amidst paucity of stock and good spot and other neighbouring State's demand. But the stock is almost depleted therefore the demand remained stable. The maize is only supplying to Siliguri in West Bengal market. The quality became substandard. The maize has traded at the

range of Rs.670-675 per quintal as bilty price in this market. There was no arrival in the market.

### NIZAMABAD MARKET:

Less arrival create a less demand in this market therefore the maize prices has been maintained range bound sentiment from several weeks. The new crop likely to hit in March, according to the traders. The daily average arrival is 50-100 bags from local areas. The market has no stock. The NCDEX quality maize was traded at the range of Rs.555-560 per quintal on Monday on slight higher side. The average quality maize prices prevailed at Rs.515-520 per quintal.

### DAVENGERE MARKET:

The Devengere market remained range bound with slight weak in this week as compared to last week. The maize has quoted at the range of Rs.535-545 per quintal for good quality where as inferior quality maize prevailed at Rs. 510-520 per quintal with moderate arrival. The demand from poultry feed mills remained stable in this market but the demand from Bangalore remained pronounced. The daily average arrival is witnessing at 3000-5000 bags in each mandis. The maize is supplying to Karnataka and Kolkata.

### AHMEDABAD MARKET:

The starch prices maintained its strong sentiment in Ahmedabad market due to strong demand from Starch industry in this mandis. The starch prices were quoted at Rs.650-655 per quintal. The poultry feed mill quality corn was traded at the range of Rs.660-665 per quintal on mostly stable side amidst strong demand from feed mills. The daily average arrival witnessed at around 20-30 motors. Market sentiments are expected to steady in next week.

### MAHARASHTRA MARKET:

Maize prices remained stable in Maharashtra market due to stable demand-supply scenario. The maize is supplying to Delhi and Gujarat. The maize prices had decreased by Rs.5-10 per quintal at mid of this week but ended on strong position at Rs.560-565 per quintal at the end of this weekend. The positive demand from poultry industry is also

a positive factor for price rise. The less stock at the market yards also kept pressure on prices. The maize was prevailed at Rs.640-645 per quintal at Pune market.

## GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) remained mostly unchanged Friday in choppy trading due to commercial buying offset fund selling. The move to the lowest level since December 9th (contract low date) does not bode well for the corn bulls. March corn remained unchanged at \$2.05 per bushel, only May corn finished 0.25 cent higher at \$2.15, and July corn settled unchanged at \$2.238. Near-term support for March corn comes in at \$2.015 and \$1.995 with \$2.05 and \$2.068 as resistance. Commodity fund selling was estimated at 12,000 contracts. Strong weekly export sales failed to boost up the market. Ethanol futures remained mixed. The April contract did not trade and settled 2 cents higher at \$2.42 per gallon. On Monday, the U.S. Department of Agriculture is scheduled to release the weekly export inspections report on Monday.

## CONCLUSION

The corn prices increased slightly in this week. The average prices for the maize has opened at Rs.583-585 per quintal at the ahead of the week but fell down by mid week to Rs.570-575 per quintal and remained very strong position of Rs.600-605 a quintal by the end of the week. In the state the prices also hit an all time high of Rs.645-650 per quintal at the market yard and the prices prevailed in all states including Andhra Pradesh Rs.533-535/qrt; Bihar Rs.670-675/qrt; Karnataka Rs.500-505/qrt; Madhya Pradesh Rs.595-600/qrt; Maharashtra Rs.560-565/qrt; Uttar Pradesh 645-650/qrt. The average prices of maize were calculated as Rs.610-620/qrt, which was up Rs.15-20 per quintal from last weeks Rs.595-600 per quintal. The spot prices in Nizamabad were Rs.555-560/qrt while in Devengere the Spot prices were Rs.535-540/qrt.

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

MARKETS	16.01.06	23.01.06
Delhi (MP Maize)	700-710	700-710
Delhi (Maharashtra Maize)	690-695	675-680
Maharashtra	560-565	560-565
Gujarat (Maharashtra Maize)	640-645	650-655
Sangli truck bilty	560	560
Pune Starch	655-660	640-645
Ahmedabad Poultry feed mills	655-675	660-665
Ahmedabad Starch	640-655	650-655
Bihar (Bilty Price)	675-680	670-675
Bangalore - Tamil Nadu delivery New	585-590	590-595
Nammaklall Maize	600-610	610
Kolkata mill delivery	650-660	645-655
Nizamabad Local Maize	550-555	555-560
Devengere Local maize	540-545	535-545

## NEWS ANALYSIS:

### DOMESTIC AND INTERNATIONAL

#### Rabi Maize Acreage Decreasing

According to Agricultural Ministry, the maize acreage has covered 7.26 lakh hectares in the Nov.1-Jan. 16 period, which is behind from 7.42 lakh hectares in the previous year period. The acreage has increased in Bihar where as acreage has decreased in Tamil Nadu and Uttar Pradesh.

#### Argentina: Maize Production Likely to Hit 13-14 MMT

The weather has improved for the maize crop in Argentina. While it is forecasted that mostly dry weather will prevail over the next several days in Argentina, recent rainfall has alleviated earlier concerns about the potential for crop stress due to hot and dry conditions, according to a source. Argentina is a major competitor to the U.S. in exports markets. Argentina officials pegged the 2005/2006 corn crop at between 13 and 14 million tonnes as compared with 16.8 million as the USDA forecast just last week and 19.5 million tonnes last year.

#### US Corn Export News on Wednesday

According to the USDA, US sold 117,200 tonnes of corn to El Salvador and 110,000 tonnes of US corn to South Korea. Taiwan imported 58,000 tonnes of US corn overnight and Israel bought 35,000 tonnes of corn from Europe. On the other hand, the Philippines bought 24,040 tonnes of China corn.

#### Corn: USDA Weekly Export Sales Highlights

Net sales of 1,222,300 MT were 94 percent above the previous week and two and one-tenth times the prior 4-week average. The major buyers were Japan (253,300 MT, including 48,900 MT switched from unknown destinations), Egypt (125,800 MT), Taiwan (121,500 MT), unknown destinations (117,100 MT), Costa Rica (106,500 MT), Mexico (95,700 MT), South Korea (73,300 MT), and the Dominican Republic (62,900 MT). Sales of 42,800 MT for delivery in 2006/07 were for Costa Rica. Exports of 943,400 MT were 32 percent above the previous week and equal to the prior 4-week average. The primary destinations were Japan (477,500 MT), Mexico (96,100 MT), the Dominican Republic (88,600 MT), Taiwan (48,500 MT), Colombia (47,200 MT), Syria (33,000 MT), Panama (32,700 MT), and Egypt (30,300 MT). Note: Accumulated exports for Japan were adjusted down by 17,700 MT. (This summary is based on reports from exporters for the period January 6-12, 2006)

#### China Likely to Harvest 134 MMT of Corn

China is anticipated to produce 134 MMT of corn (as per January estimates). The last estimates (Dec 2005) predicted a production of 130 MMT. China is likely to export 6 MMT of corn and the ending stocks are expected to be 30.26 MMT, about 4 MMT estimated in Dec 2005. China's total grain consumption in the 2005-2006 to be a record at 500 MMT. The per head grain consumption will reach 386.5 kilograms and the grain imports will account for 5.1 percent of total grain consumption over the course of the year. The corn consumption is estimated at 128 MMT.

## RABI CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (16.01.06)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
7	7.05	7.12	-0.07	AP (+0.1, +7.6), TN (-0.2, -17.8), UP (-0.1, -10.7)

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	2400	Kolkata to Bangalore	2500
Ahmedabad to Kolkata	3100	Delhi to Ahmedabad	978
Ahmedabad to Delhi	1500	Delhi to Bangalore	3056
Bangalore to Kolkata	2555	Delhi to Kolkata	2000
Bangalore to Delhi	2610	Karnal to Mumbai	2250
Bangalore to Ahmedabad	1610	Mumbai to Delhi	2250
Kolkata to Ahmedabad	2440	Kandla to Delhi	2300

## FOREX RATES (23.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.15
European Union	Euro	54.06
Japan	Yen	38.48
Great Britain	Pound Sterling	78.60

## TECHNICAL ANALYSIS

Commodity: Maize

Contract: February (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures remained very weak at the ahead of this week and increased at the mid week but did not sustained and fell down at this Monday however the prices remained above as compared to last Monday. The futures market behaved as physical market. January contract opened low at Rs.569 and selling pressure pulled down the prices and settled on lower side on Monday as compared to previous day. It traded at the range of Rs.566-569 on Monday.

The most of the indicators like Candlesticks, MA, RSI, PROC and Stochastic are indicating weak undertone of

## WEATHER WATCH: (As on 22<sup>ND</sup> January, 2006)

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

#### WEATHER OUTLOOK

A western disturbance is likely to approach in next 24 Hrs. and affect NW India during next 2-3 days. Under its influence J&K, H.P. and Uttaranchal is likely to experience scattered snowfall/rains during 23-24 January 2006. Temperatures over NW India are likely to remain near normal during next 3-4 days. Some parts of Indogangetic Plains of north India are likely to experience light foggy condition in morning and evening hours during 24-26 January 2006.

#### ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Scattered snowfall/rains is likely over J&K, H.P. and Uttaranchal during next 2-3 days. Adjoining Punjab and Haryana may experience the cloudy conditions during 23-24 January 2006.

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

The region is likely to experience mainly dry weather during next 5-days. Moderate fogs is likely in morning hours.

##### CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

Mainly dry weather over the entire region except over Andaman & Nicobar where cloudy sky conditions are expected during next 48 Hrs.

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

Mainly dry weather is expected to prevail.

Source: NCMRWF

maize prices though Candlesticks pattern is indicating trend reversal.

MACD is indicating weak sentiment and remain on negative territory, indicating medium term bearish ness of prices.

The open interest as well as volume is increasing, indicating some bullishness of prices.

**Outlook:** Maize prices are expected to trade bearish at the opening but trend reversal might be possible at the end in the coming days, where as some bearish sentiment is likely

to possible as medium term. Bullish sentiment is expected as long term.

**Recommendation:** Go for short position as short term.



#### Resistance and Support level:

The resistance level at present is at 570.4 and 572.6 marks. Support level may be seen at 564.2 and 562.0 marks as very short term as well as medium term in the coming week.

R1	R2	S1	S2
570.4	572.6	564.2	562.0

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
 © 2005 Indian Agribusiness Systems Pvt Ltd.