

01 August 2011

Maize Statistics at a Glance: International:
World Maize Area and Production:

Country	2010-11		2011-12	
	Area ('000 Ha)	Production ('000 MT)	Area ('000 Ha)	Production ('000 MT)
US	32,960	316,165	34,353	342,154
China	32,450	173,000	32,450	178,000
EU 27	7,994	55,467	7,994	59,288
Brazil	13,300	55,000	13,300	55,000
Mexico	6,600	21,500	7,000	24,000
Argentina	3,200	22,000	3,200	26,000
India	8,550	20,500	8,550	21,000
World Total	162,323	820,622	167,017	872,393

Source: US department of Agriculture

US Supply and Demand:

In Million Tones	2010-11	2011-12 (USDA) June Proj.	2011-12 (USDA)
			July Proj.
Beginning stocks	43.38	18.53	22.34
Production	316.17	335.3	342.15
Imports	0.76	0.51	0.51
Total Supply	360.31	354.34	365
Dom Consumption	290.34	290.97	294.65
Exports	47.63	45.72	48.26
Total Usage	337.97	336.69	342.91
Ending stocks	22.34	17.65	22.09

(Source: USDA)

01 August 2011

Prevailing FOB Prices Origin wise:

Origin	FOB Price
India	290-295
Argentina	306
US	295.40
Pakistan	275-298
Ukraine	-
Brazil	-
*Prices in USD/MT	

Domestic Supply and Demand:

Values in MMT	2009-10	2010-11*
Production	16.72	19.26
Total Availability	18.75	19.61
Consumption (inclusive of exports)	18.4	19.3
Carryover Stocks	0.35	0.31
*AW Estimates		

Third Advance Estimates of Production of Food grains for 2010-11

	Maize	(Figures in Million tons)	
	2009-10	2010-11	
	Final Estimate	Third Advance estimate	Fourth Advance Estimates
Production	16.72	20.23	21.28

(Source: Ministry of Agriculture)

Maize: Review of crop:

	Karnataka	Andhra Pradesh
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01 August 2011

Rainfall/Water Requirement (Normal)(At Sowing Time)	600-700mm	-
Rainfall/Water Requirement (Actual)	450-500mm	-
Scenario	Kharif sowing (80%)	Labor Shortage/Water Deficiency in first 20 days
Effect On crop Condition	Heavy Rainfall and water logging condition in few areas, later along with deficient rains at the time of sowing, is likely to bear adverse impact	Crop in healthy vegetative state with covering up in rains
Alternate Selection of Crop	Maize followed by Bengal gram--- Black soil, Maize followed by pulses in red soil (irrigated condition)	Soybean
Cause of Deviation	Irregular supply of canal water, Rainfall and deviation in market rate	deficient rains at the time of sowing
Impact on Yield/Expected Yield	20-25 quintals/Hectare	20 quintals/Hectare
Seed Rate	15 kg /Hectare	15-20 Kg/Hectare
Seed Germination	80%	80%
Seed Weight (Seeds in 1 Kg)	15-20Gm (100 Seed weight)	-
Density	35-40000 plants/acre	35-40000 plants/acre

(Source: Market Sources)

Maize crop in Karnataka and Andhra Pradesh has been affected by the erratic rain progress (deficient at the time of sowing) and farmers have switched to other crops like pulses and Soybean and also towards cotton as reported by the field sources. In Karnatka, rains were deficient at the time of sowing and water requirement was fulfilled to the extent of 450-500 mm as against the requirement of 600-700 mm, while the same has caused a shift in other

01 August 2011

crops in the region, this reason along with labor shortage in Andhra Pradesh caused a shift in the crops like soybean in A.P.

Moving ahead, while catch up in rains in Andhra Pradesh later; made for the deficiency and sources say, crop is in healthy vegetative state. Although Sowing of Maize remain higher in Karnataka at 8.51 lakh hectares as on 25th July as compared to 8.37 until same time last year, while it hovers at 3.65 lakh hectares in Andhra Pradesh, which is below last year's level of 3.92 lakh hectares.

State wise Area coverage (in Lakh Hectares)

	Target Acreage	Actual acreage	Last year
Karnataka (as on 25 July)	11.24	8.51	8.37
Andhra Pradesh as on (20 July)	5.00	3.65	3.92
Maharashtra as on July 25	7.65	5.08	5.92
Bihar as on (27 July)	3.75	2.42	2.51
UP (as on 27 July)	8.14	7.81	8.37

(Source: State agricultural department)

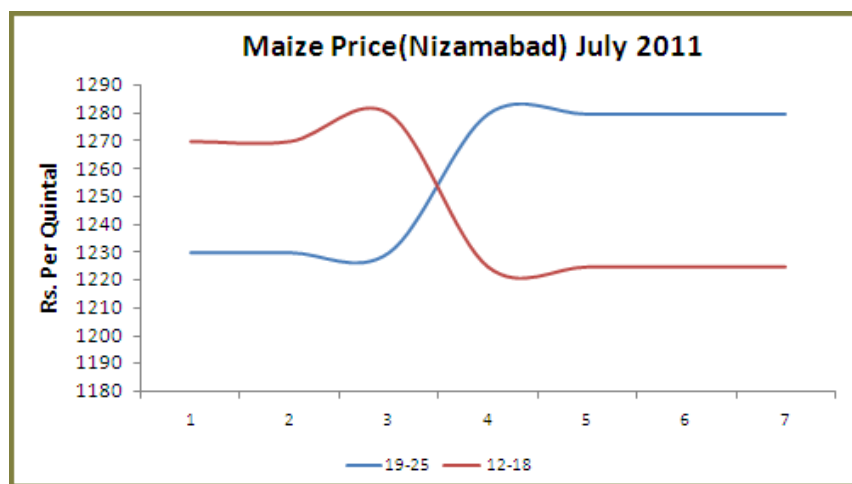
Maize sowing remains ahead in Karnataka at 8.51 lakh hectares as on 25th July as compared to 8.37 lakh hectares sown until same time last year, while area seems to be lagging behind the last year's levels in all other major states viz. Andhra Pradesh, Maharashtra, Bihar, UP. Deficient rainfall broadly remains the cause of the lag while reported shift towards other crops (Soybean) also remain a factor.

Domestic Market: Current Market Dynamics

Maize price surged higher by 1.56% in July. Surge remains attributed to the improved domestic demand at corrected price levels at around Rs. 1200/1225 per quintal. Lagging crop progress in all the key states except Karnataka due to deficit rains also remain a supportive factor.

Export demand continues to be sluggish while there were some reports of the same happening with Malaysia. According to the same, Indian sellers were able to sell to Malaysia at around USD 288-290/MT CFR and are able to match the Pakistan corn exporters.

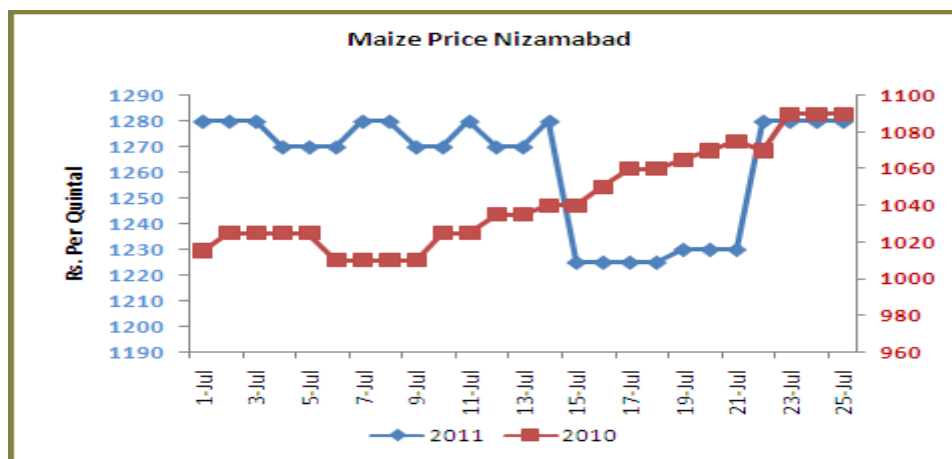
01 August 2011



----- July 19-25/----- July 12-18

Meanwhile sowing of the commodity is likely to pick up in Andhra Pradesh due to improved rains towards July end, over the state. As per the sources, sowing of the commodity is likely to extend upto 1st week of August and early or timely sown crop is likely to be harvested early (Last week of September) provided the weather remains favorable.

Maize Price Trend in Nizamabad, Andhra Pradesh (YOY Comparison)



Maize Price remain range bound towards the first half of the July month as exports remain sluggish while supplies also remain restricted amid lean season. Prices drifted sharply lower towards mid July as domestic demand slackened in anticipation of further drift in the prices on progressive monsoon. Prices

01 August 2011

bounced from the lows as domestic demand recouped at lower levels while stockists held the stocks. Monsoon also weakened thereby causing a drift in the sowing progress which also contributed in the upliftment of the prices.

Month-wise Average prices of Maize at various markets					
Market	24-Jun-11	25-Jul-11	26-Jul-10	% Change from Prev. Month	% Change from Prev. Year
Delhi	1135	1115	1030	-1.76	8.3
Davangere	1230	1180	1050	-4.07	12.4
Nizamabad	1280	1280	1100	-	16.4
Naughachia	980	-	925	-	-
Gulab Bagh*	1085	1090			
Khahadiya*	1070	1070			
Samastipur*	1065	1065			

Following table shows active buyers in southern states of the country and their purchase price-

Buyers active in Southern States	Purchase Price (Rs./MT)
Godrej Hubli	12200
CP Bangalore	No buying
Riddhi Siddhi Bio Glycols,Gokak	11000
Sahyadri Starch, Miraj	No buying *
VHL Sholapur	12300
Godrej Chitradurga	12700
* having own stocks of 40000 bags and utilizing it	
**all are delivery prices.	

- No export activity is reported at Current offers (export) - \$290-95/MT. Major importers (Indonesia, Vietnam) are not taking part in the same. Domestic demand (poultry and

01 August 2011

starch) is normal which remains supportive. Market participants convey that export activity is likely to remain lukewarm until August, while after the same, prospects of the same will brighten.

- While exports from India remain muted, the same from Pakistan prevails but also in the least. The CNF Rate hovers at USD 285-308.
- Currently prices are expected to remain range bound with slightly firm tone as the quality of Bihar maize is poor and old stocks are not sufficient to cater the domestic demand.
- Traders are currently eyeing on MP and Maharashtra crop progress as it will give the price direction moving forward.

Maize FOR price calculation from Bihar to Kakinada port and M-o-M comparison:

Particulars	Cost per MT as on 30th July 2011	Month Ago
Up to Warehouse Delivery Price	10950	10750
Unloading at warehouse	30	30
Warehouse delivered price	10980	10780
Upto rake loading point	400	400
Freight charges upto port town	1600	1600
FOR in Indian Rs. /MT	12980	12780
FOR in USD/MT	294.53	284
Exchange Rate	44.07	44.94

Fundamental Outlook:

- *Maize price trend is likely to remain range bound with mixed cues surrounding the scenario. While highest ever production estimates for 2010-11 are likely to keep the stocks thick, deficient rains that impact the Kharif sowing of Maize, may bear a impact on the crop for 2011-12 but the impact of the same will be assessed in the near future, while it remains early to do so.*
- *Amongst the market activity exports continue to suffer, while domestic demand remains normal but traders convey the later is likely to deteriorate as the orders from*

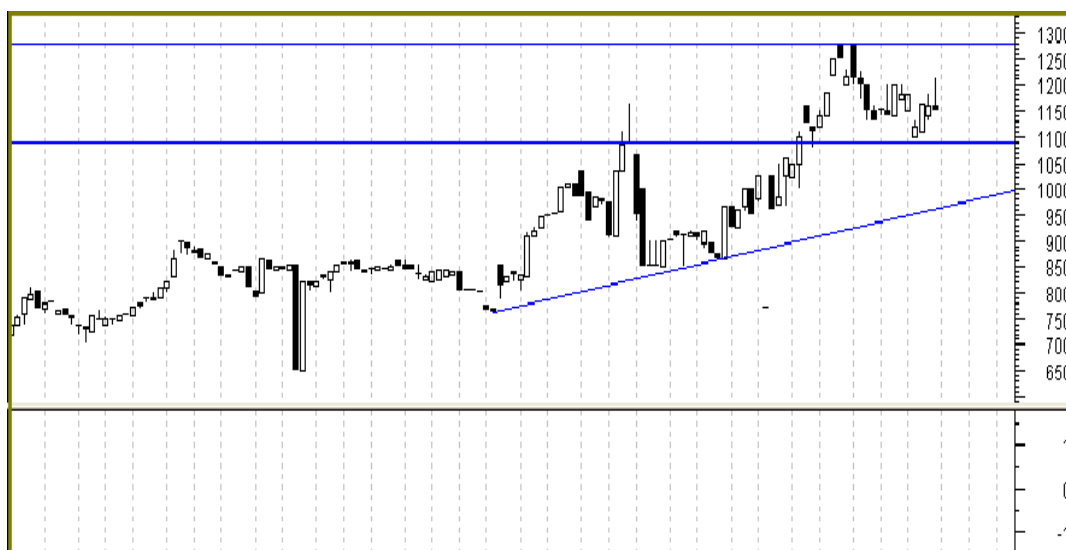
01 August 2011

poultry may reduce amidst lower consumption in the immediate months, while availability of sufficient stocks with starch industry in southern zone is likely to cause the same.

- *The other noticeable trend in the market is that the stockists are coming out and selling their stocks in the anticipation of a early new crop, which may further build in supplies as against likely lukewarm demand.*
- *Conclusively, majority of the factors suggests bears might pull the price lower but lower supports are likely to hold as the erratic monsoon is likely to offset the impact while affecting the sowing and being a positive cue for the market. Monsoon progress in the month of August is likely to impact the rest of the sowing and yields and will direct the price walk ahead. Exports are also likely to catch up once the new crop hits the market.*

Price Forecast:

Maize: Davangere (Loose Price): Weekly Chart



- Maize Price remains range bound. Recovery from supports happen, resistances may still limit the price growth.

01 August 2011

- 1100 on the lower side is an important support for the price, while 1200 remains the immediate capable resistance levels. While a direction move is likely beyond these levels, until the same happens ranged action is likely between the mentioned levels.
- Bears will continue to be in picture during the recovery, until the price breaks above 1200 level, convincingly
- **Strategy:** Buying at dips can be the likely trading strategy until 1100 on the downside holds, while below the same level, price trend will likely turn bearish.

Futures Market Analysis: NCDEX Maize: Weekly Chart



- Maize price trend remains range bound. Pullback may extend, resistance may intervene although.
- 1240-1285 is the applicable trading range for the price. Drift in either direction will take it further in the respective same.
- Positioning of RSI in the weekly chart continue to favor bears.
- **Strategy:** Buying at dips near 1240,

Maize NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
1228	1240	1258	1270	1285

01 August 2011

can be the likely trading strategy, with a stop loss below 1230 for the targets until 1265/1285. Keep note that, while bulls will be able to march ahead above 1285 level, until it is crossed, possibility of a dip will remain open.

International Market Highlights:

Factors affecting the Market:

- **USDA lowered its corn crop condition ratings in report issued in the mid July, which seemed to put a floor below corn futures, and prices turned and bounced higher.** However as on 25 July (towards the end of the month) US corn futures retreated on expectations that moderating weather conditions would benefit the crop. Weekend rains gave the corn crop a boost after a Midwest heat wave last week. Temperatures turned less threatening.
- **Heavy rains drenched parts of the U.S. Midwest this past weekend and more rain should fall this week along with the mercury, easing stress on the pollinating corn crop.** But hot temperatures and dry weather will persist in the southern tier of the Corn Belt, stressing the crop in states like Missouri. There may be a net reduction overall in corn yield because of the fact yields are losing as we move south, however yields are maintained in the north. Weekend storms dumped 1.5 to 3 inches (3.8 to 7.6 cm) of rain in eastern Iowa and 3 to 8 inches in the eastern Midwest, soaking northern Illinois, Indiana and Ohio. Chicago set an all-time daily record for rainfall on Saturday with 6.86 inches (17.4 cm), most of it falling in the hours before dawn. But amounts were lighter across the rest of the Corn Belt, with central and southern Illinois, Indiana and Ohio receiving 0.25 to 1 inch over the weekend.
- **Temperatures cooled after a scorching heat wave in the core of the crop belt last week raised concerns about yield prospects for corn and soybeans.** The forecast called for another round of showers at midweek, with the western Midwest expected to see 0.3 to 1.5 inches in the last week of July, and similar amounts in the eastern belt as well. The heaviest showers should favor southern Minnesota and eastern Iowa, northern Illinois, Indiana and Ohio, with much less rain expected to the south.

01 August 2011

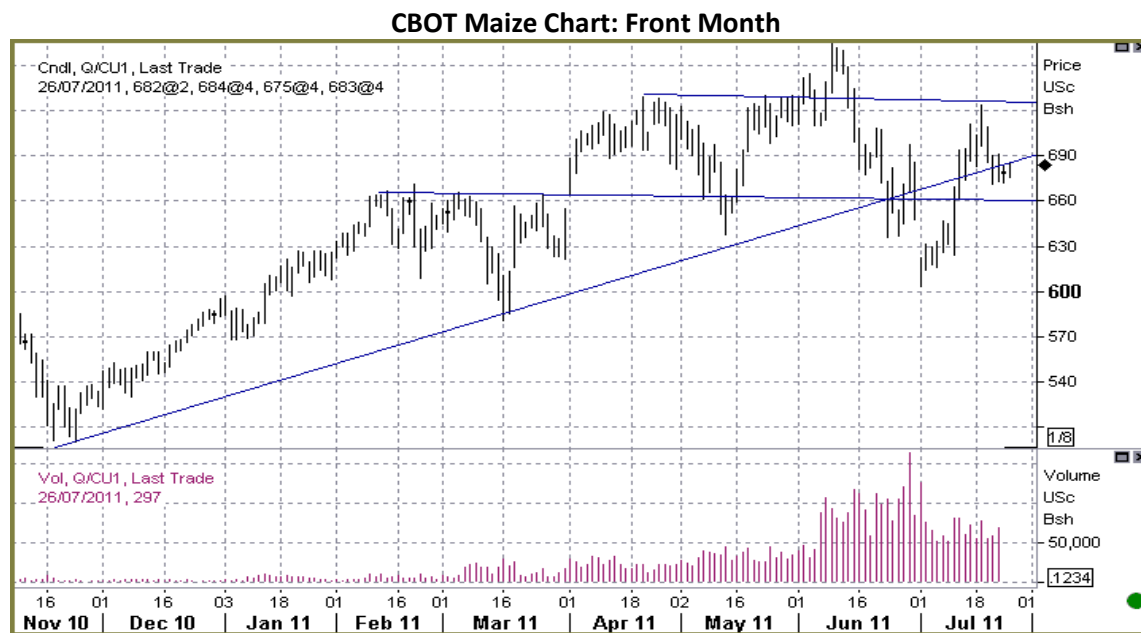
- However, temperatures should be normal to above-normal in the Midwest, with highs in the mid-80s to mid-90s Fahrenheit (29 to 35 Celsius). There is no indication that the core of the (high-pressure) ridge will move back into the heart of the Midwest. However, highs could reach the upper 90s in southern areas including Missouri to the Ohio River Valley. The six- to 10-day forecast for July 30 through Aug. 3 called for mostly above-normal temperatures in the Midwest.
- U.S. feed grain supplies for 2011/12 are projected higher this month mostly with higher expected beginning stocks and production for corn. Corn beginning stocks are raised 150 million bushels reflecting changes to 2010/11 usage projections. Corn production for 2011/12 is projected 270 million bushels higher based on planted and harvested area as reported in the Acreage report. Feed and residual use for 2011/12 is raised 50 million bushels with larger supplies and lower expected prices. Corn use for ethanol is raised 100 million bushels with larger supplies and an improved outlook for ethanol producer margins. Exports are raised 100 million bushels mostly reflecting increased demand from China. Ending stocks for 2011/12 are projected 175 million bushels higher at 870 million. The 2011/12 season-average farm price for corn is projected at a record \$5.50 to \$6.50 per bushel, down 50 cents on both ends of the range.
- Total U.S. corn use for 2010/11 is projected 145 million bushels lower mostly reflecting the larger-than expected June 1 stocks estimate. Feed and residual use is lowered 150 million bushels. Ethanol use is raised 50 million bushels with larger supplies and improved ethanol producer margins. Partly offsetting is a 20-million-bushel reduction in use for sweeteners reflecting slower demand from Mexico. Corn exports are lowered 25 million bushels based on the slower-than-expected pace of shipments in recent weeks. Imports are raised 5 million bushels with continued strong shipments from Canada. Ending stocks for 2010/11 are raised 150 million bushels to 880 million. The season-average farm price is projected at \$5.15 to \$5.35 per bushel compared with \$5.20 to \$5.50 last month.

Outlook:

The U.S. dollar will weaken if either the Federal Reserve decides to stimulate spending with TARP 3 or Congress and the White House cannot resolve their budgetary

01 August 2011

disagreements. A weaker dollar would make U.S. feedgrains less expensive for global buyers and export demand would increase. Stronger demand would support prices. However, the prospect of a weaker U.S. dollar could also have negative effects for American farmers by inflating input costs and eventually depressing land prices as interest rates are forced higher. The higher operating costs would squeeze margins and heighten the need for consistently favorable yields.



- Maize Price Trend remain range bound
- 725-660 is the trading range for the price, while any directional move is likely beyond these levels only, until the same happens price will continue to hover in the mentioned range.
- Strategy: Buying at dips may be undertaken until 660 on the lower side stay unbreached while below the same bears will get active once again.