

Maize

29th MAY-3rd JUNE, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices improved at most of the mandis during this week on slight weak arrival and promising demand from the buyers. The rack loading for Bangladesh also kept the prices on bullish side at Bihar market. Till now four racks has loaded for Bangladesh from Naogachia. The election time in Bihar kept pressure on arrival. Maize prices remained up at Rs.475-480/qrtl as loose basis and Rs.510-515/qrtl as bilty price at Naogachia mandis at this weekend. The maize prices also slightly increased in Delhi mandis on moderate arrival and good demand from Punjab and Haryana therefore the Maharashtra maize quoted at Rs.700-705/qrtl and Bihar maize offered at Rs.685-690/qrtl at Delhi mandis. The arrival is weak and the stockists are hoarding the stocks but the demand from poultry industry remained quiet this week also, as they are not eager to create sufficient stocks. The maize prices also registered up at Rs.570-575/qrtl as bilty price at Davengere and Rs.540-545/qrtl at Nizamabad mandis in this week on weakness in arrival. The market participants are expecting that the prices are likely to steady to decline in the coming weeks.

NCDEX FUTURES MARKET:

NCDEX maize futures recovered during this week amidst technical correction coupled with strong spot market price. The market went to oversold region therefore the market moved up from Wednesday and traded bullish due to technical buying. Open interest as well as volume is also increasing. NCDEX most active July contracts increased from Rs.567 to Rs.596 and made Rs.600.50, which was highest in this week. It traded in between Rs.560-600.50 during this week.

PRICE DIVERSE:

1. Restricted arrival
2. Election time in Bihar which affected on arrival
3. Modest demand from Bangladesh
4. Moderate demand from starch and poultry sector

GLOBAL MARKET:

Corn prices in US were \$102 per Mt at CBOT, for July delivery, an increase of about \$2 over last week's close (\$100 per MT). Even at this price and with USD cheaper, it

might be feasible to import corn in India, if the duty removed. This will certainly help the end user sectors (like poultry) to come back as it has already suffered a loss in the hands of Avian Influenza. Chicago board of Trade (CBOT) corn futures settled at its highest levels on Friday amidst strong support from outside markets like soy futures and strong export sales report. Growing concerns for a shift to a hot and dry pattern for the Western Corn Belt along with solid export sales numbers in the weekly report helped to support renewed buying from speculators and funds in corn. July corn hovered up 5 cents to \$2.595 per bushel and December fetched 4.25 cents higher to \$2.85.

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

MARKETS	29.05.06	3.06.06
Delhi (Maharashtra Maize)	700-702	700-705
Delhi (Bihar Maize)	680-685	685-690
Sangli truck Bilty	590-595	590-595
Pune Starch	650-660	655-660
Ahmedabad Poultry feed mills	670-675	670-675
Ahmedabad Starch	660-665	660-665
Bangalore	655-660	660-662
Nammaklall Maize	680-685	690-692
Kolkata mill delivery	580-590	580-585
Nizamabad New Maize	540-545	540-545
Devengere Local maize	533-537	540-545
Bihar (New Maize) Loose Basis	472-477	475-480

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

US Ethanol Production Stood at 301,000 Mln Barrel in March

US ethanol production in March stood at a 301,000 barrel per day rate as against of 302,000 barrel per day rate in February and a 243,000 barrel per day rate in March, 2005. It is witnessed that the total ethanol production for March was 9.338 million (Mln) barrels over 8.452 million barrels in February and vs. 7.521 million barrels in March, 2005. Total stocks for March reached 8.708 million barrels compared to 7.376 million in February and 6.562 million barrels in March, 2005.

Weekly Corn Crop Conditions Report in US

The weekly crop conditions for corn in US witnessed 70% was rated good/excellent compared to 66% last week and 62% last year. The 16 year average for this time of year is 65%. The percentage of the crop rated poor/very poor stood at 5% compared to 5% last week and 7% last year. The 16 year average for this time of year is 6%.

Indonesia Likely to Double Corn Import this Year

According to an official, the demand for corn in Indonesia are rising. Therefore this country might be lift the corn import to double this year as compared with last year. The country was imported about 400,000 tonnes in the last year.

USDA: US Corn Weekly Export Sales Remains Strong

According to the latest weekly export sales report of USDA on corn, the net sales of 1,156,000 MT were 2 percent above the previous week, but 9 percent under the prior 4-week average. Major Increases were reported for Japan (399,300 MT), Taiwan (181,900 MT), Mexico (109,500 MT),

unknown destinations (71,500 MT), Colombia (68,000 MT), Egypt (62,600 MT), South Korea (61,700 MT, including 55,000 MT switched from unknown destinations), and Israel (60,000 MT). Sales of 78,100 MT for delivery in 2006/07 were for Japan (46,700 MT) and Canada (31,400 MT). Exports of 1,254,100 MT were 15 percent below the previous week, but 6 percent above prior 4-week average. The primary destinations were Japan (387,900 MT), Mexico (165,900 MT), South Korea (150,700 MT), Indonesia (66,600 MT), Egypt (58,400 MT), Tunisia (58,400 MT), Colombia (54,300 MT), and Morocco (47,500 MT). (This summary is based on reports from exporters for the period May 19-25, 2006)

Source: FAS, USDA

WEATHER WATCH:

1. With the likely northward movement of the low pressure area along the west coast and persistent off shore trough, southwest monsoon is likely to advance further upto southern parts of Gujarat during first half of the week.
2. Model predictions indicate chances for formation of low pressure area over north Bay of Bengal during second half of the week which may increase the rainfall activity over some parts of East India and consequent advance of monsoon.
3. Gradual decrease of rainfall activity along the west coast during 2nd half of the week.
4. Enhanced rainfall activity is likely to decrease during the 2nd half of the week
5. Rainfall activity over northwest and adjoining parts of central India may increase during the 1st half of the week, due to the interaction of the deep westerly trough and the south-westerly winds from the Arabian Sea.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

NCDEX most active July contracts increased from Rs.567 to Rs.596 and made Rs.600.50, which was highest in this week. It traded in between Rs.560-600.50 during this week.

Technicals: Candlesticks, RSI, Stochastic indicators are clearly indicating to upward price movement for maize futures while 9-days MA and 18-days MA are prevailing above the price line. MACD is hinting to upward movement of maize futures but remained in negative territory.

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

Outlook: Maize futures are expected to trade bearish for one two days and might be remain bullish after that in the coming week.

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	605.3	611.5	593.2	587.5

FOREX RATES (As on 3rd JUNE, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.17
European Union	Euro	59.14
Japan	100 Yen	40.95
Great Britain	Pound Sterling	86.06

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