

■ MAIZE

■ Sept. 11, 2007

Domestic Market Recap

During Monday's trade, Maize spot prices traded a tad lower on most of the major mandis as slightly increased arrivals offset normal demand while traded higher at Ahmedabad on a good buying support. In Ahmedabad, maize poultry feed mills quoted higher at Rs.775/mtl from the previous trend of Rs.750 on growing demand from poultry industry on the back slightly decreased arrivals. Meanwhile, in Delhi mandis, Red Maize (Bihar) traded at Rs.800/mtl as buyers prefer Bihar maize ahead of AP maize due to latter's high quoted price (Rs.860/mtl). Arrival of Biah maize in Delhi mandis stood around 4-5 motors and Hybrid (UP) maize traded down at Rs.785/mtl on weak physical demand against the increased arrival of 7-8 motors. In southern markets, maize prices further dipped as healthy arrival of new crops outpaced normal demand. Nazamabad (Bilty) new crops traded as low as Rs.625/mtl as crops have more than 25% moisture, traders reported. Pune starch quality and Sangli truck Bilty traded lower on a subdued trading activity while at Kolkata (mill delivery) and Naugachia (Bihar) loose basis traded steady on a steady demand against steady arrivals. In Dlehi mandis, Bajra old traded high at Rs.675/mtl while Bajra new traded lower at Rs.660/mtl.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/mtl)		Change	Arrivals
		10.09.07	08.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	800	860	-60	4-5 motors
Nizamabad (Bilty)	Red Maize (New)	625	630	-5	6000 bags
Davangere (Bilty)	Red Maize	635-640	645-650	-10	3500 bags
Naugachia, Bihar (Loose)	Red Maize	710	700-710	-	200-300 bags
Ahmedabad	Poultry feed mills	775	750	+25	400 bags
Ahmedabad	Starch	750	750	-	
Pune	Starch Quality	690	700	-10	4000 bags
Pune	Sangli truck Bilty	660	660-665	-5	

International Futures Quotes (as of September 7, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	323.25	332.25	319.75	331.25	+8.00
December 2007	339.25	349.25	335.50	347.50	+8.25
March 2008	355.75	365.25	352.25	364.00	+8.25

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

CBOT corn futures settled up Friday. December Corn finished up 8.25 cents at \$347.50 per bushel; this was 1.75 off the high and 12 up from the low. March Corn closed up 8.25 cents at \$364.00 per bushel. This was 11.75 up from the low and 1.25 off the high. CBOT corn futures settled higher Friday, boosted by fund buying, short covering and a weaker U.S. dollar. Fall of wheat from sharply higher futures also contributed to the gain of corn. Expectations of higher production in USA helped the early losses and touched the lowest level since August 30. Weekly US export sales for corn came in at 1.116 million metric tonnes as compared to trade expectations of 800,000-1.2 million. Cumulative sales is 23.7% of the USDA forecast for the entire 2007/2008 season as compared to 16.6% on average over the last five years. South Korea cancelled an overnight tender to buy 110,000 tonnes of non-GMO corn. Talk of Australia buying corn may support the upward movement of the corn market.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Monday. Maize futures opened weak at Rs.715.50/ctl against the previous close of Rs.717.00/ctl and initially traded up on some buying interest at lower level and tested a high of Rs.720.00/ctl. However, prices traded down thereafter on some selling pressure at higher level and settled in the negative territory. The prices settled down at Rs.716.00 down of Rs.1.00/ctl against the previous close of Rs.717.00/ctl. The most active September contract traded in the range of Rs.713.50-720.00/ctl. 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
- Arrival of fresh crops in south market
- 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 doji candlestick has formed hinting for price reversal. Prices closed below the 9 and 18 days EMA. 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	706	701	716	722	725

RECOMMENDATION:

SELL NCDEX - September below 717 with target 712, then 710. Put stop loss near 720.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 10th Sept., Isolated heavy rainfall is likely over northeastern States, West Bengal & Sikkim, Kerala and Lakshadweep in next 48 hours.

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