

■ MAIZE

■ Dec. 11, 2007

Domestic Market Recap

During Monday's trade, domestic maize spot prices slightly moved up on good domestic as well as overseas demand against steady supply. The news of vessels expected in Tuticorin port for the loading of 3,400 tonnes of maize for export added the positive tone. Both Nizamabad and Davangere wagon bilty traded steady to up Rs.725 and Rs.710-715 on good demand from domestic starch and poultry industries against the steady supply of 1500 and 50 000 qtls. Pushed by strong demand from poultry sector whose maize consumption needs are expected to be in the range of 8.21 million tonnes during 2008-09 season, the maize price is not anticipated to go down drastically, according to the US Grain Council India report. However, Naugachia (Bihar) loose basis prices dipped on lower offtake from the Kolkata millers against the improved arrivals. Due to favourable weather, harvesting is progressing well in Maharashtra and Karnataka and daily arrival increased from 10 000 and 40 000 to 30 000 and 60 000 qtls. Ahmedabad starch quality traded up on good demand from the starch industries against the steady arrival of 15 000 qtls from Maharashtra. On steady demand-supply situation, Delhi red maize and hybrid (UP) maize traded steady against the restricted arrival. Rabi maize sowing is progressing well in Bihar. Wet weather forecast over southern region may obstruct the harvesting and delay in supply may favour the maize prices.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qty)		Change	Arrivals
		09.12.07	08.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	790	790	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	725	725	-	1500 qtls
Davengere Wagon (Bilty)	Red Maize (New)	710-715	710-712	+3	50 000 qtls
Naugachia, Bihar (Loose)	Red Maize	725	735	-10	4 motors
Ahmedabad	Poultry feed mills	780	780	-	15 000 qtls
Ahmedabad	Starch	775-790	775-785	+5	
Pune	Starch Quality	730	730	-	25 000 qtls
Pune	Sangli truck Bilty	660	660	-	

International Futures Quotes (as of December 07, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	395.50	400.00	394.50	399.50	+4.75
March 2008	413.00	417.75	411.50	417.25	+5.25
May 2008	423.00	428.50	422.25	427.75	+5.25

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

CBOT corn futures settled moderately higher on Friday. March Corn finished up 5.25 cents at \$417.25 per bushel; this was .5 cent off the high and 5.75 cent up from the low. December Corn closed up 4 cent at \$440.50 per bushel. This was 4.5 up from the low and .5 off to the high. CBOT corn futures opened higher and traded at higher the whole day and settled at day's high. Corn futures surged on the strong outside markets particularly soy bean meal and wheat. Export demand for corn remains strong and farmers are optimistic for future good demand. Corn futures seem to be attracting fresh buying by both end users and funds. Corn also seems to have broken free from a tendency to suffer from liquidation of long corn/short wheat spreads on big rallies in wheat. Statistics Canada's release of lower estimates for 2007 grain production included a particularly sharp drop in barley to 9.573 million tonnes which was well below the lowest trade estimate of 11.5 million tonnes which shows tight stock in next year. Combined with continued increases in EU import licenses, this is very supportive to corn. Weather in Argentina is mildly supportive to corn, which would benefit from added moisture in central growing areas.

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FUTURES MARKETS:

Maize January futures at NCDEX settled higher on Monday. Maize futures opened firm at Rs.756.00 against the previous close of Rs.754.00/ctl. Contract then traded up on increased buying interest at lower level and tested the high of Rs.772.00. Prices settled up Rs.761.50, up of Rs.7.50 from the previous close of Rs.754.00. The most active January contract traded in the range of Rs.756.00-772.00/ctl. In January contract, volume decreased significantly and open interest increased substantially. December 07 contract traded in the range of Rs.738.00-748.00.

PRICE DRIVERS:**Bullish:**

- Lower Rabi acreage
- Good Export Demand
- Estimated Poultry Industry Consumption around 8.21 MT

Bearish:

- Healthy Fresh Arrivals
- Lower buying by the stockists

TECHNICALS:

The long upper shadow of the candlestick shows the selling pressure at higher level. However, prices closed above the 9 and 18-days EMA indicate medium-term firmness in prices. MACD is moving up in the negative region. Both RSI and 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	740	747	761.5	779	788

RECOMMENDATION:

BUY NCDEX - January above 760 with target 767, then 770. Put stop loss near 756.5.

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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