

■ MAIZE

■ August 4, 2007

Domestic Market Recap

Maize prices remained steady to up in major domestic markets. Bihar maize traded up by Rs.5/qrtl at Rs.825/qrtl in Delhi mandis on some demand from Haryana poultry units. The arrivals remained around 4 motors from Bihar. Hybrid maize arrivals are increasing to 2-3 motors from U.P. mandis. Bajra prices quoted lower around 675/qrtl. on higher arrivals around 8 motors from U.P. Bihar mandis remained mostly quiet on widespread of rainfalls and prevailing flood situation. The demand from Kolkata and Bangladesh continued to be weak following the import ban from Bhutan on the outbreak of bird flu in north eastern parts of India. The export demand from Bangladesh is also lower at present. The maize demand from North Bengal and Bihar has declined sharply that supplies the major portion of the poultry feed to the northeastern farms, Bhutan and Bangladesh. Area under kharif maize has increased by 6.8% to 64.55 lakh hectares so far as on 27.07.07. The total area under maize this time has surpassed the normal area to 103.9%. The higher acreage has been witnessed from Karnataka, A.P., Maharashtra, Rajasthan and Chattisgarh. Kharif maize production at Davangere is likely to be higher at around 10 lakh tonnes this year as against around 4 lakh tonnes produced last year due to higher acreage.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		03.08.07	02.08.07		
Delhi (ex-godown)	Red Maize Bihar	825	820	+5	4 motors
Nizamabad (Bilty)	Red Maize	730-735	720-725	+10	
Devengere (Bilty)	Red Maize	720-725	710	+15	
Naugachia, Bihar (Loose)	Red Maize	695-700	700	-	100 bags
Ahmedabad	Poultry feed mills	830-840	830-840	-	5000 bags
Ahmedabad	Starch	830-840	830-840	-	
Pune	Starch Quality	850	850	-	
Pune	Sangli truck Bilty	840	840	-	

International Futures Quotes (as of August 02, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	326.25	327.75	322.50	324.00	+5.00
December 2007	343.25	344.50	339.00	341.25	+5.25
March 2008	358.50	359.75	354.75	356.25	+5.00

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

CBOT corn futures settled up Thursday. December Corn finished up 5.25 cents at \$3.413 per bushel; this was 3.25 off the high and 2.25 up from the low. September Corn closed up 5 cents at \$3.24 per bushel. This was 1.5 up from the low and 3.75 off the high. Increased export sales, a lack of a confirmation of wet weather in the overnight weather models and some bullish views for the USDA August Crop Production estimate helped spark the early buying support. Weekly US export sales for corn came in at 1.77 million metric tonnes as compared to trade expectations between 700,000-900,000. Cumulative sales have reached 13.7% of the USDA forecast as compared to 5.0% on average over the last five years.

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FUTURES MARKETS:

Maize futures at NCDEX traded mix following a steady to weak opening. The most active August contract traded marginally up on increased buying support at lower level following a steady opening at Rs.771.5/qtl. and traded in the range of Rs.771.5-775/qtl. Finally, the contract settled in green by 0.32% at Rs.774/qtl. The volumes have increased marginally whereas Open Interest have declined during the session.

PRICE DRIVERS:**Bullish:**

- Lower arrivals amidst some demand from starch and 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 64.55 lakh hectares so far as on 27.07.07 as compared to 60.42 lakh hectares year ago period
- Outbreak of bird flu in India has reduced the maize demand

TECHNICALS:

A bullish candle with upper shadow has formed, indicating sellers emerging at higher levels. However, prices closed below the EMAs, and MACD fell into negative zone, indicating medium term weakness. Stochastic and RSI are both recovering from oversold condition, which is bullish for the short-term. 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	770	772	774	781	783

RECOMMENDATION:

BUY NCDEX - August above 775 with target towards 781. Put stop loss near 772.

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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