

MAIZE

25th-30th SEPTEMBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize remains slightly bearish in the spot markets during the week ending 30th September 2006. Higher arrival coupled with lack of buying support continues to pressurise the market sentiments. However, the price volatility was much lower as compared to past few weeks. The Bihar maize was traded in the range of Rs 730-740 per qtl in Delhi, while the UP Gajar maize was traded at Rs.685-700 per qtl. The sentiment remains weak in A.P. and Karnataka mandis also and maize has quoted down at Rs.600-610/qtl in A.P. FCI has been selling 20 lakh quintals of maize to poultry farmers at Rs.570-640/qtl in A.P. and 25 lakh quintals of maize at Rs.590-650/qtl in Karnataka. 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. In the global perspective, according to a latest released Grain Market Report by the International Grains Council (IGC), the world maize production is forecasted 5 million tons higher than the last month at 698 million tons and 5 million tons higher than the last year's production of 693 million tons.

NCDEX FUTURES MARKET:

The maize futures at the NCDEX witnessed bearish sentiment during this week on increased selling interest. The bearish fundamentals also pressurised the futures trend. The open interest has declined, while the volume of trade remained thin in this week. The most active October contract tested this week's high at Rs. 608 on Monday and traded continuously downward thereafter. However, the futures recovered slightly towards the weekend on some buying support at the lower price levels.

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:

The corn futures at the Chicago Board of Trade (CBOT) settled lower on Friday as weekend profit taking curbed earlier gains amidst choppy trading. The CBOT Corn December contract finished 1 ¾ cents lower at \$2.62 ½ cents per bushel; while the March contract settled 2 ¼ cents lower at \$2.75 ¼ cents per bushel on Friday. Friday was the last trading day of the month as well as this quarter; hence, traders took profit after the recent strength in the corn prices. The late spillover weakness from the wheat futures also pressurised the corn futures. The quarterly stocks estimates by the USDA were as per trader's expectations. The U.S. Department of Agriculture (USDA) reported that that fourth quarter corn stocks were 1.971 billion bushels, below the 2.012 billion carryout in the supply and demand report released in September.

DOMESTIC WHOLESALE MARKET PRICE

(Rs. Per Quintal)

MARKETS	30.09.06	23.09.06
Delhi (Bihar Maize)	730-740	730-740
Sangli truck Bilty (New)	610-630	665-675
Pune Starch (New)	670-700	725-735
Ahmedabad Poultry feed	735-740	740-755
Ahmedabad Starch	715-725	710-720
Bangalore Bilty Price	720-735	720-725
Namakkal Bilty Price	730-740	740-750
Kolkata mill delivery	Closed	715-725
Nizamabad (New Maize)	Closed	615-620
Davengere (New Maize)	570-585	600-605
Bihar Bilty Price	600-625	615-625

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

IGC Raises Global Maize Output Estimates to 698 Mt

According to the latest released Grain Market Report by the International Grains Council (IGC), the world maize production is forecasted 5 million tons higher than the last month at 698 million tons and 5 million tons higher than the last year's production of 693 million tons. It is reported that a 4 million tons increase in the US estimate, where the crop is developing well, more than offsets deterioration in prospects in the EU. The world consumptions in 2006-07 is increased by 1 million tons at 724 million tons due to stronger feed demand from a number of importing countries as a follow through of recovering poultry numbers and a switch from feed wheat. IGC forecasted maize trade in 2006-07 is increased by 1 million tons to 80 million tons with higher imports forecast for Iran and several countries in Far East Asia and Latin America. With reduced competition, especially from China, US marketing year exports are now forecast at 57.2 million tons, up 2.6 million tons from last month and the highest for seventeen years. A strong pace of sales points to an increase in Brazil's shipments to 2 million tons. Global maize stocks at the end of 2006-07 are forecast to decline to 100 million tons, unchanged from last month's estimates. It is also reported that in the US increased exports offset the larger forecast crop, and stocks are projected to fall to 31 million tons, 21 million tons lower than last year.

US Weekly Corn Net Sales Lower on Week

According to the latest released USDA weekly export sales report for the period September 15-21, 2006, the net sales of 829,700 MT were 18 percent below the previous week. Major increases for Japan (288,800 MT), Taiwan (131,200 MT), Mexico (117,100 MT, including 19,300 MT switched from unknown destinations), Egypt (91,800 MT, including 60,000 MT switched from unknown destinations), Chile (81,700 MT), Colombia (74,500 MT), and Israel (60,000 MT) were partially offset by decreases for unknown destinations (106,900 MT) and South Korea (57,300 MT). Exports of 1,236,300 MT were 10 percent below the previous week and 5 percent under the prior 4-week average. The major destinations were Japan (328,400 MT), Mexico (219,900 MT), Egypt (138,200 MT), South Korea (115,000 MT), Taiwan (108,000 MT), Chile (81,700 MT), and Colombia (74,600 MT).

Note: Accumulated exports were adjusted down for Mexico by 17,100 MT.

Source: FAS, USDA.

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 Orissa and Chhattisgarh on first two days, over Gangetic West Bengal during 21-24th, over Sub-Himalayan West Bengal & Sikkim and Jharkhand during 21-25th and over Bihar during 22-26th. Fairly widespread rainfall with isolated heavy falls also occurred over

Gangetic West Bengal and Sub-Himalayan West Bengal & Sikkim on 25th & 26th respectively.

Outlook for the week ending on 4th October 2006

Conditions are favourable for further withdrawal of monsoon from some more parts of northwest India and parts of central India.

The low pressure area over east-central and adjoining northeast Bay of Bengal has concentrated into a depression and lay centered about 380 km southeast of Paradip at 1430 hours IST of 28th. The system is likely to move in a west-northwesterly direction and cross Orissa coast between Gopalpur and Paradip by tomorrow evening. Under its influence, increase in rainfall activity is likely over east & adjoining central India and north peninsular India during first half of the week and decrease thereafter.

Source: IMD

FOREX RATES (As on 29th September, 2006)

Country	Currency	Value in Rupees
USA	Dollar	45.96
European Union	Euro	58.33
Japan	100 Yen	38.97
Great Britain	Pound Sterling	86.09

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)

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

Source: Ministry of Agriculture, GOI

TECHNICAL ANALYSIS

Commodity: Maize

Contract: OCTOBER

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures at the NCDEX witnessed bearish sentiment during this week on increased selling interest. The bearish fundamentals also pressurised the futures trend. The open interest has declined, while the volume of trade remained thin in this week. The most active October contract tested this week's high at Rs. 608 on Monday and traded continuously downward thereafter.

Technical: Candlesticks formation is indicating firm opening and initial uptrend. The %K-as well as the %D-line is moving downwards. 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 remain steady at lower levels, but volume decreased during the week.

Outlook: Maize prices are likely to remain bearish in the coming week. However, an upward technical correction is expected soon.

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	602	612	580	570



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