

MAIZE

11th-16th SEPTEMBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices have been gradually decreasing at the spot market due to strong arrival of new maize crop and FCI's selling. The heavy arrival from U.P. and Bihar crashed the maize market in Delhi. The Bihar maize has quoted down at Rs.740-745/mtl as godown delivery while U.P. Gajar maize offered at Rs.675-680/mtl with totalled daily arrival of 20-25 trucks from U.P. in Delhi. The weak demand from Punjab and Haryana also triggered the prices down in this state. The weakness in bajra market also provided support to the maize market. According to the traders, FCI sold 8-lakh bags of maize at Rs.570/mtl in Southern Parts to the poultry farmers, which slackened the feed mill demand in the market. Therefore the prices got down in Nizamabad mandis and traded at Rs.610-615/mtl with average intake of 3000-4000 bags of new maize. The strong arrival from A.P., Bihar, Karnataka and U.P. was crashing the all market in the country. The poultry feed mill quality maize has traded down at Rs.790-800/mtl and starch quality maize has traded at Rs.770-775/mtl in Ahmedabad mandis with strong arrival from A.P. In Bihar, the maize has quoted slight up at Rs.620-625/mtl as bilty price at Naogachia mandis on reduced arrival. In addition to, the expectation of higher maize production during the kharif season is also bolstered the prices to down. The demand from the poultry sector got slackened as they got maize from the FCI at much lower rate compared to current spot prices. Besides, there was no report about crop loss due to heavy rain in producing region. The prices are expected to continue this bearish tone in the near future also.

NCDEX FUTURES MARKET:

NCDEX maize futures traded range bound with bearish during the week as compared to last week in sympathy with the spot market. The weakness in spot market provided support to the futures market. However the futures market recovered on some short covering and moved up at the mid of the week but fell down later. The open interest as well as volume was increasing in this week. The most active October contract remained bearish to Rs.593 from Rs.613 of last week and hovered within the range of Rs.584.00-610.50.

PRICE DIVERSE:

1. Strong selling pressure from FCI

2. Strong arrival of new maize crop in Bihar, U.P., Karnataka and A.P.
3. Weak demand from the poultry sector
4. Weak bajra prices
5. Weak starch demand

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures recovered from its earlier losses and settled at the positive territory on Friday amidst short covering and early spillover strength from soybeans. CBOT December hovered up 4.5 cents to \$2.418 cents per bushel, and March surged 4.3 cents to \$2.555. The liquidation of new crop vs. old crop spreads added to the strength in the nearby months. According to the source, December 2007 has got up for a little time and the spread between it and the nearby December 2006 widened out and was due for some unwinding. On the other hand, Ethanol futures showed a mixed sentiment. October ethanol remained unchanged at 1.86 per gallon without trading activity. November also didn't trade and settled 1 cent lower at \$1.85.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	9.09.06	16.09.06
Delhi (Bihar Maize)	780-785	740-745
Sangli truck Bilty (New)	750-760	670-680
Pune Starch (New)	860-870	750-775
Ahmedabad Poultry feed	810-820	790-800
Ahmedabad Starch	775-785	770-775
Bangalore Bilty Price	800-805	725-775
Namakkal Bilty Price	815-825	760-780
Kolkata mill delivery	725-730	720-725
Nizamabad (New Maize)	665-670	610-620
Davengere (New Maize)	660-665	640-645
Bihar Bilty Price	620-625	620-625

NEWS ANALYSIS: DOMESTIC AND INTERNATIONAL

Ambuja Exp Ltd. to Set Up Maize Processing Plants

According to the source, Gujarat Ambuja Exports Ltd or GAEL (a leading manufacturer and exporter of Agro Processed products) will invest billion rupees to expand capacity and set up a captive power plant. As per the Reuters report, the company said its board had approved proposals to set up two maize processing plants, each with a capacity of 500 tonnes per day, and a cotton yarn spinning unit with a 12 megawatt captive power plant. Inspired with the tremendous growth in the maize processing products, the GAEL company has declared to increase the maize processing capacity to 1700 tonnes per day as against 500 tonnes per day by setting up Greenfield projects 500 tonnes per day at Uttaranchal, 500 tonnes per day at Nasik, Maharashtra and by increasing capacity of its existing plant at Himatnagar from 500 tonnes per day to 700 tonnes per day.

USDA: US Corn Production Estimated to Increase to 11.1 Bln Bushels

According to the U.S. Department of Agriculture (USDA) report, US corn production for 2006 was pegged at 11.114 billion bushels as compared with the average trade estimate at 10.990 billion bushels (range 10.846-11.188) and compared with the August USDA forecast of 10.976 billion bushels. This would be the second largest crop on record. Yield was pushed up to 154.7 bushels/acre from 152.2 last months. Ending stocks for the 2006/2007 seasons came in at 1.22 billion bushels from trade estimates of near 1.2 billion bushels (1.1-1.36 range). The USDA last month had ending stocks at 1.232 billion bushels. Exports were revised higher by 100 million bushels, which pushed total usage to 11.915 billion bushels. World ending stocks for the 2006/2007 seasons were pegged at 92.31 million tonnes versus 92.88 million last months. This is down from 126.15 million tonnes for 2005/2006 and 130.53 million tonnes for 2004/2005. This is the lowest world ending stocks since 1983 and would result in the lowest stocks/usage on record (since at least 1960). The weekly crop progress report showed the harvest 6% complete.

USDA: World Coarse Grain Output Declines in 2006-07

Global 2006/07 coarse grain production is lowered to 969.4 million tons, down 0.5 million tons from last month. Higher production in the United States is more than offset by lower corn production in EU-25 and FSU-12, lower barley and oats production in EU-25, Canada, and Australia, and lower rye production in EU-25. Summer heat and dryness across Europe followed by heavy harvest-season rains adversely affected crops in EU-25 and FSU-12. Barley and oats production in Canada is lowered on reduced area and yields. Drought in Australia has reduced yield prospects for feed grains there. With lower beginning stocks and higher consumption, world coarse grain ending stocks are lowered 1.7 million tons to 125.8 million tons.

Source: USDA

S.African Farmer Might be Boost Maize Plantings in 2006/07

According to the source, the main grain farmers union in South Africa is anticipating that the farmers to plant more maize in the coming season but has urged them not to cultivate more than 2.4 million hectares. The main reason behind it was the mostly higher prices in the last year late 2005, which have sparked speculation that farmers may

boost their plantings to make up for huge losses suffered last year, when prices tumbled to multi-year lows. The balance between demand and supply will be maintained if the farmers plant 2.4 million hectares. That should ensure prices remaining at a fair level. Farmers planted around 1.5 million ha this year -- nearly half the previous season's area. This year's output is forecast to be in the region of 6 million tonnes -- also well below the 11.45 million last produced.

Kharif Maize Production Estimated at 11 Million Tonnes

Kharif production of foodgrains would remain at the last year's level of around 105 million tonnes during 2006-07, according to the first advanced estimate of Ministry of Agriculture. This emerged at the two-day National Conference on Agriculture for Rabi Campaign 2006-07, which concluded here Friday. Speaking to media persons, Smt. Radha Singh, Secretary, Department of Agriculture and Cooperation said that despite inclement weather, the area coverage under kharif foodgrains 2006 had been satisfactory at 70.32 million hectares as against 70.12 million hectares estimated last year. The production of main kharif crops like bajra is estimated to be about 8 million tonnes, maize 11 million tonnes, coarse cereals 25 million tonnes and other kharif pulses 3 million tonnes.

Source: PIB

Less Rainfall Affected Maize Crop in Davangere

The maize crop has affected in Davangere District in South India due to mostly weak rainfall. It is reported that some farmers committed to suicide at recent. Most of the field has been dried up since rain failed in the taluk for nearly 45 days. According to a source, a farmer sowed maize in 12 acres land and was expecting a bumper crop, but the entire crop dried up due to shortage of water.

USDA: Us Corn Weekly Export Sales Declined

Net sales of 669,900 MT were 27 percent below the previous week. Major increases for Taiwan (186,300 MT), South Korea (117,100 MT, including 110,000 MT switched from unknown destinations), Mexico (93,400 MT), Canada (66,600 MT), Japan (54,900 MT), Egypt (47,600 MT), Morocco (46,800 MT), and Saudi Arabia (43,700 MT) were partially offset by decreases for unknown destinations (112,800 MT) and Algeria (20,000 MT). Exports of 1,103,200 MT were 11 percent below the previous week and 14 percent under the prior 4-week average. The major destinations were Mexico (225,100 MT), South Korea (175,400 MT), Japan (153,000 MT), Morocco (90,300 MT), Taiwan (70,900 MT), Israel (60,600 MT), Saudi Arabia (55,100 MT), and Egypt (50,600 MT). (This summary is based on reports from exporters for the period September 1-7, 2006)

Source: FAS, USDA

PROGRESSIVE PROCUREMENT OF KHARIF COARSE GRAINS AS on 11.09.06 (lakh tonnes)

State	Jowar	Bajra	Maize	Ragi	Total
A.P.	-	-	5.94	-	5.94
Chhattisgarh	-	-	0.09	-	0.09
Haryana	-	0.05	-	-	0.05
Karnataka	-	-	3.80	0.63	4.43
M.P.	-	-	0.03	-	0.03
Maharashtra	0.67	-	0.30	-	0.97
Total	0.67	0.05	10.15	0.63	11.50

SUMMARY PROGRESS OF KHARIF MAIZE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 8.09.06)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
62	71.82	67.26	+4.56	AP (-0.9, -3.0), Bih (+0.8, 31.0), Chat (+0.7, +69.7), Jhar (+0.5, +25.8), MP (+0.5, +5.9), Maha (-0.3, -5.5), Ori (+1.3, +206.5), UP (+1.5, +18.5)

Source: Ministry of Agriculture, GOI

WEATHER WATCH:

Kharif maize is in harvesting stage in most of the producing region and the crop has been started to harvest full-fledged in U.P., Karnataka and M.P. Therefore heavy rainfall might be affected the crop and will hinder in the harvesting process.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: OCTOBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active October contract remained bearish to Rs.593 from Rs.613 of last week and hovered within the range of Rs.584.00-610.50.

Technical: Candlesticks indicating bearish market while Stochastic made bearish cut and hinting to down market at neutral region. RSI is indicating to upward market. The prices closed below the 9-days MA and 18-days MA, which are indicating to bearish price movement. MACD is hinting to bearish market of maize futures as medium term and remained in negative territory. The open interest as well as volume was increasing in this week.

Outlook: The maize prices are likely to trade sideways with up for one to two days and might be fell down after that.

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

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
October	605.00	615.00	585.00	575.00

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Rainfall

Fairly widespread rainfall occurred over Gangetic West Bengal and Bihar on 10th.

The rainfall activity was subdued over most parts of northwest India, Central India, east India and adjoining subdivisions of Andhra Pradesh with only scattered /isolated rainfall on many days of the week.

Outlook for the week ending on 20th September 2006

- Fairly widespread rainfall activity is likely to continue over northeastern States, Sub-Himalayan West Bengal & Sikkim and south Peninsula during first half of the week.
- The numerical weather prediction models suggest formation of a low pressure over westcentral Bay of Bengal around 16th and subsequent movement in a northwesterly direction. Under its influence, increase in rainfall activity is likely over Andhra Pradesh, Karnataka, Maharashtra and Goa.

Source: IMD



FOREX RATES (As on 14th September, 2006)

Country	Currency	Value in Rupees
USA	Dollar	46.13
European Union	Euro	58.69
Japan	100 Yen	39.25
Great Britain	Pound Sterling	87.08