

MAIZE

26th -31st DECEMBER, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices continued steady at some higher levels during the week in the delivered centers and the producing region due to steady export. According to Government estimation the maize production of India for the year 2006-07 is 12.41 MMT, much lower than last year. The demand of maize for the year 2006-07 is estimated at 14 MMT, thus the deficit will be close to 1.6 MMT. Further, the continuous export will increase the deficit. Maize prices at Nizamabad remained steady at some higher levels between Rs 705-710 per quintal. In Delhi, maize prices continued firm despite the thin demand from poultry industry at the price levels. Arrivals are reported to be decreased around at 10 motors from U.P. including bajra. Red maize offered at Rs.820-825/mtl and gajar maize quoted between Rs.805-810/mtl in this state. The bullish note of Jowar and Bajra prices are also underpinning the market tone. The poultry industries are projecting a shortfall in domestic availability on continued export from India along with high international prices. The arrivals are reportedly weak in majority of the markets. Maize prices quoted slightly up in Bihar at Rs. 750-755 on meager arrivals. The first phase of rabi crop is likely to hit the market during March. Maize traded firm at Rs.710-715/mtl bilty in Davangere. Higher export demand amidst depleting stocks has added underlying firm sentiments there. Government of India likely to allow import of wheat on duty free terms until Feb 2007 to control the prices.

NCDEX FUTURES MARKET:

NCDEX maize futures remained at some higher side and traded mostly rangebound with some bearish undertone during the week. Increased speculative buying at lower levels is resisting the futures from major dips. Good export from India amidst tight global prices as well as depleting stocks has increased the buying speculation. The most active January contract traded at Rs.741 over last week's closing off 773.5 and prevailed between Rs.740-779 during the week with good open interest and lower but fluctuating volumes. The stock Position of maize at NCDEX accredited Warehouses as on 28-Dec-06 is reported to 13413 MT. It did not trade in MCX during the week..

PRICE DRIVERS:

- No confirmation on maize export ban so far

- GOI considering duty free import of maize
- Reduced demand from poultry sector as well as starch sector at higher price
- Steady export demand
- Lower price of Jowar and Bajra
- FMC tightened trading norms on maize futures

GLOBAL MARKET:

CBOT corn futures settled up Friday on buying interest along with supportive fundamentals. March corn ended 1.75 cents up at \$3.903 cents per bushel, that was 0.75 off the high and 2.75 up from the low and May finished 2.25 cents higher at \$3.985 per bushel. This was 3 up from the low and 1 off the high. Solid export news helped the trade to remain firm. Weekly US export sales for corn came in at 1.22 million metric tonnes as compared to trade expectations between 850,000-1.05 million. Cumulative sales have already reached 53.3% of the USDA forecast for the entire marketing year as compared to 44.5% on average over the last five years. Sales of 718,700 metric tonnes per week are needed to reach the USDA estimate.

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

MARKETS	23.12.06	30.12.06
Delhi (Red Maize)	825-830	820-825
Delhi (Gajar Maize)	805-810	805-810
Sangli truck Bilty (New)	720-725	725-730
Pune Starch (New)	780-785	790-800
Ahmedabad Poultry feed	825-830	840-860
Ahmedabad Starch	805-815	830-850
Kolkata mill delivery	740-745	860
Nizamabad (New Maize)	700-705	705-710
Davangere (New Maize)	700-705	710-715

NEWS ANALYSIS:**DOMESTIC AND INTERNATIONAL****Marubeni and ITC Join Hands for Agri Export**

Marubeni Corp, a prominent Japanese trading house with the allowance of India's ITC Ltd considering on jointly exporting Indian-made soybean cake and maize grains for livestock feed. However, they wont involve in any capital tie up.

NECC Urged PM to Ban Maize Future Trading & Export

THE National Egg Coordination Committee (NECC) is considering the severe crisis of maize stock in the poultry industry. The stock levels in poultry industry are reportedly low in recent time due to the higher price of the same commodity. The maize future in the NCDEX traded up. GOI is taking into consideration about permitting duty-free import of corn that would help meet the demand from the India poultry sector along with continuation of maize export. NECC reportedly urged Prime Minister Manmohan Singh to ban forward trading and export of maize. Maize along accounted to 80 per cent of the total cost of production of eggs and broilers.

USDA Corn Export Sales Highlights

Corn: Net sales of 1,153,700 MT were 9 percent below the previous week, but 3 percent over the prior 4-week average. Major increases were reported for Taiwan (185,000 MT), Mexico (161,700 MT, including 24,000 MT switched from unknown destinations), Japan (104,500 MT), Algeria (99,400 MT, including 21,400 MT switched from unknown destinations), Israel (78,200 MT), Egypt (56,700 MT), unknown destinations (53,000 MT), and Canada (51,000 MT). Sales of 67,900 MT for delivery in 2007/08 were mainly for Honduras (48,000 MT), Nicaragua (10,400 MT), and Canada (8,900 MT). Exports of 1,118,400 MT were 24 percent above the previous week and 2 percent over the prior 4-week average. The major destinations were Mexico (360,500 MT), Japan (323,600 MT), South Korea (114,200 MT), Egypt (56,700 MT), Israel (48,700 MT), and Morocco (38,000 MT). Note: Accumulated exports for Guatemala were adjusted down by 2,600 MT
SOURCE: UDSA

USDA: Global 2006/07 Coarse Grain Production Raised to 969 MT

Global 2006/07 coarse grain production is raised to 969 million tons, up 4.5 million tons from last month. Much of this increase results from higher corn production in Argentina and Brazil where area is raised in both countries due to recently favorable weather and the sharp rise in world corn prices. Corn production for Argentina and Brazil is raised 1.5 million tons and 1 million tons, respectively. Corn production is also raised 0.5 million tons in Canada, Russia, South Africa, and Ukraine. Partially offsetting these increases is a 0.6 million ton reduction in Croatia's corn output. The projected increase in South Africa reflects higher prices and adequate early season moisture that is expected to boost plantings. Corn production for Canada is raised based on recent estimates from Statistics Canada, which also lowered oat production 0.2 million tons. Changes for Croatia, Russia, and Ukraine are based on updated harvest results. World coarse grain consumption and trade are raised this month. The largest increases in consumption are for Argentina and EU-25 corn. The increase for Argentina is driven by higher expected feed use. The rise in EU-25 consumption is consistent with

higher imports and lower exports. High EU-25 grain prices are allowing intervention stocks to move into consumption. The largest export increases are projected for Argentina and Brazil where higher corn production will increase exportable supplies. Global coarse grain ending stocks are raised 2.5 million tons as corn stocks expand, especially in South Africa, Brazil, and EU-25.

Source: USDA

China: Corn Prices Rises Due to Higher Ethanol Demand

For the first time in China's history, foodgrains prices are increasing not due to a poor harvest or rising demand but because of soaring international oil prices. According to the Chinese Academy of Agricultural Sciences, rise in corn prices is a strong factor popping up the prices of other food products, as increasing role of corn as a crude-oil substitute. Analysts say that while industrial use only accounts for about a sixth of overall corn consumption, it is expanding at 15% a year, fuelled by high crude oil prices. Official estimates are that annual corn consumption by processing industries would rise to 20 million metric tons (MMt) from 16 MMt last year; and reach 40 MMt by 2010, in China. Total consumption is expected to be 125 MMt this year. Ethanol is the main biofuel produced in China with output hitting 1.02 MMt in 2005 and corn accounted for 76 per cent of the raw material. The others are mainly wheat and sorghum. The country plans to produce about 6 MMt of ethanol by 2010 and 15 MMt by 2020 in addition to 5 MMt of biodiesel.

USGC: Maize Prices Remained Up; Production Estimates Down

According to the Amit Scahdev, Representative of U.S. Grain Council, local maize prices in India moved up in India in the week (Nov 27 - Dec 2) to Rs.6700 - Rs.6900 per MT range at the market yard. The delivered prices were close to Rs.8500 - 8700 per MT range. The prices were higher by about 2% over last week, and about 13.6% higher over last year at market yard values.

The new estimate for maize production put out by Government of India for the year 2006-07 is 12.41 MMT, much lower than last year. The demand of maize for the year 2006-07 is estimated at 14 MMT, thus the deficit will be close to 1.6 MMT. If the exports of 0.7 MMT to Bangladesh, Sri Lanka and Nepal are accounted, the deficit will be close to 2.1 MMT. The prices will be much higher than they are now between March - Sept 2007 as during the time, no new corn will be coming in the market and the new crop will only arrive in the market in October 2007.

Pearl Millet (Bajra), prices have reached Rs.7500 - 7700 per MT at market yard, which are about 2.8% lower than last week., but the prices are still higher than maize by 11.5%.

Sorghum (Jowar) prices have also reached Rs.7500 per MT levels at market yard and are 1.8% lower over last week. The prices are higher than maize by 12.2%.

Barley prices, which were down in the last week, jumped to Rs.8900 per tons level at the market yard in this week, gaining almost 17% over last week. The delivered prices are close to Rs.11000 per MT level. The prices are higher than last year by almost 5%. The demand for Barley has increased considerably and the production is estimated to be down, which is leading to higher prices.

Source: USGC

Maize Sowing Rise to 6.85 lakh ha, Up by 1.14 lakh ha

Sowing progress of rabi maize is progressing well this year. Acreage has increased by 1.14 lakh hectares to 685,000 hectares as of December 8, up from 571,800 hectares. Rabi maize crop is mainly confined to Bihar. But rabi accounts for just about 10% of total maize production. However jowar acreage has declined to 454,200 hectares as compared to 463,500 hectares of last year this time.

WEATHER WATCH

A western disturbance affected Western Himalayan region during 21-22nd and moved away eastwards thereafter. Another western disturbance affected Western Himalayan region during 25-26th and moved away eastwards affecting northeastern States on 27th. In association with this disturbance an induced cyclonic circulation formed over West Rajasthan and neighbourhood extending upto 2.1 Km above sea level on 25th. It persisted over the same area on 26th and became less marked on 27th. A weak easterly wave affected extreme south peninsula during 21-24th

Rainfall:

Scattered snowfall activity was experienced over Jammu & Kashmir on 21st & 22nd and mainly dry weather prevailed thereafter till 25th. Scattered snowfall activity was again experienced over Jammu & Kashmir during 26-27th. Light to moderate rain/snowfall activity was also experienced over Himachal Pradesh and Uttaranchal during 26-27th. Rain/thundershower occurred at a few places over Punjab, Haryana, Chandigarh & Delhi and at isolated places over

TECHNICAL ANALYSIS

Commodity: Maize

Contract: JANUARY 2006

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

NCDEX maize futures remained at some higher side and traded mostly rangebound with some bearish undertone during the week. Increased speculative buying at lower levels is resisting the futures from major dips. Good export from India amidst tight global prices as well as depleting stocks has increased the buying speculation. The most active January contract traded at Rs.752 over last week's closing off 770 and prevailed between Rs.740-779 during the week with good open interest and lower but fluctuating volumes. The stochastic is in oversold region and moving downwards. MACD in negative territory and moving downwards. The stock Position of maize at NCDEX accredited Warehouses as on 28-Dec-06 is reported to 13413 MT. It did not trade in MCX during the week.

Technical: Candlesticks formation hints firm market for the following trading day with weak opening. The %K- line moving down after a bearish crossover at oversold region, indicating weak market. MACD remains in the negative territory and moving slightly downwards. Prices closed below 9-day and 18-day EMA, The open interest was somewhat good but volume of trade has decreased during the week.

Outlook: Expected to remain rangebound with firm undertone on steady export amidst depleting stocks. Buy at any lower level will be good strategy for profit making as medium term.

Disclaimer

Rajasthan, West Uttar Pradesh and northwest Madhya Pradesh on 27th.

Isolated rainfall activity occurred over Arunachal Pradesh and Assam & Meghalaya on 27th.

Scattered/isolated rain/thundershower occurred over Tamil Nadu & Pondicherry, south Coastal Andhra Pradesh and Rayalaseema during 21-24th.

Mainly dry weather prevailed over the remaining parts of the country during the week.

Fog conditions prevailed over some parts of Indo-Gangetic plains during 21-24th and on 27th..

Outlook for the week ending on 3rd January 2007

A fresh western disturbance is likely to affect Western Himalayan region from 31st December.

Rise in night temperature over plains of northwest India for 2-3 days commencing from 30th December..

Source: IMD

FOREX RATES (As on 02nd JANUARY, 2007)

Country	Currency	Value in Rupees
USA	Dollar	44.23
European Union	Euro	58.26
Japan	100 Yen	37.21
Great Britain	Pound Sterling	86.91

Recommendation: Buy on dips towards support levels

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
January	726	715	785	800



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