

■ MAIZE

■ Oct. 16, 2007

Domestic Market Recap

On Monday, Maize spot prices mostly dipped on lower buying against increased fresh crop arrivals. The average price last week hit Rs.6,400-6,500/tonne, with the lowest price reported in Karnataka, according to the US Grains Council India reports on the country's maize price status. Although India expects higher export this year due to increased production, but the appreciation of rupee against dollar has cast a shadow on exporters margin. However, with the successive falling of prices, government agencies are planning to operationalise the MSP of Rs.620/qtl. According to reports, the present spot price is 7% higher than the price level last year during same period. In Delhi red maize (Bihar) traded steady Rs.800 on a steady-demand supply situation while Ahmedabad starch quality traded up Rs.750-760/qtl on good buying against the steady supply. On a lower offtake, both Nizamabad and Davangere bilty quoted lower on subdued offtake from the consuming units. In Delhi, hybrid (UP) maize quoted steady Rs.740 against the arrival of 15 motors and Bajra traded steady on a steady offtake. 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.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		15.10.07	13.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	800	790-800	-	3 motors
Nizamabad (Bilty)	Red Maize (New)	670	675	-5	20 000 bg
Davangere (Bilty)	Red Maize (New)	665	670	-5	10 000 qtls
Naugachia, Bihar (Loose)	Red Maize	720-730	720-730	-	3-4 motors
Ahmedabad	Poultry feed mills	770-775	780-800	-25	150 bags
Ahmedabad	Starch	750-760	750	+10	
Pune	Starch Quality	680-705	680-715	-10	17-18000 bags
Pune	Sangli truck Bilty	630	620-630	-	

International Futures Quotes (as of October 12, 2007)**CBOT**

Contract Month	Open	High	Low	Settle	Change
December 2007	353.00	357.50	347.75	351.00	+7.25
March 2008	369.50	374.00	365.00	367.75	+7.00
May 2008	380.00	384.00	374.75	378.25	+7.50

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

CBOT corn futures settled up Friday. December Corn finished up 7.25 cents at \$351.00 per bushel; this was 6.5 off the high and 3.25 up from the low. March Corn closed up 7 cents at \$367.75 per bushel. This was 2.75 up from the low and 6.25 off the high. Chicago Board of Trade corn futures settled with moderate gains, boosted by short covering and technical buying after the USDA estimated corn production well below the average analyst estimate. As the production estimate figure was lower than the expected, it led to short covering and technical buying. Market also found support from other grains. The USDA pegged US corn production at 13.318 billion bushels as compared with the average trade estimate at 13.466 billion bushels and compared with 13.308 billion posted in the September USDA report. Harvested acreage was adjusted higher by 700,000 acres but yield was adjusted down to 154.7 bushels per acre, down from 155.8 last month. US Ending stocks for 2007/08 were pegged at 1.997 billion bushels as compared with the average trade estimate of 1.965 billion bushels and compared with 1.675 billion posted in the September USDA report. World corn ending stocks came in at 110.36 million tonnes up from 105.44 million last month and up from 105.05 million for 2006/07. The supply numbers were somewhat supportive but the USDA lowered feed usage by 150 million bushels and ethanol usage by 100 million bushels.

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■ Oct. 15, 2007

FUTURES MARKETS:

Maize futures at NCDEX traded firm Monday. Maize futures opened firm at Rs.690.00/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.704.00. However, prices traded down thereafter on some selling pressure at higher level and touched the low of Rs.689.00/qtl. Prices settled up at Rs.691.00 up of Rs.2.00/qtl against the previous close of Rs.689.00/qtl. The most active November contract traded in the range of Rs.689.00-704.00/qtl. In November contract, volume increased significantly while open interest increased marginally.

PRICE DRIVERS:**Bullish:**

- Estimated higher export
- Consumption to rise 2.4 million tonnes, up 66%
- Government agencies to operationalise the MSP for the commodity

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 gravestone doji Candlestick has formed shows weaknesses in prices and expected reversal. Prices closed well below the 9 and 18-days EMA indicating bearish trend. MACD is dipping in the negative territory. Stochastic is moving downward in the oversold region while RSI is hesitantly moving up in the neutral region. Maize is likely to trade range bound with weak bias.

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

Month	S2	S1	PCP	R1	R2
November	672	677	691	704	711

RECOMMENDATION:

SELL NCDEX - November below 690 with target 684, then 682. Put stop loss near 693.

Do not carry forward the position until the next day.

Weather Impact Analysis

IMD forecast on 15th Oct., Rain/thundershowers are likely at a few places over Tamil Nadu, Kerala, south-coastal Andhra Pradesh, coastal Karnataka and south interior Karnataka.

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