

## ■ MAIZE

■ July 26, 2007

**Domestic Market Recap**

Maize sentiments remained firm in major domestic markets on rising demand amidst lower arrivals. Area under kharif maize is still lagging behind this year by 15.2% at 33.17 lakh hectares. Near about 53.4% of normal area has covered so far as on 13.07.07. However, the area under maize in A.P. and Karnataka has increased so far whereas, in U.P., Rajasthan, Gujarat and M.P. it is down due to shifting of acreage towards other crops. Though, there is still some time for sowing but any significance increase this year is not expected and this is underpinning the prevailing bullish tone. Moreover, steady export demand from Bangladesh and good domestic demand from poultry as well as starch industries are supporting the tone. Bihar mandis continued to be bullish between Rs.700-710/ qtl on good demand amidst lower arrivals. Arrivals remained very weak in local markets. Around 20-25 motors of maize daily supplied to Dalkhola mandis of West Bengal from Bihar and are exported to Bangladesh.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		25.07.07	24.07.07		
Delhi (ex-godown)	Red Maize Bihar	810	800	+10	2-3 motors
Nizamabad (Bilty)	Red Maize	760-765	760-765	-	
Devengere (Bilty)	Red Maize	750-755	750	+5	
Naugachia, Bihar (Loose)	Red Maize	700-710	680-700	+10	200 bags
Ahmedabad	Poultry feed mills	870	870	-	2000 bags
Ahmedabad	Starch	850-860	850-860	-	
Pune	Starch Quality	860	860	-	
Pune	Sangli truck Bilty	850	850	-	

**International Futures Quotes (as of July 24, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	314.50	316.00	309.75	311.50	+1.50
December 2007	330.00	332.25	325.50	326.75	+1.25
March 2008	345.00	347.50	341.50	342.00	+1.25

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

CBOT corn futures finished up Tuesday. December Corn finished up 1.25 cents at \$3.268 per bushel; this was 5.5 off the high and 1.25 up from the low. September Corn closed up 1.5 cents at \$3.115 per bushel. This was 1.75 up from the low and 4.5 off the high. Declining crop conditions for the week ending July 22nd when traders were looking for an improvement in conditions helped spark the early bounce led by short-covering and some new buying from speculators. A surge higher in wheat and ideas that the corn market is technically oversold helped support the bounce. Ideas that the crop pollinated well helped spark some selling pressures after the early bounce. With highs in the 70's and 80's for much of the past week, the Midwest crop pollination likely went well with only a few spots in the southwest and northeast Corn Belt under some stress.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded up following a mix opening. The most active August contract traded marginally up on increased buying support following a lower opening at Rs.785/qrtl and traded in the range of Rs.785-786.5/qrtl. Finally, the contract settled in green by 0.06% at Rs.786.5/qrtl. The volumes as well as Open Interest have declined during the session.

**PRICE DRIVERS:****Bullish:**

- Lower arrivals amidst some demand from starch and poultry industries
- Good export demand from Bangladesh
- Acreage under kharif maize crops down at 33.17 lakh hectares so far as on 13.07.07 as compared to 39.14 lakh hectares year ago period
- Lower stocks in exchange warehouse

**Bearish:**

- As 4th adv est., total maize production for the year 2006-07 estimated up around 14.98 million tonnes

**TECHNICALS:**

A small hollow candle has formed, indicating lacklustre trading with some buying support. EMAs and MACD remain medium-term bullish. RSI is moving steady in normal region. Stochastic has weakened slightly near overbought region. Maize futures are likely to trade higher after a steady to firm opening.

**NCDEX Maize August Contract****SUPPORT / RESISTANCES:**

Month	S2	S1	PCP	R1	R2
August	784	782	786.5	792	794

**RECOMMENDATION:**

**BUY NCDEX** - Aug above 786 with target towards 792. Put stop loss near 783.

**Do not carry forward the position until the next day.**

**Weather Impact Analysis**

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

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