

## ■ MAIZE

■ Dec. 31, 2007

**Domestic Market Recap**

During Saturday's trade, maize domestic spot prices slightly dipped on normal demand from the traders and exporters against steady to slightly increased arrivals. However, Ahmedabad starch quality quoted higher on good demand against restricted daily arrivals of 12 000 bags from Friday's 15 000 bags. Delhi red maize and hybrid (UP) maize traded unchanged at yesterday's level on normal demand from Haryana and Punjab starch and poultry industries amidst restricted arrival of 8 motors from UP. In major producing states like AP and Karnataka, maize loose basis prices dipped on the absence of any supportive fresh export orders. Private companies failed to load their stocks due to unavailability of racks, sources reported in AP. Nizamabad and Davangere wagon bilty traded in the range of Rs.735 and Rs.715-720 respectively and the corresponding daily arrival stood around 7000 and 35 000 bags. Naugachia (Bihar) loose basis prices mostly traded range bound at lower side Rs.695-700 as traders from Kolkata are reluctant to buy inferior maize quality from Bihar. Kolkata maize mill quality traded steady on good poultry demand against the arrival of 5000 qtls fresh crop from AP. In Delhi, Bajra prices traded steady at Rs.618 on normal demand-supply situation. As of December 28, total coarse cereals have been sown in 64.57 lakh ha as compared to 62.96 lakh ha by this time in 2006. Most of the rabi maize crop is in vegetative and early vegetative stage. Climate favours the growth of young maize crop. Dry climate favours the harvesting in T.Nadu.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qttl)		Change	Arrivals
		29.12.07	28.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	805	800-805	-	3 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	735	740	-5	7000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-720	715-725	-5	35 000
Naugachia, Bihar (Loose)	Red Maize	695-700	695-700	-	6 motors
Ahmedabad	Poultry feed mills	800	800-810	-10	12 000 qtls
Ahmedabad	Starch	800-810	800-805	+5	
Pune	Starch Quality	715	715-720	-5	25 000 qtls
Pune	Sangli truck Bilty	670	670	-	

**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 down on Saturday. Maize futures opened weak at Rs.746.00/qlt against the previous day's close at Rs.748.00 and traded up on good buying interest at lower level and tested the high of Rs.751.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.745.50. January contract settled down Rs.746.50, down of Rs.1.50/qlt against the previous close of Rs.748.00. The most active January contract traded in the range of Rs.745.50-751.00/qlt. In January contract, volume decreased significantly and open interest increased marginally. February 08 contract traded in the range of Rs.767.50-775.50.

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

- 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:**

- Harvesting is progressing in T Nadu
- Higher Rabi Maize acreage at 7.77 Lakh Hectares vrs last year's 6.96
- Estimated Higher Kharif Production
- Dry weather over southern region favours harvesting and arrival
- 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 as well as Stochastic is dipping in the neutral region shows selling pressure in the market. 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	746	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**

Dry weather forecast over the southern region favours smooth harvesting, drying up of crops and healthy arrival.

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