

Maize

MAY 15<sup>th</sup>-20<sup>th</sup>, 2006

## MAJOR ACTIVITY HIGHLIGHTS

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

## TRADE ANALYSIS

Sentiment was witnessing bearish at most of the mandis for maize market. The prices remained on higher side at Bangalore and Nammakal market due to lower stocks at the market yards coupled with poor arrival. Therefore the prices increased to Rs.5-10/qtl at these mandis and traded at Rs.645-650/qtl at Bangalore and Rs.675-680/qtl at Nammakal. Where the sentiment remained weak at the other markets like Delhi, where the prices declined by around Rs.7-10/qtl as compared to last week on higher arrival coupled with weak demand. The sentiment was witnessed also bearish at Davengere and Nizamabad mandis on slight weak demand and prevailed at Rs.525-530/qtl at Davengere and Rs.535-540/qtl at Nizamabad mandis. The election time, which is inducing lower arrival in Bihar, kept the market steady to slight up. Bihar is supplying the maize to Delhi, U.P, West Bengal, Punjab, and Haryana etc. mandis. The demand from the poultry feed mills remained pronounced but the starch demand witnessed slight weak. Apart from this, the export situation of India is also encouraging the stockists to create stocks. But the situation is likely to remain steady to slight down as expectation of increasing in arrival.

## NCDEX FUTURES MARKET:

NCDEX maize futures showed a bearish undertone in this week as the market went to overbought condition, which induced speculative selling at higher level. The profit booking also encouraged the futures to down. Open interest as well as volume is also decreasing. NCDEX most active July contracts traded on bearish side and decreased from Rs.645 to Rs.600 and touched Rs.587, which was lowest this week. It traded in between Rs.587-651 in this week.

## PRICE DIVERSE:

1. Higher arrival
2. Moderate demand from the stockists and other industry
3. Government's procurement
4. Adequate stock to the government

## GLOBAL MARKET:

Prices of corn on CBOT also plunged to \$ 99.42 per MT, down from last week's close of \$ 101 per MT, a loss of about 1.6% over last week. Corn futures at the Chicago Board of Trade (CBOT) slipped down on Friday amidst speculative and technical selling, triggered by the weakness in the outside markets like metals, wheat etc. The other bearish factor was stronger dollar. CBOT July corn stumbled down 7.5 cents lower at \$2.528 and December corn slid 8 cents at \$2.773. Weakness in the other grains, a sharp break in gold and outside commodity markets and follow-through technical selling from the technical reversal on Thursday helped trigger aggressive speculative long liquidation selling and lower prices into the mid-session on Friday. **WEEKLY PRICE CHANGES IN DOMESTIC WHOLESALE MARKETS (Rs. Per Quintal)**

MARKETS	13.05.06	20.05.06
Delhi (Maharashtra Maize)	705-710	700-705
Delhi (Bihar Maize)	700-705	685-690
Maharashtra	580-585	570-575
Sangli truck Bilty	590-595	585-590
Pune Starch	640-650	635-640
Ahmedabad Poultry feed mills	670-680	660-665
Ahmedabad Starch	650-660	650-655
Bangalore	640-645	645-650
Nammakal Maize	655-660	675-680
Kolkata mill delivery	590-595	590-595
Nizamabad New Maize	540-545	537-542
Devengere Local maize	530-535	525-530
Bihar (New Maize) Loose Basis	475-485	470-475

## NEWS ANALYSIS:

### DOMESTIC AND INTERNATIONAL

#### Argentina Exported around 4 MMT of Maize in 2005-06

According to a source, Argentina had sold around 3.80-3.90 million metric tonnes of maize in 2005-06 (March-February) for export as of May 12. The Agricultural Secretariat released the data. Where as this country had export around 6.20-6.25 million metric tonnes of maize in last year same period. The main destination country was Algeria, Chile, Colombia, Egypt, Indonesia, Malaysia and other s country.

#### Record Corn Stocks Witnessing in Canada

Statistics Canada reported this week that total stocks of grain and oilseeds, including commercial and on-farm inventories as of March 31, reached levels well above their 10-year averages. Stock levels of corn set new records. Grain corn stocks were up more than 9%; hitting a record 5.8 MMT that reflects last year's record yields in the East and farmers holding on to inventories in the expectation of higher prices.

#### Corn Export Increases in South Africa

According to the data from the South Africa, the export of white maize slightly increased and resumption of imports of the yellow variety from Argentina after a week of inactivity on that front. South Africa last month cut its forecast of the coming season's crop by 2.3 percent to 5.92 million tonnes and said the final harvest might be even lower if wet weather persisted. South African white maize exports increased to 15,535 tonnes in the week to May 12 from 8,111 the previous week, the South African Grain Information Service said on Tuesday in data released shortly after the futures market closed. Yellow maize exports were 1,988 tonnes versus 782 previously. South Africa also imported 67,378 tonnes of yellow maize from Argentina last week, SAGIS said. It imported no yellow maize the previous week.

#### Argentina Expected to Fetch 14 MMT of Corn

It is estimated that the Argentina's 2005-06 corn crop production at 14 million tons, which is unchanged from a

### TECHNICAL ANALYSIS

#### Commodity: Maize

#### Contract: JULY (Future)

#### Exchange: NCDEX

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

Most of the indicators are indicating to bearishness of maize prices. MA is far above than that of price line and indicating bearish sentiment while MACD is hinting to medium term bearish ness and going to negative zone. Stochastic is hinting to down though it reached to oversold region so technical correction might be possible.

The open interest as well as volume decreased during this week as compared with last week.

**Outlook:** Maize futures are expected to remain steady to bearish as short term; where as some bullish sentiment might be possible as medium term as well as long term for technical correction.

previous report, according to the country's Agriculture Secretariat. Corn planted area was also remained unchanged at 3.05 million hectares. The area is estimated to down 10.3% from 2004-05 due to poor planting weather.

#### Corn: USDA Weekly Export Sales Highlights

According to the latest export sales highlights of corn by USDA, the net sales of 1,539,900 MT were 39 percent above the previous week and 44 percent over the prior 4-week average. Major increases were reported for Japan (293,000 MT), Egypt (235,700 MT), South Korea (210,900 MT), Mexico (151,100 MT), unknown destinations (137,300 MT), Colombia (94,000 MT), Taiwan (72,400 MT, including 58,000 MT switched from unknown destinations), Indonesia (60,000 MT), and Saudi Arabia (60,000 MT). Optional origin sales of 40,000 MT were reported for delivery to Egypt in 2005/06. Sales of 51,100 MT for delivery in 2006/07 were mainly for Japan (48,800 MT). Exports of 1,085,900 MT were 2 percent below the previous week, but 2 percent over the prior 4-week average. The primary destinations were South Korea (215,900 MT), Egypt (174,500 MT), Taiwan (156,600 MT), Japan (154,400 MT), Colombia (81,200 MT), Mexico (75,700 MT), and Guatemala (56,200 MT). (This summary is based on reports from exporters for the period May 5-11, 2006)

### WEATHER WATCH:

Conditions are favourable for further advance of Southwest monsoon into remaining parts of Andaman sea, some more parts of south bay of Bengal and some parts of eastcentral bay of Bengal. Rain/thundershower is likely at most places over Andaman & Nicobar Islands with isolated heavy falls throughout the week Rainfall activity is likely to increase over south Peninsula where fairly widespread rains are likely during first half of the week and is likely to decrease subsequently. Isolated rain/thundershowers also likely over Northeastern States and east India.

The winter maize harvest across Bihar and Andhra Pradesh will benefit from a recent turn to drier and warmer weather. Around 90-95% crop has been harvested.

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



**Resistance and Support level:**

R1	R2	S1	S2
605.20	611.50	575.00	570.00

**FOREX RATES (19.05.06)**

Country	Currency	Value in Rupees
USA	Dollar	45.46
European Union	Euro	58.32
Japan	Yen	40.99
Great Britain	Pound Sterling	85.94

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