

Spot Market Fundamental Highlights:

- Mostly firm sentiment witnessed in major key cash markets of maize as a result of depleting stocks of maize amid strong demand from industrial users as well as overseas market.
- An increase of prices ranged from Rs 50-150/qtl has been witnessed in key cash maize markets on higher demand from the starch manufacturers.
- In Delhi market, maize prices were down by Rs. 35/qtl on reduced offtake from the industrial users amid declined arrival levels.
- In Davangere and Nizamabad markets, maize prices were up by Rs. 50/Qtl during the last fortnight period due to higher demand from the industrial users like starch and poultry on depleting stock levels.
- As per data released by Ministry of Agriculture, rabi maize sowing is down by 4.25 percentage Y/Y and stood at 10.34 lakh hectares as on 14 Jan, 2010, which was 10.80 lakh ha. last year at same period. The unseasonal rain seems to have affected the coverage of rabi maize sowing.
- As per the statistics of agriculture commissionerate of Maharashtra, area under sowing of maize is more than the average this year and is 57% more than the average area of 72, 000 hectares on reason of increased demand for maize as fodder for the dairy and poultry sectors.
- As per the traders view, uptight buying by bio-fuel manufacturing industries against restricted supply, kept the maize prices up in futures trade during last fortnight period and the weather conditions may support the down trend in this fortnight on prices as good crop expectations are strengthening.

We feel that prices are likely to trade steady to firm in days ahead on demand from poultry, starch industry and export market. The good crop prospects across the major growing regions shall also exert pressure on the prices.

Maize Spot Prices

Market	Variety	Prices (Rs/qtl)			Arrivals in bags (1 bag = 1 Qtl)		
		22.01.11	06.01.11	Change	22.01.11	06.01.11	Change
Delhi	Hybrid	1025	1060	-35	300	300	Unch
Nizamabad	Bilty	1090	1040	+50	300	500	-200
Davangare	Bilty	1038	990	+48	20000	5000	15000
Naugachia	Bilty	1100	1100	Unch	500	500	Unch
Kolkata	Mill	1200	1240	-40	2500	3500	-1000
Ahmedabad	Feed	1100-1120	900-1000	+160	6000	15000	-9000
Ahmedabad	Starch	1090-1100	990-1000	+100	6000	15000	-9000

Domestic Futures Market (NCDEX):

- Maize futures at NCDEX witnessed firm sentiment during the last fortnight period. Maize futures February contract is in keen demand and prices were sturdily up by 99 points during the last fortnight period on higher demand from the industrial users like starch and poultry feed.
- Maize futures traded positive and hit the upper circuit levels during the last fortnight period based on the reports of the damage in the railway lines in South Africa due to heavy rains affecting the transport of the maize.

**International Market Highlights:**

- Global 2010/11 coarse grain supplies are projected lower this month with reduced corn, sorghum, oats, and rye production only partly offset by higher projected barley production in Argentina and EU-27.
- Global corn production is lowered 4.7 million tons with the U.S. reduction and a 1.5-million-ton decrease for Argentina as untimely, persistent dryness during late December and early January reduces yield prospects in key central growing areas. Smaller reductions in corn output are also projected for Indonesia and Turkey, each down 0.4 million tons.
- Corn prices at international futures market rose sharply higher from Jan 12, with all of the strength came from USDA's report. USDA cut corn's ending stocks 87 million bushels to 745 million bushels.
- As per the Buenos Aires Cereals Exchanges estimate, Argentine corn farmers will harvest 19.5 million metric tons of corn this season as a drought in the world's second-largest exporter trims output to below estimates.
- China's grain imports in 2010 rose sharply, led by an 18-fold increase for corn, in a year when weather-induced harvest shortages coincided with flush liquidity to drive food inflation.
- Corn demand from China's downstream processing industry will likely increase next year in tandem with the rise of large-scale hog farms and intense pressure for more feed meal. Feed meal demand is expected to rise by about 4.5 million tons next year, which will likely prompt the expansion of China's corn processing industry.
- Corn futures in China climbed to the highest level in more than two months on speculation that a plan by the government to boost state inventories may reduce supplies available to other users.
- As per the "Research Report on China's Corn Industry, 2011-2012", In recent years, with the increase in China's feed and industrial demand, China's corn consumption demand has been on the rise and the demand of domestic feed and deep-processing industry for corn will see an obvious increase in 2011-2012.
- CBOT corn futures seen fell in prices between the highs in the last fortnight period on concern that China's steps to cap inflation signaled less demand for crops from the U.S., the world's biggest exporter.
- Corn production in Mexico, the world's fourth-largest grower, will rise 4 percent in 2011 from a year earlier as result of more favorable weather conditions and white and yellow corn output is expected to rise to 25.2 million metric tons this year.
- **USDA Report Summary:**
 - ✓ Global 2010/11 coarse grain trade is lowered as higher expected prices and tighter supplies reduce corn imports and exports. Corn imports are lowered for South Korea, Turkey, and the Philippines, but raised for Indonesia. Corn exports are reduced for Argentina and Turkey, with a partly offsetting increase for Canada.
 - ✓ Global corn consumption is lowered mostly reflecting reduced feeding in South Korea and Turkey. Global corn ending stocks are projected 3.0 million tons lower with more than two-thirds of the reduction in the United States.
 - ✓ U.S. feed grain supplies for 2010/11 are projected down reflecting lower corn production.
 - ✓ U.S. corn production is estimated 93 million bushels lower as a 1.5-bushel-per-acre reduction in the national average yield outweighs a 183,000-acre increase in harvested area.
 - ✓ Ending corn stocks for 2010/11 in US are projected 87 million bushels lower at 745 million. This is down 963 million bushels from last year.
 - ✓ Corn used for ethanol in US is raised 100 million bushels offsetting the reduction in expected feed and residual use.
 - ✓ The stocks-to-use ratio in US is projected at 5.5 percent, the lowest since 1995/96 when it dropped to 5.0 percent. The 2010/11 marketing-year average farm price projection is raised 10 cents on both ends of the range to \$4.90 to \$5.70 per bushel as cash and futures prices are expected to strengthen.

**CBOT Market Commentary (March 11 Contract):**

CBOT corn futures took rally to its 30 month high and continued higher, to end up by 49 points in the last fortnight period. Support came from the drier forecast for southern Brazil and northern Argentina, which could add stress to their corn crop amid reduced stock levels by USDA. USDA cut corn's ending stocks 87 million bushels to 745 million bushels. Strong export demand for US corn also supporting the futures prices.

March corn futures contract on Friday 21st Jan 2011, traded 3.25 cents higher at \$6.57 1/4 per bushel on spillover strength from surging wheat prices and firm demand. A 2.6% rally in wheat lifted corn because both grains are used for animal feed. Wheat soared on strong export demand for the US crop. Weekly US corn export sales, issued Fri for the week ended Jan. 13, also were strong at 1 million ton. Market participants worry about demand draining already-tight end-of-season supplies.

**CBOT Futures Quotes As On January 21, 2011**

Contract	Open	High	Low	Close	Change
Mar 11	656.00	667.00	650.50	657.25	+3.25
May 11	665.25	677.00	660.75	667.00	+3.00
Jul 11	669.00	680.50	664.25	671.25	+3.25

NCDEX Futures Price Movement (February Contract)

Trading Strategy

- Maize prices closed above 9 days and 18 days EMA suggesting that the bullish momentum for the term.
- MACD is moving upward in the positive territory denoting bullish momentum for the short term.
- RSI is moving up in the overbought zone, supporting bullish momentum for the short term.
- NCDEX maize futures prices are expected to take correction at 1168 price level. Prices have a strong support level at 1079 and resistance level at 1169 within which maize futures may sustain for the next fortnight period on strong market sentiment.
- Market participants are suggested to wait for the direction and if prices breaches the level of 1144 for the short term, participants can opt for selling at 1144 and higher levels.

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-February	SELL	>1145	1110	1085	1175	1068	1091	1047.5	1075	1169

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