

Spot Market Fundamental Highlights:

- During the fortnight, the major key cash markets of maize witnessed firm sentiment as a result of depleting stocks of kharif maize amid strong demand from industrial users as well as overseas market.
- An increase of prices ranged from Rs 10-55/Qtl has been witnessed in key cash maize markets supported by good demand.
- Driven by good demand and lower supply, maize prices in Davangere improved by Rs 55/Qtl over the fortnight. While, Impact of the news, that Indian cargoes containing about 50000 MT of maize was rejected by Vietnam, was seen in the market that weighed on prices. However, subsequently, pick in demand supported the prices on higher level.
- In Nizamabad market, maize prices were up by Rs. 20/Qtl during the fortnight period on higher demand from starch industries on depleting stock levels. Meanwhile, quality issue in maize due to fungus infestation was reported. However, sustained demand and lower supply is kept the prices at current level.
- Weak trading activity reported in Naughachia market during the fortnight due to ending kharif arrivals. Rabi sown maize will start arriving in the market from the month of March.
- As per the latest data released by Ministry of Agriculture, the all India sowing acreage of maize stood at 11.25 lakh hectares as on 18th Feb. 2011, down 0.49 lakh hectares as on date previous year which was 11.75 lakh hectares. This was mainly due to late harvesting of paddy in Andhra Pradesh and Karnataka, which was affected by unseasonal rains.
- As per weekly crop coverage report released by Govt. of Andhra Pradesh, the total maize sown in the state stands at 2.93 lakh hectares as on 23rd Feb. 2011, which is 117% of maize normally sown in a season.
- As per 2nd Advance Estimates of crop production for 2010-2011, released by Ministry of Agriculture, Govt. of India, the projected maize production stood at 20.03 million metric tonnes (MMT). It is 16.53% higher than last year's production of 16.72 MMT. Kharif production is pegged at 15.71 MMT, increased 11.74% from first advance estimate of 14.06 MMT. However, Rabi production is estimated at 4.32 MMT which is 2.28% lower than last year's final estimates.
- As per trade source, regular export of maize to South-East Asian countries like Vietnam, Malaysia and Indonesia is reported. The Cost and Freight (C&F) is quoted at USD 275-280.
- Reportedly, the Indian maize cargoes, earlier rejected by Vietnam, were re-fumigated and eventually, consignments were settled.
- Rabi Maize crop production prospectus is reported good across south India. Kharif crop arrivals have come to an end.

We feel that prices are likely to trade steady till the fresh crop arrivals hit the market in March. However, good demand from poultry, starch industry and export market may support the maize prices amid lower supply.

Maize Spot Prices

Market	Variety	Prices (Rs/qtl)			Arrivals in bags (1 bag = 1 Qtl)		
		26.02.11	09.02.11	Change	26.02.11	09.02.11	Change
Delhi	Hybrid	1120	1120	Unch	300	300	Unch
Nizamabad	Bilty	1120	1100	+20	200	300	-100
Davangare	Bilty	1105	1050	+55	1000	6000	-5000
Naugachia	Bilty	1100	1100	Unch	500	500	Unch
Kolkata	Mill	1220	1200	+20	2500	2500	Unch
Ahmedabad	Feed	1100-1110	1080-1100	+10	3000	6000	-3000

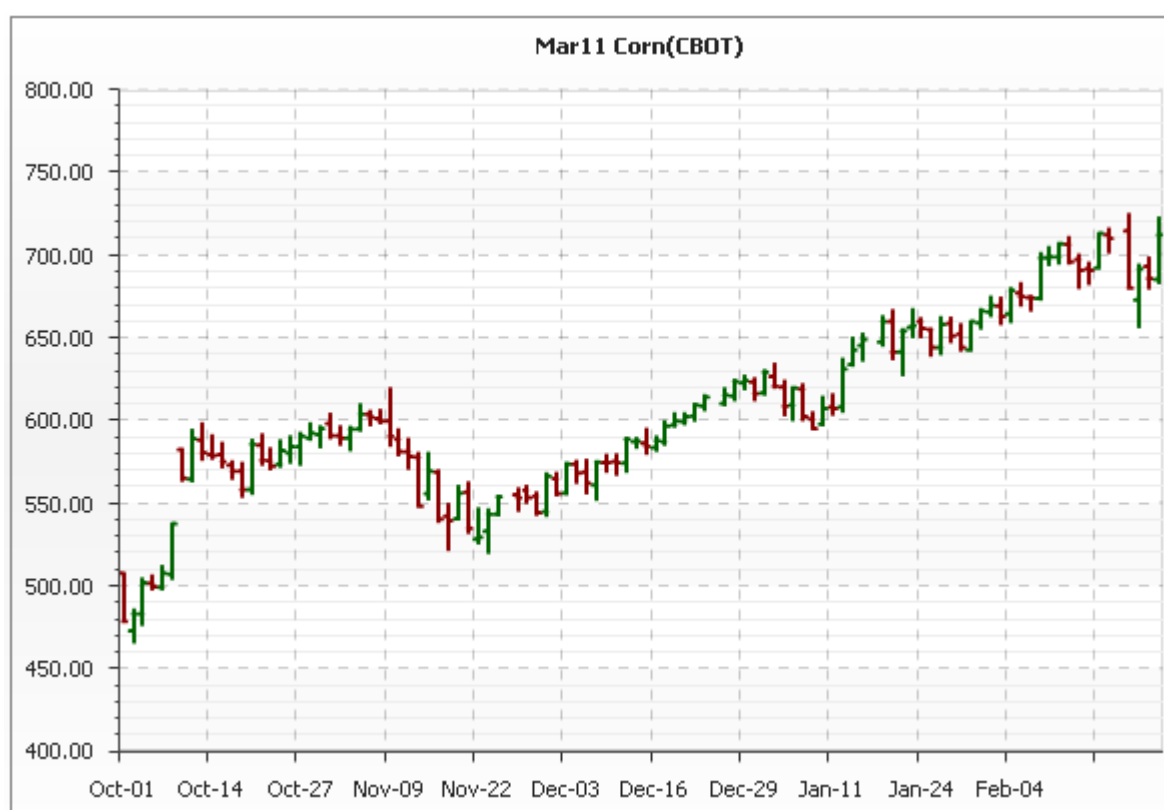
**International Market Highlights:**

- According to latest USDA's World Agricultural Supply and Demand Estimates (WASDE) report, U.S. corn ending stocks for 2010/11 are projected 70 million bushels lower this month with higher expected food, seed, and industrial use. Global 2010/11 corn production is lowered 1.8 million tons with reductions for Argentina and Mexico. Argentina production is lowered 1.5 million tons as continued dryness prevailed through mid-January.
- The USDA projects 4.95 billion bushels of corn will go to ethanol production in the current crop year. That is a record and accounts for about 40% of the domestic harvest.
- As per sources, Mexico corn producers estimated 4.2 MMT lost due to freezing weather in the north of country, creating new worries after the USDA projected corn supplies at their tightest level in 15 years this week. However, according to Ministry officials, Mexico seeks to replace between 2.5 million and 3 million tons of corn through replanting, and will also increase imports to make up for lost corn.
- As per the U.S. Department of Agriculture weekly export sales, corn export for the period February 11-17, 2011 totaled 1.5 million MT which is a marketing year high and, up 46 percent from the previous week. Increased exports were reported for Mexico, Japan, Egypt, Israel, Saudi Arabia and South Korea. The higher weekly sales are supporting the maize prices.
- According to a new USDA report, corn delivered in February at Gulf of Mexico ports rose to 58 cents to 59 cents a bushel above March futures, compared with 56 cents to 57 cents.
- As per the South African Grain Information Service's weekly report, South Africa exported 24,297 tons of white maize in the week ended February 18 from 102,234 tons the week before.
- According to China National Grain and Oil Information Center, China's corn plantings rose 4.2% to 32.5 million hectares in 2010, after an increase of 4.4% in 2009. An even bigger area is expected to be planted this year.
- Ukraine increased grain exports by 72% in the first ten days of 2011 compared to the same period of January. Exports maize totaled 144,100 tons, compared to 83,700 tons supplied over the same period in January.
- As per the data from General Administration of Customs of China, China imported 1,878 metric tons of corn in January, down 84% compared with a year earlier. Last year, China imported 1.6 million tons of corn, up 18-fold versus 2009, mostly from the U.S. The sharply higher volume broke the country's 15-year run of largely self-sufficient corn supplies.
- According to news source, a group of Israeli private buyers has purchased about 30,000 tonnes of U.S. origin corn in a tender which closed on Thursday and traders said that corn was purchased at \$1.40 a tonne c&f above the Chicago July corn contract, which was the equivalent of \$339.50 a tonne c&f at the time of the trade.
- According to Mexico's Agriculture Ministry 122,434 hectares of corn have been replanted in the northern state of Sinaloa after freezes at the beginning of the month destroyed millions of tons of corn. The Agriculture Ministry said it expects to grow 2.4 million tons of corn through replanting and another 600,000 tons from corn that was damaged but still standing after the freeze, for a total of three million tons.
- Reportedly, Philippines bought 200,000 tons of feed wheat from Australia and this is seen as an indication of increased competition for corn on the world market. The Dow Jones reported that the Argentina crop is likely to come in at 19.5 MMT, down from 22 MMT last year.
- According to U.S. Department of Agriculture, private exporters in recent days have struck deals to sell 355,000 metric tons of corn to Mexico.

CBOT Market Commentary (March 11 Contract):

CBOT corn futures end up 13.5 points higher in the last fortnight period. Support came from the lower global corn production and lower U.S corn ending stock. Strong export demand for US corn is also supporting the futures prices.

US corn futures close sharply higher on robust demand, recovering from losses earlier this week. Export sales should stay strong next week after USDA said Friday weekly sales reached a marketing-year high. Foreign buyers and domestic grain users seized the recent price break as an opportunity to extend coverage. Fund buying was heavy at an estimated 20,000 contracts. CBOT March corn climbs 26 1/4c to \$7.12/bushel.


CBOT Futures Quotes As On February 25, 2011

Contract	Open	High	Low	Close	Change
Mar 11	685.00	722.25	683.25	712.00	+26.25
May 11	695.75	726.50	694.00	722.00	+25.50
Jul 11	700.50	731.00	698.75	726.75	+25.75

NCDEX Futures Price Movement (March Contract)

- Maize futures at NCDEX witnessed mostly sideways movement of prices in the range of 1114 to 1160, over the fortnight. Selling pressure witnessed in the beginning of the fortnight. The news of bird flu cases in the north eastern states of India seemed to have impacted the maize future considerably.


Trading Strategy

- Maize prices closed above 9 days and below 18 days EMA suggesting ranged bound price in the market.
- RSI is moving up in the neutral zone, supporting bullish momentum in near-term.
- MACD is moving down in the positive territory denoting bearish sentiment for the short term.
- Market participants are suggested to wait for the direction. The prices are expected to trade in the range bound. The direction of prices can only be decided if it breaches the level of 1114 or 1160.

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-March						1098	1115	1131.5	1154	1161

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