

## ■ MAIZE

■ Oct. 6, 2007

**Domestic Market Recap**

Maize spot prices mostly traded lower during Friday's trade on lower offtake from the consuming units amidst slightly improved arrivals. As per the trade sources, markets witnessed subdued demand from both locals and exporters. With the arrival of healthy new crops with more than 14% moisture content, maize Nizamabad and Davangere (bilty) traded steady to down at Rs.625-635 and Rs.575-625/qtl against the daily arrival of 16000 and 5000 qtls respectively. With the pressure of fresh crop arrival in early next month, Pune starch quality and Sangli truck bilty ruled lower at Rs.800-810 and Rs.690-700 against the arrival of 15000 bags. On a subdued trading activity, Delhi (red maize), Kolkata (mill delivery) and Naugachia (Bihar) loose basis traded down against a healthy supply. However, Ahmedabad starch quality grade quoted higher on good demand from the starch makers against a tight supply of 100 bags. Meanwhile, 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. The Agricultural ministry in Brazil expects the 2007-08-corn crop near 51.8 to 52.8 million tonnes as compared with last year's production of 51.1 million tonnes. Maize acreage stood around 74.55 lakh ha against 68.44 lakh ha last year till date.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		05.10.07	04.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	790	800	-10	5-6 motors
Nizamabad (Bilty)	Red Maize (New)	625-635	620-635	-	16000 qtls
Davangere (Bilty)	Red Maize (New)	575-625	615-630	-5	5000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-725	720-730	-5	4-5 motors
Ahmedabad	Poultry feed mills	820-825	840	-15	100 bags
Ahmedabad	Starch	820	810	+10	
Pune	Starch Quality	790-800	800-810	-10	15 000 bags
Pune	Sangli truck Bilty	690	690-700	-10	

**International Futures Quotes (as of October 4, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	348.50	348.50	341.00	342.25	-2.25
December 2007	364.50	364.50	357.75	359.00	-2.00
March 2008	375.00	375.00	368.25	369.75	-1.75

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

CBOT corn futures settled down Thursday. December Corn finished down 2.25 cents at \$342.25 per bushel; this was 6.25 off the high and 1.25 up from the low. March Corn closed down 2 cents at \$359.00 per bushel. This was 1.25 up from the low and 5.25 off the high. CBOT Thursday's corn future closed lowest since September 11. Although in the early sessions, corn future was supported by the strong wheat but can not sustain due to harvesting pressure and more ending stocks than expected. Weekly US export sales for corn came in at 1.15 million metric tonnes as compared to trade expectations between 900,000-1.2 million. Cumulative sales have reached 37.7% of the USDA forecast for the year as compared to 23.9% on average over the last five years. Sales of 737,300 metric tonnes per week are needed to reach the USDA estimate. The Agricultural ministry in Brazil expects the 2007-08 corn crop near 51.8 to 52.8 million tonnes as compared with last year's production of 51.1 million tonnes. South Korea bought 202,000 tonnes of US corn with at least 92,000 from the US.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded weak Friday. Maize futures opened slightly weak Rs.703.50/qtl against the previous close of Rs.704.50/qtl. Contract then traded down and tested the low of Rs.694.00. Prices settled down at Rs.699.00, down of Rs.5.50/qtl against the previous close of Rs.704.50/qtl. The most active October contract traded in the range of Rs.694.00-703.50/qtl. In October contract, both volume and open interest decreased significantly.

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

- Growing demand from the poultry industry
- Good overseas demand
- Crop damaged in Mizoram by rats

**Bearish:**

- Arrival of fresh crops 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 about to enter into the negative region. Stochastic as well as RSI is dipping in the neutral region leaving scope for further down trend. Maize is likely to trade range bound with weak bias with possibility of some late upward movement.

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

Month	S2	S1	PCP	R1	R2
October	679	685	699	709	712

**RECOMMENDATION:**

**SELL NCDEX** - October below 700 with target 694, then 692. Put stop loss near 703.

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

**Weather Impact Analysis**

IMD forecast on 5<sup>th</sup> Oct., Isolated heavy rainfall is likely over Coastal Andhra Pradesh and Coastal Orissa in next 48 hours.

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