

■ MAIZE

■ August 23, 2007

Domestic Market Recap

Wednesday's Maize spot prices traded steady in the domestic markets on a normal demand-supply situation. Bihar maize in Delhi mandis traded up at Rs.850/qrtl on tight supply from Bihar due to floods against good demand. The maize (loose) prices at Nughachia, Bihar traded steady at Rs.725/qrtl whereas Nizamabad (Bilty) and Davangere (Bilty) traded down at Rs.685-690/qrtl each against the increased arrivals. Ahmedabad poultry feed mills as well as starch quoted steady as increased arrivals meet the growing demand while the prices at Kolkota was down against a subdued demand. Although hybrid maize arrivals from U.P. have been steady and stood around 6-7 motors but prices climbed up at Rs.800/qrtl on increased demands. The traders estimate that the corn output is going to be larger this year than the last year and may be stood around 12.5 million tonnes. Due to flood in Bihar, importing countries have looked into the south markets, which kept the prices steady despite increased arrivals. 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
		22.08.07	21.08.07		
Delhi (ex-godown)	Red Maize Bihar	850	835	+15	2 motors
Nizamabad (Bilty)	Red Maize	685-690	700	-10	
Davangere (Bilty)	Red Maize	685-690	700	-10	
Naugachia, Bihar (Loose)	Red Maize	725	725	-	100 bags
Ahmedabad	Poultry feed mills	840	840	-	3000 bags
Ahmedabad	Starch	800	800	-	
Pune	Starch Quality	780	780	-	200 bags
Pune	Sangli truck Bilty	750	750	-	

International Futures Quotes (as of August 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	329.75	340.75	329.75	338.50	+6.75
December 2007	347.00	357.50	346.75	355.00	+6.25
March 2008	363.00	372.50	362.25	370.00	+6.00

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

CBOT corn futures settled up Tuesday. December Corn finished up 6.25 cents at \$355 per bushel; this was 2.25 off the high and 7.5 up from the low. September Corn closed up 6.75 cents at \$338 per bushel. This was 6.75 up from the low and 1.75 off the high. Although the corn prices opened weak but closed higher in the face of more rain forecast and improving crop conditions might point to the demand for the speculative buying activity on Tuesday. The solid export demand further imparted bullishness in the market sentiment. Iran bought 120,000 tonnes of corn from the US traders. The U.S. traders also sold the same amount of corn to the unknown destinations. The weekly report showed that 58% of the crop was in good to excellent condition compared to 56% last week and 58% last year. ZAMBIA is likely to supply maize to all Southern African Development Community (SADC) countries with food deficits.

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FUTURES MARKETS:

Maize futures at NCDEX traded firm following a weak opening. The most active September contract initially traded down testing a low of Rs.525/qlt. However, prices recovered thereafter on good buying interest at lower level and finally settled in the positive territory at Rs.731.5/qlt with the high of .4 from the previous close. The contract opens lower at Rs.726/qlt and traded in the range of Rs.725-733.5/qlt. The Volumes down significantly while Open Interests have increased marginally.

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:

Candlestick pattern shows the return of bulls. Prices closed below the short term and medium term EMAs showing some selling pressure. MACD is moving flat in the negative region. Stochastic is further dipping into the oversold region while RSI is moving up from the oversold region showing recovery indication. The market is likely to trade firm following a steady to weak opening.

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

Month	S2	S1	PCP	R1	R2
September	726	724	731.5	739	741

RECOMMENDATION:

SELL NCDEX - September below 734 with target towards 728. 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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