

Maize

March 28- April 1, 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:

Rangebound with steady sentiment is witnessed in this week about maize market due to slight weak arrival, which is offsetting the poor demand in Delhi. Though the market went to Rs.700-710 per quintal at mid of this week but the prices fell down on bird flu concern. The demand from starch industry, Punjab and Haryana remained moderate. The daily average arrival is witnessed around 5000-6000 bags from Maharashtra. The maize has sustained at Rs.695-705 per quintal at this weekend. The prices are expected to steady in next week.

### BANGALORE MARKET:

Meagre arrival from local area and from Davengere market pushed up the maize prices during the week over last week in Bangalore market. The trading activity showed poor as March year ending. The demand from starch industry witnessed stable as compared with poultry industry. The maize prices have increased by Rs.15-20 per quintal to Rs.580-585 per quintal at this weekend. Maize has traded at the rate of Rs.550-560 per quintal at Nammakal at stable side.

### KOLKATA MARKET:

This market showed bearish trend for maize prices in this week as compared with last week amidst strong arrival from Bihar. The prices decreased by Rs.30-35 per quintal at this weekend with higher arrival of 10-12 trucks. The maize has traded at Rs.640-645 per quintal in this market with poor demand from poultry industry. According to the traders, the prices are likely to down by Rs.30-40/qlt in the coming week.

### BIHAR MARKET:

The strong arrival of new maize crop pulled down the prices once again in Bihar market in this week. The daily average arrival was in between 9000-11000 bags in

Naogachia market, which declined the prices from Rs.575-580 to Rs.550-555 per quintal at this weekend. The demand from UP and Kolkata remained moderate for Bihar maize. According to the traders, the prices are likely to decrease in the coming week due to increasing in arrival. The demand from poultry industry also witnessed poor but the demand from corn industry showed steady sentiment. The new maize is going to Kolkata and Banaras. According to the traders, the production is expected to increase over last year. Harvesting pressure in Bihar would bring negative impact on its prices in next month.

### NIZAMABAD MARKET:

The maize prices showed a steady movement during the week with moderate trading activity due to March year ending. The arrival remained poor around 2000-4000 bags daily, which has offset the poor demand. The demand from corn industry showed good but poultry industry showed very poor demand due to bird flu concern and poor demand about poultry by human beings. The maize has traded within the range of Rs.540-545 per quintal in this weekend.

### DAVENGERE MARKET:

The Davengere market showed a range bound with steady sentiment in this week as compared with last week. Though the trading activity remained poor as March year ending. The daily average arrival was 5000-7000 bags from local area and which is going to Bangalore and Kolkata market. The new maize has traded at Rs.500-510 per quintal as loose basis at this market where as it prevailed at Rs.540-545 per quintal at Bellary market. The procurement by the various centres also kept pressure on prices.

### AHMEDABAD MARKET:

In Ahmedabad market, the demand from Starch industry remained stable during this week but the demand from

Chakki's showed strong sentiment, which has offset the poor demand from poultry industry. The daily average arrival was 40-50 motors, which is also kept pressure on prices. The most of the maize is coming from Maharashtra. The starch prices were quoted at Rs.650-665 per quintal, stable as compared to previous week. Where as poultry maize has quoted at Rs.665-670 per quintal at this weekend amidst demand from Chakki, according to trade sources. Market sentiments are expected to steady in the coming week.

#### MAHARASHTRA MARKET:

Maize prices on spot market remained slightly weak in Maharashtra market due to poor demand from poultry industry but less stock and low arrival kept the market relatively stable to Rs.540-550 per quintal at Jalgaon mandis till Friday but fell down slightly on Saturday to Rs.535-545 per quintal. The demand from starch industry and dearth of arrivals brought positive impact on its prices. The maize is supplying to Delhi and Gujarat. The prices remained weak in Pune and Mumbai market due to poor demand from poultry industry.

#### GLOBAL MARKET

Corn futures at the Chicago Board of Trade (CBOT) soared to seven-month highs Friday due to strong fund buying and lower-than-expected prospective plantings figures from the USDA. CBOT May corn soared 8.25 cents at \$2.36, July corn finished higher 8.5 cents at \$2.473 and December corn increased 8 cents at \$2.68. A surge in fund trader buying thought to be near 20,000 contracts (some estimates as high as 35,000 contracts) into the mid-session supported solid gains in the corn market with new crop December corn gapping into new contract highs. Ethanol futures also showed bullish trend Friday. The May ethanol contract closed 1.5 cent higher at \$2.55 and June futures settled 2 cents higher at \$2.57 per gallon.

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

MARKETS	27.03.06	1.04.06
Delhi (Maharashtra Maize)	695-705	695-705
Maharashtra	540-550	535-545
Gujarat (Maharashtra Maize)	630-635	625-635
Sangli truck Bilty	585-590	570-575
Pune Starch	650-655	620-625
Ahmedabad Poultry feed mills	640-650	665-670
Ahmedabad Starch	650-660	650-665
Bangalore - Tamil Nadu delivery New	565-580	580-585
Nammaklall Maize	550-560	550-560
Kolkata mill delivery	665-675	640-645
Nizamabad New Maize	540-545	540-545
Devengere Local maize	500-505	500-510
Bihar (New Maize) Loose Basis	575-580	550-555

#### CONCLUSION

The corn prices remained almost stable in this week as compared with last week. The demand from poultry industry continued to show weak trend as bird flu. The recent outbreak of bird flu in MP region has negatively impact on corn prices in this week in some parts. Though the most of the markets showed steady with range bound sentiment in this week except Bihar, Kolkata, Pune and Jalgaon market due to poor demand. The new maize crop has struck in Bihar, Nizamabad and Davengere market. The corn prices have declined in Bihar, Maharashtra, and West Bengal market. The other markets remained almost stable. The arrival from AP and Bihar is increasing day by day. But the over all sentiment remained stable though the demand from poultry industry remained silent where as the demand from corn industry showed relatively stable. According to the traders, the sentiment is likely to not continue this tone and would fell down due to increase in arrival from Andhra Pradesh and Bihar.

#### NEWS ANALYSIS:

##### DOMESTIC AND INTERNATIONAL

#### US Corn: Weekly Export Inspected to Down

According to the U.S. Department of Agriculture, corn export inspected for the week ended March 23 totaled 36.133 million bushels, down from Analyst's expectation of 38-42 million bushels. The export figure was down 22.4% from last week's 46.564 million. The accumulated corn export assessment for the 2005-06 marketing year total 1.046 billion bushels, which is 7.9% above last year's 969.4 million at the same time.

#### Bird Flu Test Positive in MP

Since Avian Influenza was first detected in India in Navapur/Uchchhal on 18th February 2006, more than 11,700 samples from the country have been tested at High Security Disease Laboratory (HSADL), Bhopal in the succeeding five weeks till 25th March 2006. Avian Influenza was further notified only in four villages of Jalgaon District on 14th March on basis of four samples that tested positive. Surveillance was greatly stepped up in Jalgaon District and the adjoining area of Burhanpur district in Madhya Pradesh as the outbreak was detected in backyard poultry and also because of the report of death of poultry from some of these areas. 96 samples were collected from 13 talukas from 15th to 18th March 2006 and were rushed to HSADL, Bhopal. 8 samples in all from the above have tested positive as per the testing protocol prescribed for Avian Influenza. Of these, 7 samples were from six villages of the same district, i.e. Jalgaon and one sample from Burhanpur district of Madhya Pradesh. Of these two samples are from two talukas of Chopda and Dharangaon where Avian Influenza was notified on 14th March and containment operations had been taken up. The other samples are from adjoining talukas of Bhadgaon, Erandol and Parola in Jalgaon District and Burhanpur taluka (Ichhapur village) of Madhya Pradesh. Ichhapur is about 3 kilometers only from Maharashtra border i.e. Raver Taluka in which taluka also Avian Influenza was notified on 14th March 2006.

#### Maize Exports Declined in S.Africa

South African white maize exports declined marginally during the week as compared with last week. The export dipped to 28,925 tonnes in the week to March 14 from 30,878 tonnes the previous week, according to the South African Grain Information Service (SAGIS). The export of yellow maize also declined somewhat to 1,829 tonnes from 2,383 tonnes the previous week, SAGIS reported. The country imported 14,770 tonnes of yellow maize from Argentina last week compared to 20,420 tonnes the week before, it added. It is expected that the coming season's maize crop would touch 6.060 million tonnes, decreased from earlier estimation of 6.21 million tonnes due to heavy rains. But the maize prices still prevailed at higher side.

### USA: Traders Expecting Lower Corn Planting

For Friday morning's USDA planting intentions report, traders are looking for corn plantings near 80.5 million acres (range 80.09 to 81.0) as compared with 81.8 million acres planted last year. March 1st stocks are expected near 6.985 billion bushels (range 6.942-7.057) as compared with 6.756 billion last year.

### USDA: US Corn Export Sales Remained Strong

According to the latest export sales report of USDA, the net sales of 1,038,900 MT were 14 percent above the previous week and 6 percent over the prior 4-week average. Major increases were reported for South Korea (262,800 MT, including 117,800 MT switched from Japan), Mexico (178,300 MT), unknown destinations (178,000 MT), Colombia (109,600 MT), Egypt (84,800 MT), and Taiwan (72,900 MT). Sales of 106,900 MT for delivery in 2006/07 were for Japan, including 50,000 MT switched from 2005/06. Exports of 895,300 MT were 26 percent below the previous week and 12 percent under the prior 4-week average. The primary destinations were Mexico (232,000 MT), Japan (185,600 MT), Taiwan (166,700 MT), Colombia (108,900 MT), South Korea (56,900 MT), and Egypt (50,700 MT). (This summary is based on reports from exporters for the period March 17-23, 2006)

### IGC: Supply & Demand Estimation on Maize in 2005/06

The total production estimate is up 1m. tons at 684m. tons, increases in China and India more than offsetting reductions in Brazil and South Africa. China's consumption of maize for industrial purposes – notably starch and ethanol – is much larger than previously estimated, at 21m. tons in 2005/06. Consequently the world consumption estimate is lifted 9m. tons to 685m. tons. Maize trade in 2005/06 is forecast at 75.9m. tons, 0.5m. less than in February, because of slowing purchases by Near East Asia. With reduced competition from Argentina and China, the US export forecast (year ending 31 August) is up by 1.3m. tons at 48.3m. After the change in China's consumption figures, world stocks at the end of 2005/06 are now expected to fall by 1m tons compared with last year, to 132m., including US carryover of 60.4m.

### IGC: US Corn Plantings Likely to Decline

Plantings in the US are expected to be less than in 2005, as some farmers turn to soyabeans, but with improved yields production is projected higher, at 285m. tons. Better yields are also expected to result in a bigger crop in the EU, but China's output may fall slightly. Production in Argentina

and South Africa (to be harvested in 2007) is expected to increase compared with this year's poor crops, but high costs and low returns may result in a decline in Brazil. World maize production is forecast at 691m tons, 6m. more than in 2005.

### FOREX RATES (1.04.06)

Country	Currency	Value in Rupees
USA	Dollar	44.59
European Union	Euro	54.04
Japan	Yen	37.86
Great Britain	Pound Sterling	77.48

### TRUCK FREIGHT RATES BETWEEN VARIOUS CENTRES

City	Freight rates (RS./ton)	City	Freight rates (RS./ton)
Ahmedabad to Bangalore	2300	Kolkata to Bangalore	2560
Ahmedabad to Kolkata	3275	Delhi to Ahmedabad	867
Ahmedabad to Delhi	1888	Delhi to Bangalore	3056
Bangalore to Kolkata	2555	Delhi to Kolkata	2000
Bangalore to Delhi	3055	Karnal to Mumbai	2250
Bangalore to Ahmedabad	1830	Mumbai to Delhi	2250
Kolkata to Ahmedabad	2330	Kandla to Delhi	2200

### WEATHER WATCH:

#### Meteorological Analysis

A feeble western disturbance as an upper air system moved across western Himalayan region during 23rd and 24th. Its induced upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over central Rajasthan on 23rd and 24th. It lay over West Uttar Pradesh on 25th & 26th and subsequently moved away eastwards.

Another western disturbance as an upper air system lay over Jammu & Kashmir on 25th. It persisted on 26th & 27th and moved away eastwards on 28th.

An upper air cyclonic circulation extending upto 4.5 km a.s.l. lay over south Andaman sea and adjoining southeast Bay of Bengal on 23rd. It persisted on 24th and weakened thereafter.

Another upper air cyclonic circulation extending upto 1.5 km a.s.l. lay over Tamil Nadu & neighbourhood on many days of the week.

A wind discontinuity/trough running from Vidarbha to Tamil Nadu was seen on many days of the week.

Another wind discontinuity/trough running from Sub-Himalayan West Bengal & Sikkim to Vidarbha across Orissa was seen on 27th and from Gangetic West Bengal to Vidarbha on 28th & 29th.

An upper air cyclonic circulation extending in the lower tropospheric levels persisted over northeastern states on many days of the week.

#### Rainfall

Under the influence of above systems:

Light to moderate rainfall/snowfall occurred at many places over Jammu & Kashmir and Himachal Pradesh and isolated over Uttaranchal during 25th to 28th.

Isolated rain/thundershowers also occurred over Punjab, north Rajasthan and Haryana during 1st half of the week.

Widespread rainfall with isolated heavy falls occurred over Nicobar islands during first half and isolated during the second half of the week.

Isolated light to moderate rainfall/thundershowers occurred over Sub-Himalayan West Bengal & Sikkim, Assam, Meghalaya and Arunachal Pradesh on some days of the week.

Isolated light rainfall also occurred over Chhattisgarh, Orissa, and Jharkhand during later half of the week.

Isolated light rainfall occurred over Kerala on one or two days of the week.

Weather was mainly dry over rest regions of the country.

#### Outlook For The Week Ending On APRIL 5, 2006

Under the influence of an approaching western disturbance, isolated to scattered rain/snow is likely over western Himalayan region during the middle of the week.

Scattered rainfall activity accompanied with isolated hail/squall likely over northeastern states during 2nd half of the week.

Isolated rain/thundershowers also likely over Andaman & Nicobar islands and over extreme south peninsula during first half of the week. Temperatures over western & central India are likely to increase during the week.

Source: IMD

### TECHNICAL ANALYSIS

**Commodity: Maize**

**Contract: April (Future)**

**Exchange: NCDEX**

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

The trading activity of maize futures at the NCDEX remained very poor in this week. The volume as well as open interest is decreasing day by day. NCDEX most active April contracts traded almost range bound with slight weak in this week as compared with last week. The April contracts have declined by Rs.3.00 to Rs.544.50 on Saturday over Rs.547.00 of Tuesday. This contract traded within the range of Rs.544.50-551.50 in this week.

The most of the indicators are hinting to weak ness of maize prices except Candlesticks and Stochastic, which are indicating to trend reversal. Stochastic has reached

oversold region and moving up. MACD is hinting to medium term bearish ness.

The open interest as well as volume decreasing day by day compared to last week.

**Outlook:** Maize prices are likely to deal range bound to bullish as short term; where as some bearish sentiment might be possible as medium term as well as long term.

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



**Resistance and Support level:**

The resistance level at present is at 553.9 and 557.5 marks. Support level may be seen at 545.7 and 542.2 marks as very short term as well as medium term in the coming week.

R1	R2	S1	S2
553.9	557.5	545.7	542.2

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