

■ MAIZE

■ Sept. 10, 2007

Domestic Market Recap

During Saturday's trade, Maize spot prices traded steady to mostly down on weak physical demand against slightly increased supply while quoted higher in Naugachia (Bihar) loose basis on the report of export order from Bangladesh against a steady arrival of 300-400 motors. Ahmedabad (starch) quality also traded firm on a good buying on the back of a restricted supply. AP Maize in Delhi and Kolkata mandis continued to trade firm on a normal demand supply situation while prices further dipped in Andhra Pradesh due to arrival of fresh crops. Nizamabad and Davangere (Bilty) traded down at Rs.680 and Rs.645-650/qtl respectively while new crop traded at Rs.620/qtl. Pune starch quality and Sangli truck bilty are continuously trading at lower side on healthy supply against weak demand. In Delhi mandis, AP maize quoted steady at Rs.860/qtl and arrival stood steady around 2-3 motors and hybrid maize (U.P.) traded steady at Rs.790-795/qtl on a steady supply of 7-8 motors. Both Bajra new and old quoted steady in Delhi mandis at Rs.670 and 675/qtl respectively. In coming days, maize is likely to trade steady to lower on healthy fresh arrivals against a steady domestic and export demand.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		08. 09.07	07.09.07		
Delhi (ex-godown)	Maize (AP)	860	860	-	2-3 motors
Nizamabad (Bilty)	Red Maize	680	685	-5	5000 bags
Davangere (Bilty)	Red Maize	645-650	670	-20	3500 bags
Naugachia, Bihar (Loose)	Red Maize	700-710	700-705	+5	300-400 bags
Ahmedabad	Poultry feed mills	750	750-760	-10	500 bags
Ahmedabad	Starch	750	740	+10	
Pune	Starch Quality	700	715	-15	3000 bags
Pune	Sangli truck Bilty	660-665	670	-5	

International Futures Quotes (as of September 7, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	323.25	332.25	319.75	331.25	+8.00
December 2007	339.25	349.25	335.50	347.50	+8.25
March 2008	355.75	365.25	352.25	364.00	+8.25

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

CBOT corn futures settled up Friday. December Corn finished up 8.25 cents at \$347.50 per bushel; this was 1.75 off the high and 12 up from the low. March Corn closed up 8.25 cents at \$364.00 per bushel. This was 11.75 up from the low and 1.25 off the high. CBOT corn futures settled higher Friday, boosted by fund buying, short covering and a weaker U.S. dollar. Fall of wheat from sharply higher futures also contributed to the gain of corn. Expectations of higher production in USA helped the early losses and touched the lowest level since August 30. Weekly US export sales for corn came in at 1.116 million metric tonnes as compared to trade expectations of 800,000-1.2 million. Cumulative sales is 23.7% of the USDA forecast for the entire 2007/2008 season as compared to 16.6% on average over the last five years. South Korea cancelled an overnight tender to buy 110,000 tonnes of non-GMO corn. Talk of Australia buying corn may support the upward movement of the corn market.

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FUTURES MARKETS:

Maize futures at NCDEX traded range bound Saturday. Maize futures opened firm at Rs.721.50/qtl against the previous close of Rs.720.50/qtl and initially traded down on some selling pressure at higher level and tested a low of Rs.713.00/qtl. However, prices recovered thereafter on some buying interest at higher level and settled in the positive territory. The prices settled down at Rs.717.00, down of Rs.3.50/qtl against the previous close of Rs.720.50/qtl. The most active September contract traded in the range of Rs.713.00-721.50/qtl. In the September contract, volume decreased substantially whereas open interest decreased marginally.

PRICE DRIVERS:

Bullish:

- Lower stocks in exchange warehouse
- Growing demand from the poultry industry

Bearish:

- Estimated increase production 10 per cent to 15 million tonnes
- 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.
- U.S. corn stocks by the end of this year may stand at 1.5 billion bushels, up from 700,000 bushels at the beginning of the year, US Grains Council.
- Corn output in Brazil stood 20% high to 51.1 Million Tonnes

TECHNICALS:

A dark candlestick with long lower shadow has formed in chart indicating some buying pressure. Prices closed below the 9 and 18 days EMA. MACD is moving up in the negative region, which shows decrease in bearish momentum. Stochastic is moving up in the positive territory while RSI is heading down in the neutral region. Maize is expected to trade range bound with firm bias.

NCDEX Maize September Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
September	711	713	717	730	734

RECOMMENDATION:

BUY NCDEX - September above 719 with target 724, then 726. Put stop loss near 716.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 8th Sept., Rain/thundershowers are likely at many places over West Bengal, Sikkim, Bihar and Jharkhand and at a few places over the rest of the region.

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