

■ MAIZE

■ Sept. 08, 2007

Domestic Market Recap

On Friday, Maize spot prices traded steady to mostly down on steady physical demand against slightly increased supply. AP Maize in Delhi and Kolkata mandis traded steady to up while traded lower in Andhra Pradesh due to arrival of fresh crops. Nizamabad and Davangere (Bilty) traded down at Rs.685 and Rs.670/qrtl respectively while new crop traded at Rs.620/qrtl. Good demand for the poultry industries boosted the market sentiment and Ahmedabad poultry feed mills quoted up at Rs.750-760/qrtl against lower arrival of 1000 bags. Prices at Naugachia, Bihar (Loose basis) further dipped at Rs.700-705/qrtl on a subdued trading activity. Both Pune starch quality and Sangli truck bilty traded steady on a normal demand-supply situation. In Delhi mandis, AP maize quoted steady at Rs.860/qrtl and arrival stood steady around 2-3 motors and hybrid maize (U.P.) traded steady at Rs.790-795/qrtl against slightly increased supply of 7-8 motors. Both Bajra new and old quoted steady in Delhi mandis. In coming days, maize is likely to trade steady to down on a healthy fresh arrivals against a steady domestic and export demand.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		07.09.07	06.09.07		
Delhi (ex-godown)	Maize (AP)	860	860	-	2-3 motors
Nizamabad (Bilty)	Red Maize	685	715	-30	4000 bags
Davangere (Bilty)	Red Maize	670	695	-25	3000 bags
Naugachia, Bihar (Loose)	Red Maize	700-705	710	-5	300-400 bags
Ahmedabad	Poultry feed mills	750-760	750	+10	1000 bags
Ahmedabad	Starch	740	740	-	
Pune	Starch Quality	715	715	-	2000 bags
Pune	Sangli truck Bilty	670	680	-10	

International Futures Quotes (as of September 6, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	326.00	326.00	321.00	323.25	-5.50
December 2007	341.50	341.50	337.50	339.25	-6.50
March 2008	357.50	358.00	354.00	355.75	-6.00

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

CBOT corn futures settled lower Thursday. December Corn finished down 6.5 cents at \$339.25 per bushel; this was 2.25 off the high and 1.75 up from the low. March Corn closed down 6 cents at \$355.75 per bushel. This was 1.75 up from the low and 2.25 off the high. The high sell-off in wheat and the report of higher production in USA then USDA's August prediction pressurised the market and traded lower. The fund selling also supported the downward movement of the market. USDA reported a sale of 152,400 tonnes of US corn to Japan and an Israeli consortium bought 90,000 tonnes of US corn and 15,000 tonnes of US sorghum. Thursday Informa Economics estimated the US crop size at 13.323 billion bushels with a yield of 156.0 bushels per acre. A retreat from recent all-time highs established in wheat futures also added to the weak tone. Wheat was unable to continue its rally and that pressurised corn futures and settled lower.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak on Friday. The Maize futures opened weak at Rs.721.50/qlt against the previous close of Rs.723.50/qlt and initially traded down testing a low of Rs.710. However, prices recovered thereafter on increased buying interest at higher level and closed at Rs.720.50/qlt. The prices settled down at Rs.720.50, down of Rs.3.00/qlt against the previous close of Rs.723.50/qlt. The most active September contract traded in the range of Rs.710.00-721.50/qlt. In the September contract, volume increased substantially whereas open interest increased marginally.

PRICE DRIVERS:**Bullish:**

- Lower stocks in exchange warehouse
- Growing demand from the poultry industry

Bearish:

- Estimated increase production 10 per cent to 15 million tonnes
- Acreage under kharif maize crops was up at 73.52 lakh hectares against 69.20 lakh hectares from April 1 to August 31, a year ago during the same period.
- U.S. corn stocks by the end of this year may stand at 1.5 billion bushels, up from 700,000 bushels at the beginning of the year, US Grains Council.
- Corn output in Brazil stood 20% high to 51.1 Million Tonnes

TECHNICALS:

A dragonfly doji has formed in chart indicating firmness. Prices closed above the 9 days EMA indicating firmness in short-term. MACD is moving up in the negative region, which shows decrease in bearish momentum. Stochastic is moving up in the positive territory while RSI is heading down in the neutral region. Maize is expected to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
September	716	718	720.5	732	735

RECOMMENDATION:

BUY NCDEX - September above 722 with target 726, then 728. Put stop loss near 720.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 7th Sept., fairly widespread rainfall with isolated heavy to very heavy falls is likely over East Uttar Pradesh, Jharkhand, Orissa and Gangetic West Bengal during next 2-3 days.

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