

## ■ MAIZE

■ Sept. 17, 2007

**Domestic Market Recap**

Maize spot prices surged during Friday's trade with good export as well as domestic demand. With fresh export demand from Vietnam, Sri Lanka and Bangladesh, south market's maize prices were up in the range of Rs.5-90/qtl. Talk of resuming import of Indian poultry by Saudi Arabia countries as well as growing domestic demand further supported the firm sentiment. Ahmedabad poultry feed mill quoted up at Rs.820/qtl against the restricted arrival of 200 qtls. However, in Delhi Mandis, both red maize (Bihar) and hybrid (UP) traded down Rs.790/qtl and Rs.750/qtl on slightly increased arrivals of 3-4 and 12-13 motors respectively against a lower offtake. High quantity export order from Vietnam boosted the prices of Pune starch quality and Sangli truck bilty at Rs.750-760 and Rs.740-760/qtl against lower arrivals of 500 bags. In Kolkata (mill delivery) and Naugachia (Bihar) loose basis traded steady to slightly firm on normal trading activity. In Delhi, Bajra (new) prices slashed down Rs.615 where as Bajra (Old) quoted up at 660/qtl on good demand for old stocks. World corn ending stocks stood around 105.44 million tonnes up from 100.96 million for 2006/07.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		14.09.07	13.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	790	805	-15	3-4 motors
Nizamabad (Bilty)	Red Maize (New)	640-655	625-650	+5	4000 bags
Davangere (Bilty)	Red Maize	670-680	640-650	+30	500 bags
Naugachia, Bihar (Loose)	Red Maize	710-715	705-710	+5	100 bags
Ahmedabad	Poultry feed mills	820	780-800	+20	200 bags
Ahmedabad	Starch	800	780-800	-	
Pune	Starch Quality	750-760	690	+70	500 bags
Pune	Sangli truck Bilty	740-760	670	+90	

**International Futures Quotes (as of September 13, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	339.25	342.00	328.00	330.75	-9.00
December 2007	355.50	358.50	343.75	346.75	-9.75
March 2008	371.50	375.00	360.75	363.75	-9.25

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

CBOT corn futures settled down Thursday. December Corn finished down 9.75 cents at \$346.75 per bushel; this was 11.75 off the high and 3 up from the low. March Corn closed down 9.25 cents at \$363.75 per bushel. This was 3 up from the low and 11.25 off the high. CBOT corn futures settled down Thursday, undermined by speculative selling, profit taking and weakness in wheat prices. Although corn trade both sides, but could not sustain due to weak bias of wheat and increased corn output. The downward trend was also supported by yesterday's UADA report of corn output estimate. This morning's weekly export sales report was mildly supportive, and that seemed to lend some temporary support to the market, but heavy fund selling and put buying weighed on the market. Cumulative sales have reached 29.2% of the USDA forecast as compared to 18.3% on average over the last five years. Sales of 789,400 metric tonnes per week are needed to reach the USDA estimate.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded firm Friday. Maize futures opened firm at Rs.715.50/qtl against the previous close of Rs.713.00/qtl and initially traded down and tested a low of Rs.714.00. However, prices recovered thereafter with some buying interest at lower level and tested the high of Rs.743.00. The prices settled up at Rs.738.00 up of Rs.25.00/qtl against the previous close of Rs.713.00/qtl. The most active October contract traded in the range of Rs.714.00-738.00/qtl. In October contract, volume increased substantially whereas open interest increased marginally.

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

- Fresh export orders from Bangladesh, Sri Lanka and Vietnam
- Growing demand from the poultry industry
- Saudi Arab countries resuming poultry import from India

**Bearish:**

- 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.
- World corn ending stocks came in at 105.44 million tonnes up from 100.96 million for 2006/07.
- US 2007/08 corn production at 13.308 billion bushels, above the August USDA estimate of 13.054 billion.

**TECHNICALS:**

A strong Bullish candlestick has formed indicating market firmness. Prices closed well above the 9 and 18 days EMA shows bulls return into the market. MACD is moving up in the positive territory. Stochastic is further moving up in the overbought region while RSI is tending upward in overbought region. Maize is expected to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
October	721	727	738	760	766

**RECOMMENDATION:**

**BUY NCDEX** - October above 738 with target 747, then 750. Put stop loss near 733.

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

**Weather Impact Analysis**

IMD forecast on 14<sup>th</sup> Sept., Fairly widespread rainfall with isolated heavy to very heavy fall is likely over south peninsular India in next 48 hours.

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