

■ MAIZE

■ Dec. 05, 2007

Domestic Market Recap

During Tuesday's trade, maize domestic spot prices mostly traded steady to better on good domestic and export demand amidst healthy supply. With the news of vessels waiting for berth for maize loading in Tuticorin port for the export to the unknown destinations further supported the market sentiment. But in Nizamabad, wagon bilty prices dipped slightly on subdued demand against improved arrival. Naugachia (Bihar) loose basis and Kolkata Mill delivery quoted steady to higher on good offtake from the millers and feed industries against steady arrival. Delhi red maize and hybrid (UP) maize quoted steady on good offtake from Punjab and Haryana starch and poultry industries against the steady supply of 2 and 5 motors respectively. In Delhi, Bajra quoted up Rs.630/qrtl on good demand against tight supply. Ahmedabad poultry feed mills and starch quality traded firm on strong buying from the starch and poultry industries against tight supply from Maharashtra. Demand from poultry industry, which consumes over 60% of the total maize, is expected to go up as prices of soybean products used for cattle feed have moved up. Rabi maize crop sowing is progressing well although lagging compared to last year's, trade source. Harvesting is almost completed in AP while progressing well in other maize-growing region in south India. In short term, maize is likely to trade range bound on good export demand.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		04.12.07	03.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	790	790	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	735	740	-5	1500 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-717	715-717	-	55 000 qtls
Naugachia, Bihar (Loose)	Red Maize	740	720-735	+5	3 motors
Ahmedabad	Poultry feed mills	785	785	-	5 000 qtls
Ahmedabad	Starch	785	780	+5	
Pune	Starch Quality	770	770	-	22 000 qtls
Pune	Sangli truck Bilty	665-670	665-670	-	

International Futures Quotes (as of December 03, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	383.00	392.00	382.50	386.00	+1.50
March 2008	400.50	409.75	399.75	403.50	+2.00
May 2008	410.75	420.00	410.50	414.00	+1.00

International Market Recap

CBOT Corn Futures Settled Higher

CBOT corn futures settled moderately higher on Monday. March Corn finished up 2 cents at \$403.50 per bushel; this was 6.25 cent off the high and 3.75 cent up from the low. December Corn closed up 1 cent at \$431.50 per bushel. This was 3.5 up from the low and 3.25 off to the high. Although corn futures opened weak but closed moderately higher despite the weakness in outside markets like wheat and soybean. The market also gained with the technical buying. The recent frosts in Argentina which caused damage in corn crop served as a bullish sentiment. The export inspections total of 55.6 million bushels which was well above trade expectations of 44-48 million bushels was a positive factor for corn future. This comes on top of last week's bullish export sales figure of more than 1.8 millions tonnes. For now, export demand seems to be slightly outpacing the American farmer's desire to sell.

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FUTURES MARKETS:

Maize January futures at NCDEX settled down on Tuesday. Maize futures opened unchanged at previous day's level of Rs.754.00 and initially traded up on increased buying interest at lower level and tested the high of Rs.756.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.748.00. Prices settled down Rs.749.50, down of Rs.4.50 from the previous close of Rs.754.00. The most active January contract traded in the range of Rs.748.00-756.00/qtl. In January contract, volume increased substantially and open interest decreased marginally. December 07 contract traded in the range of Rs.735.50-740.00.

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:

Candlestick chart pattern shows weakness 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 weak bias.

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

Month	S2	S1	PCP	R1	R2
January	726	734	749.5	763	774

RECOMMENDATION:

SELL NCDEX - January below 752 with target 746, then 743. Put stop loss near 755.

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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