

MAIZE

Oct. 26, 2007

Domestic Market Recap

During Thursday's trade, on good buying from the stockists and suppliers, maize mostly traded steady to better against restricted supply. However, on subdued demand from the starch manufacturers and poultry industries, Ahmedabad starch quality and poultry feed mills qualities traded lower amid increased inferior quality crop arrival. But in major producing centres like Davangere (Karnataka) and Nizamabad (AP) bilty traded steady to up on good export as well as domestic demand against restricted arrival. In Karnataka, govt. agencies failed to buy from farmers as they are not willing to sell in the present price level of Rs.620 but AP MARKFED able to procure more than 10 000 tonnes maize against the target of 500,000 tonnes. Markets also witnessed good export demand, sources reported. On continuous good demand from the starch and poultry industries of Haryana and Punjab, Delhi red maize and hybrid (UP) traded at higher side on restricted arrival and Bajra also quoted up Rs.640 on good demand. On normal routine demand-supply situation, Kolkata (mill quality), Naugachia (Bihar) and Pune starch quality and Sangli truck bilty traded steady. Agriculture ministry of France is seriously planning to ban the use of the genetically modified crop grown in the European Union, a maize produced by U.S. biotech giant Monsanto (MON.N). According to the Zimbabwe Reserve Bank, Zimbabwe has issued seed firms with permits to import maize seed for the 2007-2008 agricultural season.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/ctl)		Change	Arrivals
		25-0-07	24.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-815	800-805	+10	6-7 motors
Nizamabad (Bilty)	Red Maize (New)	685	665-670	+15	10 000 qtls
Davangere (Bilty)	Red Maize (New)	662-665	665	-	12 000 qtls
Naugachia, Bihar (Loose)	Red Maize	725	710-725	-	2 motors
Ahmedabad	Poultry feed mills	750	750-755	-5	10000 qtls
Ahmedabad	Starch	730-745	750-755	-10	
Pune	Starch Quality	680	680	-	10 000 qtls
Pune	Sangli truck Bilty	620	620	-	

International Futures Quotes (as of October 23, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	359.00	361.25	355.75	356.50	-4.50
March 2008	375.25	377.75	372.75	373.50	-4.25
May 2008	386.00	388.50	383.50	383.50	-5.00

International Market Recap

CBOT Corn Futures Settled Lower

CBOT corn futures settled down Wednesday. December Corn finished down 4.5 cents at \$356.00 per bushel; this was 4.75 off the high and .75 up from the low. March Corn closed down 4.25 cents at \$373.50 per bushel. This was .75 up from the low and 4.25 off the high. Despite surge in energy markets, corn futures settled lower since October 12. Weak trading in wheat, news of market is over bought and harvesting pressure pulled down corn prices. Surge in the crude oil and soybean pushed the prices up during the mid session but could not sustain due heavy selling pressure. South Korea is tendering to buy 110,000 tonnes of optional-origin non-GMO corn. The western Corn Belt is drying out from recent heavy rains and producers will be, or are already, back into fields. The outlook for a warmer and drier than normal trend into next week is seen as a factor to boost harvest progress. For the weekly export sales report, traders are looking for corn sales near 1.0-1.3 million tonnes as compared with 1.85 million tonnes last week.

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FUTURES MARKETS:

Maize futures at NCDEX settled lower Thursday. Maize futures opened weak at Rs.692.50/qtl against the previous close of Rs.693.50/qtl and traded up on increased buying interest at lower level and tested the high of Rs.696.50/qtl. After the mid session, prices traded down on some selling pressure at higher level and tested the low of Rs.691.00. Prices settled down at Rs.691.00, down of Rs.2.50/qtl against the previous close of Rs.693.50/qtl. The most active November contract traded in the range of Rs.691.00-696.50/qtl. In November contract, volume increased marginally while open interest decreased marginally.

PRICE DRIVERS:**Bullish:**

- AP MARKFED Procured 10 000 tonnes
- Good Export Demand
- Good Poultry and Starch industries demand

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.
- Increased arrivals

TECHNICALS:

Candlestick chart pattern shows weakness in prices. Prices closed below the 18-day EMA shows some buying interest in the market. MACD is moving up in the negative territory. Stochastic is moving up in the neutral region while RSI is dipping in the neutral region. Maize is likely to trade range bound with firm bias with some late downward movement.

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

Month	S2	S1	PCP	R1	R2
November	677	682	691	707	712

RECOMMENDATION:

BUY NCDEX - November above 691 with target 696, then 698. Put stop loss near 688.5.

Do not carry forward the position until the next day.

Weather Impact Analysis

Rain/thundershowers are likely at many places over Tamil Nadu, Kerala, Karnataka and Coastal Andhra Pradesh.

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