

## ■ MAIZE

■ Oct. 31, 2007

## Domestic Market Recap

During Tuesday's trade, maize spot prices mostly traded steady to better on good buying from the domestic starch manufacturers and poultry industries amid tight supply. Major producing centres in south faced tight supply as recent rainfalls obstructed harvesting as well as drying up of crops. Good overseas demand for India's dried crop further imparted bullish sentiment. Both Nizamabad and Davengere wagon bilty traded previous day's price level on good export demand against a daily supply of 5-6000 and 4000 qtls respectively. Naugachia (Bihar) loose basis and Pune starch quality quoted higher on good demand from maize processors against a tight supply. On normal demand from the Punjab and Haryana starch makers and poultry industries, Delhi red maize and hybrid (UP) traded steady against the steady arrival of 6-7 and 12 motors while Bajra traded higher at Rs.658-660/qrtl on good demand. Ahmedabad starch quality and poultry feed mills dipped Rs.5/qrtl each on a subdued offtake from the consuming units coupled with the supply of wet crops from Maharashtra. Compared to world's per acre yield of 20 qtls, India has only eight qtls. Govt. of India along with Monsanto India Limited is planning to introduce Dekalb Maize hybrid seed, a 100-year-old brand offered 50 per cent superior yield for farmers. In Bihar, although rabi maize sowing is delayed one month due to flood, but now picking up the pace and farmers expects a good crop this year.

## Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		30.10.07	29.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	810	810	-	6-7 motors
Nizamabad (Bilty)	Red Maize (New)	690	690	-	5-6 000 qtls
Davengere (Bilty)	Red Maize (New)	675	675	-	4 000 qtls
Naugachia, Bihar (Loose)	Red Maize	700-715	700	+15	3 motors
Ahmedabad	Poultry feed mills	700-735	740	-5	12000 qtls
Ahmedabad	Starch	730	730-735	-5	
Pune	Starch Quality	680	675	+5	9 000 qtls
Pune	Sangli truck Bilty	625	625	-	

## International Futures Quotes (as of October 29, 2007)

## CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	376.00	378.75	375.00	376.00	+4.00
March 2008	392.50	396.00	391.75	393.00	+4.25
May 2008	402.50	405.25	402.00	402.75	+3.75

## International Market Recap

## CBOT Corn Futures Settled Up

CBOT corn futures settled up Monday. December Corn finished up 4 cents at \$376.00 per bushel; this was 2.75 off the high and 1 up from the low. March Corn closed up 4.25 cents at \$393.00 per bushel. This was 1.25 up from the low and 3 off the high. On good buying and support from other commodities market particularly from soy bean and wheat, corn futures settled higher. The surge in crude oil and other outside markets also supported the upward movement of the price. Japan bought 167,640 tonnes of US corn added to the positive tone and solid demand despite the rally into harvest continues to provide underlying support. Israel is tendering to buy 56,000 tonnes of US corn. Weekly export inspections came in at 43.8 million bushels as compared with trade expectations at 37-42 million bushels. Cumulative shipments have reached 14.7% of the USDA forecast for the season as compared with the 5-year average of 14.2% for this time of the year. A set-back in energy prices off of the early highs helped to see a set-back in corn into the mid-session but technical buying was active to see the market close firm.

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## FUTURES MARKETS:

Maize December futures at NCDEX settled higher Tuesday. Maize futures opened weak at Rs.752.00/ql against the previous close of Rs.753.00/ql and traded up on increased buying interest at lower level and tested the high of Rs.783.00. However, prices traded down thereafter on increased selling pressure at higher level and tested the low of Rs.745.00. Prices settled up at Rs.763.00, up of Rs.10.00/ql against the previous close of Rs.753.00/ql. The most active December contract traded in the range of Rs.745.00-783.00/ql. In December contract, both volume and open interest increased significantly. November contract traded in the range of Rs.715.00-746.00.

## PRICE DRIVERS:

## Bullish:

- Harvesting Delayed
- Good overseas demand

## Bearish:

- Poultry Industries gradually shifting to Soymeal
- The global corn production forecast is unchanged at 766 million tonnes, 70 million more than in 2007
- Lower demand for the higher moisture content maize

## TECHNICALS:

A bullish candlestick has formed in the chart shows firmness in prices. Prices closed above the 9 and 18-days EMA indicates medium term firmness in market. MACD is moving up in the positive territory. Both Stochastic as well as RSI is moving up in the overbought region indicates bullish sentiment. Maize is likely to trade range bound with firm bias with some late downward movement.

## NCDEX Maize December Contract



## SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
December	735	745	763	783	789

## RECOMMENDATION:

**BUY NCDEX** - December above 759 with target 767, then 769. Put stop loss near 755.

Do not carry forward the position until the next day.

## Weather Impact Analysis

Isolated heavy to very heavy rainfall is likely over rest Andhra Pradesh, north coastal Tamil Nadu, Kerala which obstructs harvesting as well as delaying the drying of crops.

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