

MAIZE

21st -26th AUGUST, 2006, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize has maintained its strong rallies in this week also due to shortage of maize at the spot market and sturdy demand from the poultry farmers and starch industries. In addition to, strong prices of other market like jowar and bajra also provided support to the maize market. Therefore the maize prices gradually increased this week. The Bajra, Jowar and Maize were up largely on industrial buying against restricted arrivals from producing centres. Bajra, Jowar and Maize surged to Rs 775-780, Rs 780-820 and Rs 790-795 per quintal respectively in Delhi mandis. The robust demand from Punjab and Haryana also pushed the prices to up in this state. The new maize crop has started to arrive in the market from U.P. and M.P. but it was very few and it is likely to pick up within 15-20 days, traders said. The maize prices has climbed mostly in A.P. and traded at Rs.860-870/qrtl in Nizamabad with no arrival and stocks. It is offered at Rs.775-780/qrtl in Davengere mandis. The sentiment is also got strong in Karnataka and it prevailed at Rs.810-820/qrtl. The new maize has quoted at Rs.825-830/qrtl in M.P. mandis with very few arrivals of 300-400 bags. The FCI is ready to release of 1.25-lakh quintals maize to the poultry farmers at the rake of Rs.450/qrtl in A.P. and 2-lakh quintals maize at Rs.455/qrtl in Karnataka, according to the source. The area of the maize has increased by 7 lakh ha in this kharif season compared to last year. The production is expected to go up, as there was no report about the crop loss. The prices are likely to go down in near future if the FCI's maize would hit in the market, as there is sufficient stocks to the FCI.

NCDEX FUTURES MARKET:

NCDEX maize futures hovered up in this week in tandem with the spot prices but fell down at this weekend due to release of maize stocks by FCI to the poultry farmers. Almost no stocks at the market yards encouraged the speculators to buy maize at the NCDEX. The futures market steadily increased this week. The most active September contract traded mostly up at Rs.784 this week from Rs.674.50 of previous week and hovered within the range of Rs.670-824 during this week and made Rs.824, which was lifetime high. Open interest and volume was increasing this week as compared to last week.

PRICE DIVERSE:

1. No arrival in South
2. Weak arrival and reducing stock in Bihar
3. Sturdy demand from poultry and starch sector
4. FCI did not sell maize till date
5. Rains hindered on arrival in producing regions

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures moved down on Friday. CBOT December corn slipped 2.5 cents at \$2.418, while September corn slid 2.5 cents at \$2.25. The market closed lower on the session but December corn managed to gain 6 cents on the week. The bearish market in soybeans and a late break in wheat helped to pressure. In addition, talk that the rally Thursday was overdone and a bearish weather forecast into next week added to the more negative tone. A turn higher in the wheat market and ideas that the participants in the Midwest crop tour are seeing poor crops in some areas of the western Corn Belt helped to provide some support into the mid-session but fund selling kept the market weak into the close.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	19.08.06	26.08.06
Delhi (Bihar Maize)	750-755	790-795
Sangli truck Bilty	825-830	850-860
Pune Starch	850-860	895-900
Ahmedabad Poultry feed mills	870-875	905-910
Ahmedabad Starch	795-800	800-810
Bangalore	845-855	890-900
Nammaklall Maize	845-855	900-905
Kolkata mill delivery	680-690	750-760
Nizamabad New Maize	825-850	85-870
Davengere Local maize	705-710	740-745
Bihar (New Maize) Loose Basis	555-565	620-625

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

Govt: Productivity of Maize Increased

According to the Government, the productivity of coarse grains as example of maize, jowar and bajra has raised by 213% in the last 50 years. The daily newspaper The Hindu reported that the productivity of maize has rose to 1,953 kg per hectare in 2005-06 compared to 819 kg per hectare in 1956-57, which is up by 138.5%. During last 50 years, the jowar productivity has more than doubled to 908 kg/hectare from 451 kg per hectare, that of bajra has increased by 213 per cent to 799 kg/hectare from 255 kg/hectare.

Maize Area Increased by 7 mln Ha in Kharif Season

According to the latest sowing report by the government, the coarse cereals' acreage has decreased marginally to 19.2 million hectares from 19.5 million in the year-ago period. Significantly lower coverage of coarse cereals is reported in Rajasthan due to subdued rains. Lower cultivation has been reported in the case of jowar and bajra. However the maize sowing is higher compared with last year at 7 million hectares compared with 6.6 million hectares year ago.

Maize Yield to be Down by 25-30% in Ukraine

According to the source, the yield of maize crop in Ukraine will be down 25-30% than it was expected before due to unfavorable weather conditions in south-eastern parts of Ukraine. The estimated yield of maize is pegged at 3.2-3.3 t/ha as average. According to the data of State Committee of Statistics of Ukraine, in the current season the maize for grain was sowed at the area of 1.85 mln. tonnes (against 1.71 mln. ha in 2005). The crop page of this grain in 2005 was 7.17 mln. tonnes, the average yield was - 4.32 t/ha.

USDA: US Weekly Corn Export Sales Tumble Down

Net sales of 181,100 MT--a marketing-year low--were 68 percent below the week earlier and 80 percent below the prior 4-week average. Major increases for Mexico (133,500 MT, including 16,800 MT switched from unknown destinations), Egypt (64,100 MT), South Korea (55,000 MT), Canada (45,600 MT), Colombia (37,500 MT), and Syria (37,200 MT, including 36,200 MT switched from Egypt) were partially offset by decreases for Japan (209,100 MT) and unknown destinations (71,800 MT). Net sales of 1,554,700 MT for delivery in 2006/07 (which begins Sept. 1) were primarily for Japan (546,000 MT), Mexico (245,600 MT), unknown destinations (176,600 MT), Colombia (166,500 MT), and South Korea (159,800 MT). Exports of 1,182,100 MT were 3 percent below the previous week and 7 percent under the prior 4-week average. The primary destinations were Japan (397,500 MT), Egypt (184,100 MT), Mexico (89,400 MT), Algeria (85,300 MT), and Taiwan (83,000 MT). Note: Accumulated exports for Honduras were adjusted down by 6,900 MT. (This summary is based on reports from exporters for the period August 11-17, 2006)

Source: FAS, USDA

IGC: World Corn Production Estimated to Up in 2006-07

Higher estimates for the US and China, reflecting favourable growing conditions, lift the global 2006 maize production estimate by 4m. tons, to 696m., therefore exceeding last year's 693m. However, this remains well short of forecast consumption of 723m. tons, up by 25m.

from 2005/06. Although feed use of maize will increase, mainly at the expense of wheat, even stronger growth is expected in the industrial (including ethanol) sector, set to climb by 21m. tons. Record demand will underpin world trade in maize, forecast at 79.0m. tons, up from last year's 78.5m. Higher imports in some countries, including Canada, Egypt and Mexico, will likely be partly offset by reduced needs in southern Africa. Forecast global maize carry-over stocks in 2006/07 are placed 6m. higher than before, at 100m., but this is down from a carryin of 126m. and represents the smallest figure since 1983/84.

Source: IGC

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]

Scattered to fairly widespread rainfall is likely over the region during 27- 28 August.

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

Widespread rainfall with isolated heavy fall is likely over Orissa and Jharkhand during next 3-4 days. Bihar and East U.P may likely to experience scattered to fairly widespread rainfall during next 2 days. Fairly widespread rainfall is likely over NE States during next 2-3 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Fairly widespread to widespread rainfall with isolated very heavy rains are likely over Chattisgarh during next 24 Hrs, then again after 3 days.

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

Fairly widespread rainfall is likely over Coastal Karnataka and north interior Karnataka during next 24 Hrs and Scattered over Coastal A. P. and Telangana during next 2 day. Kerala is likely to receive scattered rains.

Isolated rainfall is likely over Rayalseema and Tamilnadu during next 4-5 days.

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

Ongoing fairly widespread rainfall activities over Konkan & Goa is likely to continue. Isolated to Scattered rainfall is likely over Maratha, Madhya Mahrastra Vidabha, Rajstahan and Gujarat during 3-4 days.

Source: NCMRWF

TECHNICAL ANALYSIS

Commodity: Maize

Contract: SEPTEMBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active September contract traded mostly up at Rs.784 this week from Rs.674.50 of previous week and hovered within the range of Rs.670-824 during this week and made Rs.824, which was lifetime high.

Technical: Candlesticks, RSI, Stochastic indicators are hinting to bearish market as Stochastic and RSI prevailed at overbought region and they are going down. The prices closed above the 9-days MA and 18-days MA, which are indicating to slightly upward price movement. MACD is hinting to slight 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 prevail weak for the coming week and will remain down as long term.

Recommendation: Go for short position at major high towards Resistance level as long term.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
September	745.00	755.00	720.00	676.00



FOREX RATES (As on 26th August, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.61
European Union	Euro	59.44
Japan	100 Yen	39.77
Great Britain	Pound Sterling	87.79

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