

■ MAIZE

■ Sept. 24, 2007

Domestic Market Recap

Saturday's maize spot prices surged as fresh demand emerged from the countries like Bangladesh, Vietnam, Malaysia, Thailand and Sri Lanka against tight supplies. The prices were up in the range of Rs.5-35/qtl from Friday's level. Recent rainfall over the maize growing areas further imparted bullishness, as these rainfalls are harmful for the ripe crops as well as delayed the harvesting process. Major southern markets were also firmed up as new crop arrivals were tightened due to delay in harvesting. However, at Ahmedabad, starch quality eased on a subdued demand while poultry feed mills grade traded up Rs.840/qtl on a good demand against no daily arrival. Naugachia (Bihar) lose basis and Kolkata (Mill delivery) firmed up on good offtake from the consuming units. Prices were boosted up on growing demand from the poultry industries. In Delhi mandis, both red maize (Bihar) and hybrid (UP) traded steady at Rs.780-800/qtl and Rs.715-725 against a steady arrival of 2-3 and 12-13 motors respectively. Pune starch quality and Sangli truck bilty traded up Rs.10 and Rs.35/ from the previous level on good overseas demand against the lower arrival of 500 qtsl (daily basis) respectively. In Delhi, Bajra traded up Rs.620/qtl against the steady arrival. Maize output in the current year is expected to go up to 13.07 million tons from 11.43 million tons last year.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		22.09.07	21.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	780-800	800	-	2-3 motors
Nizamabad (Bilty)	Red Maize (New)	700-710	700-705	+5	500 bags
Davangere (Bilty)	Red Maize	685-700	660-685	+15	No arrival
Naugachia, Bihar (Loose)	Red Maize	710-720	705-710	+10	500 bags
Ahmedabad	Poultry feed mills	840	830	+10	No arrival
Ahmedabad	Starch	810-820	825	-5	
Pune	Starch Quality	810	800	+10	500 bags
Pune	Sangli truck Bilty	720-735	670-700	+35	

International Futures Quotes (as of September 21, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	373.00	377.00	371.25	376.50	7.25
December 2007	388.50	392.50	387.00	392.00	6.75
March 2008	397.50	401.50	396.00	401.25	6.75

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

CBOT corn futures settled up Friday. December Corn finished up 7.25 cents at \$376.50 per bushel; this was .5 off the high and 5.25 up from the low. March Corn closed up 6.75 cents at \$392.00 per bushel. This was 5 up from the low and .5 off the high. CBOT Friday's corn closed sharply higher on the session and near 28 cents higher on the week despite the active harvest. Despite weakness in the soybean complex, solid export demand and follow-through technical buying of the past few sessions helped support solid gains early in the day. Strength in wheat and a bullish tone for several commodity markets added to the positive tone. Speculation about corn acreage loss as farmers are planning to shift to soybeans and wheat also added positive force. The buying late in the session pushed prices past technical resistance and beyond pre-weekend profit taking. Further China's intention of ban corn export, which means the US, will receive additional corn export business added to the positive tone.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Saturday. Maize futures opened weak at Rs.728.00/ctl against the previous close of Rs.730.00/ctl and initially traded down and tested the low of Rs.724.00. However, prices recovered thereafter on good buying support at lower level and tested the high of Rs.732.50. The prices settled up at Rs.729.00 down of Rs.1.00/ctl against the previous close of Rs.730.00/ctl. The most active October contract traded in the range of Rs.724.00-732.50/ctl. In October contract, volume decreased significantly while open interest increased marginally.

PRICE DRIVERS:**Bullish:**

- Growing demand from the poultry industry
- Saudi Arab countries resuming poultry import from India
- Export demand from South and Southeast Asian countries

Bearish:

- Arrival of fresh crops in south market
- Kharif maize acreage has increased to 74.22 lakh hectares as on September 7 as against 69.95 lakh hectares during previous year.
- World corn ending stocks came in at 105.44 million tonnes up from 100.96 million for 2006/07.
- 1st Advance Estimate of 2007-08, a record production is expected in Maize at 13.07 million tonnes, up 14.3 per cent from the 4th advance estimate of 2006-07.

TECHNICALS:

A doji candlestick on the chart shows indecision. Prices remain well above the EMAs while the MACD is flat in positive region. Stochastic is dipping in the neutral region while RSI is moving flat in the neutral region. Maize is likely to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
October	714	721	729	741	747

RECOMMENDATION:

BUY NCDEX - October above 729 with target 734, then 736. Put stop loss near 726.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 22nd Sept., Scattered heavy to very heavy rainfall with isolated extremely heavy fall (>25 cms.) is likely over North Andhra Pradesh and Orissa during next 48 hrs.

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