

■ MAIZE

■ Oct. 24, 2007

Domestic Market Recap

During Tuesday's trade, maize spot prices mostly traded steady to up on good buying from starch manufacturers and poultry industries along with some export orders despite the sustained fresh crop arrivals. On good export orders as well as domestic demand, both Nizamabad bilty and Davangere bilty traded steady to up amid the improved arrivals of 50000 and 45000 qtls respectively. In AP and Karnataka, rumours that farmers association demanding an incentive of Rs.40/qrtl above the govt. fixed MSP of Rs.620. Farmers association raised this issue after government fixed the MSP of wheat Rs.1000 where the cost of two crops production is very minimal. Karnataka Farmers stopped selling to government agencies in await of state government's for the increased bonus of Rs.40 while in Andhra Pradesh, AP MARFED has already procured 10,000 tonnes of maize in the price level of Rs.620 out of the set target of 500,000 tonnes, government agencies reported. On good buying from the Punjab and Haryana starch manufacturers and Poultry industries, Delhi red maize (atta qtlty) as well as hybrid (UP) maize traded steady against the steady arrival of 6-7 and 14 motors while Bajra traded steady at Rs.630. Ahmedabad starch quality and Naugachia (Bihar) traded up on strong demand against restricted arrival.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		23-0-07	22.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800-805	-	6-7 motors
Nizamabad (Bilty)	Red Maize (New)	665-675	-	-	50 000 qtls
Davangere (Bilty)	Red Maize (New)	645	640	+5	45 000 qtls
Naugachia, Bihar (Loose)	Red Maize	710-725	715-720	+5	2 motors
Ahmedabad	Poultry feed mills	750-760	750-760	-	400 qtls
Ahmedabad	Starch	750-760	745-750	+10	
Pune	Starch Quality	675	670-680	-5	28 000 qtls
Pune	Sangli truck Bilty	600	600-610	-10	

International Futures Quotes (as of October 22, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	362.00	366.75	359.00	364.50	-5.75
March 2008	378.00	382.75	375.50	381.00	-5.00
May 2008	388.00	392.00	385.75	391.75	-5.25

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

CBOT corn futures settled down Monday. December Corn finished down 5.75 cents at \$364.50 per bushel; this was 2.25 off the high and 5.5 up from the low. March Corn closed down 5 cents at \$381.00 per bushel. This was 5.5 up from the low and 1 off the high. On Monday, CBOT corn futures settled lower on the news market is overbought and some weakness in other markets like energy prices. Market also traded lower on aggressive speculative selling. Weakness in the other grain markets along with ideas that harvest will advance in the northern and western Corn Belt this week added to the negative tone. On Friday, traders were fearful of a slow harvest week this week but this does not appear to be the case this week except for producers in the eastern and southern Corn Belt region. Weekly export inspections, released, came in at 39.3 million bushels as compared with trade expectations at 40-45 million bushels. Cumulative shipments have reached 12.7% of the export total for the year as compared with 12.2% as the 5-year average for this time of the year. Shipments need to average 45.3 million bushels per week to reach the USDA projection.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Monday. Maize futures opened weak at Rs.690.00/ql against the previous close of Rs.690.50/ql and traded up on some buying interest at lower level and tested the high of Rs.693.50. However prices traded down thereafter on increased selling pressure at higher level and touched the low of Rs.688.50/ql. Prices settled down at Rs.689.50, down of Rs.1.50/ql against the previous close of Rs.690.50/ql. The most active November contract traded in the range of Rs.688.50-693.50/ql. In November contract, volume decreased marginally while open interest increased marginally.

PRICE DRIVERS:**Bullish:**

- AP MARFED Procured 10 000 tonnes
- Good Export Demand
- Good Poultry and Starch 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.
- Increased arrivals

TECHNICALS:

Candlestick chart pattern shows indecisiveness in prices. Prices closed below the 9 and 18-days EMA indicating bearish trend. MACD is moving up in the negative territory. Both Stochastic as well as RSI is moving up in the neutral region show return of bulls into the market. Maize is likely to trade range bound with firm bias with some late downward movement.

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

Month	S2	S1	PCP	R1	R2
November	677	682	689.5	706	712

RECOMMENDATION:

BUY NCDEX - November above 691 with target 697, then 699. Put stop loss near 688.

Do not carry forward the position until the next day.

Weather Impact Analysis

Rain/thundershowers are likely at many places over Tamil Nadu, Kerala, Karnataka and Coastal Andhra Pradesh.

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