

■ MAIZE

■ Oct. 17, 2007

Domestic Market Recap

Spot prices for maize in Delhi market were steady to better on brisk buying from Haryana and Punjab poultry units. U.P. origin Hybrid (Red) maize was quoted slightly higher at Rs.745 per quintal, whereas Gajar maize was traded at Rs.725/qtl. Arrivals were estimated around 25 motors. There is no parity for Bihar maize and hence no arrivals/trade of Bihar origin maize was reported in Delhi. In the main producing centre at Davangere (Karnataka) maize was traded at Rs. 670 (bilty cut) although the moisture was higher. However in Koppal export quality with maximum 14 pct moisture was traded basis Rs. 750-755 for delivery at Chennai port. Current prices at origin offer parity for exports. Davangere material is not export worthy now but later arrivals from end of October are expected to be export worthy. In Bangalore buyers/stockists are not keen to buy more and prefer to go hand to mouth, as they expect the prices to fall further. If the quality of the crop turns better, prices may not fall steeply in view of the export demand coupled with upcountry demand. Ahmedabad starch quality traded steady at Rs.750-760/qtl on good buying support. In Kolkata poultry grade maize from Bihar was traded at Rs. 850 per qtl (factory delivery). Strengthening global maize prices are likely to support exports from India, provided Indian exporters do not hasten to ship poor quality maize with higher moisture. Last year maize exports from India received severe jolt on account of quality problems.

Domestic Spot Market Prices

Market	Variety	Prices (Rs/qtl)		Change	Arrivals
		16.10.07	15.10.07		
Delhi (ex-godown)	Red Maize (Bihar)	800	800	-	Nominal
Nizamabad (Bilty)	Red Maize (New)	635	670	-35	35, 000 qtls
Davangere (Bilty)	Red Maize (New)	670	665	+5	35 000 qtls
Naugachia, Bihar (Loose)	Red Maize	-	720-730	-	
Ahmedabad	Poultry feed mills	-	770-775	-	
Ahmedabad	Starch	-	750-760	-	
Pune	Starch Quality	-	680-705	-	
Pune	Sangli truck Bilty	-	630	-	

International Futures Quotes (as of October 15, 2007)

CBOT

Contract Month	Open	High	Low	Settle	Change
December 2007	351.25	362.50	350.00	362.00	+11.00
March 2008	367.00	378.75	367.00	378.25	+10.50
May 2008	377.75	389.00	377.75	388.75	+10.50

International Market Recap

CBOT Corn Futures Strengthen

Rallying energy futures continue to propel corn futures aided by technical support. Further currently corn is very attractive compared to wheat and soybeans, which also attracted wheat/corn spread unwinding. Reports of EU allowing 3 varieties of GM corn for import added strength to prices helping the commodity to touch a high for the first fortnight in October '07, with December corn settling at 3.62 per bushel.

With crude prices strengthening demand for bio-fuel will continue to support corn prices. As per USDA report, World corn ending stocks is placed at 110.36 million tonnes up from 105.44 million last month and up from 105.05 million for 2006/07.

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FUTURES MARKETS:

Maize futures at the NCDEX remained mostly on an upside Tuesday. NCDEX November expiry Maize futures opened Rs 4 firm at Rs.695.00/qtl against the prior days close of Rs.691.00/qtl. The prices thereafter hovered in the band of Rs 690.00 – 699.50/qtl. The prices closed Rs 1 down at Rs 694.00/qtl from the days opening price of Rs 695.00/qtl. Both volume and open interest decreased during the session.

PRICE DRIVERS:

Bullish:

- Estimated higher export
- Consumption of starch industry to rise 2.4 million tonnes, up 66%
- 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:

Candlestick pattern is showing indecision is prevailing in the market. The prices have closed below short term and medium term EMA's showing weakness. MACD has however made a bullish crossover in negative zone showing decreasing bearish momentum. Stochastic Oscillator and RSI are indicating firmness. Maize is likely to trade volatile with slight bearish inclination during the session.

NCDEX Maize November Contract



SUPPORT / RESISTANCES:

Month	S2	S1	PCP	R1	R2
Nov	685	690	694	700	705

RECOMMENDATION:

SELL NCDEX - November below 696 with target 690, then 688. Put stop loss near 700.

Do not carry forward the position until the next day.

Weather Impact Analysis

Karnataka and A.P. weather is expected to be favourable for arrivals and movement.

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