

MAIZE

30th OCTOBER-4th NOVEMBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices continued to increase at the domestic spot market due to strong export demand and Stockists buying despite poor demand from poultry sector. The starch factory's demand also bolstered the prices. Furthermore, the arrivals are in declining mood. Therefore the maize prices hovered up to Rs.815-820/mtl for red maize and Rs.790-800/mtl for Gajar maize as godown delivery in Delhi market on reducing arrival of 4-6 motors daily from U.P. The robust demand from Punjab and Haryana also pushed the prices to up in this state. The strong price movement at the jowar, bajra market kept pressure on maize prices. The strong import demand for Indian maize from Sri Lanka, Bangladesh, Indonesia etc. are pressurizing on the maize prices. USGC reported that, Indian corn is competitive in the South East Market and some cargoes have been sold at \$160 FOB (Chennai). With US prices touching over \$150 FOB, the buyers will look for the nearest supplier. Exports being open from India, there is a likelihood of some boatloads will find buyers in this area. The maize prices has soared in A.P. and traded at Rs.655-665/mtl as loose basis in Nizamabad with daily average intake of 20000-25000 bags. It is offered at Rs.635-640/mtl in Davengere mandis as loose basis. In Bihar, the maize prices observed still hot due to the stocks are almost depleted and strong demand from outside. There was a rumour in the market that the government may close the export as the prices are climbing at the domestic market but the news was not confirmed. If government bans the export then the prices will come down by Rs.50-75/mtl otherwise it will maintain bullish sentiment in near future also.

NCDEX FUTURES MARKET:

The maize futures at the NCDEX continued to maintain strong sentiment on strong speculative buying and export demand. The futures market started with a bearish tone ahead of the week but soared thereafter and established lifetime contract high on Saturday. However some weakness is observed at the middle of the week on profit booking amidst overbought condition but firmed up thereafter. Most active December contract made a contract high level of Rs.780 and soared from Rs.723.50 of last week to Rs.774 end of the week. The open interest as well volume of trade was increasing during the week.

PRICE DIVERSE:

1. Exports being open from India
2. Strong Stockists buying & Tight global supplies
3. Weak poultry feed demand
4. Weakness in arrival and moderate stocks

GLOBAL MARKET:

Chicago Board of Trade (CBOT) corn futures traded mostly strong during the week due to tight global supplies but the prices tumbled down on Friday in limited trading activity against the record volume traded Thursday as the market consolidated its gains. CBOT December corn slipped 2.5 cents to \$3.423 cents per bushel and March lost 2.25 cents to \$3.57. In addition, follow-through technical selling from the weak close Thursday along with some long liquidation selling and soybean/corn spreading added to the weakness for corn early in the day. A lack of selling interest near 340 helped support some light buying interest and the market bounced to near unchanged into the mid-session.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	28.10.06	4.11.06
Delhi (Red Maize)	755-765	815-820
Delhi (Gajar Maize)	735-740	790-800
Sangli truck Bilty (New)	640-645	680-685
Pune Starch (New)	700-705	745-755
Ahmedabad Poultry feed	755-760	795-800
Ahmedabad Starch	730-735	765-775
Kolkata mill delivery	760-770	755-765
Nizamabad (New Maize)	645-655	685-690
Davengere (New Maize)	615-625	635-645
Bihar Bilty Price	655-660	655-665

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

USGC: Coarse Grain Prices Remained Steady in India

According to the U.S. Grain Councils report, during the week of festivities the market was not very high, arrivals were slow and producers, traders and buyers were busy with the festival. The market opened with a high note.

The average maize prices at the market yard were marginally up over last week at Rs.6000 per MT. The prices are higher than last year price at the same time by approximately 8.6%. The average prices in Karnataka have shown an upward trend and have moved up from Rs.5500 per MT last week to Rs.6100 per MT. The prices in Punjab, Rajasthan though have shown a downward trend.

Pearl Millet (Bajra) prices are down by about Rs.420 per MT over last week to Rs.5850 per MT, a down of 6.7%. Also the prices are lower than last year by 1.2%. The prices are also lower than maize by 2.4%.

Sorghum (Jowar) prices have also shown a downward trend and were down by Rs.450 per MT at Rs.6400 per MT over last week, a drop of 6.6%. The prices though are higher than last year by 4%. As against maize, the prices are higher by 7.5%.

There are reports suggesting Indian corn is competitive in the South East Market and some cargoes have been sold at \$160 FOB (Chennai). With US prices touching over \$150 FOB, the buyers will look for the nearest supplier. Exports being open from India, there is a likelihood of some boatloads will find buyers in this area.

Market sentiment suggests a price increase in the coming months even at the time when harvest would just be over. In addition a swing toward wheat in some of the maize belts cannot be ruled out, if the Minimum Support Price (MSP for wheat is increased.

Source: USGC

Maize Likely to Trade Firm in US

According to the U.S. Grain Councils report, many analysts now believe that the corn prices in US will remain high. The prices touched a high of \$124.77 per MT at CBOT on Oct 13, 2006 and since then have not come down. Corn prices closed at \$130.83 on Oct 27, 2006.

Despite a crop size of almost 277 MMT, the third largest U.S. crop the prices have gone up sharply. Market analysts believe that this is mainly due to

- Declining world wheat stocks because of Australian drought.
- Lower ending stocks estimates from 30.98 MMT (Sept 2006) to 24.36 MMT in Nov 2006.

There is a general concern that there would be a need to increase the corn plantings substantially in 2007 to cover the demand for ethanol. As reports suggest 53% of the corn has been harvested.

Source: USGC

US Corn Weekly Export Sales Remains Weak

Net sales of 1,027,200 MT were 2 percent below the previous week and 5 percent under the prior 4-week average. Increases were reported for Japan (253,400 MT), unknown destinations (182,200 MT), Colombia (175,000 MT), Mexico (157,100 MT), Taiwan (59,200 MT), Israel (58,000 MT), and South Korea (55,300 MT). Exports of 1,101,800 MT were 38 percent above the previous week

and 6 percent over the prior 4-week average. The major destinations were Japan (361,100 MT), Mexico (212,900 MT), Colombia (136,100 MT), Syria (95,500 MT), Taiwan (73,900 MT), Morocco (66,400 MT), and the Dominican Republic (53,200 MT). (This summary is based on reports from exporters for the period October 20-26, 2006)

Source: USDA

Poultry Industry Concerned over Spiraling Maize Prices

The Poultry industry in Tamil Nadu is worried over the strengthening price of maize, which is an important ingredient for cattle feed and detains its shortage next year. Both the layer and broiler segments of the industry in the state need around one lakh tonne of maize per month. The State mainly depends on the neighbouring State Karnataka for 80% of its requirement, as the maize is a rain-fed crop in the Tamil Nadu. According to the source, the landing price of maize from Karnataka has touched Rs.750-760/qlt now as compared to Rs.600/qlt in the corresponding period last year. The maize prices are spiraling due to the growth of the poultry industry and export of maize from Karnataka. Traders said, around one lakh tonne of maize was lined up for exports. It is expected that two lakh tonnes of maize will be exported from Karnataka where the total production is inclined to 12 lakh tonnes. BCC has asked the Government to ban exports. It has requested it to take steps to increase the cultivation area of the crop that provides an attractive price for farmers.

WEATHER WATCH:

The next crop has arrived in Maharashtra and harvesting is likely to complete within the coming week. Therefore heavy rain might be damaged the crop.

Rainfall:

Widespread/fairly widespread rainfall occurred over Tamil Nadu & Pondicherry, Coastal Andhra Pradesh, Kerala on most days of the week. Heavy to very heavy falls at a few places with isolated extremely heavy falls (25 cm or more) occurred over Coastal Andhra Pradesh during 30-31st. Scattered rainfall activity was also realized on remaining parts of the south peninsula during the week.

Isolated rain/thundershowers also occurred over Maharashtra, Madhya Pradesh, Chhattisgarh, interior Orissa, Jharkhand and Gangetic West Bengal and Tripura on 1st November.

Outlook for the week ending on 8th November 2006

Scattered to fairly widespread rainfall activity is likely over south peninsula. Fall in night temperatures over north and central India from middle of the week.

Source: IMD

FOREX RATES (As on 3rd November, 2006)

Country	Currency	Value in Rupees
USA	Dollar	44.84
European Union	Euro	57.28
Japan	100 Yen	38.29
Great Britain	Pound Sterling	85.55

TECHNICAL ANALYSIS

Commodity: Maize

Contract: DECEMBER 2006

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

The maize futures at the NCDEX continued to maintain strong sentiment on strong speculative buying and export demand. The futures market started with a bearish tone ahead of the week but soared thereafter and established lifetime contract high on Saturday. However some weakness is observed at the middle of the week on profit booking amidst overbought condition but firmed up thereafter. Most active December contract made a contract high level of Rs.780 and soared from Rs.723.50 of last week to Rs.774 end of the week. The open interest as well volume of trade was increasing during the week.

Technical: Candlesticks formation is hinting bullish market for the following trading day. The %K- line made bullish crossover with %D-line and moving upwards at mostly overbought region. MACD remains in the positive territory and hinting upward market as medium term. Prices closed above 9-day and 18-day EMA, indicating strong prices. The open interest as well volume of trade was increasing during the week.

Outlook: Maize prices are expected to get down due to profit booking as overbought condition and will recover thereafter.

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	820	835	764	748



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.