

■ MAIZE

■ Dec. 29, 2007

Domestic Market Recap

During Friday's trade, maize domestic spot prices mostly quoted steady to better on good offtake by locals and exporters despite sustained supply from the producing centres. In Nizamabad, maize loose basis prices traded steady at Rs.700 on normal demand-supply situation while Davangere wagon bilty quoted higher on Rs.715-725/mtl on good export demand despite the increased arrival of 35 000 qtls. Vessels are sailing at regular intervals from Chennai, Mumbai, and Kakinada and Tuticorin port carrying maize for export to the unknown destinations. As per traders, market is expecting more export demand in coming days due to conducive domestic price. There is growing import demand from Thailand, Vietnam, Korea, Philippines, the traditional buyer of Chinese corn, for Indian corn due to cheaper price compared to Argentina and USA. The traders are also experiencing growing domestic demand from the feed industries due to higher soy meal prices as well as increasing pre capita consumption of poultry. Ahmedabad starch and feed mill quality traded up on good offtake against steady supply of 15 000 bags and Pune starch quality and Sangli truck bilty quoted steady on good overseas demand despite the improved arrival of 25 000 bags from Thursday's level of 15 000 bags. Naugachia (Bihar) loose basis quoted steady to down on lower offtake from the Kolkata miller due to lower maize quality. In Bihar, AP and T.Nadu, winter maize crop sowing and growth is progressing well. Stockists opt not to buy at present price level in anticipation of price decline in March when winter crops arrive. Dry rain forecast over southern peninsula favours harvesting and healthy crop arrival. Delhi maize markets also witnessed good demand from Punjab and Haryana. In Delhi Bajra price further dipped Rs.618.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/mtl)		Change	Arrivals
		28.12.07	27.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800	+5	5 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	740	740	-	5000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	715-725	715-720	+5	35 000
Naugachia, Bihar (Loose)	Red Maize	695-700	692-700	-	4 motors
Ahmedabad	Poultry feed mills	800-810	800	+10	15 000 qtls
Ahmedabad	Starch	800-805	800	+5	
Pune	Starch Quality	715-720	715-720	-	25 000 qtls
Pune	Sangli truck Bilty	670	670	-	

International Futures Quotes (as of December 27, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	451.75	455.00	450.50	454.75	+2.50
May 2008	462.00	466.50	461.50	466.00	+3.25
July 2008	472.00	475.50	470.75	475.00	+2.75

International Market Recap**CBOT Corn Futures Settled Higher on Thursday On Fresh Buying**

CBOT corn futures settled moderately higher on Thursday. March Corn finished up 2.5 cents at \$454.75 per bushel; this was .25 cent off to the high and 4 cent up from the low. December Corn closed up 4.5 cents at \$470.50 per bushel. This was 5.75 cent up from the low and .25 off to the high. With the weaknesses from wheat and soy bean through out the day, corn prices surged towards the end of the session and settled higher on fresh buying interest from the buyers. Volume also good in corn compare to wheat and soy bean due to increased fresh buying by the buyers. All contracts made new contract highs late in the session and closed at new contract highs. Although the bad weather expectations over the south American growing areas which may be a cause for the price rise but fresh export demand further boosted the corn price, traders reported. The cash market remains strong with little evidence that the new highs are generating burdensome farmer selling as seemed to be the case in soybeans on Thursday. The battle for 2008 acres has been a one-on-one contest between corn and soybeans of late.

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FUTURES MARKETS:

Maize January futures at NCDEX settled down on Friday. Maize futures opened unchanged at Rs.749.50/qlt against the previous day's close at Rs.749.50 and traded up on buying interest at lower level and tested the high of Rs.750.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.745.00. January contract settled down Rs.748.00, down of Rs.1.50/qlt against the previous close of Rs.749.50. The most active January contract traded in the range of Rs.745.00-750.00/qlt. In January contract, volume increased significantly and open interest increased marginally. February 08 contract traded in the range of Rs.767.00-774.50.

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:

Candlestick chart pattern shows weaknesses in prices. Prices closed below the 9 and 18-days EMA indicate medium term weaknesses in prices. MACD is flatter 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	748	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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