

■ MAIZE

■ July 20, 2007

Domestic Market Recap

Maize sentiments continued to be flat with price quoted at Rs.760/qtl ex-godown basis for the Bihar maize in Delhi on steady demand supply scenario. Arrivals remained around 3 motors from Bihar. Summer crop arrivals of gajar maize (1 motor) have started from U.P. and quoted at Rs.720-725/qtl. Bajra prices are quoted lower than maize by 12-13%, and making it an ideal substitute for maize in poultry feed. Bihar mandis continued to be bullish on improving demand amidst lower arrivals. The arrivals declined to 4000bags in all over Bihar. Naugachia mandis saw the arrivals around 300 bags. Higher demand is reported from Bangladesh and west Bengal. Rakes demand from South India is lower because of uncompetitive prices. Area under kharif maize is still lagging behind this year by 6% at 27.04 lakh hectares so far as on 06.07.07 as compared to 28.75 lakh hectares during corresponding period of last year. This is also underpinning the tone.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		19.07.07	18.07.07		
Delhi (ex-godown)	Red Maize Bihar	760	760	-	4-5 motors
Nizamabad (Bilty)	Red Maize	740	740	-	
Devengere (Bilty)	Red Maize	740	740	-	
Naugachia, Bihar (Loose)	Red Maize	625-630	620	+10	300 bags
Ahmedabad	Poultry feed mills	850	840	+10	2000 bags+ 1 rakes
Ahmedabad	Starch	840	840	-	
Pune	Starch Quality	840	840	-	
Pune	Sangli truck Bilty	825	825	-	

International Futures Quotes (as of July 18, 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 Up**

CBOT corn futures finished higher. December Corn finished up 5.75 cents at \$3.425 per bushel, this was 0.5 off the high and 7 up from the low. September Corn closed up 4.50 cents at \$3.27 per bushel. This was 5 up from the low and 1 off the high. The short-term weather forecast for rains for much of Iowa and parts of surrounding states along with expectations for cool and wet weather for much of Illinois and Iowa for the next several days helped spark the early weakness as traders believe the bulk of the Midwest will have completed the pollination process successful by the time the Midwest could face some hot and dry weather. However, strength in the other grains and ideas that ten days of hot and dry weather could be a problem in some areas helped spark the higher close. The 6-10 day and 11-15 day forecast models show warmer and drier than normal weather for the Midwest; especially west.

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FUTURES MARKETS:

Maize futures at NCDEX traded up following a steady to lower opening. The most active August contract traded up on increased buying interest following a weak opening at Rs.781.50 a qtl. and traded in the range of Rs.779.5-787/qtl. The contract settled in green by 0.51% at Rs.786.5/qtl. The volumes have increased whereas Open Interest remained down during the session.

PRICE DRIVERS:**Bullish:**

- Lower arrivals amidst some demand from starch and poultry industries
- Acreage under kharif maize crops down at 27.04 lakh hectares so far as on 06.07.07 as compared to 28.75 lakh hectares 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 supported by steady progress of monsoon

TECHNICALS:

A bullish candle has formed, indicating bulls dominated the markets. The EMA patterns and MACD remain medium-term bullish. RSI is moving up in normal region, favouring bulls. Stochastic has flattened in neutral region. Maize futures are likely to trade higher after a steady to slightly firm opening.

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

Month	S2	S1	PCP	R1	R2
August	781	783	786.5	793	795

RECOMMENDATION:

BUY NCDEX- Aug above 785 with target towards 790, second target around 793. Put stop loss near 782.

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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