

MAIZE

18th-23rd SEPTEMBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

The bearish trend continued in most maize markets, with demand from the poultry sector easing following cheaper supplies from the Food Corporation of India. Spot prices have been decreasing since August due to FCI's selling pressure, arrival of the new crop and weak bajra prices. However, some upward tone was seen on Thursday in Delhi due to reduced arrivals and fresh demand from Punjab and Haryana. Overall, however, the market remained weak. Thus, Bihar maize was quoted down at Rs 740-745/quintal for godown delivery, UP Gajar maize at Rs 660-665/quintal and Red maize at Rs 690-695/quintal. Daily arrivals totalled 15-20 motors from UP. Following reports of crop damage in Davangere, Ropar in Punjab and parts of UP, the government has reduced production estimates to 11.43 million tonnes for 2006-07 against a target of 12.54 million tonnes. This is seen steadying maize prices in the near future, traders said.

NCDEX FUTURES MARKET:

Erratic trading was seen in NCDEX maize futures, with buying support at the lower levels providing some strength to the futures market despite weak spot prices. Towards the weekend, the weak maize production forecast gave more strength to the market. Open interest was seen increasing but volume decreased during the week. The most active October contract moved in the range in Rs 591.00-614.50 during this week.

Maize futures are likely to remain steady to bearish due to FCI selling, strong arrivals and weak demand.

PRICE DIVERSE:

1. Continuing selling pressure from FCI
2. Increase in new crop arrivals in Bihar, U.P., Karnataka and A.P.
3. Slackened demand from poultry sector
4. Bearish trend in bajra prices
5. Dull demand from stockists

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures finished the week lower as markets consolidates after much gains on Thursday. The CBOT December contract settled lower by 2 cents at \$2.55 ¼ cents per bushel, while the March contract

finished down 1 ½ cents at \$2.68 ½ cents per bushel on Friday. Funds remained at the buyer's side, though, market slipped as profit taking followed the Thursday's gains. The weakness in crude oil futures also pressurised the corn prices. Private analytical firm Informa Economics pegged U.S. corn acreage over 83 million acres, however, market was unmoved by the higher acreage estimates. Rain in U.S. Midwest that may delay the harvest, supported the corn prices to slip further.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	16.09.06	23.09.06
Delhi (Bihar Maize)	740-745	730-740
Sangli truck Bilty (New)	670-680	665-675
Pune Starch (New)	750-775	725-735
Ahmedabad Poultry feed	790-800	740-755
Ahmedabad Starch	770-775	710-720
Bangalore Bilty Price	725-775	720-725
Namakkal Bilty Price	760-780	740-750
Kolkata mill delivery	720-725	715-725
Nizamabad (New Maize)	610-620	615-620
Davangere (New Maize)	640-645	600-605
Bihar Bilty Price	620-625	615-625

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

ICAR to Release New Maize Varieties Shortly

According to the source, the Indian Council of Agricultural Research (ICAR), North-East Hill Region (NEH) will soon release four new varieties of maize. These varieties will give more production. The scientists working at ICAR are generally more concerned about developing suitable varieties for the hilly region.

Maize Crop Affected in U.P. on Scanty Rainfall

According to the UP Agriculture Directorate, the kharif production has been adversely affected in Uttar Pradesh. The worst beating has been taken by paddy with the other kharif crops like maize, jowar, bajra, urad, moong and arhar also showing a fall in production. The shortfall of rain was observed during the major growing period of the crop, according to the report. This scanty rainfall has majorly impacted the growth of crops in the Kanpur division. Reports available with the directorate show that the absence of rainfall during the past one week has stunted the growth of crops.

Punjab: Maize Crop Damaged in Ropar District

The Maize crop in Nangal and Narpur Bedi area of Ropar district has suffered heavy damage, according to the Ropar Deputy Commissioner Alok Shekhar. Therefore he has written to the state government for providing compensation to the affected farmers. He has suggested the compensation for the farmers following the report of the Ropar Chief Agriculture Officer, who made an enquiry in to the matter following allegations of the farmers that their maize crop had been damaged due to poor quality of seed. The germination of the seed was proper but the crop growth was not properly. However higher temperature at the time of growth and lack of balanced fertilizers could also be the causes of the damage. It was also observed during enquiry that same seed was sown in Rupnagar, Morinda, Kurali and Kharar areas but there was no report of any damage of maize crop in these areas.

Maize Production Estimated at 11.43 MMt

According to the first advance estimate for 2006-07, the output of bajra and maize are estimated at 7.74 MMt and 11.43 MMt respectively for 2006-07 as against a target of 8.55 MMt and 12.54 MMt. Production of coarse cereals is estimated at 24.51 MMt as against a target of 28.69 MMt during 2006-07.

Ukraine: Maize to be Harvested from 1.83 mln ha area in 2006/07

According to the source, Ukrainian agrarians have started maize harvesting campaign. According to the Ministry of Agrarian Policy in the current year this crop will be harvested from 1.83 million hectare area. According to the operative data as of the 18th of September, 32.000 ha area planted with maize was threshed (2% from the plan). 90.000 tonnes was milled with the average yield 2.79 tonnes per hectare. Maize harvest is forecasted to total 6.5-7 mln tonnes in Ukraine. APK-Inform reference: In 2005 harvesting area under grain maize totaled 1.67 mln ha. Gross maize harvest was 7.17 mln tonnes with the average yield 4.32 tonnes per hectare.

Hailstorm Lashes Maize Crops in J&K

According to the source Times of India, hailstorm lashed Jammu and Kashmir on Tuesday evening and causing extensive damage to standing crops prompting government to rush officials to affected areas to assess losses. Paddy, Maize and fruit crops at Bajjan, Sonawari, Sumbal, Pattan, Preng and Bandipora areas in Baramulla district were extensively damaged following the hailstorm, official sources said.

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 may affect the crop and will hinder in the harvesting process.

Rainfall

The monsoon was active/vigorous with isolated heavy to very heavy falls over Coastal Andhra Pradesh and Telangana on most days, over Kerala, Coastal & North Interior Karnataka on many days and over South Interior Karnataka and Rayalseema on a few days of the week. Isolated extremely heavy falls (25 cm or more) also occurred over Telangana on a few days.

Outlook for the week ending on 27th September 2006

- The well marked low pressure area over Gangetic West Bengal and adjoining north Orissa & Jharkhand concentrated into a depression and lay over Jharkhand with its centre close to Jamshedpur at 0830 hours IST of today, 21st September 2006. It remained practically stationary at 1430 hours IST. The system is likely to move in a northwesterly direction and weaken gradually. Under its influence, the enhanced rainfall activity is likely over East India and Gangetic plains during first half of the week and decrease thereafter.
- Decrease in rainfall activity over south peninsula.
- Conditions are favourable for withdrawal of monsoon from parts of northwest India.

Source: IMD

TECHNICAL ANALYSIS

Commodity: Maize

Contract: OCTOBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The most active October contract moved in the range in Rs 591.00-614.50 during this week.

Technical: Candlesticks formation is indicating indecision in the market. The %K-line is likely to make a bearish crossover with the %D-line in the normal region, bearish indication. MACD remains in the negative territory and indicating weakness in the market. Prices closed below 9-day and 18-day EMA, hinting weak prices. Open interest was seen increasing but volume decreased during the week

Outlook: Maize prices are likely to remain bearish in the coming week.

Recommendation: Go for short position at major rallies towards resistance levels.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
October	615.10	622.00	590.00	580.00



FOREX RATES (As on 22nd September, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.94
European Union	Euro	58.78
Japan	100 Yen	39.45
Great Britain	Pound Sterling	87.41

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