

## ■ MAIZE

■ Sept. 29, 2007

**Domestic Market Recap**

Maize spot prices during Friday's trade mostly traded steady to higher at most mandis as strong demand outpaced healthy arrivals. Amidst increased fresh arrivals, maize traded up on good overseas demand along with domestic demand from the poultry, livestock and starch industries. However, Nizamabad bilty traded down on increased daily arrivals of 18000 qtls against a poor offtake. Kolkata maize mill delivery ruled firm on good demand from the poultry industries against a tight supply. Due to recent rainfalls, supply was tightened as it created logistic problems. On a routine demand-supply situation, red maize (Bihar) grade in Delhi mandis ruled steady at Rs.790-800/qrtl while hybrid (UP) maize traded up Rs.740/qrtl on restricted daily arrivals of 10-11 motors. On good offtake, Pune Sangli truck bilty traded higher whereas Pune starch quality traded steady on a normal demand against the increased arrivals of 13000 bags. In Delhi, Bajra ruled steady at Rs.620/qrtl as supply was tightened due to rainfall over UP. World consumption is forecast at 765 million tonnes, 3 million more than in August as rising wheat and barley prices encourage animal feeders to use more maize. In coming days, fresh crop arrivals along with bumper production may pressurize the maize prices to rule at lower side.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		28.09.07	27.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	790-800	790-800	-	2 motors
Nizamabad (Bilty)	Red Maize (New)	630-640	625-650	-10	18000 qtls
Davangere (Bilty)	Red Maize (New)	635	635	-	15000 qtls
Naugachia, Bihar (Loose)	Red Maize	700-725	705-720	+5	300 bags
Ahmedabad	Poultry feed mills	815	820	-5	10-15 motors
Ahmedabad	Starch	800	800-810	-10	
Pune	Starch Quality	820	820	-	13000 bags
Pune	Sangli truck Bilty	710	700	+10	

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

Contract Month	Open	High	Low	Settle	Change
September 2007	380.50	389.50	380.00	386.75	+11.75
December 2007	395.50	404.75	395.50	402.25	+11.50
March 2008	405.00	413.00	404.50	411.25	+11.75

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

CBOT corn futures settled up Thursday. December Corn finished up 11.75 cents at \$386.75 per bushel; this was 2.75 off the high and 6.75 up from the low. March Corn closed up 11.5 cents at \$402.25 per bushel. This was 6.75 up from the low and 2.5 off the high. CBOT Thursday's corn closed moderately higher. Surging commodity and energy markets, the weak US dollar and support from soybean and wheat values helped spark the early buying and short covering to support the move to the highest level since June 22nd. News that Israel bought 120,000 tonnes of US corn and Philippines is planning to buy 70,000 tonnes of corn next week helped support a bullish demand tone. Sharp rallies in both wheat and soybeans added to the gains in corn with wheat making new all-time highs and soybeans setting new life of contract highs. Weekly export sales was at 1.699 million metric tonnes compared to trade expectations between 800,000-1.2 million. Cumulative sales have reached 35.7% of the USDA forecast for the entire season as compared to 22.1% on average over the last five years.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded weak Friday. Maize futures opened firm at Rs.721.00/qtl against the previous close of Rs.720.00/qtl and initially traded up and tested the high of Rs.724.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.716.50. Prices settled at its low at Rs.716.50, down of Rs.3.50/qtl against the previous close of Rs.720.00/qtl. The most active October contract traded in the range of Rs.716.50-724.00/qtl. In October contract, volume decreased marginally while open interest increased slightly.

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

- Growing demand from the poultry industry
- Recent rainfalls delayed harvesting
- Overseas demand

**Bearish:**

- Arrival of fresh crops in southern market
- Kharif maize acreage has increased to 74.22 lakh hectares as on September 7 as against 69.95 lakh hectares during previous year.
- World corn ending stocks came in at 105.44 million tonnes up from 100.96 million for 2006/07.
- 1st Advance Estimate of 2007-08, a record production is expected in Maize at 13.07 million tonnes, up 14.3 per cent from the 4th advance estimate of 2006-07.

**TECHNICALS:**

A dark candlestick has formed on the chart indicating weakness in prices. Prices closed above the 18 days EMA shows short-term firmness. MACD is heading down in positive region. Stochastic as well as RSI is dipping in neutral. Maize is likely to trade range bound with weak bias following steady to slightly firm opening.

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

Month	S2	S1	PCP	R1	R2
October	702	706	716.5	725	730

**RECOMMENDATION:**

**SELL NCDEX** - October below 715 with target 711, then 709. Put stop loss near 717.

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

**Weather Impact Analysis**

IMD forecast on 28<sup>th</sup> Sept., Isolated heavy rainfall is likely over East Uttar Pradesh and Bihar in next 24 hrs., which may damage the ripe crops.

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