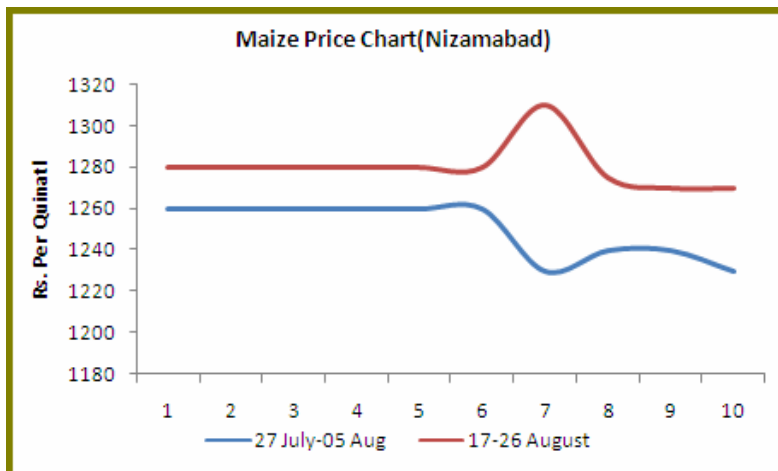


Domestic Market Recap

Maize prices plunged lower by 2.38% in the week ended September 05 2011 as compared to the decline of 0.78% witnessed in the week prior.

Weak domestic and export demand weighed on the price along with improvement recorded in the rains over

Maize growing regions that improved the crop prospects for 2011 -12. Awaited new crop arrival which is likely to thicken the supply is also discounted as a cue.



On the Export front:

Buying interest from China upto USD 316-318 CFR Dalian port, continued, however no deals, reportedly, actualized. Exports also remain unviable, in case of Vietnam as the price as the workable CFR for Indian Exporters works out to be USD 290, which is not viable as compared to the domestic rates.

Relatively, Buying on the domestic front remain affected due weaker export demand, while most of the stockists are in the process of liquidating the stocks. Previously the sellers who were quoting prices at INR 13500 PMT FOR Chennai are offering at INR 13300. However some trades were done at INR 13200 PMT for Chennai. Some buying interest also emerged from Malaysia at USD 290 CFR Malaysian Ports.

Following table shows some of the active buyers in southern states of the country and their purchase price:

Godrej Hubli	No buying
CP Bangalore	13000
Riddhi Siddhi Bio Glycols,Gokak	No buying
Sahyadri Starch,Miraj	

VHL Sholapur	No buying
Godrej Chitradurga	12700

Current Market Dynamics:

According to the sources **in Bihar**, about 75 per cent of harvested maize is of inferior quality as regular heavy rains affected the quality and rest 25 per cent which of normal quality going to starch industry in Gujarat and Uttaranchal. No demand from exporters as well as poultry from southern part of the country is reported during the month despite of attractive prices as compared to other sourcing center in South as mismatch in quality requirement keeping the buyers in sidelines. Delivered prices at Kakinada port (FOR) from Bihar is costing around Rs 1275-1280/Qtl while from Nizamabad it is costing around Rs1355-1357/Qtl.

In Nizamabad (Andhra Pradesh), reportedly demand remains normal while market awaits new crop arrivals from 15th September onwards, which according to them is a lag of 15 days. Further they conveyed that rains are occurring in the state, and field needs to be dried before the harvest starts otherwise there could be some quality issue as well as yield loss also. Overall stocks in Andhra Pradesh reported at around 40,000 tonnes, the same in Nizamabad reported at 4,000 tonnes, the same remains sufficient to cater to the domestic demand until the new crop arrival starts.

Demand, reportedly remain weak in consumption centers like Hyderabad from Davengere (producing region). Currently sales remain directed majorly to poultry. Further stocks of around 10,000 tonnes exist in the place which is most likely to cater to the demand until the new crop hits the market.

Weather:

Weekly Rainfall departure: As reported by IMD

According to the Weather office, the all India rainfall during the week ended 31 August 2011 was 18% above LPA. The country as a whole received above normal rainfall on most of the days. Due to enhanced rainfall activity during this week,

seasonal rainfall for the country as a whole is now 0% as against -1% till previous week.

The cumulative seasonal rainfall for the country as a whole from 1 -31 August has been 10% above the LPA with above normal rainfall over all homogenous regions except east & northeast India, where the rainfall is 10% below LPA.

Maize Total Area sown, reportedly reach at 72.54 lakh hectares as on 2nd September as compared to 73.90 lakh hectares until the same time a year ago. Maize Sowing in Karnataka has completed 99% until 22nd August 2011, the same was done up to 98% in Madhya Pradesh until 23rd August.

	Area in Million Ha.	AW Yield Projection
Andhra Pradesh(17 Aug)	0.46	2.375
Bihar (26 Aug)	0.3	2.01
Karnataka (22 Aug)	1.11	2.915
Madhya Pradesh (23 August)	0.87	1.396
Maharashtra(23 Aug)	0.66	2.275
Rajasthan(23 Aug)	1.05	1.674
Tamil Nadu	0.034	3.875
Uttar Pradesh	0.8	1.595

	% Departure as on - 24-08-2011	% Departure as on - 31-08-2011		% Departure as on - 24-08-2011	% Departure as on -31-08-2011		% Departure as on - 24-08-2011	% Departure as on - 31-08-2011
Karnataka			Andhra Pradesh			Maharashtra		
Davangere	44%	20%	Guntur	208%	13%	Solapur	271%	139%
Haveri	-4%	61%	West Godavari	160%	123%	Ahmednagar	235%	163%
Belgaum	91%	146%	Karimnagar	75%	72%	Sangli	125%	134%
Bellary	99%	-62%	Nizamabad	-12%	182%	Pune	-52%	226%
Chitradurga	7%	9%	Krishna	156%	25%	Buldhana	43%	89%



Shimoga	-7%	143%	Khammam	49%	46%			
Bagalkot	368%	-59%	Warangal	52%	41%			
Dharwad	261%	58%						
Chamarajnagar	155%	-45%						
Hassan	-41%	4%						

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	Today	Week Ago	Month Ago	2 Month Ago	Year Ago
		5 th September, 2011				
Delhi	Hybrid	1100	1125	1125	1120	1035
Davangere	Bilty	1170	1200	1240	1200	950
Nizamabad	Bilty	1230	-	1290	1250-1280	1150
Naugachia	Bilty	1050-1075	1050-1075	975-1000	970-1000	910
Kolkata	Mill	1270-1300	1275-1280	1175-1200	1125-1150	1040
Ahmedabad	Feed	1240	1240	1280-1300	1210-1240	1025
	Starch	1190	1195-1200	1240	1250-1280	1135

Comparative Prices: Likely Impact on Maize Demand:

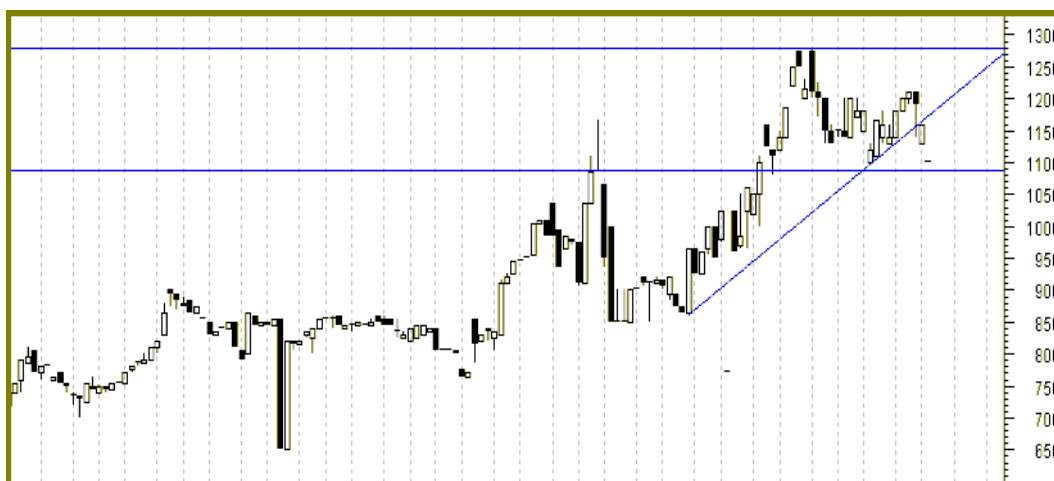
Date	Delhi Market			Spread with Wheat	Spread with Wheat in July/Aug 2011	Spread with Bajra	Spread with Bajra in July/Aug 2011
	Maize	Wheat	Bajra				
15-Aug-11	1100	1180	825	-80	-60	275	210
16-Aug-11	1100	1185	825	-85	-55	275	210
17-Aug-11	1100	1175	825	-75	-62	275	210
18-Aug-11	1100	1178	825	-78	-97	275	150
19-Aug-11	1145	1175	850	-30	-100	295	155
20-Aug-11	1150	1175	850	-25	-95	300	150
21-Aug-11	1150	1175	850	-25	-95	300	150

11							
22-Aug-11	1150	1175	850	-25	-90	300	150
23-Aug-11	1150	1160	850	-10	-90	300	150
24-Aug-11	1125	1160	880	-35	-70	245	180
25-Aug-11	1125	1160	880	-35	-45	245	215
26-Aug-11	1125	1165	825	-40	-35	300	225
27-Aug-11	1125	1170	825	-45	-32	300	230
28-Aug-11	1125	1170	825	-45	-30	300	230
29-Aug-11	1125	1175	825	-50	-35	300	220
30-Aug-11	1100	1170	825	-70	-35	275	220
31-Aug-11	1100	1165	825	-65	-25	275	255
1-Sep-11	1100	1165	825	-65	-25	275	255
2-Sep-11	1100	1150	825	-50	-20	275	255
3-Sep-11	1100	1150	825	-50	-5	275	255
4-Sep-11	1100	1150	825	-50	-20	275	225
5-Sep-11	1100	1140	815	-40	-55	285	240
Average	1118	1166.7	835.2	-48.77	-53.45	282.73	206.36

- Average price spread between Maize and Wheat narrowed to Rs. (48.77) per quintal as on week (5th September 2011) vis-a-vis spread of Rs. (61.14) until week ended 23 August 2011. The same is in comparison to average spread of Rs. (53.45) as on same date, a month ago.
- Much of the above move remains an outcome of decline in Maize Prices along with decline in wheat prices. Maize continues to remain cheaper, however the corresponding decline in the wheat prices, improve demand prospects of the later in the current month as compared to the last month.
- Price spread between Maize and Bajra, however continue to remain positive and wide, from a month earlier, indicating sustained attractiveness of Bajra over Maize, however weakness

Spot Price (Loose) at Karnataka: Price Outlook

Maize: Davangere (Loose Price)



- Maize Price trend stay weakly skewed. Price corrects from around significant resistance juncture
- 1110 on the lower side becomes the significant support for the price, while 1210 is the significant resistance on the higher side.
- **Strategy:** Sell on rise near 1160 with targets of 1110/1080. A cross above 1180 will however redo hopes for bulls so remain cautious a round the same and reversing the trade, above the same may be eyed at but only subject to confirmation of the same.

International Market

Highlights/Current Developments:

Chicago Board of Trade corn futures progressed towards a new contract high of \$7.79 on Aug. 29, up 35 percent from the 2011 low of \$5.75 -1/2 hit on July 1. Corn trading remain volatile the as price plunged through mid-week then surged up again, Friday up 21 -1/2 cents per bushel for the day at \$7.60, but down 1 percent for the week.

Corn price remained upbeat on persistent reports of lower yields and lower production in the 2011 U.S. harvest. Pro Farmer in late August pegged the U.S. corn crop at 12.484 billion bushels and last week, widely followed trade house INTL FC Stone offered an even lower number at 12.350 billion, down from its previous forecast of 13.002 billion bushels.



Going forward, Corn price is likely to derive cues from the revisions in the yields and production, likely to be depicted in the USDA Report (to be released next week) around early US Corn harvest. The U.S. Department of Agriculture has estimated the crop at 12.914 billion bushels and will release updated crop production estimates on Monday, Sept. 12.

Findings/Highlights of Pro Farmer Crop (Maize) Tour in US

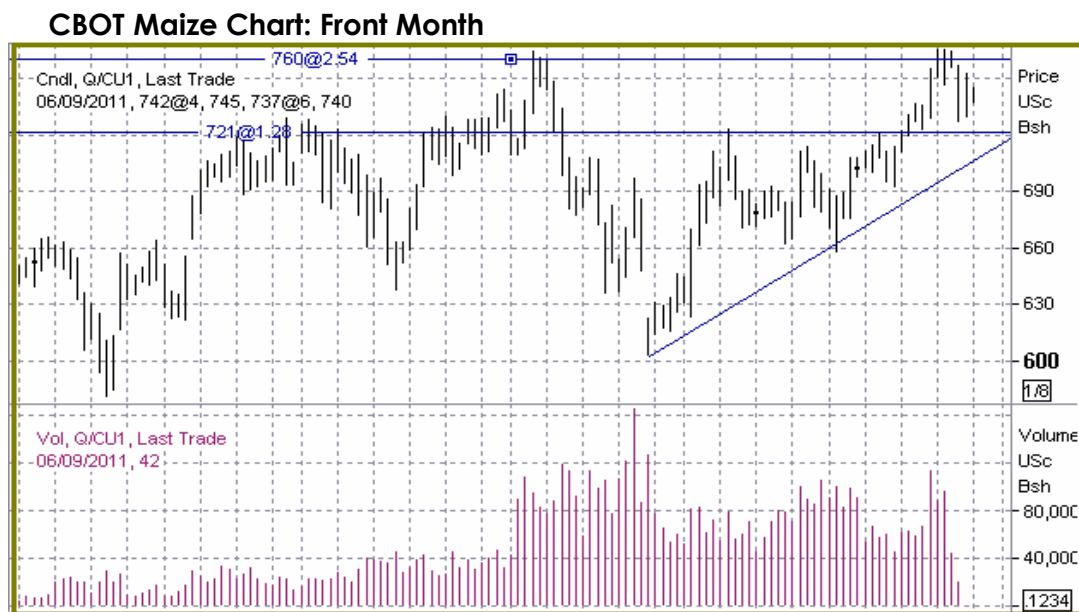
- Corn yield potential across the heart of the U.S. Midwest will likely face further losses if rains fail to come soon, as put by agricultural meteorologist. The driest areas so far this month have stretched from southeast South Dakota, across southern Minnesota, the northern and eastern half of Iowa into central Illinois and southwest Indiana.
- Corn yield prospects in Ohio were highly variable and generally down from last year as planting delays and periods of sweltering heat that rushed crop development dragged down crop potential. Soybean pod counts were up slightly from a year ago, but the crop's lagging maturity and dry soil conditions suggest the crop may struggle to match last season's yields as put by scouts on the Pro Farmer Midwest Crop Tour. Excessive rains this spring in Ohio and elsewhere in the eastern Midwest stalled corn planting by more than a month in some cases and when the crop was finally planted it was often in overly wet soils. That caused some of the planted seeds to fail, leaving large gaps in many fields. Later, much of the crop pollinated during the hottest summer weather in late July, resulting in ears that were not fully filled with grain.
- Also, some crops may not be ready for harvest until mid-October or later, making them vulnerable to an early frost. Crop scouts calculated an average corn yield of 156.26 bushels per acre (bpa) in Ohio based on samples from 105 fields in the central and eastern parts of the country's No. 7 corn producing state. The figure was about 6 percent below the 2010 tour figure of 165.60 bpa and down modestly from the tour's three-year average of 158.03 bpa.
- Corn yield projections in South Dakota fell 1.7 percent below 2010 forecasts due to a combination of late planting and scorching summer temperatures as found by scouts on an annual tour. The annual Pro Farmer Midwest Crop Tour forecast an

average corn yield at 141.10 bushels per acre, based on surveys of 39 fields. A year ago, scouts projected the average corn yield at 143.59 bushels per acre. The tour's three-year average for South Dakota is 146.06 bushels per acre. The heavy rains throughout the spring, which led to planting delays around the Corn Belt and robbed the crop of some harvest potential, also helped sustain corn and soybean during the heat and dry conditions of July and August.

Outlook:

Lowered Yield prospects in US, facilitated by unsupportive weather and resultant cuts in Corn Production are a supportive driver for the corn price in US. Corresponding cuts in the total usage also fails to take up the supplies. As a result the projected cut in the ending stocks in US is likely to be the optimistic factor for the market that will lay support beneath the prices but the nearing onset of the new crop arrival is likely to pull down the Prices in US as supply pressure builds up.

CBOT Corn Futures Outlook:



- Maize Price Trend remains positively skewed. Nearness to recent peak suggests caution.
- 690-760 becomes the trading range for the price; drift in either direction is likely to take the price further in the respective same.

- Strategy: Wait and Watch may be the prudent way as correction might extend while bulls may gear up again at lower levels.



(Continuous Weekly Chart)

- Maize price remain in short term downtrend. Price also hovers in oversold territory.
- 1040-1080 is the broad trading range for the price. Drift in either direction will take it further in the respective same.

Maize NCDEX (October)

Support & Resistance				
S2	S1	PCP	R1	R2
1040	1055	1067.50	1080	1095

- Positioning of RSI in the weekly chart back oversold conditions.
- **Strategy:** Selling at highs near 1080-1100 with the lower targets of 1050/1135 is the applicable trading strategy. Remain cautious as short covering may intervene.

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