

## ■ MAIZE

■ Oct. 22, 2007

**Domestic Market Recap**

During Saturday's trade, maize spot prices mostly traded steady to down on lower buying despite restricted arrivals. On the eve of Durga Puja, most of the major mandis in north India witnessed subdued trade or no trading activity at all. Some buying from the starch manufacturers helped the market to trade steady. On good offtake from the millers and manufacturers, Pune starch quality traded up Rs.680 and Pune Sangli truck bilty traded steady Rs.625 against the daily arrival of 5000 qtls. However, on subdued demand from both starch manufactures and poultry industries, Ahmedabad starch quality and poultry feed mills traded down against the daily arrival of 500 qtls. On a routine demand-supply situation, Delhi (Ex-godown) red maize traded steady against the steady arrival. In Delhi mandis, hybrid maize (UP) quality traded steady against the arrival of 15 motors and Bajra quoted up Rs.635 on good demand. NCDEX has fixed FSP for maize at Rs.657.45/qrtl, which ended on October 18. In coming days, prices may trade 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/qrtl)		Change	Arrivals
		20-0-07	19.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800-805	-	4-5 motors
Nizamabad (Bilty)	Red Maize (New)	-	-	-	
Davangere (Bilty)	Red Maize (New)	-	-	-	
Naugachia, Bihar (Loose)	Red Maize	-	710-715	-	
Ahmedabad	Poultry feed mills	750-755	770	-15	500 qtls
Ahmedabad	Starch	740-750	760	-10	
Pune	Starch Quality	680	665-670	+10	5 000 qtls
Pune	Sangli truck Bilty	625	622-625	-	

**International Futures Quotes (as of October 19, 2007)****CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	368.50	371.00	364.00	370.25	+3.00
March 2008	384.50	387.00	380.50	386.00	+2.50
May 2008	395.00	397.25	391.00	397.00	+3.25

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

CBOT corn futures settled higher Friday. December Corn finished up 3 cents at \$370.25 per bushel; this was .75 off the high and 6.25 up from the low. March Corn closed up 2.5 cents at \$386.00 per bushel. This was 5.5 up from the low and 1 off the high. Although the US corn futures gained early in the session but traded down on long selling pressure by the mid session. Since then markets gained on the USDA presented projections to the houses of the decreased of corn acreage in 2008-09 at 87 million acres from 93.6 million acres this year. Informa Economics pegged planted area at 71.7 million acres for next year. This news added to the positive tone early but the sharp break in the stock market and ideas that the market is overbought after a 36.75 cent jump off of the October 8th lows helped spark profit-taking selling. A limit-up advance in December wheat contributed to the firm close. The USDA reported a daily sale of 138,176 tonnes of US corn to Japan. Ideas that next week's weather looks wetter than normal for the western Corn belt helped support the strong close as well with December corn closing 18.75cents higher on the week.

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**FUTURES MARKETS:**

Maize futures at NCDEX traded weak Saturday. Maize futures opened flat at Rs.691.00/qtl against the previous close of Rs.691.00/qtl. Contract then traded down on increased selling pressure at higher level and touched the low of Rs.686.50/qtl. Prices settled down at Rs.689.00, down of Rs.2.00/qtl against the previous close of Rs.691.00/qtl. The most active November contract traded in the range of Rs.686.50-691.00/qtl. In November contract, volume decreased substantially while open interest decreased marginally.

**PRICE DRIVERS:****Bullish:**

- Estimated higher export
- Government agencies to gear up for procurement at MSP

**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.
- Subdued Poultry Demand

**TECHNICALS:**

Candlestick chart pattern shows weakness in prices. Prices closed below the 9 and 18-days EMA indicating bearish trend. MACD is moving up in the negative territory. Stochastic is moving flat in the oversold region while RSI is dipping up 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	673	678	689	705	713

**RECOMMENDATION:**

**BUY NCDEX** - November above 688 with target 694, then 696. Put stop loss near 685.

**Do not carry forward the position until the next day.**

**Weather Impact Analysis**

Isolated heavy to very heavy falls over south Tamil Nadu, Kerala and south coastal Karnataka during next 3-4 days, which may obstruct harvesting.

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