

MAIZE

7th-12th AUGUST, 2006, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

The prices for maize observed steady at higher level in Delhi mandis amidst moderate arrival and stable demand from the Haryana, Punjab and other sides. Therefore maize is offering at Rs.720-725/qlt as godown delivery with daily average arrival of 5-6 motors from Bihar and U.P. But the arrival from U.P. was poor and likely to pick up at the end of this month. However the maize prices continued to increase on the rest of the country due to rains affected on arrival and deteriorate the quality in Bihar coupled with strong demand from the poultry and starch industry. The poultry industry is buying maize at higher rate, as there was no supply in South India. Government is likely to float tender following Independence Day, traders said. The government announced to supply poultry farmers around 25 lakh bags of maize in Andhra Pradesh and 20 lakh bags in Karnataka. In Bihar, the prices hovered up to Rs.540-545/qlt as loose basis and Rs.560-565/qlt as bilty prices with weak arrival amidst rain. The prices got mostly firmed in South India on no arrival. The maize has offered at Rs.680-685/qlt in Andhra Pradesh and Rs.690-695/qlt in Karnataka as loose basis due to strong demand from the poultry farmers. The Indian poultry industries are continuing to bear burden due to high corn prices at the local market. They are unable to import corn as high customs tariffs and a bullish international market. The Indian government has decided to provide 100,000 tons of corn from its own stocks for the poultry industry at a subsidized rate of Rs.550/qlt. But they did not release such amount of maize. The prices are expected to remain firm in the coming weeks also.

NCDEX FUTURES MARKET:

NCDEX maize futures witnessed strong rallies in this week and mostly strong spot prices and speculative buying. The futures market gradually increased in this week and remained mostly firm end of the week. The most active September contract traded mostly strong from Rs.601.50 of previous week to Rs.649, which was contract high and hovered within the range of Rs.602-649 during this week. Open interest and volume was increasing this week as compared to last week.

PRICE DIVERSE:

1. Poor stock in South India and weak arrival due to rain
2. Good demand from the poultry industry
3. Government did not release maize

4. Monsoon rain affected on arrival in Bihar and dampened the quality

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures backpedals on speculative sales on Friday following the larger-than-anticipated corn production estimate from the U.S. Department of Agriculture in the August crop production report. CBOT December corn moved down 14 cents to \$2.418 a bushel, its lowest level since early this year. Nearby contracts September also slipped 14 cents to \$2.248. December corn fell to its January low on a bearish USDA report this morning. US production and ending stocks both came in above expectations. Also comments out of China earlier Friday that and strong harvest will limit their need to import corn this year also pressured the market. Earlier this year China had stopped exporting, which had raised expectations that they might turn importers this year. In the USDA report US corn production for 2006 was pegged at 10.976 billion bushels, which was above the average trade estimate at 10.795 billion bushels (range 10.471-11.067) and higher than last month's estimate at 10.740 billion.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	5.08.06	12.08.06
Delhi (Bihar Maize)	720-725	720-725
Sangli truck Bilty	700-705	710-720
Pune Starch	760-765	775-780
Ahmedabad Poultry feed mills	785-790	825-830
Ahmedabad Starch	755-760	780-790
Bangalore	735-740	845-850
Nammaklal Maize	730-735	845-850
Kolkata mill delivery	650-655	660-665
Nizamabad New Maize	655-660	710-715
Davengere Local maize	650-655	680-685
Bihar (New Maize) Loose Basis	530-535	540-545

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

Ukraine: Maize Output Estimated to 8 MMt in 2006

According to the Minister of Agrarian Policy in Ukraine, the maize production is forecasted to 8 million tonnes this year. But the production is totally depended on weather conditions, as harvesting campaign has not been finished yet. As it was informed referring to State Statistics Committee data, in 2005 maize crop totaled 7.1 mln tonnes, down 19.4% than in 2004.

Maize: Sri Lanka to Lift Restrictions on Poultry from August

According to daily newspaper of Sri Lanka, the country is likely to lift restrictions on imports of poultry from August, if it gets the green light from the World Organization for Animal Health (OIE). Sri Lanka imposed controls on imports of poultry and poultry related products from countries hit by avian flu in 2004, but has since begun relaxing them. They removed the controls on imports from India late last month on poultry, including poultry feed like maize. Sri Lanka imports 90% of its 200,000 metric tonne annual maize requirements from India. According to Dr. D D Wanasinghe, Chairman of the All Island Poultry Association, the restrictions were lifted a bit early for countries like India since there have been sporadic outbursts of the avian flu in some parts of the country. Sri Lanka has had no reported outbreaks of Avian Influenza to date.

Ukraine Exported 62.300 Mt of Maize in July

According to the source, in July 2006 Ukraine exported 62.300 tonnes of maize for the total amount at \$7.97 million. They exported this amount of maize at the average cost of around \$128 per tonne last month, as per the source. From the beginning of the season (October 2005) 2.44 MMt of Ukrainian maize have been exported, which was up 200.000 tonnes from the period October-July 2004/05 MY. The largest importer of this maize in the current season includes Spain, Libya, Belarus, Israel and Russia. Last year the largest volumes of maize (Ukrainian origin) were bought by Iran, Spain, Israel, Belarus and Russia.

Corn: US Weekly Export Sales Observes Strong

Net sales of 1,162,600 MT were 29 percent above the previous week and 66 percent over the prior 4-week average. Major increases reported for South Korea (286,100 MT, including 116,000 MT switched from unknown destinations), Taiwan (262,300 MT), Japan (256,100 MT), Egypt (129,700 MT, including 60,000 MT switched from unknown destinations), Colombia (103,800 MT), Mexico (96,300 MT, including 14,600 MT switched from unknown destinations), Algeria (88,500 MT, including 27,000 MT switched from unknown destinations), and Tunisia (43,600 MT, including 18,600 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (255,800 MT). Net sales of 555,900 MT for delivery in 2006/07 were primarily for Japan (255,500 MT), unknown destinations (60,000 MT), Egypt (60,000 MT), Taiwan (50,000 MT), and Colombia (45,000 MT). Exports of 1,314,800 MT were 12 percent above the previous week and the prior 4-week average. The primary destinations were Japan (300,700 MT), South Korea (220,400 MT), Egypt (179,700 MT), Mexico (153,600 MT), and Colombia (52,500 MT). (This summary is based on reports from exporters for the period July 28-August 3, 2006).

Source: FAS, USDA

USDA: Latest WASDE Report on Corn

The 2006/07 U.S. outlooks for corn includes higher production, feed and residual use, and stocks, compared with last month. USDA's first survey- based forecast for 2006 corn production is 10.98 billion bushels, up 236 million from last month's projection. Projected corn feed and residual use is increased 75 million bushels. Ending stocks are increased 155 million bushels. The projected price range is decreased 10 cents on each end to \$2.15 to \$2.55 per bushel. Forecast 2006 sorghum production is down sharply from last month's projection, trimming domestic use and exports. The projected 2006/07-price range for sorghum is decreased 10 cents on each end to \$1.95 to \$2.35 per bushel to reflect the overall increase in feed supplies. The 2006/07 global coarse grains outlook includes slightly lower supplies from last month. Increased production for U.S. corn and Ukraine barley only partially offsets smaller EU-25 corn and EU-25 and Canada barley crops. Exports of barley are increased for Ukraine and decreased for EU- 25. Global coarse grain ending stocks are down slightly.

Source: USDA

SUMMARY PROGRESS OF KHARIF MAIZE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 31.07.06)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
60	64.10	58.95	+5.15	AP (-1.8, -31.2), Bih (+1.1, +51.2), Guj (+1.3, +48.0), Kar (+1.3, +21.7), MP (+0.4, +5.6), Maha (+0.5, +13.2), Ori (+0.9, +141.9), Raj (+0.5, +5.4)

Source: Ministry of Agriculture, GOI

WEATHER WATCH:

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Isolated rainfall is likely over Punjab, Uttranchal, Haryana and west U.P. during next 48 Hrs. The region is likely to experience scattered to fairly widespread rains during 14-16 August 06 except west U.P. where it is likely to scattered.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Fairly wide spread to widespread rainfall with isolated heavy to very rains is likely over Orissa, Jharkhand and Gangetic West Bengal during 2-3 days. East UP and Bihar is likely to receive scattered rainfall during next 2 days and increase thereafter.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Ongoing scattered rainfall activity is likely during next 2 days then it may increase from 14th Aug.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Fairly widespread rain with isolated heavy falls is likely over Karnataka and scattered to fairly wide spread rains over Andhra Pradesh during next 48 Hrs. Coastal A.P. is expected to have fairly widespread to widespread rains during next 2-3 days. Ongoing rainfall activities over Kerala is likely to enhance from 14 August, 06. Isolated to scattered rainfall is likely over Tamilnadu during 4-5days.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Fairly widespread with isolated heavy rainfall over Konkan & Goa may continue to occur during next 2 days and then reduce. The region is likely to receive increased rainfall from 15 August. Rainfall activities over Gujarat, East Rajasthan, Marathwara and Madhya Maharashtra are likely to continue for next 24-48 Hrs. and reduce thereafter. Rainfall is again expected to increase from 15 August. West Rajasthan may experience scattered rains in next 24-36 Hrs.

Source: NCMRWF

TECHNICAL ANALYSIS

Commodity: Maize

Contract: SEPTEMBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active September contract traded mostly strong from Rs.601.50 of previous week to Rs.649, which was contract high and hovered within the range of Rs.602-649 during this week. Open interest and volume was increasing this week as compared to last week.

Technical: Candlesticks, RSI, Stochastic indicators are indicating to upward market while Stochastic and RSI prevailed at overbought region, indicating technical reversal near. The prices closed far above the 9-days MA and 18-days MA, which are indicating to upward price movement. MACD is hinting to upward movement of maize futures and remained in positive territory. Open interest and volume was increasing this week as compared to last week.

Outlook: The sentiments are likely to remain bullish for coming one to two days but might be fell down on technical correction in the coming week.

Recommendation: Go for long position at major dips towards Support level as long term.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
September	665.50	680.80	642.50	632.80



FOREX RATES (As on 11th August, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.52
European Union	Euro	59.34
Japan	100 Yen	40.19
Great Britain	Pound Sterling	87.97

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