

MAIZE

16th - 23rd JUNE, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize sentiment firms up in Maharashtra, Karnataka, A.P. and Ahmedabad mandis on good offtake from starch industries amidst lower arrivals. The stock position is lower in the southern states and sowing of kharif crop is continuing in major producing states such as Karnataka and Maharashtra. However, presently kharif maize sowing in the country is lagging behind by at 4.78 lakh ha so far as on 21.06.07 as against the acreage of 5.59 lakh ha during corresponding period of last year. The last year acreage was higher because of early arrivals of monsoon. The normal area under kharif maize is around 62.16 lakh ha. The area covered so far is 7.6% of normal area and is expected to pick up as the monsoon progresses. It is very likely that higher prices of maize this year as compared to last year on increasing global as well as domestic demand translate to higher sowing in the year 2007/08. The demand from starch industries have improved. Moreover, higher prices of tapioca starch as against maize starch added to firmness/revival of demand. The demand from poultry industries of Maharashtra and Tamil Nadu is also improving, coupled with higher export demand for egg. Stock position of Rabi maize is good in Bihar but quality is inferior due to higher moisture content which is inhibiting demand for new crop. Around, 30 rakes have already moved out from the state. Further, farmers are holding good stocks which will be released at higher price levels because of inability of small and marginal farmers to holding their stocks for longer period. In Delhi mandis the prices remained steady to marginally up between Rs. 740-750/qrtl ex-godown basis on the back of lower arrivals of around 2 motors from Bihar. Good maize stocks amidst steady demand are underpinning the tone. Further, bearish tone of bajra added weakness in maize prices. Some summer maize crops arrivals are reported from Nanaksar and Hoshiarpur and Pathankot districts of Punjab. Maize prices likely to increase in the domestic mandis on good global as well as domestic demand amidst decreasing arrivals before harvesting of kharif crops.

NCDEX FUTURES MARKET:

Maize futures traded higher during the week. The most active NCDEX July contract tested 45 day's high on increased buying interest. However, some selling pressure at higher levels restricted the rallies and traded marginally up near Rs.779/quintal compared to last week's closing at

Rs 778/quintal and remained in the range of 769-794.5 during the week. The open interest as well as volumes has improved during the week. On June 21, stocks in NCDEX warehouses remained lower at 3456 MT as against last week's stock of 3558 MT.

PRICE DRIVERS:

- ✓ Fresh arrivals decreasing in Bihar due to widespread of rainfalls coupled with lower demand on higher moisture content of the fresh crops.
- ✓ Lower arrivals in motors are reported in Delhi, Punjab and Haryana mandis from Bihar
- ✓ kharif maize sowing is down by 20.5% at 3.99 lakh ha so far as on 15.06.07 as against 5.02 lakh ha during year ago period.
- ✓ 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.
- ✓ 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.
- ✓ Increasing global use of corn for producing ethanol for bio-fuel

GLOBAL MARKET:

CBOT Corn Futures Finished Sharply Down

CBOT corn futures settled sharply down Friday on increased selling pressure. Rain overnight in much of the U.S. Midwest and forecasts for additional rain this weekend has motivated for speculative selling. July corn settled 17.5 cents lower at \$3.675 per bushel, 12 off the high and 1 1/2 up from the low. September dropped 18 cents to \$3.768 per bushel, and December fell 17.5 cents to \$3.815 per bushel. An improving weather outlook for the US corn crop sent the market into lower territory for the 5th straight session today. Talk that overnight rain coverage for the eastern Corn Belt

was favorable to dry areas and ideas that rains today and again later next week could help crop conditions improve despite a warm forecast for Sunday through Wednesday helped drive the market sharply lower today. December corn is down as much as 56 cents off of Monday's contract high and the sweeping weekly key reversal sparked increased selling from technical-based traders. Overnight reports that China is unlikely to be a corn importer anytime soon and positioning ahead of next week's planted acreage report added to the bearish tone.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	18.06.07	23.06.07
Delhi (Red Maize)	745	750
Delhi (Gajar Maize)	-	-
Sangli truck Bilty (New)	800	825
Pune Starch (New)	810	830
Ahmedabad Poultry feed	840	855
Ahmedabad Starch	820	845
Kolkata mill delivery	640	685
Nizamabad (New Maize)	745	775-780
Davengere (New Maize)	740	775
Bihar Loose Price	560-565	785

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Kharif Maize Acreage is Down so far

As per the reports available from government sources the kharif maize sowing is lagging behind at 4.78 lakh ha so far as on 21.06.07 as against the acreage of 5.59 lakh ha during corresponding period of last year, but there is still time for sowing. The last year acreage was higher because of early arrivals of monsoon. The normal area under kharif maize is around 62.16 lakh ha. The area covered so far is 7.6% of normal area. It is very likely that higher prices of maize this year as compared to last year on increasing global as well as domestic demand translate to higher sowing in the year 2007/08.

World Corn Production is Raised 1.5 million tons

Global 2007/08 coarse grain production is nearly unchanged this month with higher barley and corn production in the EU-27 nearly offsetting the reduction in Ukraine coarse grain output. World 2007/08 corn production is raised 1.5 million tons mostly due to higher expected production in EU-27 and Ukraine. Higher Ukraine corn production reflects an increase in reported plantings. Corn production is raised 0.5 million tons each for Argentina and Brazil. Production in Argentina is raised to 22.5 million tons based on higher yields that more than offset a reduction in harvested area. Production in Brazil is projected at 50 million tons reflecting higher summer yields and increased winter corn area. Corn exports are raised 1 million tons for Argentina and 0.2 million tons for EU-27, nearly offsetting this month's 1.3-million-ton reduction in

2006/07 U.S. corn exports. The outlook for 2007/08 U.S. feed grains is little changed this month, with no changes to production or use and increases in ending stocks reflecting higher projected corn and barley carryin from the current marketing year. The 2007 projected corn yield is unchanged this month at 150.3 bushels per acre. Despite the very fast catch-up of planting during the second week of May, progress through the first week of May was the second slowest in the past 10 years. Early growing season weather remains mixed. Corn ending stocks for 2007/08 are projected at 997 million bushels, up 50 million bushels from last month. Barley ending stocks are projected 5 million bushels higher. The 2007/08 forecast price ranges for corn and the other feed grains are unchanged with the marketing year average corn price projected at \$3.10 to \$3.70 per bushel. Forecast U.S. corn exports for 2006/07 are lowered 50 million bushels reflecting the slowing pace of shipments in recent weeks and more expected competition from larger supplies in Argentina. U.S. corn ending stocks for 2006/07 are correspondingly raised 50 million bushels.

Source: WASDE

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

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 Corn Weekly Export Sales Up by 57%

Net sales of 826,900 MT were 57 percent above the previous week and 48 percent over the prior 4-week average. Increases reported for Japan (375,100 MT), Taiwan (159,700 MT, including 58,000 MT switched from unknown destinations), Egypt (92,500 MT), Mexico (56,400 MT, including 14,900 MT switched from unknown destinations), Saudi Arabia (48,900 MT, including 50,000 MT switched from unknown destinations and decreases of 1,100 MT), and unknown destinations (47,100 MT), were partially offset by decreases for Spain (40,000 MT), Colombia (13,500 MT), and Guatemala (12,600 MT). Net sales of 161,500 MT for delivery in 2007/08 were primarily for Mexico (120,000 MT). Exports of 896,300 MT were 9 percent above the previous week, but 4 percent under the prior 4-week average. The major destinations were South Korea (224,800 MT), Japan (179,200 MT), Taiwan (93,800 MT), Egypt (80,300 MT), and Mexico (74,300 MT). Note: Accumulated exports for Venezuela were adjusted down 5,300 MT. 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 Maharashtra. 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 further advanced into some more parts of Telangana, remaining parts of coastal Andhra Pradesh, northwest Bay of Bengal & Gangetic West Bengal, some parts of Chhattisgarh, Orissa, Jharkhand and East Uttar Pradesh and some more parts of Bihar on 14th June. It advanced into some more parts of Central Arabian sea, Konkan & Goa, some parts of Madhya Maharashtra & Marathawada, some more parts of Telangana, Jharkhand, Bihar & East Uttar Pradesh and some parts of Uttarakhand on 15th June. It advanced into remaining parts of central Arabian sea and Konkan & Goa, some more parts of Madhya Maharashtra and Marathawada, remaining parts of Telangana, some parts of Vidarbha and some more parts of Chhattisgarh, Orissa and Jharkhand on 18th June. Northern limit of monsoon passed through lat. 20.0 °N/ long. 60.0 E°, lat. 20.0 °N/ long. 70.0 E°, Dahanu, Parbhani, Brahmapuri, Raipur, Sambalpur, Keonjhar, Ranchi, Varanasi, Sultanpur, Bhaich and Mukteswar (Map Enclosed).

WEATHER WATCH

An off-shore trough extended from Gujarat coast to Kerala coast during 14th to 19th June and from Konkan coast to Kerala coast on 20th June. A Low pressure area formed over East central Bay of Bengal on 19th June and became well marked on 20th. A cyclonic circulation lay over West Uttar Pradesh & neighbourhood extending upto 3.1 Km a.s.l. on 14th. It persisted over the same area extending upto 0.9 km a.s.l. on 15th & 16th and became less marked on 17th. A cyclonic circulation lay over Central Pakistan and neighbourhood at lower tropospheric levels on 14th & 15th. It lay over central Pakistan and adjoining Rajasthan

on 16th, over Punjab & neighbourhood on 17th & 18th and over Jammu & Kashmir & neighbourhood on 19th. It moved away eastwards thereafter. Another Cyclonic circulation at lower levels lay over South Pakistan & neighbourhood on 18th & 19th and over central Pakistan and adjoining Rajasthan on 20th. A Cyclonic Circulation lay over Haryana & neighbourhood on 19th & 20th extending upto 0.9 km a.s.l. An upper air trough ran from Bihar to North Orissa at lower tropospheric Levels on 18th, it ran from west Assam to North Orissa across Bangladesh, West Bengal & Jharkhand on 19th and became less marked on 20th.

Rainfall:

Southwest Monsoon was active with fairly widespread / widespread Rainfall and isolated heavy to very falls over northeastern states during 14th to 17th. It was also active over Sub-Himalayan West Bengal & Sikkim during 17th to 19th. The southwest monsoon was active along the West Coast during 18th to 20th. Fairly wide spread / widespread rainfall with isolated heavy to very heavy falls occurred along the west coast during remaining days of the week. Scattered to fairly widespread rainfall occurred over remaining parts of Peninsula, east India and Madhya Maharashtra during many day of the week. Isolated to scattered rain/thundershower occurred over Northwest, Central and remaining parts of West India during many days of the week.

Outlook for the week ending on 27th June 2007

The well marked low pressure area over east-central & adjoining west-central Bay of Bengal is likely to concentrate into a depression and move in a west-

TECHNICAL ANALYSIS

Commodity: Maize

Contract: July 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures traded higher during the week. The most active NCDEX July contract tested 45 day's high on increased buying interest. However, some selling pressure at higher levels restricted the rallies and traded marginally up near Rs.779/quintal compared to last week's closing at Rs 778/quintal and remained in the range of 769-794.5 during the week. The open interest as well as volumes has improved during the week. On June 21, stocks in NCDEX warehouses remained lower at 3456 MT as against last week's stock of 3558 MT.

Technical: A bearish maruboji candle has formed on the charts with price falling just below the 18-day EMA. The MACD has started to dip in positive region. The stochastic has made a bearish crossover in overbought region while the RSI has fallen back into neutral region. Maize is likely to trade with bearish inclination following a weak opening.

Outlook: Firm on lower arrivals from Bihar amidst some demand from starch as well as poultry industries.

Recommendation: Buy on dips towards support level

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
July	810	820	767	760

northwesterly direction across north Andhra Pradesh, Vidarbha, Madhya Maharashtra and Gujarat. Under its influence, Widespread rains with scattered heavy to very heavy falls are likely over Andhra Pradesh, south Orissa, south Chhattisgarh and Vidarbha during 21 to 23 June. Subsequently, with the likely west-northwestward movement of the system, the enhanced rainfall belt is likely to shift to rest Maharashtra, Goa, Karnataka, south Madhya Pradesh, Gujarat and southeast Rajasthan during 23 to 26 June. Isolated extremely heavy rains of more than 25 cm are also likely over Coastal Andhra Pradesh, Telangana and Vidarbha during 21 to 23 June and over Coastal Karnataka, rest Maharashtra including Mumbai, Goa and Gujarat during 23 to 26 June. In association with the above system, southwest monsoon is likely to advance further into remaining parts of Orissa, Chhattisgarh & Maharashtra, entire Gujarat and parts of Madhya Pradesh and Rajasthan during next 5 days. Widespread rainfall with scattered heavy to very heavy falls are likely to continue along the west coast. Decrease in rainfall activity over Orissa, Andhra Pradesh, Tamil Nadu during second half of the week. Decrease in rainfall activity over northeastern states. Another Low pressure area is likely to form over the north Bay of Bengal around 27th June, 2007.

Source: IMD

FOREX RATES (As on 25th JUNE, 2007)

Country	Currency	Value in Rupees
USA	Dollar	40.71
European Union	Euro	54.63
Japan	100 Yen	32.84
Great Britain	Pound Sterling	81.24



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.