

MAIZE

10th-15th JULY, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices at the domestic market are skyrocketing due to scanty arrival as continuous rains in Bihar coupled with strong buying support from the poultry feed millers and starch industry. According to the traders, the heavy rains in Bihar are hindering the arrival. Bihar is the main supplier of maize at this time in this country. Maize prices are soared in Delhi mandis and got traded at Rs.677-682/qrtl at godown with average inflow of 10-12 trucks from Bihar. The demand from the Haryana remained good but the demand from Punjab witnessed slight weak as this state is feed by Bihar, but the overall sentiment is bullish in Delhi. The market prices also quoted high at Davengere and Nizamabad mandis due to no arrival and good buying demand therefore maize was offered at Rs.605-610/qrtl at Davengere mandis as loose basis while it registered at Rs.635-645/qrtl at Nizamabad mandis. It is expecting that the centre would take decision in a week on selling subsidised maize to poultry farmers, according to a government official on Wednesday. He concluded that the issue is awaiting with the finance ministry, which will decide on the quantum of subsidy to be given for maize sale. Poultry farmers had urged the government for subsidised maize supplies due to earlier bird flu scare was hit their operations and the current high maize prices in the open market. According to the agriculture minister Sharad Pawar, the government would release about 7-8 lakh tonne of maize to poultry farmers at a subsidised rate of Rs 450-500 per 100 kg compared to market price of about Rs 640. But this is time consuming procedure therefore it might be negatively impact on maize prices in long run.

NCDEX FUTURES MARKET:

NCDEX maize futures are skyrocketing as spot prices due to strong speculative buying with good trading activity. The bulls are controlling the market at now. The futures market continues rally sentiments during the week. The most active August contract hovered up from Rs.595 of previous week to Rs.631 and made Rs.638, which highest in the week and hovered within the range of Rs.592-638 during this week. Open interest as well as volume was increased this week as compared to last week.

PRICE DIVERSE:

1. Sowing demand of maize in U.P., West Bengal etc. region
2. Scanty arrival in South India
3. Centre releases maize to poultry farms at subsidized rates
4. Stocks hoarding by the stockists and good buying demand from the poultry industry

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures settled with modest gains Friday. Mid-day weather news was mixed which kept the trade choppy. While some rains will return to the mid-west for next weekend, the longer-term maps show another heat dome building for the week beginning July 24th. A surge in outside markets such as gold and especially crude oil helped provide underlying support to the market as ethanol expansion is expected to continue at a breakneck pace. CBOT July corn rose 1 cent at \$2.535 per bushel, September inched up 0.5 cent at \$2.608 and December gained 0.75 cent to \$2.768. Ethanol futures traded bearish in modest trading activity.

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

MARKETS	8.07.06	15.07.06
Delhi (Bihar Maize)	655-660	680-682
Sangli truck Bilty	680-685	665-670
Pune Starch	700-710	710-715
Ahmedabad Poultry feed mills	730-735	735-740
Ahmedabad Starch	690-700	700-705
Bangalore	685-695	700-705
Nammaklall Maize	705-710	710-715
Kolkata mill delivery	590-595	610-615
Nizamabad New Maize	615-620	630-635
Davengere Local maize	600-605	605-610
Bihar (New Maize) Loose Basis	475-480	500-505

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

Maize: Kharif Sowing Increasing Despite Late Monsoon

Late monsoon showers in some districts of Madhya Pradesh, Bihar and Uttar Pradesh have raised concerns about kharif sowing like coarse cereals in these States. The rainfall so far is said to have been scanty in 20 districts of Madhya Pradesh, eight districts of Bihar and 12 districts of UP. With forecast of heavy to very heavy rainfall in the North-east, sub-Himalayan West Bengal, Sikkim, Nepal and adjoining East UP and Bihar, parts of north Bihar are also being watched for flooding. The cultivation of coarse cereals has been better. But for bajra, which is 21.13 lakh hectares compared to 23.75 lakh hectares last year, there has been an increase in the area coverage under jowar, maize and other coarse cereals. In this kharif season, maize area has touched to 17.33 lakh hectares, increased by 5 lakh hectares as compared to 12.33 lakh hectares of last year same period.

USDA: US Corn Crop Remains Good-to-Excellent Condition

According to the U.S. Department of Agriculture (USDA), 63% of the U.S. corn crop was in good-to-excellent condition, down five percentage points from last week's 68% rating. Analysts had expected a decline of one to three percentage points. Leading the declines was Minnesota, which reported a 12 percentage-point drop from 81% to 69% in the good-to-excellent category. Iowa's ratings fell by 9 percentage points in that category, and Illinois' good-to-excellent ratings declined by 7 percentage points. The USDA said 23% of the crop was silking, compared to 24% in 2005 and the five-year average of 20%.

Govt: Decision of Maize Sale Likely to Take This Week

It is expecting that the centre would take decision in a week on selling subsidised maize to poultry farmers, according to a government official on Wednesday. He concluded that the issue is awaiting with the finance ministry, which will decide on the quantum of subsidy to be given for maize sale. Poultry farmers had urged the government for subsidised maize supplies due to earlier bird flu scare was hit their operations and the current high maize prices in the open market. According to the agriculture minister Sharad Pawar, the government would release about 7-8 lakh tonne of maize to poultry farmers at a subsidised rate of Rs 450-500 per 100 kg compared to market price of about Rs 640.

USDA: Latest WASDE Report on US Corn

According to the latest report of WASDE by USDA, the 2006/07 U.S. outlooks for corn includes higher production, lower beginning stocks, and higher use, compared with last month. Production is increased because of higher area while feed and residual use rises in line with an increase for 2005/06. Ending stocks are nearly unchanged, and the projected price range remains at \$2.25 to \$2.65 per bushel. The first survey-based production forecasts for barley and oats are down from last month's projection. For both, imports are raised while use and stocks are lowered. For 2005/06, U.S. corn exports are increased 25 million bushels, based on the recent pace of shipments and sales. Feed and residual use is raised 100 million bushels, as implied by the June 30 Stocks report. Ending stocks are lowered 114 million bushels. The season-average price range is reduced 5 cents on the high end to \$1.95 to \$2.00 per bushel, to better reflect recent farm prices.

Source: WASDE Report, USDA

USDA: US Corn Weekly Export Sales Witnesses Down

Net sales of 589,200 MT were 25 percent below the previous week and 55 percent under the prior 4-week average. Major increases reported for Japan (121,900 MT), Mexico (83,200 MT, including 15,700 MT switched from unknown destinations), Algeria (77,100 MT, including 72,000 MT switched from unknown destinations), Morocco (72,400 MT), Chile (62,200 MT), Taiwan (57,700 MT), Colombia (40,800 MT), and Egypt (32,500 MT) were partially offset by decreases for South Korea (29,400 MT) and unknown destinations (9,300 MT). Net sales of 79,400 MT for delivery in 2006/07 were primarily for unknown destinations (58,000 MT) and Taiwan (16,000 MT). Exports of 933,300 MT were 7 percent below the previous week and 19 percent under the prior 4-week average. The primary destinations were Japan (362,400 MT), Taiwan (76,300 MT), Mexico (69,000 MT), Chile (62,200 MT), Algeria (58,100 MT), Saudi Arabia (53,800 MT), Egypt (52,500 MT), and Indonesia (50,200 MT). Note: Accumulated exports for Chile were adjusted down by 26,000 MT. (This summary is based on reports from exporters for the period June 30 - July 6, 2006)

Source: FAS, USDA

SAGIS: S.Africa Maize Deliveries Totalled 1.7 MMT

According to an Industry's official, South Africa's maize deliveries totaled close to 1.7 million tonnes by the start of this month. By July 7, farmers had delivered 899,014 tonnes of white maize and 785,922 tonnes of yellow maize, as per the South African Grain Information Service (SAGIS). The figure is based on data gathered from about 60 millers, cooperatives and silo owners who make up the bulk of the maize receipts. Officials have forecast a crop of roughly 6 million tonnes this year.

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:

Southwest monsoon further advanced into Delhi, most parts of West Uttar Pradesh and some more parts of Haryana on 9th July. It further advanced into remaining parts of Haryana & Punjab and some more parts of Rajasthan on 10th and most parts of East Rajasthan and some more parts of West Rajasthan on 11th. The northern limit of monsoon as on 11th July passed through Udaipur, Ajmer, Churu and Sri Ganganagar.

Outlook for the week ending on 19th July, 2006.

1. Ongoing rainfall activity over Western Himalayan Region and adjoining Plains of Northwest India is likely to continue during 1st half of the week and decrease significantly thereafter.
2. Scattered heavy to very heavy falls are likely over Kerala and Coastal Karnataka during 1st half of the week which is

likely to extend into Konkan & Goa and Madhya Maharashtra during 2nd half.

3. Fairly widespread rainfall with isolated heavy falls is likely over Uttar Pradesh, West Bengal & Sikkim, Bihar and Jharkhand during the week.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: AUGUST (Future)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active August contract hovered up from Rs.595 of previous week to Rs.631 and made Rs.638, which highest in the week and hovered within the range of Rs.592-638 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 downward price movement of maize prices as they were went to overbought region and prices closed far above than 9-days MA and 18-days MA, which is 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 down for coming one to two days and might be remain bullish after that in the coming week.

Recommendation: Go for short position at Resistance level as medium term for three to four days.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
AUGUST Contracts	628.50	638.00	621.10	611.50

4. Scattered rainfall activity likely to continue over remaining parts of the country.

5. A low pressure area is likely to form over northwest Bay of Bengal off Orissa coast around 16th. This is likely to increase rainfall activity over Orissa, Chhattisgarh and Madhya Pradesh during 2nd half.



FOREX RATES (As on 14th JULY, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.43
European Union	Euro	58.76
Japan	100 Yen	40.01
Great Britain	Pound Sterling	85.25

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