

MAIZE

21st -30th, APRIL, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize spot market sentiments remained weak on fresh arrivals amidst steady demand. The arrivals reportedly improved from previous week. Delhi mandi witnessed around 15 motors of red maize arrivals from Bihar and prices quoted at Rs.835/ql. Moreover, about 1 rake of maize arrived from M.P. this week and quoted at Rs. 880-890/ql because of higher quality factor. Steady demand from Punjab and Haryana poultry feed industries are supporting the sentiments. Bihar mandis witnessed weak demand from Kolkata and adjusted states. Traders prefer to wait for the crop in next phase around May. Fresh arrivals of second phase started marginally in the markets. The arrivals at Naugachia mandis reported to around 5000 bags whereas, almost 35,000 bags arrivals are reported from all over Bihar. Despite the demand in northern India, the freight rate has discouraged traders to make good deal with traders from Bihar. Everybody associated with maize trading are expecting good crops at that time. According to the 3rd advance estimate of Govt. the production of rabi maize crops in the country is likely to be higher around 2.85 Mln. Tonnes as against the 2.55 Mln. Tonnes last year. Maize prices are in pressure of fresh arrivals in Bihar, A.P. and Maharastra. The expected good arrivals of rabi maize at the second phase in Bihar also added underlying weakness but sharply bearish tone is not expected on good demand amidst decreasing stocks. The gap between supply and demand is still not in balance and that will fuel the prices in coming days. Therefore, Govt of India might have to import to fulfil the gap between the demands and supply when global price will ease. The global price of corn eased somewhat on the outlook of higher production in South Africa and U.S., with highest ever corn crop projections in the US for 2007/08, according to a private analyst. IGC projected record maize crop around 746 Mln Tonnes in 2007-08 i.e.;52 Mln Tonnes higher from last year. The global price of maize is to decrease further in the time of harvesting of maize crops likely in the months of May-June. If rupee appreciation continues with weakening corn prices overseas, chances for Indian imports brighten.

NCDEX FUTURES MARKET:

NCDEX maize futures traded sharply bearish during the week. Increased selling pressure at higher levels pressurized the futures and tested fresh contract month's low. The most active May contract traded around at

Rs.722.5/ql as against the previous week's closing of around Rs. 768.5/ql and hovered between Rs.720.5-769/ql during the week with lower open interest and more or less steady volumes. The stock Position of maize at NCDEX accredited Warehouses remains lower about 9896 MT as on 26.04.07 as against 12513 MT during last week.

PRICE DRIVERS:

- ✓ Declining stocks amidst steady to good demand
- ✓ Good demand from starch industries of Ahmedabad
- ✓ Good demand from poultry feed companies of Punjab and Haryana.
- ✓ GOI will allow exports of maize through state-run agencies
- ✓ 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
- ✓ According to the 3rd advance estimate of Govt. the production of rabi maize crops in the country is likely to be 2.85 Mln. Tonnes as against the 2.55 Mln. Tonnes last year.
- ✓ IGC projected record maize crop around 746 Mln Tonnes, in 2007-08 i.e.;52 Mln Tonnes higher from last year.
- ✓ Despite the record crop, world maize stocks are forecast to decline for the third successive year.
- ✓ IGC projected total consumption in 2007/08 is 29 Mln Tonnes higher than this season, at 755 Mln Tonnes.
- ✓ Higher production outlook in South Africa and U.S.
- ✓ U.S. corn is likely to harvest in the months of May-June
- ✓ Imports likely to be feasible in case of rupee appreciation continues with weakening corn prices overseas.

GLOBAL MARKET:

CBOT corn futures finished down Friday on fund led speculative selling. May corn settled 10.75 cents lower at \$3.605 per bushel, July down at 10.25 cents to \$3.72 per bushel, and December declined 5.25 cents to \$3.748 per bushel. Improved planting weather for the central and

Eastern Midwest until Wednesday helped spark selling and weaker prices into the mid-session. In addition, the trade still sees heavy rains for next week but the longer-term weather maps show the possibility of a hotter and drier trend for early May which is adding to the bearish tone. The good weather outlook has sparked long liquidation selling from fund traders which added to the bearish tone into the mid-session as a surge higher in energy markets, other grains and other commodity markets failed to provide much support. Taiwan is tendering to buy 29,000 tonnes of US corn in a corn/soybean combo tender but other export news is quiet. Traders are looking for Monday's weekly crop progress report to show that producers have planted near 13-17% of the crop as compared with 22% as the 5-year average. July corn closed 9 1/2 lower on the week.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	21.04.07	28.04.07
Delhi (Red Maize)	850-855	835
Delhi (Gajar Maize)	-	-
Sangli truck Bilty (New)	775	780
Pune Starch (New)	820	820
Ahmedabad Poultry feed	855-860	830-840
Ahmedabad Starch	855-860	830-840
Kolkata mill delivery	730	690-695
Nizamabad (New Maize)	Closed	730
Davengere (New Maize)	710-715	715
Bihar Bilty Price	625-630	580-590

DOMESTIC AND INTERNATIONAL NEWS ANALYSIS:

IGC: Maize Supply Demand Projection for 2007-08

MAIZE: New area estimates for major producers result in a 13m. tons increase in forecast world maize production, now put at a record 746m. Tons, 52m. up from last season. At end-March, US plantings were projected to increase by 15%, which could result in a crop of around 315m. Tons, but wet weather has delayed fieldwork. Total consumption in 2007/08 is forecast 29m. Tons higher than this season, at 755m. Tons. All the increase is due to larger industrial use, principally for transformation into ethanol, most of that in the US. Feed use of maize may be slightly down from 2006/07 because of higher prices and greater availability of alternative feeds, including distillers' dried grains. Despite the record crop, world maize stocks are forecast to decline for the third successive year. They could fall to only 85m. Tons, 9m. less than at the end of 2006/07 and the lowest since 1977/78. Total maize trade is forecast at 84m. Tons, 1m. less than this season's record. Strong demand for animal feed will underpin imports, especially by Mexico and

Vietnam, but high prices will lead some countries including South Korea to substitute other grains and products.

Maize Production in South Africa around 6.9 Mln Tonnes in 06/07

According to the South Africa's Crop Estimates Committee (CEC) the white maize output in the country is likely to touch 6.9 Mln Tonnes. However, U.S. Department of Agriculture forecasts the production in the country would be around 6 Mln Tonnes. However, the annual demand in the country is much higher around 7.9 Mln tonnes. South Africa regularly imports yellow maize to meet its domestic demand. The country imported over 29,000 tonnes of yellow maize in the last fortnight from Argentina and exported more than 5,500 tonnes of white maize.

USDA Estimates Higher-than-Anticipated U.S. Corn Planting

U.S. Department of Agriculture estimated a higher-than-anticipated U.S. planting intentions this year. The USDA indicated that producers intend to plant 90.454 million acres of corn this season as compared with the average trade estimate of 87.98 million acres (range 86.3-90.76) and 78.327 million acres planted last year. For the quarterly grain stocks report, March 1st corn stocks were pegged at 6.07 billion bushels as compared with the average trade estimate of 5.994 billion bushels (5.906-6.080) and compared with 6.987 billion last year.

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

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 Maize Export Sales Increased by 38%

Corn: Net sales of 1,105,500 MT were 38 percent above the previous week and 16 percent over the prior 4-week average. Increases reported for Japan (453,300 MT), Taiwan (187,400 MT, including 58,000 MT switched from unknown destinations), Mexico (151,600 MT, including 22,100 MT switched from unknown destinations), Egypt (120,000 MT, including 60,000 MT switched from Syria), Colombia (114,000 MT), and South Korea (110,900 MT), were partially offset by decreases for unknown destinations (160,100 MT). Net sales of 127,100 MT for delivery in 2007/08 were mainly for unknown destinations (60,000 MT), Mexico (28,800 MT), and Costa Rica (20,800 MT). Exports of 907,500 MT were 1 percent above the previous week, but 2 percent under the prior 4-week average. The major destinations were Japan (247,600 MT), Mexico (212,100 MT), Algeria (105,000 MT), and Taiwan (102,900 MT). Note: Accumulated exports were adjusted down for Egypt by 25,900 MT and up for Syria by 25,900 MT.

This summary is based on reports from exporters for the period April 13-19, 2007.

Source: USDA

WEATHER WATCH

A trough in the westerlies at times with embedded cyclonic circulation ran from Sub-Himalayan West Bengal & Sikkim to north Orissa/north Bay of Bengal in lower tropospheric levels throughout the week. Last week's cyclonic circulation over West Uttar Pradesh and adjoining West Madhya Pradesh at lower levels lay over East Uttar Pradesh and neighbourhood on 19th, over Jharkhand and adjoining Bihar and West Bengal on 20th, central West Bengal and neighbourhood on 21st and became less marked on 22nd. A cyclonic circulation lay over East Rajasthan and adjoining West Madhya Pradesh extending upto 1.5 Km a.s.l. on 19th & 20th and became less marked on 21st. Another cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir and Punjab on 22nd extending upto 2.1 Km a.s.l. It lay over Himachal Pradesh and adjoining Uttarakhand on 23rd and moved away eastward on 24th. However a fresh cyclonic circulation lay over central Pakistan and neighbourhood extending upto 0.9 Km a.s.l. on 24th. It lay over central Pakistan and adjoining Rajasthan on 25th. A north-south oriented trough at times with embedded cyclonic circulation at lower levels ran across south peninsula throughout the week.

LONG RANGE FORECAST FOR 2007 SOUTH-WEST MONSOON SEASON RAINFALL

Based upon the newly- adopted statistical forecast system, IMD's long range forecast for the 2007 south-west

monsoon season (June to September) is that the rainfall for the country as a whole is likely to be 95 % of the long period average with a model error of $\pm 5\%$.

Rainfall:

Fairly widespread rain/thundershowers with isolated heavy to very heavy falls occurred over northeastern States during the week. Scattered to fairly widespread rain/thundershowers also occurred over Sub-Himalayan West Bengal & Sikkim on most of the days during the week. Isolated rain/thundershowers occurred over remaining subdivisions of east India during a few days of the week. Isolated rain/thundershowers occurred over extreme south peninsula on many days and over remaining parts of south peninsula, central India and Western Himalayan region on few days of the week.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: May 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

NCDEX maize futures traded sharply bearish during the week. Increased selling pressure at higher levels pressurized the futures and tested fresh contract month's low. The most active May contract traded around at Rs.722.5/qrtl as against the previous week's closing of around Rs. 768.5/qrtl and hovered between Rs.720.5-769/qrtl during the week with lower open interest and more or less steady volumes. The stock Position of maize at NCDEX accredited Warehouses remains lower about 9896 MT as on 26.04.07 as against 12513 MT during last week.

Technical Sellers dominated the market. The price close below short term EMA suggests weakness in the market. Stochastic and RSI are in the oversold region, which offers some hope for bulls. MACD is in negative territory and moving downwards, indicating medium term downtrend. Maize is likely to trade bearish bias.

Outlook: Range bound with weak bias on increasing second phase of rabi crops arrivals in Bihar amidst steady to good demand from poultry as well as starch industry.

Recommendation: Sell on high towards resistance levels

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
May	745	760	705	690

Isolated dust storm/thunderstorm occurred in the plains of the northwest India during a few days of the week.

Outlook for the week ending on 02nd May 2007

Gradual rise in day temperature leading to heat wave conditions over some parts of northwest, central and east India during second half of the week. Decrease in rainfall activity over northeastern states.

Source: IMD

FOREX RATES (As on 30th APRIL, 2007)

Country	Currency	Value in Rupees
USA	Dollar	41.07
European Union	Euro	55.84
Japan	100 Yen	34.34
Great Britain	Pound Sterling	81.69



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