

MAIZE

17th -24th, 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 major domestic markets. There are reports of some fresh arrivals in Karnataka and Andhra Pradesh. However, Bihar produces major portion of total rabi crops and the fresh arrivals from the state likely to hit the market during first part of April. In Delhi both the red maize and gajar maize prices decline by Rs.5/qrtl at Rs.895/qrtl and Rs.885/qrtl respectively on the back of steady arrivals around 4-5 motors mainly from U.P.. Some demand from feed companies of Haryana and Punjab are supporting the sentiments. Bajra price is quoted down by Rs. 5/qrtl to Rs.695/qrtl. In Nizamabad, the old maize prices quoted at Rs.710/qrtl on bilty basis whereas, the new maize prices trades firm at Rs.790/qrtl on bilty basis on the back of fresh arrivals around 10,000 bags. In Devengere market maize quoted steady at Rs.770/qrtl on bilty basis. Increased rake demand from Tamilnadu underpinning the sentiments. Pune starch quality maize quoted down by Rs.10 at Rs.820/qrtl on lower arrivals from Karnataka and some arrivals from Andhra Pradesh. The market saw the daily arrivals around 10,000 bags. Maize prices at Bihar remained flat at Rs.800/qrtl bilty basis on spill over trading activities. The Stockists are consciously taking position as Govt. declared exports of maize would be permitted only through the State Trading Corporation.

NCDEX FUTURES MARKET:

Fresh buying support lifted NCDEX maize futures during the week. The most active April contract traded higher levels at Rs.784/qrtl as against the previous week's closing of around Rs. 748.5/qrtl and hovered between Rs.743-796/qrtl during the week with lower open interest and higher volumes. The stock Position of maize at NCDEX accredited Warehouses remains lower at 12266 MT as on 22-March-2007 as against last week's stock of 12278 MT.

PRICE DRIVERS:

- ✓ Increased fresh arrivals in Karnataka and Andhra Pradesh
- ✓ Some demand from poultry feed companies of Punjab and Haryana.
- ✓ GOI will allow exports of maize through state-run agencies
- ✓ Firm tone of jowar, bajra and wheat prices
- ✓ 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 mix Friday. May corn settled 6.25 cents lower at \$4.033 per bushel, July ended down 5.75 cents to \$4.153 per bushel and December finished up 0.25 cent at \$4.098 per bushel. Some talk of wet weather trend for the Midwest for the next week helped provide support. However, old crop corn came across some selling pressure and traded down. A report from the Interfax China web site indicated the possibility that China could be a net importer of 9.3 million tonnes this year failed to provide much support. China has been a net exporter of corn for the past 11 years and a shift to an importer this year when world ending stocks are already historically tight might spark some increased bookings of US corn from Asia customers who were hoping for China corn this season or next. Mexico's Agriculture Minister indicated that corn production in Mexico will likely rise at least 10% this season. New crop corn fell below in the afternoon but managed to close slightly higher on the day.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	17.03.07	24.03.07
Delhi (Red Maize)	895	895
Delhi (Gajar Maize)	883-885	885
Sangli truck Bilty (New)	800	790
Pune Starch (New)	820	820
Ahmedabad Poultry feed	850-860	860
Ahmedabad Starch	845	850-855
Kolkata mill delivery	940-950	N.A.
Nizamabad (New Maize)	770	760
Davengere (New Maize)	760	765
Bihar Bilty Price	800	740

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Maize Prices Go Up in South Africa on the Concern of Lack of Rains

Maize sentiments remain bullish in South Africa on the concern that a lack of rain would damage crops. According to the local weather service forecast, that rain was unlikely to fall in the Mpumalanga province, where most of the nation's yellow maize is grown and no rain is expected in the Free State, where most white maize is grown.

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 15%

Corn: Net sales of 641,000 MT were 15 percent below the previous week and 13 percent under the prior 4-week average. Increases reported for Japan (191,900 MT), Taiwan (155,700 MT), Mexico (69,600 MT, including 15,000 MT switched from unknown destinations), Egypt (53,500 MT), the Dominican Republic (53,200 MT), Colombia (43,700 MT), and Algeria (41,500 MT), were partially offset by decreases for unknown destinations (22,000 MT) and Costa Rica (7,000 MT). Sales of 37,900

MT for delivery in 2007/08 were for Honduras. Exports of 905,000 MT were 21 percent below the previous week and 23 percent under the prior 4-week average. The major destinations were Japan (239,800 MT), Mexico (194,000 MT), Egypt (119,300 MT), Colombia (104,100 MT), Taiwan (42,300 MT), Costa Rica (37,000 MT), and Guatemala (31,300 MT).

This summary is based on reports from exporters for the period March 9-15, 2007.

Source: USDA

WEATHER WATCH

Last week's induced cyclonic circulation at lower levels over East Uttar Pradesh and adjoining East Madhya Pradesh due to the western disturbance became less marked on 15th. However, an upper air trough in lower levels ran from Sub-Himalayan West Bengal & Sikkim to Mizoram on 15th and 16th and became less marked on 17th. A western disturbance as an upper air system lay over north Pakistan and neighbourhood on 17th & 18th. Moving eastwards, it lay over north Pakistan and adjoining Jammu & Kashmir 19th & 20th and over Jammu & Kashmir and neighbourhood on 21st. An induced cyclonic circulation at lower levels due to this system lay over south Pakistan and adjoining West Rajasthan during 19th to 20th and over central Pakistan and adjoining Punjab & Rajasthan on 21st. A trough in the westerlies at 500 hPa level ran roughly along 77° E to the north of 20° N on 15th. Subsequently moving eastwards, it ran roughly along 95° E to the north of 20° N on 18th and moved away eastwards thereafter. A week trough in easterlies lay over extreme south peninsula during many days of the week. Strong northwesterly winds at lower tropospheric levels prevailed over Indo-Gangetic plains during 15-17th.

Rainfall:

Fairly widespread/widespread rain/snowfall with isolated heavy falls occurred over Western Himalayan region on 20th & 21st. It was isolated to scattered on 15th, 18th and 19th over this region. Isolated to scattered rain/thundershowers occurred over plains of northwest India and Rajasthan on 20th and 21st. Isolated to scattered rain/thundershowers occurred over east India, north Madhya Pradesh and Chhattisgarh on 15th. Isolated rain/thundershowers also occurred over Orissa and Gangetic West Bengal on 16th. Isolated to scattered rain/thundershowers occurred over northeastern States during 15-17th. Isolated rain/thundershowers occurred over Kerala on many days during the week. Mainly dry weather prevailed over the remaining parts of the country during the week.

Outlook for the week ending on 28th March 2007

- ✓ Decrease in rainfall activity over northeastern States.
- ✓ Rise in day temperature over Indo-Gangetic plains.
- ✓ Fall in night temperature during first half and rise thereafter over the above region.

Source: IMD

TECHNICAL ANALYSIS

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

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Technical Candlesticks showing weak market sentiments. Sellers dominated the market at higher price levels. Prices closed above 9-day and 18-day EMA. Stochastic are in normal region and moving upward following a bullish crossover. MACD is in negative territory and moving upwards. Volume as well as Open Interest has decreased.

Outlook: Range bound with weak bias on fresh rabi crops arrivals in A.P. and Karnataka. Export ban for private traders will add underlying bearish tone. However, tight sentiments of jowar, bajra and wheat will support the maize sentiments.

Country	Currency	Value in Rupees
USA	Dollar	43.70
European Union	Euro	58.25
Japan	100 Yen	37.00
Great Britain	Pound Sterling	85.90

Recommendation: Sell on High towards resistance levels

**Resistance and Support level:**

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
April	810	815	770	760

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