

■ MAIZE

■ July 30, 2007

Domestic Market Recap

Maize prices remained steady to up in major domestic markets on good demand amidst lower arrivals. Stock position is reportedly lower in Ahmedabad, U.P. mandis. Rising export demand from Bangladesh and Srilanka motivated stockists to hold up their stock position. According to trade sources, stock position in Ahmedabad remained around 1 lakh bags and about 10,000 bags daily arrivals are witnessed from Maharashtra. The sentiments remained somewhat ease in Bihar mandis on comparatively lower supply towards Bangladesh due to heavy rains. However, export demand likely to increase in coming days. Around 20 motors of maize arrived in Dalkhola mandi of West Bengal from Bihar daily and are to be exported to Bangladesh. Area under kharif maize still lags by 3.6% at 54.74 lakh ha versus year-ago acreage of 56.76 lakh hectares. Around 88.1% of normal area has been covered as on 20.07.07. Competing oilseeds and pulses leave limited scope for any significant increases in maize acreage this year. Maize sentiments are likely to remain steady to firm in coming days on good export as well as domestic demand amidst decreasing stocks.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		28.07.07	27.07.07		
Delhi (ex-godown)	Red Maize Bihar	815-820	815-820	-	2 motors
Nizamabad (Bilty)	Red Maize	750-760	760-765	-5	
Devengere (Bilty)	Red Maize	750	750-755	-	
Naugachia, Bihar (Loose)	Red Maize	700	710-715	-15	400 bags
Ahmedabad	Poultry feed mills	860-880	870	+10	10000 bags
Ahmedabad	Starch	870	860	+10	
Pune	Starch Quality	865	865	-	
Pune	Sangli truck Bilty	855	855	-	

International Futures Quotes (as of July 27, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	318.00	322.00	315.75	321.00	+3.50
December 2007	333.00	337.50	331.00	336.50	+3.50
March 2008	349.50	352.25	347.00	351.75	+3.25

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

CBOT corn futures finished up Friday. December Corn finished up 3.5 cents at \$3.365 per bushel; this was 1 off the high and 5.5 up from the low. September Corn closed up 3.5 cents at \$3.21 per bushel. This was 5.25 up from the low and 1 off the high. Ideas that the market is overdue for a technical bounce and liquidation of wheat/corn spreads helped push corn futures higher early in the session. Better than expected rains in Iowa overnight and some positioning ahead of the weekend sparked some long liquidation selling when soybeans pushed moderately lower on the day and wheat stayed weak. Reports of higher prices and corn shortages in India was also seen as supportive with talk that export restrictions may be needed to avoid a shortage.

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FUTURES MARKETS:

Maize futures at NCDEX traded lower following a steady to higher opening. The most active August contract traded lower on increased selling pressure at higher level following a firm opening at Rs.781/qtl and traded in the range of Rs.777-781/qtl. Finally, the contract settled in red by 0.45% at Rs.779/qtl. The volumes have increased whereas Open Interest has 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 54.74 lakh hectares so far as on 20.07.07 as compared to 56.76 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 bearish candle has formed with long lower shadow, indicating buying support at lower levels. However, Prices closed below the EMAs, indicating medium term weakness may prevail. MACD is indecisive. RSI and Stochastic are falling further. Maize futures are likely to trade higher initially after a steady to slightly firm opening. However, late weakness may be seen at higher levels.

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

Month	S2	S1	PCP	R1	R2
August	771	774	779	785	788

RECOMMENDATION:

BUY NCDEX - August above 777 with target towards 783. Put stop loss near 774.

Do not carry forward the position until the next day.

Weather Impact Analysis

While South India features normal to better rains, Central and North India are reeling under a weak phase of monsoon, which is not favourable for the growing crop

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