

■ MAIZE

■ Dec. 10, 2007

Domestic Market Recap

During Saturday's trade, domestic maize spot prices mostly traded steady to better on good export and domestic demand against steady supply. The news of vessels sailing from Tuticorin and Kakinada port and the storage facility at ports helped the exporters to buy further added the positive tone. Rabi maize acreage as on December 7 stood around 6.15 compared to last year's 6.65 lakh hectares. The lower acreage was due to late sowing in Bihar due to flood in the monsoon season. However, Nizamabad wagon bilty traded down on lack of strong buying against steady supply while Davangere wagon bilty and Pune Sangli truck bilty traded steady to up on good export demand against steady supply of 50 000 and 25 000 qtls. Good buying by the domestic feed and starch industries further supported the maize sentiment. In Ahmedabad, poultry feed mills and starch quality traded steady to better on good demand against healthy supply of 15 000 qtls. Delhi red maize and hybrid (UP) maize traded steady to up on continuous good buying by Haryana and Punjab starch and poultry industries. In Delhi, on continuous healthy arrival, Bajra prices dipped further. Dry weather forecast over the maize growing areas further favours smooth harvesting and healthy arrival.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qttl)		Change	Arrivals
		08.12.07	07.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	790	790	-	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	725	730	-5	1500 qtls
Davangere Wagon (Bilty)	Red Maize (New)	710-712	710	+2	50 000 qtls
Naugachia, Bihar (Loose)	Red Maize	735	730-735	-	4 motors
Ahmedabad	Poultry feed mills	780	770-780	-	15 000 qtls
Ahmedabad	Starch	775-785	780	+5	
Pune	Starch Quality	730	725	+5	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 Saturday. Maize futures opened weak at Rs.741.50 against the previous close of Rs.746.00/ctl and traded down on selling pressure at higher level and tested the low of Rs.740.50/ctl. However, prices traded up thereafter on increased buying interest at lower level and tested the high of Rs.755.00. Prices settled up Rs.753.00, up of Rs.7.00 from the previous close of Rs.746.00. The most active January contract traded in the range of Rs.740.50-755.00/ctl. In January contract, volume decreased marginally and open interest increased marginally. December 07 contract traded in the range of Rs.725.00-736.50.

PRICE DRIVERS:

Bullish:

- Lower Rabi acreage
- Good Export Demand

Bearish:

- Healthy Fresh Arrivals
- Lower buying by the stockists
- Dry weather over Maize growing areas which favours harvesting

TECHNICALS:

A long hollow candlestick has formed in the chart shows firmness in prices. However, prices closed above the 9 day EMA indicate short-term firmness in prices. MACD is moving up in the negative region. RSI is moving upward in the neutral region while Stochastic is moving upward in the over sold region shows 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	742	753	774	780

RECOMMENDATION:

BUY NCDEX - January above 754 with target 760, then 763. Put stop loss near 751.5.

Do not carry forward the position until the next day.

Weather Impact Analysis

Dry weather forecast over southern Peninsula, which will favour smooth harvesting and supply.

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