

■ MAIZE

■ Dec. 12, 2007

Domestic Market Recap

During Tuesday's trade, domestic maize spot prices mostly traded steady to better on increased offtake amidst slightly lower arrivals as farmers preferred to sell cotton then maize due to farmers' good price. The higher soy meal prices forced the feed industries to shift to maize which further added the positive tone. Markets also witnessed increasing buying by the poultry industries due to growing demand for the poultry. Nizamabad and Davangere wagon bilty traded steady to up on good domestic and export demand against restricted arrivals. However, on a lower offtake from the maize industries, Kolkata mill delivery prices quoted lower despite steady supply from Bihar and AP. Delhi red maize and Hybrid (UP) quality traded better Rs.795 and Rs.760/qrtl on good demand from Punjab and Haryana starch and poultry industries against steady supply. On increased offtake, Bajra ruled higher at Rs.625/qrtl in Delhi mandi. Although maize procurement by the govt. agencies has been slowed down due to lower price at Rs.620/qrtl, but private agencies like Ambuja and Kargil are aggressively buying at higher price. Exporters are also busy in procuring maize from the farmers to fulfil their export commitment. Despite scattered rainfall forecast, harvest process is progressing well. Ahmedabad starch quality traded up on good demand from the starch industries against the steady arrival of 15 000 qtls from Maharashtra and Rajasthan. Rabi maize sowing is progressing well in Bihar.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		11.12.07	10.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	795	790	+5	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	725-730	725	+5	1000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715	710-715	-	40 000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-725	725	-	4 motors
Ahmedabad	Poultry feed mills	780	780	-	16 000 qtls
Ahmedabad	Starch	785-790	775-790	-	
Pune	Starch Quality	730	730	-	25 000 qtls
Pune	Sangli truck Bilty	650-660	660	-	

International Futures Quotes (as of December 10, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	399.50	402.25	398.25	400.50	+1.00
March 2008	415.75	419.75	414.50	417.75	+0.50
May 2008	426.75	430.00	425.00	428.00	+0.25

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

CBOT corn futures settled mixed on Monday. March Corn finished up .5 cents at \$417.75 per bushel; this was 1.75 cent off the high and 2.25 cent up from the low. December Corn closed down .75 cent at \$439.75 per bushel. This was 1.75 up from the low and 2 off to the high. CBOT March corn futures opened higher and made another new high and most of the session followed the rally of soy bean. However, December contract settled at lower side on lack of good buying and absence of any good export news. Export inspections which came in at 38.426 million bushels, well below trade estimates of 48-54 million bushels added the negative tone to the market sentiment. Deliveries against the December contract were again fairly heavy at 2,245 contracts. Trade expectations for ending stocks on Tuesday's Supply/Demand Report are at 1.750 to 2.085 billion bushels with an average estimate of 1.888. US ethanol capacity has risen approximately 35% since January 1st to nearly 7.3 billion gallons per year. But traders expect that good demand will come from the ethanol industries.

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FUTURES MARKETS:

Maize January futures at NCDEX settled lower on Tuesday. Maize futures opened weak at Rs.758.50 against the previous close of Rs.762.00/ctl and traded up on increased buying interest at lower level and tested the high of Rs.764.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.751.00. Prices settled down Rs.753.00, down of Rs.9.00 from the previous close of Rs.762.00. The most active January contract traded in the range of Rs.751.00-764.00/ctl. In January contract, volume decreased significantly and open interest increased marginally. December 07 contract traded in the range of Rs.730.50-740.00.

PRICE DRIVERS:**Bullish:**

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

Bearish:

- Healthy Fresh Arrivals
- Lower buying by the stockists

TECHNICALS:

A dark candlestick has been formed in the chart shows weaknesses in prices. Prices closed below the 9 and 18-days EMA indicate medium-term weaknesses in prices. MACD is moving up in the negative region. RSI is dipping in the neutral region. Stochastic is moving upward in the neutral region indicate market firmness. Maize is likely to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
January	732	741	753	773	779

RECOMMENDATION:

BUY NCDEX - January above 754 with target 760, then 763. Put stop loss near 751.

Do not carry forward the position until the next day.

Weather Impact Analysis

Isolated to scattered rainfall activity is likely over extreme south peninsula may obstruct harvesting and delay in supply.

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