

Maize

7th –13th 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:

Delhi market showed bullish undertone in this week as compared with last week amidst slight strong demand from poultry industry and slight lower arrival. The demand from Punjab and Haryana remained stable. The arrival remained 4-5 motors on Monday. The Maharashtra maize has traded within the range of Rs.685-690 per quintal, which was increased from Rs.675-680 per quintal. 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. 705-710 per quintal and Rs.680-685/qrt in Delhi on Monday. The demand from poultry sector remained stable.

KARNATAKA MARKET:

This market showed slight weak undertone due to higher arrival and stable demand. The daily average arrival was witnessed at 5000-6000 bags from Devengere and local area. The demand from poultry industry remained stable. Maize traded at the range of Rs.595-600 per quintal in Bangalore. Where as new crop has hit the Nammakal market and therefore the prices has decreased by Rs.5-10 per quintal and traded within the range of Rs.575-580 per quintal with arrival around 8000-10000 bags.

KOLKATA MARKET:

The sentiment for maize remained strong 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 feed mill is witnessed also weak.

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 creates a less demand in this market for old crop therefore the maize prices has been remained range bound with steady sentiment from several weeks. The new maize crop has hit the market but very few around 20-30 bags and traded at Rs.530-535 per quintal as loose basis with 20% moisture in the crop. The new crop likely to hit in March as full-fledged, according to the traders. The market has no stock. The NCDEX quality maize was traded at the range of Rs.550-560 per quintal on Monday on stable side where as inferior quality maize has traded within the range of Rs.520-545 per quintal.

DAVENGERE MARKET:

The Devengere market continued to range bound with steady sentiment in this week as compared to last week amidst stable demand-supply scenario. The maize has quoted at the range of Rs.540-545 per quintal for good quality where as inferior quality maize prevailed at Rs. 510-520 per quintal with moderate arrival. The daily average arrival is witnessing at 5000-6000 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 and starch sector remained slight weak therefore the maize prices remained almost range bound to weak in this week. The average arrival is witnessed around 25000-30000 bags from Maharashtra and Karnataka. The starch prices were quoted at Rs.640-650 per quintal on weaker side. The poultry feed mill quality corn was traded at the range of Rs.640-650 per quintal on slight lower side amidst weak demand from feed mills. Market sentiments are expected to steady in next week.

MAHARASHTRA MARKET:

Maize prices remained slight strong in Maharashtra market due to less stock and slight upward demand from neighbouring states. The maize is supplying to Delhi and Gujarat. The maize prices had increased by Rs.5-10 per quintal in this week and prevailed at Rs.550-555 per quintal. The less stock at the market yards also kept pressure on prices. The maize was prevailed at Rs.615-620 per quintal at Pune market.

GLOBAL MARKET

Corn futures on the Chicago Board of Trade (CBOT) came back on bearish position and settled lower Friday amidst light speculative sales, the lack of new fund buying interest and weakness in neighbouring wheat futures. CBOT March corn slipped 4.25 cents at \$2.213 per bushel, May decreased 4.5 cents at \$2.318, and July declined 4.25 cents at \$2.40 1/2. A lack of aggressive new buying from fund traders and ideas that the market is a bit overbought after the recent surge higher triggered long liquidation selling and lower price action early in the session. Midday U.S. Gulf corn basis bids were unchanged while news of an export sale of 116,000 metric tons of U.S. corn to unknown destinations had little impact on Friday's CBOT corn prices. Ethanol futures settled strong Friday, with the March future settling up 11 cents at \$2.73 per gallon.

CONCLUSION

The corn prices remained mostly stable to strong in this week as compared with last week. The demand from poultry industry and starch industry remained stable where in this week as compared with last week. The most of the market has less stock therefore the prices remained on mostly stable side. It is expected that prices to continue this stable undertone in the coming week also.

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

MARKETS	6.02.06	13.02.06
Delhi (MP Maize)	695-700	705-710
Delhi (Maharashtra Maize)	675-680	685-690
Maharashtra	545-550	550-555
Gujarat (Maharashtra Maize)	645-655	640-650
Sangli truck bilty	580	590
Pune Starch	615-620	615-620
Ahmedabad Poultry feed mills	640-655	640-650
Ahmedabad Starch	650-655	640-650
Bangalore - Tamil Nadu delivery New	600	595-600
Nammaklall Maize	580	575-580
Kolkata mill delivery	655-660	665-670
Nizamabad Local Maize	555-560	550-560
Devengere Local maize	540-545	540-545

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Rabi Maize Acreage Decreased

According to Agricultural Ministry, the maize acreage has covered 7.06 lakh hectares in the current year till 23rd January, which is behind from 7.18 lakh hectares in the previous year same period. The acreage has increased in Bihar where as acreage has decreased in Tamil Nadu and Uttar Pradesh.

Poultry & Starch Sector: Difficult to Procure Maize

Poultry sector and the starch manufacturers are finding it difficult to procure maize to fulfil their requirements due to higher corn prices at the spot market. The new crop of corn is likely to hit the markets in March to April from Bihar, Tamil Nadu and small crops in Andhra Pradesh and Karnataka. The end users face high prices every year from April to September. Prices of other commodities like Jowar (Grain Sorghum) and Bajra (Pearl Millet) is also averaged Rs.665-670 per quintal, which is higher than the maize prices, making it more difficult for the poultry farmers to feed the birds. Where as average prices for the best red and yellow varieties of maize at around Rs.635-650 per quintal.

IGC: World Supply Demand Estimation on Maize

According to International Grain Council (IGC), harvests in several major northern hemisphere producers, notably the US and China, were larger than previously estimated and world production is now put at 683m. tons, 6m. more than before. In the southern hemisphere, dry conditions in late-2005 reduced sowings in Argentina, but recent rains improved yield prospects. Wet weather also helped crop development in Brazil and South Africa. Forecast global consumption is increased by 3m. tons to 675m., equal to the 2004/05 record, because of higher demand in North America (where it is being boosted by heavy feed use and rapidly growing ethanol production), Europe and Africa. World trade is forecast at 76.0m. tons, 0.7m. tons down from the previous estimate. Revised supply and demand estimates for Brazil now suggest that its imports may not increase. Greater competition and weak import demand are reflected in a reduced export estimate of 47m. tons for the US in its marketing year. China's projected sales (October–September) are up by 2m. tons, to 5m., following the issue of new export licences and additional financial incentives. Forecast world end-season stocks are increased by 7m. tons to 137m., mainly because of higher estimates for Brazil and the US.

USDA Projected Lower Corn Stocks in 2005-06

Projected 2005/06 U.S. corn stocks fall slightly from last month due to increased domestic use. Projected 2005/06 use of corn to produce ethanol is up 25 million bushels from last month based on continued growth in ethanol production and the expected opening of additional ethanol plants. No changes are made to projected U.S. 2005/06 feed and residual use or exports. Ending stocks are down 25 million bushels to 2,401 million but are 287 million larger than the previous year. The projected price range

for 2005/06 corn is \$1.75 to \$2.05 per bushel, unchanged from last month.

Corn: USDA Weekly Export Sales Highlights

Net sales of 1,614,100 MT were 17 percent above the previous week and 20 percent over the prior 4-week average. Major increases for Japan (725,200 MT, including 47,900 MT switched from unknown destinations), Mexico (253,300 MT, including 14,400 MT switched from unknown destinations), Egypt (121,700 MT, including 60,000 MT switched from unknown destinations), Colombia (90,100 MT), El Salvador (82,200 MT, including 24,000 MT switched from unknown destinations), the Dominican Republic (80,800 MT), Costa Rica (63,800 MT), South Korea (62,200 MT), and Morocco (47,600 MT, including 33,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (49,300 MT). Exports of 1,017,500 MT were 9 percent above the previous week and 16 percent over the prior 4-week average. The primary destinations were Japan (321,100 MT), Egypt (121,700 MT), South Korea (117,000 MT), Mexico (72,900 MT), Guatemala (64,100 MT), Saudi Arabia (62,400 MT), the Dominican Republic (49,300 MT), El Salvador (45,700 MT), and Colombia (45,100 MT). (This summary is based on reports from exporters for the period January 27 - February 2, 2006.)

Corn Acreage Likely to Decrease in U.S.

The lower corn acreage this year in U.S. is due to high fertilizer prices, according to a source. These factors will likely result in U.S. corn acres declining by 1.5 million to 2 million acres in 2006. But the current situation is totally depended on weather if the weather looks good and farmers are rolling along, they may go ahead and plant more corn. But assuming average weather, the estimate of acreage is about 79.5 million acres in 2006.

TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Ahmedabad to Bangalore	2400	Kolkata to Bangalore	2560
Ahmedabad to Kolkata	2945	Delhi to Ahmedabad	889
Ahmedabad to Delhi	1820	Delhi to Bangalore	3056
Bangalore to Kolkata	2500	Delhi to Kolkata	2000
Bangalore to Delhi	2720	Karnal to Mumbai	2300
Bangalore to Ahmedabad	1665	Mumbai to Delhi	2300
Kolkata to Ahmedabad	2440	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 (14.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.26
European Union	Euro	52.68
Japan	Yen	37.54
Great Britain	Pound Sterling	77.14

WEATHER WATCH: (As on 12th February, 2006)

Weather Outlook:

Baring J&K and Himachal Pradesh where isolated light rain/snowfall activity is expected during next couple of days in association with an approaching weak western disturbance, the entire country may continue to experience mainly dry weather situation for another 3-4 days. Most parts of the country are witnessing above normal day temperatures. These are 6-8 deg C above normal over Jammu & Kashmir, Rajasthan, Uttaranchal, Himachal Pradesh, 4-6 deg C above normal over Punjab, Haryana, Gujarat and 2-4 deg. C above normal over Uttar Pradesh, Madhya Pradesh, Bihar, Chhattisgarh and northeastern states. Large parts of Northwest India have registered rise in night temperatures by 1-2 deg. C during past 24 hours. These are above normal by 4-6 deg C over West Rajasthan, Saurashtra & Kutch, West Madhya Pradesh and parts of Vidarbha, 2-4 deg C above normal over remaining parts of northwest India, Gangetic plains and northeastern states. With the approach of western disturbance, the night temperatures over northwest India are likely to increase further by 1-2 deg C during next 2 days followed by a fall by about 2-3 deg C.

Forecast:

NORTH-WEST INDIA: Rain/snow likely at a few places over higher reaches of Jammu & Kashmir and isolated over rest Jammu & Kashmir and Himachal Pradesh. Isolated rain/thundershowers also likely over Punjab. Weather will be mainly dry over the rest region.

EAST INDIA: Weather will be mainly dry over the region.

NORTHEAST INDIA: Isolated rain/thundershowers are likely over Assam and Arunachal Pradesh. Weather will be mainly dry over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region.

WEST INDIA: Weather will be mainly dry over the region.

CENTRAL INDIA: Weather will be mainly dry over the region.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: February (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures showed a range bound sentiment in this week as compared with last week. The prices decreased by Rs.1.00 in this week as compared with last Monday. February contract opened very low at Rs.558 and settled at Rs.558 on Monday. It traded at the range of Rs.557.50-558.50 on Monday.

The all of the indicators are indicating bearish undertone.

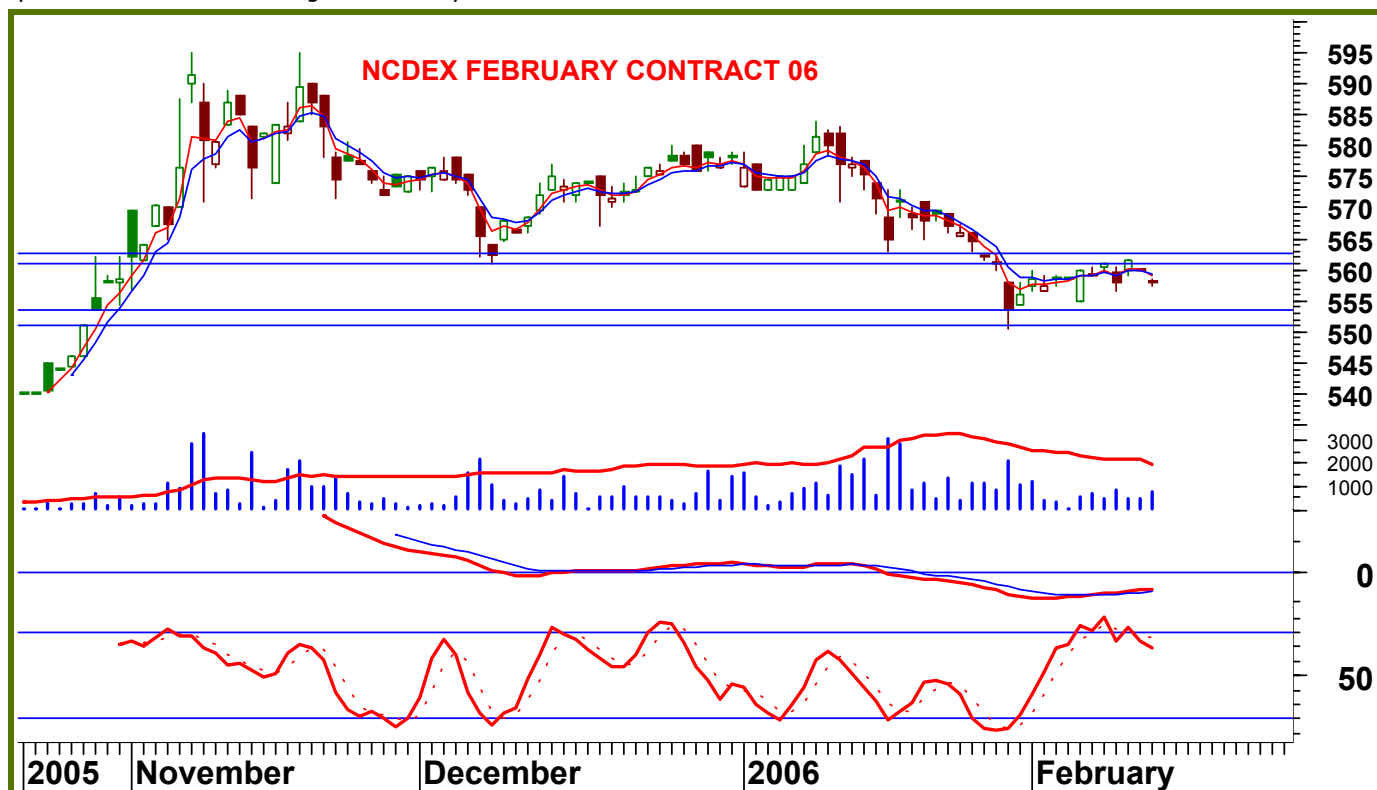
MACD is indicating medium term bearishness of maize prices and it remains on negative territory.

Source: IMD

The open interest as well as volume is volatile, indicating.

Outlook: Maize prices are expected to trade range bound 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 561.1 and 563.0 marks. Support level may be seen at 553.6 and 551.1 marks as very short term as well as medium term in the coming week.

R1	R2	S1	S2
561.1	563.0	553.6	551.1

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