

MAIZE

24th-29th JULY, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices are still hovering up at most of the trading centre due to shortage of arrival and strong demand from poultry industries and starch industries. The ongoing monsoon activity affected in arrival and deteriorates the maize quality in Bihar, traders said. The poultry farmers in South India are eyeing on the government's decision. FCI announced early that they would supply maize to the poultry farmers in South but they did not sell maize till now, sources said. Therefore the maize prices soared up to Rs.640-650/qlt in A.P. and Rs.635-645/qlt in Karnataka on no arrival. The prices remained steady at higher level in Delhi at Rs.705-710/qlt with average arrival of 8-12 motor from Bihar at end of the week. The strong demand from the Punjab and Haryana also kept pressure on prices in Delhi market. In Bihar, the prices also jumped to Rs.520-525/qlt as loose basis and Rs.535-540/qlt as bilty price on meagre arrival due to rains. In addition to, the prices are climbed to Rs.645-650/qlt in Nizamabad and Rs.635-640/qlt in Davengere mandis on no arrival. Agriculture Minister N. Raghuveera Reddy urged to the Union Agriculture Minister Sharad Pawar to provide maize to state's poultry industries and lifting of maize stocks in the State. He also demanded to immediately dispose off the stocks. He urged to dispose of 2 lakh tonnes of maize to the State's poultry industry. He suggested despatch of 84,000 tonnes to Gujarat and some stocks to other States for distribution under the public distribution system. However, area under maize is higher at 5.7 million hectares compared with 5.2 million hectares last year. Government did not change the MSP of maize in kharif season.

NCDEX FUTURES MARKET:

NCDEX maize futures tumbled down ahead of the week due to technical correction but recovered it earlier losses and traded up at the end of this week. The buying pressure from lower level and strong spot prices has boost up the futures market. The most active August contract traded up from Rs.618.50 of previous week to Rs.623.00 and recovered from Rs.607.00, which was lowest in the week and hovered within the range of Rs.607-629.50 during this week. Open interest as well as volume was increased this week as compared to last week.

PRICE DIVERSE:

1. Strong sowing demand of maize in U.P., West Bengal etc. region

2. Monsoon rain affected on arrival in Bihar and no arrival in South India
3. FCI expected to release maize to poultry farms at subsidized rates
4. Strong demand from the poultry as well as starch sector

GLOBAL MARKET:

Corn futures at the Chicago Board of Trade (CBOT) traded slightly bearish in light choppy trade Friday. Concerns that the heat wave across the western and central Midwest could dent production helped support the early bounce today, but the forecast for a hefty rain event late next week limited the impact. Slow volume and a choppy two-sided trade underscore the uncertainty for the size of the crop as traders await further supply news next week. The strong demand signals in corn keeps the pressure on the bears to show that yield potential remains high. CBOT September corn futures slipped 0.5 cent at \$2.373 and December slid 0.75 cent to \$2.535. Ethanol futures traded steady to higher Friday. The August contract increased 2 cents to \$2.53 per gallon and the September remained unchanged at \$2.54.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	22.07.06	29.07.06
Delhi (Bihar Maize)	700-705	705-710
Sangli truck Bilty	690-695	700-705
Pune Starch	730-735	770-775
Ahmedabad Poultry feed mills	750-760	775-785
Ahmedabad Starch	715-720	730-735
Bangalore	715-720	725-730
Nammaklal Maize	720-725	725-730
Kolkata mill delivery	615-620	620-625
Nizamabad New Maize	630-635	635-640
Davengere Local maize	615-620	627-632
Bihar (New Maize) Loose Basis	510-515	520-525

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

KFA of South Korea Imports 55,000 MT US Feed Corn

According to a source, the Korea Feed Association (KFA) in South Korea imported 55,000 metric tons of U.S. origin feed corn. They imported the corn in private negotiations with Cargill. They also reported that the Cargill will supply the entire amount of corn at \$154.99/ton, and it will arrive at Incheon on Oct. 10.

Kharif Maize Acreage Increasing in India

The kharif sowing of maize has been progressing well, an official at the agriculture ministry said after a meeting held to monitor the progress of sowing in different parts of the country. Sowing of coarse grains has commenced in most southern states and a few states in the north. Total acreage under coarse cereals so far is marginally lower at 13.8 million hectares compared with 14.0 million a year ago. However, area under maize is higher at 5.7 million hectares compared with 5.2 million hectares last year.

South India: Minister Urged to Dispose Maize to Poultry Industries

Agriculture Minister N. Raghuveera Reddy urged the Union Agriculture Minister Sharad Pawar to provide maize to state's poultry industries and lifting of maize stocks in the State. He also demanded to immediately dispose off the stocks. He urged to dispose of 2 lakh tonnes of maize to the State's poultry industry. He suggested despatch of 84,000 tonnes to Gujarat and some stocks to other States for distribution under the public distribution system. The Minister favoured auctioning of the remaining stocks by way of widely publicised short tender notice to complete the entire process, including lifting of the stocks, by middle of September.

USDA: US Corn Weekly Export Sales Witnesses Strong

Net sales of 975,900 MT were two and four-fifths times the previous week and 27 percent over the prior 4-week average. Major increases reported for Egypt (191,200 MT, including 29,900 MT switched from unknown destinations), Japan (178,700 MT), Mexico (154,800 MT, including 11,200 MT switched from unknown destinations), Colombia (123,800 MT), Indonesia (88,000 MT, including 64,000 MT switched from unknown destinations), Morocco (63,800 MT, including 39,900 MT switched from unknown destinations), Taiwan (49,600 MT), and the Dominican Republic (46,700 MT) were partially offset by decreases for unknown destinations (39,200 MT). Net sales of 113,000 MT for delivery in 2006/07 were primarily for South Korea (58,000 MT), Japan (38,600 MT), and Taiwan (13,000 MT). Exports of 1,382,800 MT were 15 percent above the previous week and 28 percent over the prior 4-week average. The primary destinations were Japan (398,100 MT), Taiwan (257,700 MT), Colombia (147,300 MT), South Korea (105,500 MT), Egypt (91,200 MT), Indonesia (70,400 MT), Mexico (56,600 MT), and Canada (55,900 MT). (This summary is based on reports from exporters for the period July 14-20, 2006)

Source: FAS, USDA

IGC: Weather Development Dominated US Maize Futures

According to the International Grains Council (IGC), the weather developments mostly dominated US maize (corn)

futures, with dry and hot conditions in the western Corn Belt of particular concern. While prices retreated in the second half of the month, export quotations at the US Gulf were supported by slow producer selling and higher barge freight rates. Export prices in Argentina also strengthened while in China, which remained out of the export market, internal prices stayed firm.

Source: IGC

Maize: IGC Cuts Global Production Forecast to 692 MMt

The 2006 production forecast of 692m. tons (MMt) is 1m. less than last month's. There is a small reduction in the US, to 275m. tons (7m. down from last year): the deteriorating condition of the crop more than offsets an increased estimate of the planted area. EU crops have also been affected by heat and, in France, by irrigation water restrictions, but conditions are more favourable in south-east Europe and Ukraine. China's maize continues to develop well. The total consumption forecast has been increased 3m. tons since June to 723m. tons (24m. more than in 2005/06) to reflect larger use in the US and the EU. Forecast world maize trade is unchanged at 79m. tons, 1m. more than last season. Import demand is underpinned by rising world poultry numbers. With weak competition from other exporting countries, US sales (September/August) are expected to increase to 54.6m. tons, the highest for eleven seasons. Total stocks at the end of 2006/07 may reach a 23- year low of 94m. tons, 31m. down from 2005/06. Part of the cut of 7m. tons from the June projection is due to revised estimates of last season's supplies and use in the US.

Source: IGC

SUMMARY PROGRESS OF KHARIF MAIZE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 10.07.06)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
60	35.22	27.36	+7.86	AP (+0.2, +31.7), MP (-0.3, -14.8), Maha (+2.0, +57.3), Raj (-0.9, -46.1)

Source: Ministry of Agriculture, GOI

WEATHER WATCH:

The southwest monsoon advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan on 20th. It further advanced into remaining parts of West Rajasthan on 24th, thus covering the entire country by 24th July.

Outlook for the week ending on 2nd August, 2006

1. Due to likely formation of a low pressure area over northwest Bay of Bengal around 28th and its subsequent movement west-northwestwards across central India, enhanced rainfall activity is likely over East and adjoining Central India.
2. Decrease in rainfall activity likely along the foothills of Himalayas, Indo-Gangetic plains and northeastern States.
3. Increase in rainfall activity along the west coast.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: AUGUST (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active August contract traded up from Rs.618.50 of previous week to Rs.623.00 and recovered from Rs.607.00, which was lowest in the week and hovered within the range of Rs.607-629.50 during this week. Open interest as well as volume was increased this week as compared to last week.

Technical: Candlesticks, RSI, Stochastic indicators are clearly indicating to upward movement of maize prices and prices closed above the 9-days MA and 18-days MA, which is indicating to upward price movement. MACD is hinting to steady 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 sentiments are likely to remain bearish for coming one to two days and might be remain bullish after that in the coming week.

Recommendation: Go for long position towards Support level as medium term for four to five days.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
AUGUST Contracts	627.30	633.50	618.00	612.50



FOREX RATES (As on 28th JULY, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.56
European Union	Euro	59.10
Japan	100 Yen	40.35
Great Britain	Pound Sterling	86.54

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