

Maize

MAY 22nd – 29th, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

The sentiment for maize market is remaining almost steady to slight up at the domestic spot market. The main governing factors are stable demand supply scenario. The arrival is moderate but the demand from the starch and poultry industry remained almost steady to slight down. The maize prices recovered slightly of early losses and gained Rs.5-7/qtl to Rs.680-685/qtl for Bihar maize and Rs.700-702/qtl for Maharashtra maize with daily average arrival of 3000-4000 bags in Delhi. Around 2-3 racks are loaded for Delhi from Bihar in this week. The maize is offering at steady side of Rs.472-477/qtl as loose basis and Rs.487-490/qtl as bilty price in Bihar. The arrival is weak and the stockists are hoarding the stocks but the demand from poultry industry remained quiet, as they are not eager to create sufficient stocks. The sentiment is witnessed also bullish at Davengere and Nizamabad mandis on slight weak arrival and outside demand and prevailed at Rs.533-537/qtl at Davengere and Rs.540-545/qtl at Nizamabad mandis. The market participants are expecting that the prices are likely to decline in the coming days.

NCDEX FUTURES MARKET:

NCDEX maize futures continued to trade bearish on speculative selling despite the steady to up physical market price though it recovered from Tuesday but fell down afterwards. Open interest as well as volume is also remained steady. NCDEX most active July contracts has traded on negative side and declined from Rs.592 to Rs.567 and made Rs.603, which was highest in this week. It traded in between Rs.55-603 during this week.

PRICE DIVERSE:

1. Decreasing in arrival
2. Stable demand supply scenario
3. Steady buying by the poultry as well as starch sector
4. Strong price at outside markets like wheat

GLOBAL MARKET:

Corn futures at the Chicago Board of Trade (CBOT) moved up on Friday on pre weekend short covering. Commodity fund buying also added support with buying estimated at

4,600 contracts. The CBOT will be closed on Monday in observance of Memorial Day. After trading sharply higher for most of the session, July corn sold off into the close and ended up only 1 cent higher on the day. Surging demand for export along with continued growth in domestic demand helped support solid gains earlier, and the improved technical action from Thursday added to the bullish tone. July corn gained 0.75 cent at \$2.54 per bushel and December soared 1 cent to \$2.79. Ethanol futures traded bullish in light trade in a continuation of the recent trend. The June contract hovered up 9 cents at \$3.42 per gallon and the July contract settled up 10 cents at \$3.38.

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

MARKETS	20.05.06	29.05.06
Delhi (Maharashtra Maize)	700-705	700-702
Delhi (Bihar Maize)	685-690	680-685
Maharashtra	570-575	580-585
Sangli truck Bilty	585-590	590-595
Pune Starch	635-640	650-660
Ahmedabad Poultry feed mills	660-665	670-675
Ahmedabad Starch	650-655	660-665
Bangalore	645-650	655-660
Nammaklall Maize	675-680	680-685
Kolkata mill delivery	590-595	580-590
Nizamabad New Maize	537-542	540-545
Devengere Local maize	525-530	533-537
Bihar (New Maize) Loose Basis	470-475	472-477

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Maize Cultivation Soaring in Bangladesh

Farmers of the Nilphamari district in Bangladesh have become very enthusiastic to cultivate maize. The farmers are inclined towards cultivation of maize because it is risk-free and more profitable than other traditional crops, according to sources. The Department of Agriculture Extension (DAE) officials of Nilphamari said maize was cultivated on 1,500 hectares of land in Nilphamari district in fiscal 2004-2005. According to the DAE, maize cultivation has increased to 3,070 hectares of land and the target has been fixed at 5.0 tonnes per hectare for the current fiscal (2005-2006). Therefore it is expected that the maize production would be increase in this region. However it might be negatively impact on maize export from India as Bangladesh imported maize from India.

Corn Export Remains Down in Argentina

According to the latest Agriculture Secretariat data of Argentina that Argentina had export around 5 million metric tonnes of corn in 2005-06 (March-February) as of May 19. It is witnessed that the corn export decreased above 1.3 MMT in this year as compared with last year same period, last year it was around 6.3 MMT. The main buyers were Algeria, Chile, Egypt, Malaysia, and South Africa etc.

Taiwan: Corn Imports Likely to Decline in 2006-07

It is reported that the corn imports in Taiwan are likely to dip from 4.98 to 4.90 million metric tons (MT) in 2006-07, with the U.S. agricultural attaché blaming most of the decrease on liberalization of chicken meat imports, which has had a negative impact on local broiler production.

IGC Dropped World Maize Production to 689 MMT

According to latest report of International Grain Council (IGC), the world production is forecast at 689m. tons, 1m. less than last month but 3m. more than in 2005. Planting in the US is nearly complete on an area which may exceed

earlier predictions. With average yields the crop is projected at 276m. tons, 6m. less than last year. Crop conditions remain favourable in most of Europe. More rain is needed in China for crop development, while rising demand is stimulating increased output in southeast Asia. The forecast of total consumption is lifted 7m. tons to a record 716m., 24m. more than in 2005/06. Demand from the industrial sector is particularly strong, with maize use for ethanol in the US projected to rise by 15m. tons. Recovery of poultry output in Pacific Asia and Egypt is boosting feed maize demand. World maize trade is forecast at 78m. tons, 1m. more than last month and 2m. tons up from 2005/06. Canada will buy more following cancellation of its import duties on US maize, while rising demand will lift the import needs of Mexico, Egypt and Algeria. US exports (local marketing year) are projected at an 11-year high of 55m. tons, 3m. more than in 2005/06, but tighter supplies will limit sales by China and Argentina. Stocks in the US will decline sharply because of the smaller crop and increased use and exports, and there will be a further drop in China's carryovers. World stocks at the end of 2006/07 are projected at 98m. tons, 13m. less than forecast a month ago, and 28m. tons down from 2005/06.

Source: IGC

WEATHER WATCH:

The current meteorological conditions indicate onset of monsoon likely over Kerala during 1st half of the week. It is likely to advance further and cover some more parts of west coast & interior peninsula and also enter into northeastern states in the subsequent 2-3 days. Enhanced rainfall activity with heavy to very heavy rainfall at a few places likely over Lakshadweep, Kerala, coastal & South Interior Karnataka, south Konkan & Goa and northeastern states. Scattered rain/thundershowers also likely over East India and isolated over northwest India. Day temperatures are likely to increase over northwest and adjoining westcentral India with possibility of heatwave development in isolated pockets.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

All of the indicators are clearly hinting to downward price movement for maize futures though Stochastic has reached oversold region indicating technical reversal and MACD prevails in negative region while MA is far above than that of price line and indicating bearish sentiment.

The open interest as well as volume remained steady to up during this week as compared with last week.

Outlook: Maize futures are likely to remain bearish for one two days but upward ness of prices are likely to near amidst technical correction afterwards.

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



Resistance and Support level:

Contract Month	R1	R2	S1	S2
JULY Contacts	572.9	580.5	562.1	553.8

FOREX RATES (29.05.06)

Country	Currency	Value in Rupees
USA	Dollar	45.97
European Union	Euro	58.58
Japan	100 Yen	40.93
Great Britain	Pound Sterling	85.51

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