

■ MAIZE

■ Sept. 07, 2007

Domestic Market Recap

On Thursday, Maize spot prices mostly traded steady on normal physical demand against slightly increased supply while prices dipped in Naugachia, Bihar (Loose basis) Pune starch quality on lower offtake from the buying units. Good demand from Delhi, Kolkata and Bangladesh boosted market sentiment of South maize and Devangere (bilty) traded up Rs.695/qrtl and Nizamabad (Bilty) traded steady at Rs.715/qrtl against the increased arrivals of 2500 and 3000 bags. In Delhi mandis, AP maize traded steady at Rs.860/qrtl against slightly increased arrival of 2-3 motors. Good demand for the poultry feed mills kept the price remain unchanged at Ahmedabad and quoted at Rs.840-850/qrtl against the increased supply of 5000 bags. Farmers and stockists in south are hurried up to sell the old maize to make way for the new crops, market sources reported. In coming days, maize may trade at lower side as new crops started coming into some of the markets in south combined with the estimation higher production in this crop season. According to the U.S. Grains Council, U.S. corn prices are likely to go down around \$3.20/bushel towards the end of the year as US is going to harvest a record crop this year.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		06.09.07	05.09.07		
Delhi (ex-godown)	Maize (AP)	860	860	-	2-3 motors
Nizamabad (Bilty)	Red Maize	715	715	-	3000 bags
Davangere (Bilty)	Red Maize	695	680	+15	2500 bags
Naugachia, Bihar (Loose)	Red Maize	710	715-720	-10	300-400 bags
Ahmedabad	Poultry feed mills	850	840-850	-	5000 bags
Ahmedabad	Starch	840	-	-	
Pune	Starch Quality	715	730	-15	1800 bags
Pune	Sangli truck Bilty	680	675-680	-	

International Futures Quotes (as of September 5, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	339.50	339.75	328.25	328.75	-8.00
December 2007	353.25	358.00	345.00	345.75	-7.50
March 2008	368.25	374.25	361.00	361.75	-7.50

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

CBOT corn futures settled lower Wednesday. December Corn finished down 7.5 cents at \$345.75 per bushel; this was 11.25 off the high and .75 up from the low. March Corn closed down 7.5 cents at \$361.75 per bushel. This was .75 up from the low and 10.75 off the high. The lack of further buying interest and the selling pressure at higher level pulled down December future prices. Although the market opened higher but could not sustain as US wheat up the limit overnight and buyer turned after Tuesday's heavy buying to seller and closed lower. With the reports of increased yield than expected helped the commercial selling. The corn is also not following fundamentals and no relationship with wheat as later has a very tightened supply whereas the former has abundant supply. Crop conditions were stable at 59% good to excellent this week. According to the USDA report, the yield for this season is around 152.8/bushel/acre than the last years 149.1/bushel/acre.

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FUTURES MARKETS:

Maize futures at NCDEX traded narrow range bound on Thursday. The Maize futures opened weak at Rs.725.00/qtl against the previous close of Rs.726.50/qtl. Contract then traded down on increased selling pressure at higher level and tested a low of Rs.722.50/qtl. The prices settled down at Rs.723.50, down of Rs.3.00/qtl against the previous close of Rs.726.50/qtl. The most active September contract traded in the range of Rs.722.50-725.00/qtl. In the September contract, volume decreased substantially whereas open interest declined 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
- 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 small dark body has formed in chart indicates little trade activity. Prices still remain above the short and medium term EMAs indicating firmness in market. MACD is rising up sharply from the negative region. Stochastic is moving up in the positive territory while RSI is dipping in the neutral region. Maize is expected to trade range bound following a steady to slightly weak opening.

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

Month	S2	S1	PCP	R1	R2
September	709	713	723.5	730	733

RECOMMENDATION:

SELL NCDEX - September below 724 with target 719, then 717. Put stop loss near 726.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 5th Sept., fairly widespread rainfall with isolated heavy to very heavy falls is likely over East Uttar Pradesh, Jharkhand, Orissa and Gangetic West Bengal during next 2-3 days.

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