

**Maize**

**21<sup>st</sup> –27<sup>th</sup> February 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:

The sentiment remained slight range bound for maize market in this week as compared to last week. But the prices got down at the mid of this week but slight upward demand from Punjab and Haryana pushed up the prices by Rs.5-70 per quintal at this weekend. The dearth of arrival has also kept pressure on prices. It has witnessed that the arrival is prevailing between 10000-15000 bags twice or thrice a week. The most of the bags are coming from Maharashtra and Karnataka. The Maharashtra and Karnataka maize has traded within the range of Rs.680-685 per quintal where as station delivery was Rs.670-672 per quintal. The demand from poultry industry remained very weak amidst bird flu. The prices are likely to steady in the coming days.

### KARNATAKA MARKET:

The maize prices decreased further in this market in this week as against of last week amidst higher arrival and weak demand from poultry feed mills as bird flu concern. The daily average arrival was witnessed at 5-7 trucks from Devengere and local area. Maize has traded at the rate of Rs.575-580 per quintal in Bangalore. Where as higher arrival around 10000-11000 bags of new crop pulled down the maize prices to Rs.540-545 per quintal at the Nammaklall market.

### KOLKATA MARKET:

The market sentiment for maize witnessed weak in Kolkata markets in this weekend over last week due to weak demand from poultry industry amidst bird flu. The lower arrival also kept pressure on prices therefore the abrupt down fall of prices did not found. The average weekly arrival was around 1-2 racks. This market is feeding by Karnataka and Andhra Pradesh.

### BIHAR MARKET:

The stock of maize has been completed and therefore the trading sentiment remained very poor. The new crop is

likely to hit the market in end week of March to first week of April. The production is likely to go up by 25-30% as compared to last year due to increase in area. There was no arrival in the market.

### NIZAMABAD MARKET:

The demand for maize remained very weak due to poor demand from poultry industry amidst bird flu and therefore the prices declined by Rs.10-15 per quintal at this market for old maize crop. Where as lower arrival of new maize crop restricted the price movement on lower side and it traded within the range of Rs.570-575 per quintal but old maize crop has traded at lower side of Rs.550-550 per quintal. The arrival of new maize crop has within 100-120 bags. The market has no stock. The stockist like NAFED, MARKFED has procured the maize to create stock by procurement.

### DAVENGERE MARKET:

The Devengere market showed steady sentiment in this week due to bird flu and weak demand from poultry industry. The maize has quoted at the range of Rs.535-540 per quintal for good quality where as inferior quality maize prevailed at Rs. 505-515 per quintal with moderate arrival. The daily average arrival is witnessing at 6000-7020 bags in each mandis. The procurement by the various centres also kept pressure on prices. The maize is supplying to Karnataka and Kolkata.

### AHMEDABAD MARKET:

In Ahmedabad market, the demand from poultry sector remained slight weak but the demand from cattle sector remained good therefore the maize prices remained almost range bound to slight weak in this week. The demand from Starch industry also showed steady undertone. The average arrival is witnessed around 15000-17000 bags from Maharashtra and Karnataka. The starch prices were quoted at Rs.635-640 per quintal on slight higher side. The poultry feed mill quality corn was traded at the range of Rs.640-645 per quintal on slight lower side

amidst weak demand from feed mills. Market sentiments are expected to weak in the coming week.

#### MAHARASHTRA MARKET:

Maize prices got steady in Maharashtra market due to less stock and very less arrival despite the poor demand from poultry industry. The demand from starch industry remained stable. Bird flu in poultry has occurred in this state at Nabapur, which is poultry hub. The maize is supplying to Delhi and Gujarat. The maize prices have prevailed at Rs.530-535 per quintal at Jalgaon market. The maize has prevailed at Rs.580-585 per quintal at Pune market amidst bird flu concern.

#### GLOBAL MARKET

Chicago Board of Trade (CBOT) corn futures witnessed bullish Friday, rallying near six-month highs due to speculative buying amid supportive export demand and impetus from outside markets. In addition, export sales news remains bullish and the market is looking for record Cattle-on-Feed numbers in the USDA report this afternoon. CBOT March corn settled 4.75 cents higher at \$2.278, and May gained 5 cents at \$2.388 per bushel. March corn was up 1.25 cent and May corn gained 1.5 cent in this week. Ethanol futures showed a mixed sentiment, with the March future settling 2 cents higher at \$2.48 and the October futures ending 3.5 cents lower at \$2.08 per gallon. Strength in the other grains and talk that China may be out of the export market for a while helped support the early gains. Weekly US export sales for corn came in at 1.562 million metric tonnes as compared to trade expectations between 900,000-1.2 million. Near-term support for March corn comes in at \$2.245 and \$2.23 with \$2.28 and \$2.305 as short-term resistance.

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

| MARKETS                             | 20.02.06 | 27.02.06 |
|-------------------------------------|----------|----------|
| Delhi (Karnataka Maize)             | 680-685  | 680-685  |
| Delhi (Maharashtra Maize)           | 680-685  | 680-682  |
| Maharashtra                         | 525-530  | 530-535  |
| Gujarat (Maharashtra Maize)         | 630-635  | 630-635  |
| Sangli truck bilty                  | 590      | 570      |
| Pune Starch                         | 615-620  | 580-585  |
| Ahmedabad Poultry feed mills        | 645-650  | 640-645  |
| Ahmedabad Starch                    | 630-635  | 635-640  |
| Bangalore - Tamil Nadu delivery New | 580-585  | 575-580  |
| Nammaklall Maize                    | 545-550  | 540-545  |
| Kolkata mill delivery               | 680-690  | 670-675  |
| Nizamabad New Maize                 | 580-590  | 570-575  |
| Devengere Local maize               | 535-540  | 535-540  |

#### CONCLUSION

The corn prices have showed slight weak trend in this week as compared with last week due to poor demand from poultry industry as bird flu. The prices slipped by Rs.25-30 per quintal in Maharashtra market due to bird flu has found in this state. Where as the prices decreased by Rs.5-10 per quintal in other market like Delhi, Karnataka, Gujarat, and Uttar Pradesh. The demand from starch industry remained slight strong. The less arrival at the market yards also kept pressure on maize prices. The less stock at the market yards also kept pressure on prices.

#### NEWS ANALYSIS:

#### DOMESTIC AND INTERNATIONAL

##### India Lost Maize Export to Sri Lanka

Sri Lanka has temporarily banned maize imports from India due to bird flu in Maharashtra, leaving the nation with just two weeks of stocks to feed local chicken, according to officials. At present, India exports around 90% of Sri Lanka's total annual requirement of maize, which is 2 lakh metric tonne. Sri Lanka banned earlier the maize import from China, Thailand and Vietnam following an outbreak of avian flu. India has already been included in Sri Lanka's long list countries from where poultry meat and all its by-products were banned. According to the President of the All Island Poultry Farmers Association D.D. Wanasinghe, there is a possibility of maize imports from India getting contaminated with the avian influenza virus during processing. He said the decision would be taken on future stocks, in about ten days' time. Sri Lanka is now left with importing maize from Argentina to feed its chickens. Besides sturdy import costs, Wanasinghe said the local Agriculture Department has some restrictions on imports from Argentina.

##### Maize Output Expected to Down in S.Africa

It is forecasted that the maize production would be a 6.21 million tonnes (MMT) for 2005/6 in South Africa, sharply down on the 11.45 million tonnes officially produced the previous season. The Crop Estimates Committee also left its planting forecast for maize little changed at around 1.55 million hectares. In its first production forecast, the committee put the white maize crop at 3.766 million tonnes and yellow maize at 2.466 million tonnes.

##### Maize Production Expected to Touch 15 MMT

According to government, the estimated rabi maize production is pegged to 14.99 million tonnes, which is an all time high. The increase is about 6.1%. Where as the production of maize was 14.33 MMT in 2004-2005. In this rabi season, the area was increased in Bihar and other states like Tamil Nadu, UP etc. The maximum production is likely to achieve from Bihar.

##### India: Corn Export Expected to 2 lakh tons in 2006-07

It is forecasted that the corn export would be at 2 lakh tons in marketing year 2006-07 against of 2.5 lakh tons exports (estimated) in MY 2005-06. The destinations are neighbouring country Bangladesh and Sri Lanka. The potentiality of export by India is limited, as problems arise in sourcing good quality corn, and because the domestic feed demand is also growing. Thus, India is doubtful to be a major player in the world corn market.

## USDA Estimated Lower Maize Output in Argentina

The U.S. Department of Agriculture declined production estimate of Argentina to 5.5 million tons in February, from 16.8 million in January, and down from last year's record of 19.5 million tons, because of heat and dryness in December and January. Mostly dry conditions are anticipated in Argentina Friday through Monday.

## IGC Forecasted Lower Maize Acreage in U.S.

Maize areas in the US in 2006 are forecast to fall by around 2% as farmers switch to soyabeans, and low prices could cut plantings in the EU, although yields should be better than in 2005.

## IGC: Global Maize Production Estimated at 683 MMT

According to the International Grains Council (IGC), world maize (corn) production is estimated at 683m. tons (706m.), the same as last month. The main change is in Argentina, whose forecast is cut by 1.5m. tons to 14.5m. due to dry conditions earlier in the season. The world consumption forecast is up 1m. tons to a record 676m. A further 0.6m. ton increase in expected maize use by the US ethanol industry to 40.6m. tons takes total US maize consumption to a new high of 228m. tons. Maize trade is now forecast at 76.4m. tons, 0.4m. higher than before. The biggest import change is for Chinese Taipei, up 0.4m. tons to 5.0m. The US export forecast (marketing year from September 2005) is unchanged at 47m. tons, but will need to be increased if shipments continue at their recent rate. Smaller supplies will limit Argentina's exports to 10.5m. tons in the marketing year ending February 2007, 1.5m. less than last month's forecast. World carryover stocks at the end of 2006/07 are forecast at 135m. tons, 2m. less than last month but still 7m. more than last year. US stocks are still set to reach a 19-year high of 61.6m. tons.

## China Likely to Suspend Corn Shipments from March

China could postpone corn shipments from March, if the government doesn't extend an export quota expiring Feb. 28, according to a source. Corn exports, except for those already contracted, will be suspended if the government doesn't announce an extension or new quotas by Tuesday, according to officials.

## Corn: USDA Weekly Export Sales Highlights

Net sales of 1,490,500 MT were 25 percent above the previous week, but 6 percent below the prior 4-week average. Major increases for Japan (321,700 MT), Taiwan (301,600 MT, including 176,000 MT switched from unknown destinations), Mexico (213,200 MT, including 7,500 MT switched from unknown destinations), South Korea (109,800 MT), Egypt (105,800 MT, including 49,000 MT switched from unknown destinations), Saudi Arabia (62,000 MT), Israel (60,000 MT), the Dominican Republic (54,300 MT), and Algeria (50,300 MT, including 25,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (17,500 MT). Sales of 72,000 MT for delivery in 2006/07 were for the Dominican Republic. Exports of 1,039,100 MT were 26 percent above the previous week and 12 percent over the

prior 4-week average. The primary destinations were Japan (451,800 MT), Taiwan (123,900 MT), Egypt (105,800 MT), Colombia (66,900 MT), South Korea (57,800 MT), Jordan (44,000 MT), Costa Rica (37,500 MT), and Mexico (34,200 MT). (This summary is based on reports from exporters for the period February 10-16, 2006).

## TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

| City                   | Freight rates (RS./ton) | City                 | Freight rates (RS./ton) |
|------------------------|-------------------------|----------------------|-------------------------|
| Ahmedabad to Bangalore | 2300                    | Kolkata to Bangalore | 2500                    |
| Ahmedabad to Kolkata   | 3100                    | Delhi to Ahmedabad   | 889                     |
| Ahmedabad to Delhi     | 1875                    | Delhi to Bangalore   | 3056                    |
| Bangalore to Kolkata   | 2610                    | Delhi to Kolkata     | 2056                    |
| Bangalore to Delhi     | 2890                    | Karnal to Mumbai     | 2250                    |
| Bangalore to Ahmedabad | 1775                    | Mumbai to Delhi      | 2250                    |
| Kolkata to Ahmedabad   | 2440                    | Kandla to Delhi      | 2200                    |

## RABI CROP ACERAGE STATISTICS

(In Lakh Hectares)

| Normal Area | Area Coverage (30.01.06) |           |       | Area Difference In Absolute %Age Over Last Year           |
|-------------|--------------------------|-----------|-------|---|
|             | This Year                | Last Year | Diff  |   |
| 7           | 7.06                     | 7.18      | -0.12 | AP (+0.1, +7.6),<br>TN (-0.2, -17.8),<br>UP (-0.1, -10.6) |

Source: Department of Agriculture, Government of India

## FOREX RATES (27.02.06)

| Country/ Continent | Currency       | Value in Rupees |
|--------------------|----------------|-----------------|
| USA                | Dollar         | 44.42           |
| European Union     | Euro           | 52.70           |
| Japan              | Yen            | 38.24           |
| Great Britain      | Pound Sterling | 77.45           |

## WEATHER WATCH: (As on 27<sup>th</sup> February, 2006)

Under the influence of the western disturbance over Jammu & Kashmir, light to moderate rain/snow has occurred at many places over Jammu & Kashmir and Himachal Pradesh and at a few places over Uttaranchal. Light rain/ thundershowers have occurred at a few places over Punjab, Haryana and north Rajasthan. The Day & night temperatures over northwest India have fallen by 2-3° C. The night temperatures are likely to fall further by 2-3° C over northwest India and adjoining Gangetic Plains during next 2-3 days. Day temperatures remained 5-7° C above normal over East Rajasthan, Gangetic Plains and

central India; they were 3-5 ° C above normal over the rest parts of the country outside peninsula where they were above normal by 2-3° C. Forecast valid 0830 hours IST of 2<sup>nd</sup> March, 2006

**NORTH-WEST INDIA:** Isolated rain/snow likely over Jammu & Kashmir. Mainly Dry weather over the rest region. Night temperatures over the regions are likely to fall by 2-3° C.

**EAST INDIA:** Weather will be mainly dry over the region. Day & night temperatures are likely to remain 3-5°C above normal.

**NORTHEAST INDIA:** Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh. Mainly dry weather over the rest region.

**SOUTH INDIA:** Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region, However, isolated rain/thundershowers are likely over Tamil Nadu and Kerala over 1<sup>st</sup> & 2<sup>nd</sup> March.

**WEST INDIA:** Weather will be mainly dry over the region. Night temperatures over Rajasthan are likely to fall by 2-3° C.

**CENTRAL INDIA:** Weather will be mainly dry over the region. Day temperatures are likely to remain 4-6° C above normal over Madhya Pradesh & Chhattisgarh.

**Source: IMD**

## TECHNICAL ANALYSIS

**Commodity: Maize**

**Contract: March (Future)**

**Exchange: NCDEX**

**Perspective: Very Short Term (Weekly)**

Maize futures have witnessed a steady declining sentiment in this week as compared with last week amidst bird flu and strong selling pressure. The March futures fell down by Rs.13 in this week till. The prices decreased from Rs.564 of last Saturday to Rs.551 on Monday and traded within the range of Rs.546.0-564.5. Though the prices reversed back slightly from its recent down fall amidst technical correction on Monday.

The most of the indicators are indicating to bullish ness of maize prices.

MACD is indicating medium term bearishness of maize prices and it remains on negative territory.

The open interest as well as volume is decreasing.

**Outlook:** Maize prices are expected to trade bullish as short term; where as some bearish sentiment is likely to possible as medium term as well as long term.

**Recommendation:** Go for long position at dip level as short term.



### Resistance and Support level:

The resistance level at present is at 564.5 and 567.1 marks. Support level may be seen at 556.0 and 552.0 marks as very short term as well as medium term in the coming week.

| R1    | R2    | S1    | S2    |
|-------|-------|-------|-------|
| 560.2 | 565.5 | 550.0 | 545.9 |

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