

■ MAIZE

■ August 30, 2007

Domestic Market Recap

During Wednesday's trade, Maize spot prices traded steady to slightly down on increased arrivals against lower buying. Bihar maize in Delhi mandis traded steady at Rs.840-845/qtl on lower offtake from the consuming units despite restricted arrivals from Bihar whereas hybrid maize quoted down 790-795/qtl on a steady arrival. The maize (loose) prices at Naugachia, Bihar traded steady at Rs.725/qtl against the arrival of 2-3 motors while prices quoted low at Rs.830 due to the increased arrivals from Andhra Pradesh. Although the spot prices remained unchanged from Monday's price level at Nizamabad due to good supply to Kolkata but traded down at Davangere as farmers and stockist started offloading their stuffs in anticipation of further decrease of price. In the global markets, corn prices also slashed down against news of harvesting of crops in the US and high yield per acre. Harvesting of corn is done 39% in South Carolina, 37% in Georgia, and 19% finished in Alabama. During Wednesday's trade, in various Delhi mandis, hybrid maize arrivals from U.P. stood steady around 5-6 and arrival of Red maize Bihar declined and stood around less than a motor. On Tuesday, South Africa's Crop Estimates Committee has lowered its sixth corn production forecast for the 2007-08-crop season by 2,000 metric tonnes to 6.902 million tonnes. Bajra quoted steady at Delhi on a steady supply-demand situation.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		29.08.07	28.08.07		
Delhi (ex-godown)	Red Maize Bihar	840-45	-	-	50 bags
Nizamabad (Bilty)	Red Maize	705	-	-	
Davangere (Bilty)	Red Maize	630	-	-	
Naugachia, Bihar (Loose)	Red Maize	720	-	-	200-300 bags
Ahmedabad	Poultry feed mills	790	-	-	2-3 qtl
Ahmedabad	Starch	770	-	-	
Pune	Starch Quality	750	750	-	1000-1500 bags
Pune	Sangli truck Bilty	725	725	-	

International Futures Quotes (as of August 28, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	334.25	336.75	325.25	327.25	-8.5
December 2007	350.50	355.00	343.00	344.75	-8.25
March 2008	367.75	370.25	359.50	361.50	-7.75

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

CBOT corn futures settled lower Tuesday. December Corn finished down 8.25 cents at \$344.00 per bushel; this was 9 off the high and 1.75 up from the low. September Corn closed down 8.5 cents at \$327.25 per bushel. This was 1.75 up from the low and 9.5 off the high. The inability of wheat futures to build on strong gains in the overnight trading and the news of harvest activity of southern Mid-West USA further added the pressure on corn futures. Rapid fund selling also pressured the market to close into lower side. The US crop is rapidly progressing towards maturity in Midwest and if not damaged by the bad weather may further bring bearishness in the corn future. The crop progress for the entire US shows far better from 57% last year to 59% this year. As per the report of Farm Futures magazine, producers are planning to plant corn on 8.6% less area for the 2008 season to 84.9 million acres from 92.9 million this season. The International Grains Council's said maize output in the current year is likely to be around 755 million tonnes, up 8.5 per cent on year due to higher production expected in the US.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Wednesday. Initially the most active September contract traded up and tested a high of Rs.716/qlt. However, the prices traded down thereafter on increased selling pressure at higher level and tested low at Rs.701/qlt. The maize future closed at Rs.703.50/qlt, down of Rs.13.00 from the previous close. The contract opened weak at Rs.706/qlt against the previous close of Rs.717.50/qlt and traded in the range of Rs.701-716/qlt. The Volumes increased marginally while Open Interests have decreased slightly.

PRICE DRIVERS:**Bullish:**

- Lower stocks in exchange warehouse
- Flood damaged 10-20 crops in Bihar

Bearish:

- Expected larger crops than the last year
- Acreage under kharif maize crops was up at 7.3 million hectares against 6.9 million hectares from April 1 to August 24, a year ago during the same period.
- Subdued Export activities
- Harvesting in US shows output may increase pre-harvesting estimation

TECHNICALS:

A doji dark candlestick with long upper shadow shows selling pressure at higher level. Prices closed well below the short term and medium term EMAs. MACD is dipping down in the negative region. Stochastic as well as RSI are about to enter into the oversold region showing. Maize is expected to trade down with possibility of steady to slightly weak opening.

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

Month	S2	S1	PCP	R1	R2
September	692	694	703.5	710	713

RECOMMENDATION:

SELL NCDEX - September below 704 with target 699, then 697. Put stop loss near 707.

Do not carry forward the position until the next day.

Weather Impact Analysis

While South India features normal to better rains, Monsoon is reviving in Central and North India. Eastern India is slowly recovering from floods

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