

## MAIZE

3<sup>rd</sup> -8<sup>th</sup> JULY, 2006

### MAJOR ACTIVITY HIGHLIGHTS

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

### TRADE ANALYSIS

The maize prices remained up in South India due to no arrival and stocks hoarding coupled with moderate demand from the poultry and starch industry. Therefore maize prices prevailed at Rs.633-635/qlt as wagon bilty rate at Davengere mandis and Rs.610-620/qlt as bilty price at Nizamabad mandis. The average price ranges between Rs.615-620/qlt in Andhra Pradesh mandis. According to the traders, FCI has 80 lakh bags of maize in their inventory in Karnataka and A.P. at present. However the market sentiment slightly improved in Delhi mandis amidst remarkable demand and it quoted at Rs.655-660/qlt as godown delivery with daily arrival of 10-15 trucks. The lower freight rate of trucks and weakness in arrival slightly pushed up the maize prices in Bihar mandis and it offered at Rs.475-480/qlt, as loose basis. The traders were eyeing on the decision of FCI if FCI releases maize at the market then the prices might be fell down but it is time consuming procedure. But the centre announced Saturday its decision to release eight lakh tonnes of maize, 60,000 tonnes of jowar and 7,000 tonnes of bajra to be sold as poultry feeds at subsidized rates to farms all over the nation. Therefore the maize prices are expected to get down in the coming weeks also at major mandis. The maize sowing progress is improving in this kharif season. Therefore the area for maize has been improved in Andhra Pradesh, Himachal Pradesh, Karnataka, Orissa and West Bengal while the sowing progress lagged behind in Uttar Pradesh region.

### NCDEX FUTURES MARKET:

NCDEX maize futures recovered from its lower level in this week due to strong spot prices and speculative buying. The futures market got down at the ahead of this week but fresh buying position at lower level pushed up the futures to up at this weekend. The most active July contract remained up at Rs.610.50 on Saturday while it remained at Rs.601.50 in the last week but recovered from Rs.587 and traded within the range of Rs.587-612 during this week.

### PRICE DIVERSE:

1. Sowing Pressure at Most of Maize Producing State
2. Meagre Arrival in South India; Stable Arrival in Bihar
3. Centre Releases Maize to Poultry Farms at Subsidized Rates

4. Stockists Hoarding the Stocks; Moderate Demand from Poultry Industry

### GLOBAL MARKET:

Corn futures at the Chicago Board of Trade (CBOT) fell down Friday due to as bearish overnight weather forecasts set the tone for the session. CBOT July corn gave up 4 1/4 cents to \$2.41 1/4 per bushel and December declined 4 1/2 cents to \$2.65 3/4. While closing lower on the session, December corn managed to close above the opening and close near 6 cents higher on the week. Ideas that there will be near 70% coverage of 1/2 to 1 inch of rain for Tuesday/Wednesday of next week helped drive the market lower early in the session today but uncertainty on the forecast and some talk that coverage and amounts will be less and that the system could shift to the southern parts of the western Corn Belt helped to provide some support. Ethanol futures witnessed mixed sentiment in modest trade with the August contract jumped 7 cents at \$2.84 per gallon. The September contract declined 5 cents to \$2.40.

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

MARKETS	27.06.06	8.07.06
Delhi (Bihar Maize)	650-655	655-660
Sangli truck Bilty	670-675	680-685
Pune Starch	700-705	700-710
Ahmedabad Poultry feed mills	725-735	730-735
Ahmedabad Starch	690-700	690-700
Bangalore	680-690	685-695
Nammaklall Maize	700-705	705-710
Kolkata mill delivery	580-585	590-595
Nizamabad New Maize	590-600	615-620
Davengere Local maize	590-600	600-605
Bihar (New Maize) Loose Basis	465-470	475-480

## NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

### NCMRWF: Farmers Can Start to Sow Coarse Grains

According to the National Centre for Medium Range Weather Forecasting (NCMRWF), farmers in central India have been recommended to initiate sowing operations for coarse grains, groundnut and vegetables, as widespread rainfall is expected in the region towards the end of the week. The weather agency said model predictions suggest that monsoon is likely to be in active phase and may advance over remaining parts of western Uttar Pradesh, eastern Rajasthan, Uttaranchal, parts of Punjab and Haryana during the next four-five days. Conditions are also favourable for further advance of monsoon rains over the remaining parts of Gujarat, Chhattisgarh and Madhya Pradesh. Heavy and isolated rainfall is likely over eastern and central India. In eastern Uttar Pradesh, maize varieties like Pusa Sankar Makka-1, Sweata, Kanchan have been advised for sowing. Farmers in Chhattisgarh and Madhya Pradesh should complete weeding and hoeing in early sown maize crops, the advisory said. The farmers can start sowing of pearl and finger millet in Rajasthan, Haryana, Uttar Pradesh, Karnataka, Jharkhand, and Uttaranchal. Farmers have been advised seed treatment for varieties like Raj-171, ICTP-8203. Farmers in Andhra Pradesh have been asked to sow the crop before July 10 in areas where it has rained. They recommended that the crop should not be sown in light soil. It recommended sowing in the Marathwada region only after rains. Rain has been predicted in the region next week.

### Russia Imported around 34 Tonnes of Maize

In May Russia exported 534.100 tonnes of grain, up 10% from the previous month and down 32% a year ago. During 11 months (July-May) 2005/06 MY grain exported from Russia totaled 11.6 mln tonnes. In May Russia also imported 33.600 tonnes of maize. The main volume was imported from Ukraine - 32.000 tonnes. During 8 months (October-May) 2005/06 MY 160.700 tonnes of this crop were imported to Russia against 160.000 tonnes in 2004/05. At that 118.000 tonnes were from Ukraine.

### USDA: US Corn Crop Conditions Report

According to the USDA report of US corn crop conditions, 68% of the U.S. corn crop was rated in good-to-excellent condition as of July 2, down 3 percentage points from the previous week. In Iowa, the largest U.S. corn producing state, 77% of the crop was rated in good-to-excellent condition, down 1 percentage point, with Illinois down 2 percentage points at 70% good-to-excellent condition.

### Bangladesh Seen Record Maize Production

A super bumper production of the maize crop has been achieved in all eight districts in Bangladesh including the vast char areas on river basins under Rangpur Agriculture Zone (RAZ) during the just ended Rabi season. The farmers produced a total of 3,73,580 tonnes maize from 55,920 hectares land in these districts. The achieved production is higher by 79 per cent than the target fixed for this year, officials said. Lower production cost, repeated bumper productions, fair market price of the commodity and its huge demand in the local markets and growing poultry feed industries have encouraged the farmers to grow maize to such a great extent with further potentialities in future, according to the source. A target of producing 2,08,638 tonnes maize from 34,773 hectares was fixed for the just ended Rabi season. But the enthusiastic farmers actually

brought 55,920 hectares and produced 3,73,580 tonnes maize in RAZ considering the revolutionary successes achieved in maize farming during the past two consecutive seasons. Maize is now selling at rates between Tk 380 and Tk 400 per maund (every 40 kgs) in the bigger markets of the region and the price may increase further soon, market sources said. (1 Bangladesh Taka = 0.68 Indian Rupees)

### Ukraine: Harvest of Maize Hit to be Unchanged from Previous Year

Ministry of Agrarian Policy of Ukraine forecasts harvest of maize beat at the level of the previous year, informed Deputy-Minister of Agrarian Policy, Sergey Malnik. According to State Statistics Committee, in 2005 maize output totaled 7.1 mln tonnes, down 19.4% from 2004.

### Centre Releases Maize to Poultry Farms at Subsidized Rates

The centre announced its decision to release eight lakh tonnes of maize, 60,000 tonnes of jowar and 7,000 tonnes of bajra to be sold as poultry feeds at subsidized rates to farms all over the nation. The Namakkal in the South India is the famous for poultry farms, especially those in the poultry capital of the State, who were worse hit by the outbreak of bird flu, are comforted now after the Centre. The poultry feed would be sold at subsidized price between Rs.450-Rs.500/quintal while the present market price of maize is at an all-time high of Rs.670-680/quintal. Earlier in April, the Centre released 5.3 lakh tonnes of maize. The Union Government is generally released maize from FCI every year in May and June to meet the market demands and keep the price of the grains stable. Forlornly, this year, bird flu has created loss to the tune to Rs 10,000 crore to the domestic poultry industry. Subsidized grains and technical assistance will reach the poultry farms through the Director of the Department of Animal Husbandry of the respective state, based on the statistics available with the NECC, according to its chairperson.

## SUMMARY PROGRESS OF KHARIF MAIZE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 3.07.06)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
60	17.33	12.33	+5.00	AP (+0.5, +77.1) HP (+1.3, +81.2), Kar (+1.6, +69.9), Ori (+0.4, +160.9), WB (+0.3, 71.4)

Source: Ministry of Agriculture, GOI

## WEATHER WATCH:

- Southwest monsoon advanced into more parts of Gujarat, remaining parts of Vidarbha, Chhattisgarh, East Uttar Pradesh, some parts of West Uttar Pradesh, many parts of Madhya Pradesh, Uttaranchal, Himachal Pradesh and most parts of Jammu & Kashmir on 29th.
- It further advanced into remaining parts of Gujarat and Madhya Pradesh, some more parts of West Uttar Pradesh, remaining parts of Himachal Pradesh and Jammu & Kashmir and some parts of Punjab and Haryana including Chandigarh on 30th.

Outlook for the week ending on 12th July 2006

- The well marked low pressure area over southwest Madhya Pradesh & neighbourhood is likely to move northwestwards and weaken over south Rajasthan.
- With the weakening of this system, the seasonal trough is likely to shift close to foothills of Himalayas in the 1st half of the week.

## TECHNICAL ANALYSIS

**Commodity: Maize**

**Contract: JULY (Future)**

**Exchange: NCDEX**

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

NCDEX maize futures recovered from its lower level in this week due to strong spot prices and speculative buying. The futures market got down at the ahead of this week but fresh buying position at lower level pushed up the futures to up at this weekend. The most active July contract remained up at Rs.610.50 on Saturday while it remained at Rs.601.50 in the last week but recovered from Rs.587 and traded within the range of Rs.587-612 during this week.

**Technical:** Candlesticks, RSI, Stochastic indicators are clearly indicating to upward ness of maize prices and prices closed far above than 9-days MA and 18-days MA indicating to upward price movement. MACD is hinting to upward movement of maize futures and remained in positive territory. The open interest as well as volume remained strong during this week as compared with last week.

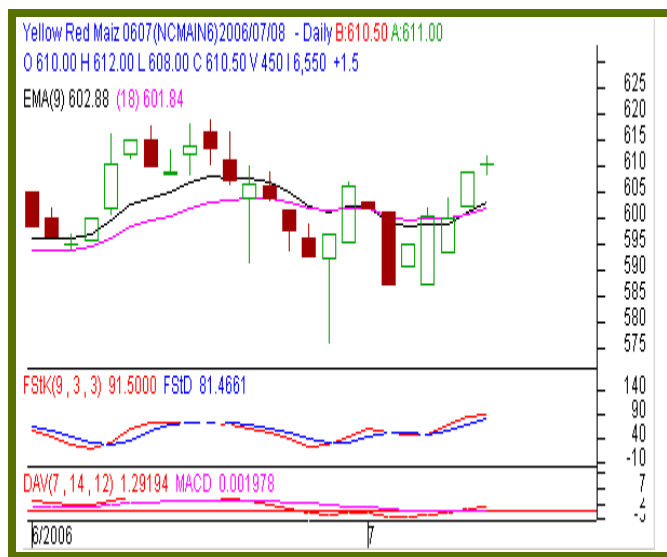
**Outlook:** The prices are expected to remain up for coming one to two days and might be remain bearish after that in the coming week.

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

**Resistance and Support level:**

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
JULY Contracts	616.70	621.50	593.20	588.10

- Monsoon is likely to enter into a weak phase with subdued rainfall activity over most parts of the country except over Northeastern state, Sub-Himalayan West Bengal & Sikkim, northern parts of Bihar and adjoining East Uttar Pradesh where heavy to very heavy falls are likely at a few places during 2nd half of the week.



## FOREX RATES (As on 7<sup>th</sup> JULY, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.12
European Union	Euro	58.96
Japan	100 Yen	40.05
Great Britain	Pound Sterling	84.71

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