

MAIZE

17th -22nd JULY, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

It is observed that the maize prices are still maintaining bullish sentiment at the domestic market in the country due to very negligible arrival in South India and poor arrival at the other region. The increasing demand from the poultry industry in South is aggravating the situation. Heavy rainfall in Bihar, which is the main supplier at present, hindered the arrival and it dampened the quality of old maize but the quality of new maize is quite good and it fetched better prices. The strong demand from the Punjab and Haryana coupled with starch industry pushed up the maize prices to Rs.700-705/qrtl as godown delivery in Delhi mandis with daily intake of 7-10 motor from Bihar and some from U.P. The prices remained firm in Bihar also and quoted up at Rs.510-515/qrtl as loose basis and Rs.615-620/qrtl in Kolkata mandis. In South India, the prices are hovering up due to no arrival and strong demand from poultry sector. The prices increased by Rs.25-30/qrtl during the week at most of centre. The loose prices for maize have prevailed at Rs.615-625/qrtl as loose basis in Davengere and Rs.635-640/qrtl in Nizamabad mandis. The poultry farmers are eyeing on the FCI's tender as FCI announced to supply 7-8 lakh tonnes of maize to the poultry farmers at Nammakal side but there was no notification till now about the tender from government side. The agriculture minister Sharad Pawar said last week the government would release about 7-8 lakh tonne of maize to poultry farmers at a subsidized rate of Rs 450-500 per 100 kg compared to market price of about Rs 640. But this is time consuming procedure therefore the current situation is bullish.

NCDEX FUTURES MARKET:

NCDEX maize futures rallied strong as of spot prices till Tuesday but tumbled down after that amidst technical correction as the market went to overbought condition therefore profit booking at higher level pulled down the prices during the week. The most active August contract soared up from Rs.631 of previous week to Rs.654.50 but fell down to Rs.618.50 on Saturday and made Rs.607.50, which was lowest in the week and floated within the range of Rs.607.50-654.50 during this week. Open interest as well as volume was increased this week.

PRICE DIVERSE:

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

2. No arrival of maize in South India; Poor arrival in Bihar on rain
3. Centre likely to releases maize to poultry farms at subsidized rates
4. Strong demand from the poultry as well as starch sector
5. Speculative Buying at futures market ahead of the week

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures continued to trade bearish Friday also due to bearish Midwest weather forecasts and fund selling. September corn futures slipped 5.25 cents lower at \$2.373 and December slid 5.75 cents at \$2.535. Overnight rains in Iowa and the prospects for good pollination weather over the next week helped trigger fund selling and long liquidation selling from specs. Ideas that the good weather could boost yield potential for the corn crop to above the recent USDA forecast at 149 national average yield added to the bearish tone. The market bounced 3 cents off of the lows into the mid-session with talk of a short-term oversold condition after a 24 3/4 cent break off of Monday's peak to today's low.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	15.07.06	22.07.06
Delhi (Bihar Maize)	680-682	700-705
Sangli truck Bilty	665-670	690-695
Pune Starch	710-715	730-735
Ahmedabad Poultry feed mills	735-740	750-760
Ahmedabad Starch	700-705	715-720
Bangalore	700-705	715-720
Nammakal Maize	710-715	720-725
Kolkata mill delivery	610-615	615-620
Nizamabad New Maize	630-635	630-635
Davengere Local maize	605-610	615-620
Bihar (New Maize) Loose Basis	500-505	510-515

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

Current Outlook for Maize Market in India

The maize prices at the spot market prevailed at mostly higher side due to scanty arrival and good buying demand from poultry industry as this industry consumed 50-60% of total maize production. Only supplier is now Bihar at present. FCI is expected to release 7-8 lakh tonnes of maize in the end of this month to 1st week of August. Therefore it might be pulled down the prices in the coming month. The futures market already went to overbought region so technical correction might be pulled down the prices. The kharif crop will hit the market in September to October, therefore in this time the prices will be quoted down and it is expected that the prices would decrease by Rs.30-40/qlt at most of the region in September to October. The prices will increase after November on short of supply and sowing pressure. Therefore the overall sentiment is volatile as the crop is cultivated through out the year.

India: ICAR Develops Bird Flu Vaccine

According to the source, the Indian Council of Agricultural Research (ICAR) has evolved a vaccine against bird flu. Agriculture Minister Sharad Pawar was announced on Sunday at the 77th annual general meeting of the ICAR Society. The vaccine was developed at the High Security Animal Disease Laboratory, Bhopal, the only facility in the country to conduct tests for the H5N1 variant of bird flu. It was entrusted with the task of developing a vaccine by the ICAR after the Avian Influenza outbreak in February. The ICAR provided Rs. 8 crore for the purpose. ICAR Director General Mangala Rai reported this was a big step forward as till date, India was importing the vaccine.

Centre Scales Up the Maize Output to 15.09 Mt

The 4th advance estimates for rice, maize, bajra have been revised upwards as against the 3rd advance estimates as well as the final estimates for 2004-05. The government scaled up the estimated maize output in 2005-06 at 15.09 Mt as compared to 14.18 Mt of previous year.

S.Africa Maize Exports Hovering Up

South Africa's Crop Estimates Committee is likely to make small change to its forecast for the 2005/06 maize crops in its next outlook, as harvesting remains slow although the rate is expected to pick up soon. The committee is anticipated to forecast a crop of 5.96 million tonnes, down just a fraction from the previous estimate of 5.998 million tonnes. South African white maize exports hovered up sharply to 20,275 tonnes in the week to July 14 from 9,204 tonnes the previous week, according to the South African Grain Information Service. The bulk of that went to Zimbabwe, which imported 17,391 tonnes. Lesotho, Botswana and Namibia imported 2,071, 780 and 33 tonnes respectively. Yellow maize exports were 1,091 tonnes versus 1,507 tonnes previously. South Africa imported 29,937 tonnes of yellow maize from Argentina, up from 19,887 tonnes, SAGIS added.

Acreage of Kharif Maize Continue to Increase in India

The maize sowing in this kharif season are continuing to increase due good market price in the Rabi season, which are encouraging the farmers to show maize in vast land. The acreage has increased to 35.22 million hectares (Mn Ha) as of 10th July, 2006, which was up by 7.86 Mn Ha as compared to 27.36 Mn Ha of last year same period, according to the government data. The area has increased

in Andhra Pradesh and Maharashtra while it lagged behind in Madhya Pradesh and Rajasthan.

FAO: Coarse Grains Production Expected to Decrease

According to the FAO, increased demand is expected to be driven by a recovery in feed use due to a rebound in poultry consumption. In addition, the growing demand for ethanol is likely to boost industrial use of coarse grains, particularly maize, the report said. World production of coarse grains in 2006 is now forecast by FAO at about 980 million tonne, down 1.3% from 2005, but still above the average of the past five years. The latest estimates confirm significantly smaller outputs in two major producing countries in the southern hemisphere -- namely Argentina and South Africa -- where crops have already been harvested. However, the bulk of this year's decrease is expected to be accounted for by the US, where the forecast is tentative as crops are still some way off harvesting, but the planted area is estimated to have been reduced by 4% in favour of less input-intensive crops, such as soybeans. The overall decrease in global crop output this year comes despite increased production in some other major producing countries, including Brazil, Mexico and several main producers in Asia, Europe and North Africa.

Source: Food and Agriculture Organization

Philippines Likely to Import More Corn

In Philippines, the Department of Agriculture has approved the increase in the import quota of wheat and corn. The heavy floods and rains have damaged corn crops and therefore the demand for the cereals are expected to rise. The feed mills and poultry and livestock firms are looking for imported corn and wheat because of the shortage of corn in the country.

S.Africa Lifts Maize Forecast to 6.044 Mln Tonnes

South Africa raised its estimate for this season's maize crop on Thursday to 6.044 million tonnes, but said it was too early to call the 2005/6 harvests. The market had expected a forecast of 5.96 million tonnes, down just a touch from the previous 5.998 million tonnes, according to an average of data from seven traders polled by Reuters last week. The sowing of maize is still less than the 1.567 million hectare. And it is expecting the yield will be less because there was too much rain.

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:

Outlook for the week ending on 26th July, 2006

- 1 The southwest monsoon is likely to further advance into remaining parts of West Rajasthan and thus cover the entire country.
2. A low pressure area is likely to form over eastern parts of the country and move in west-northwesterly direction. Under its influence, enhanced rainfall with heavy to very

heavy falls is likely over east and central India on many days of the week

3 Scattered rains are likely over northwest India with possibility of increase.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: AUGUST (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active August contract soared up from Rs.631 of previous week to Rs.654.50 but fell down to Rs.618.50 on Saturday and made Rs.607.50, which was lowest in the week and floated within the range of Rs.607.50-654.50 during this week. Open interest as well as volume was increased this week.

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

Recommendation: Go for long position at 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	628.50	633.80	606.30	600.50

4. Fairly widespread rains are also likely along the west coast and northeastern states.

5. Isolated to scattered rainfall activity likely over the south peninsula.



FOREX RATES (As on 21st JULY, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.83
European Union	Euro	59.17
Japan	100 Yen	40.07
Great Britain	Pound Sterling	86.61

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