

## ■ MAIZE

■ Sept. 19, 2007

**Domestic Market Recap**

Maize spot prices traded steady to mostly up on good export demand against lower arrivals. Strong overseas demand particularly from Asian countries boosted domestic market sentiment amidst fresh crop arrivals. Prices were up in the range of Rs.30-45/qtl from last trading price. However, due to quality concern as well as lower offtake, red maize (Bihar) both in Delhi and Naugachia (Bihar) loose basis ruled lower amidst slightly increased arrivals. Growing overseas as well as domestic demand for poultry imparted bullish sentiment and Ahmedabad poultry feed mills traded up at Rs.810/qtl against the restricted arrival of 1000 bags. But, in Delhi, hybrid (UP) maize traded down at Rs.715/qtl on subdued demand against steady arrivals of 15 motors and Bajra further traded down at Rs.595/qtl from its previous level of Rs.600. The total kharif corn planting in this year was up by 6.1 per cent at 7.617 million hectares, compared with the 2006 planting area of 7.174 million hectares. The five-year average corn area in India has been 6.370 million hectares. In coming days, maize is likely trade range bound.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		18.09.07	17.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	780	800	-20	4 motors
Nizamabad (Bilty)	Red Maize (New)	670-675	625-630	+45	2000 bags
Davangere (Bilty)	Red Maize	645-670	635-640	+30	1500 bags
Naugachia, Bihar (Loose)	Red Maize	700-705	705-710	-5	400 bags
Ahmedabad	Poultry feed mills	810	800	+10	1000 bags
Ahmedabad	Starch	800	800	-	
Pune	Starch Quality	740-750	700-715	+35	10000 bags
Pune	Sangli truck Bilty	700	700	-	

**International Futures Quotes (as of September 17, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	351.00	354.25	349.25	352.25	+3.25
December 2007	367.50	371.00	366.25	369.00	+3.00
March 2008	378.00	380.00	377.00	379.75	+3.50

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

CBOT corn futures settled up Monday. December Corn finished up 3.25 cents at \$352.25 per bushel; this was 2 off the high and 3 up from the low. March Corn closed up 3 cents at \$369.00 per bushel. This was 2.75 up from the low and 2 off the high. CBOT corn futures settled up Monday. December corn traded up due to strength in other markets as well as strength in soybean. Although corn followed both wheat and soybean till mid session, but could not sustain due to selling pressure towards the end of session. Estimated increase in output also supported the weak tone. The market anticipates a record harvest of over 13 billion bushels and the trade continues to discuss higher than expected yields. Weekly export inspections, released during the session, came in at 30.856 million bushels as compared with trade expectations at 35-40 million. In USA, near about 14-16% harvest is completed compared to last week's 8%. Corn market is now focussing for demand rather than the supply.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded weak Tuesday. Maize futures opened slightly firm at Rs.734.50/ctl against the previous close of Rs.734.00/ctl and traded up testing a high of Rs.738/ctl. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.705.00/ctl. The prices settled down at Rs.710.00 down of Rs.24.00/ctl against the previous close of Rs.734.00/ctl. The most active October contract traded in the range of Rs.705.00-738.00/ctl. In October contract, volume as well as open interest decreased marginally.

**PRICE DRIVERS:****Bullish:**

- Growing demand from the poultry industry
- Saudi Arab countries resuming poultry import from India
- Strong overseas demand

**Bearish:**

- Arrival of fresh crops in south market
- Till date, acreage under kharif maize crops was up at 7.617 million hectares against 7.174 lakh hectares
- World corn ending stocks came in at 105.44 million tonnes up from 100.96 million for 2006/07.
- US 2007/08 corn production at 13.308 billion bushels, above the August USDA estimate of 13.054 billion.

**TECHNICALS:**

A dark robust candlestick has formed indicating weakness in prices. Both EMA and MACD remain firm for medium term. Stochastic is dipping in the overbought region while RSI is dipping in neutral region. However, prices bounced back from its support level at 705 levels from where prices are expected to recover further. Maize is expected to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
October	702	705	710	727	733

**RECOMMENDATION:**

**BUY NCDEX** - October above 713 with target 718, then 721. Put stop loss near 710.

**Do not carry forward the position until the next day.**

**Weather Impact Analysis**

IMD forecast on 17<sup>th</sup> Sept., Isolated heavy to very heavy rainfall is likely over Konkan & Goa, Madhya Maharashtra, Marathwada, Interior Karnataka, Andhra Pradesh, Kerala, Lakshadweep, Andaman & Nicobar Islands in next 48 hours.

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