

MAIZE

04th - 11th AUGUST, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Maize prices remained subdued in major domestic markets on lower buying support. The export demand from Bangladesh continued to be lower. Bihar maize traded steady to lower between Rs.815-820/qlt in Delhi mandis on lower demand from Haryana poultry units amidst steady arrivals of around 4 motors from Bihar. Hybrid maize arrivals decreased to 3 motors from U.P. mandis and quoted at Rs.800/ qtl. Maize traded marginally down at Rs.700/qlt for good quality crop in Naugachia mandi of Bihar on higher arrivals of around 400 bags. The lower quality crop is quoted between Rs.600-650/qlt. According to trade sources around 5% of stock has been damaged in the state due to prevailing flood situation. Demand from Kolkata and Dalkhola is supporting sentiments. Ahmedabad mandis featured weak tone on good arrivals of around 5000 bags from Karnataka and Maharashtra mandis amidst lower demand from poultry industries. The demand from poultry industry of Tamilnadu is also remained weak. However, maize stocks in exchange warehouses remained lower. On August 08, stocks in NCDEX warehouses declined to 685 MT as against last week stocks of 694 MT. Majority of the stocks are reported from Karimnagar warehouse and very little quantity is reported from Davangere warehouses. Area under kharif maize has increased to 6.68 million hectares as on 03.08.07 versus 6.15 million hectares during same time last year. The total area under maize has surpassed normal acreage of 62.16 lakh hectares. Higher acreage has been seen in Karnataka, A.P., Maharashtra, Rajasthan and Chattisgarh. The area under maize cultivation stood higher by 30 per cent at 596,941 hectares in Maharashtra. The acreage has increased significantly at in Shimoga (56,800 ha), and Davangere district of Karnataka. The acreage is also higher in Andhra Pradesh (over 5.11 lakh hectares so far). Sowing operations would continue this month also. The farmers of Andhra Pradesh are optimistic to achieve the government fixed production target for the state of 21.77 lakh tonnes for kharif maize. Good demand from the domestic poultry industry for maize and low output costs have motivated farmers to take up maize cultivation.

NCDEX FUTURES MARKET:

Maize futures declined sharply during the week. The most active NCDEX September contract fell down sharply on fresh selling interest and tested fresh contract month's low

at Rs.737/quintals. However, some buying interest at lower level has restricted the further dips and traded near Rs.744/quintal compared to last week's closing at Rs 760/quintal. The contract remained in the range of 737-757.5 during the week. The volumes as well as open interest have increased during the week. On August 10, stocks in NCDEX warehouses remained lower at 685 MT as compared to last week's stock of 694 MT.

PRICE DRIVERS:

- Steady to lower arrivals amidst poor buying interest
- Bhutan, Sri Lanka has halted the poultry imports from India.
- Egg export towards Middle East countries has declined sharply.
- Maize supply towards North eastern states and Bangladesh from West Bengal and Bihar has reduced significantly
- Fresh arrivals declining in Bihar due to widespread of rainfalls and flood situation.
- Lower rates arrivals from Bihar to South as well as North India due to uncompetitive rates.
- Kharif maize sowing has increased to 6.68 million hectares as on 03.08.07 versus 6.15 million hectares during same time last year.
- Total kharif maize production is likely to be higher this year if everything goes well
- 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.
- IGC forecasts global maize production to increase at 752 million tonnes whereas global consumption forecast at a record high of 763 million tonnes.
- Global industrial consumption of maize to increase on higher ethanol as well as bio-fuel demand
- Govt. has increased the MSP of maize by Rs 80 to Rs 620/qlt
- Lower prices of bajra on continuous arrivals from U.P.

- Higher production outlook in S. Africa and U.S.

GLOBAL MARKET:

CBOT Corn Futures Settled Up

CBOT corn settled up Friday. December Corn finished up 1.75 cent at \$3.505 per bushel; this was 3 off the high and 9.25 up from the low. September Corn closed up 0.75 cents at \$3.33 per bushel. This was 8.25 up from the low and 4 off the high. Tightening world supply, better than expected demand numbers for the world report and ideas that the corn market will need to move higher in order to hold on to planted acres for next year were seen as supportive factors. The USDA pegged corn production at 13.054 billion bushels as compared with the average trade estimate at 12.886 billion bushels (range 12.64-13.2) and compared with the July USDA estimate of 12.84 billion bushels. US ending stocks for the 2007/2008 season were adjusted to 1.516 billion bushels from trade expectations at 1.463 billion bushels

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	04.08.07	11.08.07
Delhi (Red Maize)	825	815
Delhi (U.P. Hybrid Maize)	810	800
Sangli truck Bilty (New)	800	770
Pune Starch (New)	820	790
Ahmedabad Poultry feed	820-830	805
Ahmedabad Starch	820	800
Kolkata mill delivery	790	800-820
Nizamabad (Bilty)	730-735	730
Davengere (Bilty)	720-725	725
Bihar Loose Price	690-695	680

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Kharif Maize Production Likely to be Higher in Andhra Pradesh

The kharif maize acreage is increased in Andhra Pradesh (over 5.11 lakh hectares so far). Sowing operations would continue this month also. The farmers of Andhra Pradesh are optimistic to achieve the government fixed production target for the state of 21.77 lakh tonnes for kharif maize. Good demand from the domestic poultry industry for maize and low output costs have motivated farmers to take up maize cultivation.

Bhutan ban the Poultry Import from India

Bhutan has halted the import of poultry from India following the outbreak of bird flu in north eastern parts of India such as Manipur and Nagaland. The import ban from Bhutan will no doubt hamper the poultry trade of West Bengal. Nearly 1,500 tonnes of poultry from India enters Bhutan annually. The weak poultry trading activities of West Bengal is weakening the demand of maize.

Kharif Maize Production Likely to be Higher at Davanagere

Kharif maize production at Davanagere is likely to be higher this year due to higher acreage under the crop. Many farmers of the region have diversified from their traditional kharif paddy crops towards maize because of lower water availability this time. According to the trade sources, the release of Bhadra water had been stopped due to ongoing repairing works. Traders and farmers are expecting that the kharif maize sowing is about to cross two lakh hectares. Moreover, good showers at the beginning of the monsoon season have helped in sowing activities. The experts as well as traders are optimistic about that kharif maize production is likely to be around 10 lakh tonnes as against around 4 lakh tonnes produced in the last year.

Outbreak of Bird flu in India has Reduced the Maize Demand

The Indian poultry industry is facing some snags because of the outbreak of bird flu in some parts of north eastern India such as Manipur and Nagaland. Sri Lanka has halted the poultry imports from India. The export demand for eggs have also reportedly declined that resulting into lower demand of maize from poultry industries of India. Poultry industries consume near about half of the maize produce in the country and the total consumption of maize as poultry feed varies to 6-7 million tonnes each year.

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.

IGC Forecasts Global Maize Production up to 752 MMT

Production is forecast at 752m. tons, 2m. up from June, and 55m. more than in 2006. Plantings in the US were even larger than expected and, with generally favourable conditions continuing, the crop forecast is raised by 5m. tons to 320m., 52m. more than last year. Hot and dry weather in south-east Europe results in major reductions in the forecasts for Bulgaria, Hungary, and Romania, but China's crop estimate is increased after good rains. Plantings in Argentina are likely to expand and output in South Africa should recover. World consumption is forecast at a record 763m. tons, 1m. higher than previously and 42m. tons more than last year. Demand for maize for ethanol and other industrial purposes continues to expand very rapidly but feed use growth is constrained by the greater availability of oilseed meals and distillers dried grains. The increase in the US crop forecast is reflected in a rise in its projected end-year stocks to 33m. tons compared with 29m. at the end of 2006/07, but carryovers in the EU will be sharply lower. Global maize trade is forecast at 85m. tons, little changed from the previous season.

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

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 Declined Sharply

Net sales of 311,900 MT--a marketing-year low--were 61 percent below the previous week and 57 percent under the prior 4-week average. Increases reported for Japan (126,800 MT), Mexico (96,700 MT), Canada (45,000 MT), Israel (35,300 MT, including 35,000 MT switched from unknown destinations), El Salvador (19,300 MT, switched from Guatemala), Taiwan (14,100 MT), and Colombia (12,400 MT), were partially offset by decreases for the Dominican Republic (29,800 MT) and Guatemala (18,400 MT). Net sales of 1,024,400 MT for delivery in 2007/08 were primarily for Mexico (181,400 MT), Japan (162,000 MT), Taiwan (141,800 MT), Singapore (108,000 MT), and unknown destinations (106,300 MT). Exports of 738,300 MT were 31 percent below the previous week and 26 percent under the prior 4-week average. The primary destinations were Japan (189,600 MT), Mexico (141,000 MT), Venezuela (58,600 MT), South Korea (50,800 MT), Egypt (42,300 MT), Israel (35,300 MT), and Guatemala (34,200 MT).

This summary is based on reports from exporters for the period July 27-August 2, 2007.

Source: USDA

CROP- WEATHER ANALYSIS

Kharif crop at vegetative stage in Chhattisgarh, Gujarat, MP, Jharkhand, J&K and AP, whereas it is in knee height/vegetative/flowering stage in HP, Karnataka and Kashmir division. Sowing of Kharif Maize is in progress in Rajasthan and TN. It is at cob formation/maturity stages in Chhattisgarh, Bihar. Incidences of stem borer have been reported in maize in AP. Expected rains in almost all parts of the country will be helpful for the crop, provided with good drainage facility.

WEATHER WATCH

An upper air cyclonic circulation lay over north Bay of Bengal extending upto mid-tropospheric levels and tilting southwestwards with height on 3rd August. Under its influence, a low pressure area formed over northwest Bay of Bengal off North Orissa-West Bengal coast on 4th. It concentrated into a depression at 0530 hrs IST of 5th August over the same area near Lat 20.0° N and Long 88.5° E, about 230 Km southeast of Balasore. It moved westwards and intensified into a deep depression and lay centred at 2330 hrs IST of the same day, near Lat 20.0° N / Long 87.5° E about 100 km southeast of Chandbali. It further moved west-northwestwards, crossed Orissa coast to the north of Paradeep between 0630 & 0730 hrs IST of 6th August and lay centred at 0830 hrs IST of same day over coastal Orissa, close to Cuttack. It continued to move west-northwestwards and weakened into a depression and lay centred at 0830 hrs IST of 7th August over

Chhattisgarh, close to Raipur. The system moved west-northwestwards and further weekend into a well marked low pressure area over central Madhya Pradesh and neighbourhood at 1730 hours IST of the same day. It lay over West Madhya Pradesh and neighbourhood on 8th August. An off-shore trough extended from Konkan coast to Kerala coast on 2nd and from south Gujarat coast to Kerala during remaining days of the week. The last week's upper air cyclonic circulation over south coastal Andhra Pradesh & neighbourhood between 1.5 to 5.8 km a.s.l. lay over west-central Bay of Bengal and adjoining north Coastal Andhra Pradesh on 2nd and became less marked on 3rd. Last week's trough in westerlies ran from central Pakistan to northeast Arabian Sea during 2nd -6th in lower tropospheric levels and became less marked on 7th. An embedded cyclonic circulation lay over central Pakistan and adjoining Punjab on 2nd & 3rd and became less marked on 4th. However, another cyclonic circulation lay over southeast Pakistan and neighbourhood in lower tropospheric levels during 4th- 7th. The axis of the monsoon trough lay in its normal position or to the south during the week.

Rainfall:

Under the influence of the above systems:

The southwest monsoon entered into an active phase causing enhanced rainfall activity over central parts of the

country and peninsular India during the week. Widespread/fairly widespread rainfall occurred over Orissa during 5-7th, Chhattisgarh during 6th-8th and Madhya Pradesh during 7 & 8th. Widespread/fairly widespread rainfall occurred over Gujarat state during 4-8th, Madhya Maharashtra during 5th-8th and west coast throughout the week. Widespread/fairly widespread rainfall occurred over Interior Karnataka, Lakshadweep, Coastal Andhra Pradesh, Telangana and Vidarbha during many days of the week. Rainfall activity was subdued over northeastern states, east India outside Orissa, southeast Peninsula, Andaman & Nicobar Island where isolated /scattered rainfall occurred on many days during the week. Widespread to fairly widespread rainfall occurred over Himachal Pradesh, West Uttar Pradesh, Uttarakhand, Haryana, Chandigarh & Delhi and east Rajasthan during first half of the week. Isolated/scattered rainfall occurred over remaining parts of northwest India during the week.

Outlook for the week ending on 15th August 2007

A low pressure area is likely to form over north Bay of Bengal around 10th August causing increase in rainfall activity over east India & central India.

Source: IMD

FOREX RATES (As on 13th August, 2007)

Country	Currency	Value in Rupees
USA	Dollar	40.67
European Union	Euro	55.60
Japan	100 Yen	34.44
Great Britain	Pound Sterling	82.12

Recommendation: Buy on dips towards support level



TECHNICAL ANALYSIS

Commodity: Maize

Contract: August 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures declined sharply during the week. The most active NCDEX September contract fell down sharply on fresh selling interest and tested fresh contract month's low at Rs.737/quintals. However, some buying interest at lower level has restricted the further dips and traded near Rs.744/quintal compared to last week's closing at Rs 760/quintal. The contract remained in the range of 737-757.5 during the week. The volumes as well as open interest have increased during the week. On August 10, stocks in NCDEX warehouses remained lower at 685 MT as compared to last week's stock of 694 MT.

Technical: A grave stone doji has formed in the chart, indicating bears dominated the market at higher level. The EMAs and MACD remain medium-term bearish. Stochastic is showing signs of emerging from oversold condition; RSI is looking weak in normal region. The market likely to trade bearish following a steady to weak opening.

Outlook: Range bound with firm undertone on decreasing stocks amidst some buying interest likely to come from poultry and starch industries. Bullish tone in global market is also supporting the positive tone.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
September	761	770	737	732

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