

Maize

13<sup>th</sup> -17<sup>th</sup> JUNE, 2006

## MAJOR ACTIVITY HIGHLIGHTS

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

## TRADE ANALYSIS

Strong arrival from Bihar and Andhra Pradesh pulled down the maize prices in India during this week at some pockets like Delhi, Bihar, and Kolkata. The most of the market showed a bearish trend at this region. But the other market remained on mostly upper side. The demand from the starch and poultry industry witnessed significant but the higher inflow in the market breaks the upward trend. Therefore maize prices dropped from Rs.685-690/qrtl to Rs.675-680/qrtl in Delhi mandis while the godown delivery was Rs.660-662/qrtl. Around 4-5 rakes are loaded in this week for Delhi from Bihar. One rake is equivalent to 25000 bags, according to the traders. Another one rake is expected to load from Andhra Pradesh for Delhi, according to the traders. The maize prices also tumbled down in Bihar also and quoted at Rs.460-465/qrtl, as loose basis while bilty prices was Rs.495-500/qrtl with good arrival. The maize has been damaged due to recent rain in this region and has been fetching lower rate. The stockists increased the maize prices at Maharashtra, Davengere and Nizamabad mandis amidst higher arrival as creating stocks. Therefore maize prices traded up at Rs.585-590/qrtl as truck bilty at Davengere and Rs.595-600/qrtl at Nizamabad mandis.

## NCDEX FUTURES MARKET:

NCDEX maize futures traded firm during this week. The prices rallied strong from the beginning to end of this week on strong speculative buying pressure and bullish undertone at the spot market. The news of government might be substitute wheat with corn also pushed up the futures market. Most active July contract traded mostly strong at Rs.615 in this week from Rs.595 and made Rs.615, which was highest in this week and traded in between Rs.593.50-615.00 in this week.

## PRICE DIVERSE:

1. Arrival is increasing
2. Releasing the stocks by the Stockists
3. Rain in Bihar damaged the quality
4. Promising demand from Starch and Feed mill industry
5. India Considering Substitute Wheat with Coarse Cereals

## GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures traded strong on Friday on midday weather forecasts. July corn hovered

up 2.5 cents higher at \$2.355 per bushel and December increased 2.75 cents to \$2.613. December corn settled strong on the day but lost 6.5 cents on the week. The outlook for scattered showers and warm to hot weather for the Corn Belt into the weekend helped limit the early advance. Ethanol futures also showed firming undertone in thin trading. The July contract finished 13.5 cents higher to \$3.94 per gallon and the August contract increased 0.5 cent to \$3.30.

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

MARKETS	12.06.06	17.06.06
Delhi (Maharashtra Maize)	710-715	705-710
Delhi (Bihar Maize)	685-690	677-680
Sangli truck Bilty	600-610	640-660
Pune Starch	685-690	715-720
Ahmedabad Poultry feed mills	700-720	735-740
Ahmedabad Starch	690-700	710-715
Bangalore	660-665	665-670
Nammakal Maize	690-695	690-695
Kolkata mill delivery	590-595	580-585
Nizamabad New Maize	565-570	597-600
Devengere Local maize	587-592	585-590
Bihar (New Maize) Loose Basis	485-490	460-465

## NEWS ANALYSIS:

### DOMESTIC AND INTERNATIONAL

#### Maize Prices Climbing in South Africa on Good Export

The maize prices in South Africa rose to 28-month highs on Tuesday amidst renewed round of rand weakness while data released after the market closed showed a slight rise in exports last week. Prices have been well-supported by the fact that farmers sowed much less land this season with maize than in the previous, when they harvested a bumper crop of 11.45 million tonnes -- but also reaped low prices as

a result. The last official forecast for this season saw a maize harvest of just over 6 million tonnes. White maize exports hovered up to 20,198 tonnes in the week to June 9 from 13,207 tonnes the previous week, the South African Grain Information Service said on Tuesday in data that was released after the local market's midday close. Yellow maize exports were 1,785 tonnes versus 1,856 tonnes previously. South Africa imported no yellow maize last week, SAGIS added. It imported 11,266 tonnes of the grain from Argentina in the previous week.

#### **PAU: Evolved New Maize Variety PMH-1 & 2**

Punjab Agricultural University (PAU) has added yet another feather in its cap. A maize hybrid, 'PMH-1' evolved by the plant breeders have been identified at the national level for cultivation in northwestern plain zone: west UP, Delhi, Haryana and Punjab. It has out-yielded private sector hybrid checks by a margin of 14 per cent to 24 per cent, averaged over three years. Yet another maize hybrid—PMH-2 is now ready for release in the western Indo-gangetic plains and central India. This too has outstripped the private sector check by a margin of about 10 per cent.

#### **India Considering Substitute Wheat with Coarse Cereals**

According to a senior government official, the federal government of India is considering a suggestion to sale coarse cereals in place of wheat to cut wheat imports, as the import is a very time consuming process and also low stocks of wheat to the government. They also pointed out that substitute wheat with not only rice but also coarse cereals such as bajra and corn (for subsidized sale programs). The proposal is likely to be placed ahead of the federal cabinet by the food ministry shortly as part of plans to minimize wheat imports. Till now, the government has only been selling wheat and rice under the subsidized sales program. The government has an inventory of 1.02 million tons coarse cereals as of April 30. According to the official, these stocks of coarse cereals could come in handy at a time when wheat stocks have fallen, prices are firm and one of the country's largest-ever wheat import program for a single year is on. But the trade experts are pointed out that this might be hover up the coarse cereals like corn as its large demand in poultry and starch industry. Poultry industry has sought open market sale of corn from government stocks to keep prices under check.

#### **Corn: US Weekly Export Sales Mostly Up**

According to the weekly export sales highlights of USDA; the net sales of 1,464,700 MT were 69 percent above the previous week and 25 percent over the prior 4-week

#### **TECHNICAL ANALYSIS**

**Commodity: Maize**

**Contract: JULY (Future)**

**Exchange: NCDEX**

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

NCDEX most active July contract traded mostly strong at Rs.615 in this week from Rs.595 and made Rs.615, which was highest in this week and traded in between Rs.593-50-615.00 in this week.

**Technicals:** Candlesticks, RSI, Stochastic indicators are clearly indicating to upward ness of maize price while 9-days MA and 18-days MA are prevailing below the price line indicating to firm undertone. MACD is hinting to upward movement of maize futures and remained in positive territory. However Stochastic has reached overbought region and indicating to technical correction.

average. Major increases were reported for Japan (565,900 MT), South Korea (193,300 MT, including 58,000 MT switched from unknown destinations), Mexico (140,400 MT, including 20,000 MT switched from unknown destinations), Taiwan (136,300 MT, including 58,000 MT switched from unknown destinations), and Colombia (119,600 MT). Optional origin sales of 55,000 MT for South Korea were declared other than U.S. origin. Net sales of 74,400 MT for delivery in 2006/07 were primarily for Japan (58,000 MT), Guatemala (22,500 MT), unknown destinations (14,400 MT), and Costa Rica (14,000 MT). Decreases of 55,000 MT were reported for South Korea. Exports of 1,139,300 MT were 2 percent below the previous week and 9 percent under the prior 4-week average. The primary destinations were Japan (354,400 MT), Egypt (191,200 MT), Mexico (124,700 MT), Colombia (104,100 MT), Taiwan (79,000 MT), and South Korea (60,500 MT). (This summary is based on reports from exporters for the period June 2-8, 2006)

#### **Supply Constraints Might be Push Up Global Corn Prices**

According to a source, the prices of corn, wheat and coffee are expected to increase on supply constraints. The other bullish factor for corn is increased use of corn to produce ethanol in the US. Record increase of the crude oil prices has driven demand for ethanol and the crops used to produce it such as corn. Corn prices on the Chicago Board of Trade have increased 9.3% since March 1 when the US government began surveying farmers for its planting-intentions report. The fast growth of the ethanol industry in 2005 with numerous plants across the US Corn Belt advocates that more and more corn will be used for ethanol for the coming years. US farmers, the world's largest producers and exporter of corn, harvested 11.1 billion bushels last year from a record 11.8 billion bushels a year earlier.

#### **WEATHER WATCH:**

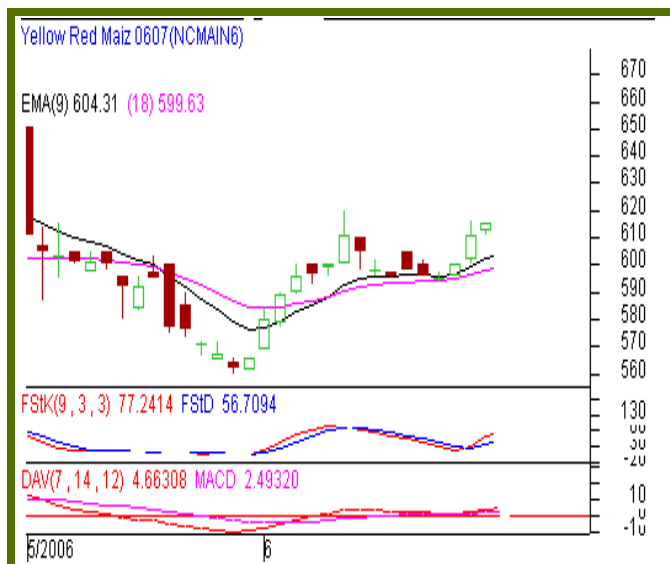
#### **OUTLOOK FOR THE WEEK ENDING ON 21ST JUNE 2006.**

1. The meteorological analysis and prediction from numerical models suggest possibility of revival of southwest monsoon during 2nd half of the week resulting increase in rainfall activity over south Peninsula and along the west coast.
2. Fairly widespread rain/thundershowers with isolated heavy falls likely to continue over northeastern States.
3. Isolated duststorms/thunderstorms are likely over northwest, central and eastern India.

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

**Outlook:** The bullish trend of maize futures is likely to reverse on negative side due to technical correction in the first half of the coming week while some bullish undertone might be possible afterwards.

**Recommendation:** Go for short position at higher level as medium term for two to three days.



#### Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
JULY Contracts	618.50	623.40	600.10	596.50

#### FOREX RATES (As on 12<sup>th</sup> JUNE, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.92
European Union	Euro	58.08
Japan	100 Yen	40.06
Great Britain	Pound Sterling	85.11

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