

■ MAIZE

■ Dec. 19, 2007

Domestic Market Recap

During Tuesday's trade, maize domestic spot prices traded mixed. In Delhi, red maize and hybrid (UP) maize traded up on good offtake from the Punjab and Haryana starch and poultry industries amidst steady supply. Both Nizamabad and Davangere wagon bilty traded at Monday's level on normal offtake from the exporters and private companies against steady supply of 1200 and 30 000 bags. Markets also witnessed good demand from Malaysia, Vietnam and Sri Lanka. News of the vessels sailing from Mumbai, Tuticorin and Kakinada port carrying maize to the unknown destinations further supported the maize domestic prices. Pune starch quality and Sangli truck bilty firmed up on good export demand against restricted arrival of 15 000 qtls. Naugachia (Bihar) loose quality prices dipped on subdued offtake against steady demand from Kolkata millers and stockists. Rabi maize sowing is progressing rapidly in Bihar and traders expect higher production this time compared to last year due to good crop condition. Kharif crop harvesting is almost nearing for completion in southern states. But the procurement by the govt. agencies has been slowed down due to higher mandi prices than MSP level of Rs.620/qlt. Dry weather forecast over the maize harvesting areas may further help in smooth harvesting as well as help in arrival. In Delhi, Bajra traded steady at Rs.625/qlt on normal demand-supply situation.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals
		18.12.07	17.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	810	805	+5	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	745-747	740-747	-	1200 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-720	715-720	-	30 000 qtls
Naugachia, Bihar (Loose)	Red Maize	705-710	710-715	-5	4 motors
Ahmedabad	Poultry feed mills	780-785	790	-5	22 000 qtls
Ahmedabad	Starch	780-790	800	-10	
Pune	Starch Quality	740-745	740	+5	15 000 qtls
Pune	Sangli truck Bilty	665	660	+5	

International Futures Quotes (as of December 17, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
March 2008	437.75	443.25	431.50	438.75	+0.50
May 2008	448.25	453.75	442.75	449.75	+0.50
July 2008	455.75	461.00	450.50	457.25	+0.75

International Market Recap

CBOT Corn Futures Settled Higher

CBOT corn futures settled mixed on Monday. March Corn finished up .5 cents at \$438.75 per bushel; this was 2.75 cent off to the high and 7.25 cent up from the low. December Corn closed unchanged at \$450.50 per bushel. This was 7.5 up from the low and .5 off to the high. CBOT corn futures opened into new 11-year high but could not sustain due to weaknesses in wheat and profit booking in corn market ahead of new year. The whole day corn traded at lower side but recovered towards the end and closed unchanged. The good weather and ahead of new year, ideas that farmers will sell their products in the present price level further added the negative tone to the market sentiment. South Korea is all set to tender for 165,000 tonnes of option origin non-GMO corn. China will scrap its 13% tax on corn, wheat, rice and soybean exports in an attempt to discourage exports and curb inflation. This can be seen in the context that China may be net importer of corn in 2008 marketing year. Export inspections this week were 46.589 million bushels, a bit higher than trade expectations at 41-45 million bushels. Traders are also afraid that corn along with soy bean and wheat is overbought and needs correction. The World Trade Organization launched an investigation on Monday into US farm subsidies. Brazil and Canada complained about US's subsidy policy as violate international trading rules.

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FUTURES MARKETS:

Maize January futures at NCDEX settled higher on Tuesday. Maize futures opened weak at Rs.748.00 against the previous close of Rs.749.50/ctl and prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.744.00. However, prices traded up thereafter on increased buying interest at lower level and tested the high of Rs.751.00 and closed at its highs. January contract settled up Rs.751.00, up of Rs.1.50/ctl against the previous close of Rs.749.50. The most active January contract traded in the range of Rs.744.00-751.00/ctl. In January contract, volume decreased marginally and open interest decreased marginally. February 08 contract traded in the range of Rs.763.50-771.00.

PRICE DRIVERS:**Bullish:**

- Good Export Demand
- Estimated Poultry Industry Consumption around 8.21 MT
- Good demand from Ethanol Industries
- Higher Soy meal prices
- Per capita Chicken Consumption growth is growing by 0.5 per cent

Bearish:

- Higher Rabi Maize acreage at 7.77 Lakh Hectares vrs last year's 6.96
- Dry Climate over the maize growing areas supports healthy arrival
- Estimated Higher Kharif Production

TECHNICALS:

The long lower shadow of the Candlestick shows buying interest at lower level. However, prices closed below the 9 and 18-days EMA indicate medium-term weakness in prices. MACD has made bearish cross over in negative region. RSI is tending upward in the neutral region and Stochastic is dipping in the neutral region. Maize is likely to trade range bound with weak bias with steady to firm opening.

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

Month	S2	S1	PCP	R1	R2
January	725	734	751	761	770

RECOMMENDATION:

SELL NCDEX - January below 752 with target 746, then 744. Put stop loss near 755.

Do not carry forward the position until the next day.

Weather Impact Analysis

Mainly dry climate over southern region which will favour harvesting, drying up crops as well as arrival.

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