

Maize

5th -12th JUNE, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Weak arrival coupled with positive demand from the starch and poultry industry is pushing up the maize prices at the domestic spot market. The maize prices have registered up at most of the mandis of all India. In Delhi, Maharashtra maize has quoted up at Rs.710-715/mtl while Bihar maize has offered at Rs.685-690/mtl with average arrival 10-15 trucks. The maize is also coming by rake from Bihar and Maharashtra where the maize is quoting up at Rs.485-490/mtl as loose basis in Bihar and Rs.600-620/mtl at Jalgaon mandis. The maize prices have also increased at Davengere and Nizamabad mandis due to hoarding the stocks by the stockists and stockists are eyeing on the government's decision on supply of maize at the domestic market as government has sufficient stock. Therefore maize prices surged at Rs.585-590/mtl as truck bilty at Davengere and Rs.595-600/mtl as truck bilty price at Nizamabad mandis. According to the traders, the prices are expected to increase by Rs.25-30/mtl within two to three weeks.

NCDEX FUTURES MARKET:

NCDEX maize futures traded bullish during this week though some losses are witnessed at this weekend due to technical correction as the market went to overbought region. The strong spot market prices provided support to the futures market. Most active July contract remained at Rs.596 in this week and made Rs.619.50, which was highest in this week and traded in between Rs.589-623.50 in this week.

PRICE DIVERSE:

1. Weak arrival
2. Government did not release the stocks
3. Strong demand from Starch and Feed mill industry
4. Creating stocks by the stockists
5. Election time in Bihar

GLOBAL MARKET:

Corn futures at the Chicago Board of Trade (CBOT) continued to how bearish trend on Friday. July corn closed 3.5 cents down at \$2.42 per bushel; fell down by 17.5 cents from last Friday's close and at its lowest level since May 10. December slipped 3.253 cents to \$2.678. Closing lower after a bullish USDA report is seen as a negative development. A move from sharply higher on the day to

lower on the day for Kansas City wheat helped spark a long liquidation trend from fund traders in corn and across the board for the grain markets. Ideas that the supportive ending stock numbers from the USDA will be wiped out once the better than average yield pace and the higher than projected planted acreage news is taken into account helped to pressure the market. Ethanol futures traded bullish in light activity. The July contract increased 5.8 cents to \$3.46 per gallon and the August contract soared 10 cents to \$3.05..

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

MARKETS	3.06.06	12.06.06
Delhi (Maharashtra Maize)	700-705	710-715
Delhi (Bihar Maize)	685-690	685-690
Sangli truck Bilty	590-595	600-610
Pune Starch	655-660	685-690
Ahmedabad Poultry feed mills	670-675	700-720
Ahmedabad Starch	660-665	690-700
Bangalore	660-662	660-665
Nammaklall Maize	690-692	690-695
Kolkata mill delivery	580-585	590-595
Nizamabad New Maize	540-545	565-570
Devengere Local maize	540-545	587-592
Bihar (New Maize) Loose Basis	475-480	485-490

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Corn: Indian Participation at CUTC

The National Corn Growers Association and U S Grains Council are organizing 5th Corn Utilization and Technology

Conference in Dallas, Texas from June 05 - 07, 2006. The Indian team from the Starch Sector will be participating in the deliberations which are mainly on the issues of wet and dry milling and better yields, bio-tech and new traits.

Source: USGC

Maize Export Soaring in Ukraine

Ukraine exported 213,800 tonnes of maize in May 2006, up more than twice from April, according to a source. The most volume was bought by Iran (121,300 tonnes), Belarus, Russia and Libya imported Ukrainian maize too. From the current season (October 2005) Ukraine has exported 2.26 mln tonnes of maize, total amount - USD 219.12 mln. APK-Inform analysts forecast Ukraine maize export to reach 2.7 mln tonnes (previous estimations totaled 2.4 mln tonnes) against 2.33 mln tonnes last season.

S.Africa Expected to Fetch Just Over 6-MMT Maize in 2005-06

The maize production in South Africa is expected to over 6 million tonnes in 2005/6, which is down from the previous 11.45 million tonnes. Therefore the maize prices are curbing up in this country. Another bullish factor is that South Africa's national demand is around 8 million tonnes while it is also a key producer of the staple white maize for the region.

Maize Exports Dropped in S. Africa this Week

The white maize prices in South Africa scaled fresh 27-month peaks on Tuesday due to weakness in rand where as the export remained slight weak. The official estimate is just over 6 million tonnes after farmers planted much less in response to low prices last year, while excessive rains during much of the growing season have prompted concerns about yields. The exports fell to 13,207 tonnes in the week to June 2 from 16,919 the previous week, according to the South African Grain Information Service. Yellow maize exports were 1,856 tonnes versus 814 tonnes. South Africa also imported 11,266 tonnes of yellow maize from Argentina last week, SAGIS added. It imported 26,518 tonnes of the grain from the same country the previous week.

Corn Prices Climbing in China on Feed Demand

The corn prices in China are continued to increase during the week amidst strong demand from feed mill industry and industrial use, according to the source. Strong demand from corn starch sugar producers pulled down the stocks level in central China and another factor was major producing provinces in the northeast began to transport more to the area. The production is likely to be decline due to the drought, which was also a supportive factor for prices to up.

USDA: US Corn Weekly Export Sales Remained Weak

According to the latest report of USDA weekly export sales highlights on corn, the net sales of 867,200 MT were 25

TECHNICAL ANALYSIS

Commodity: Maize

Contract: JULY (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

NCDEX most active July contract remained at Rs.596 in this week and made Rs.619.50, which was highest in this week and traded in between Rs.589-623.50 in this week

Technical: Candlesticks, RSI, Stochastic indicators are clearly indicating to downward price movement for maize futures while 9-days MA and 18-days MA are prevailing

percent below the previous week and 30 percent under the prior 4-week average. Major increases for Japan (231,800 MT), South Korea (163,100 MT), Mexico (99,100 MT), Taiwan (93,800 MT), Egypt (60,000 MT), Colombia (58,900 MT), and China (52,000 MT) were partially offset by decreases for unknown destinations (130,000 MT). Net sales of 47,400 MT for delivery in 2006/07 resulted as increases for South Korea (55,000 MT) and Canada (800 MT) were partially offset by decreases for Japan (8,400 MT). Exports of 1,164,200 MT were 7 percent below the previous week and 5 percent under the prior 4-week average. The primary destinations were Japan (263,900 MT), Taiwan (166,400 MT), Mexico (158,800 MT), and South Korea (117,400 MT). (This summary is based on reports from exporters for the period May 26-June 1, 2006)

Source: USDA

USDA: Latest WASDE Report on Corn

According to the World Agriculture Supply and Demand Estimation (WASDE) by the USDA, the 2006/07 global coarse grains outlook includes higher production and exports and little change in ending stocks compared with last month. The major highlight is an increase in China's corn production at 138 million tons, up 3 million from last month and slightly below the revised 2005/06 crop. China's 2005/06 corn production is raised 5.4 million tons to 139.4 million tons based on a recent report by China's National Bureau of Statistics (NBS). While the NBS only reported total grain area, other information from China indicates the corn area was larger than USDA's estimate. With last year's corn area increased and indications that this year's corn area is up from 2005/06, projected 2006/07 corn area is raised from last month. China's domestic use is increased for both years. Despite larger crops, China's domestic prices have strengthened and stocks, while forecast slightly higher than last month, will continue to tighten in 2006/07. In addition, China's 2005/06 export estimate is lowered 1 million tons this month, based on a lack of export sales.

Source: FAS, USDA

WEATHER WATCH:

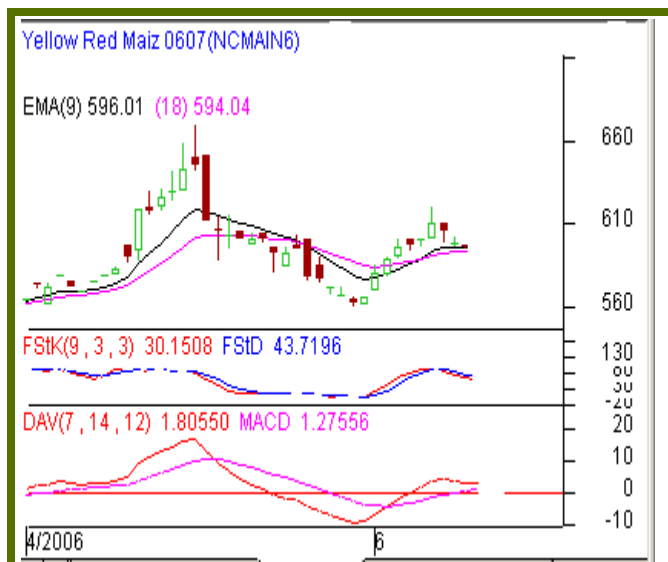
1. Weak monsoon conditions with subdued rainfall activity are likely over most parts of the country.
2. Fairly widespread rains with isolated heavy to very heavy falls likely over eastern India in the beginning of the week, which will decrease subsequently.
3. Ongoing scattered rains is likely to continue with enhanced activity during 2nd half accompanied with isolated heavy to very heavy falls over northeastern States.
4. Rise in day temperatures likely over northwest, central and eastern India due to subdued rainfall activity..

above the price line. MACD is hinting to downward movement of maize futures but remained in positive 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	Resistance 1	Resistance 2	Support 1	Support 2
JULY Contacts	605.0	614.5	593.1	584.7

FOREX RATES (As on 12th JUNE, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.88
European Union	Euro	58.01
Japan	100 Yen	40.21
Great Britain	Pound Sterling	84.61

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