

MAIZE

23rd -28th OCTOBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize has maintained its strong rallies in this week due to strong export demand and stockists buying. Sturdy demand from the poultry farmers and starch industries also bolstered the prices. The strong import demand for Indian maize from Srilanka, Bangladesh, Indonesia etc. are pressurizing on the maize prices. Traders said, Srilanka was expected to import 5 lakh bags of Indian maize from AP and Karnataka state at the prices quote of \$170/ton. In addition to, strong prices of other market like jowar and bajra also provided support to the maize market. Therefore the maize prices gradually increased this week. The Bajra, Jowar and Maize were up largely on industrial buying against restricted arrivals from producing centres. Red maize surged to Rs.755-765/qtl while Gajar maize quoted up Rs.735-740/qtl with average intake of 10-15 motors in Delhi. The robust demand from Punjab and Haryana also pushed the prices to up in this state. The new maize crop is expected to hit the Maharashtra market within 7-12 days but traders said that this maize would be utilized by the Starch industry. Therefore it could not be pulled down the maize prices, as it could not offset the poultry as well domestic demand. The maize prices has climbed mostly in A.P. and traded at Rs.620-625/qtl as loose basis in Nizamabad. It is offered at Rs.615-620/qtl in Davengere mandis as loose basis. According to the market source, FCI was issued to release of 15 lakh bags of maize to the poultry farmers at Rs.450/qtl in Andhra Pradesh and 10 lakh bags of maize to Karnataka poultry farmers in the last week but they did not release the maize till now. In Bihar, the maize prices observed still hot due to festive season and strong demand from outside against scarcity of arrival as the stocks of maize in this state are almost finished.

NCDEX FUTURES MARKET:

The maize futures at the NCDEX hovered during the week due to strong export demand and strong spot prices, which increased the speculative buying but fell down at the weekend amidst profit booking. All of the contracts established new contract high level. Most active December contract made a contract high level of Rs.747.50 and rose from Rs.686 of last week to Rs.723.50 on Saturday in this week. The open interest as well volume of trade was increasing during the week.

PRICE DIVERSE:

1. Strong export demand
2. Stockists buying
3. FCI did not release the maize to the poultry farmers
4. Shrinkage of arrival

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.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	20.10.06	28.10.06
Delhi (Bihar Maize)	720-725	755-765
Delhi (Gajar Maize)	700-705	735-740
Sangli truck Bilty (New)	610-615	640-645
Pune Starch (New)	700-710	700-705
Ahmedabad Poultry feed	735-745	755-760
Ahmedabad Starch	725-735	730-735
Kolkata mill delivery	755-765	760-770
Nizamabad (New Maize)	630-635	645-655
Davengere (New Maize)	560-565	615-625
Bihar Bilty Price	655-665	655-660

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

Maize Prices Remains Higher than Last Year

As we enter the festive season, Diwali and Eid and people get busy with their purchases etc, the end users of coarse cereals will be a worried lot. Even though harvest of coarse grain is half way through, prices at the market yard are still ruling high.

The average maize price at the market yard was marginally down by 0.5% over last week at Rs.5975 per MT, and the price is still higher than last year's price of Rs.5780 per MT, by 3.5%. As weather turns good, marriage season starts, poultry farmers are likely to put in more birds, turning the pressure on maize.

Pearl Millet (Bajra) prices are marginally up by 0.6% over last week at Rs.6270 per MT. The price is higher over last year's price of Rs.6075 per MT by 3.2%. The price of Pearl Millet is also higher than maize by approximately 5%.

Sorghum (Jowar) prices also moved up marginally by 0.5% to Rs.6900 per MT at the Market Yard. The prices are also higher than last year's price of Rs.6250 per MT by 10.3%. As against Maize, the prices are higher by 15.4%, making maize a grain of choice for the poultry farmers, unless some low quality sorghum is available at a cheaper price.

With the maize prices still lower than sorghum and pearl millet, pressure on maize will be high. With production in Khariff limited to 11.00 MMT as per GOI estimate and demand higher, prices are likely to remain high.

Source: USGC

India: Stocks of Coarse Cereals Fell to 226,000 tons

Stocks of coarse cereals as of Oct. 1 fell to 226,000 tons from 408,000 tons in the year-earlier period. Total food grain stocks with the government as of Oct. 1 are estimated at 12.60 million tons, down 18.91% from 15.54 million tons on the same day last year.

USDA: US Harvests Just 53% of Corn Crop

The U.S. Department of Agriculture reported that corn harvest progress as of Oct 22nd stood at just 53% complete compared to 41% last week and 63% last year. Traders were looking for the update to show harvest near 54-58% complete. As of Sunday, just 37% of the Indiana crop was harvested as compared with the 5-year average at 53% complete. Just 18% of the Ohio crop was harvested as compared with the 5-year average at 36% complete.

Maharashtra: Farmers Complains Against Maize Allocation

According to the source Express India, the Akhil Maharashtra Poultry Farmers Welfare Association (AMPFWA) has sent a letter to Agriculture minister Sharad Pawar to relocate the allocation to poultry farmers in the state of Maharashtra. As per the report, only 29,000 metric tonnes of maize was available for Maharashtra, which is a shortfall of 12,000 metric tonnes. They also reported that around 70 per cent of the maize has been allocated to two big companies viz Suguna (19,000 metric tonnes) and Godrej (900 metric tonnes). According to the association, there is hardly any maize left for the Maharashtra poultry farmer. The state poultry association has thus demanded a sealing of 5,000 metric tonnes to a single party and suspend allocation over and above this limit.

Ukraine: Exporters Shows Higher Interest in Feed Maize

Interest of exporters in feed maize is at high level in Ukraine. It should be noticed that if before most exporters restrained their purchases waiting for clarifying of the situation concerning introduction of quotas for export of maize nowadays market observes increase in buying activity. Prices in offers for feed maize are fixed at 700-760 UAH/tonne on CPT-port terms.

Maize: IGC Reduces World Maize Production Estimate

Yields in the US are proving to be slightly lower than expected and the crop estimate is reduced by 5m. tons to 277m., 5m. down from last year. With a lower estimate also for Romania, world production is now forecast at 690m. tons, 8m. down from last month, and 3m. less than in 2005. Consumption is still projected at a record high of 722m. tons (2m. less than last month) because of the strength of feed demand and tight feed wheat availabilities, as well as a sharp rise in use for ethanol and other industrial purposes particularly in the US and China. Forecast maize trade in 2006/07 is increased by a further 1m. tons to 81m. because of larger imports from Pacific Asia, mainly to replace wheat. US export sales continue at a fast rate and the forecast of 57.2m. tons for the marketing year is maintained. Tight supplies in Argentina will lead to reduced sales but China's exports increased in the past month as world prices climbed above local levels. Global maize stocks at the end of 2006/07 are forecast at 94m. tons, 6m. less than last month and the lowest for over 20 years. US stocks will be only half last year's, at 25m. tons, nearly 40% below the 10-year average.

Source: IGC

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.

Outlook for the week ending on 1st November 2006

Scattered to fairly widespread rainfall with isolated heavy falls are likely over south Peninsula, Andaman & Nicobar Islands and Lakshadweep. Scattered rainfall is also likely over Rayalaseema and coastal areas of Andhra Pradesh, Orissa and West Bengal.

Source: IMD

FOREX RATES (As on 27th October, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.22
European Union	Euro	57.34
Japan	100 Yen	38.18
Great Britain	Pound Sterling	85.49

TECHNICAL ANALYSIS

Commodity: Maize

Contract: DECEMBER 2006

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures at the NCDEX hovered during the week due to strong export demand and strong spot prices, which increased the speculative buying but fell down at the weekend amidst profit booking. All of the contracts established new contract high level. Most active December contract made a contract high level of Rs.747.50 and rose from Rs.686 of last week to Rs.723.50 on Saturday in this week. The open interest as well volume of trade was increasing during the week.

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

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

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
December	745	760	700	685



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