

## ■ MAIZE

■ Oct. 3, 2007

**Domestic Market Recap**

During Monday's trade, maize spot prices mostly traded steady on good export as well as domestic demand against the slightly increased arrivals. But with the healthy daily arrivals of 50,000 qtls against a lower offtake, Pune starch quality and Sangli truck bilty traded down Rs.800 and Rs.710 from the Saturday's level of Rs.810 and Rs.730/qrtl respectively. Both Nizamabad (bilty) and Davangere (bilty) (new crop) traded steady on good export orders from the south Asian countries amidst increased arrivals of 15000 and 11000 qtls. respectively. Good demand from the poultry industries boosted up the domestic sentiment. Ahmedabad poultry feed mills ruled higher at Rs.830/qrtl against the restricted supply of 3 motors. On a routine trading activity, Delhi (Bihar) red maize and Naugachia (Bihar) loose basis traded steady. But in Kolkata mandis, maize (mill quality) slightly firmed up on good demand from the poultry industries against a tight supply. In Delhi, Bajra dipped at Rs.620/qrtl on lower offtake from the consuming units. In short term, fresh crop arrivals along with bumper production may pressurize the maize prices to rule at lower side, but in medium term, may be firmed up on good export demand from east Asian countries as China is restricting corn export. In Mizoram, near about 9,851 tonnes of kharif maize were lost due to flowering of bamboo, which attracted rats by the millions.

**Domestic Spot Market Prices**

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		01.10.07	29.09.07		
Delhi (ex-godown)	Red Maize (Bihar)	800	800	-	2-3 motors
Nizamabad (Bilty)	Red Maize (New)	630	630	-	15000 qtls
Davangere (Bilty)	Red Maize (New)	630-635	630-635	-	11000 qtls
Naugachia, Bihar (Loose)	Red Maize	700-725	710-725	-	150 bags
Ahmedabad	Poultry feed mills	830	800	+20	3 motors
Ahmedabad	Starch	810	800-810	-	
Pune	Starch Quality	800	810	-10	50 000 bags
Pune	Sangli truck Bilty	710	730	-20	

**International Futures Quotes (as of September 28, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	386.25	387.50	370.00	373.00	-13.75
December 2007	402.00	403.00	386.25	389.25	-13.00
March 2008	411.00	412.00	396.00	399.25	-12.00

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

CBOT corn futures settled down Friday. December Corn finished down 13.75 cents at \$37.00 per bushel; this was 12.5 off the high and 3 up from the low. March Corn closed down 13 cents at \$389.00 per bushel. This was 3 up from the low and 11.25 off the high. CBOT Friday's corn closed sharply lower after reaching highs in this week since June 22nd. Futures settled lower as a larger-than expected quarterly corn stocks report pressured prices, with end-of-month and end of- quarter position squaring also pushing futures lower. The stocks report was larger than what the market expected and corn saw some consolidation from recent sharp gains and ahead of month end. Although wheat futures made another new all-time high, price volatility spilled over into corn as sharp gains in wheat helped trim corn losses after mid-session though late weakness in wheat helped pressure corn near the close. Speculative selling also pressurised the prices. USDA pegged September 1st stocks at 1.304 billion bushels as compared with the average pre-report trade estimate at 1.146 billion bushels compared with 1.967 billion last year.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded firm Monday. Maize futures opened firm at Rs.715.00/qtl against the previous close of Rs.714.50/qtl and initially traded down and tested the low of Rs.710.00. However, prices traded up thereafter on increased buying interest at lower level and tested the high of Rs.729.00. Prices settled at higher at Rs.724.50, up of Rs.8.50/qtl against the previous close of Rs.717.00/qtl. The most active October contract traded in the range of Rs.710.00-729.00/qtl. In October contract, volume increased significantly while open interest increased marginally.

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

- Growing demand from the poultry industry
- Recent rainfalls delayed harvesting
- Crop damaged in Mizoram by rats

**Bearish:**

- Arrival of fresh crops in southern market
- Kharif maize acreage has increased to 74.22 lakh hectares as on September 7 as against 69.95 lakh hectares during previous year.
- 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 shows firmness in prices. Prices closed below 9 and 18 days EMA indicates medium term firmness in market. MACD is heading down in positive region. Stochastic is dipping in the neutral region while RSI moving up in neutral region. Maize is likely to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
October	711	717	724.5	738	743

**RECOMMENDATION:**

**BUY NCDEX** - October below 724 with target 729, then 731. Put stop loss near 721.5.

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

**Weather Impact Analysis**

IMD forecast on 1<sup>st</sup> Oct., Scattered rainfall activity is likely over south peninsula in next two days, which may damage the standing maize crops in AP and Karnataka.

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