

Maize

April 24th – MAY 1st, 2006

MAJOR ACTIVITY HIGHLIGHTS

- DOMESTIC AND INTERNATIONAL NEWS
- TRADE ANALYSIS
- WEATHER WATCH
- DAILY PRICE CHANGES IN DOMESTIC WHOLESALE MARKETS

TRADE ANALYSIS

Due to lower arrival coupled with strong demand from the poultry as well as starch industry pushed up the maize prices at the domestic spot market during this week. The maize has traded at higher side at Rs.710-715/qrtl in Delhi with poor arrival from Maharashtra and Bihar. The prices remained firm at most of the centre but it traded range bound in Maharashtra, Gujarat, and Andhra Pradesh etc. In Nizamabad, it quoted at Rs.525-530/qrtl, while it traded bullish at Davengere market at Rs.510-515/qrtl due to strong demand. The sentiment remained almost range bound in Bihar and it offered at Rs.500-505/qrtl as loose basis at Naogachia mandis. India is pushing into world corn markets as China, Vietnam and Pakistan. With the overhang of bird flu slowly fading, Indonesia is eager to buy Indian corn for chicken feed. Therefore it would impact positively on maize market. The market is likely to continue this bullish undertone in the coming week also.

NCDEX FUTURES MARKET:

NCDEX maize futures soared in this week due to strong spot market price and speculative buying. Technical correction also supported the futures market as the market went to over sold region. Open interest as well as volume has also increased in this week over last week. NCDEX most active May contracts traded on bullish side in this week from Rs.543.5 to Rs.554, which was highest in this week. It traded in between Rs.541-554 in this week.

PRICE DIVERSE:

1. Meager arrival at the spot market
2. Bullish sentiment at the spot market
3. Demand from starch industry as well as poultry industry
4. Sufficient stock to the government
5. Export situation for Indian corn

GLOBAL MARKET:

Corn futures at the Chicago Board of Trade (CBOT) traded bullish on Friday triggered by fund buying, technical buying

in addition to wet weather forecasts. Solid gains in gold, silver and crude oil overflowed to the corn pit and speculative buying supported the early bounce. Follow-through technical buying from the strong close of Thursday added to the positive tone. May corn hovered up 7 cents to \$2.383 per bushel, July increased 6.25 cents to \$2.49, and December gained 5.75 cents higher to \$2.718. Ethanol futures remained mostly strong on light trading activity. The May contract soared 10.5 cents to \$2.725 per gallon and the June contract increased 1 cent to \$2.61.

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

MARKETS	22.04.06	29.04.06
Delhi (Maharashtra Maize)	700-705	710-715
Delhi (Bihar Maize)	680-685	705-710
Maharashtra	540-545	545-550
Gujarat (Maharashtra Maize)	630-640	640-645
Sangli truck Bilty	585-590	585-590
Pune Starch	635-640	640-650
Ahmedabad Poultry feed mills	650-655	645-650
Ahmedabad Starch	635-640	635-640
Bangalore - Tamil Nadu delivery New	585-595	600-605
Nammakal Maize	570-575	580-585
Kolkata mill delivery	610-615	600-605
Nizamabad New Maize	520-525	525-530
Devengere Local maize	490-500	510-515
Bihar (New Maize) Loose Basis	500-505	500-505

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

S.Africa Maize Stocks Dropped to 3,79 Mt

The carryover maize stocks in South Africa fell down to 3,791-million tons (Mt) at the end of March from 4,558 million tons the previous month, according to the South African Grain Information Service (SAGIS). Exports increased reasonably, totalled 2,142-million tons in this the marketing year so far from May 2005 to March 2006 as against of 1,965 million tons to the end of the previous month, they also noted.

India Expected to Export around 1-Lt of Maize by June

India is pushing into world corn markets as China, Vietnam and Pakistan take a bow. The recent bird flu incident is slowly fading and Indonesia is willing to import Indian corn for chicken feed. It is expected that at least one lakh tonne (Lt) would be shipped by June. Indonesia was importing corn from China and Vietnam till now. But the stocks are depleting and therefore business is coming India's way. Contracts are being offered at \$141/tonne FOB (free on board) (Rs.630-640/qtl), and 15,000 tonne has already been shipped out of Kakinada in the last one week. Therefore the people have started buying and stocking corn from coastal Andhra and Bihar in expectation of heavy price increases by June.

Maize: IGC Pegged World Production at 690 Mt

According to the report of the International Grain Council (IGC) for 2006-07, the world production is forecast at 690 m. tons, 8 m. tons (Mt) more than in 2005, but 1 m. tonnes down from last month. The US crop, expected to be sown on a reduced area because of competition from soybeans, is likely to be close to last year's 282 m. tons, assuming recent trend yields. Little change is expected in the EU, with increases in Spain, Hungary, Italy and Poland balancing reductions in France and Germany. Production in southeast Europe and Ukraine should increase. Good planting conditions in China indicate a crop slightly larger than in 2005.

Source: International Grains Council

IGC Forecasted World Maize Consumption Up by 23 Mt

World maize consumption is forecast up 23 m. tons (Mt) from 2005/06 at a record 709 Mt with less competition from low-priced wheat, maize feed use may grow by 4 Mt, but the biggest rise (18 Mt) is in industrial use, particularly for the manufacture of ethanol in the US. Total trade in 2006/07 is forecast at 77.0 Mt, 1.4 Mt above 2005/06, due to stronger demand from Far East Asia, Mexico and Canada. Larger crops in Europe and the CIS would limit their import needs. With reduced competition from Argentina and China, US exports are likely to increase to over 50 Mt in its marketing year. World maize stocks are forecast to fall by 18 Mt to a three-year low of 111 Mt US carryovers, though reduced, will remain substantial at around 50 Mt.

Source: International Grains Council

USDA: Corn Export Sales Remained Weak

According to latest export sales report by the USDA based on reports from exporters for the period April 14-20, 2006, the net sales of 782,400 MT were 29 percent below the previous week and 13 percent under the prior 4-week average. Major increases for Japan (268,700 MT), South Korea (210,200 MT, including 113,000 MT switched from unknown destinations), Taiwan (155,400 MT, including 58,000 MT switched from unknown destinations), Algeria (139,300 MT, including 37,400 MT switched from unknown destinations), Egypt (128,400 MT), Indonesia (60,900 MT), Saudi Arabia (51,600 MT, including 50,000 MT switched from unknown destinations), and Canada (48,300 MT) were partially offset by decreases for unknown destinations (305,000 MT). Sales of 16,300 MT for delivery in 2006/07 were for Canada. Exports of 1,195,500 MT were one-third above the previous week and 24 percent over the prior 4-week average. The primary destinations were South Korea (283,200 MT), Japan (276,500 MT), Mexico (165,600 MT), Egypt (113,700 MT), Colombia (84,500 MT), Taiwan (70,000 MT), and Saudi Arabia (51,600 MT). Note: Accumulated exports were adjusted down for Japan 8,400 MT and Guatemala 4,500 MT.

Source: FAS, USDA

FOREX RATES (29.04.06)

Country	Currency	Value in Rupees
USA	Dollar	44.97
European Union	Euro	56.81
Japan	Yen	39.51
Great Britain	Pound Sterling	82.10

WEATHER WATCH:

Outlook For The Week Ending On May 3, 2006

The cyclonic storm over southeast Bay of Bengal is likely to intensify further and move in a northeasterly direction and cross Arakan coast by night of 29th April.

Temperatures likely to increase further over northwest, central and Peninsular India during first half of the week with possibility of heat wave conditions over parts of northwest and central India and coastal areas of Andhra Pradesh and Tamil Nadu.

Isolated to scattered rain/thundershowers activity accompanied with squall likely over east India and northeastern States.

A western disturbance is likely to affect northwest India during 2nd half of the week with possibility of rain /thundershowers over Western Himalayan region and duststorm/thunderstorm over the plains of northwest India.

Source: IMD

TECHNICAL ANALYSIS

Commodity: Maize

Contract: May (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most of the indicators are hinting to bullish ness of maize prices except Candlesticks and Stochastic, which are indicating to bearish ness as they are indicating to technical correction as the market went to overbought region. MACD is hinting to medium term bullish ness.

The open interest as well as volume has increased till Friday but fell down on Saturday.

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

Recommendation: Go for long position at dip level as long term for three to four days.

Resistance and Support level:

R1	R2	S1	S2
554.1	560.0	545.00	540.2



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