

Spot Market Fundamental Highlights:

Mostly weak sentiment witnessed in major key cash markets of maize during the fortnight period as a result of start of Rabi maize arrivals from major producing states like Bihar and coastal Andhra Pradesh.

- Maize prices at spot market were considerably down and ranged from Rs. 45-200/Qtl on higher arrivals from major producing states.
- In Delhi market, maize prices fall by Rs. 160/qtl on reduced offtake from poultry feed users as a result of higher cost of maize which increased the cost of feeding for poultry during offseason for poultry products.
- In Davangere, maize prices fall by Rs. 45/Qtl as compared to last fortnight period, on higher demand from local users at exhausted level of arrivals. There is a strong demand from local users which is likely to keep the prices on higher side in coming days.
- In Naughachia, maize prices fall by Rs. 195/qtl on higher arrival of Rabi maize to the mandies. The moisture content of Rabi crop is reported higher at around 15-16% against normally accepted moisture content of 12%.
- Prevailing maize prices at Bihar state is Rs. 1080 to 1100 per quintal and the price will continue for medium period on higher demand in the market.
- In Ahmadabad, prices of poultry grade maize gained by Rs.100/Qtl on reduced offtake from poultry users wherein poultry feed users shifting to use of other coarse grains like bajra which is available at cheap price compared to maize. Starch grade maize also fall by Rs. 100/qtl on lack of buying from the starch industry users.
- Rabi maize area in Bihar remains stable at last year's level of 0.33 million ha as winter rains supported maize cultivation and as per our estimation total production from Bihar may stand at 1.59 million metric tonnes.
- NCDEX spot prices of maize (feed/industrial grade) is up by 5 percent at Davangere, 5.6 percent at Karimnagar and 4.4 percent at Nizamabad compared to last month prices. And currently maize (feed/industrial grade) is trading in the price range of 1230 to 1270 per quintal on higher demand from the buyer's side.
- As per Third advance estimate of Govt. of India, India will have a total production of 20.23 million tonnes (with Kharif 15.87 and Rabi 4.35 MMT).
- As per IMD's long range forecast for the 2011 south-west monsoon season (June to September), the rainfall for the country as a whole is most likely to be Normal. And it's expected that farmers may go for planting of high lucrative crops like cotton and other crops and shift of maize crop may be possible.
- Poultry feed users may shift to use low quality wheat in the feed ingredient in place of maize as bumper wheat production achieved in the country this year and continued ban on wheat may bring prices at more cheap level which will provoke poultry feed to use higher amount of wheat.

We feel that maize is likely to trade with steady to weak sentiment and prices may ease slightly on higher arrivals from Bihar and AP but the strong demand from local users may keep the higher side. However, good demand from poultry, starch industry and exporters may restrict sharp fall of prices or even sustain the prices at current level.

Maize Spot Prices

Market	Variety	Prices (Rs/qtl)			Arrivals in bags (1 bag = 1 Qtl)		
		05.05.2011	15.04.2011	Change	05.05.2011	15.04.2011	Change
Delhi	Hybrid	1240	1400	-160	1000	Nil	-
Nizamabad	Bilty	1320	1270	+50	500-700	200	+500
Davangere	Bilty	1255	1300	-45	200	500	-300
Naugachia	Bilty	980	1150-1175	-195	500	200	+300
Kolkata	Mill	1150	1325-1350	-200	500	4000	-3500
Ahmedabad	Feed	1200	1290-1300	-100	4000	3000-4000	Unch
Ahmedabad	Starch	1200	1290-1300	-100	4000	3000-4000	Unch

International Market Highlights:

- CBOT corn prices are at higher levels on concern about extremely tight supplies this summer, along with the sluggish start to the planting season. US farmers unable to plant corn on time will switch to soybeans instead because corn yields drop the later the crop is planted.
- USDA reported corn planting progress as of May 1 at 13% complete and lagged planting progress supported new crop contract futures at CBOT in earlier days and prices came down considerably on weather reports that weather improvement in short term which will facilitate improved planting.
- As per USDA report, corn inventories in the U.S. will fall to a 15-year low on Aug. 31. And prices doubled in the 12 months after adverse weather limited the size of last year's crop and demand rose for livestock feed and grain-based fuel.
- As per USDA estimation, the global inventory of corn drop 16 percent to 122.4 million metric tons at the end of this marketing year, while demand was forecast to rise 2.8 percent to 838.3 million tons a year earlier.
- Maize prices at US market were pressured by slowing export demand, a potential sign that high prices may be reducing demand for corn.
- South African yellow-corn exports almost quadrupled to a 14-year high as traders found new markets for a surplus of the grain after farmers reaped a bumper crop. As per the South African Grain Information Services, shipments jumped to 1.02 million metric tons in the year ended April 30 from 261,608 tons in the prior period.
- China is behind one of the biggest-ever purchases of US corn will underpin prices of the grain, even if the US harvest recovers from sowing delays to achieve bumper yields.
- China's spring sowing is proceeding well, with progress so far considerably faster than last year as a result of ample soil moisture and sufficient availability of inputs. Therefore, corn output this year may increase slightly, to 170 million tons, from last year's 167 million tons on increased acreage.
- As per news source, Zimbabwe is expected to harvest lower than anticipated maize due to the effects of drought that hit the country between December last year and February this year.

The International market is very sensitive to weather factor now, particularly with strong yields and large production needed to replenish depleted old corn crop inventories in the fall. Corn prices may continue to be well supported by a high rate of consumption and prospects for small year-ending stocks in medium term.

CBOT Market Commentary (May 11 Contract):

After sustaining at higher levels on concern of reduced inventory levels, CBOT corn ended sharply lower at fortnight end period on good US planting weather and outside market pressure. Combination of rapid planting progress, particularly in Iowa, and pressure from a broad-based recent plunge in commodities. Market tumbled 9.3% on the week as crude oil plunged to an eight-week low. While corn supplies remain very tight, improved weather eases worries that the soggy weather would lead to fewer corn acres and lower yield. CBOT July corn ends down 3.2%, to \$6.86 ¼ on May 6th.

CBOT Corn fell by 9.5 percent in week ending period and fell by 10 percent compared to month period prices on good US planting progress. CBOT prices were at range of \$3.64 per bushel a year ago and rose by 87.57 percent in one year period.


CBOT Futures Quotes (As On May 06, 2011)

Contract	Current (06/05/2011)	Week ago (29/04/2011)	Month ago (06/04/2011)	Year ago (06/05/2010)	% Change over year ago
May 11	682.75	754.00	763.00	364.00	+87.57
Jul 11	686.25	756.50	770.50	371.25	+84.85
Sep 11	668.25	716.00	703.50	377.75	+76.90
Dec 11	640.25	669.50	647.50	384.75	+66.41

NCDEX Futures Price Movement (June Contract)

- Maize futures at NCDEX witnessed mostly down trend movement of prices during the fortnight period, down from 1320 in the beginning of fortnight, to 1235. Maize futures May contract is down by 6.44 percent or 85 points in the fortnight period following weak market fundamentals.

Trading Strategy (For June Contract)

- Maize prices closed below 9 and 18 days EMA supporting bearish movement in the market.
- RSI is moving up in the in the oversold zone and may support bullish moment for short term.
- MACD is moving down in the negative territory and current expectations are more bearish than previous expectations and suggesting bearish movement of prices for medium term.
- Prices are expected to rule within the price range of 1255-1300, which is good support and resistance level. However, it's expected that prices sustain at 1241 level and market participants may go for selling from higher levels.

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
NCDEX-June	SELL	<1291	1265	1235	1310	1195	1229	1254	1300	1310



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