

MAIZE

10th -17th, MARCH, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize trades steady to weak in majority of domestic markets. In Delhi, the red maize quoted steady at Rs.900/qrtl on the back of lower arrivals 2-3 motors. Bullish sentiments of jowar and bajra have underpinned the tone. U.P gajar maize quoted flat at Rs.885/qrtl. Around 10-15-box wagon has arrived in Delhi mandis from Maharashtra. Buying support is reported from Haryana and Punjab. Old maize prices in Nizamabad mandi decline by Rs.30 at Rs.720/qrtl on bilty basis. New maize has also declined to Rs.690-710 on loose. Around 15,000-20,000 bags of fresh arrivals are reported. However, good demand from seed companies from Punjab has supported the sentiments. The companies are purchasing good quality seed at Rs.740/qrtl. In Devengere market maize quoted down by Rs. 5/qrtl at Rs.760/qrtl on bilty basis. At present lower rake demand from Tamilnadu reportedly 1 motors per week as against 5-7 motors per week on an average has pressurised the sentiments. Maize prices at Bihar remained flat at Rs.800/qrtl bilty basis on spill over trading activities. Fresh arrivals in Bihar are likely to start from April. The Stockists are consciously taking position as Govt. declared exports of maize would be permitted only through the State Trading Corporation. India annually exports about one million tonnes of corn mainly to Bangladesh, Sri Lanka and Far East countries. It had already allowed duty-free maize import till December 31 this year to ensure adequate supplies. Starch manufacturers and the poultry industry continuously pressurising the Govt. to prohibit the futures trading. Agriculture Minister Sharad Pawar is studying the requests to ban forward trading in maize as prices of the commodity have shot up substantially.

NCDEX FUTURES MARKET:

NCDEX maize futures traded down near contract months' low. The most active April contract traded southwards on increased selling pressure at Rs.746/qrtl as against the previous week's closing of around Rs. 759.5/qrtl and hovered between Rs.741.5-764.0/qrtl during the week with higher open interest and decreasing volumes. The stock Position of maize at NCDEX accredited Warehouses remains flat at 12278 MT as on 15.03.07.

PRICE DRIVERS:

- ✓ Govt. is studying the request to ban maize futures trading

- ✓ GOI will allow exports of maize through state-run agencies
- ✓ Meager arrivals amidst steady demand in majority of spot markets
- ✓ Bullish tone of jowar and bajra prices
- ✓ The fresh rabi crops arrivals are increasing in Andhra Pradesh
- ✓ Govt. releases maize to the poultry industry in WB
- ✓ Maize acreage has increased to 11.134 lakh ha so far as on 19th February, 2007 compared to 9.948 lakh ha in the corresponding period last year
- ✓ Despite duty waiver, imports may not be feasible because of strong overseas prices.
- ✓ The fresh arrivals of rabi maize in Bihar market during first phase around April likely to be lower.
- ✓ U.S. corn is likely to harvest in the months of May-June
- ✓ Higher demand from growing number of starch industries

GLOBAL MARKET:

CBOT corn futures finished up Friday. May corn settled 1.75 cents higher to \$3.995 per bushel, July also settled up 1.75 cents to \$4.107 per bushel, and December increased to 5.5 cents to \$4.03 per bushel. A private research firm pegged corn planted area for 2007 at 87.83 million acres as compared with 78.3 million last year. This news provided for a sudden bounce in the market with a general trade expectation that planting intensions could jump 10-12 million acres from last year. Ideas that the market is technically oversold helped provide some support. Turkey bought 235,000 tonnes of corn from Argentina and eastern European countries overnight. A relatively dry forecast for the Midwest for the next week and talk of warmer weather ahead may be seen as a bearish weather development.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	10.03.07	17.03.07
Delhi (Red Maize)	895-900	895
Delhi (Gajar Maize)	885	883-885
Sangli truck Bilty (New)	780	800
Pune Starch (New)	820	820
Ahmedabad Poultry feed	860	850-860
Ahmedabad Starch	840-850	845
Kolkata mill delivery	950-960	940-950
Nizamabad (Old Maize)	NA	770
Davengere (New Maize)	780	760
Bihar Bilty Price	800	800

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Govt. is Studying the Request to Ban maize Futures

Agriculture Minister Sharad Pawar is studying the requests of sections of farmers and poultry industries to ban forward trading in maize as prices of the commodity have shot up substantially.

Govt. Decided to Release Maize to West Bengal

The Cabinet Committee on Economic Affairs gave its approval for releasing of 21,200 MT of maize during February, 2007 at a price of Rs.450/- per quintal from within the 5.0 lakh MTs of surplus stock held by the Government to the State of West Bengal for distribution to poultry farmers for use in poultry feed.

Source: PIB

The Maize Crop Out Put about to Sharply Down in Namibia

The maize crops production in Namibia is likely to be lower this year because of drought and irregular rains. The Early Warning and Food Information System (NEWFIS) projected that there may be a 52 per cent drop in output for white maize, pearl millet and sorghum this year. The country about to import maize from South Africa and it could push up domestic prices.

USDA Long-term Projections on Corn

Domestic corn use grows throughout the projection period, primarily reflecting increases in corn used in the production of ethanol. Global economic growth underlies increases in U.S. corn

- Large increases are projected in corn used for ethanol production over the next several years. Relatively high prices for oil contribute to favorable returns for ethanol production, which combine with government programs to provide economic incentives for the large ongoing expansion in ethanol production capacity.

- Feed and residual use of corn declines in the initial years and then rises only moderately as increased feeding of distillers grains, a co product of dry mill ethanol production, helps meet livestock feed demand.

- Gains in food and industrial uses of corn (other than for ethanol production) are projected to be smaller than increases in population. Consumer dietary concerns and other changes in tastes and preferences limit increases in the combined use of corn for high fructose corn syrup, glucose, and dextrose to about half the rate of population gain.

- U.S. corn exports fall over the next several years as more corn is used domestically in the production of ethanol. After growth in ethanol production in the United States slows, U.S. corn exports rise in response to stronger global demand for feed grains to support growth in meat production.

- Additionally, U.S. corn exports to Mexico are boosted because of the elimination of tariffs on corn imports from the United States. This shifts some U.S. exports to corn from sorghum, which already has tariff-free status.

Source: USDA

USDA Long-Term Projections: Global Coarse Grains Exports

The United States dominates world trade in coarse grains, particularly corn. However, increasing use of corn for U.S. ethanol production and rising world prices are assumed to limit U.S. export growth. During the next half decade, some countries respond to higher world prices by increasing corn production and exports—most notably Argentina, some countries in Eastern Europe, the Republic of South Africa, Ukraine, and Brazil. Still, U.S. corn exports are projected to grow after the ramp up in domestic ethanol production slows in 2009. The U.S. share of world corn trade stays close to 60 percent as few countries have the capability to respond to rising international

- Argentina, with a small domestic market, remains the world's second largest corn exporter. Argentina's corn planted area gradually increases in response to higher prices. Corn exports rise steadily by more than 60 percent to 21 million tons. Argentina and other South American countries increase corn exports to Chile to support its expanding pork exports to South Korea.

- The Republic of South Africa boosts corn exports slightly to nearly 3 million tons. Some exports go to East Asian markets and some shipments of white corn are exported to neighboring countries for food use. Uncertainties associated with the land reform program in the Republic of South Africa are assumed to limit increases in production.

- Corn exports from non-EU-25 Eastern European countries, primarily Romania and Bulgaria, rise to more than 3 million tons by 2016. Favorable resource endowments, increasing economic openness, greater investment in their agricultural sectors, and duty-free access to the EU-25 for Romania and Bulgaria are behind the projected gains in production and trade.

- Brazil's corn exports increase rapidly in the early years of the projections in response to higher corn prices relative to soybean prices. Brazil targets niche market demand for

nongenetically modified grain. However, strong growth in domestic demand from its livestock sector and the profitability of growing soybeans limits corn exports.

- China's corn exports decline in the projections, reflecting strengthening domestic demand driven by its expanding livestock and industrial sectors. It is assumed that Chinese policy will tend to favor importing soybeans rather than corn.

Source: USDA

Global Coarse Grain Production 0.5 MT Down this Month

Global 2006/07 coarse grain production is lowered 0.5 million tons this month as higher corn production in South America is more than offset by lower coarse grains production in South Africa and Australia. Argentina corn production is raised 0.5 million tons to 21.5 million, and Brazil corn production is raised 2.0 million tons to 48.0 million. Production is expected to be a record in both countries as excellent growing season weather is reflected in higher yields. Corn area for Brazil's winter crop is also expected to be higher as producers respond to high corn prices with increased planting. South Africa corn output is lowered to 7.0 million tons, down 2.5 million from last month as drought and heat during February sharply reduced production prospects. Australia sorghum, oats, and corn production are all lowered as drought affected these spring planted crops. Coarse grain production in India is lowered as a reduction in millet is only partly offset by an increase in corn. The Philippines corn production is raised this month.

Source: WASDE

World Coarse Grain Consumption Up This Month

World coarse grain consumption is raised slightly this month. An increase in corn consumption is nearly offset by lower millet, sorghum, and oats consumption. Corn consumption is raised for EU-25, Mexico, India, and the Philippines as larger supplies support increases in feeding. Reduced coarse grain production lowers consumption in other countries. With lower output, millet consumption is lowered for India. Sorghum, oats, and corn consumption are lowered for Australia, reflecting drought-reduced supplies. Corn consumption in South Africa is also lowered with production.

Global coarse grain exports are raised 1.8 million tons this month with the biggest increases for Brazil, EU-25, and Ukraine. Brazil corn exports are raised 1.5 million tons as the projected record crop boosts available supplies. EU-25 and Ukraine barley exports are raised 0.5 million tons and 0.3 million tons, respectively. Australia barley exports are lowered 0.3 million tons. Corn imports for Mexico and the EU-25 are each raised 0.5 million tons reflecting continued strong demand for corn. South Africa corn imports are raised 1.0 million tons as production falls short of projected consumption. Global coarse grain ending stocks are lowered 0.6 million tons with a reduction in barley accounting for most of the change.

Source: WASDE

USDA Corn Export Sales Decline by 30%

Corn: Net sales of 749,500 MT were 30 percent below the previous week and 17 percent under the prior 4-week average. Increases reported for Mexico (172,300 MT),

Japan (166,100 MT), the Dominican Republic (122,200 MT), South Korea (120,900 MT, including 57,800 MT switched from unknown destinations), Guatemala (39,000 MT), Colombia (36,300 MT), and Costa Rica (35,000 MT), were partially offset by decreases for Taiwan (22,500 MT). Sales of 38,200 MT for delivery in 2007/08 were mainly for Panama (17,000 MT) and the Dominican Republic (16,000 MT). Exports of 1,150,700 MT were 19 percent below the previous week, but 1 percent above the prior 4-week average. The major destinations were Japan (540,400 MT), South Korea (231,100 MT), Mexico (225,000 MT), and Colombia (47,600 MT). Note: Accumulated exports were adjusted down for Japan by 57,800 MT and up for South Korea by 57,700 MT.

This summary is based on reports from exporters for the period March 2-8, 2007.

Source: USDA

WEATHER WATCH

A western disturbance as an upper air system lay over north Pakistan and neighbourhood on 9th, over Jammu & Kashmir and neighbourhood on 10th and moved away eastwards on 11th. An induced cyclonic circulation at lower levels lay over Punjab and neighbourhood on 10th and 11th and moved away eastwards thereafter. On a quick succession, another western disturbance lay over north Pakistan and neighbourhood on 11th, over north Pakistan and adjoining Jammu & Kashmir on 12th, over Jammu & Kashmir and neighbourhood on 13th and moved away eastwards on 14th. An induced cyclonic circulation at lower levels lay over south Pakistan and adjoining Rajasthan on 11th, over West Rajasthan and neighbourhood on 12th, over East Rajasthan and neighbourhood on 13th and over East Uttar Pradesh and adjoining East Madhya Pradesh on 14th. A trough in the westerlies at 500 hPa level ran roughly along 60° E upto the north of 20° N on 8th. It moved slowly eastwards and ran roughly along 75° E to the north of 20° N on 14th. It moved further eastwards thereafter.

Rainfall:

Rain/snow occurred at a few places on 10th & 11th, at most places with scattered heavy to very heavy falls on 12th, 13th & 14th over Western Himalayan region. Over Punjab, Haryana, Chandigarh, Delhi and Rajasthan light to moderate rain/thundershowers occurred at a few places on 10th & 11th and at many places on 12th, 13th & 14th. Isolated rain/thundershowers occurred over Uttar Pradesh, Madhya Pradesh, Chhattisgarh and Vidarbha on 12th, which became scattered to fairly widespread on 13th & 14th. Scattered rain/thundershowers occurred over Bihar, Sub-Himalayan West Bengal & Sikkim and Jharkhand during 13th & 14th. Isolated scattered rain/thundershowers also occurred over Orissa, Gangetic West Bengal and northeastern States on a few days of the week. Isolated rain/thundershowers occurred over Kerala on 8th and over Tamil Nadu on 13th & 14th. Mainly dry weather prevailed over the remaining parts of the country during the week.

Outlook for the week ending on 21st March 2007

Scattered to fairly widespread precipitation likely over Western Himalayan region from 17th night onwards for next 3-4 days. Isolated rain/thundershowers also likely over the adjoining plains of Punjab and north Haryana from 18th onwards.

Source: IMD

TECHNICAL ANALYSIS

Commodity: Maize
Contract: April 2007
Exchange: NCDEX
Perspective: Very Short Term (Weekly)

NCDEX maize futures traded down near contract months' low. The most active April contract traded southwards on increased selling pressure at Rs.746/qrtl as against the previous week's closing of around Rs. 759.5/qrtl and hovered between Rs.741.5-764.0/qrtl during the week with higher open interest and decreasing volumes. The stock Position of maize at NCDEX accredited Warehouses remains flat at 12278 MT as on 15.03.07.

Technical Candlesticks showing weak sentiments. Sellers dominated the market. Prices closed below 9-day and 18-day EMA. Stochastic are in normal region and moving downward, indicating weak tone in medium term. MACD is in negative territory and moving slightly upwards. Volume has decreased whereas Open Interest has increased.

Outlook: Range bound with weak biasness on increased fresh rabi crops arrivals in A.P. Export ban for private traders will add underlying bearish tone. However, good demand amidst lower stocks will support the market at lower levels.

Recommendation: Sell on High towards resistance levels

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
April	770	780	738	728

FOREX RATES (As on 19th MARCH, 2007)

Country	Currency	Value in Rupees
USA	Dollar	44.17
European Union	Euro	58.67
Japan	100 Yen	37.71
Great Britain	Pound Sterling	85.58



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