

■ MAIZE

■ Oct. 20, 2007

Domestic Market Recap

During Friday's trade, maize spot prices mostly traded steady on normal demand-supply situation. However, Naugachia (Bihar) loose basis traded down on a lower offtake by the suppliers and stockists amid sustained supply. But Ahmedabad starch quality quoted higher at Rs.760/qtl from the previous level of Rs.750-756 on good demand from the starch manufacturers amid steady arrival of 500 qtls. Major trading centres like Nizamabad (AP), Davangere (Karnataka) and Kolkata (WB) were remained closed on eve of Durga Puja. During the day, maize markets witnessed steady demand from the manufacturers and exporters. On a routine demand-supply situation, Delhi (Ex-godown) red maize, Pune starch quality and Sangli truck bilty traded steady. In Delhi mandis, hybrid maize (UP) quality traded steady against the arrival of 15 motors and Bajra quoted lower Rs.630-632 on subdued trading activity. 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. NCDEX has fixed FSP for maize at Rs.657.45/qtl, 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/qtl)		Change	Arrivals
		19-10-07	18.10.07		
Delhi (ex-godown)	Red Maize (Atta Qlty)	800-805	800-805	-	4-5 motors
Nizamabad (Bilty)	Red Maize (New)	-	640-645	-	
Davangere (Bilty)	Red Maize (New)	-	660	-	
Naugachia, Bihar (Loose)	Red Maize	710-715	715-725	-10	5-6 motors
Ahmedabad	Poultry feed mills	770	770	-	500 qtls
Ahmedabad	Starch	760	750-756	+4	
Pune	Starch Quality	665-670	670	-	20 000 qtls
Pune	Sangli truck Bilty	622-625	625	-	

International Futures Quotes (as of October 18, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	364.00	367.50	362.50	367.25	+9.25
March 2008	379.50	383.75	378.75	383.50	+9.00
May 2008	390.00	393.75	389.25	393.75	+8.75

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

CBOT corn futures settled higher Thursday. December Corn finished up 9.25 cents at \$367.25 per bushel; this was .25 off the high and 4.75 up from the low. March Corn closed up 9 cents at \$383.50 per bushel. This was 4.75 up from the low and .25 off the high. Corn futures settled higher since October 2. With good buying support at lower level, weak dollar along with strength in energy market pushed up the corn futures. Corn benefited from the lower U.S. dollar and the high price of crude oil. Weekly export sales was 1.852 million metric tonnes as compared to trade expectations between 900,000-1.1 million. Cumulative sales have reached 43.1% of the USDA forecast for the entire marketing year as compared to 28.0% on average over the last five years. Wet weather in the Midwest has slowed harvest and basis levels are firm due to strong export demand and relatively slow producer selling. The Chief Economist for the USDA presented projections to the House Agriculture Committee today and indicated planted acreage for corn for the 2008/2009 season at 87 million acres from 93.6 million this year. Ending stocks were pegged at 1.157 billion bushels from 1.997 billion this season.

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FUTURES MARKETS:

Maize futures at NCDEX traded firm Friday. Maize futures opened firm at Rs.689.50/ql against the previous close of Rs.688.50/ql and initially traded up on some buying interest at lower level and tested the high of Rs.698.50. However, prices traded down thereafter on some selling pressure at higher level and touched the low of Rs.686.50/ql. Prices settled up at Rs.690.00 up of Rs.1.50/ql against the previous close of Rs.688.50/ql. The most active November contract traded in the range of Rs.686.50-698.50/ql. In November contract, both volume and 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 up in the negative territory. Stochastic is moving flat in the oversold region while RSI is moving up 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	677	690	705	713

RECOMMENDATION:

BUY NCDEX - November above 686 with target 692, then 694. Put stop loss near 683.

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 days, which may obstruct harvesting.

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