

MAIZE

14th JULY -21st JULY, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize price has increased by Rs.30/qlt at Rs.790/qlt ex-godown basis for the Bihar maize in Delhi. Arrivals remained down around 2 motors from Bihar. No rakes arrivals from Bihar is reported. Summer crop arrivals of gajar maize (1 motor) has started from U.P. and quoted at Rs.755-760/qlt. Lower demand from Punjab and Haryana are seen. Punjab mandis witnessed fresh arrivals from the local districts at 2-3 motors arrival from the two districts of Nanaksar and Hoshiarpur. However, cheaper bajra lower than maize by 12-13% is making it an attractive substitute in poultry feed against maize. Poultry farmers in North India are replacing maize partly in the rations. Bihar mandis featured bullish sentiments and traded around 625-635/ qtl on higher demand from Bangladesh and West Bengal amidst lower arrivals. The arrivals declined to 4000-5000 bags all over Bihar. Naugachia mandi received around 300 bags daily. However, rakes demand from South India is lower because of uncompetitive prices. The demand of maize is higher in Tamil Nadu due to high egg prices and continued export. The starch industries demand from Ahmedabad remained good. According to the 4th advance estimate of GOI, total maize production for the year 2006-07 estimated up around 14.98 million tonnes as compared to last year production of 14.71 million tonnes. Higher rabi maize out put around 3.55 million tonnes as against 2.55 million tonnes last year is featuring the same. However, kharif maize out put estimated lower around 11.43 million tonnes as against 12.16 million tonnes last year. Although, all India acreage under kharif maize is lower by 15.2% at 33.17 lakh hectares so far as on 13.07.07 as compared to 39.14 lakh hectares during corresponding period of last year. Both A.P. and Karnataka are likely to show significant progress in sowing whereas, in U.P., Rajasthan, Gujarat and M.P. it is down due to shifting of acreage towards other crops due to higher cost of cultivation involved in maize cultivation. Competing oilseeds and pulses leave limited scope for any significant increases in maize acreage this year.

NCDEX FUTURES MARKET:

Maize futures traded bullish during the week. The most active NCDEX August contract traded mostly higher and reached to 790.5 on fresh buying support. However, some profit booking at higher levels has restricted the upwards

movement and traded up near Rs.787/quintal compared to last week's closing at Rs 782/quintal and remained in the range of 779.5-790.5 during the week. The volumes have increased whereas the open interest has declined during the week. On July 20, stocks in NCDEX warehouses increased to 694 MT as against last week's stock of 645 MT.

PRICE DRIVERS:

- Fresh arrivals declining in Bihar due to unwillingness of farmers and stockists to release the stock at lower prices.
- Good demand from Bangladesh and west Bengal.
- Good demand from poultry industries of Tamilnadu on lower stock position amidst rising poultry feed demands.
- Good demand from starch industries of Ahmedabad on higher prices of tapioca starch.
- Lower rakes arrivals from Bihar in South India due to uncompetitive rates.
- kharif maize sowing is lagging behind by 15.2% at 33.17 lakh ha so far as on 13.07.07 as against 39.14 lakh ha during year ago period.
- As 4th advance estimate, total maize production for 2006-07 estimated up around 14.98 million tonnes as compared to last year production of 14.71 million tonnes.
- Global industrial consumption of maize to increase on higher ethanol as well as bio-fuel demand
- Rising export of egg may support maize prices
- Govt. has increased the MSP of maize by Rs 80 to Rs 620/qlt
- Bearish tone of bajra on higher arrivals from U.P.
- Higher production outlook in S. Africa and U.S.

GLOBAL MARKET:

CBOT Corn Futures Finished Lower

CBOT corn futures finished lower Friday. December Corn finished down 2.75 cents at \$3.335 per bushel; this was 9 off the high and 3 up from the low. September Corn closed down 3 cents at \$3.183 per bushel. This was 2.5 up from

the low and 9.25 off the high. Some forecasts for hot and mostly dry weather for much of the next 10 days and ideas that demand is picking up momentum on the recent break lent early buying support. Higher trade is soybeans added to the positive tone. The market is entering a time period where soybean direction may begin to provide leadership, as the corn crop is moving past the most sensitive time of the year for weather impact. A continued long liquidation trend from fund traders and talk of excellent yield potential for the crop after pollinating in cool and moist conditions this year helped trigger increased selling pressure as the session progressed.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	14.07.07	21.07.07
Delhi (Red Maize)	750-760	785-790
Delhi (Gajar Maize)	-	755-760
Sangli truck Bilty (New)	810	830
Pune Starch (New)	845	850
Ahmedabad Poultry feed	850	850
Ahmedabad Starch	815	840
Kolkata mill delivery	710	750-770
Nizamabad (Bilty)	740-745	755-760
Davengere (Bilty)	740	740
Bihar Loose Price	570	625-635

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Kharif Maize Acreage is Still Down

Area under kharif maize is still lagging behind this year by 15.2% at 33.17 lakh hectares so far as on 13.07.07 as compared to 39.14 lakh hectares during corresponding period of last year. The normal area under maize in the country is around 62.16 lakh hectares. Near about 53.4% of normal area has covered so far. The erratic weather mainly flood in Karnataka, A.P., Maharastra is hindering the sowing progress. However, the area under maize in A.P. and Karnataka has increased so far whereas, in U.P., Rajasthan, Gujarat and M.P. it is down. Due to shifting of acreage towards other crops due to higher cost of cultivation involved in maize cultivation. However, there is still time for sowing.

4th Advance Estimate: Maize Production Up; Kharif Down, Rabi Up

According to the 4th advance estimate of GOI, total maize production for the year 2006-07 estimated up around 14.98 million tonnes as compared to last year production of 14.71 million tonnes. Higher rabi maize out put around 3.55 million tonnes as against 2.55 million tonnes last year is featuring the same. However, kharif maize out put estimated lower around 11.43 million tonnes as against 12.16 million tonnes last year.

Global Maize Production Forecast Down by 1 Mln Tonnes

The production forecast of maize is reduced by 1m. tons to 750m. (696m. last year). After rains in the eastern corn belt, the US remains on course to harvest a bumper 315m. ton crop, but unfavourable weather will reduce yields in China. In the southern hemisphere, plantings for the next crop are set to rise in Argentina. Total consumption is forecast at 762m. tons, 1m. up from last month because of higher feed use in the EU and Mexico. The forecast of total endseason stocks is 86m. tons - a 30-year low - with 24.5m. tons in the US. Robust feed demand increases the world trade projection forecast by 1m. tons to 85m., just below 2006/07. Despite increased competition from Argentina and Brazil, the US is expected to account for almost 60% of maize exports in 2007/08.

SOURCE: IGC

Global Industrial Consumption of Maize to Increase

World industrial use of grains is forecast to increase by 23% to 229m. tons in 2007/08. In the past, starch was the main industrial product, but in 2007/08 more - almost 107m. tons - will be used to make ethanol. This is 50% above last year's figure. The US, where maize is the key feedstock, became the largest ethanol producer in 2006, overtaking Brazil, where sugar cane is the feedstock. Plants under construction in the US will double ethanol production capacity to some 50bn. litres (12.6 bn. gallons), with maize use in 2007/08 set to climb to around 86m. tons. China is expected to use over 9m. tons of maize to make ethanol in 2007/08, but the government has announced that in future most will be made from nongrain products. Ethanol production in the EU, which uses a wider range of raw materials, is smaller (1.6bn. litres in 2006) but growing rapidly. Tightening world grain supplies and high prices are stimulating research into alternative feedstocks, including cellulose derived from various plants and crop residues, but their use is not expected to become generally viable for at least 5- 10 years. (See Market Focus Section)

Source: IGC

WASDE Projected Higher Global Coares Grain Production

The global outlook for 2007/08 coarse grains this month is being driven largely by increased corn output in the United States. Global coarse grain production is raised 9.3 million tons. Higher U.S. corn, sorghum, and barley production more than offset reduced corn and barley prospects in the FSU-12 countries and lower corn production for EU-27 and Canada. EU-27 barley production is raised, but reductions in oats and rye leave EU-27 coarse grain production down 0.6 million tons this month. China corn production is raised 2 million tons to 148 million as higher area and improved yield prospects are expected to boost output. Barley production for Australia is also raised 0.7 million tons based on improved rainfall during June. A decrease in Ukraine corn exports is partly offset by higher projected corn exports from the United States. Lower Ukraine barley exports are offset by increases for Australia and EU-27. With higher world production and lower consumption, global coarse grain ending stocks are projected sharply higher mainly reflecting an 18 percent increase in corn stocks.

Source: WASDE

US Coarse Grain Production Projected Up

This month's outlook for 2007/08 U.S. feed grains is for sharply higher supplies as carryin and production both rise. Corn supplies for 2007/08 are projected at 14 billion bushels as a 2.5- million-acre increase in harvested area

raises corn production 380 million bushels from last month and reductions in 2006/07 use raise beginning stocks 150 million bushels. The increase in 2007 corn production is based on planted and harvested area estimated in the June 29 Acreage report. Exports for 2007/08 are raised 25 million bushels as larger domestic supplies, lower prices, and reduced foreign exports boost prospects for U.S. corn shipments. Ending stocks are raised to 1.5 billion bushels, up 505 million from last month. The season-average farm price is projected 30 cents lower on both ends of the range at \$2.80 to \$3.40 per bushel. Corn ending stocks for the 2006/07 marketing year are projected 150 million bushels higher at 1.1 billion. Feed and residual use is lowered 100 million bushels largely reflecting the corn disappearance indicated in the June 29 Grain Stocks report. Exports are lowered 50 million bushels reflecting the lagging pace of export shipments even as export sales and outstanding balances indicate strong demand for old-crop supplies.

Source: WASDE

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 Down

Net sales of 669,700 MT were down 34 percent from the previous week and 27 percent under the prior 4-week average. Increases reported for Japan (287,400 MT), Venezuela (141,000 MT), Mexico (90,600 MT, including 21,600 MT switched from unknown destinations), Syria (52,200 MT, including 50,800 MT switched from unknown destinations), and Taiwan (48,700 MT), were partially offset

by decreases for unknown destinations (60,900 MT) and Jamaica (12,900 MT). Net sales of 498,100 MT for delivery in 2007/08 were primarily for unknown destinations (221,000 MT), Japan (119,900 MT), Mexico (100,700 MT), and Guatemala (51,000 MT). Exports of 1,201,000 MT were 48 percent above the previous week and 40 percent over the prior 4-week average. The primary destinations were Japan (431,400 MT), Taiwan (210,100 MT), Mexico (123,000 MT), South Korea (115,200 MT), and Egypt (89,300 MT).

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

Source: USDA

CROP- WEATHER ANALYSIS

Sowing of Kharif Maize is in progress in Karnataka, MP, Gujarat, Jharkhand, Gujarat, Rajasthan and TN. Kharif crop at vegetative stage in Chhattisgarh and AP, whereas it is in knee height stage in HP and J&K. It is at tasseling/silking/cob formation stages in Chhattisgarh, Bihar and at cob maturity/harvesting stage in Assam, northeastern hilly tracts, UP. Expected rains in northeastern India may affect the harvesting process. But rains in other parts of the country will be beneficial for the crop. Irrigation is needed in central and northwestern part of the country. Since maize crop is highly susceptible to water logging, provision for surface drainage should be made in the field in most of the country.

WEATHER WATCH

An upper air cyclonic circulation extending upto mid-tropospheric level lay over north Bay of Bengal on 12th. Under its influence, a low pressure area formed over northwest Bay of Bengal off north Orissa and West Bengal coasts on 13th. It became well marked over the same area on 14th. It lay over northwest Bay of Bengal and coastal areas of north Orissa and West Bengal on 15th, over Jharkhand & neighbourhood on 16th and over East Uttar Pradesh and adjoining Bihar on 17th. It lay as a low pressure area over East Uttar Pradesh and adjoining Bihar on 18th. The axis of the monsoon trough passed through normal position during beginning of the week. However, the western end of the monsoon trough gradually shifted northwards and lay close to the foothills of the Himalayas on 18th. The eastern end of the monsoon trough ran from centre of low pressure area, Patna, Asansol and thence southeastwards to northeast Bay of Bengal. An off-shore trough ran from Konkan coast to Kerala coast during the week. An upper air cyclonic Circulation lay over north Pakistan and adjoining Jammu & Kashmir extending between 1.5 to 5.8 km a.s.l. on 13th. It lay over Punjab & neighbourhood in the lower troposphere levels during 14th to 17th. It lay over Jammu & Kashmir and neighbourhood on 18th. Last week's upper air cyclonic circulation over central Rajasthan & neighbourhood extending upto mid-tropospheric level lay over central Pakistan and adjoining Rajasthan on 12th extending upto 1.5 km a.s.l. It persisted over the same area and extended upto 0.9 km a.s.l. on 13th and became less marked on 14th.

Rainfall:

Under the influence of the above systems:

Southwest monsoon was active/vigorous over Gangetic West Bengal & Orissa on 16th; Jharkhand on 15th & 16th; Sub-Himalayan West Bengal & Sikkim & Bihar on 17th; East Uttar Pradesh on 14th, 17th & 18th and Chhattisgarh

on 14th, 16th & 17th. Widespread/fairly widespread rainfall occurred over Gangetic West Bengal on 15th, 17th & 18th; Jharkhand on 17th; Sub-Himalayan West Bengal & Sikkim on 15th & 18th; Bihar on 18th; East Madhya Pradesh on 17th & 18th; Chhattisgarh & East Uttar Pradesh on 13th. Southwest monsoon was active/vigorous over Assam & Meghalaya on 16th & 18th and Nagaland, Manipur, Mizoram & Tripura on 17th & 18th. Fairly widespread rainfall occurred over Arunachal Pradesh on 14th & 16th-18th; Assam & Meghalaya on 14th & 17th and Nagaland, Manipur, Mizoram & Tripura on 16th. Southwest monsoon was active over Kerala during last two days of the week. Widespread/ fairly widespread rainfall occurred over Kerala during remaining days of the week. Widespread/fairly widespread rainfall occurred over Konkan & Goa and Coastal Karnataka throughout the week. Southwest monsoon was also active over Coastal Andhra Pradesh, Telangana, North & South Interior Karnataka, Chhattisgarh,

TECHNICAL ANALYSIS

Commodity: Maize

Contract: August 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures traded bullish during the week. The most active NCDEX August contract traded mostly higher and reached to 790.5 on fresh buying support. However, some profit booking at higher levels has restricted the upwards movement and traded up near Rs.787/quintal compared to last week's closing at Rs 782/quintal and remained in the range of 779.5-790.5 during the week. The volumes have increased whereas the open interest has declined during the week. On July 20, stocks in NCDEX warehouses increased to 694 MT as against last week's stock of 645 MT.

Technical: A small bullish candle with long lower shadow has formed, indicating bulls' domination at lower levels. The EMA patterns and MACD are showing that medium-term bullishness likely to be continued. RSI is flattening in normal region, whereas Stochastic is moving up following a bullish crossover in neutral region. Maize futures are likely to trade higher after a steady to firm opening.

Outlook: Rangebound with firm bias on decreasing arrivals from Bihar amidst some demand from starch as well as poultry industries.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
August	796	800	777	772

Vidarbha, Punjab, Haryana, Chandigarh & Delhi, Uttarakhand, West Uttar Pradesh, East Rajasthan for one or two days during the week. Isolated to scattered rainfall occurred over these sub-divisions during many days of the remaining period of the week. Isolated to scattered rainfall occurred over remaining parts of the week.

Outlook for the week ending on 25th July 2007

Enhanced rainfall activity with scattered heavy to very heavy falls are likely over northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar during next week. Isolated extremely heavy falls (>25 cm) are also likely over Assam & Meghalaya on a few days. Increase in rainfall activity over southeast peninsula. Subdued rainfall activity likely over remaining parts of the country. Source: IMD

FOREX RATES (As on 23rd JULY, 2007)

Country	Currency	Value in Rupees
USA	Dollar	40.33
European Union	Euro	55.65
Japan	100 Yen	33.01
Great Britain	Pound Sterling	82.63

Recommendation: Buy on dips towards support level



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