

## Domestic Market Recap

*Mixed sentiment continue to feature in key maize cash markets during the week ending June 28, 2011 on normal demand, lack of good quality maize due to regular rains in Bihar coupled with subdued export activity.*

*Poultry feed manufacturers remained active in the markets which supported the prices with limited availability of good quality maize. Reportedly due to regular rains over Bihar the moisture content in maize increases to 14-17% and also there were reports of fungus in maize. The maize prices at major markets (except Davangere and Delhi) remained firm on increased demand from poultry feed users as rainy season in progress and expected increase in demand for poultry products pushed prices slightly higher.*

*As per sources, export activity in maize mostly remained subdued in the market as Indian corn remained out of parity and major buyers from South-East Asian countries shifted towards cheaper origin like Pakistan. Currently the domestic maize prices at around USD 319-320/MT CFR Malaysia whereas the Pakistan maize is available at much lower price at around US\$ 308-310/MT CFR. As per sources export activity is likely to revive from September onwards only.*

## Current Market Dynamics

In Bihar reportedly, the big stockists/feed manufacturers remained active in the market which supported the prices besides declining arrivals and quality issue in maize (high moisture due to regular rains). As per IMD (Indian Meteorological Department) further monsoon rains are expected over eastern part of the country, which may further affect the quality and supply of maize in the markets which may further support prices. Meanwhile, due to poor supply of Bihar maize due to rains and quality issue, the feed manufacturers shifted towards other cheaper substitute viz "Bajra".

In southern part of the country, demand from feed and starch manufacturing industries are reportedly good and are buying maize at Rs.1230-1250/quintal warehouse delivery basis. Demand from both poultry and starch industry is expected to remain good in coming days.

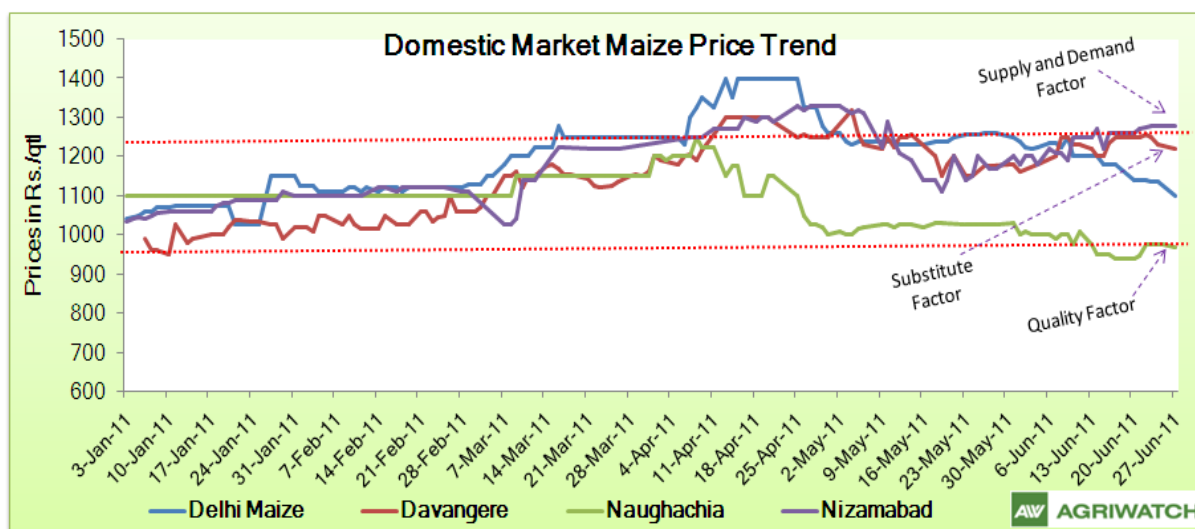
On crop progress front, sowing of the commodity this Kharif 2011 has not yet picked up in key growing state in southern India due to uneven distribution of monsoon rains. Further lull in monsoon may badly affect the sowing activity and consequently the output. Thus, the second spell of rains over the key growing regions will remain the key factor in coming day for determining the acreage as well as the prices.

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

Market	Grade	Today (27 <sup>th</sup> June, 2011)	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1100	1140	1260	1325	980
Davangere	Bilty	1220	1250	1175-1200	1250	970
Nizamabad	Bilty	1280	1270	1170	1330	1010
Naugachia	Bilty	970-1000	945	1025-1030	1025	800-815
Kolkata	Mill	1100-1150	1175-1200	1200	1250-1260	940
Ahmedabad	Feed	1270-1280	1260-1280	1230-1250	1250-1260	1050-1070
	Starch	1230	1240-1250	1225-1230	1275-1290	1035-1070

**Indicative Market Arrivals (in Tonnes)**

Market	Grade	Today	Week Ago	Month Ago	2 Month Ago	Year Ago
Nizamabad	Bilty	200	200	1000	700	700
Davangere	Bilty	30	100	30	20	-
Naugachia	Bilty	300	200	500	500	3000

**Price Outlook**


Maize prices at Delhi market were continued to ease on fourth consecutive week as buyers are shifting to cheaper substitute like wheat and bajra. Prices are down by Rs. 40/quintal to Rs. 1100 per quintal as compared to previous week.

In Davangere prices were down by Rs 30/ql to Rs. 1230/ql due to subdued demand at higher prices. The prices of maize in Davangere increased in last couple of weeks which kept buyers in the sidelines..

Prices in both Nizamabad and Bihar markets remained firm during the period on reportedly good demand from feed as well as starch industry.

Maize prices are expected to remain range bound with slight firmness on declining arrivals and poor quality of maize in Bihar coupled with regular demand from both starch and poultry industry. Also stockists are expected to retain stocks in anticipation of higher prices which may further support prices. However, subdued export activity may cap the gains to some extent. Progress of monsoon over key growing regions would also remain the key for deciding the further price movement.

Prices are expected to remain in the range of Rs. 980-1020/qlt in Naugachia, Rs. 1250-1280/qlt in Nizamabad and Rs. 1120-1150/qlt in Delhi markets during the coming week.

**International Market Highlights:**

As per USDA's weather report (21st June), 97 percent of the corn crop was emerged by June 19<sup>th</sup>, 3 percentage points behind last year and 2 points behind the 5-year average. Overall, 70 percent of the corn crop was reported in good to excellent condition, up slightly from last week but 5 percentage points below the same time last year.

Crop Condition	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	5%	23%	56%	14%

According to current weather forecast, prevailing weather condition is good in most corn growing areas and the same is expected in over the next couple of weeks or even longer, with drier and warmer weather replacing the rains. And the warm and sunny weather will have a good effect on the corn crop and that the condition will improve in coming weeks.

#### **US Corn Weekly Export Status:**

Net sales of 410,800 MT were up 39 percent from the previous week, but down 9 percent from the prior 4-week average. Increases reported for Japan, South Korea, Egypt, Mexico, Venezuela, and Taiwan, were partially offset by decreases for Syria, the Dominican Republic and others.

Net sales of 120,300 MT for delivery in 2011-2012 were mainly reported for Peru (30,000 MT), Israel (27,000 MT), Honduras (25,000 MT), and El Salvador (13,000 MT).

Exports of 1,167,800 MT were up 42 percent from the previous week and 27 percent from the prior 4-week average. The primary destinations were Japan (421,600 MT), Mexico (256,200 MT), South Korea (193,500 MT), Egypt (79,500 MT), Israel (47,600 MT), and Honduras (34,500 MT).

Corn - Un milled					(Values in MT)	
Week Ending	Weekly Exports	Accumulated Exports	Net Sales	Outstanding Sales	-----Next Marketing Year-----	
					Net Sales	Outstanding Sales
2-Jun-11	1,003,958	33,871,289	320,251	9,931,096	29,939	3,871,235
9-Jun-11	820,725	34,691,564	295,802	9,406,623	598,932	4,470,167
16-Jun-11	1,167,795	35,859,359	410,767	8,649,595	120,296	4,590,463

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

CBOT corn futures near month contract prices were continued its downtrend and fall by 7.08 per cent to USc 660.75 per bushel on better weather forecast from the USDA for coming couple of weeks wherein crop growth progress expected to be improved.

Corn also facing stiff competition with feed wheat as poultry feed mills opting for cheaper wheat as substitute for corn to reduce feed cost by prevailing higher corn price.

*CBOT corn prices are expected to remain range bound to weak from current levels in the coming week.*



### CBOT Futures Quotes (As On June 27, 2011)

Contract	Current (27/06/2011)	Week ago (20/06/2011)	Month ago (27/05/2011)	Year ago (28/06/2010)	% Change Y-O-Y
Jul 11	660.75	700.50	758.50	333.75	+97.98
Sep 11	644.25	687.50	728.25	342.25	+88.24
Dec 11	626.75	660.50	684.00	352.75	+77.68
Mar 12	640.50	673.00	695.00	366.00	+75.00
Values in US cents/bushel					

CBOT corn futures (July) prices were fall by 7.08 per cent to USc 660.75/bushel in the week period on below mentioned bearish factors:

#### Bearish Factors for International Corn Market:

- ✓ Market participants felt uncertainty about US corn crop output.
- ✓ USDA's forecasts indicate crops in Midwest will be safe from severe weather into early July.

CBOT corn futures (July) prices are expected to fall in the coming week to USc 650/bushel which may act as support level. If breaches the support level then, it may fall up to USc 615/bushel. Expected price range for coming week is USc 650-680/bushel.

### NCDEX Futures Price Movement (July Contract)

July 2011	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Current week	1227.00	1231.50	1192.00	1206.50	8100	17940
Previous week	1279.00	1285.00	1222.00	1229.00	18580	17480
Per cent Change	-4.07	-4.16	-2.45	-1.83	-56.40	+2.63



## Futures Market Analysis: NCDEX Maize July Contract



As depicted in the above chart, NCDEX maize July contract is moving in the falling channel. 1205 at lower side acting as a good support and two consecutive closes below this will drag down the prices to 1162 level which the channel objective or else prices after taking support may retrace back to the immediate resistance level near 1230 or go into the consolidation phase.

Maize prices are expected to remain range bound between 1205 - 1230 in coming week.

**Strategy:** wait till direction is clear or one can gradually buy near the channel objective.

### Support & Resistance:

S2	S1	R1	R2
1192	1205	1230	1240

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