

■ MAIZE

■ August 18, 2007

Domestic Market Recap

Maize sentiments remained mostly flat in major domestic markets on steady demand. Outlook of higher Kharif maize production is also underpinning the tone. Acreage under kharif maize crops increased at 7.03 million hectares so far as on 10.08.07 as against 6.33 million hectares year ago period. However, stock position in exchange warehouses is reportedly lower. The Bihar maize traded flat at Rs.820/qrtl in Delhi mandis amidst steady arrivals of 4 motors from Bihar. Hybrid maize arrivals around 4-5 motors are reported from U.P. However, lower demand because of lower quality has surpassed the market. Hybrid maize quoted around Rs.790/qrtl. Lower prices of bajra are also underpinning the tone. The lower demand from Bangladesh and Bhutan has also limited the market activity in west Bengal.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		17.08.07	16.08.07		
Delhi (ex-godown)	Red Maize Bihar	820	815-820	-	4 motors
Nizamabad (Bilty)	Red Maize	730	730	-	
Davangere (Bilty)	Red Maize	730	730	-	
Naugachia, Bihar (Loose)	Red Maize	710	710	-	200 bags
Ahmedabad	Poultry feed mills	820	825	-5	5000 bags
Ahmedabad	Starch	820	825	-5	
Pune	Starch Quality	800	800	-	
Pune	Sangli truck Bilty	760	760	-	

International Futures Quotes (as of August 15, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	326.75	326.75	309.50	321.50	-6.50
December 2007	343.50	343.75	326.50	339.00	-6.25
March 2008	360.00	360.00	342.25	354.25	-6.25

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

CBOT corn futures settled down Thursday. December Corn finished down 6.25 cents at \$3.39 per bushel; this was 1.25 off the high and 12.5 up from the low. September Corn closed down 6.5 cents at \$3.215 per bushel. This was 11.5 up from the low and 2.5 off the high. Weakness in energy markets and weakness in most other commodity markets added to the bearish tone. Weekly US export sales for corn came in at 1.49 million tonnes as compared to trade expectations between 500,000-1.0 million. Cumulative sales have reached 17.8% of the USDA forecast as compared to 7.4% on average over the last five years. Impressive export news was shadowed by the speculative long liquidation selling with funds noted sellers of near 9,000 contracts into the mid-session. South Korea bought 55,000 tonnes of corn after a tender for 165,000. Commodity buyers in general have slowed purchasing with the uncertainty associated with the world economy.

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FUTURES MARKETS:

Maize futures at NCDEX traded lower following a weak opening. The most active September contract slid down on increased selling pressure at higher levels. The contract opens lower at Rs.738/ctl. and traded in the range of Rs.731-740/ctl. Finally, the contract settled in red by 0.68% at Rs.735/ctl. The Volumes as well as Open Interests have increased marginally during the session.

PRICE DRIVERS:**Bullish:**

- Increasing growth of poultry industries
- 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
- Acreage under kharif maize crops up at 7.03 million hectares so far as on 10.08.07 as against 6.33 million hectares year ago period
- Outbreak of bird flu in India has reduced the maize demand

TECHNICALS:

A dark candle with long lower shadow has formed on the chart, indicating some buying interest at lower levels. However, the EMAs & MACD remain medium-term bearish. The RSI and Stochastic don't show significant recovery from lower level. The market is likely to trade slightly higher following a steady to firm opening.

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

Month	S2	S1	PCP	R1	R2
September	725	730	735	742	745

RECOMMENDATION:

SELL NCDEX - September below 737 with target towards 731. Put stop loss near 740.

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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