

■ MAIZE

■ July 21, 2007

Domestic Market Recap

Maize price has increased by Rs.10/qtl at Rs.760/qtl ex-godown basis for the Bihar maize in Delhi. Arrivals remained down around 3 motors from Bihar. No rakes arrivals from Bihar are reported. Summer crop arrivals of gajar maize (1 motor) has started from U.P. and quoted at Rs.720-725/qtl. Bihar mandis featured bullish sentiments on lower arrivals amidst good demand from Bangladesh and West Bengal and traded around Rs.630/ qtl. However, rakes demand from South India is lower because of uncompetitive prices. The starch industries demand from Ahmedabad remained good. According to the 4th advance estimate of GOI, total maize production for the year 2006-07 estimated up around 14.98 million tonnes as compared to last year production of 14.71 million tonnes. Although, all India acreage under kharif maize is lower by 15.2% at 33.17 lakh hectares so far as on 13.07.07 as compared to 39.14 lakh hectares during corresponding period of last year. Competing oilseeds and pulses leave limited scope for any significant increases in maize acreage this year.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/qtl) | | Change | Arrivals |
|--------------------------|--------------------|-----------------|----------|--------|-----------|
| | | 20.07.07 | 19.07.07 | | |
| Delhi (ex-godown) | Red Maize Bihar | 760 | 760 | - | 3 motors |
| Nizamabad (Bilty) | Red Maize | 745 | 740 | +5 | |
| Devengere (Bilty) | Red Maize | 740 | 740 | - | |
| Naugachia, Bihar (Loose) | Red Maize | 630 | 625-630 | - | 300 bags |
| Ahmedabad | Poultry feed mills | 850 | 850 | - | 3000 bags |
| Ahmedabad | Starch | 840 | 840 | - | |
| Pune | Starch Quality | 850 | 840 | +10 | |
| Pune | Sangli truck Bilty | 825 | 825 | - | |

International Futures Quotes (as of July 19, 2007)**CBOT**

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| September 2007 | 322.00 | 328.00 | 322.00 | 327.00 | +4.50 |
| December 2007 | 336.25 | 343.00 | 336.25 | 342.50 | +5.75 |
| March 2008 | 350.50 | 357.50 | 350.00 | 357.50 | +6.25 |

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

CBOT corn futures finished lower Thursday. December Corn finished down 6.25 cents at \$3.363 per bushel; this was 3.25 off the high and 4.75 up from the low. September Corn closed down 5.75 cents at \$3.213 per bushel. This was 5 up from the low and 2 3/4 off the high. Better than expected rain coverage in Iowa and the western Corn Belt and an increase in coverage for some of the dry areas of Indiana helped spark more selling pressure early in the session. Ideas that a bulk of the mid-west will have seen most of the US corn crop pollinated buy the time any heat arrives from the west into the Midwest helped support into the mid-session but continued fund long liquidation drove the market to match Monday's lows late before a minor bounce into the close. Weekly US export sales for corn came in at 1.167 million metric tonnes as compared to trade expectations between 900,000-1.3 million.

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FUTURES MARKETS:

Maize futures at NCDEX traded up initially following a steady to firm opening. The most active August contract traded up at the early hours. However, increased selling at higher levels capped the early gains and traded in the range of Rs.786-790.5/ctl. The contract settled in red by 0.06% at Rs.786/ctl. The volumes have increased whereas Open Interest have declined during the session.

PRICE DRIVERS:**Bullish:**

- Lower arrivals amidst some demand from starch and poultry industries
- 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:

- Bearish outlook of bajra on higher arrivals in coming days
- As 4th adv est., total maize production for the year 2006-07 estimated up around 14.98 million tonnes

TECHNICALS:

A bearish candle with long upper shadow has formed, indicating bears domination at higher levels. However, the EMA patterns and MACD are reflecting medium-term bullishness. RSI is falling in normal region, favouring the bears whereas Stochastic is flat in neutral region. Maize futures are likely to trade lower after a steady to weak opening.

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

| Month | S2 | S1 | PCP | R1 | R2 |
|--------|-----|-----|-----|-----|-----|
| August | 778 | 781 | 786 | 789 | 791 |

RECOMMENDATION:

SELL NCDEX- Aug below 787 with target towards 781. Put stop loss near 790.

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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