

■ MAIZE

■ Oct. 11, 2007

Domestic Market Recap

During Wednesday's trade, Maize spot prices at most major domestic mandis dipped on lower offtake from the stockists and suppliers amid improved supply. However, in Delhi red maize (Bihar) and Nizamabad new crop quoted higher at Rs.780 and Rs.630/qlt on good demand against steady arrival. Ahmedabad poultry feed mills quality and Pune starch quality traded down Rs.780 and Rs.730/qlt respectively, down of Rs.40/qlt each from the Tuesday's price level. 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 further added the negative tone to the market sentiment. In Naugachia (Bihar) loose basis and Kolkata (Mill Delivery) also traded down on subdued demand activity against the steady arrival. In Delhi mandis, hybrid (UP) quoted higher at Rs.735 against the restricted arrival of 12 motors. Bajra quoted up at Rs.625 on good demand. Markets also witnessed subdued demand from the starch and poultry industries. In coming days, maize is likely to trade range bound with weak bias against healthy arrival of fresh crops with higher moisture content (above 12%).

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qlt)		Change	Arrivals
		10.10.07	09.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	780	775	+8	4-5 motors
Nizamabad (Bilty)	Red Maize (New)	630	615-620	+10	15-20000 qtls
Davangere (Bilty)	Red Maize (New)	570-615	580-620	-5	7000 qtls
Naugachia, Bihar (Loose)	Red Maize	710-715	720-725	-10	5-6 motors
Ahmedabad	Poultry feed mills	780	810-820	-40	200 bags
Ahmedabad	Starch	750	770	-20	
Pune	Starch Quality	730	760-770	-40	22 000 bags
Pune	Sangli truck Bilty	650	680	-30	

International Futures Quotes (as of October 9, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	340.00	348.50	339.50	342.50	+2.75
March 2008	357.00	364.75	356.00	359.50	+3.25
May 2008	366.50	375.00	366.50	369.25	+2.25

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

CBOT corn futures settled higher Tuesday. December Corn finished up 2.75 cents at \$342.50 per bushel; this was 6 off the high and 3 up from the low. March Corn closed up 3.25 cents at \$359.50 per bushel. This was 3.5 up from the low and 5.25 off the high. Market closed higher but weakness in other commodities including wheat pulled down the prices in the mid-session. Initially market traded higher with the strong support from wheat. Despite good weather, which favours for harvesting, but good buying support helped the corn futures. Weekly export inspections, released showed corn exports at 42.2 million bushels as compared with trade expectations for 40-45 million. Shipments need to average 43.1 million bushels per week to reach the USDA projection. For the USDA supply/demand report for Friday morning traders are looking for 2007/08 ending stocks to come in near 1.965 billion bushels as compared with 1.675 billion posted in the September USDA report. Crop Production is expected to come in near 13.466 billion bushels as compared with 13.308 billion posted in the September USDA report.

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FUTURES MARKETS:

Maize futures at NCDEX traded firm Wednesday. Maize futures opened firm at Rs.703.00/ql against the previous close of Rs.697.50/ql and traded down on some selling pressure at higher level and touched the low of Rs.699.00/ql. However, prices recovered thereafter on some buying interest at lower level and tested the high of Rs.715.50/ql. Prices settled up at Rs.703.00, up of Rs.5.50/ql against the previous close of Rs.697.50/ql. The most active November contract traded in the range of Rs.699.00-715.50/ql. In November contract, volume increased significantly while open interest increased 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 shows indecision in prices. However, prices closed below the 9 and 18-days EMA indicating medium term weakness in market. MACD is dipping in the negative region. Stochastic is hesitant to recover from the oversold region. RSI is recovering from the oversold region favours bulls. Maize is likely to trade range bound with firm bias with possibility of some late downward movement.

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

Month	S2	S1	PCP	R1	R2
November	685	693	703	719	724

RECOMMENDATION:

BUY NCDEX - November above 701 with target 707, then 709. Put stop loss near 698.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 10th Oct., Rain/thundershowers are likely at a few places over south Coastal Andhra Pradesh, Tamil Nadu, Kerala and Coastal Karnataka.

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