

MAIZE

16th-21st OCTOBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices witnessed a mixed sentiment during the week. The prices showed a steady undertone in Delhi on stable demand supply situation. The daily average arrival was reported to be around 10-15 motors from UP. Therefore the prices remained steady Rs.720-725/qrt for red maize and Rs.700-705/qrt for Gajar maize in Delhi. However the market remained slight firm in Nizamabad due to paucity of arrival and maize has surged to Rs.640-650/qrt as bilty price with average arrival of 10000-12000 bags but tumbled down this weekend and maize has offered down at Rs.605-610/qrt as bilty price in Davangere mandis with average intake of 8000-10000 bags. Furthermore, the government procurement also restricted the maize prices to down. According to the market source, FCI issued to release of 15 lakh bags of maize to the poultry farmers at Rs.450/qrt in Andhra Pradesh and 10 lakh bags of maize to Karnataka poultry farmers. In Bihar, the maize prices observed still hot due to festive season and strong demand from outside despite scarcity of arrival as the stocks of maize in this state are almost finished. The maize has supplied to Nepal and Bangladesh from Mujjafarpur and Dalkola in Bihar due to advance payment therefore traders preferring supply of maize to this country. But the firm sentiment for maize prices are not expected to continue after Dewali as fresh crop in Maharashtra will hit the market. However the maize prices are expected to fall down after Dewali due to increase of arrival. According to the first advance estimate of kharif maize production pegged to 11.4 MMt as compared to 11.8 MMt of last year.

NCDEX FUTURES MARKET:

The maize futures at the NCDEX stumbled down during the weekend due to profit booking at higher level and increased selling pressure. The futures market remained firm till last Saturday but fell down after that. Most active November contract made a contract high level of Rs.707 and decreased from Rs.697 of last week to Rs.673.50 on Saturday Muhurat trading in this week. The open interest as well as volume of trade was decreasing during the week.

PRICE DIVERSE:

1. Strong festive as well as industrial demand
2. Scarcity of arrival in the producing region
3. Spillover support from bajra, jowar and wheat prices

4. FCI issued to release of 15-lakh bags maize at Rs.450 per qrt for poultry farmers in A.P.

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures moved up on Thursday amidst spillover strength from the overnight session and thin speculative buying interest despite disappointing weekly export sales and a lack of additional fresh inputs. CBOT December corn increased 0.5 cent at \$3.16 per bushel and March gained 1.75 cents to \$3.27. The corn market followed the other grains higher early in the session today finding support from the outlook for tight US and world ending stocks and from the weather. However, the market set back to lower on the day into the mid-session with some active long liquidation selling pressure emerging to push futures down. Ethanol futures traded mostly higher in light activity. November settled 2 cents up at \$1.96 per gallon. December also gained 2 cents to \$1.96.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	14.10.06	20.10.06
Delhi (Bihar Maize)	720-725	720-725
Delhi (Gajar Maize)	705-710	700-705
Sangli truck Bilty (New)	645-655	610-615
Pune Starch (New)	705-710	700-710
Ahmedabad Poultry feed	760-770	735-745
Ahmedabad Starch	735-740	725-735
Kolkata mill delivery	755-760	755-765
Nizamabad (New Maize)	630-635	630-635
Davangere (New Maize)	570-575	560-565
Bihar Bilty Price	655-665	655-665

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Corn Export Surplus in International Market

As per the latest WASDE report, released on Oct 12, 2006, the world production of corn in 2006-07 is expected to be 689.14 MMT, down from 2005-06 estimated production of 692.74 MMT. The production in US is expected to be down to 277 MMT and the total harvested acres are also expected to be down to 71 Million acres. The average productivity is 3.90 tons/acre. Production and export surplus in other countries is as under, Argentina, 17.5 MMT, with an exportable surplus of 11.5 MMT, Brazil, 40.5 MMT with an exportable surplus of 1.5 MMT and China, 141 MMT with an exportable surplus of 4.0 MMT.

Source: USGC

USDA Estimated US Corn Export Sales to 41 Mln Bushels

Last week, the U.S. Department of Agriculture reported 29% of the U.S. corn crop had been harvested as of Oct. 8. The USDA reported that export inspections totaled 41.041 million bushels for the week ended Oct. 12, near the low end of analyst's estimates of 40 million to 50 million bushels.

GAEL Setting Up Maize Processing Plant in Uttaranchal & Nashik

According to the Business Standard, Gujarat Ambuja Exports (GAEL), manufacturer and exporter of agro products, is setting up of two greenfield maize processing plants in Uttaranchal and Nashik. The company is also planning to increase the capacity of its maize processing plant in Gujarat from 500 tonnes per day (tpd) to 700 tpd. GAEL is investing Rs 90 crore in its Uttaranchal plant (500 tpd), which will start commercial production by March 2007. The Nashik plant (500 tpd), commencing from September next year, will attract an investment of Rs 96 crore. This unit will produce 100-tonne per day of ethanol and extra-neutral alcohol (ENA) along with other maize-based products. Both the maize processing plants are GAEL's first venture in the maize segment out of Gujarat. Moreover, in north India, in states like Delhi, Uttar Pradesh and Bihar, there are no maize processing units except some in Punjab.

US Corn Harvest Progressing Well

Corn harvest progress, released after the close, stood at just 41% complete as of Oct 15th compared to 29% last week and 48% last year. Traders were looking for progress near 41-45% complete.

USDA: US Corn Weekly Export Sales Tumble Down

Net sales of 820,200 MT were 36 percent below the previous week and 24 percent under the prior 4-week average. Major increases for Japan (282,700 MT), Syria (141,200 MT including 41,100 MT switched from Egypt), Mexico (116,300 MT), Colombia (77,900 MT), Saudi Arabia (55,100 MT including 54,600 MT switched from unknown destinations), the Dominican Republic (47,800 MT), and South Korea (46,500 MT, all switched from unknown destinations) were partially offset by decreases for Taiwan (119,300 MT) and unknown destinations (33,400 MT). Exports of 1,087,900 MT were 1 percent below the previous week and 11 percent under the prior 4-week average. The major destinations were Egypt (195,100 MT), Taiwan (174,400 MT), Japan (158,100 MT), Mexico (145,000 MT), Colombia (74,100 MT), Saudi Arabia (55,100 MT), South

Korea (46,500 MT), and Syria (46,200 MT). (This summary is based on reports from exporters for the period October 6-12, 2006)

International Biotechnology Information Conference 2006 in the US

The 5th International Biotechnology Information Conference sponsored by U.S. Grains Council, Iowa Corn Promotion Board, Nebraska Corn Board and National Corn Growers Association is underway in the US. About 70 policy makers from 20 countries are taking part in 5 day event to gain insight into the agricultural commodity chain in Iowa and Nebraska while also learning the practice of risk assessment, risk management, risk communication and decision making.

Over the last couple of years, the council though its partners has organized events in US and have produced many publications on various aspects of biotechnology. One such publication produced with National Corn Growers Association is the Biotechnology Reference Guide, which contains important information on the science of biotechnology in layman terms.

Source: USGC

WEATHER WATCH:

The next crop is expected to arrive in Maharashtra within 7-10 days and harvesting is likely to start within a couple of days. Therefore heavy rain might be damaged the crop. On the other hand, most of the kharif maize has completed harvesting stage in most of the producing region in U.P., Karnataka and M.P. However the current weather forecast is not harmful for the crop and it might not be hindered on arrival.

Rainfall

Scattered rainfall also occurred over Jammu & Kashmir on 13th and 14th and over plains of northwest India and West Uttar Pradesh on 18th. Isolated rainfall occurred over coastal West Bengal, coastal Orissa and northeastern States during some days of the week. Weather remained mainly dry over the rest of the country.

Outlook for the week ending on 25th October 2006

Under the influence of Western disturbance scattered to fairly widespread rainfall/thundershowers is likely over Western Himalayan region and Indo-Gangetic plains during first half of the week. Isolated rainfall is also likely over parts of central, east and northeast India. Fall in night temperatures by 2-4 deg. C over plains of northwest India from 20th for next 2-3 days. Scattered to fairly widespread rainfall activity likely to continue over south peninsula.

Source: IMD

FOREX RATES (As on 20th October, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.31
European Union	Euro	57.18
Japan	100 Yen	38.29
Great Britain	Pound Sterling	85.01

TECHNICAL ANALYSIS

Commodity: Maize

Contract: NOVEMBER 2006

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures at the NCDEX stumbled down during the weekend due to profit booking at higher level and increased selling pressure. The futures market remained firm till last Saturday but fell down after that. Most active November contract made a contract high level of Rs.707 and decreased from Rs.697 of last week to Rs.673.50 on Saturday Muhurat trading in this week. The open interest as well as volume of trade was decreasing during the week.

Technical: Candlesticks formation is hinting steady opening and initial downtrend for the next trading day. The %K-as well as the %D-line is moving downwards at neutral region. MACD remains in the positive territory and hinting weakness in the market. Prices closed slight above 9-day and 18-day EMA, indicating weakness of prices. The open interest as well as volume was decreasing throughout the week

Outlook: Maize prices are expected to remain down ahead of the coming week. However, some upward ness of prices might be feasible later due to technical correction.

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
November	675	685	660	650



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.