

## ■ MAIZE

■ August 16, 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 activity in the different markets of Bihar continued to be subdued on the prevailing flood situation. The daily arrivals declined to 100 bags at Naugachia mandi of Bihar and price quoted at Rs.700/qrtl for superior quality. However, poor quality traded lower between rs.660-680/ qtl. Lower demand from West Bengal is also pressurising the market. The Bihar maize traded flat at Rs.815/qrtl in Delhi mandis amidst lower arrivals of 3 motors from Bihar. Poultry industry is growing rapidly in India. According to industry estimate, the poultry industry from 2007/08 onwards is likely to grow by 7% as against a 4% growth until last year 2006/07. One of the main reasons of this growth is the stable egg prices and higher demand of eggs in the country. There is a good export demand of eggs from Middle East and East African countries.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		15.08.07	13.08.07		
Delhi (ex-godown)	Red Maize Bihar	815	815	-	3 motors
Nizamabad (Bilty)	Red Maize	735	735	-	
Davangere (Bilty)	Red Maize	730	730	-	
Naugachia, Bihar (Loose)	Red Maize	700	690	+10	100 bags
Ahmedabad	Poultry feed mills	825	825	-	5000 bags
Ahmedabad	Starch	825	825	-	
Pune	Starch Quality	800	800	-	
Pune	Sangli truck Bilty	760	760	-	

**International Futures Quotes (as of August 13, 2007)**

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	337.00	338.00	330.00	331.00	-2.00
December 2007	354.50	355.00	348.00	349.00	-1.50
March 2008	369.00	370.00	363.50	364.25	-1.50

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

CBOT Corn futures settled down Monday. December Corn finished down 1.5 cents at \$3.49 per bushel; this was 6 off the high and 1 up from the low. September Corn closed down 2 cents at \$3.31 per bushel. This was 1 up from the low and 7 off the high. Cumulative shipments have reached 91.7% of the USDA forecast for the season as compared with 88.2% as the 5-year average for this time of the year. The USDA announced a sale of 120,000 tonnes of US corn to Egypt. Israel buyers are tendering to buy 56,000 tonnes of US corn. South Korea bought 45,000 tonnes of China corn overnight.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded mix following a mix opening. The most active September contract recovered up during the later session on increased buying interest at lower levels. The contract opens lower at Rs.743/ctl. and traded in the range of Rs.738-743/ctl. Finally, the contract settled in red at Rs.742/ctl. The Volumes have declined whereas Open Interest 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:**

Almost dragonfly doji has formed on the chart, indicating that longs recovered the market at lower levels. This is bottom reversal indicator when confirmed with a bullish engulfing pattern. However, the EMAs & MACD remain medium-term bearish. RSI is hesitant while Stochastic has made bearish crossover in oversold condition. The market is likely to trade range bound with firm inclination following a steady to firm opening.

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

Month	S2	S1	PCP	R1	R2
September	735	737	742	751	754

**RECOMMENDATION:**

**BUY NCDEX** - September above 740 with target towards 746. Second target near 749. Put stop loss near 737.

**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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