

MAIZE

10-14 September, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

TRADE ANALYSIS

Week starting September 10, Maize spot markets traded steady to mostly weak on subdued domestic and export demand against healthy arrivals. Mid week, spot prices further dipped due to the healthy arrival of new crops, which contains high moisture. Maize (new) in Naizamabad and Davangare (Bilty) traded down at Rs.625 and 635/qlt against the increased arrivals of 8000 and 6000 qtls respectively. However, growing demand from the poultry sector boosted poultry feed mill prices towards the end of week. Ahmedabad poultry feed mills traded up Rs.770-775/qlt from the previous week's price level of Rs.750/qlt despite the increased in arrivals from last week's 400 bags to 2000 bags. As UAE and Saudi Arab countries considering import of poultry, which was stopped due to bird flu in Manipur, may keep the prices steady to firm in coming days.

Maize spot prices in Delhi mandis also slashed down due to increased arrivals from UP against a steady demand and red maize (Bihar) quality quoted at Rs.800/qlt from last week's Rs.860/qlt and hybrid maize quoted down Rs.765 from last week's Rs.795/qlt. In Naugachia (Bihar) loose basis and Kolkata (mill delivery) mostly traded steady to down on a routine demand-supply situation. In coming days, maize is expected to trade steady to down due to arrival of fresh crops and estimated higher output. Till now, the kharif maize acreage stood around 73.52 lakh hectares from last year's 69.20 lakh hectares, during the same period. As per Brazil's Statistics Agency, Brazil's corn output will rise to 52.2 million tonnes from 42.6 million tonnes last year. The USDA pegged US 2007/08 corn production at 13.308 billion bushels, which was above the average trade estimate at 13.123 billion bushels and world corn ending stocks at 105.44 million tonnes up from 100.96 million for 2006/07.

NCDEX FUTURES MARKET:

Maize futures witnessed strong buying pressure with twice gap opening during the week. But the upper longer shadow formation on weekend indicates mild selling at higher level. NCDEX October contract traded in the range of Rs.684.00 - 743.00 during the period with increased open interest and volume. On September 13, stocks in NCDEX warehouses remained same and stood at 636 MT.

PRICE DRIVERS:

- The USDA pegged US 2007/08 corn production at 13.308 billion bushels, which was above the average trade estimate at 13.123 billion bushels and world corn ending stocks at 105.44 million tonnes up from 100.96 million for 2006/07.
- As per Brazil's Statistics Agency, Brazil's corn output will rise to 52.2 million tonnes from 42.6 million tonnes last year.
- Kharif maize acreage stood as on now, 73.52 lakh hectares from last year's 69.20 lakh hectares, during the same period.
- Kharif maize production may be around 12.5 million tonnes, traders estimated.
- UAE and Saudi Arab countries resuming poultry import from India
- Bajra kharif acreage as on August 31 increased 5% stood around 81.46 lakh hectares against last year's 76.51 lakh hectares.
- 2007/08-trade forecast is lifted by 2.4 million tonnes, to a record 87.6m. (87.4m.) due to growing demand from EU countries and Mexico.

GLOBAL MARKET:

CBOT Corn Futures Settled Up

CBOT corn futures settled up Friday. December Corn finished up 2.25 cents at \$349.00 per bushel; this was 5.25 off the high and 3.75 up from the low. March Corn closed up 2.25 cents at \$366.00 per bushel. This was 4 up from the low and 5 off the high. CBOT corn futures settled up Friday. December corn traded both side and wide range and stayed within the previous day's price level. The market was supported by the stronger soybean prices and good corn demand from Turkey. It was reported that Turkey's State Grain Board is seeking approval to import 300,000 tonnes of corn, and there were also reports of a potential sale of 190,000 tonnes of US corn and soybeans to Mauritania. The absence of strong hedge related selling interest, despite an expected active harvest this weekend also provided support. However, the advancing harvest and

expectations for a bumper US crop are significant bearish factors.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	08.09.07	14.09.07
Delhi (Red Maize)	860	790
Delhi (U.P. Hybrid Maize)	790-795	750
Sangli truck Bilty (New)	660-665	740-760
Pune Starch (New)	700	750-760
Ahmedabad Poultry feed	750	820
Ahmedabad Starch	750	800
Kolkata mill delivery	830	840-850
Nizamabad (Bilty)	680	640-655
Davengere (Bilty)	645-650	640-650
Bihar Loose Price	700-710	710-715

DOMESTIC AND INTERNATIONAL

NEWS ANALYSIS:

Kharif Maize Acreage has Increased to 74.22 Lakh Hectares

Kharif maize acreage has increased to 74.22 lakh hectares so far as on September 7 as against 69.95 lakh hectares during previous year. Good rainfall and satisfactory progress of sowing has increased the outlook of a good production this year. According to trade estimates, this year's kharif maize production is likely to be higher and may reach around 12 million tonnes.

Maize Output Around 755 Million Tonnes: IGC

The International Grains Council's said maize output in the current year is likely to be around 755 million tonnes, up 8.5 per cent on year due to higher production expected in the US. Though the maize crop has deteriorated in EU and Canada on dry weather, the fall will be more than offset by a 10 million tonnes increase in US output. The council estimated the global maize consumption is to be around 762 million tonnes due to a sharp rise in industrial use. Higher consumption will reduce global ending stocks for 2007-08 to 96 million tonnes, the smallest since 1983-84.

Brazil's Corn Output Around 52.2 MT

As per Brazil's Statistics Agency, country's corn output will rise more than previously forecast this year. The Rio de Janeiro-based agency also raised its 2007 estimate for corn output to 52.2 million tonnes from 51.7 million tonnes forecast in July. Last year, Brazil harvested 42.6 million tonnes of corn.

U.S. Corn Production Estimated 13.128 Billion Bushels

Higher-than-expected corn yields in the U.S. Midwest are expected to lead to modestly higher corn production. Due to increased production, ending stocks for the 2007-08 crop year are expected to rise. As per a survey conducted by Dow Jones Newswires, the average estimate for corn production was 13.128 billion bushels, 74 million bushels above the record 13.054 billion forecast in August by the USDA. The average bushel-per-acre yield was 153.7 bushels per acre, up 0.9 bushel from the USDA's August forecast. The average 2007-08 corn ending stocks estimate is 1.529 billion bushels, 13 million bushels higher than the 1.516 billion estimated in August.

South Africa's Corn Output At 6.902 Million Tonnes for 2007-08

Last week, South Africa's Crop Estimates Committee has lowered its sixth corn production forecast for the 2007-08 crop season by 2,000 metric tonnes to 6.902 million tonnes whereas I-Net Bridge poll had predicted the Department of Agriculture's committee would leave the crop forecast unchanged at 6.904 million tonnes. Of the total corn estimates, white corn crop estimated at around 4.127 million tonnes and yellow corn at 2.775 million tonnes. South African Grains Information Service's harvest report shows that a total of 5.334 million tonnes of corn have already been harvested.

US Corn Output May Exceed Pre-Harvest Estimation

Harvesting of corn crop is in full swing in the U.S. and the output may exceed pre-harvest estimation. In August crop production report, the U.S. Department of Agriculture estimated corn production for Illinois is at 2.314 billion bushels, with a yield of 178 bushels per acre. The corn producers had already picked about 2.63 million acres of corn - comprising 3% of the country's total expected harvest by this week. The U.S. corn harvest is pushing northward into southern Illinois, Missouri, Tennessee and southern Indiana, with yield reports being better than expected.

The state extension service estimates that harvest of Louisiana's 750,000-acre corn crop is already 75% complete, and should be finished within 10 days. As per the unofficial report, although Louisiana yielded highest of 148 bushels an acre in 2001, this year some fields are cutting between 180-220 bushels per acre. The corn crop is expected to be above average in North Texas, with yields averaging in the 160-180 bushel per acre. Harvesting of corn is done 39% in South Carolina, 37% in Georgia, and 19% finished in Alabama.

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. tonnes. China is expected to use over 9m. tonnes of maize to make ethanol

in 2007/08, but the government has announced that in future most will be made from non-grain 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

Argentina June Corn Exports Up 150%

As per the latest Agriculture Secretariat data, Argentina has exported 1,564,223 metric tonnes of corn in June, up almost 150% from the 629,463 tonnes exported in June 2006. The major buyers were Spain, Egypt and South Africa with the quantity of 219,387, 187,382 and 138,681 tonnes respectively.

China's Corn Output May Be Around 147 Million Tonnes

Due to drought in Jilin province, China's largest corn producing may see slight down in the corn output as increased acreage, higher yields and larger investment may offset the impact of drought. Jilin's corn output accounts for 15% of China's total corn output. China's corn output is likely to be around 147 million tonnes in 2007, down from the latest official forecast of 149 million tonnes.

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 1,039,600 MT for the 2007/08 marketing year (which began Sept. 1) were primarily for South Korea (284,500 MT), Japan (225,500 MT), Israel (144,500 MT), Syria (82,300 MT), Taiwan (82,000 MT), and Mexico (60,100 MT). A total of 2,672,400 MT in sales were outstanding on August 31 (the end of the marketing year) and were carried over to the 2007/08 marketing year. Optional origin sales of 55,000 MT for South Korea were declared U.S. origin. Exports of 274,400 MT for August 31 were mainly for Japan (89,200 MT), Canada (51,000 MT), Mexico (42,300 MT), Ecuador (27,500 MT), and Peru (27,100 MT). Accumulated exports for the year were 54,068,700 MT--down 1 percent from the prior year's total of 54,353,600 MT. Exports for September 1-6 of 904,200 MT were mainly for South Korea (171,600 MT), Egypt (123,500 MT), Mexico (123,300 MT), and Japan (98,400 MT). Note: Accumulated exports for Canada were adjusted down 5,000 MT.

This summary is based on reports from exporters for the period, August 31-September 6, 2007.

Source: USDA

CROP- WEATHER ANALYSIS

Kharif crop at vegetative stage in Chhattisgarh, MP, TN and Jharkhand whereas it is in flowering/tasseling/silking stage in HP, AP, Gujarat, Rajasthan, Karnataka and Jammu division. Sowing of maize is going on in TN. It is at late harvesting stage in Assam, Arunachal Pradesh and Sikkim and at maturity stages in Chhattisgarh, Bihar and Kashmir division. Incidences of stem borer have been reported in maize in AP. Expected rainfalls may affect the harvesting activities of the crop in the northeast and Bihar. But irrigation is needed in central, western and northwestern India. Expected rains in other parts of the country will be helpful for the crop.

WEATHER WATCH

Last week's upper air cyclonic circulation over Gangetic West Bengal and neighbourhood extending upto mid-tropospheric level lay over Jharkhand and adjoining West Bengal & Bihar on 6th. It lay over Bihar and adjoining East Uttar Pradesh on 7th and became less marked on 8th. An off-shore trough extended from Maharashtra coast to Kerala coast during first half of the week. A trough in westerlies extending upto mid-tropospheric level ran from north Pakistan to north Arabian Sea during the week. An upper air cyclonic circulation extending upto 4.5 km a.s.l. lay over extreme south peninsula on 10th. It persisted over the same area extending upto 3.1 km a.s.l. on 11th and became less marked on 12th. A north-south trough extended from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal across Gangetic West Bengal in lower tropospheric levels on 11th & 12th. The axis of the monsoon trough lay near its normal position during 6-8th and ran close to foothills of Himalayas during 9th-12th.

Rainfall:

Under the influence of the above systems:

Fairly widespread to widespread rainfall occurred over North-East India during the week. Fairly widespread to widespread rainfall occurred during 6-11th and Scattered rainfall on 12th over West Bengal & Sikkim, Orissa and

Jharkhand. Isolated to scattered rainfall occurred over rest of East India outside East Uttar Pradesh where mainly dry weather prevailed on 11th & 12th. Fairly widespread rainfall occurred over Chhattisgarh & Vidarbha and isolated to scattered rainfall occurred over Madhya Pradesh during the week. Fairly widespread rainfall occurred on 6th & 7th and isolated to scattered rainfall on remaining days of the week over Konkan & Goa, and East Rajasthan.

Isolated to scattered rainfall occurred over remaining parts of the West India during the week. Fairly widespread rainfall occurred during 6-9th and isolated to scattered rainfall on remaining days of the week over Coastal Karnataka, Kerala and Lakshadweep. Isolated to scattered rainfall occurred over Interior Karnataka, Tamil Nadu & Puducherry and Andaman & Nicobar Islands during the week. Fairly widespread rainfall occurred on 9th & 10th and mainly dry weather prevailed on remaining days of the week over Rayalaseema. Fairly widespread rainfall occurred on 10th and isolated rainfall on remaining days of the week over Telangana. Isolated rainfall occurred over Coastal Andhra Pradesh during the week.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: October 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures witnessed strong buying pressure with twice gap opening during the week. But the upper longer shadow formation on weekend indicates mild selling at higher level. NCDEX October contract traded in the range of Rs.684.00 - 743.00 during the period with increased open interest and volume. On September 13, stocks in NCDEX warehouses remained same and stood at 636 MT.

Technical: A strong Bullish candlestick has formed indicating market firmness. Prices closed well above the 9 and 18 days EMA shows bulls return into the market. MACD is moving up in the positive territory. Stochastic is further moving up in the overbought region while RSI is tending upward in overbought region.

Outlook: Maize is expected to trade range bound with firm bias.

Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
September	765	780	662	658

Scattered rainfall occurred on 6th, 10th & 11th and isolated rainfall on many days of the week over Punjab, Haryana and Himachal Pradesh. Isolated rainfall occurred during 9-11th and mainly dry weather prevailed on remaining days of the week over the rest regions of North West India.

Outlook for the week ending on 19th September 2007

- ✓ Scattered to fairly widespread rainfall is likely over northeast, adjoining east India and extreme south peninsula.
- ✓ Numerical Weather Prediction models suggest that subdued rainfall activity is likely to continue over northwest, central and adjoining west India.

FOREX RATES (As on 17th September 2007)

Country	Currency	Value in Rupees
USA	Dollar	40.47
European Union	Euro	55.17
Japan	100 Yen	35.09
Great Britain	Pound Sterling	82.07

Recommendation: Sell on rallies towards resistance level.



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