

MAIZE

14th -21st, MARCH, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize spot market observed weak sentiments during the earlier period of the week on good arrivals of fresh crops in different major markets from Bihar, A.P. and Maharashtra. However, demand from poultry sector of Delhi, Kolkata, Punjab and Haryana stood at higher side. The good demand from Ahmedabad starch industries was also seen supporting the market. Bullish sentiments of jowar and bajra have also restricted the further fall. The arrivals are seen decreasing from 12,000 bags to 5,000-6,000 bags in Bihar at the later part of the week and consequently the price improves slightly. Naugachia mandi witnessed about 500 bags arrivals and price quoted between Rs.625-630/ql. According to trade sources, the stock levels among farmers of Bihar have declined because of smaller crops in the first phase due to late sowing. Farmers are expecting good crops during second phase of harvesting during May. Some farmers are also not showing interest to release their stocks at present price levels. The stock position was also seen declining in A.P. and Maharashtra. At Delhi, prices remained between Rs.850-855/ql on lower arrivals around 5 motors from Bihar. However, red maize prices from A.P. trades at higher side at Rs.880/ql. Limited arrivals of gajar maize from U.P. are reported. Maize prices are in pressure of fresh arrivals in Bihar, A.P. and Maharashtra 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.

NCDEX FUTURES MARKET:

NCDEX maize futures traded mostly bearish during the major parts of the week. However, some bounce back has witnessed on increased buying support at lower levels at end of the week. The most active May contract traded around at Rs.768/ql as against the previous week's closing of around Rs. 776/ql and hovered between Rs.755.5-775/ql during the week with lower open interest and good volumes. The stock Position of maize at NCDEX accredited Warehouses remains about 12513 MT as on 19-April-2007.

PRICE DRIVERS:

- ✓ Declining stocks of fresh crops in Bihar, A.P. and Maharashtra

- ✓ West Bengal Govt. releasing around 21,200 MT of maize at the price of Rs.450
- ✓ 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.
- ✓ Despite duty waiver, imports may not be feasible because of strong overseas prices.
- ✓ U.S. corn is likely to harvest in the months of May-June

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)

	14.04.07	21.04.07
Delhi (Red Maize)	845	850-855
Delhi (Gajar Maize)	-	-
Sangli truck Bilty (New)	800	775
Pune Starch (New)	850	820
Ahmedabad Poultry feed	865-870	855-860
Ahmedabad Starch	865-870	855-860
Kolkata mill delivery	775-780	730
Nizamabad (New Maize)	740	Closed
Davengere (New Maize)	765	710-715
Bihar Bilty Price	675-680	625-630

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

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.

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.

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 Down

Corn: Net sales of 803,300 MT were 39 percent below the previous week and 12 percent under the prior 4-week average. Increases reported for Mexico (226,800 MT), Japan (172,500 MT), South Korea (116,000 MT, including 115,600 MT switched from unknown destinations), Colombia (99,700 MT), Taiwan (70,800 MT), Egypt (55,100 MT), and Jordan (48,500 MT, including 49,000 MT switched from unknown destinations and decreases of 500 MT), were partially offset by decreases for unknown destinations (76,600 MT). Net sales of 62,500 MT for delivery in 2007/08 were mainly for Mexico (53,800 MT). Exports of 897,400 MT were 22 percent above the previous week, but 4 percent under the prior 4-week average. The major destinations were Japan (230,700 MT), Mexico (207,500 MT), South Korea (116,300 MT), Taiwan (84,200 MT), Colombia (76,500 MT), Jordan (48,500 MT), and Egypt (45,100 MT).

This summary is based on reports from exporters for the period April 6-12, 2007.

Source: USDA

WEATHER WATCH

Last week's low pressure area over Gulf of Mannar and neighbourhood lay over Sri Lanka and adjoining southwest Bay of Bengal on 12th and over southwest Bay off Sri Lanka coast on 13th. It was seen as a well marked low pressure area over the same region on 14th. It lay as a low pressure area over southeast and adjoining southwest Bay of Bengal on 15th. It became less marked on 16th. However, the associated upper air cyclonic circulation lay over the same region extending upto 4.5 km a.s.l. on 16th & 17th and became less marked on 18th. The cyclonic circulation at lower levels over Bihar lay over Jharkhand and neighbourhood on 12th, over Gangetic West Bengal and neighbourhood on 13th & 14th, over Bangladesh & neighbourhood on 15th and over Nagaland, Manipur, Mizoram & Tripura on 16th. It moved eastwards on 17th. The cyclonic circulation over Arunachal Pradesh also moved away eastwards on 12th. A cyclonic circulation at lower levels lay over West Uttar Pradesh and neighbourhood on 13th & 14th; over West Madhya Pradesh and neighbourhood on 15th & 16th and over Chhattisgarh and adjoining Jharkhand on 17th. It became less marked on 18th. Another cyclonic circulation at lower levels lay over Haryana and neighbourhood on 17th and over West Uttar Pradesh and adjoining Madhya Pradesh on 18th.

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:

Isolated rain/thundershowers occurred over different subdivisions in east & central India during a few days and over south India during many days of the week. Isolated to scattered rain/thundershowers occurred over northeastern

states on 12th -13th and 17th -18th. Isolated rain/thundershowers occurred over Western Himalayan Region and adjoining northern plains during second half of the week. Mainly dry weather prevailed over the remaining parts of the country during the week.

Outlook for the week ending on 25th April 2007

Fairly widespread rain/thundershower with isolated heavy falls are likely over northeastern states from 20th April. Isolated to scattered rain/thundershowers are likely over east India and south Peninsula. Mainly dry weather is likely over west & northwest India. Gradual rise in day temperature over northwest & east India.

Source: IMD

TECHNICAL ANALYSIS

Commodity: Maize

Contract: May 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

NCDEX maize futures traded mostly bearish during the major parts of the week. However, some bounce back has witnessed on increased buying support at lower levels at end of the week. The most active May contract traded around at Rs.768/qtl as against the previous week's closing of around Rs. 776/qtl and hovered between Rs.755.5-775/qtl during the week with lower open interest and good volumes. The stock Position of maize at NCDEX accredited Warehouses remains about 12513 MT as on 19-April-2007

Technical Maize is looking slightly firm. However, long upper shadow indicates, some selling pressure at higher levels. The prices close below short term EMA suggests weakness in the market. Stochastic has made bullish crossover in normal region. MACD is in negative territory. Maize is likely to trade with bullish bias.

Outlook: Range bound with firm bias on declining rabi crops arrivals in A.P. Karnataka and Bihar amidst steady to good demand from poultry as well as starch industry.

Recommendation: Buy on Low towards support levels

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
May	788	795	755	750

Country	Currency	Value in Rupees
USA	Dollar	41.99
European Union	Euro	57.22
Japan	100 Yen	35.36
Great Britain	Pound Sterling	84.22

FOREX RATES (As on 23rd APRIL, 2007)



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