

■ MAIZE

■ Sept. 22, 2007

Domestic Market Recap

During Friday's trade, Maize spot prices firmed up on good demand against the lower arrival. Domestic prices were also boosted up on good export demand from South and Southeast Asian countries. Incessant rainfall over AP, Maharashtra and Karnataka since last three days further imparted positive tone, as these rainfalls are harmful for ripe crops as well as delayed the harvesting process. Major southern markets also witnessed lower arrivals as rains created logistic problems. With the report of China's planning of banning corn export, one of the major corn exporters in the world, imparted bullish sentiment in world corn prices. Markets also witnessed growing demand from the poultry industries. In Delhi mandis, both red maize (Bihar) and hybrid (UP) traded steady at Rs.800/qtl and Rs.725 against the Thursday's level of arrival of 2-3 and 12-13 motors respectively. Pune starch quality and Sangli truck bilty traded up Rs.30 and Rs.35/ from the previous level on good overseas demand against the lower arrival of 5000 qtsl (daily basis) respectively. Naugachia (Bihar) lose basis and Kolkata (Mill delivery) also firmed up on good offtake from the consuming units. In Delhi, Bajra traded up Rs.610/qtl against the steady arrival. As per 1st Advance Estimate of 2007-08, Bajra production pegged at 7.97 million tonnes compared to the last year's 8.63 million tonnes.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		21.09.07	20.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	800	800	-	2-3 motors
Nizamabad (Bilty)	Red Maize (New)	700-705	690-700	+5	1000 bags
Davangere (Bilty)	Red Maize	660-685	650-660	+15	500 bags
Naugachia, Bihar (Loose)	Red Maize	705-710	700-705	+5	500 bags
Ahmedabad	Poultry feed mills	830	820-830	-	No arrival
Ahmedabad	Starch	825	800-805	+20	
Pune	Starch Quality	800	760-770	+30	5000 bags
Pune	Sangli truck Bilty	670-700	630-645	+55	

International Futures Quotes (as of September 20, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	366.00	375.00	366.00	369.25	+11.00
December 2007	381.00	390.50	381.00	385.25	+10.50
March 2008	393.00	400.00	392.00	394.50	+10.00

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

CBOT corn futures settled up Thursday. December Corn finished up 11 cents at \$369.25 per bushel; this was 5.75 off the high and 3.25 up from the low. March Corn closed up 10.5 cents at \$385.25 per bushel. This was 4.25 up from the low and 5.25 off the high. CBOT Thursday's corn futures settled at its highest level since June 26 due to strong export. The corn market rallied on technical buying amid a backdrop of positive fundamental news. China's planning of importing corn instead of export to control its inflation further imparted bullish sentiment. China is one of the major exporters of corn in world and the news of import aided the positive tone in US corn. Due to weak dollar and increased demand from world money managers to own commodities added bullish sentiment. Market also found support from the importers due to weak dollar. Cumulative sales have reached 32.7% of the USDA forecast as compared to 20.4% on average over the last five years. On top of weekly sales, Mexico bought 198,000 tonnes of US corn.

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FUTURES MARKETS:

Maize futures at NCDEX traded firm Friday. Maize futures opened weak at Rs.713.00/qtl against the previous close of Rs.714.00/qtl. Contract then traded up on good buying support at lower level and tested the high of Rs.733.50/qtl. The prices settled up at Rs.728.50 up of Rs.14.50/qtl against the previous close of Rs.714.00/qtl. The most active October contract traded in the range of Rs.713.00-733.50/qtl. In October contract, volume increased 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 hollow candlestick has formed indicating firmness in market sentiment. Prices closed well above the 9 and 18 days EMA shows medium term firmness. MACD is flattening in the positive territory. Stochastic is dipping in the neutral region while RSI is moving up in the positive territory. Maize is likely to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
October	711	716	728.5	741	746

RECOMMENDATION:

BUY NCDEX - October above 725 with target 730, then 732. Put stop loss near 722.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 21st Sept., widespread rainfall with scattered heavy to very heavy falls is likely over North Andhra Pradesh and Orissa during next 2-3 days.

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