

Maize

2nd -9th 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 strong in Delhi market in this week as against of last week due to slight upward demand from Punjab and Haryana and also from feed mills. The less arrival is also contributing the prices up. The lower arrival around 8000-10000 bags is witnessed at this weekend. The arrival was from Maharashtra, Karnataka, Rajasthan and M.P. The Maharashtra and M.P. maize was quoted at Rs. 680-685 and Rs.705-710 per quintal in Delhi on Monday. The Rajasthan maize also showed positive trend in this mandis and prevailed at Rs.705-710 per quintal. The Karnataka was traded at Rs.705-710 per quintal on Monday. It is expected by the traders that the maize prices would remain steady in the coming days.

KARNATAKA MARKET:

Maize prices increased in this week at this market due to less arrival from local areas and from Devengere and upward demand from Karnataka and North side. The arrival is also witnessed from Tamil Nadu. The Nammakal maize has traded at Rs.600-610 per quintal on lower side. Bangalore (T.N. Delivery) was quoted at Rs. 600-605/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 3-rack in this week as against of last week. The demand is also poor but very less arrival kept the prices on positive side. The maize was quoted at Rs.655-660 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 likely to complete. 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.650-660 per quintal as bilty price in this market. The average arrival is 2-3 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 less demand and very less arrival. The daily average arrival is 100-200 bags from local areas. The market has less stock. The NCDEX quality maize was traded at the range of Rs.555-560 per quintal on Monday. The average quality maize prices prevailed at Rs.540-545 per quintal.

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 quoted 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 stable in this market. 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 increased in Ahmedabad market due to strong demand from Starch industry in this mandis. The starch prices were quoted at Rs.640-650 per quintal. The poultry feed mill quality corn was traded at the range of Rs.650-655 per quintal. The daily average arrival witnessed at around 5000-6000 bags. The demand is awfully in this market. Market sentiments are expected to steady in next week.

MAHARASHTRA MARKET:

Maize prices improved in Maharashtra market due to strong buying pressure from Delhi, West Bengal and Gujarat. Therefore the prices increased from Rs.525-530 per quintal to Rs.555-560 per quintal due to price increase in cottonseed oilcake and bajra. The positive demand from poultry industry is also a positive factor for price rise.

GLOBAL MARKET

Chicago Board of Trade (CBOT) corn futures maintained its bearish sentiment and therefore it settled with small-scale losses Friday with light volume due to the lack of any significant inputs. Hopes for more index fund buying and a firm opening in soybeans pushed up the prices at te early session but weakness in the wheat market and a lack of demand news pulled down the prices further. Weekly US export sales for corn remained at 536,000 metric tonnes as against to trade expectations between 450,000 and 650,000 MT. Cumulative sales have reached 45.7% of the USDA forecast as compared to 45.9% on average over the last five years. March corn slipped 1.5 cents to \$2.143 per bushel, May corn also declined 1.25 cents to \$2.235, and July corn fell 1 cent to \$2.318 cents per bushel. Near-term support for March corn comes in at 2.135 and 2.103 with 2.168 and 2.198 as next resistance. Commodity fund selling was projected at 1,400 contracts. Ethanol futures remained mixed. The most-active April contract did not trade and gained 0.5 cent to \$2.145 per gallon. On Monday, the U.S. Department of Agriculture is scheduled to release the weekly export inspections report.

CONCLUSION

Maize prices also in full swing on a bullish undertone with the red and the hybrid yellow varieties hitting Rs.640 per quintal at the market yard. The delivered prices worked out to be Rs.750 per quintal in the northern belts. The prices remained high even in midweek. The spot prices in Nizamabad and Devengere remained Rs.555-560 per quintal and Rs.530-535 per quintal respectively. The prices touched in Bihar to Rs.655-660 per quintal as bilty prices. Prices in Andhra Pradesh also touched an all time high of Rs.680-690 and this could be an irregularity and will need to be watched. The average price for corn this week was Rs.5850 per quintal, which in the first week of Jan 2005 was Rs.520, an increase of 13.5% over last year.

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

MARKETS	2.01.06	9.01.06
Delhi (MP Maize)	695-700	705-710
Delhi (Maharashtra Maize)	665-670	680-685
Maharashtra	535-540	555-560
Gujarat (Maharashtra Maize)	625-635	635-640
Sangli truck bilty	560-570	560-565
Pune Starch	590-610	615-620
Ahmedabad Poultry feed mills	635-640	650-655
Ahmedabad Starch	620-635	640-650
Bihar (Bilty Price)	645-655	650-660
Bangalore - Tamil Nadu delivery New	590-595	600-605
Nammaklall Maize	615-620	600-610
Kolkata mill delivery	645-650	655-660
Nizamabad Local Maize	560-565	555-560
Devengere Local maize	530-540	530-535

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.

Global Corn Outlook

Taiwan is tendering to buy 56,000-60,000 tonnes of US corn. In addition, Taiwan state run Sugar Corp cancelled a tender to buy 20,000 tonnes of US corn and 15,000 tonnes of US soybeans. Dry and hot weather could be stressing the Argentina corn crop into pollination but overnight weather maps indicated a better chance of rain for later next week. A government official with the Argentina Agriculture Secretariat indicated that the corn crop is suffering from the dry weather spell and that crop estimates are falling below the previous unofficial estimate of 16 million tonnes to between 12 and 15 million. The last USDA estimate was at 17.3 million tonnes.

Rabi Maize Sowing Increasing in 2006

Rabi rice and coarse cereals sowing continues to shows lower coverage, especially jowar and maize. The area under rice prevails at 7.53 lakh (7.67 lakh of last year) with coverage in Andhra Pradesh being down by 1.1 lakh and 10,000 hectares in Kerala. The sowing is up in Tamil Nadu. The area under maize is down in Tamil Nadu.

Corn: US Exports Remains Up

According to latest weekly sales report of USDA, the net sales of 536,000 MT were 49 percent above the previous week, but 25 percent under the prior 4-week average. Increases for Japan (192,200 MT), Egypt (120,000 MT), Taiwan (69,700 MT, including 118,600 MT switched from unknown destinations), South Korea (56,200 MT), Colombia (54,600 MT, including 30,000 MT switched from unknown destinations), and Mexico (54,400 MT, including 15,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (113,000 MT). Exports of 1,163,600 MT were 49 percent above the previous week and 17 percent over the prior 4-week average. The primary destinations were Japan (419,200 MT), Mexico (274,400 MT), Taiwan (189,100 MT), Cuba (51,700 MT), Colombia (49,600 MT), South Korea (32,200 MT), Morocco (27,200 MT), Guatemala (25,900 MT), and Egypt (25,300 MT). (This summary is based on reports from exporters for the period December 23-29, 2005)

RABI CROP ACERAGE STATISTICS

(In Lakh Hectares)

Normal Area	Area Coverage (2.01.06)			Area Difference In Absolute %Age Over Last Year
	This Year	Last Year	Diff	
7	6.88	7.06	-0.18	TN (-0.2, -13.9)

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	2350	Kolkata to Bangalore	2440
Ahmedabad to Kolkata	3222	Delhi to Ahmedabad	1000
Ahmedabad to Delhi	1506	Delhi to Bangalore	3111
Bangalore to Kolkata	2610	Delhi to Kolkata	2055
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 (9.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.28
European Union	Euro	53.77
Japan	Yen	38.87
Great Britain	Pound Sterling	78.42

WEATHER WATCH: (As on 9th January, 2006)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

TECHNICAL ANALYSIS

Commodity: Maize

Contract: January (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures decreased gradually at the ahead of this week but slight buying pressure pushed up the prices from mid of this week and traded on slight higher side on Monday. January contract opened above at Rs.562.50 but settled on slight lower side of Rs.562 but remained higher side as compared with Rs.560.00 of last closing. It traded at the range of Rs.561.00-563.50.

The most of the indicators like Candlesticks, MA, RSI, PROC and Stochastic are indicating bullish ness of the prices.

WEATHER OUTLOOK

Prevailing cold wave to severe cold wave conditions over most parts of J&K, Punjab, Haryana, Rajasthan; Uttar Pradesh and parts of Bihar are likely to continue during next 24Hrs. Thereafter the night temperatures over northwest India are likely to increase by about 3 degree C during 11-12 January. Frost may continue over parts of Punjab, Haryana, Rajasthan and Uttar Pradesh during next 24 Hrs. A weak western disturbance is likely to affect J&K in next 24 Hrs. and move in east-northeastward direction across hilly regions of J&K & H.P. Under its influence hilly regions of NW India viz. J&K, H.P. and Uttranchal likely to experience scattered snowfall during 10-12. Under the influence of an easterly wave, scattered rainfall activity is expected over southern Peninsular India during next 2-3 days.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Scattered snowfall is likely over J&K, H.P. and Uttranchal during next 3 dyas. Isolated rain may occur over adjoining parts of Punjab and Harayana.

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.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

South Tamilnadu, Kerala and Lakshadweep are likely to receive scattered rainfall during next 2-3 days.

Source: NCMRWF

MACD is remaining stable but remain on negative territory, indicating medium term bearish ness of prices.

The open interest is decreasing but volume is slight increasing.

Outlook: Maize prices are anticipated to trade 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 567.0 and 570.0 marks. Support level may be seen at 562.0 and 560.0 marks as very short term likely for Tuesday.

R1	R2	S1	S2
567	570	562	560

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