

MAIZE

6th-11th NOVEMBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Bullish trend at the futures market amidst export demand bolstered the spot market to mostly up during the week. The sluggish arrival coupled with hoarding of stocks created pressure on the maize prices. Therefore the maize prices have been skyrocketing since opening of export. The demand from the starch and poultry industry is reported to good. At most of the market, it has been increased by Rs.40-60/mtl due to shortage of arrival. The maize prices has surged to Rs.840-850/mtl for red maize and Rs.825-835/mtl for Gajar maize as godown delivery in Delhi market in sympathy with the strong price movement at the jowar, bajra market and robust demand from Punjab and Haryana. The bajra quoted to Rs.730-740/mtl in Delhi market. The arrival is reported to be around 6-8 motors from U.P. in Delhi. In Nizamabad, the maize prices soared to Rs.750-760/mtl as bilty price with mostly poor arrival of 4000-5000 bags. The maize offered mostly up Rs.715-725/mtl as bilty prices in Davengere mandis with weak arrival of 20000-25000 bags in Karnataka. In Bihar, the maize stocks have almost depleted and most of the maize is going to Kolkata market and maize prices have gone up to Rs.690-700/mtl as bilty price. Bad weather conditions have been dragged the maize production down in the US and China therefore these countries have stopped exports. Therefore West Asia and East Asian countries are eyeing towards India to meet their needs. 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. The prices are expected to move up in the near future also until the government bans the export.

NCDEX FUTURES MARKET:

The maize futures at the NCDEX maintained their strong sentiment this week also due to strong speculative buying amidst export demand. The futures market started with a bullish tone ahead of the week and tumbled down for profit booking on 7th Nov. iterating the chances of ban on maize exports but soared thereafter and established new lifetime contract high on 9th November. Most active November contract made a new contract high level of Rs.848 and increased from Rs.774 of last week to Rs.828.50 on Saturday in this week and hovered within the range of

Rs.772-848. The open interest as well volume of trade was continued to increase during the week.

PRICE DIVERSE:

1. Export demand
2. Stocks hoarding created shortage of stocks at the markets
3. Strong poultry feed demand
4. Tight global supplies

GLOBAL MARKET:

Chicago Board of Trade (CBOT) December Corn futures slipped 6.75 cents at \$3.433 while March Corn slid 6.5 cents at \$3.595. US prices ended a little higher than last week at \$135 per MT for December deliveries. The prices were up within the week. Looking at these prices the CNF prices (Indian port) will be close to \$205 per MT (Rs.9430 per MT) Reports of the sharp rise in industrial demand for corn in China in the years just ahead overnight which might keep exports down in spite of their record production for 2006 failed to provide much support Friday.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	4.11.06	11.11.06
Delhi (Red Maize)	815-820	840-850
Delhi (Gajar Maize)	790-800	825-835
Sangli truck Bilty (New)	680-685	670-680
Pune Starch (New)	745-755	790-800
Ahmedabad Poultry feed	795-800	850-860
Ahmedabad Starch	765-775	800-810
Kolkata mill delivery	755-765	795-800
Nizamabad (New Maize)	685-690	750-760
Davengere (New Maize)	635-645	680-690
Bihar Bilty Price	655-665	690-700

NEWS ANALYSIS:

DOMESTIC AND INTERNATIONAL

USDA Likely to Cut Corn & Wheat Output in U.S.

It is expecting that the USDA would cut the wheat and corn production in U.S. in their monthly crop reports. They may also project lower ending stocks for U.S. and world wheat. On the other hand, the corn import in South Korea was quiet last week, with only one feed company was going to import 110,000 metric tons of optional-origin corn in a tender.

Indian Starch Industry Eyeing on Ban of Maize Exports

Increasing exports demand for the maize in this year bolstered the maize prices mostly high at the domestic market. According to the source, the maize production has slipped to around 11.4 MMt as compared to 12 MMt last year while the demand is much higher at 14 MMt. The All India Starch Manufacturers' Association (AISMA) has urged to the Union ministries of finance, agriculture and commerce, to check the exports of maize and allowing import at zero percent import duty. The government also takes levies 60% duty on imports above 4 lakh tonnes, which is also making impossible for maize based manufacturers to import.

Rising Feed Meal Prices Pushed Egg Prices Mostly Up

It is witnessing that the egg prices have reached to record levels amidst shortage in egg supply and rise in production costs. According to the market source, the bird flu is the main catalyst for both the price decline and price escalation of egg this year. The maize prices in the country have increased to Rs.810-825/qlt from Rs.500-525/qlt a year ago. The prices of other components for poultry feed like soyameal, groundnut cake, jowar, bajra and ragi also hovered up by 20-25% year-on-year. The bajra prices have increased to Rs.730-735/qlt in the Delhi market. However the demand for maize has been increasing mainly due to robust demand from the poultry and livestock sectors. The rising exports demand for maize same this year are set to result in the shortage of maize in the domestic market.

Central Pool Released 38,000 tonne Maize to Five States

According to the source, around 40,000 tonne maize at Rs.450/qlt has been released by the government so far to the poultry farmers in U.P., Punjab, Rajasthan, Haryana, and Chhattisgarh. The maize was released to the state governments on the end of October. The Cabinet committee on economic affairs (CCEA) was approved to release 50,000 tonnes of maize to the poultry farmers in the last month. The central pool had procured about 10-lakh tonnes maize last year. According to the Financial Express, around 4.5 lakh tonnes of maize has already been released to the poultry farmers in Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra; another 4.5 lakh tonnes of maize has been distributed to the traders in Andhra Pradesh and Karnataka and part of it has been diverted to the public distribution system. The balance 38,000 tonne has now been released for poultry farmers in five northern states, they reported.

Lower Crop in US & China Induces Indian Maize Export

Bad weather conditions have been dragged the maize production down in the US and China therefore these countries have stopped exports. Therefore West Asia and East Asian countries are eyeing towards India to meet their needs. However the acreage and production of maize have been witnessed stagnant since last six years due to poor

quality seeds, traditional cultivation methods and lack of irrigational facilities, according to the source. According to the government estimates, the Kharif maize production is around 11.4 MMt and if added with rabi crop production it would reach 12.8-13 MMt while the demand for domestic consumption has been put at 14 MMt in 2006-07, well above the production estimates. 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.

India: Poultry Exports Likely to Pick Up by End of The Year

The poultry exports from India is expected to pick up by December as the country has declared itself free of bird flu in August after nearly four months of no cases being reported in poultry. A number of countries closed importing poultry products from India following an outbreak of an avian influenza early this year. According to the source, the poultry exports were 3.26 billion rupees in the financial year ended March 2006, which is up from 1.54 billion rupees in 2004/05. Therefore the government may study the demands of the domestic poultry industry for a cap on maize exports and lower import duties on the feedstock to ensure easy availability. The poultry feed stocks has been steadily increasing after the outbreak of bird flu, which mainly affected the western state of Maharashtra. The maize prices, which is mostly consumed by the poultry industry as feed mill, has increased to Rs.825/qlt or more as compared to Rs.500-525/qlt a year ago.

Russia Harvested 3.05 MMt of Maize

Russia harvested 83.8 million metric tonnes (MMt) of grain. According to Ministry of Agriculture in Russian federation, as of the 7th of November farms of all categories milled 83.84 MMt of grains and legumes as compared to 83.78 MMt last year. Harvest of grain maize totalled 3.05 MMt against 2.56 MMt last year.

US Corn Export Sales Observes Mostly Strong

Net sales of 1,929,100 MT were 88 percent above the previous week and 85 percent over the prior 4-week average. Major increases were reported for Japan (336,100 MT), Mexico (304,200 MT, including 15,000 MT switched from unknown destinations), South Korea (234,500 MT, including 111,700 MT switched from unknown destinations), Ecuador (172,600 MT, including 142,600 MT late reporting), Taiwan (167,300 MT, including 58,000 MT switched from unknown destinations), Syria (152,300 MT, including 117,000 MT switched from unknown destinations), Colombia (110,700 MT, including 27,400 MT late reporting), Algeria (77,900 MT), Panama (72,000 MT, including 56,300 MT late reporting), and Honduras (64,500 MT, all late reporting). Decreases were reported for Egypt (68,800 MT) and unknown destinations (35,000 MT). Exports of 1,174,000 MT were 7 percent above the previous week and 15 percent over the prior 4-week average. The major destinations were Mexico (248,600 MT), Japan (202,000 MT), Syria (145,300 MT), South Korea (115,700 MT), Guatemala (92,000 MT), Taiwan (87,000 MT), and Egypt (54,500 MT). (This summary is based on reports from exporters for the period October 27 - November 2, 2006)

Source: USDA

WEATHER WATCH:

The next crop has arrived in Maharashtra and harvesting is likely to complete. The rabi maize crop is likely to sowing in Bihar at end of Nov and Dec.

Rainfall:

Fairly widespread rainfall occurred over Tamil Nadu & Pondicherry during many days and over Kerala, Coastal & South Interior Karnataka and Coastal Andhra Pradesh during a few days of the week. Scattered/isolated rainfall activity also occurred over remaining parts of south peninsula during many days of the week.

Rain/thundershowers occurred at a few places over coastal Orissa, Konkan & Goa and Madhya Maharashtra during second half of the week. Isolated rain/thundershowers also occurred over central India Gujarat and northeastern States during this period.

Isolated rain/snow occurred over western Himalayan region during the second half of the week.

The weather remained mainly dry over the rest regions during the week.

Outlook for the week ending on 15th November 2006

TECHNICAL ANALYSIS

Commodity: Maize

Contract: DECEMBER 2006

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

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

Outlook: Maize prices are likely to trade down due to technical correction and profit booking and any corrective dips may be used for buying until the government bans maize export.

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

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Under the influence of a western disturbance, scattered rainfall activity likely over western Himalayan region and adjoining plains during first half of the week and decrease thereafter.

Fall in night temperatures and occurrence of Fog likely over northwest India from middle of the week.

Under the influence of easterly wave, ongoing enhanced rainfall activity is likely to continue over south Peninsula, east coast and adjoining areas during first half of the week and decrease thereafter.

Source: IMD

FOREX RATES (As on 10th November, 2006)

Country	Currency	Value in Rupees
USA	Dollar	44.45
European Union	Euro	57.12
Japan	100 Yen	37.82
Great Britain	Pound Sterling	84.83

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
December	848	865	819	800

