

■ MAIZE

■ August 6, 2007

Domestic Market Recap

Maize prices remained steady to down in major domestic markets. Area under kharif maize has increased to 6.68 million hectares so far as on 03.08.07 as against 6.15 million hectares during last year. The total area under maize this time has surpassed the normal. 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. The acreage has also been increased significantly (around in 56,800 hectares) in Simoga district of Karnataka. The crop condition is reportedly good so far and production likely to increase this year if everything goes well. The maize supply from North Bengal and Bihar to Bangladesh, Bhutan, north eastern part of India has declined sharply due to out break of bird flu in north eastern India. Bihar maize traded flat 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.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		04.08.07	03.08.07		
Delhi (ex-godown)	Red Maize Bihar	825	825	-	4 motors
Nizamabad (Bilty)	Red Maize	730-735	730-735	-	
Devengere (Bilty)	Red Maize	720-725	720-725	-	
Naugachia, Bihar (Loose)	Red Maize	690-695	695-700	-5	100 bags
Ahmedabad	Poultry feed mills	820-830	830-840	-10	
Ahmedabad	Starch	820	830-840	-20	
Pune	Starch Quality	820	850	-30	
Pune	Sangli truck Bilty	800	840	-40	

International Futures Quotes (as of August 03, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	325.50	330.00	322.25	326.50	+2.50
December 2007	343.00	346.00	338.50	343.00	+1.75
March 2008	359.00	361.00	355.50	358.75	+2.50

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

CBOT corn futures settled up Friday. December Corn finished up 1.75 cents at \$3.43 per bushel; this was 3 off the high and 4.5 up from the low. September Corn closed up 2.5 at \$3.265 per bushel. This was 4.25 up from the low and 3.50 off the high. Ideas that feed demand should remain strong out of Europe due to crop problems in southeast Europe and uncertain weather into mid-August in the US helped support. The market followed soybeans higher early in the session with talk of stressful weather for some of the Corn Belt ahead helping to support. However, reports of high yield potential due to excellent pollination weather and ideas that the USDA will raise their forecast for the August 10th production report helped spark choppy and two-sided trade into the mid-session.

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FUTURES MARKETS:

Maize futures at NCDEX traded lower following a mix opening. The most active August contract traded down on increased fresh selling following a steady opening at Rs.774/qtl. and traded in the range of Rs.767.5-774/qtl. Finally, the contract settled in red by 0.71% at Rs.768.5/qtl. The volumes have increased significantly whereas Open Interest have declined marginally 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 6.68 million hectares so far as on 03.08.07 as against 6.15 million hectares year ago period
- Outbreak of bird flu in India has reduced the maize demand

TECHNICALS:

A long bodied bearish candle has formed, indicating sellers domination in the market. Prices closed below the EMAs, showing medium term weakness and MACD fell into negative zone, favouring bears. Stochastic is turning down towards oversold region following a bearish crossover and RSI remained weak in oversold region, which is bearish indication for the short-term. Maize futures are likely to trade bearish after a steady to weak opening.

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

Month	S2	S1	PCP	R1	R2
August	756	760	768.5	772	775

RECOMMENDATION:

SELL NCDEX - August below 770 with target towards 765. Second target near 762. Put stop loss near 773.

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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