

MAIZE

09th - 16th JUNE, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Spot prices of maize improved marginally in Delhi mandis in the week. Prices rose by Rs.10/qrtl to Rs. 745/qrtl in Delhi ex-godown basis, while the rate is Rs.730/qrtl for railhead delivery. Widespread of rainfall in Bihar has limited the market activities and increased the moisture content of fresh crops. Higher moisture content is limiting demand from poultry sector. However, bajra sentiments remained easy due to increasing arrivals from U.P. Maize spot prices in the Nizamabad and A.P. mandis have improved on reduced inflows. Traders are optimistic about further increase in prices as demand from Maharashtra and Tamil Nadu pick up in the coming days. The sentiments remained up in Maharashtra and Ahmedabad mandis on increased local starch factories demand. It is learnt that some exports, though in very small quantities, are taking place towards Bangladesh and Colombo through STC, MMTC and PEC and increase in export possibility is cant rule out because of higher global price and on the view of rising global demand. Further, UAE, the major importer of eggs from India has recently lifted its ban on Indian egg exports to this country which will no doubt increase the Indian egg exports in coming days. Rising egg exports will support maize sentiments in near term because over 50% of maize production in our country is used in the poultry sector. The development of monsoon progress will decide the further course of action in the market. The actors in the market are carefully monitoring the progress of monsoon in the two major kharif maize producing states i.e; Maharashtra and Karnataka. The availability of maize crop in the country is depending on the crop size from kharif season as around 70-75% of the total production in the country comes from that season. The progress in sowing of kharif monsoon will depend on monsoon showers.

NCDEX FUTURES MARKET:

Maize futures traded range bound. Increased buying interest at early dips recovered the futures. The most active NCDEX July contract traded up near Rs.783/quintal compared to last week's closing at Rs 767.50/quintal and remained in the range of 745-789.5 during the week. The open interest as well as the volumes has increased. On June 14, stocks in NCDEX warehouses remained steady at 3558 MT.

PRICE DRIVERS:

- ✓ Fresh arrivals decreasing in Bihar due to widespread of rainfalls
- ✓ Maize sowing is down so far as on 16.06.07 by 20% at 398,900 ha.
- ✓ Rakes arrivals are reported in Delhi, Punjab and Haryana mandis
- ✓ Some exports, though in very small quantities, are taking place towards Colombo and Bangladesh through STC, MMTC and PEC.
- ✓ Rising export of egg may support maize prices
- ✓ Govt. has increased the MSP of maize by Rs 80 to Rs 620/qrtl
- ✓ Some demand from starch industry of Ahmedabad and Maharashtra
- ✓ Bearish tone of bajra on higher arrivals from U.P.
- ✓ Lower production expectation this year despite higher rabi crop
- ✓ The FAO raised its estimate of world maize output to 770 million tonnes in 2007/08
- ✓ Higher production outlook in S. Africa and U.S.

GLOBAL MARKET:

CBOT corn futures finished down Monday on speculative selling. July corn settled 3 cents lower at \$4.16 per bushel, September slipped 2 cents to \$4.24 per bushel, and December fell 0.75 cent to \$4.235 per bushel. Uncertainty on the extend of rain for the Eastern Corn Belt for the next few days and also some models showing another cluster of storms for late this week and into the weekend has kept the trade very volatile. Traders look for a 2-4% decline in the crop rated in good to excellent condition for the weekly crop progress report for release after the close. Weekly export inspections, released during the session, came in at 37.26 million bushels as compared with trade expectations at 32 to 38 million bushels. Weekly inspections need to average 45 million bushels per week to reach the USDA projection. Weakness in the wheat market and fund selling helped pressure the market with funds noted sellers of near 3,000

contracts into the mid-session.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	09.06.07	18.06.07
Delhi (Red Maize)	725-730	745
Delhi (Gajar Maize)	-	-
Sangli truck Bilty (New)	750	800
Pune Starch (New)	750	810
Ahmedabad Poultry feed	755-760	840
Ahmedabad Starch	755-760	820
Kolkata mill delivery	650	640
Nizamabad (New Maize)	725	745
Davengere (New Maize)	725	740
Bihar Loose Price	550	560-565

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Record coarse grains production in 2007

FAO's latest forecast for world production of coarse grains in 2007 is 1 073 million tonnes, up 9 percent from last year and a record high. The bulk of the increase is expected in maize, which accounts for about 70 percent of total coarse grain production with output set to reach a record 770 million tonnes in 2007. In the southern hemisphere, the main 2007 harvests are underway or already complete. In South America, a record main maize crop is being gathered in Argentina, Brazil and Chile, following increased plantings, in response to strong demand for ethanol production, and favourable growing conditions, which led to bumper yields. The secondary crop in Brazil also looks set to increase. In Southern Africa, however, prospects are less favourable and aggregate output is forecast slightly lower than last year's below-average crop. In the northern hemisphere, the bulk of the maize crops has now been sown, with all the main producing countries expected to harvest larger crops. However, by far the most noteworthy development this season is the approaching completion in the United States of the highest level of maize planting since 1944, mostly in response to exceptionally strong domestic demand for maize-based ethanol production.

Source: FAO

IGC Expands Global Maize Out Put Forecast

Production in 2007 is forecast to reach a record 751m. tons. The projection is 5m. up from last month as plantings in South America are expected to respond to strong prices relative to soyabeans. The largest increase will be in the US where the area is expected to be up 15% and weather conditions, while mixed, have recently improved. Taking account of increased supplies, the world consumption

forecast for 2007/08 is 6m. tons higher than a month ago at 761m. Most of the increase is in industrial uses, especially in the US where demand for maize to make ethanol is soaring because of strong energy prices and official policies promoting biofuels. At 86m. tons, it will for the first time exceed the amount exported. The forecast of global closing stocks remains unchanged from last month at 85m. tons, including only 23m. in the US. World maize trade is forecast at 84m. tons, the same as last month, and also similar to the 2006/07 estimate. Strong feed demand will continue to support imports by Mexico, Malaysia and some other countries, but high prices will trim purchases by Japan and South Korea. Increased competition from Argentina and Brazil is likely to reduce US exports.

Source: IGC

Global Corn Production Likely to be Higher

Global 2007/08 coarse grain production is projected at a record 1.1 billion tons, up 8 percent from 2006/07. Rising corn production in the United States accounts for much of this increase; however, corn production is also expected at record levels again in 2007/08 in Argentina and Brazil. Increases in corn production are also expected for Canada, China, FSU-12, India, Mexico, and several other countries. Barley production is expected to increase in Australia. Despite higher world coarse grain output, lower carryin and rising consumption leave world ending stocks down 3 percent from this year's projection.

Source: WASDE

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.

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

USDA Corn Export Sales Increased by 42%

Net sales of 531,900 MT were 42 percent above the previous week, but 34 percent under the prior 4-week average. Increases reported for Japan (140,800 MT), Colombia (110,000 MT), Mexico (92,300 MT), Taiwan (45,100 MT), and Canada (44,900 MT), were partially offset by decreases for unknown destinations (53,400 MT) and Guatemala (12,000 MT). Net sales of 54,800 MT for delivery in 2007/08 were primarily for Japan (25,400 MT) and Cuba (25,000 MT). Exports of 831,200 MT were 17 percent below the previous week and 18 percent under the prior 4-week average. The major destinations were Japan (306,300 MT), Colombia (117,000 MT), Taiwan (96,700 MT), Egypt (84,800 MT), and Mexico (63,100 MT).

This summary is based on reports from exporters for the period June 1-7, 2007.

Source: USDA

CROP- WEATHER ANALYSIS

Summer maize is at vegetative/flowering stages in UP, Chhattisgarh and at cob maturity/harvesting stage in northeastern hilly tracts, Tamil Nadu and Maharastra. Land preparation and sowing of Kharif Maize is in progress in Karnataka. Expected rain/thundershowers in UP and Karnataka will help the crop. But rain in most part of the country may affect the harvesting in other parts of the country.

MONSOON WATCH

Southwest monsoon has further advanced into remaining parts of Bay of Bengal, some more parts of Arabian Sea, entire northeastern states, most parts of West Bengal & Sikkim, some parts of Bihar, Jharkhand, some more parts Peninsular India during the week. Northern limit of monsoon passes through lat. 16.0 °N/ long. 60.0 E°, lat. 16.0 °N/ long. 70.0 E°, Vengurla, Gulbarga, Nizamabad, Vishakhapatnam, lat. 20.0 °N/ long. 87.0 E°, Digha, Bankura, Bhagalpur and Raxaul on 13th June.

WEATHER WATCH

An off-shore trough extended from Karnataka coast to Kerala coast during many days of the week. An upper air cyclonic circulation lay over Jharkhand at lower level on 8th & 9th and became less marked on 10th. An upper air cyclonic circulation lay over West Uttar Pradesh with a trough extending upto Orissa at 0.9 km a.s.l. during 7 to 9th. An upper air trough extended from Haryana to Gangetic West Bengal during 10 to 12th. An upper air cyclonic circulation lay over Assam & Meghalaya during 7-9th and became less marked afterwards. An upper air cyclonic circulation lay over west central Bay of Bengal off Andhra Pradesh coast on 7th and became less marked on

8th. An upper air trough extended from Orissa to south Tamil Nadu through Andhra Pradesh between 1.5 & 2.1 km a.s.l. on 8th & 9th and moved westward and extended from Orissa to south Bay of Bengal between 1.5 to 3.1 km a.s.l. on 10th and became less marked on 11th.

Rainfall:

Rainfall was excess/normal in 14, deficient/scanty in 19 and no rain in 3 out of 36 meteorological sub-divisions (Actual: 27.0 mm, Normal: 30.8 mm and Departure: -12%).

Outlook for the week ending on 20th June 2007

Southwest monsoon is likely to advance further into some more parts of Maharashtra, east India and some parts of Chhattisgarh, Uttarakhand and Himachal Pradesh. Fairly widespread rainfall is likely over west coast, Indo-Gangetic

TECHNICAL ANALYSIS

Commodity: Maize

Contract: July 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures traded range bound. Increased buying interest at early dips recovered the futures. The most active NCDEX July contract traded up near Rs.783/quintal compared to last week's closing at Rs 767.50/quintal and remained in the range of 745-789.5 during the week. The open interest as well as the volumes has increased. On June 14, stocks in NCDEX warehouses remained steady at 3558 MT.

Technical: Candlestick is showing bulls dominate market. The volumes and open interest has increased. Prices closed much above the 9-day and 18-day's EMA. The MACD is entered in positive zone. The Stochastic is in neutral region and rising following a bullish crossover. The RSI in normal region and moving up, indicating positive note in short and medium term. Maize is likely to trade bullish following a firm opening.

Outlook: Range bound with firm undertone on lower arrivals from Bihar amidst some export as well as local starch industries demand.

Recommendation: Buy on dips towards support level

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
July	800	806	760	767

plains, northeastern states and Western Himalayan region. Numerical Weather Prediction model suggests formation of low pressure area over west-central and adjoining northwest Bay of Bengal towards the end of the week.

Source: IMD

FOREX RATES (As on 19th JUNE, 2007)

Country	Currency	Value in Rupees
USA	Dollar	40.76
European Union	Euro	54.58
Japan	100 Yen	32.99
Great Britain	Pound Sterling	80.67



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