

Maize

14th –20th 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 range bound with slight weak undertone for maize market in this week as compared to last week amidst slight weak demand from poultry industry though the starch industry remained pronounced. The slight weak arrival around 15000-20000 bags also kept pressure on maize prices. The demand from Punjab and Haryana remained stable. The Maharashtra maize has traded within the range of Rs.680-685 per quintal, which was decreased from Rs.685-690 per quintal as of last week. The maize is coming from Maharashtra, Karnataka, and M.P. The most of the bags is coming from Maharashtra. The M.P. maize and Karnataka maize were traded at Rs. 700-705 per quintal and Rs.680-685/qrtl in Delhi on Monday. The prices are likely to down in the coming days amidst bird flu concern.

KARNATAKA MARKET:

The maize prices decreased slightly in this market in this week as against of last week amidst higher arrival and weak demand from poultry feed mills. The daily average arrival was witnessed at 6000-8000 bags from Devengere and local area. Maize has traded at the rate of Rs.580-585 per quintal in Bangalore. Where as higher arrival around 8000-10000 bags of new crop pulled down the maize prices to Rs.545-550 per quintal at the Nammaklall market.

KOLKATA MARKET:

The market sentiment for maize witnessed firm in Kolkata markets in this week as compared with last week due to weak arrival. Despite the demand remained slight weak but lower arrival kept pressure on prices. The average weekly arrival was around 1-2 racks. This market is feeding by Karnataka and Andhra Pradesh. The demand from poultry feed mill industry is stable.

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:

Paucity of arrival and poor quality has created a less demand in this market for old crop therefore the maize prices has been remaining range bound with steady sentiment from several weeks and traded within the range of Rs.550-560 per quintal. But the strong demand and weak arrival around 3-4 trucks of new maize crop pushed up the maize prices to Rs.580-590 per quintal. The market has no stock. The stockist like NAFED, MARKFED has created to stock by procurement.

DAVENGERE MARKET:

The Devengere market showed slight weak undertone 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 therefore the maize prices remained almost range bound to weak in this week. But weak demand from Starch industry pulled down the maize prices in this market. The average arrival is witnessed around 20-30 motors Maharashtra and Karnataka. The starch prices were quoted at Rs.630-635 per quintal on weaker side. The poultry feed mill quality corn was traded at the range of Rs.645-650 per quintal on stable side amidst stable demand from feed mills. Market sentiments are expected to weak in the coming week.

MAHARASHTRA MARKET:

Maize prices remained stable till Saturday but bird flu concern on Sunday pulled down the maize prices abruptly in this market on Monday. The prices have decreased by Rs20-30 per quintal in Jalgaon market. The market has less stock but the sluggish demand from poultry industry kept the prices low. Bird flu in poultry has occurred in this state. The maize is supplying to Delhi and Gujarat. The maize prices has decreased and prevailed at Rs.525-530 per quintal. The maize was prevailed at Rs.615-620 per quintal at Pune market as compared with last week but the prices went to Rs.650-655 per quintal and fell down amidst bird flu concern.

GLOBAL MARKET

Corn futures on the Chicago Board of Trade (CBOT) improved further and traded higher Thursday amidst spillover strength from wheat and supportive export data. CBOT March corn gained 1.5 cent at \$2.235, and May increased 2 cents higher at \$2.343 per bushel. Technical buying from the strong close yesterday and higher wheat prices helped support the early bounce. Weekly US export sales for corn came in at 1.249 million metric tonnes as compared to trade expectations between 1.0-1.2 million, which is also provided some underlying support. Ethanol futures traded on lower side, with the March future settling 8 cents lower at \$2.50 per gallon.

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

MARKETS	13.02.06	20.02.06
Delhi (MP Maize)	705-710	700-705
Delhi (Maharashtra Maize)	685-690	680-685
Maharashtra	550-555	525-530
Gujarat (Maharashtra Maize)	640-650	630-635
Sangli truck bilty	590	590
Pune Starch	615-620	615-620
Ahmedabad Poultry feed mills	640-650	645-650
Ahmedabad Starch	640-650	630-635
Bangalore - Tamil Nadu delivery New	595-600	580-585
Nammaklall Maize	575-580	545-550
Kolkata mill delivery	665-670	680-690
Nizamabad New Maize	530-535	580-590
Devengere Local maize	540-545	535-540

CONCLUSION

The prices of maize are slowly softening at most of the mandis but the sentiment remained weak in Maharashtra, Andhra Pradesh and Karnataka. The quality of maize has remained poor therefore the market is awaiting for the new crop. Though the prices remained higher as compared with last year same period. The most of the market like Maharashtra, AP and Karnataka has less stock and they are

only the supplier of maize crop in India at now. The market kept it steady sentiment till Saturday but fell down after that due to bird flu concern in Maharashtra and where the prices decreased by Rs.250-30 per quintal. The maize has traded at the range of Rs.680-685/qlt in Delhi, Rs.585-590 (new maize crop) per quintal in Nizamabad, Rs.535-540/qlt in Devengere and Rs.525-530/qlt in Jalgaon market in Monday. The prices are likely to slight decline in the coming days amidst weak demand from poultry industry.

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Argentina Exported Near 14 MMT of Corn

As of Feb. 10 Argentina had exported 13.905 million metric tons of 2004-05 (March-February) corn, according to the latest Agriculture Secretariat data. By this time last year Argentina had sold 11.085 million tons.

S.Africa Farmers Retained 5-10% of Maize Crop on Farms

According to crop forecasting agency of South Africa, between 5 and 10% of South Africa's maize crop was likely to retain on farms last season as prices discouraged many farmers from taking their produce to market. This would account for the disparity between the official 11.45 million tonnes harvest put forward by the Crop Estimates Committee and the 9.69 million tonnes recorded by the independent SAGIS in November. Most of the country's cattle have been fed with maize from the fields in this manner. Consequently there is a huge quantity of maize that did not reach the market. In its latest maize estimate in January the Crop Estimates Committee said farmers had planted a total of 1.548 million hectares. But some traders have said late rains and a price rally in December may have pushed the acreage higher.

Corn Acreage Likely to Down in U.S.

U.S. farmers are expected to plant 1.3 million fewer acres to corn this spring, bringing the 2006-07 total plantings to 80.5 million acres, USDA said at its outlook forum. USDA's forecast of a 10%-15% gain in corn prices in 2006-07 attributed to stronger demand for ethanol and forecasts for lower acres. Weather concerns for the dryness in Argentina and news from the US Grains Council consultant that China may be an importer of corn as early as next year.

Corn: USDA Weekly Export Sales Highlights

According to the latest USDA export sales highlights on corn, the net sales of 1,197,300 MT were 25 percent below the previous week and the prior 4-week average. Major increases were reported for Japan (424,200 MT), South Korea (227,100 MT, including 112,900 MT switched from unknown destinations), Mexico (130,600 MT), unknown destinations (109,300 MT), Egypt (109,100 MT), and Canada (83,000 MT). Sales of 52,500 MT for delivery in 2006/07 were for Canada (30,500 MT) and unknown destinations (22,000 MT). Exports of 822,800 MT were 19 percent below the previous week and 14 percent under the prior 4-week average. The primary destinations were Japan (341,400 MT), South Korea (172,100 MT), Algeria (71,900 MT), Colombia (63,400 MT), Egypt (49,100 MT), Morocco (33,500 MT), Mexico (30,000 MT), and Taiwan

(27,800 MT). (This summary is based on reports from exporters for the period February 3-9, 2006)

Bird flu Reaches India; Corn and Soymeal Might be Hit

After touring Africa, South East Asia, Middle East and Europe, the deadly disease bird flu has reached India. Recent out break of bird flu was reported in Nandurbar district in Maharashtra, where thousands of chickens had died over the past 10 days.

As far as commodity markets are concerned, the disease is likely to depress corn and soymeal prices as a reaction to this news. However, impact on soymeal is likely to be muted because 70 per cent of domestic soymeal is exported. Also, unlike western countries which predominantly use soymeal as feed, Indian poultry farmers use a diversified mix of feed consisting of corn, soymeal, bajra, mustard cake, rice bran and other ingredients. Corn and soymeal account for 50 and 20 per cent of feed respectively. Since corn is the most popular feed, its prices are likely to be hit harder.

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Ahmedabad to Bangalore	2350	Kolkata to Bangalore	2500
Ahmedabad to Kolkata	3055	Delhi to Ahmedabad	889
Ahmedabad to Delhi	1820	Delhi to Bangalore	3056
Bangalore to Kolkata	2555	Delhi to Kolkata	2056
Bangalore to Delhi	2830	Karnal to Mumbai	2300
Bangalore to Ahmedabad	1720	Mumbai to Delhi	2300
Kolkata to Ahmedabad	2390	Kandla to Delhi	2250

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), TN (-0.2, -17.8), UP (-0.1, -10.6)

Source: Department of Agriculture, Government of India

FOREX RATES (20.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.43
European Union	Euro	53.17
Japan	Yen	77.49
Great Britain	Pound Sterling	37.58

WEATHER WATCH: (As on 20th February, 2006)

Mainly dry weather conditions are likely to prevail over the country for the next 2-3 days outside northeastern states and sub-Himalayan west Bengal & Sikkim where rain/thundershowers are likely at a few places. Both day & night temperatures were above normal by 4-7 °C over northwest India, Gangetic Plains and central India. These warm condition are likely to continue for next 4-5 days, through a slight fall in night temperature is expected over northwest India and Gangetic plains during next 2 days.

Forecast:

NORTH WEST INDIA: Isolated rain/snow likely over higher reaches of Jammu & Kashmir. Mainly Dry weather over the rest region. Day temperatures are likely to remain 5-7°C above normal over the region.

EAST INDIA: Rain/thundershowers likely at a few places over Sub- Himalayan West Bengal & Sikkim and isolated over Gangetic West Bengal. Weather will be mainly dry over the rest region. Night temperatures over the region are likely to remain 4-6°C above normal.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam & Meghalaya and isolated over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Night temperatures over the Peninsula are likely to remain near normal, though the day temperatures could remain 2-3°C above normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures over Rajasthan and Gujarat are likely to remain above normal by 4-7°C above normal.

CENTRAL INDIA: Weather will be mainly dry over the region. Day and night temperatures over Madhya Pradesh and Chhattisgarh are likely to remain significantly above normal.

Source: IMD

TECHNICAL ANALYSIS

Commodity: Maize

Contract: March (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures have witnessed range bound with slight strong sentiment in this week till Saturday as compared with last week amidst stable physical market price and the poor trading activity. Though the prices went to Rs.564.5 for March contract but settled mostly down to Rs.557.00 on Monday amidst bird flu concern. This contract traded within the range of Rs.556.00-564.5 in this week.

The all of the indicators are indicating bearish undertone.

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

The open interest as well as volume has increased.

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

Recommendation: Go for short position 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
564.5	567.1	556.0	552.0

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