

## ■ MAIZE

■ August 28, 2007

**Domestic Market Recap**

During Monday's trade, Maize spot prices traded steady to down on restricted arrivals against lower buying. Bihar maize in Delhi mandis traded down at Rs.845/qrtl on lower offtake from the consuming units despite restricted arrivals from Bihar whereas hybrid maize trade steady at Rs.800/qrtl on a steady arrival. The maize (loose) prices at Naugachia, Bihar traded steady at Rs.725/qrtl on a subdued trading activity. The prices at Davangere slashed down on increased arrivals against a lower demand. Pune Sangli truck bilty traded steady on a steady buying where as Pune starch quality traded down on weak demand against the healthy arrivals. The maize prices at Kolkata traded down at Rs.825/qrtl with the increased from Nizamabad. During Monday's trade, in various Delhi mandis, hybrid maize arrivals from U.P. stood steady around 6-7 and arrival of Red maize Bihar declined and stood around only 1 motor. The International Grains Council said maize output in the current year is likely to be around 755 million tonnes, up 8.5 per cent on year due to higher production expected in the US. The council estimated the global maize consumption is to be around 762 million tonnes due to a sharp rise in industrial use.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		27.08.07	25.08.07		
Delhi (ex-godown)	Red Maize Bihar	840-845	845-850	-5	1 motor
Nizamabad (Bilty)	Red Maize	700-705	700	+5	
Davangere (Bilty)	Red Maize	675-680	700	-20	
Naugachia, Bihar (Loose)	Red Maize	725	725	-	50 bags
Ahmedabad	Poultry feed mills	815-820	815-820	-	5000 bags
Ahmedabad	Starch	790	790	-	
Pune	Starch Quality	750-755	750-760	-5	1000 bags
Pune	Sangli truck Bilty	730	730	-	

**International Futures Quotes (as of August 24, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	345.50	345.50	341.00	341.50	-3.75
December 2007	363.00	363.00	358.00	358.75	-3.25
March 2008	376.00	377.25	373.50	374.25	-3.00

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

CBOT corn futures settled down Friday. December Corn finished down 3.25 cents at \$358.75 per bushel; this was 3.75 off the high and .75 up from the low. September Corn closed down 3.75 cents at \$341 per bushel. This was .5 up from the low and 4 off the high. Due to late strength in soybeans, the stock market, the crude oil futures and other commodity markets could not provide support for the corn future and the market touched new lows into the close. The bearish trend of the market was also further supported by the ideas that good corn yield potential has increased due to rains for much of the northern half of the Corn Belt outpacing the news of flood that damaged the cornfield. Further, the light harvest pressure from early cutting in the southern Corn Belt added weakness in the most active December future. Professional Farmers of America on Friday estimated the 2007-08 U.S. corn crop at 13.109 billion bushels compared to USDA's estimation of 13.054 billion bushels.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded weak Monday. Initially the most active September contract traded up and tested a high of Rs.733/qtl. However, the prices traded down thereafter on increased selling pressure at higher level and tested low at Rs.716/qtl. The maize future closed at a new low. The contract opened marginally weak at Rs.732/qtl against the previous close of Rs.734/qtl and traded in the range of Rs.716-733/qtl. The Volumes increased significantly while Open Interests have declined marginally.

**PRICE DRIVERS:****Bullish:**

- Increasing growth of poultry industries
- Lower stocks in exchange warehouse
- Flood damaged 10-20 crops in Bihar

**Bearish:**

- Expected larger crops than the last year
- Acreage under kharif maize crops was up at 7.3 million hectares against 6.9 million hectares from April 1 to August 24, a year ago during the same period.
- Subdued Export activities

**TECHNICALS:**

A long dark candlestick has been formed indicating weakness in prices. Prices closed well below the short term and medium term EMAs and MACD remains bearish for medium term. Stochastic is falling in neutral region and RSI is falling deeper in neutral region. Maize is expected to trade down with possibility of steady to slightly weak opening.

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

Month	S2	S1	PCP	R1	R2
September	705	707	716	721	725

**RECOMMENDATION:**

**SELL NCDEX** - September below 715 with target 710, then 708. Put stop loss near 718.

**Do not carry forward the position until the next day.**

**Weather Impact Analysis**

While South India features normal to better rains, Monsoon is reviving in Central and North India. Eastern India is slowly recovering from floods

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