

■ MAIZE

■ Dec. 20, 2007

Domestic Market Recap

During Wednesday's trade, maize domestic spot prices mostly traded steady to better on good offtake by the locals and exporters amidst slightly improved supply from the producing centres. In Nizamabad and Davangere, wagon bilty traded steady to up Rs.745-750 and Rs.720/mt on good export demand against steady daily arrival of 1200 and 30 000 qtls. The increasing demand for the poultry as well as higher soy meal prices further supported the maize price. Good overseas demand particularly from Malaysia, Thailand, Sri Lanka and Vietnam added the positive tone despite bumper kharif maize production as well as higher rabi acreage compared to last year. Rain forecast over the southern region, particularly over T Nadu, Kerla, AP may delay the crop arrival as well as delay in drying up of new crops. Stockists are not interested to buy at the present price level in anticipation of price decline in future. In Delhi, red maize and hybrid (UP) traded unchanged on good offtake from the Punjab and Haryana starch and poultry industries amidst steady supply. Ahmedabad poultry feed mills quality firmed up on good demand from the feed industries while starch quality dipped on lower offtake amidst steady supply from Maharashtra and Rajasthan. Both Naugachia (Bihar) loose basis and Kolkata Mill quality traded at lower side on lower demand from the millers despite steady supply. In Delhi, Bajra price quoted up Rs.635/mt on good feed industries demand. Good demand from the ethanol manufactures keeps the maize price move steady to better, traders reported.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/mt) | | Change | Arrivals |
|--------------------------|-----------------------|----------------|----------|--------|-------------|
| | | 19.12.07 | 18.12.07 | | |
| Delhi (ex-godown) | Red Maize (Atta Qlty) | 810 | 810 | - | 2 motors |
| Nizamabad Wagon (Bilty) | Red Maize (New) | 745-750 | 745-747 | +3 | 1200 qtls |
| Davengere Wagon (Bilty) | Red Maize (New) | 720 | 715-720 | - | 30 000 qtls |
| Naugachia, Bihar (Loose) | Red Maize | 705-710 | 705-710 | - | 2 motors |
| Ahmedabad | Poultry feed mills | 780-790 | 780-785 | +5 | 22 000 qtls |
| Ahmedabad | Starch | 780-785 | 780-790 | -5 | |
| Pune | Starch Quality | 740-745 | 740-745 | - | 18 000 qtls |
| Pune | Sangli truck Bilty | 665 | 665 | - | |

International Futures Quotes (as of December 18, 2007)

CBOT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| March 2008 | 438.00 | 438.50 | 431.25 | 432.00 | -6.75 |
| May 2008 | 449.00 | 449.25 | 442.00 | 442.75 | -7.00 |
| July 2008 | 456.50 | 457.50 | 450.00 | 450.25 | -7.00 |

International Market Recap

CBOT Corn Futures Settled Moderately Lower On Tuesday

CBOT corn futures settled lower on Tuesday. March Corn finished down 6.75 cents at \$432.00 per bushel; this was 4 cent off to the high and .75 cent up from the low. December Corn closed down 2.25 cents at \$448.25 per bushel. This was 4.25 cent up from the low and .75 off to the high. CBOT corn futures settled lower as market lacked any fresh bullish news as well as the continuation of profit booking. After continuous rallies, market closed at its lows and the volume was moderate. Cash market were mostly steady during the trading session and farmers started selling on the eve of new year as well as on higher prices and good demand from the exporters. South Korea cancelled the tender of 165,000 tonnes of non-GMO corn on ideas that prices will go down from the recent highs. Fund buying has been a major supportive factor in the corn rally. Reports also indicated that funds are to increase the amount of money that is distributed on soft commodities such as coffee, cocoa and sugar, which have lagged wheat and corn prices in recent months. Traders are also expecting the continuation of fund buying in corn.

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FUTURES MARKETS:

Maize January futures at NCDEX settled lower on Wednesday. Maize futures opened weak at Rs.749.00 against the previous close of Rs.750.50/ql and prices traded up thereafter on increased buying interest at lower level and tested the high of Rs.754.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.748.00. January contract settled down Rs.750.00, down of Rs.0.50/ql against the previous close of Rs.750.50. The most active January contract traded in the range of Rs.748.00-754.00/ql. In January contract, volume decreased substantially and open interest increased marginally. February 08 contract traded in the range of Rs.767.50-774.00.

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
- Rain forecast over South may create logistic problems

Bearish:

- Higher Rabi Maize acreage at 7.77 Lakh Hectares vrs last year's 6.96
- Estimated Higher Kharif Production

TECHNICALS:

Candlestick chart pattern shows selling pressure at higher level with mild recovery. However, prices closed below the 9 and 18-days EMA indicate medium-term weakness in prices. MACD is dipping in negative region. Both RSI 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 | 750 | 761 | 770 |

RECOMMENDATION:

SELL NCDEX - January below 751 with target 745, then 743. Put stop loss near 754.

Do not carry forward the position until the next day.

Weather Impact Analysis

Scattered heavy to very heavy rainfall is likely over Kerala and Tamil Nadu and Isolated heavy rainfall over south Coastal Andhra Pradesh and South Interior Karnataka during next 24 hrs may delay the crop arrival and drying up of crops.

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