

■ MAIZE

■ Dec. 06, 2007

Domestic Market Recap

During Wednesday's trade, domestic maize prices dipped on lower offtake by the stockists and maize industries amid steady supply. The shortage of place for storing in ports for export along with the favourable weather, which supports smooth harvesting, further added the negative tone to the market sentiment. In major producing centres like Nizamabad and Davangere, maize wagon bilty traded down Rs.5-7 from Tuesday's level on subdued demand against tight supply of 1000 and 40-50 000 bags respectively. Delhi red maize and hybrid (UP) maize traded steady on good buying from Haryana and Punjab starch and poultry industries amid steady arrival of 2 and 4 motors respectively. As per traders, Bihar rabi maize sowing is progressing well, which is another negative factor. In Delhi, Bajra traded firm on good demand. Due to estimated higher production, stockists and suppliers are expecting declining in prices. At present, maize is ruling at level Rs.7.00/kg, Rs.0.80 higher than the MSP. Meanwhile, National Egg Co-ordination Committee appealed the govt. to regulate the maize export to maintain the domestic prices. Over three years, the cost of production for 1 kg of chicken has risen from Rs 28 to Rs 37 and that of an egg from 0.95 paise to Rs 1.55. In coming days, maize may trade range bound at lower side due to harvesting pressure.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qttl)		Change	Arrivals
		05.12.07	04.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	790	790	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	730	735	-5	1000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	710	715-717	-7	40-50 000 qtls
Naugachia, Bihar (Loose)	Red Maize	740	740	-	3 motors
Ahmedabad	Poultry feed mills	780	785	-5	12 000 qtls
Ahmedabad	Starch	775	785	-10	
Pune	Starch Quality	750	770	-20	25 000 qtls
Pune	Sangli truck Bilty	655	665-670	-15	

International Futures Quotes (as of December 04, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	388.25	395.75	385.50	394.00	+8.00
March 2008	403.50	414.00	403.50	411.25	+7.75
May 2008	413.75	424.50	413.75	421.75	+7.75

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

CBOT corn futures settled moderately higher on Tuesday. March Corn finished up 7.75 cents at \$411.25 per bushel; this was 2.5 cent off the high and 5.25 cent up from the low. December Corn closed up 6 cent at \$437.50 per bushel. This was 3.75 up from the low and 1.25 off to the high. CBOT corn futures opened moderately higher and traded up on both technical buying and spot market support. Speculative buying along with strong export demand pushed up the prices to higher level since last five months. The news of USA bill for the expansion of Ethanol industries in the energy sector helped the sellers away from the market. Mexico bought 545,084 tonnes of US corn, which was characterized as a large sale. This comes in addition to the Israeli purchase of 56,000 tonnes overnight and indications that South Korean feed makers are still in the market for corn after buying a total of 1.5 million tonnes in November. The possibility that China will eventually need to import corn in 2008 in order to continue their long term fight against inflation added the positive tone to the market sentiment. The large available supply makes this a strong possibility, especially for delivery after January 1st.

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FUTURES MARKETS:

Maize January futures at NCDEX settled down on Wednesday. Maize futures opened weak at Rs.748.00 against the previous close of Rs.749.50/ctl and traded up on increased buying interest at lower level and tested the high of Rs.750.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.741.00. Prices settled down Rs.747.00, down of Rs.2.50 from the previous close of Rs.749.50. The most active January contract traded in the range of Rs.741.00-750.00/ctl. In January contract, volume increased marginally and open interest decreased marginally. December 07 contract traded in the range of Rs.730.00-736.00.

PRICE DRIVERS:

Bullish:

- Growing Domestic Demand from Poultry industries
- Lower Rabi acreage
- Higher Soy Meal prices
- Rain forecast over maize harvesting areas may obstruct harvesting

Bearish:

- Healthy Fresh Arrivals
- Estimated Production 13.07 MT

TECHNICALS:

A doji candlestick has formed in the chart shows indecisiveness 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 is further dipping in the oversold region while RSI is moving downward in the neutral region. 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	724	735	747	765	774

RECOMMENDATION:

BUY NCDEX - January above 750 with target 757, then 759. Put stop loss near 746.5.

Do not carry forward the position until the next day.

Weather Impact Analysis

Isolated rain/thundershowers are likely over south peninsula, which may obstruct harvesting and delay the crop arrival

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