

■ MAIZE

■ Oct. 5, 2007

Domestic Market Recap

Maize spot prices mostly traded mixed during Thursday's trade on steady demand amidst slightly restricted arrivals. In southern markets, maize mostly traded steady to up on the report of sailing of vessels, viz., AMBASSADOR, ARIKUN on October 1 and BADULU VALLEY on September 29, carrying 4,089, 6530 and 1733 tonnes maize respectively to unknown destinations against the arrival of fresh crops. Good export orders along with demand from the domestic starch industries further boosted the market sentiment. Kolkata mill quality, Naugachia (Bihar) loose basis and Ahmedabad poultry feed mills quality quoted higher against restricted/no arrival. However, against a subdued demand, Delhi red maize (Bihar), Ahmedabad starch quality and Pune starch quality dipped against slightly increased arrivals. In Delhi, Bajra dipped at Rs.620/qtl on lower offtake against steady daily arrival. Despite the estimation of higher maize production in this kharif season, maize farmers are expecting higher return. Traders and exporters said that Indian maize is very much competitive in the international market. Although USA is a major competitor, India has an edge with competitive freight rates. In near future, with the high MSP of Rs.620/qtl and good overseas demand as China has banned corn export, maize may rule at higher side.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		04.10.07	03.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	800	805	-5	6 motors
Nizamabad (Bilty)	Red Maize (New)	620-635	630-635	-	15000 qtls
Davangere (Bilty)	Red Maize (New)	615-630	635	-5	5000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-730	720-725	+5	4-5 motors
Ahmedabad	Poultry feed mills	840	820	+20	No arrival
Ahmedabad	Starch	810	800-830	-20	
Pune	Starch Quality	800-810	810-815	-5	20 000 bags
Pune	Sangli truck Bilty	690-700	690-695	+5	

International Futures Quotes (as of October 3, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
September 2007	344.00	351.25	342.25	344.50	-4.25
December 2007	361.00	367.50	359.50	361.00	-4.50
March 2008	370.75	377.00	369.75	371.50	-3.50

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

CBOT corn futures settled down Wednesday. December Corn finished down 4.25 cents at \$344.50 per bushel; this was 6.75 off the high and 2.25 up from the low. March Corn closed down 4.5 cents at \$361.00 per bushel. This was 1.5 up from the low and 6.5 off the high. CBOT Wednesday's corn future closed lower on pressure from technical and fund selling. It traded both sides. Commodity fund selling also added the negative tone. Although initially, it found support with high wheat future prices, but as wheat unable to maintain its gain, corn futures turned negative. Warm weather further pressured the traders for selling as warm climate is favourable for the harvesting. For the weekly export sales report, traders are looking for corn sales near 900,000-1.2 million tonnes as compared with 1.699 million tonnes last week. Sales need to average 746,000 per week to reach the current USDA forecast.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Thursday. Maize futures opened slightly firm at Rs.715.50/qtl against the previous close of Rs.715.00/qtl. Contract then traded down and tested the low of Rs.702.00. Prices settled down at Rs.704.50, down of Rs.10.50/qtl against the previous close of Rs.715.00/qtl. The most active October contract traded in the range of Rs.702.00-715.50/qtl. In October contract, volume increased significantly while open interest increased marginally.

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 has increased to 76.78 lakh hectares as on September 28 as against 72.45 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:

A strong dark candlestick has formed in the chart indicating 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 is moving flat in the neutral region while RSI is moving downwards in neutral region, leaving scope for further downtrend. Maize is likely to trade range bound with weak bias.

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

Month	S2	S1	PCP	R1
October	686	691	704.5	715

RECOMMENDATION:

SELL NCDEX - October below 706 with target 700, then 698. Put stop loss near 709.

Do not carry forward the position until the next day.

Weather Impact Analysis

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

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