

## ■ MAIZE

■ Dec. 17, 2007

**Domestic Market Recap**

During Saturday's trade, domestic maize spot prices mostly traded steady to better on good buying by the domestic poultry and starch industries along with by the exporters against slightly restricted arrivals. The arrivals was restricted in some of the major mandis due to drizzles over Karnataka, T Nadu and coastal AP further supported the maize price. Nizamabad and Davangere wagon bilty quality firmed up Rs.735-745 and Rs.715-720/ctl respectively on good offtake by the private companies and exporters against restricted daily arrivals of 1000 and 35 000 bags correspondingly. Delhi red maize and hybrid (UP) maize traded steady to up on good demand from the starch and poultry industries based in Haryana and Punjab against the steady supply of 2 and 5 motors respectively. On a routine demand-supply situation, maize prices stayed unchanged in Ahmedabad and Pune. Higher rabi maize acreage which stood around 7.77 lakh hectares as of December 14 compared to last year's 6.96 lakh hectares failed to add any bearish undertone to the market sentiment. As per the market sources, due to higher soy meal prices, feed industries looking more for maize for soy substitution, which further supported the market sentiment. In Delhi, Bajra quoted lower on increased arrival against normal demand from the feed industries. Maize harvesting is progressing steadily. In coming days, maize may trade range bound on good demand against healthy supply.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/ctl)		Change	Arrivals
		15.12.07	14.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800	+5	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	735-745	730-740	+5	1000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-720	715-717	+3	35 000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-725	715-725	-	6 motors
Ahmedabad	Poultry feed mills	785-790	780-790	-	20 000 qtls
Ahmedabad	Starch	780-790	785-790	-	
Pune	Starch Quality	740	730-740	-	25 000 qtls
Pune	Sangli truck Bilty	660	660	-	

**International Futures Quotes (as of December 14, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	434.25	440.00	433.00	438.25	+3.25
May 2008	444.75	450.50	444.00	449.25	+3.25
July 2008	452.00	457.75	451.00	456.50	+3.50

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

CBOT corn futures closed marginally higher on Friday. March corn opened marginally higher and made a new high. Trade was mostly quiet for the whole day and market traded just under the new high. Prices firmed late to put in a new high close near the highs of the day. The World Health Organization confirmed the first case of human Bird Flu in Myanmar on Friday. Informa released its projected corn plantings for 2008 at 87.4 million acres against the plantation of 93.6 million last year. If farmers stick to this number, this shows farmers are reluctant to plant the extra acre they had planted last year. The continuous strong buying at this level will be bullish factor for the corn futures. Japan bought 158,496 tonnes of US corn. Zambia sold 150,000 tonnes of corn to an unknown African customer. Zambia has exported 450,000 tonnes of corn so far this year. South Africa also committed not include corn for ethanol production. South Africa took this action after local corn producers complained about the ethanol production, which creates corn shortage for feed users and creates rising price. Basis levels at the Gulf were steady for December delivery to mostly lower for deferred.

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**FUTURES MARKETS:**

Maize January futures at NCDEX settled lower on Saturday. Maize futures opened weak at Rs.757.00 against the previous close of Rs.758.50/ql. Contract then traded down on increased selling pressure at higher level and tested the low of Rs.751.50. Prices settled down Rs.756.00, down of Rs.2.50 from the previous close of Rs.758.50. The most active January contract traded in the range of Rs.751.50-757.00/ql. In January contract, volume decreased marginally and open interest increased marginally. December 07 contract traded in the range of Rs.723.00-729.50.

**PRICE DRIVERS:****Bullish:**

- Good Export Demand
- Estimated Poultry Industry Consumption around 8.21 MT
- Wet climate over the maize harvesting areas may disrupt harvesting

**Bearish:**

- Higher Rabi Maize acreage at 7.77 Lakh Hectares vrs last year's 6.96
- Lower buying by the stockists

**TECHNICALS:**

The long lower shadow of the candlestick shows buying interest at lower level. However, prices closed above the 9 day EMA indicate short-term firmness in prices. MACD is moving up in the negative region. RSI is dipping in the neutral region and Stochastic is flatter in the neutral region. Maize is likely to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
January	731	741	757.5	772	779

**RECOMMENDATION:**

**BUY NCDEX** - January above 753 with target 760, then 762. Put stop loss near 749.5.

Do not carry forward the position until the next day.

**Weather Impact Analysis**

Isolated to scattered rainfall activity is likely over T Nadu, Kerala, Karnataka and AP may obstruct harvesting and delay in supply.

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