

■ MAIZE

■ Dec. 07, 2007

Domestic Market Recap

During Thursday's trade, domestic maize spot prices mostly traded steady at Wednesday's price level on good domestic and overseas demand amidst improved arrivals. But Pune starch quality and Sangli truck bilty prices dipped as healthy arrival outpaced normal demand. Steady procurement by the starch and poultry industries along with the steady buying by the exporters supported the maize prices despite favourable climate over southern region, which helps smooth harvesting and arrival. Procurement by the govt. agencies has been slowed down, as farmers are unwilling to sell at Rs.620/qtl price level. Due to good export demand as well as higher soy meal prices, maize farmers are expecting further rise in prices. Buying by the stockists also slowed down as they believe prices will go down due to bumper kharif production as well as expected steady rabi production. Kolkata mill quality traded down on steady demand against healthy supply from south. Both Davangere and Nizamabad wagon bilty prices remained unchanged on good demand against the slightly improved arrival of 50 000 and 12 00 qtls. In Delhi, Bajra prices quoted higher Rs.640/qtl on good demand. In short term, maize prices may dip slightly on healthy supply against normal demand.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		06.12.07	05.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	790	790	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	730	730	-	1200 qtls
Davengere Wagon (Bilty)	Red Maize (New)	710	710	-	50 000 qtls
Naugachia, Bihar (Loose)	Red Maize	740	740	-	3 motors
Ahmedabad	Poultry feed mills	775-780	780	-	12 000 qtls
Ahmedabad	Starch	775	775	-	
Pune	Starch Quality	740-745	750	-5	25 000 qtls
Pune	Sangli truck Bilty	650	655	-5	

International Futures Quotes (as of December 05, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	396.00	396.00	390.75	394.00	-
March 2008	412.50	413.00	408.25	411.25	-
May 2008	423.00	423.50	419.00	422.25	+0.5

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

CBOT corn futures settled unchanged on Wednesday. March Corn finished unchanged at \$411.25 per bushel; this was 1.75 cent off the high and 3 cent up from the low. December Corn closed down 1.75 cent at \$435.75 per bushel. This was 1.5 up from the low and 3 off to the high. CBOT corn futures opened moderately higher and traded on both sides but settled at previous day's close. In the early sessions, corn gained form the new rally of soybean but could not sustained on the lack of any export sales and weak crude oil prices. After successive rallies, corn failed as farmers started heavy selling and the export pipeline is full of corn. Deliveries against the December contract were heavy again Wednesday at 2,267 contracts. The Senate may move forward on the farm bill this year after all if Senator Reid can successfully force cloture of further debate on amendments. Traders continue to talk about the likelihood that index funds will increase the proportion of corn in their position formulas.

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FUTURES MARKETS:

Maize January futures at NCDEX settled down on Thursday. Maize futures opened weak at Rs.744.50 against the previous close of Rs.747.50/mtl and traded up on increased buying interest at lower level and tested the high of Rs.746.50. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.734.00. Prices settled down Rs.734.00, down of Rs.13.50 from the previous close of Rs.747.50. The most active January contract traded in the range of Rs.734.00-746.50/mtl. In January contract, volume increased substantially and open interest decreased marginally. December 07 contract traded in the range of Rs.720.50-736.00.

PRICE DRIVERS:

Bullish:

- Lower Rabi acreage
- Higher Soy Meal prices

Bearish:

- Healthy Fresh Arrivals
- Estimated Production 13.07 MT

TECHNICALS:

A long dark candlestick has formed in the chart shows weaknesses in prices. Prices closed well below the 9 and 18-days EMA indicate medium-term weaknesses in prices. MACD is dipping in the negative region. Stochastic as well as RSI is dipping in the oversold region, which shows market may bounce back. Maize is likely to trade range bound with weak bias with some late upward movement.

NCDEX Maize January Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
January	713	722	734	747	755

RECOMMENDATION:

SELL NCDEX - January below 736 with target 730, then 728. Put stop loss near 739.

Do not carry forward the position until the next day.

Weather Impact Analysis

Dry weather forecast over southern Peninsula, which will favour smooth harvesting and supply.

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