

MAIZE

Oct. 4, 2007

Domestic Market Recap

During Wednesday's trade, maize spot prices mostly traded steady to higher on good export as well as domestic demand despite the improved supply. In southern markets, prices found support with the news 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. In north India, good demand from the starch makers and poultry feed millers boosted the market sentiment. In Delhi (Bihar) red maize quality quoted higher at Rs.805 against the increased daily arrival of 4-5 motors and Hybrid (UP) maize traded up Rs.742 against the supply of 14-15 motors. However, prices dipped at Ahmedabad (poultry feed mills grade) and Pune Sangli truck bilty at Rs.820 and Rs.690-695/qrtl on a subdued trading activity. On a normal demand-supply situation, Kolkata (mill delivery), Davangare (Bilty) and Naugachia (Bihar) loose basis traded steady. In Delhi, Bajra traded up at Rs.625/qrtl on good offtake from the consuming units. In short term, fresh crop arrivals along with bumper production may pressurize the maize prices to rule at lower side, but in medium term, may be firmed up on good export demand from east Asian countries as China is restricting corn export.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qrtl)		Change	Arrivals
		03.10.07	01.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	805	800	+5	4-5 motors
Nizamabad (Bilty)	Red Maize (New)	630-635	630	+5	17000 qtls
Davangere (Bilty)	Red Maize (New)	635	630-635	-	14000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-725	700-725	-	4-5 motors
Ahmedabad	Poultry feed mills	820	830	-10	No arrival
Ahmedabad	Starch	800-830	810	+20	
Pune	Starch Quality	810-815	800	+15	25 000 bags
Pune	Sangli truck Bilty	690-695	710	-15	

International Futures Quotes (as of October 2, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
September 2007	360.00	360.50	348.75	348.75	-20.00
December 2007	375.50	376.50	365.50	365.50	-20.00
March 2008	386.75	386.75	375.00	375.00	-20.00

International Market Recap

CBOT Corn Futures Settled Down

CBOT corn futures settled down Tuesday. December Corn finished down 20 cents at \$348.75 per bushel; this was 11.75 off the high and equal to the low. March Corn closed down 20 cents at \$365.50 per bushel. This was equal to the low and 11.5 off the high. CBOT Tuesday's corn future closed lower on selling pressure. The market traded lower on the last week's report of harvesting pressure and on increased selling pressure. However, a sharp run up in the US dollar, weakness in metal markets, and a sharp break in energy markets further added the negative tone in corn prices. December corn touched limit-down at the lows of the day early and fund selling persisted for much of the session for the close on the lows. July US ethanol production measured 421,000 barrels per day, which was up from 418,000 in the previous month and up from 316,000 barrels per day, or 32.3%, in the same month last year. Total ethanol production for July stood at 13.051 million barrels compared to 12.553 million barrels the previous month and vs. 9.804 million barrels last July. Total US ethanol stocks stood at 9.696 million barrels in July compared to 9.067 the previous month and 7.727 million barrels last year. Good weather for harvest along with private forecasts for higher production added to the bearish tone.

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FUTURES MARKETS:

Maize futures at NCDEX traded weak Wednesday. Maize futures opened weak at Rs.721.00/qtl against the previous close of Rs.723.50/qtl. Contract then traded down and tested the low of Rs.711.00. Prices settled down at Rs.717.00, down of Rs.8.50/qtl against the previous close of Rs.723.50/qtl. The most active October contract traded in the range of Rs.711.00-721.00/qtl. In October contract, both volume and open interest decreased significantly.

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:

Candlestick chart pattern shows weakness in prices. Prices closed below 9 and 18 days EMA indicates medium term weakness in market. MACD is heading down in positive region. Stochastic is hesitantly moving up in the neutral region while RSI dipping sharply in the neutral region. Maize is likely to trade range bound with weak bias.

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

Month	S2	S1	PCP	R1	R2
October	701	705	715	729	735

RECOMMENDATION:

SELL NCDEX - October below 717 with target 712, then 710. Put stop loss near 719.5.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 1st Oct., Fairly widespread rainfall with isolated heavy falls is likely over Coastal Andhra Pradesh and coastal Orissa during next 2-3 days, which may delay the harvesting.

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