

Maize

MAY 8th –13th, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

The sentiment is witnessing bullish at the maize market during this week. The prices increased by Rs.10-15/qrtl at Bangalore, Davengere, Jalgaon, and Nizamabad etc mandis due to export situation of India, slight weak arrival and strong activity by the stockists. In addition to the fresh demand from the poultry feed mills also kept pressure on maize prices. Therefore the maize is offering at higher side of Rs.530-535/qrtl as loose basis at Davengere and Rs.540-545/qrtl at Nizamabad while it is prevailing above Rs.640/qrtl at Bangalore mandis. The sentiment remained also firm in Delhi on weak arrival with promising demand and maize is offering at Rs.705-710/qrtl for Maharashtra maize and Rs.700-705/qrtl for Bihar maize with average arrival of 3000-4000 bags daily. Bihar market is showing slight bullish trend due to strong demand from outside markets and therefore the prices increased by Rs.5-10/qrtl in this week and it quoted at Rs.475-485/qrtl as loose basis at Naogachia mandis. The current export situation by India is encouraging the stockists to build up the stocks. India is likely to export maize to Tanzania and Indonesia.

NCDEX FUTURES MARKET:

NCDEX maize futures are also maintaining a sharp bullish undertone like physical market till Friday in this week due to strong speculative buying but profit booking at higher level pushed down the futures to down on Saturday. Open interest as well as volume is also increasing. NCDEX most active June contracts traded on upper side and increased from Rs.579.5 to Rs.615.5 and touched Rs.648.5, which was contract high. It traded in between Rs.582-648.5 in this week.

PRICE DIVERSE:

1. Weak arrival
2. Demand from the stockists
3. Strong demand from the poultry industry and starch industry
4. Export situation ahead of India
5. Government's procurement
6. Adequate stock to the government

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures soared on Friday amidst bullish supply and demand report by the USDA. Bullish news from the USDA sparked aggressive fund and speculative buying on the opening with December corn gapping into new contract highs and July corn up to the highest level since August. The July contract fetched 11.25 cents higher at \$2.583 per bushel and traded at its highest level since last summer. The December contract increased 10.5 cents to \$2.818 and setting a new contract high. Ethanol futures traded mostly bullish in light trade. June ethanol finished 3.5 cents higher at 2.90 per gallon and July gained 6 cents to 2.81. The May contract terminated 15 cents higher at \$3.10.

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

MARKETS	6.05.06	13.05.06
Delhi (Maharashtra Maize)	690-695	705-710
Delhi (Bihar Maize)	695-705	700-705
Maharashtra	550-555	580-585
Sangli truck Bilty	585-590	590-595
Pune Starch	645-650	940-950
Ahmedabad Poultry feed mills	655-660	670-680
Ahmedabad Starch	640-650	650-660
Bangalore	630-635	640-645
Nammaklal Maize	620-625	655-660
Kolkata mill delivery	580-585	590-595
Nizamabad New Maize	535-540	540-545
Devengere Local maize	520-525	530-535
Bihar (New Maize) Loose Basis	470-475	475-485

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

AIKMS Urges MSP for Maize in Andhra Pradesh

According to a source, All India Kisan Mazdoor Sabha (AIKMS) has passed 12 resolutions at its district-level meeting held at Mao Bhavan of Rajahmundry region of Andhra Pradesh on Monday. According the secretary M Durga Prasad of AIKMS, the Government boycott the Asia Development Bank (ADB) meetings in Hyderabad, declaration of the minimum support price to maize growers, implementation of the Land Ceiling Act, distribution of temple lands to the poor, clearance of silt in the canals, prevention of rural migration and decentralisation of powers to the local bodies.

Maize Exports Fell Down in S. Africa

The maize prices are climbing in South Africa due to worries that wet weather may reduce crop yields while data released after the market closed showed a fall in exports last week. 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 continued. It is witnessed that the white maize exports fell to 8,111 tonnes in the week to May 5 from 16,602 the previous week. The South African Grain Information Service said yellow maize exports were 782 tonnes versus 1,311 previously. No yellow maize was imported last week compared with 22,246 tonnes from Argentina the previous week, SAGIS added.

Corn: U.S. Export Sales Remaining Weak

According to latest export sales highlights of wheat, the net sales of 1,105,100 MT were 14 percent below the previous week, but 11 percent over the prior 4-week average. Major increases were reported for unknown destinations (191,700 MT) Japan (140,200 MT), Mexico (123,400 MT), South Korea (122,600 MT, including 57,800 MT switched from unknown destinations), Taiwan (75,600 MT), Indonesia (74,400 MT), Israel (64,600 MT), Egypt (54,900 MT), and Canada (53,000 MT). In addition, new sales of 15,000 MT were reported for Libya--the first activity since 2003/04. Exports of 1,104,700 MT were 5 percent above the previous week and 10 percent over the prior 4-week average. The primary destinations were Japan (297,400

MT), South Korea (164,800 MT), Mexico (119,600 MT), Indonesia (119,400 MT), Egypt (99,900 MT), and Taiwan (74,600 MT). (This summary is based on reports from exporters for the period April 28-May 4, 2006)

Latest WASDE Report on US Corn

The 2006/07 U.S. outlooks for coarse grains include decreased feed grain supplies, higher use, falling stocks, and higher prices. The 2006/07-corn crop is projected at 10.55 billion bushels, 5 percent below last year. Total corn supply, at 12.8 billion bushels, is down 3 percent as the smaller corn crop is only partially offset by higher beginning stocks. Projected 2006/07-corn use expands 6 percent to a record 11.6 billion bushels. Domestic use for ethanol production increases 34 percent from last year to 2.15 billion bushels while exports increase 6 percent to 2.15 billion. The export increase is due to reduced foreign competition and lower global feed-quality wheat supplies. Ending stocks of 1.1 billion bushels are down by about half from year-earlier levels. The projected price range for corn is \$2.25 to \$2.65 per bushel, compared with \$1.95 to \$2.05 for 2005/06.

Source: USDA

WASDE: Global Coarse Grain Outlook

The 2006/07 global coarse grains outlook includes slightly lower production, increased consumption, and lower ending stocks. Smaller coarse grain crops in the United States more than offset higher foreign production. Production increases are significant for Argentina and EU-25. Global coarse grain trade is up slightly while consumption is up 2.7 percent. China's corn stocks continue to fall; global corn ending stocks drop 29 percent to 92 million tons, the lowest in more than 20 years.

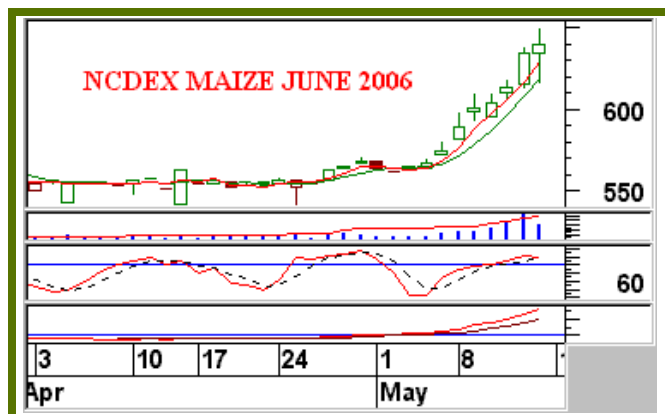
Source: USDA

WEATHER WATCH:

Isolated heavy rainfall likely over Sub-Himalayan West Bengal & Sikkim and Northeastern States. Scattered rainfall /thundershowers activity over Northeastern States likely to continue.

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



Commodity: Maize

Contract: JUNE (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Most of the indicators are indicating to bearishness of maize prices. Though MA is far below than that of price line and indicating bullish sentiment while MACD is hinting to medium term bearishness. Stochastic is curbed down from overbought region and indicating downward sentiment.

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

Outlook: Maize futures are anticipated to trade steady to bearish as short term; where as some bullish sentiment might be possible as medium term as well as long term.

Resistance and Support level:

R1	R2	S1	S2
626.7	638.1	596.7	583.0

FOREX RATES (13.05.06)

Country	Currency	Value in Rupees
USA	Dollar	45.05
European Union	Euro	58.04
Japan	Yen	40.94
Great Britain	Pound Sterling	85.36

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