

MAIZE

3rd - 8th 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 3, Maize spot markets traded steady to weak on lower offtake from the consuming units against slightly increased arrivals. During mid week, in Delhi and Kolkata markets, prices were firmed up as supply from Bihar tightened as well as demand for good quality AP maize while markets in south tumbled on the arrival of new crops against a subdued demand from locals and exporters. Towards weekend, prices recovered on some major markets on good domestic and export demand despite the healthy arrivals. Growing demand from poultry industries also boosted the market sentiment as Ahmedabad poultry feed mills traded steady at Rs.750/qtl against increased arrivals of 5000 bags from last week's 3000. Maize in flood receded Bihar traded steady to lower as demand from Kolkata, Delhi and Bangladesh shifted to high quality AP maize.

In Naugachia (Bihar), Maize traded down at Rs.710-720/qtl compared to last week's Rs.730-740/qtl and arrival stood around 3-4 motors, doubled from last week's. Pune starch quality and sangli truck bilty traded down at Rs.715/qtl and Rs.680/qtl respectively on lower demand against increased arrivals of 1800 bags. Prices at Nizamabad and Davangare (Bilty) smartly recovered towards weekend and traded up at Rs.715/qtl and Rs.685/qtl respectively from last week's level of Rs.680-685 and Rs.630/qtl respectively. Both Nizamabad and Davangare received healthy arrivals of 3000 and 2500 bags respectively. The week also witnessed farmers and stockists in south are hastening to sell old crop maize to make way for new crop. India's kharif maize acreage stood as on August 31, 73.52 lakh hectares from last year's 69.20 lakh hectares, during the same period. According to the U.S. Grains Council, U.S. corn stocks by the end of this year may stand at 1.5 billion bushels, up from 700,000 bushels at the beginning of the year.

NCDEX FUTURES MARKET:

Maize futures traded firm during the period starting September 3rd with some correction towards the weekend on profit taking. NCDEX September contract traded in the range of Rs. 695.5 - 729.5 during the period with increasing open interest and volume. On September 6, stocks in NCDEX warehouses declined and stood at 636 MT.

PRICE DRIVERS:

- Kharif maize acreage stood as on August 31, 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.
- The poultry industry is likely to grow by 7% during 2007/08 onwards as against 4% growth until last year 2006/07.
- U.S. corn prices are likely to go down around \$3.20/bushel towards the end of the year as US is going to harvest a record crop this year, U.S. Grains Council reported.
- USDA raises USA's maize production by 5.4m t
- Grain Council predicted US corn stocks by the end of this year may stand at 1.5 billion bushels, up from 700,000 bushels at the beginning of the year.
- IGC estimated maize output in the current crop season is likely to be around 755 million tonnes, up 8.5 per cent from last year due to higher production expected in the US. It estimated higher global maize consumption at 762 million tonnes.
- World carryout stocks are forecast 4m. tonnes higher than last month, at 96m. (103m.), but these would still be the smallest since 1983/84.
- The 2007/08-trade forecast is lifted by 2.4m. tonnes, to a record 87.6m. (87.4m.) due to growing demand from EU countries and Mexico.
- Brazil, the world's third-largest corn grower, harvested a record 51.1 million metric tonnes of corn in this crop year that will be ended in this month and output rose 20 percent from 42.5 million tonnes in the last crop year.
- China's corn output is likely to be around 147 million tonnes in 2007, down from the latest official forecast of 149 million tonnes due to drought in Jilin province.
- 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.

- Bangladesh is looking into the south Indian markets for the maize import.
- High quality maize supplies to Delhi and Kolkata mandis continued from AP.
- Global industrial consumption of maize to increase on higher ethanol as well as bio-fuel demand
- Bajara kharif acreage as on August 31 increased 5% stood around 81.46 lakh hectares against last year's 76.51 lakh hectares.

GLOBAL MARKET:

CBOT Corn Futures Settled Up

CBOT corn futures settled up Friday. December Corn finished up 8.25 cents at \$347.50 per bushel; this was 1.75 off the high and 12 up from the low. March Corn closed up 8.25 cents at \$364.00 per bushel. This was 11.75 up from the low and 1.25 off the high. CBOT corn futures settled higher Friday, boosted by fund buying, short covering and a weaker U.S. dollar. Fall of wheat from sharply higher futures also contributed to the gain of corn. Expectations of higher production in USA helped the early losses and touched the lowest level since August 30. Weekly US export sales for corn came in at 1.116 million metric tonnes as compared to trade expectations of 800,000-1.2 million. Cumulative sales is 23.7% of the USDA forecast for the entire 2007/2008 season as compared to 16.6% on average over the last five years. South Korea cancelled an overnight tender to buy 110,000 tonnes of non-GMO corn. Talk of Australia buying corn may support the upward movement of the corn market.

Source: CBOT

DOMESTIC WHOLESALE MARKET PRICE (Rs. Per Quintal)

	01.09.07	08.09.07
Delhi (Red Maize)	840	860
Delhi (U.P. Hybrid Maize)	785-790	790-795
Sangli truck Bilty (New)	725	660-665
Pune Starch (New)	735-740	700
Ahmedabad Poultry feed	760-765	750
Ahmedabad Starch	745-750	750
Kolkata mill delivery	825-830	830
Nizamabad (Bilty)	680-685	680
Davengere (Bilty)	630	645-650
Bihar Loose Price	730-740	700-710

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 Corn Crop Rose 20% to 51.1 Million Tonnes

Brazilian farmers harvested more corn than previously forecast after rains boosted yields. Brazil, the world's third-largest corn grower, harvested a record 51.1 million metric tonnes of corn in this crop year that will be ended in this month and output rose 20 percent from 42.5 million tonnes in the last crop year. The production was boosted by good climate conditions with mostly rainy weather throughout the growing cycle, reported Agriculture Ministry.

US Corn Prices May Down To \$3.20/Bushel: U.S Grains Council

According to the U.S. Grains Council, U.S. corn prices are likely to go down around \$3.20/bushel towards the end of the year as US is going to harvest a record crop this year. The reduced demand for corn to make ethanol is likely to keep corn prices reasonable. Grain Council further added that prices are going to moderate as the year progresses, and corn stocks by the end of this year may stand at 1.5 billion bushels, up from 700,000 bushels at the beginning of the year.

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 260,300 MT resulted as increases for Japan (153,300 MT), Egypt (114,600 MT, including 60,000 MT switched from unknown destinations), Mexico (37,700 MT, including 12,800 MT switched from unknown destinations), Taiwan (31,500 MT), Morocco (25,000 MT), Colombia (22,400 MT), and Tunisia (20,400 MT, including 20,000 MT switched from unknown destinations), were partially offset by decreases for unknown destinations (99,900 MT), Canada (38,000 MT), Jamaica (11,000 MT), and Guatemala (8,100 MT). Net sales of 855,600 MT for delivery in 2007/08 (which began September 1) were primarily for Japan (277,800 MT), Mexico (190,000 MT), unknown destinations (93,100 MT), Canada (74,800 MT), and Colombia (60,500 MT). Exports of 1,073,100 MT were 15 percent below the previous week, but 5 percent over the prior 4-week average. The primary destinations were Japan (346,400 MT), Mexico (198,200 MT), Egypt (171,600 MT), Colombia (72,700 MT), Canada (52,600 MT), and Cuba (49,700 MT).

This summary is based on reports from exporters for the period, August 24-30, 2007.

Source: USDA

CROP- WEATHER ANALYSIS

Kharif crop at vegetative stage in Chhattisgarh, MP, TN, Jharkhand, and J&K, whereas it is in flowering/tasseling/silking stage in HP, AP, Gujarat, Rajasthan, Karnataka and Kashmir division. 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. But, expected rainfalls in northeast will affect the harvesting activities of the crop. But irrigation is needed in central India.

WEATHER WATCH

An upper air cyclonic circulation lay over West-Central Bay of Bengal off North Coastal Andhra Pradesh extending between 2.1 and 5.8 km above mean sea level on 31st August. Under its influence, a low-pressure area formed over West-Central and adjoining North-West Bay of Bengal and North Coastal Andhra Pradesh on 1st September. It persisted over the same area on 2nd and became less marked on 3rd. However; an upper air cyclonic circulation extending upto mid-tropospheric level lay over Orissa and neighbourhood on 3rd. It lay over Bihar and neighbourhood extending upto 3.1 km above mean sea level on 4th and became less marked on 5th.

The axis of the monsoon trough lay to the south of its normal position during many days of the week. The eastern end lay more southward compared to the western end of the monsoon trough in association with the low-pressure area over West-Central and adjoining North-West Bay of Bengal.

An off shore trough extended from South Gujarat coast to Kerala coast during first half and from Konkan coast to Kerala coast during second half of the week. A cyclonic circulation lay over Sub-Himalayan West Bengal and adjoining Bihar in lower tropospheric levels on 1st September and moved eastwards across northeastern States during 2nd-5th. Another upper air cyclonic circulation lay over Gangetic West Bengal and neighbourhood extending upto mid-tropospheric level on 5th.

Last week's cyclonic circulation over South-West Madhya Pradesh and neighbourhood extending upto mid-tropospheric level persisted over the same area on 30th and became less marked on 31st August. Last week's upper air cyclonic circulation over East Uttar Pradesh and neighbourhood extending upto 3.1 km above mean sea level lay over North-East Rajasthan and neighbourhood extending upto 1.5 km above sea level on 30th and over North-West Rajasthan and neighbourhood on 31st August. It became less marked thereafter.

Rainfall:

Under the influence of the above systems:

Widespread/fairly widespread rainfall occurred over Andaman & Nicobar Islands, Lakshadweep, Kerala, Coastal Karnataka and Konkan & Goa during the week.

TECHNICAL ANALYSIS

Commodity: Maize

Contract: September 2007

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Maize futures traded firm during the period starting September 3rd with some correction towards the weekend on profit taking. NCDEX September contract traded in the range of Rs. 695.5 - 729.5 during the period with increasing open interest and volume. On September 6, stocks in NCDEX warehouses declined and stood at 636 MT.

Technical: A dark candlestick with long lower shadow has formed in chart indicating some buying pressure. Prices closed below the 9 and 18 days EMA. MACD is moving up in the negative region, which shows decrease in bearish momentum. Stochastic is moving up in the positive territory while RSI is heading down in the neutral region.

Scattered to fairly widespread rainfall occurred on many days over Madhya Maharashtra, Marathwada and remaining parts of peninsular India outside Tamil Nadu where it was isolated on many days. Widespread/ fairly widespread rainfall occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim during many days of the week. Scattered to fairly widespread rainfall occurred over Gujarat State and East Rajasthan during first half of the week and it was isolated to scattered thereafter. Scattered to fairly widespread rainfall occurred over Orissa, Chhattisgarh and Vidarbha during second half of the week. The rainfall was deficient over Northwest India with isolated rainfall activity during the week. The rainfall was also less over remaining parts of East, Central and West India where isolated/scattered rainfall occurred during many days of the week.

Outlook for the week ending on 12th September 2007

A low-pressure area is likely to form over West-Central & adjoining North-West Bay of Bengal around 2nd September. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls is likely over Andhra Pradesh and adjoining Orissa up to 3rd September and decrease thereafter. Subsequently, the fairly widespread rainfall with isolated heavy to very heavy falls is likely over Chhattisgarh and East Madhya Pradesh. Fairly widespread rainfall with isolated heavy to very heavy falls is likely along the West coast and northeastern states. Subdued rainfall activity is likely over Northwest India.

FOREX RATES (As on 10th September 2007)

Country	Currency	Value in Rupees
USA	Dollar	40.71
European Union	Euro	55.66
Japan	100 Yen	35.36
Great Britain	Pound Sterling	82.26

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

Recommendation: Sell on rallies towards resistance level.



Resistance and Support level:

Contract Month	Resistance 1	Resistance 2	Support 1	Support 2
September	738	747	685	675

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.