

## MAIZE

9<sup>th</sup>-14<sup>th</sup> OCTOBER, 2006

### MAJOR ACTIVITY HIGHLIGHTS

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

### TRADE ANALYSIS

Maize prices traded firm across the leading mandis and ended higher on pick up in industrial demand. Industrial demand and stockists buying pushed up the maize prices at most of the region. The other bullish factor was scanty arrival despite peak season of arrival. The festival demand also boost up the market. Therefore maize prices jumped to Rs.720-725/qtl for red maize and Rs.710-715/qtl for Gajar maize in Delhi with meagre arrival of 4-7 motors from U.P. In Nizamabad, maize has surged to Rs.625-635/qtl as bilty price with average arrival of 15000-20000 bags and maize has offered higher at Rs.600-605/qtl as bilty price in Davangere mandis with average intake of 10000-12000 bags. Furthermore, the government procurement also restricted the maize prices to down. According to the market source, FCI is likely to release 15 lakh bags of maize to the poultry farmers at Rs.450/qtl in Andhra Pradesh in the coming week. In Bihar, the maize prices are strengthening amidst mostly weak arrival and strong demand from West Bengal. The maize has supplied to Nepal and Bangladesh from Mujjafarpur and Dalkola in Bihar due to advance payment therefore traders are preferring to supply maize to this country. However the maize prices are expected to fall down after Dewali due to increase of arrival. The new maize crop is expected to hit the Maharashtra market after Dewali, trades said. Therefore the long-term outlook for maize market is bearish.

### NCDEX FUTURES MARKET:

The maize futures at the NCDEX witnessed a strong rallies during the week though some profit booking at higher level pulled down the prices on Wednesday but traded mostly firm as compared to last week due to strong speculative buying and strong spot prices. The futures started the week with a bullish note, and maintained this strong sentiment. Most active November contract made a contract high level of Rs.701.50 and surged from Rs.614 of last week to Rs.697 on Saturday in this week and hovered within the range of Rs.612-701.50 during the week. The open interest as well as volume was increasing during the week.

### PRICE DIVERSE:

1. Festive demand and industrial demand
2. Paucity of arrival in the producing region

3. Higher prices of other cereals like bajra, jowar, wheat etc.

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

### GLOBAL MARKET:

The price of corn in US has climbed yet again. A year ago, second week of Oct 2005, the a ton of corn at CBOT traded at \$80.2 per MT, a month back (Sept 2006) the price was \$95.1 per MT. CBOT corn futures continued to increase Friday, and made a new-life-of-contract high in some months as the market continued its recent rally. CBOT December corn soared 16.25 cents to \$3.145 cents per bushel, and March jumped 15.75 cents to \$3.24. Strength in the other grains and solid export sales news attracted increased speculative and fund buying which drove the market to another contract high on the early strength. Futures are considered extremely overbought with December up as much as 81 cents off of the September 15th lows.

### DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	9.10.06	14.10.06
Delhi (Bihar Maize)	720-725	720-725
Delhi (Gajar Maize)	695-700	705-710
Sangli truck Bilty (New)	640-650	645-655
Pune Starch (New)	750-760	705-710
Ahmedabad Poultry feed	740-745	760-770
Ahmedabad Starch	710-725	735-740
Kolkata mill delivery	765-770	755-760
Nizamabad (New Maize)	605-610	630-635
Davangere (New Maize)	540-565	570-575
Bihar Bilty Price	640-650	655-665

## NEWS ANALYSIS:

### DOMESTIC AND INTERNATIONAL

#### J&K Govt. Brings 11,200 Ha Land under Maize Crops

According to the daily newspaper The Hindu, the Agriculture Department in Jammu and Kashmir has brought about 55,000 hectares of land under high yielding variety of different kharif crops during current season in Pulwama district of the State. Around 55,000 hectares of land were brought under high yielding varieties of kharif crops in Pulwama district, including 11,200 hectares under maize, and 4,200 hectares under fodder. During the current financial year up to September, 135 tonnes of high yielding variety seed of paddy, 12 tonnes of maize and 15 tonnes of potato and six quintals of moong were provided to the farmers.

#### Maize Yield 14% Down Against Last Year in Ukraine

Ukrainian agrarians continue to harvest maize for grain. On October 6, they harvested 1.73 million metric tonnes (MMt) of the maize grain from the area of 507.800 ha (against 1.94 MMt from 490.600 ha for the same date of 2005). The yield of maize grain is 14% down against the yield last year. Ministry of Agrarian Policy of Ukraine informed about this. As for the milling of maize, Ukrainian leaders are Odessa (188.800 tonnes), Chernovitsk (185.000 tonnes) and Dnepropetrovsk (171.300 tonnes) oblasts.

#### International Maize Prices Hovering Up

According to the Financial Express, the international coarse grains prices have increased sharply in recent months owing to much tighter supply and demand balance. For maize, the largest traded coarse grain, stronger export prices reflect the growing demand for feed and industrial use. Reduced old-crop supplies in the southern hemisphere coupled with prospects for a smaller harvest this year in the US, the world's leading maize producer and exporter, have also been fuelling price increases in world markets. In September, the US yellow maize export price averaged \$117 per tonne, up \$20 from a year ago. Old crop Argentine prices also rose to \$113 per tonne in September, up \$4 from the previous year. The maize futures market in Chicago has experienced a similar upward trend, driven by strong demand and lower production prospects in the US.

#### Ukraine Raised Quotas Volumes for Maize Export

The Government of Ukraine increased the volume of export quotas for maize. According to the decision of Cabinet of Ministers of Ukraine, they set the quotas for maize export to 1,50,000 tonnes as compared to earlier export quota of 1,00,000 tonnes.

#### USDA Estimated Lower Corn Production in U.S.

U.S. corn production for 2006 is forecast at 10.9 billion bushels this month, down 209 million bushels on lower harvested area and lower yield. Harvested area is lowered 794,000 acres this month with the biggest reductions in Illinois, Nebraska, and Ohio. Beginning stocks are lowered 41 million bushels based on September 1 stock reported in the September 29 Grain Stocks report. Total supplies for 2006/07 are projected at 12.9 billion bushels, down 250 million bushels from last month. Feed and residual use is lowered 25 million bushels reflecting higher prices and the smaller crop. Ending stocks are reduced 225 million bushels and are just below 1.0 billion bushels. The 2006/07 marketing year average prices is raised 25 cents

on both ends of the range to \$2.40 to \$2.80 per bushel, reflecting the tighter balance sheet, higher-than-expected cash prices in recent weeks, and strong futures prices.

Source: USDA

#### USDA: Latest WASDE Report on Coarse Grains

According to the USDA's World Agriculture Supply Demand Estimates (WASDE), the global 2006/07 coarse grain productions are lowered 4.7 million tons to 964.8 million tons. Higher corn production in China and Mexico and higher EU-25 barley production are more than offset by lower barley production in Australia and Canada and lower corn production in the United States. The largest foreign changes this month are for Australia barley and China corn. Barley production in Australia is reduced 3 million tons as drought and heat have reduced crop prospects substantially. China corn production is raised 3 million tons to a record 141 million tons on record area and a projected yield just below last year's record. Canada's corn and barley production are reduced 0.2 million tons and 0.3 million tons, respectively, based on official estimates from Statistics Canada. Mexican corn production is raised 0.7 million tons reflecting favorable crop weather this summer. EU-25 barley production is raised 0.6 million tons based on harvest results that put yields above expectations. World coarse grain exports and consumption are adjusted slightly. Global coarse grain ending stocks are lowered 5.2 million tons to 120.6 million.

### 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. The current weather forecast is not harmful for the crop and it might not be hindered on arrival.

#### Rainfall

Scattered light to moderate rainfall continued over extreme south peninsula throughout the week. Isolated light rainfall occurred over Bihar, Chhattisgarh, Coastal Andhra Pradesh, Marathawada and Madhya Maharashtra on some days of the week.

#### Outlook for the week ending on 18<sup>th</sup> October 2006

Southwest monsoon is likely to withdraw from northeastern States and remaining parts of east & central India and Maharashtra. Scattered rainfall activity likely to continue over extreme south peninsula with possibility to increase over Tamil Nadu & Pondicherry, Kerala and Lakshadweep.

Source: IMD

### FOREX RATES (As on 13<sup>th</sup> October, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.49
European Union	Euro	57.15
Japan	100 Yen	38.11
Great Britain	Pound Sterling	84.64

## TECHNICAL ANALYSIS

**Commodity: Maize**

**Contract: NOVEMBER 2006**

**Exchange: NCDEX**

**Perspective: Very Short Term (Weekly)**

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**Technical:** Candlesticks formation is hinting firm opening and initial up trend for the next trading day. The %K-as well as the %D-line is moving upwards at oversold region. MACD remains in the positive territory and hinting firmness in the market. Prices closed above 9-day and 18-day EMA, indicating bullish prices. The open interest as well as volume was increasing throughout the week

**Outlook:** Maize prices are likely to remain firm ahead of the coming week. However, some bearish ness might be feasible afterwards.

**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	710	725	660	645



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