

■ MAIZE

■ July 16, 2007

Domestic Market Recap

Market prices for maize maintained steady undertone on Saturday in the domestic spot market on stable demand supply scenario. Maize price was between Rs.750-760/qtl ex-godown basis in Delhi on average arrivals of around 3-4 motors daily from Bihar. Rake arrivals from Bihar are expected in the coming week. Bajra price quoted up around Rs.655-660/qtl and arrivals stood at 10 motors from U.P. However, bajra prices remained lower than maize by 12-13%, thus making it a substitute commodity of poultry feed against maize. Poultry farmers in North India are replacing maize partly in the rations. Karnataka and Andhra Pradesh mandis are showing stable prices on average demand. The stock position is satisfactory. According to trade sources, maize stocks in Karnataka mandis stood around 30 lakh bags whereas, in Andhra Pradesh it remains around 10-15 lakh bags. Stocks in exchange warehouses declined to 694 MT. Of the total amount, Devengere warehouse carry 49 MT and Karimnagar warehouse 645 MT as on 12.07.07. However, some accumulation of stocks is possible in exchange warehouses, due to lower prices at production centres of Bihar. Area under kharif maize is still lagging behind this year by 30.2% so far as on 29.06.07.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		14.07.07	13.07.07		
Delhi (ex-godown)	Red Maize Bihar	750-760	750-760	-	4 motors
Nizamabad (Bilty)	Red Maize	740-745	740-745	-	
Devengere (Bilty)	Red Maize	740	740	-	
Naugachia, Bihar (Loose)	Red Maize	570	570	-	500 bags
Ahmedabad	Poultry feed mills	850	850	-	
Ahmedabad	Starch	815	815	-	
Pune	Starch Quality	845	845	-	
Pune	Sangli truck Bilty	810	810	-	

International Futures Quotes (as of July 13, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
July 2008	395.00	400.50	392.25	398.75	+3.25
September 2007	351.00	357.00	346.75	354.75	+3.25
December 2007	363.75	371.00	360.50	368.50	+3.25

International Market Recap**CBOT Corn Futures Settled Up**

CBOT December Corn finished up 3.25 cents at \$3.685, 2.5 cents off the high and 8 cents up from the low. September Corn closed up 3.25 cents at \$3.548. This was 7.8 cents up from the low and 2 cents off the high. Ideas that the Monday morning forecast models may not be as threatening to the western Corn Belt as this weeks maps sparked some long liquidation selling and lower price action early in the session. Long liquidation selling from speculators was noted. Ideas that this week's weather was beneficial to crop conditions and talk of the bearish news from the USDA report yesterday added to the bearish tone early. South Korea bought 110,000 tonnes of optional origin corn overnight. Deliveries totaled 399 contracts this morning. Mid-day weather models showed a hot and dry trend for the western Corn Belt for the next two weeks which sparked new buying and a move to the highest level since June 27th for December corn.

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FUTURES MARKETS:

Maize futures at NCDEX settled steady on Saturday following a steady opening. The most active August contract recovered from day's low on fresh buying at lower level following a steady opening at Rs.782 against the last close of Rs.782 and traded in the range of Rs.775.50-782.50. The contract settled at Rs.782. The volumes as well as Open Interest significantly increased.

PRICE DRIVERS:

Bullish:

- Lower arrivals amidst some demand from starch and poultry industries
- Acreage under kharif maize crops down 8.76 lakh hectare as on 29.06.07 against 12.55 lakh hectare year ago period
- Lower stocks in exchange warehouse

Bearish:

- Bearish outlook of bajra on higher arrivals in coming days
- Kharif crop showing is likely to be supported by steady progress of monsoon

TECHNICALS:

A doji like candle has formed, showing indecisive market. However, prices closed above the EMA's showing some strength in the market as short term, while MACD is indicating medium term bullish market and remains in the positive region. RSI is moving up in normal zone. Maize is likely to trade slight down initially following a steady to firm opening with possibility of late upwards movement.

NCDEX Maize August Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
August	774	777	782	787	790

RECOMMENDATION:

BUY NCDEX- Aug above 778 with target towards 785. Put stop loss near 773.

Do not carry forward the position until the next day.

Weather Impact Analysis

Rainfalls in the sowing stage of kharif crop are favourable. However, very heavy rainfalls and water stagnation are not desirable

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