

■ MAIZE

■ Sept. 04, 2007

Domestic Market Recap

During Monday's trade, Maize spot prices in domestic markets witnessed mixed reaction. In Delhi (ex-godown), Nizamabad (Bilty), Davangere (Bilty) and Naugachia Bihar (loose) traded at higher side as healthy demand offset increased arrivals while maize traded down in south markets on a subdued demand against a steady arrival. Good demand from Bangladesh, Delhi and Kolkata pushed up the Bihar maize prices despite the increase of supply slightly. Despite the arrival of new crops in Andhar Pradesh, markets got support from the fresh demands from Delhi and Kolkata and quoted up at Rs.685-690/qlt and maize at Davangere quoted up Rs.640-650/qlt from its previous price level of Rs.630/qlt. Red maize at Delhi mandis traded in the range of Rs.845-850/qlt against the increased arrivals of 1-2 qtls and hybrid maize (UP) quoted up Rs.790-795/qlt and arrivals stood around 6-7 motors. In coming days, maize may trade at lower side, as fresh arrivals in some markets are imminent. In south, traders and farmers started unloading the stuffs fearing further decline in prices. Bajra new traded steady at Rs.665/qlt whereas Bajra old traded firm at Rs.673/qlt on a good demand in Delhi mandis.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals
		03.09.07	01.09.07		
Delhi (ex-godown)	Red Maize Bihar	845-850	840	+10	1-2 qtl
Nizamabad (Bilty)	Red Maize	685-690	680-685	+5	300 bags
Davangere (Bilty)	Red Maize	640-650	630	+20	50
Naugachia, Bihar (Loose)	Red Maize	740-745	730-740	+5	400 bags
Ahmedabad	Poultry feed mills	750	760-765	-15	1500 bags
Ahmedabad	Starch	735-740	745-750	-10	
Pune	Starch Quality	735	735-740	-5	
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 Monday. The Maize futures opened flat at Rs.696.00/qtl against the previous close of Rs.696.00/qtl and initially traded down and tested a low of Rs.695.50. However, prices recovered thereafter smartly on increased buying interest at lower level and tested the high of Rs.711.50. The prices settled at Rs.709.00, up of Rs.12.50/qtl. The most active September contract traded in the range of Rs.695.50-711.50/qtl. In the September contract, volume increased significantly whereas open interest declined marginally.

PRICE DRIVERS:**Bullish:**

- Lower stocks in exchange warehouse
- Fresh Export Orders from Bangladesh

Bearish:

- Expected larger crops than the last year
- 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 solid bullish candlestick has formed showing firm sentiment in market. Prices closed below the short term and medium term EMAs. MACD is moving flat in the negative region. Stochastic has made bullish crossover in the oversold region shows firmness in the market and RSI has made an upward movement in the neutral region. Maize is expected to trade up with possibility of late downward movement.

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

Month	S2	S1	PCP	R1	R2
September	701	705	709	722	725

RECOMMENDATION:

BUY NCDEX - September above 711 with target 716, then 718. Put stop loss near 708.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 1st Sept., point towards fairly widespread rainfall with isolated heavy to very heavy falls over East Uttar Pradesh and Bihar in next 3-4 days.

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