

■ MAIZE

■ Dec. 08, 2007

Domestic Market Recap

During Friday's trade, in various major domestic mandis, maize spot prices mostly traded unchanged at Thursday's level on good domestic demand amidst improved arrivals. However, Naugachia (Bihar) loose basis and Pune starch quality traded down on subdued demand against the improved arrival of 4 motors and 30 000 qtls respectively. 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. Both Nizamabad and Davangere wagon bilty traded steady on good overseas and domestic demand despite improved arrivals. Delhi red maize and hybrid (UP) maize traded range bound on routine buying from starch and poultry industries against steady supply. The higher soy meal prices also supported the maize prices as feeders shifted from soy meal to maize due to latter's lower price. In AP, harvesting is almost completed and progressing well in other southern region. Although maize rabi acreage is lagging compared to last year's, but still farmers are optimistic of a good crop. Stockists are hesitant to buy at present price level because they are anticipating price down in near future when new crop full-fledgedly start coming to market. In short term, maize prices may dip slightly on healthy supply against normal demand.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals
		07.12.07	06.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	790	790	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	730	730	-	1500 qtls
Davengere Wagon (Bilty)	Red Maize (New)	710	710	-	50 000 qtls
Naugachia, Bihar (Loose)	Red Maize	730-735	740	-5	4 motors
Ahmedabad	Poultry feed mills	770-780	775-780	-	15 000 qtls
Ahmedabad	Starch	780	775	+5	
Pune	Starch Quality	725	740-745	-20	30 000 qtls
Pune	Sangli truck Bilty	660	650	+10	

International Futures Quotes (as of December 06, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	393.50	395.50	391.00	394.75	+0.75
March 2008	409.50	413.00	408.00	412.00	+0.75
May 2008	421.00	423.50	419.00	422.50	+0.25

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

CBOT corn futures settled moderately higher on Thursday. March Corn finished up .75 cents at \$412.00 per bushel; this was 1 cent off the high and 3.25 cent up from the low. December Corn closed up .75 cent at \$436.50 per bushel. This was 2.75 up from the low and .75 off to the high. CBOT corn futures opened in a weaker note and continued trading at lower side due to sharper weak outside market. But gradually recovered and settled higher with the support from energy markets. A later factor may have been the report that EU corn import licenses rose 212,000 tonnes in the week ending Dec 4th to a total of 7.0 million tonnes for the year. The total is up from only 2.2 millions at the same point last year due to the sharp drop in EU cereal production this year. Weekly US export sales for corn came in at 1,059,000 metric tons. This was below the low end of the range of trade estimates of 1,100,000-1,500,000. Cumulative sales have reached 59.4% of the USDA forecast as compared to 42.7% on average over the last five years.

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FUTURES MARKETS:

Maize January futures at NCDEX settled higher on Friday. Maize futures opened weak at Rs.731.00 against the previous close of Rs.735.50/qtl. Contract then traded up on increased buying interest at lower level and tested the high of Rs.747.00. Prices settled up at its highs Rs.747.00, up of Rs.11.50 from the previous close of Rs.735.50. The most active January contract traded in the range of Rs.731.00-747.00/qtl. In January contract, volume increased substantially and open interest increased marginally. December 07 contract traded in the range of Rs.720.50-730.00.

PRICE DRIVERS:**Bullish:**

- Lower Rabi acreage
- Higher Soy Meal prices

Bearish:

- Healthy Fresh Arrivals
- Lower buying by the stockists

TECHNICALS:

A long hollow candlestick has formed in the chart shows firmness in prices. However, prices closed well below the 9 and 18-days EMA indicate medium-term weaknesses in prices. MACD is dipping in the negative region. RSI is moving upward in the neutral region while Stochastic has made a bullish cross over in the over sold region shows market may recover. Maize is likely to trade range bound with firm bias with some late downward movement.

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

Month	S2	S1	PCP	R1	R2
January	722	733	747	764	773

RECOMMENDATION:

BUY NCDEX - January above 745 with target 752, then 755. Put stop loss near 741.5.

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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