

■ MAIZE

■ Jan 01, 2008

Domestic Market Recap

During Monday's trade, maize domestic spot prices firmed up in most of the major mandis on good export as well as domestic demand amidst improved arrivals. Increasing demand from Thailand and Vietnam further propped up the southern maize prices. In Nizamabad and Davangere, wagon bilty quality quoted up in the range of Rs.5-10/qlt from its previous close of Rs.735 and Rs.715-720 on good offtake by the locals and exporters despite sustained supply. Pune starch and Sangli truck bilty traded up Rs.730-740 and Rs.680 on good export demand against the steady supply of 25 000 bags. Delhi red maize, hybrid (UP) and Ahmedabad starch quality quoted steady on normal demand-supply situation while Kolkata market witnessed good buying by the millers and exporters for the quality grain of AP and quoted in the range of Rs.840-845. However, despite the bumper kharif production and increase in acreage of rabi maize crop around 9.78 lakh hectares compared to last year's 7.41 lakh hectares as on December 28, prices remained firm on good overseas demand. As per the traders estimate, kharif maize output would be around 3 million tonnes. Stockists are reluctant to buy at present price level as they are expecting price decline in March end when new crops come to the market. Present dry weather over T Nadu favours the maize harvest after delayed nearly 10-15 days due to heavy rainfall in last two weeks. The IMD forecast of rainfall over coastal TN on January 3 onwards may damage the standing crop as well as delay in harvesting. In Delhi, Bajra prices traded lower Rs.615 on increased supply from UP and Rajasthan.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals
		31.12.07	29.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	805	805	-	3 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	735-740	735	+5	8000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	720-730	715-720	+10	40 000
Naugachia, Bihar (Loose)	Red Maize	700	695-700	-	6 motors
Ahmedabad	Poultry feed mills	810	800	+10	15 000 qtls
Ahmedabad	Starch	800-810	800-810	-	
Pune	Starch Quality	730-740	715	+25	25 000 qtls
Pune	Sangli truck Bilty	680	670	+10	

International Futures Quotes (as of December 28, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	456.00	457.00	451.75	452.00	-2.75
May 2008	467.25	468.00	463.00	463.25	-2.75
July 2008	477.00	477.50	472.50	473.00	-2.00

International Market Recap**CBOT Corn Futures Settled Lower On Friday On Technical Selling**

CBOT corn futures settled down on Friday. March Corn finished down 2.75 cents at \$452.00 per bushel; this was 5 cent off to the high and .25 cent up from the low. December Corn closed down 1.5 cents at \$473.00 per bushel. This was .5 cent up from the low and 3 off to the high. CBOT corn futures settled lower on technical corrections after making early upward movement. Corn futures settled lower ahead of the new year as traders preferred to square off before the start of the new year. The weaknesses in soybean and wheat also helped the corn market to close lower. Market also witnessed aggressive selling pressure. Weekly US export sales for corn came in at 1,484,300 metric tons, which was considered bullish by the trade but did not help the prices to move up. Cumulative corn sales have now reached 62.9% of the USDA forecast as compared to 47.7% on average over the last five years. Sales of 635,600 metric tons per week are needed to reach the USDA estimate.

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FUTURES MARKETS:

Maize January futures at NCDEX settled up on Monday. Maize futures opened firm at Rs.747.00/qtl against the previous day's close at Rs.746.50. Contract and then traded up on good buying interest at lower level and tested the high of Rs.752.00. Maize traded in a narrow range for the whole day. January contract settled up Rs.747.50, up of Rs.1.00/qtl against the previous close of Rs.746.50. The most active January contract traded in the range of Rs.747.00-752.00/qtl. In January contract, volume remained unchanged at Saturday's and open interest decreased marginally. February 08 contract traded in the range of Rs.769.00-773.00.

PRICE DRIVERS:**Bullish:**

- Estimated Poultry Industry Consumption around 8.21 MT
- Good overseas demand from Asian countries
- Higher Soy meal prices
- Per capita Chicken Consumption growth is growing by 0.5 per cent
- Rain forecast over coastal T Nadu may delay harvesting

Bearish:

- Harvesting is progressing in T Nadu
- Higher Rabi Maize acreage at 9.78 Lakh Hectares vrs last year's 7.41
- Estimated Rabi Output around 3 million tonnes
- Inferior maize Bihar maize quality

TECHNICALS:

Candlestick chart pattern shows weaknesses in prices. Prices closed below the 9 and 18-days EMA indicate medium term weaknesses in prices. MACD is dipping in the negative region. RSI is heading upward in the neutral region while Stochastic is dipping in the oversold region means some recovery is expected. Maize is likely to trade range bound with weak bias.

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

Month	S2	S1	PCP	R1	R2
January	724	731	747.5	764	772

RECOMMENDATION:

SELL NCDEX - January below 750 with target 744, then 742. Put stop loss near 753.

Do not carry forward the position until the next day.

Weather Impact Analysis

Isolated rain/thundershowers are also likely over Coastal Tamil Nadu from 3rd onwards may damage the standing maize crops as well as delay in drying up of crops.

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