

## ■ MAIZE

■ Dec. 28, 2007

## Domestic Market Recap

During Thursday's trade, maize domestic spot prices mostly traded mixed. Dry weather forecast over the southern region which favours smooth harvesting and drying up of crops added the negative tone to the market sentiment. Prices in Delhi red maize and hybrid (UP) maize dipped on restricted offtake by the Punjab and Haryana starch and poultry industries against steady to slightly improved arrival of 10 motors. Maize wagon bilty prices in Nizamabad traded range bound at lower side on increased supply against steady demand. However, Ahmedabad feed mill quality, Davangere wagon bilty and Pune starch quality firmed up on growing overseas as well as domestic demand against the steady supply. But Ahmedabad starch quality prices dipped on the absence of any substantial buyer against the normal arrival of 15 000 bags. In the eastern sector, domestic demand was sluggish due to increasing arrival of cargo with 5-20 percent damaged kernels. Thus local consumers from Kolkatta and Siliguri are buying selectively and exporters to Bangladesh are busy covering their requirements. In Delhi, Bajra prices further dipped Rs.620/qtl on improved arrival from Rajasthan and UP against the normal offtake. The present climate favours the growth of rabi maize crop in Bihar, AP and T Nadu. Traders and farmers are optimistic of increased rabi maize output from these three states due to increase in acreage compare to last year. However, despite the record kharif production, maize spot prices ruling three per cent higher compared to last year during the same period.

## Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		27.12.07	26.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800	810	-10	5 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	740	750	-10	5000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-720	715	+5	25 000
Naugachia, Bihar (Loose)	Red Maize	692-700	700	-	3 motors
Ahmedabad	Poultry feed mills	800	795	+5	15 000 qtls
Ahmedabad	Starch	800	800-820	-20	
Pune	Starch Quality	715-720	715	+5	15 000 qtls
Pune	Sangli truck Bilty	670	670	-	

## International Futures Quotes (as of December 26, 2007)

## CBOT

Contract Month	Open	High	Low	Settle	Change
March 2008	447.50	455.00	447.50	452.25	+8.25
May 2008	459.00	465.75	459.00	462.75	+8.00
July 2008	466.00	474.50	465.50	472.25	+8.75

## International Market Recap

## CBOT Corn Futures Settled Higher on Wednesday

CBOT corn futures settled moderately higher on Wednesday. March Corn finished up 8.25 cents at \$452.25 per bushel; this was 2.75 cent off to the high and 5.25 cent up from the low. December Corn closed up 7.5 cents at \$470.00 per bushel. This was 5 cent up from the low and 3 off to the high. The higher soy meal and wheat prices helped the corn futures settled higher after Christmas holiday. News of export sales further helped the corn futures to trade at higher side. Good demand from the energy sector as it was planned about 35% of maize production will be used in production of ethanol. Export inspections in corn were roughly 47 million bushels, which is a reading that leaves the US corn export pace roughly 8% above the 5 year average pace for this time of the marketing year.

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**FUTURES MARKETS:**

Maize January futures at NCDEX settled unchanged on Thursday. Maize futures opened slightly firm at Rs.754.50/qlt against the previous day's close at Rs.750.00. Contract then traded down on increased selling pressure at higher level and tested the low of Rs.749.00. January contract settled down Rs.750.00, down of Rs.0.00/qlt against the previous close of Rs.750.00. The most active January contract traded in the range of Rs.749.00-754.50/qlt. In January contract, volume decreased marginally and open interest increased marginally. February 08 contract traded in the range of Rs.770.00-777.00.

**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
- Estimated Higher Kharif Production
- Dry weather over southern region favours harvesting and arrival

**TECHNICALS:**

A dark candlestick has formed in the chart shows weaknesses in prices. Prices closed below the 9 and 18-days EMA indicate medium term weaknesses in prices. MACD has made bearish crossover 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 with steady to firm opening.

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

Month	S2	S1	PCP	R1	R2
January	724	731	750	764	772

**RECOMMENDATION:**

**SELL NCDEX** - January below 752 with target 745, then 742. Put stop loss near 755.5.

**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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