

■ MAIZE

■ August 24, 2007

Domestic Market Recap

Thursday's Maize spot prices traded steady in the domestic markets on a normal demand-supply situation. Bihar maize in Delhi mandis traded steady at Rs.850/qrtl on increased arrivals against good physical demand. The maize (loose) prices at Nughachia, Bihar traded up at Rs.725-730/qrtl against tight supply as heavy floods created logistic problems whereas Ahmedabad poultry feed mills traded down at Rs.820-825/qrtl against the healthy arrivals. Good demand surged the prices at Nizamabad (Bilty) and Davangere (Bilty) and quoted at Rs.700/qrtl and Rs.695-700/qrtl respectively. The maize prices quoted firm at Kolkata as supply was tightened from Bihar. During Thursday's trade, the arrival of maize (Bihar) slightly increased and stood around 3 motors while hybrid maize arrivals from U.P. stood steady around 6-7 and prices quoted at Rs.800/qrtl, remained unchanged. The traders estimate that the corn output is going to be larger this year compared to last year's and may touch 12.5 million tonnes. Flood in Bihar kept the prices steady to slightly up in south as importing countries started dealing with the later. In USA, the corn production in 2007 is forecast at 13.1 billion bushels, 2.5 billion above from 2006. Bazara continued to rule firm in various Delhi mandis.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		23.08.07	22.08.07		
Delhi (ex-godown)	Red Maize Bihar	850	850	-	3 motors
Nizamabad (Bilty)	Red Maize	700	685-690	+10	
Davangere (Bilty)	Red Maize	695-700	685-690	+10	
Naugachia, Bihar (Loose)	Red Maize	725-730	725	+5	100 bags
Ahmedabad	Poultry feed mills	820-825	840	-15	4000 bags
Ahmedabad	Starch	780-800	800	-	
Pune	Starch Quality	780	780	-	600 bags
Pune	Sangli truck Bilty	750	750	-	

International Futures Quotes (as of August 22, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	338.00	348.00	337.25	347.50	+9.00
December 2007	354.00	365.00	354.00	364.25	+9.25
March 2008	370.00	379.50	369.25	379.00	+9.00

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

CBOT corn futures settled up Wednesday. December Corn finished up 9.25 cents at \$364.25 per bushel; this was .75 off the high and 6.5 up from the low. September Corn closed up 9 cents at \$347.5 per bushel. This was 7 up from the low and .5 off the high. CBOT corn future traded strong as the news of the flood damaged crops in upper Midwest and the poor conditions for crop growing in southern Midwest combined with good demand from Europe. The new contract highs in wheat and surging meal futures further imparted bullishness and closed near the day's high. Healthy gains in the stock market and the strength of the other commodity market helped the upward movement of the price. Taiwan cancelled a tender to buy around 29,000 tonnes of US corn due to high prices whereas Philippines floated tenders to buy near about 80,000 tonnes of crop. The traders expect increase in quantity of corn sale this week.

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FUTURES MARKETS:

Maize futures at NCDEX traded firm Thursday. The most active September contract traded up and tested a high of Rs.745/qlt on the increased buying interest at lower level. The prices settled higher with the high of 1.92 from the previous close. The contract opened higher at Rs.733/qlt against the previous close of Rs.730/qlt and traded in the range of Rs.733-745/qlt. The Volumes increased significantly while Open Interests have declined slightly.

PRICE DRIVERS:**Bullish:**

- Increasing growth of poultry industries
- Lower stocks in exchange warehouse
- Floods in Bihar has encouraged south markets to export of Maize to bordering countries

Bearish:

- Expected larger crops than the last year
- Acreage under kharif maize crops up at 7.14 million hectares so far as on 17.08.07 as against 6.77 million hectares year ago period
- Outbreak of bird flu in India has reduced the maize demand

TECHNICALS:

A long bullish candlestick has been formed showing bulls taking control of the market. Prices closed above the short term and medium term EMAs showing some buying interest. MACD is moving up in the negative region. Stochastic has started upward movement from the oversold region while RSI is moving up in the positive territory showing firmness in the market. The market is likely to trade firm following a steady to slightly firm opening.

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

Month	S2	S1	PCP	R1	R2
September	737	740	744	755	757

RECOMMENDATION:

BUY NCDEX - September above 745 with target 750, then 752. Put stop loss near 742.

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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