

■ MAIZE

■ August 14, 2007

Domestic Market Recap

Maize sentiments improve somewhat in major domestic markets on some demand from poultry industries. 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. However, presently the demand is lower following the bird flu news in north eastern India. The Bihar maize traded flat at Rs.815/qrtl in Delhi mandis amidst lower arrivals of 3 motors from Bihar. Maize traded up in Ahmedabad mandis on good demand from poultry sector. The arrivals remained around 5000 bags mainly from Maharashtra and Karnataka. Kharif maize production is likely to be higher this year. 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. On August 10, stocks in NCDEX warehouses remained at 685 MT as compared to last week's stock of 694 MT.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		13.08.07	11.08.07		
Delhi (ex-godown)	Red Maize Bihar	815	815	-	3 motors
Nizamabad (Bilty)	Red Maize	735	730	+5	
Davangere (Bilty)	Red Maize	730	725	+5	
Naugachia, Bihar (Loose)	Red Maize	690	680	+10	400 bags
Ahmedabad	Poultry feed mills	825	805	+20	5000 bags
Ahmedabad	Starch	825	800	+25	
Pune	Starch Quality	800	790	+10	
Pune	Sangli truck Bilty	760	770	-10	

International Futures Quotes (as of August 10, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	333.00	337.00	324.75	333.00	+0.75
December 2007	346.00	353.50	341.25	350.50	+1.75
March 2008	361.00	368.50	356.50	365.75	+1.25

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

CBOT corn settled up Friday. December Corn finished up 1.75 cent at \$3.505 per bushel; this was 3 off the high and 9.25 up from the low. September Corn closed up 0.75 cents at \$3.33 per bushel. This was 8.25 up from the low and 4 off the high. Tightening world supply, better than expected demand numbers for the world report and ideas that the corn market will need to move higher in order to hold on to planted acres for next year were seen as supportive factors. The USDA pegged corn production at 13.054 billion bushels as compared with the average trade estimate at 12.886 billion bushels (range 12.64-13.2) and compared with the July USDA estimate of 12.84 billion bushels. US ending stocks for the 2007/2008 season were adjusted to 1.516 billion bushels from trade expectations at 1.463 billion bushels.

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FUTURES MARKETS:

Maize futures at NCDEX traded marginally up following a steady to weak 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/qtl. and traded in the range of Rs.741-744/qtl. Finally, the contract settled in blue at Rs.744/qtl. The Volumes as well as Open Interest have increased 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 in the chart, indicating bulls recovered the market at lower level. This is bottom reversal indicator when confirmed with a bullish engulfing pattern. However, the EMAs remain medium-term bearish. MACD and RSI are indecisive. Stochastic is showing signs of emerging from oversold condition. The market is likely to trade bullish following a steady to firm opening.

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

Month	S2	S1	PCP	R1	R2
September	737	739	744	751	754

RECOMMENDATION:

BUY NCDEX - September above 743 with target towards 748. Second target near 750. Put stop loss near 740.

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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