

## ■ MAIZE

■ Sept. 06, 2007

**Domestic Market Recap**

On Wednesday, Maize spot prices were firmed up in Delhi and Kolkata on good buying against a normal supply from AP while prices in south further slashed down on increased arrivals against lower offtake. Some rake of maize from AP is likely to arrive in Delhi within two to three days, which will further boost the market sentiment due to good demand for higher quality AP maize in Delhi, traders reported. In south, the arrival of new crops further imparted bearishness in market sentiment. In Naugachia (Bihar), loose traded steady at Rs.715-720/qtl on a steady demand-supply situation. In Delhi and Kolkata mandis, AP maize traded up in the range of Rs.860/qtl and Rs.820-830/qtl respectively and UP (hybrid maize) in Delhi traded steady and supply stood around 700-800 bags. Pune starch quality and Pune Sangli truck bilty traded down at Rs.730/qtl and Rs.675-680/qtl respectively against the increased arrivals of 1500 qtls. The growing demand for the poultry in northeast India may further push up the maize prices in eastern markets whereas prices may go down in south on the arrival of new crops against subdued demand. Brazil, the world's third-largest corn grower, harvested a record 51.1 million metric tonnes of corn in this crop year that will be ended in this month and output rose 20 percent from 42.5 million tonnes in the last crop year.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		05.09.07	04.09.07		
Delhi (ex-godown)	Maize (AP)	860	-	-	
Nizamabad (Bilty)	Red Maize	715	-	-	
Davangere (Bilty)	Red Maize	680	-	-	
Naugachia, Bihar (Loose)	Red Maize	715-720	715-720	-	400 bags
Ahmedabad	Poultry feed mills	840-850	-	-	-
Ahmedabad	Starch	-	-	-	
Pune	Starch Quality	730	745	-15	1500 bags
Pune	Sangli truck Bilty	675-680	700	-25	

**International Futures Quotes (as of September 4, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	327.00	340.50	327.00	336.75	+12.75
December 2007	344.00	357.25	344.00	353.25	+13.25
March 2008	360.00	373.25	360.00	369.25	+13.25

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

CBOT corn futures settled up Tuesday. December Corn finished up 13.25 cents at \$353.25 per bushel; this was 4 off the high and 9.25 up from the low. March Corn closed up 13.25 cents at \$369.25 per bushel. This was 9.25 up from the low and 4 off the high. CBOT corn futures settled up with the support from wheat and soybean. End user buyers who were waiting for the further decline of the prices as US expects bumper production were seen in Tuesday's market. Due to limit-bid of the wheat of December, corn gained support during the first session. Strong demand for feedgrains from Europe and from end users outside of Europe who traditionally buy feed wheat from Europe has helped provide improved export demand for US corn. Traders believe that in US, near about 7-8 per cent corn harvest is completed. Israel issued a tender to buy 56,000 tonnes of US origin corn. Weekly export inspections came in at 35.6 million bushels as compared with trade expectations at 34-38 million.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded firm on Wednesday. The Maize futures opened firm at Rs.722.00/qlt against the previous close of Rs.716.50/qlt. Maize futures witnessed a roller coaster movement and tested a low of Rs. Rs.720.00/qlt. However, maize traded on the upper side for the whole day on upper side on increased buying interest and tested a high of Rs.729.50/qlt. The prices settled up at Rs.724.50, up of Rs.8.00/qlt against the previous close of Rs.716.50/qlt. The most active September contract traded in the range of Rs.720.00-729.50/qlt. In the September contract, volume decreased substantially whereas open interest declined marginally.

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

- Lower stocks in exchange warehouse

**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
- Corn output in Brazil stood 20% high to 51.1 Million Tonnes

**TECHNICALS:**

A hollow candlestick with long upper shadow has formed showing some selling pressure at higher level. However, prices closed above the short and medium term EMAs indicating firmness in market. MACD is rising up sharply from the negative region. Stochastic as well as RSI are moving up in the positive territory indicating gain for bulls. 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	716	719	724.5	738	742

**RECOMMENDATION:**

**BUY NCDEX** - September above 725 with target 730, then 732. Put stop loss near 722.

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

**Weather Impact Analysis**

IMD forecast on 5<sup>th</sup> Sept., Fairly widespread rainfall with isolated heavy fall is also likely over East Uttar Pradesh, Jharkhand, Bihar, Orissa and Gangetic West Bengal during 2-3 days.

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