

## Domestic Market Recap

*Firm sentiment witnessed in major key maize cash markets during the week ending May 31, 2011 on reduced arrival (Rabi harvest) from major producing states particularly Bihar and Andhra Pradesh due to cloudy weather conditions. On the other hand, reportedly good demand from poultry and cattle feed manufacturers, starch industry and regular exports is further supporting the maize prices. Industry experts expecting 21 MMT maize output from 2011-12 season on back of normal monsoon as well as higher prevailing prices of maize.*

*NCDEX maize futures remained bearish in the week period with sideways movement.*

## Current Market Dynamics

Recent rains amid cloudy weather continued to hinder the arrivals to the market. As per the sources around 90-95 per cent of the maize crop has been harvested and around 65-70 per cent of the produce traded in mandis so far in Bihar and Andhra Pradesh.

Heavy rains during previous session, and forecast of thunderstorm might keep the trade on a lethargic note. Major proportion of arrivals now contain high moisture content.

Traders and stockists have remained slightly inactive as the arrivals have higher moisture at 16-18%.

Steady supply amid vibrant buying kept the prices on a firm note. In Nizamabad (Andhra Pradesh) maize prices shot up by 5.26 per cent on continued higher export demand from South East Asian countries sent via the Kakinada port.

Maize may compete with cotton in acquiring acreage which had also given good returns last year. So we can expect better maize output in 2011-12 provided there is a normal monsoon.

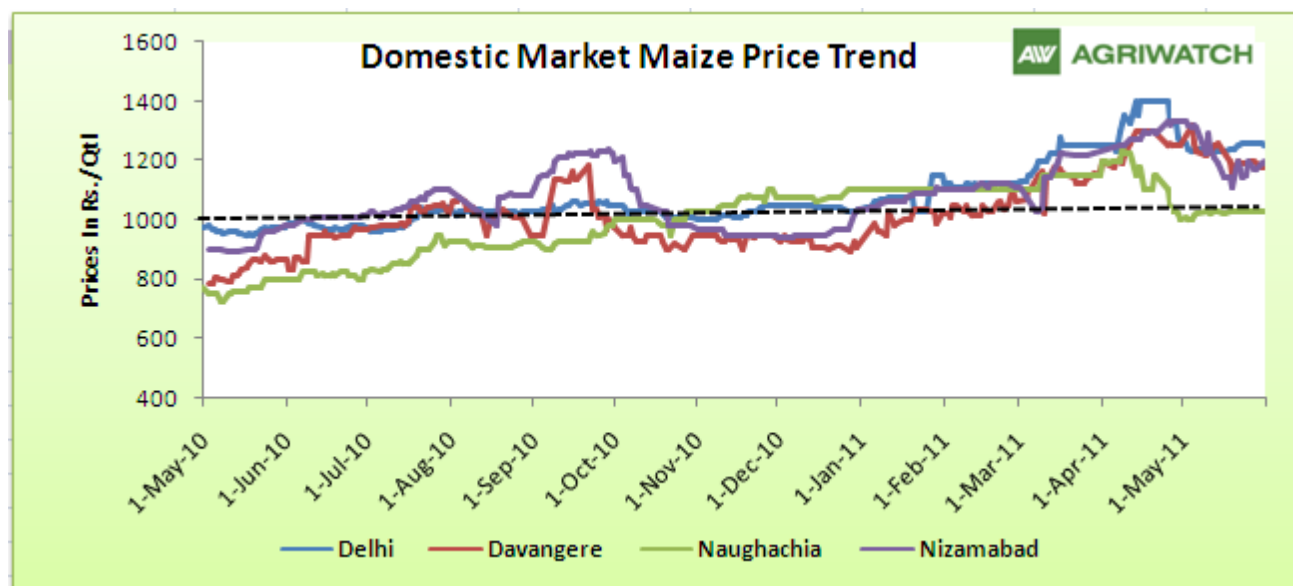
## Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	Today	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1250	1255	1260	1250	975
Nizamabad	Bilty	1200	1140	1330	1220	980
Davangere	Bilty	1180	1150-1190	1250	1160	865
Naugachia	Bilty	1030	1025-1030	1000-1010	1150-1200	800
Kolkata	Mill	1220-1225	1200	1250	1325	900-950
Ahmedabad	Feed	1200-1240	1215	1250	1220	1010
	Starch	1240-1245	1245	1250	1250	1010-1025

## Indicative Market Arrivals (in Tonnes)

Market	Grade	Today	Week Ago	Month Ago	2 Month Ago	Year Ago
Nizamabad	Bilty	200	700	500	400	500
Davangere	Bilty	100	200	200	500	-
Naugachia	Bilty	500	1000	700	250	1000

## Price Outlook



Prices continued to ease in Davangere by 0.84 per cent to Rs. 1180/qtl and in Delhi by 0.40 per cent to Rs. 1250/qtl as compared to last week prices on lack of active buyers in the market and as maize supplies are lean. Maize prices at Nizamabad (Andhra Pradesh) were sturdily up by 5.26 per cent to Rs. 1200/qtl on regular demand from locals for quality maize amid overseas export demand. In Naughachia (Bihar), maize prices remained flat on restricted trade activities as weather concern. Currently, 390-480 MT of arrivals are coming to the key markets in Bihar state. Kolkatta poultry feed and starch maize prices were up by 2.80 per cent to Rs. 1240-1245/qtl on higher demand.

Maize exports for the marketing year (Nov-Oct) 2010-11 is estimated at around 2.4 million tonnes up by 33 per cent from last year's 1.8 million tonnes.

As evident from the above chart, maize prices in Delhi, Davangere and Nizamabad are holding the levels above Rs 1000 per quintal while in Naughachia prices are at Rs 1000 per quintal.

We feel maize prices to remain range bound to higher side at current price levels (above Rs. 1000/qtl- Naugachia, Rs. 1180-1225/qtl- Nizamabad and Rs. 1225-1260/qtl in Delhi) in the coming week on new crop arrival pressure and good domestic and export demand.

## International Market Highlights:

US Corn plantings of corn could be completed on 79% of the intended area as of May 22 (against 92% last year and 87% average), of soybeans 41% (vs. 51 and 51), of cotton 57% (vs. 59 and 61), groundnuts 60% (vs. 60 and 56), sunflowers only 3% (vs. 13 and 20) and spring wheat only 54% (vs. 89 and 89).

Crop	May 22, 2011	Last Week	Last Year	5 Year Average
Corn	79%	63%	92%	87%

Weather conditions across Argentina and Brazil have been favorable for harvest. Argentina's corn harvest was last reported as 76 percent complete, which is slightly ahead of average. Argentina estimates its corn crop is about 21 million metric ton, down 8 percent from the prior season.

Ukraine's grain harvest to reach 43-47 million tonnes in 2011 which is likely to get boost by favourable weather and the ex-Soviet state could export 21-22 million tonnes taking advantage of smaller crops in western Europe. As per agriculture officials, the total volume of the harvest would depend on maize and officials mentioned that the maize sowing area is increased by 15 per cent this year and production to reach 12.7 million tonnes to 13.2 million tonnes this year which produced 11.9 million tonnes of maize in 2010. Ukraine's exports in the drought-hit 2010-11 season, which is currently drawing to a close, are likely to fall to around 11-12 from 21.5 million in 2009-10, due to its smaller crop and trade restrictions, including export quotas. The country has a chance to return to its usual export levels taking advantage of the potentially good harvest in 2011 and a possible gap left by poor crops abroad (Europe).

The U.S. government confirmed that exporters struck deals to sell corn to China, fueling expectations that the Asian nation will be a repeat customer when prices weaken (USD 6.70 to 6.80/bushel). The USDA, in an export-sales report for the week ended May 19, says China bought 116,800 metric tonnes of corn for delivery before Aug. 31. Traders had suspected the nation made a purchase after prices recently dropped to a six-week low as part of a broader sell-off of commodities. Traders also expecting that China will be in market to buy the corn if prices get back to earlier level. Traders are paying close attention to China's purchases because its need for grain is seen as an unknown in a corn market on tight inventories. Grain users are nervous about the potential for China to make large purchases because U.S. corn inventories already are projected to reach a 15-year low before the next harvest this fall. Last year, China surprised traders by making its first major corn purchases in nearly 15 years to cover rising domestic demand. Farmers in China are struggling with the weather too due to a drought in the Yellow River Valley.

#### **US Corn Export Statistics:**

Net sales of 726,700 MT were down 14 percent from the previous week, but up 52 percent from the prior 4-week average.

Exports of 953,700 MT were down 1 percent from the previous week, but up 8 percent from the prior 4-week average. The primary destinations were Japan (311,600 MT), Mexico (148,100 MT), South Korea (120,900 MT), China (116,800 MT), Egypt (94,200 MT), and Panama (36,500 MT).

Week Ending	Weekly Exports	Accumulated Exports	Net Sales	Outstanding Sales	-----Next Marketing Year-----	
					Net Sales	Outstanding Sales
5/5/2011	860,346	30,051,416	433,804	11,389,170	23,654	3,250,609
5/12/2011	961,632	31,013,048	843,214	11,270,752	308,487	3,559,096
5/19/2011	953,748	31,966,796	726,723	11,043,727	52,900	3,611,996

(Values in MT)

#### **CBOT Corn Futures Dynamics and Outlook:**

CBOT corn futures have seen lower prices for a couple of days followed by three days of increasing prices ending the week up with export prices about the same as we had seen the previous week. The corn prices dropped early in the week on rapidly increased corn plantings in the USA market participants started to move higher again on expectations on more rain for the USA corn planting and possible further delays.

CBOT corn futures rallied to a four-day high in last week, after the U.S. Department of Agriculture confirmed U.S. exporters sold corn to China last week, boosting demand expectations from the world's

second largest corn consumer. Volume of U.S. corn for export inspected at U.S. ports totaled 726,700 metric tons, 52% higher than the four-week average.

Meanwhile, lingering concerns over tightening U.S. supplies continued to support prices, as adverse weather in key corn-growing regions in the U.S. threatened crop production.

CBOT corn prices are expected to remain firm for the coming week and may remain in the range of USc 780-790 per Bushel. Holding the level above 790 may trigger sharp increase in corn prices.



#### CBOT Futures Quotes (As On May 31, 2011)

Contract	Current (31/05/2011)	Week ago (24/05/2011)	Month ago (24/04/2011)	Year ago (24/05/2010)	% Change Y-O-Y
Jul 11	758.50	733.25	756.50	373.00	+103.35
Sep 11	728.50	705.00	716.00	380.75	+91.33
Dec 11	684.00	662.50	669.50	389.25	+75.72
Mar 12	695.00	672.25	680.00	402.50	+72.67
Values in cents/bushel					

Planting delays and weather uncertainty have kept CBOT corn futures prices volatile. Excessive rains in the eastern Midwest and North Dakota continue to keep farmers out of their fields late in the planting season. Solid near term demand, with cash supplies tightening, added to the firm tone of corn futures trade in last week.

Planting and development conditions across the Corn Belt are expected to improve next week as the 10-day forecast calls for dryer and warmer conditions.

#### NCDEX Futures Price Movement (June Contract)

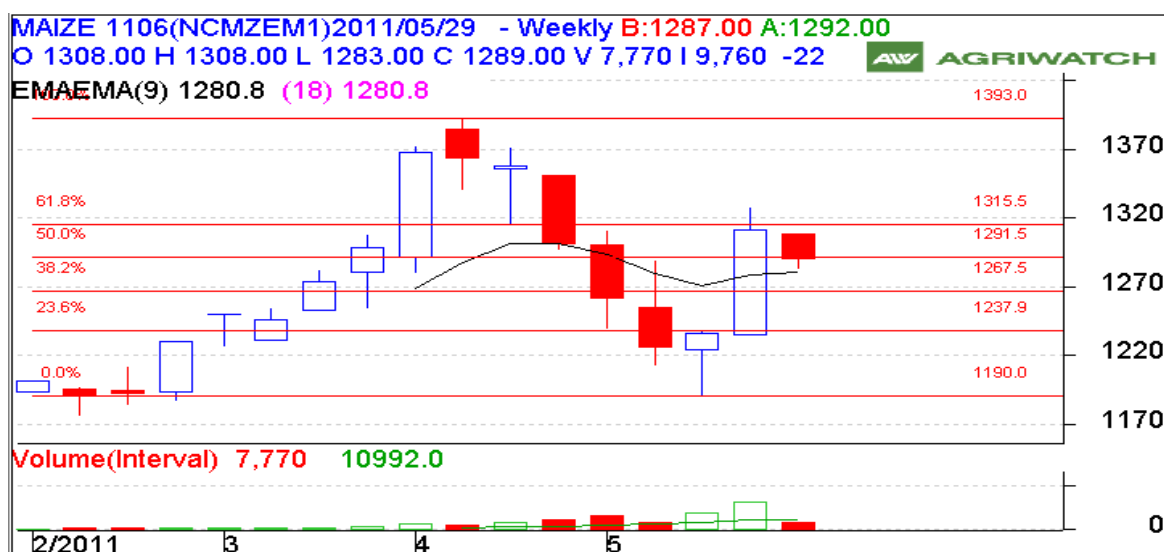
NCDEX Maize (June contract) futures movement remained to trade sideways in a range bound manner between 1290-1315 levels during the last week as mentioned in last report. Weekly candlestick depicts that, market opened at 1308 level which is up by 6 per cent compared to previous week opening price

and as it found 1310 as strong resistance level it couldn't breached the resistance level and remained supported by price level of 1289.

June 2011	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Current week	1308	1308	1283	1289	7770	9760
Previous week	1234	1327	1234	1311	31950	11320
Per cent Change	+6.00	-1.43	+3.97	-1.68	-75.68	-13.78

NCDEX maize futures prices are expected to remain steady to weak for the coming week.

### Futures Market Analysis: NCDEX Maize June Contract



Since the NCDEX maize June contract is trading at support price level of 1289 and resistance at 1308. We expect that maize prices to trade range bound to week and the range will be 1240-1290 level during the coming week.

**Strategy:** Go for selling at 1285 level for the target of 1260. Put a strict stop loss at 1319 level.

Support & Resistance:

S2	S1	R1	R2
1255	1283	1310	1327

\*\*\*\*\*

#### DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>