

■ MAIZE

■ Oct. 9, 2007

Domestic Market Recap

During Monday's trade, Maize spot prices in various domestic mandis mostly traded lower on lack of buying interest amid sustained supply. Domestic markets saw a subdued demand from starch and poultry industries along with subdued export orders. Meanwhile, starch industries appeal to the Ministry of Commerce to ban maize export in order to stabilise the domestic prices and ensure sufficient availability for the domestic consumption. Over the years, demand from the poultry industries rising sharply by 17 per cent while production is not keeping the pace, sources reported. The recent rainfall in AP, Karnataka and Maharashtra may affect the quality of the crop, which is likely to have a positive impact on the prices. With the improved arrival of 15000-20000 qtls with more than 12% moisture content against lower offtake, Nizamabad bilty traded lower Rs.621-622/qrtl. Ahmedabad starch quality traded down Rs.50/qrtl from its previous level against subdued demand with the arrival of 150 bags. In Delhi mandis, red maize (Bihar) quality quoted lower at Rs.775/qrtl against the improved arrival of 6 motors and hybrid (UP) quoted lower at Rs.725 against the arrival of 16-18 motors while Bajra quoted steady at Rs.610. In coming days, maize trade range bound with firm bias as government is providing good minimum support price.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		08.10.07	06.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	775	790	-15	6 motors
Nizamabad (Bilty)	Red Maize (New)	621-622	635-640	-18	15-20000 qtls
Davangere (Bilty)	Red Maize (New)	580-621	575-625	-4	1000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-725	720-725	-	3-4 motors
Ahmedabad	Poultry feed mills	830	850	-20	150 bags
Ahmedabad	Starch	770	810-820	-50	
Pune	Starch Quality	770	760-770	-	20 000 bags
Pune	Sangli truck Bilty	690	670-685	+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 Monday. Maize futures opened weak at Rs.692.00/qtl against the previous close of Rs.694.50/qtl and trade up on some buying interest at lower level and tested the high of Rs.696.00/qtl. However, prices traded down thereafter on selling pressure at higher level and tested the low of Rs.686.00. Prices settled down at Rs.688.50, down of Rs.6.50/qtl against the previous close of Rs.694.50/qtl. The most active November contract traded in the range of Rs.692.00-696.00/qtl. In November contract, both volume and open interest decreased marginally.

PRICE DRIVERS:**Bullish:**

- Growing demand from the poultry industry
- Consumption to rise 2.4 million tonnes, up 66%
- Lower Stock in NCDEX Warehouses

Bearish:

- Starch Industries appeal to government to stop maize export.
- 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. Both Stochastic and RSI is moving downward in the oversold region support the bulls. 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	672	678	688	700	704

RECOMMENDATION:

SELL NCDEX - November below 690 with target 684, then 682. Put stop loss near 693.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 8th Oct., Scattered rainfall activity is likely over northeastern states and extreme south peninsula in next 48 hours.

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