

■ MAIZE

■ Oct. 8, 2007

Domestic Market Recap

During Saturday's trade, Maize spot prices in various domestic mandis mostly traded mixed. On lack of buying interest, prices of Pune Starch quality and Sangli truck bilty plummeted against increased daily arrivals of 17000 qtls. However, good export orders along with domestic demand from the poultry industries boosted up the maize sentiment. Ahmedabad poultry feed mills quality and Nizamabad bilty (new) traded up on higher offtake against a reduced supply. On a steady demand-supply situation, Delhi (Bihar) red maize, Davangare bilty (new) and Naugachia (Bihar) loose basis quoted at Rs.790/qrtl, Rs.575-625 and Rs.720-725 respectively against the daily arrival of 5 motors, 4-5 qtls and 4 motors. Meanwhile, to check the falling maize prices against the fresh crop arrivals, the AP Markfed has opened 365 procurement centres in the 10 maize growing districts. The federation had asked the state and Central warehousing corporations to reserve space to house the procured maize. Federation has advised the farmers to dry and clean the produce following the standards set by the government. Traders are also optimistic that maize prices may prop up with the good export demand along with the MSP of Rs.620/qrtl against estimated record production. In Delhi mandis, hybrid (UP) maize traded steady against a steady arrival while Bajra quoted lower Rs.610 on reduced offtake against improved supply. By Oct. 5. Maize acreage up at 74.55 lakh ha against 68.44 lakh ha last year while Bajra stood at 86.99 lakh ha against 92.86 lakh ha last year.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		06.10.07	05.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	790	790	-	5 motors
Nizamabad (Bilty)	Red Maize (New)	635-640	625-635	+5	10000 qtls
Davangere (Bilty)	Red Maize (New)	575-625	575-625	-	4-5000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-725	720-725	-	4 motors
Ahmedabad	Poultry feed mills	850	820-825	+25	50 bags
Ahmedabad	Starch	810-820	820	-	
Pune	Starch Quality	760-770	790-800	-30	17 000 bags
Pune	Sangli truck Bilty	670-685	690	-5	

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

Contract Month	Open	High	Low	Settle	Change
December 2007	342.25	343.75	339.50	342.25	-
March 2008	358.50	360.25	356.00	359.00	-
May 2008	369.50	371.00	367.00	369.50	-0.25

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

CBOT corn futures settled flat Friday. December Corn finished unchanged at \$342.25 per bushel; this was 1.5 off the high and 2.5 up from the low. March Corn closed unchanged at \$359.00 per bushel. This was 2.75 up from the low and 1 off the high. Despite the weakness in other commodities, CBOT Friday's corn future traded flat. The estimation of lower production in China and some export orders for US corn have held up the prices. Expectations of higher production in US and the ongoing harvesting pressurised the prices in early sessions and reached to a 17-session low early in the day. However, the ideas of market is oversold have helped a short covering by mid-day. Although the weaknesses in other commodities pressurised the prices but inched higher by close. Informa pegged the US corn crop at 13.506 billion bushels, up 198 million bushels from last months report. Yield was pegged at 158.1 bushels per acres as compared with 155.8 from the USDA last month.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Saturday. Maize futures opened weak at Rs.700.00/qtl against the previous close of Rs.704.50/qtl and trade up on some buying interest at lower level and tested the high of Rs.705.50/qtl. However, prices traded down thereafter on selling pressure at higher level and tested the low of Rs.692. Prices settled down at Rs.695.00, down of Rs.9.50/qtl against the previous close of Rs.704.50/qtl. The most active November contract traded in the range of Rs.692.00-705.50/qtl. In November contract, volume deceased while open interest decreased marginally.

PRICE DRIVERS:**Bullish:**

- Growing demand from the poultry industry
- Good overseas demand
- Lower Stock in NCDEX Warehouses

Bearish:

- Arrival of fresh crops with higher moisture content in southern market
- Kharif Maize acreage stood around 74.55 lakh ha against 68.44 lakh ha last year till date.
- 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:

Candlestick chart pattern indicates weaknesses in prices. Prices closed well below the 9 and 18-days EMA indicating medium term weakness in market. MACD is dipping in the negative region. Stochastic is entering into the oversold region while RSI is about to enter into the oversold region. Maize is likely to trade range bound with weak bias with possibility of some late upward movement.

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

Month	S2	S1	PCP	R1	R2
November	679	682	695	706	711

RECOMMENDATION:

SELL NCDEX - November below 697 with target 691, then 689. Put stop loss near 700.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 6th Oct., Fairly wide spread rainfall is likely over Coastal Andhra Pradesh and Coastal Orissa in next 48 hours.

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