

■ MAIZE

■ Sept. 05, 2007

Domestic Market Recap

During Tuesday, most of the major Maize markets were closed on the occasion of Janmastami. In Naugachia (Bihar) Loose, maize spot prices declined on the report of bad maize quality combined with subdued domestic and export demand. Export to Bangladesh has been postponed for the time being as there is some booking problem in train, traders reported. Lack of demand from Kolkata and Delhi for Bihar maize further imparted bearishness in market sentiment and traded at Rs.715-720/qtl and the arrivals stood around 300 motors. In Delhi and Kolkata, AP maize has replaced Bihar maize due to inferior Bihar maize quality. In Kolkata, maize also traded down on lower buying from the consuming units against the increased arrivals from Andhra Pradesh. In south markets, Pune starch quality traded up at Rs.745/qtl against the previous close of Rs.735/qtl on a good demand against the restricted supply while Sangli truck bilty traded steady on a normal demand-supply situation. The traders believe that maize will go down further due to the increase in production. As per the trade estimates, maize production in the country is likely to rise by 10 per cent to around 15 million tonnes due to increased acreage.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		04.09.07	03.09.07		
Delhi (ex-godown)	Red Maize Bihar	*	845-850	-	1-2 qtl
Nizamabad (Bilty)	Red Maize	*	685-690	-	300 bags
Davangere (Bilty)	Red Maize	*	640-650	-	50
Naugachia, Bihar (Loose)	Red Maize	715-720	740-745	-25	300 bags
Ahmedabad	Poultry feed mills	*	750	-	-
Ahmedabad	Starch	*	735-740	-	
Pune	Starch Quality	745	735	+10	1000 bags
Pune	Sangli truck Bilty	725	725	-	

International Futures Quotes (as of August 31, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	329.00	330.00	323.00	324.00	+1.25
December 2007	345.50	346.00	339.00	340.00	+0.25
March 2008	360.50	361.50	355.00	356.00	-

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

CBOT corn futures settled up Friday. December Corn finished up .25 cents at \$340 per bushel; this was 6 off the high and 1 up from the low. March Corn closed unchanged at \$356 per bushel. This was 1 up from the low and 5.5 off the high. CBOT maize futures opened firm with the support from wheat and with the news of rain forecast. The market also found some support from talk of possible heavy rains in the 6-10 day forecast across Iowa and northern Illinois. News that US exporters sold 180,000 tonnes of sorghum to unknown destination added to the positive tone with talk of strong world demand for feed grain. June US ethanol production measured 418,000 barrels per day, which was up from 406,000 bpd, or 3.0%, in the previous month and up from 318,000 barrels per day, or 27.67%, in the same month last year. International Grains Council's 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.

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FUTURES MARKETS:

Maize futures at NCDEX traded firm on Tuesday. The Maize futures opened weak at Rs.706.00/ctl against the previous close of Rs.709.00/ctl. Contract then traded up on good buying support at lower level and tested the high of Rs.727.00 and finally settled in the positive territory. The prices settled up at Rs.717.00, up of Rs.13.50/ctl. The most active September contract traded in the range of Rs.706.00-727.00/ctl. In the September contract, volume increased marginally whereas open interest declined marginally.

PRICE DRIVERS:**Bullish:**

- Lower stocks in exchange warehouse
- Low Quality Bihar Maize

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.
- Harvesting in US shows output may increase pre-harvesting estimation

TECHNICALS:

A hollow candlestick with long upper shadow shows some selling pressure at higher level. Prices closed above the short term and below the medium term EMAs indicating short-term gains for bulls. MACD has made bullish crossover in the negative region. Stochastic is smartly moving up from the oversold region and RSI has made an aggressive upward movement in the neutral region. Maize is expected to trade up following a steady to slightly weak opening.

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

Month	S2	S1	PCP	R1	R2
September	701	705	717	729	734

RECOMMENDATION:

BUY NCDEX - September above 715 with target 722, then 724. Put stop loss near 711.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 4th Sept., point towards Rain/thundershowers is likely at a few places over north Chhattisgarh and isolated over the rest region.

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