

MAIZE

3rd-9th OCTOBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize remains on an average range bound with a weak bias during the week ending 9th October 2006 amidst dull trade. Increasing arrival has offset the lacklustre demand at the physical markets. The Bihar maize was traded in the range of Rs 720-725 per qtl in Delhi, while the UP Gajar maize was traded at Rs.695-700 per qtl. It was offered at Rs.605-610 per qtl in Nizamabad. Kolkata markets remain closed during the Durga Puja festivals; prices were quoted at Rs. 765-770 per qtl at the weekend. The Kharif foodgrains procurement has been started in some states for the 2006-07 marketing season. The MSP for coarse grains has been fixed at Rs. 540 per quintal for jowar, bajra, maize and ragi. The Cabinet Committee on Economic Affairs (CCEA) gave its approval for release of 50000 MT of maize at a price of Rs.450 per quintal from within the 5.0 lakh MTs of maize already approved for release from the surplus stock to the States of Haryana, Punjab, Rajasthan, Uttar Pradesh and Chhattisgarh for distribution to poultry farmers for use in poultry feed. It will enable poultry farmers of these States to access poultry feed at a reasonable price and help them to reduce their losses due to market recession resulting from bird flu in certain parts of the country.

NCDEX FUTURES MARKET:

The maize futures at the NCDEX remain range bound for couple of days but got strength at the mid of the week and traded mostly strong. The futures started the week with a bearish note, but recovered the losses thereafter to trade mostly strong. The open interest has declined gradually throughout the week, while the volume of trade was increasing during the week.

Maize futures are likely to remain steady to up due to coming festive demand and stockists buying.

PRICE DIVERSE:

1. Continue selling pressure from FCI
2. Weak bajra prices at the local market
3. Government procurement
4. Higher arrivals U.P., Karnataka & A.P.
5. Poor demand from poultry sector
6. CCEA approved release of 50000 tons at Rs.450 per qtl for poultry farmers

GLOBAL MARKET:

Prices of Corn in US on CBOT moves a little higher than last week's \$103 per MT to \$106.67 per Mt for Dec 2006 deliveries. The price for March 2007 delivery was much higher at \$ 111.78 per MT. The corn futures at the Chicago Board of Trade (CBOT) finished mixed on Friday. The CBOT corn December contract finished ¾ cent lower at \$2.71 per bushel, while the March contract settled ¾ cent higher at \$2.84 per bushel. The futures market remains in the overbought condition and not much strength left amidst lack of any fresh developments. The weather conditions during the weekend are expected to remain favorable for the harvest. The weekly export inspections and crop progress reports by the United States Department of Agriculture (USDA) are scheduled for release Tuesday.

DOMESTIC WHOLESALE MARKET PRICE

(Rs. Per Quintal)

MARKETS	30.09.06	9.10.06
Delhi (Bihar Maize)	730-740	720-725
Delhi (Gajar Maize)	690-700	695-700
Sangli truck Bilty (New)	610-630	640-650
Pune Starch (New)	670-700	750-760
Ahmedabad Poultry feed	735-740	740-745
Ahmedabad Starch	715-725	710-725
Kolkata mill delivery	Closed	765-770
Nizamabad (New Maize)	Closed	605-610
Davengere (New Maize)	570-585	540-565
Bihar Bilty Price	600-625	640-650

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

CCEA: Release of Maize to the Poultry Industry

The Cabinet Committee on Economic Affairs (CCEA) today gave its approval for release of 50,000 MT of maize at a price of Rs.450/- per quintal from within the 5.0 lakh MTs of maize already approved for release from the surplus stock to the States of Haryana, Punjab, Rajasthan, Uttar Pradesh and Chhattisgarh for distribution to poultry farmers for use in poultry feed.

It will enable poultry farmers of these States to access poultry feed at a reasonable price and help them to reduce their losses due to market recession resulting from bird flu in certain parts of the country.

Source: Press Release of Cabinet Committee on Economic Affairs (CCEA)

USDA Reported Higher Corn Net Sales; Lower Export

Net sales of 1,158,300 MT were 40 percent above the previous week. Major increases for Mexico (333,300 MT), Taiwan (275,100 MT), Japan (185,300 MT, including 38,700 MT switched from unknown destinations), Israel (102,700 MT), Syria (78,600 MT, including 41,700 MT switched from Egypt), the Dominican Republic (76,100 MT), Egypt (57,700 MT), and South Korea (50,900 MT, including 50,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (207,300 MT). Exports of 1,183,200 MT were 4 percent below the previous week and the prior 4-week average. The major destinations were Japan (243,200 MT), Mexico (237,300 MT), South Korea (164,100 MT), Taiwan (91,300 MT), Egypt (57,700 MT), Israel (54,700 MT), Canada (45,000 MT), and Algeria (43,400 MT).

Source: FAS, USDA

Corn Prices Remains Down this Week

Since last week corn prices all over the country have shown a decline in the markets. Average market yard price is down from Rs.6500 per MT to Rs.6000 per MT, a decline of approximately 7.7% in one week, but the prices are still higher than last years price of Rs.5690 per MT, about 5.4% higher than last year. Prices of other commodities have shown an upward trend since last week and Pearl millet prices are higher by about 9.5%, reaching Rs.6790 per MT. The prices are also higher than last year by 15.3%. As compared to corn, the prices are higher by 13%. It is likely that the prices will remain higher and pressure on corn will remain as more chicken placements is happening for the coming festival season and the temperature would be conducive for the growth. With other grain prices also higher and farmers/feed manufacturers unable to use these, the pressure will remain on corn.

Source: U S Grains Market Reports

China: Corn Production Estimated Down to 139.4 MMT

In China, USGC officers completed the crop tour and the production estimates are close to 139.4 MMT, lower than the official estimates by 2.6 MMT. The low production is attributed to drought and insect damage. The consumption

of corn is rising due to the increasing demand of meat, milk and eggs and increase in urbanization, buying power.

Source: U S Grains Market Reports

WEATHER WATCH:

The most of the kharif maize has completed harvesting stage in most of the producing region in U.P., Karnataka and M.P. Some crop is still remained in the field. Therefore heavy rainfall may affect the crop and will hinder in the harvesting process and reducing arrival.

Rainfall

The monsoon was active with isolated heavy to very heavy falls over Konkan & Goa on 2nd Oct. Fairly widespread rainfall with isolated heavy falls occurred over Konkan & Goa on 1st, 3rd & 4th, over Marathwada on 1st and over Madhya Maharashtra on 2nd. The monsoon was active with isolated heavy to very heavy falls over Coastal Karnataka on 30th. Fairly widespread rainfall with isolated heavy falls occurred over Coastal Karnataka and Andaman & Nicobar Islands during many days of the week and over North Interior Karnataka during 1-2 Oct.

Outlook for the week ending on 11th October 2006

Conditions are favourable for further withdrawal of monsoon from some more parts of central, east and west India. Increase in rainfall activity over southeast peninsula. Scattered to fairly widespread rainfall activity is likely to continue over northeastern states.

Source: IMD

FOREX RATES (As on 7th October, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.72
European Union	Euro	57.62
Japan	100 Yen	38.36
Great Britain	Pound Sterling	85.53

PROGRESSIVE PROCUREMENT OF KHARIF COARSE GRAINS AS on 11.09.06

(Lakh tonnes)

State	Jowar	Bajra	Maize	Ragi	Total
Andhra Pradesh	-	-	5.94	-	5.94
Chhattisgarh	-	-	0.09	-	0.09
Haryana	-	0.05	-	-	0.05
Karnataka	-	-	3.80	0.63	4.43
Madhya Pradesh	-	-	0.03	-	0.03
Maharashtra	0.67	-	0.30	-	0.97
Total	0.67	0.05	10.15	0.63	11.50

Source: Ministry of Agriculture, GOI

TECHNICAL ANALYSIS

Commodity: Maize

Contract: OCTOBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures at the NCDEX remain range bound for couple of days but got strength at the mid of the week and traded mostly strong. The futures started the week with a bearish note, but recovered the losses thereafter to trade mostly strong. The open interest has declined gradually throughout the week, while the volume of trade was increasing during the week. Most active October contract traded up at Rs.602 Saturday as compared to Rs.592 of last week and it traded within the range of Rs.587-608.50.

Maize futures are likely to remain steady to up due to coming festive demand and stockists buying.

Technical: Candlesticks formation is indicating firm opening and initial uptrend. The %K-as well as the %D-line is moving upwards. MACD remains in the negative territory and indicating firmness in the market. Prices closed above 9-day and 18-day EMA, hinting strong prices. The open interest has declined gradually throughout the week, while the volume of trade was increasing during the week.

Outlook: Maize prices are expected to trade firm in the coming week. However, some bearish ness might be feasible after that.

Recommendation: Go for long position at major rallies towards support levels.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
October	624	630	602	595



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