

■ MAIZE

■ Dec. 26, 2007

Domestic Market Recap

During Monday's trade, maize domestic spot prices mostly traded steady to better on good offtake by the traders and exporters despite the steady to improved arrivals from the producing centres. Good overseas demand and aggressive buying by domestic feed industries further supported the price level. In AP, MARKFED till date was able to procure only 60,000 tonnes against the target of 6 lakh tonnes. Govt. agencies failed to procure due to higher open market prices and farmers preferred to sell to private and feed companies instead to govt. agencies. Both Nizamabad and Davangere wagon bilty prices traded steady to up at Rs.750 and Rs.720/qtl respectively on good offtake by exporters and locals against steady to slightly increased arrivals. Both Pune starch quality and Sangli truck bilty firmed up on good demand against restricted arrival of 12 000 qtls. However, Delhi red maize prices slightly dipped on increased arrivals while hybrid (UP) maize traded steady on normal demand-supply situation. The maize crop harvesting was due in T Nadu but scattered rainfall forecast may delay the harvesting and also can damage the standing crops. Rabi crop sowing and growth is progressing well in AP, Bihar, T Nadu and Karnataka. Farmers and traders are also expecting higher rabi production due to higher acreage as well as favourable climate. In Delhi, Bajra prices quoted steady Rs.625/qtl on good demand against the arrival of 22 motors from Rajasthan and UP.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		24.12.07	22.12.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	810-815	815-820	-5	2 motors
Nizamabad Wagon (Bilty)	Red Maize (New)	750	745-747	+3	2000 qtls
Davengere Wagon (Bilty)	Red Maize (New)	720	720	-	30 000 qtls
Naugachia, Bihar (Loose)	Red Maize	700	700	-	12 motors
Ahmedabad	Poultry feed mills	795	790-800	-5	20 000 qtls
Ahmedabad	Starch	800-810	790-800	+10	
Pune	Starch Quality	740	730-735	+5	12 000 qtls
Pune	Sangli truck Bilty	675	665	+10	

International Futures Quotes (as of December 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
March 2008	438.50	448.00	438.50	443.50	+6.00
May 2008	450.00	458.00	449.25	453.75	+5.75
July 2008	457.50	466.00	457.25	462.50	+6.50

International Market Recap**CBOT Corn Futures Settled Moderately Higher On Friday**

CBOT corn futures settled moderately higher on Friday. March Corn finished up 6 cents at \$443.50 per bushel; this was 4.5 cent off to the high and 5 cent up from the low. December Corn closed up 8 cents at \$462.50 per bushel. This was 7.5 cent up from the low and 4 off to the high. CBOT corn futures settled higher on aggressive buying. Fund buying and short covering for pushing up the market to new highs. Strong export demand further supported the market sentiment. Recently corn markets witnessed the entry of money. South Korea is about to buy a total of 900,000 tonnes of corn from various market during the week. Despite the high price, selling by farmers is light. Meanwhile, Florida proposed changes in state regulations that would allow greater blending of ethanol into gas supplies in the nation's third largest gasoline market. Firm crude oil prices add to growing base of ethanol demand, which further added the powerful package of long-term bullish demand factors in the corn market.

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FUTURES MARKETS:

Maize January futures at NCDEX settled lower on Monday. Maize futures opened slightly weak at Rs.757.00/qlt against the previous day's close at Rs.757.50. Contract then traded down on increased selling pressure at higher level and tested the low of Rs.751.50. January contract settled down Rs.753.00, down of Rs.4.50/qlt against the previous close of Rs.757.50. The most active January contract traded in the range of Rs.751.50-757.00/qlt. In January contract, volume decreased significantly and open interest decreased marginally. February 08 contract traded in the range of Rs.770.00-779.50.

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
- Rain forecast over T Nadu may damage the standing crops

Bearish:

- Higher Rabi Maize acreage at 7.77 Lakh Hectares vrs last year's 6.96
- Estimated Higher Kharif Production

TECHNICALS:

A dark candlestick has formed in the chart shows weaknesses in prices. However, prices closed above the 9 day EMA indicate short-term firmness in prices. MACD is flatter in the negative region. RSI is heading downward in the neutral region while Stochastic is moving up in the neutral region. Maize is likely to trade range bound with weak bias.

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

Month	S2	S1	PCP	R1	R2
January	729	735	753	768	778

RECOMMENDATION:

SELL NCDEX - January below 756 with target 750, then 748. Put stop loss near 759.

Do not carry forward the position until the next day.

Weather Impact Analysis

Scattered to isolated rainfall activity over T Nadu may damage the standing crop as well as delay the harvesting.

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