

■ MAIZE

■ Oct. 23, 2007

Domestic Market Recap

During Monday's trade, maize spot prices mostly traded steady on good buying from starch manufacturers and poultry industries along with some export orders despite the sustained fresh crop arrivals. Prices also found support as government agencies and private suppliers started maize procurement at the government's fixed MSP prices of Rs.620/qtl. Major trading centres like Nizamabad (AP) and Kolkata remained closed due to local festivals. On good buying from Haryana and Punjab starch makers, Delhi red maize (Atta Quality) traded steady amid increased supply of 6-7 motors and hybrid (UP) maize traded at its previous price level of Rs.740-742/qtl on a steady demand. However, on daily healthy arrival of fresh crops (25000 qtls), Pune Sangli truck bilty quality traded down against a lower offtake by the suppliers and stockists. But Ahmedabad poultry feed mills quality traded up on good demand from the poultry industries against the daily arrival of 4-500 qtls. Wet weather over the southern India further imparted positive tone in the market sentiment, as it is not favourable for harvesting, sources reported. However, on a lower demand, Bajra in Delhi mandis quoted down Rs.630 against a sustained supply. NCDEX has fixed FSP for maize at Rs.657.45/qtl, which ended on October 18. In coming days, prices may trade range bound as government agencies started procurement on MSP price level in major producing centres like AP.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		22-0-07	20.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800-805	-	6-7 motors
Nizamabad (Bilty)	Red Maize (New)	-	-	-	
Davangere (Bilty)	Red Maize (New)	640	-	-	15-20 000
Naugachia, Bihar (Loose)	Red Maize	715-720	-	-	
Ahmedabad	Poultry feed mills	750-760	750-755	+5	4-500 qtls
Ahmedabad	Starch	745-750	740-750	-	
Pune	Starch Quality	670-680	680	-	25 000 qtls
Pune	Sangli truck Bilty	600-610	625	-15	

International Futures Quotes (as of October 19, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	368.50	371.00	364.00	370.25	+3.00
March 2008	384.50	387.00	380.50	386.00	+2.50
May 2008	395.00	397.25	391.00	397.00	+3.25

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

CBOT corn futures settled higher Friday. December Corn finished up 3 cents at \$370.25 per bushel; this was .75 off the high and 6.25 up from the low. March Corn closed up 2.5 cents at \$386.00 per bushel. This was 5.5 up from the low and 1 off the high. Although the US corn futures gained early in the session but traded down on long selling pressure by the mid session. Since then markets gained on the USDA presented projections to the houses of the decreased of corn acreage in 2008-09 at 87 million acres from 93.6 million acres this year. Informa Economics pegged planted area at 71.7 million acres for next year. This news added to the positive tone early but the sharp break in the stock market and ideas that the market is overbought after a 36.75 cent jump off of the October 8th lows helped spark profit-taking selling. A limit-up advance in December wheat contributed to the firm close. The USDA reported a daily sale of 138,176 tonnes of US corn to Japan. Ideas that next week's weather looks wetter than normal for the western Corn belt helped support the strong close as well with December corn closing 18.75cents higher on the week.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Monday. Maize futures opened weak at Rs.688.00/qtl against the previous close of Rs.689.00/qtl and traded up on some buying interest at lower level and tested the high of Rs.697.50. However prices traded down thereafter on increased selling pressure at higher level and touched the low of Rs.687.00/qtl. Prices settled down at Rs.687.00, down of Rs.2.00/qtl against the previous close of Rs.697.50/qtl. The most active November contract traded in the range of Rs.687.00-697.50/qtl. In November contract, volume increased substantially while open interest decreased marginally.

PRICE DRIVERS:**Bullish:**

- Estimated higher export
- Government agencies to gear up for procurement at MSP
- Good Poultry industries demand

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:

A gravestone doji has formed in the chart shows weakness in prices. Prices closed below the 9 and 18-days EMA indicating bearish trend. MACD is moving up in the negative territory. Stochastic is moving up in the oversold region while RSI is dipping in the neutral region. Maize is likely to trade range bound with weak bias with some late downward movement.

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

Month	S2	S1	PCP	R1	R2
Novem ber	666	672	687	697	705

RECOMMENDATION:

SELL NCDEX - November below 686 with target 680, then 678. Put stop loss near 689.

Do not carry forward the position until the next day.

Weather Impact Analysis

Fairly widespread rainfall activity over south peninsular India with isolated heavy falls over Tamil Nadu, Kerala and south Coastal Andhra Pradesh during next 3-4 days, which may obstruct harvesting.

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