

MAIZE

14th-19th 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 increased significantly in the country except Delhi with the ongoing supply shortage and robust demand from the poultry and starch industry. As a result, it is quoted higher at the leading maize mandis across the country. The maize has prevailed steady to up in Delhi and quoted at Rs.750-755/mt as godown delivery with daily average arrival of 4-6 motors. The UP crop has hit the Delhi market but very few and most of the maize is coming from Bihar where the maize has offered at Rs.555-565/mt as loose basis with shortage of arrival. The maize registered at Rs.680-690/mt in Kolkata mandis. In Nizamabad mandis, the maize has traded up at Rs.825-850/mt and Rs.705-710/mt in Davengere mandis with almost no arrival. According to the source, the FCI's stocks of maize is likely to hit the market within three to four weeks, which might be pulled down the maize prices at the domestic spot market. FCI would release maize stocks through tenders this month. The poultry farmers have been suffering since last couple of months due to scanty arrival as the stockists held back the stocks for higher prices. FCI has called for tenders to release 4.5 lakh tonne of maize (two lakh tonne from Karnataka and 2.5 lakh from Andhra Pradesh) to maintain stability in prices. On the other hand, the sowing of maize is relatively higher than past year and touched 64.10-lakh hectare this year compared to 58.95-lakh hectare of last year. The area of maize has increased due to the farmers got good prices this Rabi season and the prevailing market prices are too high.

NCDEX FUTURES MARKET:

NCDEX maize futures observed strong rallies but fell down at the last of the week due to technical correction and FCI's tender. The futures market steadily increased in this week, some technical correction and profit booking pulled down the prices at the end of week however it remained up as compared to last week. The most active September contract prevailed mostly up at Rs.673.50 this week from Rs.649 of previous week and hovered within the range of Rs.645.50-697.00 during this week. Rs.697 was the contract high level.

PRICE DIVERSE:

1. Strong demand from the poultry industry
2. Supply shortage due to stocks hoarding

3. Promising demand from the starch industry
4. FCI's stocks likely to hit the market within 3-4 weeks
5. Cabinet approves to release 5 lakh Mt of maize as poultry feed

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures moved up from its new contract low and settled higher Friday. CBOT September hovered up 0.75 cent to \$2.198 cents per bushel and December increased 0.25 cent to \$2.358. The market was expected to open higher due to solid export demand but nearly perfect weather recently and the forecast for a good rain event across the heart of the Midwest Friday and for the weekend helped drive the market to new contract lows on the opening. Funds were noted sellers of near 5,500 contracts. The USDA announced a sale of 100,000 tonnes of US new crop corn to unknown destination. Ethanol futures remained unchanged in quiet trading activity and September ethanol settled unchanged at 2.408 cents per gallon and October also finished unchanged at 2.408.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	12.08.06	19.08.06
Delhi (Bihar Maize)	720-725	750-755
Sangli truck Bilty	710-720	825-830
Pune Starch	775-780	850-860
Ahmedabad Poultry feed mills	825-830	870-875
Ahmedabad Starch	780-790	795-800
Bangalore	845-850	845-855
Nammaklall Maize	845-850	845-855
Kolkata mill delivery	660-665	680-690
Nizamabad New Maize	-	825-850
Davengere Local maize	680-685	705-710
Bihar (New Maize) Loose Basis	540-545	555-565

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

Ukraine: Maize Harvest Might be Fall Down in Current Year

According to the Agro-Meteorology Department of Meteorological Center of Ukraine, the maize production in the country might be fall down owing to hot and dry weather in the southeast of Ukraine in the current year. The grain losses will be tangible - both on volume and quality. It should be mentioned that according to the forecasts of Ministry of Agrarian Policy maize harvest would total not less than 8 mln tonnes in 2006 (against 7.1 mln tonnes in 2005).

US Corn Production Expected to Decline

According to the US Department of Agriculture (USDA), the corn production is forecasted at 11.0 billion bushels, down one percent from last year and seven percent below 2004. Based on conditions as of August 1st, yields are expected to average 152.2 bushels per acre, up 4.3 bushels from last year. If realized, yield would be the second largest and production would be the third largest on record. (1 Bushel=25.40 Kilogram)

Maize Prices Expected to Decline amidst FCI's Release

According to the source, the FCI's stocks of maize is likely to hit the market within three to four weeks, which might be pulled down the maize prices at the domestic spot market. FCI would release maize stocks through tenders this month. The poultry farmers have been suffering since last couple of months due to scanty arrival as the stockists held back the stocks for higher prices. According to the daily newspaper Financial Express, the maize prices surged by 60% to a record level of Rs.800 per quintal in August from Rs 500 per quintal in March. FCI has called for tenders to release 4.5 lakh tonne of maize (two lakh tonne from Karnataka and 2.5 lakh from Andhra Pradesh) to maintain stability in prices. In addition, the Centre has decided to supply 1.25 lakh tonne of maize for poultry industry at a provisional issue price of Rs 550 per quintal through tender route. Under the central grant, Andhra Pradesh poultry industry was offered 50,000 tonne while 25,000 tonne each has been allotted to Tamil Nadu, Karnataka and Maharashtra.

Kharif Maize Acreage Increased to 64.10 Lakh Hectare

According to the Ministry of Agriculture, the acreage under coarse grains is tumbled down this year to 185.43 lakh hectare compared with 189.8 lakh hectare planted under these crops by this time last season. However the sowing of maize is relatively higher than past year and touched 64.10-lakh hectare this year compared to 58.95-lakh hectare of last year that of bajra is down by 4.66-lakh hectare to 68.7 hectare. The area shortfall is accounted for largely by poor sowing in Karnataka and Rajasthan due to subdued rainfall. The area of maize has increased due to the farmers got good prices this Rabi season and the prevailing market prices are too high. Therefore the area has hovered up in Bihar, Gujarat, Karnataka, M.P., Maharashtra, Rajasthan and Orissa but it has declined in Andhra Pradesh.

USDA: US Weekly Corn Export Sales Remains Down

Corn: Net sales of 575,400 MT were 51 percent below the previous week and 32 percent under the prior 4-week average. Major increases reported for Taiwan (205,200 MT, including 58,000 MT switched from unknown

destinations), South Korea (173,700 MT, including 55,000 MT switched from unknown destinations), Japan (94,500 MT), Saudi Arabia (66,000 MT), Israel (53,900 MT), Syria (40,000 MT), and Honduras (27,600 MT, including 18,300 MT switched from Guatemala) were partially offset by decreases for unknown destinations (89,900 MT) and Mexico (62,300 MT). Net sales of 1,030,100 MT for delivery in 2006/07 (which begins Sept. 1) were primarily for Japan (416,500 MT), Mexico (270,500 MT), unknown destinations (152,000 MT), and Egypt (60,000 MT). Exports of 1,230,900 MT were 6 percent below the previous week and 3 percent under the prior 4-week average. The primary destinations were Japan (266,900 MT), Taiwan (174,300 MT), South Korea (173,600 MT), Mexico (86,700 MT), Saudi Arabia (66,000 MT), Israel (53,900 MT), and Egypt (50,700 MT). (This summary is based on reports from exporters for the period August 4-10, 2006)

Source: FAS, USDA

Cabinet Approves to Release 5 lakh Mt of Maize as Poultry Feed

The Cabinet Committee on Economic Affairs Friday gave its approval to release upto 5 lakh metric tonnes of maize at a price of Rs.450 per quintal from the surplus stock held by the Government for use as poultry feed. This will reduce the cost of poultry feed to the poultry farmers, enabling them to reduce their losses in the present situation of deep recession in the market as a consequence of the bird flu. The maize made available will be released to the poultry farmers by September 2006 for use in the poultry feed.

Source: PIB

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]

The region is likely to experience isolated rains during next 24-48 Hrs. and scattered during 21-23 Aug.

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

Scattered rainfall is likely over Orissa, Gangetic West Bengal and Jharkhand during next 24Hrs. Bihar is likely to experience isolated to scattered rainfall. Rainfall activities over East UP are likely to increase during next 24 HRs.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Fairly widespread to widespread rainfall with isolated very heavy rains are likely over Chattisgarh during next 24 Hrs. subsequently over M.P., Vidarbha during next 24-36 Hrs. and decrease thereafter.

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

Scattered to fairly widespread rainfall is likely over Coastal Karnataka and scattered over Coastal Andhra Pradesh, Telangana and north interior Karnataka during next 24 Hrs. then rainfall activities over the region may decrease. Ongoing rainfall activities over Kerala are likely to continue

TECHNICAL ANALYSIS

Commodity: Maize

Contract: SEPTEMBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active September contract prevailed mostly up at Rs.673.50 this week from Rs.649 of previous week and hovered within the range of Rs.645.50-697.00 during this week. Rs.697 was the contract high level.

Technical: Candlesticks, RSI, Stochastic indicators are indicating to downward market as Stochastic and RSI prevailed at overbought region. 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 prevail strong for the coming week but might be falling down on profit booking from higher level.

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	705.50	720.80	655.50	641.50

during next 24-48 Hrs. Isolated to scattered rainfall is likely over Rayalseema and Tamilnadu during next 24-48 Hrs.

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

Fairly widespread to widespread with isolated heavy rainfall over Gujarat, southeast Rajasthan, Konkan & Goa, Marathwara and Madhya Maharashtra and during next 48 Hrs. West Rajasthan may experience isolated to scattered rains during next 2-3 days.

Source: NCMRWF



FOREX RATES (As on 18th August, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.48
European Union	Euro	59.66
Japan	100 Yen	40.09
Great Britain	Pound Sterling	87.61

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