

Maize

27th December-2nd 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:

Market sentiment remained slight weak in Delhi market in this week as against of last week due to less demand from Punjab and Haryana and also from feed mills. The higher arrival around 20000-25000 bags daily also kept prices down. The arrival was from Maharashtra, Karnataka, Rajasthan and M.P. The Maharashtra and M.P. maize was quoted at Rs. 665-670 and Rs.695-700 per quintal in Delhi on Monday. The Rajasthan maize also showed downward trend in this mandis and prevailed at Rs.700-705 per quintal. The Karnataka was traded at Rs.675 per quintal on Monday. It is expected by the traders that the maize prices would remain slight down in the coming days.

KARNATAKA MARKET:

Maize prices decreased in this week at this market due to higher arrival from local areas and from Devengere. The arrival is also witnessed from Tamil Nadu. The Nammakal maize has traded at Rs.615-620 per quintal on lower side. Bangalore (T.N. Delivery) was quoted at Rs. 590-595/qlt on Monday.

KOLKATA MARKET:

Kolkata market showed a range bound with steady sentiment for maize prices due to stable demand with weekly arrival of 1-rack in this week 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 remained range bound with steady 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.645-655 per quintal as bilty price in this market. The

average arrival is 4-5 trucks in Bihar and which is supplying to Siliguri only.

NIZAMABAD MARKET:

The maize prices remained range bound in Nizamabad market in this week due to stable demand. The daily average arrival is 200-400 bags from local areas. The market has less stock. The NCDEX quality maize was traded at the range of Rs.560-565 per quintal on Monday.

DAVENGERE MARKET:

The Devengere market also showed same trend as of Nizamabad market and traded on steady side in this week as compared to last week. The maize has traded at the range of Rs.530-540 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 stable in this market.

AHMEDABAD MARKET:

The starch prices decreased slightly in Ahmedabad market due to slight weak demand from Starch industry where as good demand from poultry industry kept the maize prices slightly strong in this mandis. The starch prices were quoted at Rs.620-635 per quintal. The poultry feed mill quality corn was traded at the range of Rs.635-640 per quintal. The daily average arrival witnessed at around 40-50 motors. The demand is slight dull in this market. Market sentiments are expected to steady in next week.

GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) traded on higher side amidst late fund buying. The market closed early in front of the New Year's holiday. March corn finished up 4.75 cents to \$2.158 per bushel, May corn climbed 5 cents to \$2.25, and July mounted 3.5 cents to 2.32 per bushel. Weak export news, weakness in the other gains and rumour that China exported more corn to South Korea overnight helped pressure the corn market early in the day. Corn traded on bearish side for much of the session due to follow-through selling from Thursday's price weakness and light technical selling. Near-term support for March corn

comes in at 2.108 and 2.083 with 2.203 and 2.238 as resistance. Commodity fund buying was estimated at 1,100 contracts. Ethanol futures remained slight strong. The most-active April contract climbed 10 cents, finishing at \$2.10 per gallon. The CBOT agricultural markets will be closed Monday in observance of the New Year's holiday.

CONCLUSION

The maize prices started in this week with a mixed undertone, with some varieties has traded on higher side of Rs.700-710 per quintal for M.P. maize in Delhi and Rs.675-680 per quintal for Maharashtra maize in Delhi and staying at the same level till mid week and ending lower. The average prices though remained same at Rs.585-600 per quintal through out the week. Prices in the production states particularly in Karnataka are ruling at a very low level Rs.590-595 at the market yard and the state is fulfilling the requirements of states like Maharashtra, Tamil Nadu, Gujarat to a large extent. Reports available also indicate movement of large quantities of corn to Bangladesh as well to fulfil its requirements. The poultry industry in Bangladesh is growing by 25% and the demand of corn is about 900 metric tonnes and more than 50% of its requirement is met from India. The highest average price of corn in Dec 2004 was Rs.528-535 per quintal lowest being Rs.500-505 per quintal at the end of the month. In Dec 2005, the lowest was Rs.530-535 per MT and the highest 585-600 per MT, which is about 14% higher than last year prices at the same time. 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	26.12.05	2.01.06
Delhi (MP Maize)	710-715	695-700
Delhi (Maharashtra Maize)	675-677	665-670
Maharashtra	530-535	535-540
Gujarat (Maharashtra Maize)	625-630	625-635
Sangli truck bilty	540	560-570
Pune Starch	620	590-610
Ahmedabad Poultry feed mills	625-635	635-640
Ahmedabad Starch	630-640	620-635
Bihar (Bilty Price)	650	645-655
Bangalore - Tamil Nadu delivery New	595-600	590-595
Nammaklall Maize	620	615-620
Kolkata mill delivery	645-650	645-650
Nizamabad Local Maize	560-565	560-565
Devengere Local maize	530-535	530-540

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Corn Prices Remains Firm amidst Lower Production

The maize production is expected to down by 35% in Uttar Pradesh, which was at one time produced a sizable crop. Other states which are anticipated to produce less than last year crop production are Rajasthan (down by 30%), Punjab (down by 35%), Gujarat (down by 12%). The only states which have produced more than last year are Andhra Pradesh (up by 38%) and Karnataka (up by 40%). However these high productions are not sufficient to fulfill the gap. In spite of the increase in production in these two states, the prices of corn are ruling higher in Andhra Pradesh as well as Karnataka, indicating a higher demand from other states.

China's Corn Outlook

The corn prices did not decreased in China despite the USDA has increased the corn export for China from 3 million metric tonnes to 6 million metric tonnes (MMT). Grain output in China is likely to jump by more than 10 MMT to over 480 MMT, according to the National Development and Reform Commission. It was witnessed that a favorable weather also increased the bumper crop last year. Grain yield is anticipated to average 4.449 tons a hectare from 2001 to 2005, higher than 4.424 tons during the 1995-2000 period. Profitability in grain planting in China has decreased this year because of rising prices for agricultural inputs, such as fertilizer, but it still can be regarded as one of the best years, judging by historical standards.

Maize Prices Climbed to 22-Month Peak in S.Africa

The maize prices mounted to a new 22-month peak in South Africa on Tuesday, stimulated by growing worries over dry conditions in the west of the country's grain belt. The maximum planting is witnessed in eastern part than that of western part but the crops in east is about six weeks behind, according to trade sources. March white maize increased Rs.320.85 to Rs.8748.5 a tonne, its highest late February 2004, according to Reuters' data. The market can be extremely volatile at this time of the year due to the weather. There was no weekly export data this week for the market to masticate on. The next survey on farmers' planting intentions, to be released in January, will be key to longer-term trends. The last survey released in November stated that the farmers would plant less than half the amount of land compared to the past season due to drought fears and concerns about the price they could get.

Corn: U.S. Export Remained Down

According to latest report of USDA export sales highlights on corn; the net sales of 360,200 MT--a marketing-year low--were 59 percent below the previous week and 54 percent under the prior 4-week average. Increases for Taiwan (117,300 MT, including 58,000 MT switched from South Korea), Japan (52,700 MT), unknown destinations (48,000 MT), Colombia (40,800 MT), Mexico (31,200 MT), and Israel (31,000 MT) were partially offset by decreases for South Korea (58,000 MT). Exports of 778,600 MT were 34 percent under the previous week and 20 percent below the prior 4-week average. The primary destinations were Mexico (209,200 MT), Japan (152,200 MT), Taiwan (136,300 MT), Egypt (62,300 MT), Morocco (56,800 MT), Costa Rica (33,800 MT), and Canada (33,400 MT). Note: Accumulated exports for Algeria were adjusted down by 25,600 MT and Egypt up by 25,600 MT. (This summary is based on reports from exporters for the period December 16-22, 2005.)

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	2390
Ahmedabad to Kolkata	3170	Delhi to Ahmedabad	1000
Ahmedabad to Delhi	1500	Delhi to Bangalore	3111
Bangalore to Kolkata	2610	Delhi to Kolkata	2111
Bangalore to Delhi	2450	Karnal to Mumbai	2250
Bangalore to Ahmedabad	1610	Mumbai to Delhi	2250
Kolkata to Ahmedabad	2440	Kandla to Delhi	2200

FOREX RATES (2.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.07
European Union	Euro	53.55
Japan	Yen	38.44
Great Britain	Pound Sterling	77.89

WEATHER WATCH: (As on 1st January, 2006)

TECHNICAL ANALYSIS

Commodity: Maize

Contract: January (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures decreased gradually in this week as compared to last week. On Monday, the prices opened far above the last closing prices and then selling pressure pulled down the prices but remained on slight positive side as compared to last closing price. The January contract opened at Rs.567.00 but settled on Rs.563.50.

The most of the indicators are indicating strong ness of the prices where as Candlesticks indicating slight bearishness.

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

The western disturbance over north Pakistan and adjoining Jammu & Kashmir persists as an upper air system. Also, the associated induced low-pressure area persists over West Rajasthan and neighborhood. Under Its influence, scattered to fairly wide spread snowfall/rain is likely over the hilly region of NW India viz. J&K, Himachal Pradesh and Uttaranchal and scattered rainfall over the plains of NW India viz., Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan during next 2 days.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

- Hilly regions of NW India viz. J&K, Himachal Pradesh and Uttaranchal are likely to receive scattered to fairly wide spread snowfall/rains and the plains of NW India viz., Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan scattered rainfall during next 2 days.

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

- Mainly dry weather may prevail over the region except over East Uttar Pradesh and Bihar where isolated rains are expected during 4-5 Jan., 2006.

CENTRAL I INDIA INDIA [MP, CHATTISGARH, VIDARBHA]

- Region is likely to experience mainly dry weather condition.

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

- Isolated to scattered rainfall are likely over Andaman & Nicobar islands, south Tamilnadu, Kerala and Lakshadweep during next 24 hours and then during 5-6 Jan 06. Mainly dry weather may prevail of rest areas of the region.

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

- Mainly dry weather is expected to prevail over the region except over North Rajasthan where isolated to scattered rains are likely during next 24-48 Hrs.

Source: NCMRWF

Stochastic made a bullish crossover from down and indicating strong bullish sentiment.

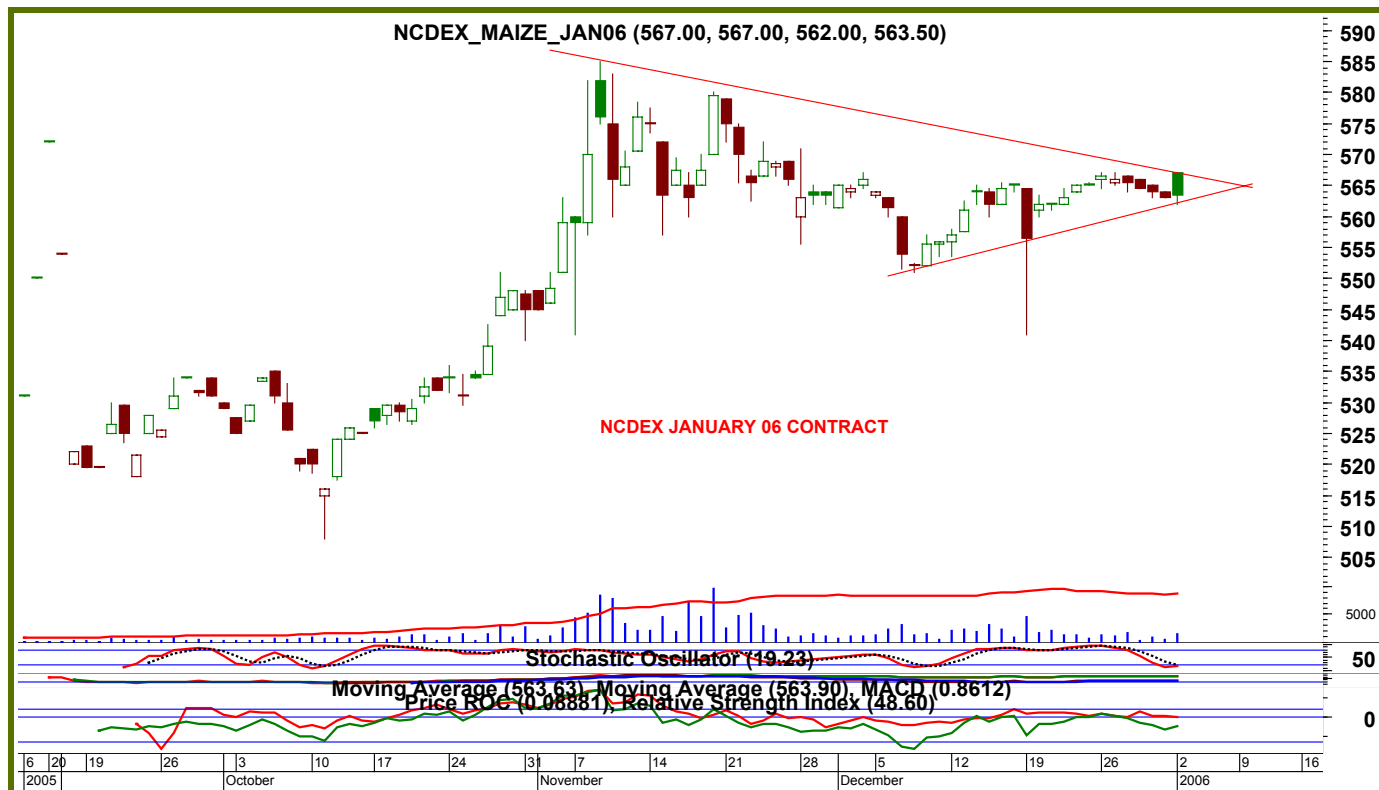
MACD is moving downwards after making a bearish crossover from up, indicating medium term bearish ness of prices.

The open interest as well as volume of trade is stable.

Outlook: Maize prices are expected to remain range bound with steady in the coming days as short term where as

some bearish undertone might be possible as medium term.

Recommendation: Go for long position as short term.



Resistance and Support level:

The resistance level at present is at 567.5 and 570.0 marks. Support level may be seen at 562.2 and 560.2 marks as very short term likely for Monday.

R1	R2	S1	S2
567.5	570.0	562.2	560.2

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.