

■ MAIZE

■ Oct. 18, 2007

Domestic Market Recap

Spot prices for maize in Delhi market were steady to better on continued buying by Haryana and Punjab poultry units. U.P. origin Hybrid (Red) maize was quoted at Rs.745 per quintal, whereas Gajar maize was traded at Rs.725/ctl and Bajra was traded at Rs.630 per ctl. Arrivals were estimated around 8-10 motors for maize and 10-12 motors for bajra. In the main producing centre at Davangere (Karnataka) maize was traded at Rs. 670 (bilty cut) with good demand both from domestic and export markets. At the moment Koppal quality maize is preferred for exports due to lower moisture and is traded at Rs. 630 per ctl loose and Rs. 750-755 for delivery at Chennai port. Ahmedabad starch quality traded steady at Rs.750-760/ctl on good buying support and poultry grade also featured steady demand. In Kolkatta poultry grade maize from Bihar was traded at Rs. 840 - 850 per ctl (factory delivery). Rumors of likely export ban of maize seem to be unfounded, as the availability is good and prices too seem to be viable at the moment. Exports to Bangladesh are expected to revive by end of the week and already Kolkatta traders are showing good interest for loading from south at Rs. 670 (bilty-cut) from Karnataka. With lower production estimated in China, India's chances for continued exports this year are bright.

Domestic Spot Market Prices

| Market | Variety | Prices (Rs/ctl) | | Change | Arrivals |
|--------------------------|--------------------|-----------------|----------|--------|--------------|
| | | 17-10-07 | 16.10.07 | | |
| Delhi (ex-godown) | Red Maize (Bihar) | 800 | 800 | - | Nominal |
| Nizamabad (Bilty) | Red Maize (New) | 635 | 635 | - | 35, 000 qtls |
| Davangere (Bilty) | Red Maize (New) | 670 | 670 | - | 40, 000 qtls |
| Naugachia, Bihar (Loose) | Red Maize | - | - | - | |
| Ahmedabad | Poultry feed mills | 750 - 770 | - | - | |
| Ahmedabad | Starch | 750 | - | - | |
| Pune | Starch Quality | - | - | - | |
| Pune | Sangli truck Bilty | - | - | - | |

International Futures Quotes (as of October 16, 2007)

CBOT

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| December 2007 | 360.00 | 361.75 | 354.75 | 360.50 | -1.50 |
| March 2008 | 376.50 | 378.25 | 371.50 | 377.25 | -1.00 |
| May 2008 | 386.00 | 389.00 | 383.25 | 387.50 | -1.25 |

International Market Recap

CBOT Corn Futures Strengthen

CBOT corn futures ended lower overnight on profit taking featured by choppy trade and speculative selling aided by news of likely lower demand for corn in the U.S. following slow down/hold up in construction of ethanol plants due to poor market conditions. December corn closed at \$3.60 ½ per bushel (down 1 ½ cts).

China's 2007 corn production estimated lower at 134 – 135 mmt despite increase in acreage, according to a local analyst. The drop in production ranges from 6 pct to 25 pct in various provinces. Further the quality has also been affected due to continued rains in North China.

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FUTURES MARKETS:

Maize futures at the NCDEX witnessed losses Wednesday. NCDEX November expiry Maize futures opened a Rupee down at Rs.693.00/qtl from last days close of Rs.694.00/qtl. The prices thereafter tested Rs 694.00/qtl level, however failed to stick to the days high as bears became more active and thrust down the prices to the lowest Rs 687.00/qtl. The trading for the session finally culminated Rs 5.50 down at Rs 688.50/qtl. Both volume and open interest continued to decrease during the session.

PRICE DRIVERS:

Bullish:

- Estimated higher export
- Consumption of starch industry to rise 2.4 million tonnes, up 66%
- Government agencies to gear up for procurement at MSP
- Strengthening crude prices propel bio-fuel demand and support corn prices

Bearish:

- Increased Production
- The US Grains Council India report quoting the USDA said the new estimate for US corn crop of 2007-08 has been projected at 338.27 million tonnes, higher by 26 per cent than the 2006-07 crop of 267.57 million tonnes.

TECHNICALS:

Maize chart is showing a downtrend of prices. Candlestick pattern is showing bearish sentiments are prevailing in the market. The prices have closed below short term and medium term EMA's showing weakness in the market. MACD is rising in negative zone showing decreasing bearish momentum. RSI is falling in neutral region indicating weakness. Maize is likely to trade volatile with bearish bias.

NCDEX Maize November Contract



SUPPORT / RESISTANCES:

| Month | S2 | S1 | PCP | R1 | R2 |
|-------|-----|-----|-------|-----|-----|
| Nov | 677 | 683 | 688.5 | 693 | 698 |

RECOMMENDATION:

SELL NCDEX - November below 690 with target 685, then 682. Put stop loss above 693.

Do not carry forward the position until the next day.

Weather Impact Analysis

Karnataka and A.P. weather is expected to be favourable for arrivals and movement.

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