

MAIZE

Sept. 26, 2007

Domestic Market Recap

Maize spot prices on Tuesday firmed up on good demand amidst restricted arrivals. Due to incessant rainfall over the maize growing areas, harvest process was delayed. Supply was tightened as recent rainfalls created logistic problems. Davangere (Bilty) and Pune starch quality ruled higher on good overseas demand against the daily arrival of 5000-7000 and 10000 qtls. However, maize traded steady in Delhi, Naugachia and Kolkata mandis on a routine demand-supply situation. Growing overseas as well as demand for the poultry further added the positive tone. Ahmedabad poultry feed mills grade traded up at Rs.870 from the previous level of Rs.840-850 against no daily arrivals. In southern markets, prices found support with the news of sailing of vessel (BADULU VALLEY) on Sept. 25, carrying 3,800 tonnes maize to unknown destinations. But hybrid (UP) maize in Delhi mandis traded down Rs.720/qrtl against the steady arrivals of 13 motors and Bajra ruled lower at Rs.608-610/qrtl on a subdued demand. According to weekly crop update, US traders expect 25-30% harvest completed. In coming days, maize may trade range bound as rains obstructed arrivals as well as delayed harvest.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		25.09.07	24.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	790-800	780-800	-	3 motors
Nizamabad (Bilty)	Red Maize (New)	-	690-700	-	
Davangere (Bilty)	Red Maize	720-725	720	+5	5000-7000
Naugachia, Bihar (Loose)	Red Maize	710-720	715-720	-	4-500 bags
Ahmedabad	Poultry feed mills	870	840-850	+20	No arrival
Ahmedabad	Starch	830	810-820	+10	
Pune	Starch Quality	800	780-790	+10	10000 bags
Pune	Sangli truck Bilty	710	690-710	-	

International Futures Quotes (as of September 24, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	375.25	380.50	370.50	373.50	-3.00
December 2007	390.00	396.00	386.25	389.00	-3.00
March 2008	399.50	404.00	395.50	398.50	-2.75

International Market Recap

CBOT Corn Futures Settled Down

CBOT corn futures settled down Friday. December Corn finished down 3 cents at \$373.50 per bushel; this was 6.5 off the high and 2.75 up from the low. March Corn closed down 3 cents at \$389.00 per bushel. This was 2.5 up from the low and 7 off the high. CBOT Monday's corn closed slightly lower in a modest trade. Profit taking kept prices on the defensive after a move higher at the opening fizzled. Corn experienced some profit taking after the recent big run-up in prices. There was an increase in hedge pressure after an active harvest weekend as producers locked in higher prices on the rally with better than expected yields also noted. During the initial sessions, corn also found some support from wheat market, but could not sustain due to selling pressure. The USDA announced a sale of 200,000 tonnes of US corn to unknown destination. According to weekly crop update, traders expect harvest to have reached 25-30% complete. Weekly export inspections, released Monday, came in at 45.35 million bushels as compared with 35-40 million expected. Cumulative shipments reached 5.3% of the USDA forecast for the season.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Tuesday. Maize futures opened weak at Rs.735.00/ctl against the previous close of Rs.736.00/ctl and initially traded up and tested the high of Rs.737.00. However, prices traded down thereafter on selling pressure at higher level and tested the low of Rs.730.00. The prices settled lower at Rs.729.00 down of Rs.7.00/ctl against the previous close of Rs.736.00/ctl. The most active October contract traded in the range of Rs.730.00-737.00/ctl. In October contract, volume decreased significantly while open interest decreased marginally.

PRICE DRIVERS:**Bullish:**

- Growing demand from the poultry industry
- Export demand from South and Southeast Asian countries
- Recent rainfalls delayed harvesting

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 dark candlestick has formed on the chart shows weakness in prices. Prices remain well above the EMAs. MACD is moving flat in positive region. Stochastic is moving up in neutral region while RSI is dipping 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	715	720	729	743	752

RECOMMENDATION:

BUY NCDEX - October above 728 with target 735, then 738. Put stop loss near 724.5.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 25th Sept., Isolated heavy to very heavy falls are likely over Bihar, Uttar Pradesh, Uttarakhand, Saurashtra, south Gujarat region, Coastal Karnataka and Kerala in next 48 hours.

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