

MAIZE

Oct. 19, 2007

Domestic Market Recap

During Thursday, maize spot prices mostly traded steady to up on good export as well as domestic demand amid a steady supply from the producing centres. However, prices slashed down in Davangare (bilty) Rs.660 from the previous level of Rs.670/qtl against the arrival of 10000 qtls. Spot prices for maize in Delhi market were steady to better on continued buying from Haryana and Punjab poultry units. U.P. origin Hybrid (Red) maize was quoted down at Rs.740-742/qtl against the increased arrival of 18 motors. Domestic prices also found support from the good export orders. Nizamabad bilty quoted up at Rs.640-645/qtl on good export demand from importing countries. At Ahmedabad, starch quality traded up on good offtake while poultry feed mills quoted steady on a routine demand against the arrival of 500 qtls. In Kolkata poultry grade maize from Bihar was traded at Rs.840-850/qtl (factory delivery). In Delhi mandis, Bajra quoted up Rs.640/qtl on a good demand. Due to higher price realisation, Grain South Africa says, farmers are likely to plant over 2.8 million hectares of maize this season compared with only 2.6 million hectares last season. In coming days, prices may traded range bound on a good export and domestic demand against the pressure of healthy new crop arrival.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		18-10-07	17.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800	+5	Nominal
Nizamabad (Bilty)	Red Maize (New)	640-645	635	+10	35, 000 qtls
Davangere (Bilty)	Red Maize (New)	660	670	-10	10 000 qtls
Naugachia, Bihar (Loose)	Red Maize	715-725	-	-	5 motors
Ahmedabad	Poultry feed mills	770	750 - 770	-	500 qtsl
Ahmedabad	Starch	750-756	750	+6	
Pune	Starch Quality	670	-	-	20 000 qtls
Pune	Sangli truck Bilty	625	-	-	

International Futures Quotes (as of October 17, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	358.00	360.25	355.50	358.00	-2.50
March 2008	375.00	376.75	372.50	374.50	-2.75
May 2008	385.00	387.25	383.00	385.00	-2.50

International Market Recap

CBOT Corn Futures Settled Lower

CBOT corn futures settled lower Wednesday. December Corn finished down 2.5 cents at \$358.00 per bushel; this was 2.25 off the high and 2.5 up from the low. March Corn closed down 2.75 cents at \$374.50 per bushel. This was 2 up from the low and 2.5 off the high. Corn futures settled lower in quiet trading as the market consolidated on the lack of fresh news and spill over weakness from wheat. However, concerns for harvest delays and another surge in energy prices along with strength in the other grains supported the bounce off of the lows into the mid-session. Futures closed lower with an inside trading session. South Korea bought 45,000 tonnes of non-GMO corn overnight. Philippines is planning to buy 200,000 tonnes of corn before the end of the year. The USDA also announced a sale of 105,664 tonnes of US corn to Japan. For the weekly export sales report, traders are looking for corn sales near 900,000 to 1.1 million tonnes as compared with 2.319 million tonnes last week. Corn sales need to average just 757,600 tonnes per week in order to reach the current USDA forecast.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Wednesday. Maize futures opened weak at Rs.687.00/qtl against the previous close of Rs.689.00/qtl and initially traded up on some buying interest at lower level and tested the high of Rs.690.00. However, prices traded down thereafter on some selling pressure at higher level and touched the low of Rs.682.00/qtl. Prices settled down at Rs.687.50 down of Rs.1.50/qtl against the previous close of Rs.689.00/qtl. The most active November contract traded in the range of Rs.682.00-690.00/qtl. In November contract, volume increased significantly while open interest decreased marginally.

PRICE DRIVERS:**Bullish:**

- Estimated higher export
- Government agencies to gear up for procurement at MSP
- Strengthening crude prices propel bio-fuel demand and support corn prices

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.

TECHNICALS:

A doji Candlestick has formed shows indecisiveness in prices. Prices closed below the 9 and 18-days EMA indicating bearish trend. MACD is moving flat in the negative territory. Stochastic is moving flat in the oversold region while RSI is dipping in the neutral region. Maize is likely to trade range bound with firm bias.

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

Month	S2	S1	PCP	R1	R2
November	673	681	687.5	709	714

RECOMMENDATION:

BUY NCDEX - November above 689 with target 695, then 697. Put stop loss near 686.

Do not carry forward the position until the next day.

Weather Impact Analysis

Scattered rainfall activity is likely over extreme south peninsula during next 2-3 days which may obstruct harvesting.

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