

■ MAIZE

■ Dec. 18, 2007

Domestic Market Recap

On Monday, maize domestic spot prices mostly traded range bound at Saturday's level to slightly firmed up on good overseas and domestic poultry industries demand amidst steady supply. Higher soy meal prices and the increasing demand for the Indian poultry further supported the maize market as feed industries eyeing more for maize. As per the Poultry Federation of India, the per capita consumption of chicken in India is about 2.1 kg and is growing by 0.5% per year. As per the IGC, the increase in consumption from bio fuel sector, with the amount of corn/maize used to produce ethanol set to reach 100 million tonnes, an increase of 44% from the last year. But Naugachia (Bihar) loose basis and Kolkata Mill quality prices dipped on subdued offtake from the millers despite restricted arrivals. As per traders, maize sowing is progressing well in Bihar and the growth of crop is remarkable due to good weather. Soil was more fertile compared to last year due to flood this year. Good domestic and overseas demand outpaced the harvesting pressure. Harvesting is almost completed in AP, Karnataka and nearing for completion in Maharashtra. Nizamabad and Davangere wagon bilty traded steady to better on good overseas demand against steady to restricted arrivals. On a normal demand-supply situation, Delhi red maize and hybrid (UP) maize traded steady against the steady supply. Good demand from the feed industries also boosted the Bajra prices and Bajra in Delhi quoted at Rs.625 from last week's level of Rs.615-620/qty despite improved arrivals.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals
		17.12.07	15.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	805	800-805	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	740-747	735-745	+2	1200 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-720	715-720	-	30 000 qtls
Naugachia, Bihar (Loose)	Red Maize	710-715	720-725	-10	4 motors
Ahmedabad	Poultry feed mills	790	785-790	-	20 000 qtls
Ahmedabad	Starch	800	780-790	+10	
Pune	Starch Quality	740	740	-	25 000 qtls
Pune	Sangli truck Bilty	660	660	-	

International Futures Quotes (as of December 14, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
March 2008	434.25	440.00	433.00	438.25	+3.25
May 2008	444.75	450.50	444.00	449.25	+3.25
July 2008	452.00	457.75	451.00	456.50	+3.50

International Market Recap

CBOT Corn Futures Settled Higher

CBOT corn futures closed marginally higher on Friday. March corn opened marginally higher and made a new high. Trade was mostly quiet for the whole day and market traded just under the new high. Prices firmed late to put in a new high close near the highs of the day. The World Health Organization confirmed the first case of human Bird Flu in Myanmar on Friday. Informa released its projected corn plantings for 2008 at 87.4 million acres against the plantation of 93.6 million last year. If farmers stick to this number, this shows farmers are reluctant to plant the extra acre they had planted last year. The continuous strong buying at this level will be bullish factor for the corn futures. Japan bought 158,496 tonnes of US corn. Zambia sold 150,000 tonnes of corn to an unknown African customer. Zambia has exported 450,000 tonnes of corn so far this year. South Africa also committed not include corn for ethanol production. South Africa took this action after local corn producers complained about the ethanol production, which creates corn shortage for feed users and creates rising price. Basis levels at the Gulf were steady for December delivery to mostly lower for deferred.

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FUTURES MARKETS:

Maize January futures at NCDEX settled lower on Monday. Maize futures opened unchanged at Rs.755.00 against the previous close of Rs.755.00/qrtl and prices traded up on increased buying interest and tested the high of Rs.756.50 but could not sustain due to increased selling pressure at higher level and prices traded down the tested the low of Rs.747.00. The most active January contract traded in the range of Rs.747.00-756.50/qrtl. In January contract, volume increased marginally and open interest decreased marginally. February 08 contract traded in the range of Rs.766.50-776.50.

PRICE DRIVERS:**Bullish:**

- Good Export Demand
- Estimated Poultry Industry Consumption around 8.21 MT
- Good demand from Ethanol Industries
- Higher Soy meal prices
- Per capita Chicken Consumption growth is growing by 0.5 per cent

Bearish:

- Higher Rabi Maize acreage at 7.77 Lakh Hectares vrs last year's 6.96
- Dry Climate over the maize growing areas

TECHNICALS:

Candlestick chart pattern shows weaknesses in prices. However, prices closed below the 9 and 18-days EMA indicate medium-term weakness in prices. MACD is attempting for bearish cross over in negative region. RSI is dipping in the neutral region and Stochastic is flatter in the neutral region. Maize is likely to trade range bound with weak bias with steady opening.

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

Month	S2	S1	PCP	R1	R2
January	725	734	749.5	764	774

RECOMMENDATION:

SELL NCDEX - January below 753 with target 747, then 745. Put stop loss near 756.

Do not carry forward the position until the next day.

Weather Impact Analysis

Mainly dry climate over southern region which will favour harvesting as well as arrival.

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