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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	34,151	328,033
China	32,450	173,000	33,000	178,000
EU 27	7,994	55,902	8,731	60,093
Brazil	13,300	55,000	13,500	57,000
Mexico	7,000	20,600	7,050	24,000
Argentina	3,200	22,000	3,400	26,000
India	8,550	21,280	8,500	21,000
World Total	162,577	821,387	167,435	850,517

Source: US department of Agriculture

US Supply and Demand:

Fig. in Million Tons	2010-11	2011-12 (USDA July Proj.)	2011-12 (USDA August Proj)	% Change(MOM)
Beginning stocks	43.38	22.34	23.87	6.85
Production	316.17	342.15	328.03	-4.13
Imports	0.76	0.51	0.51	-
Total Supply	360.31	365	352.41	-3.45
DoM Consumption	290.34	294.65	289.83	-1.64
Exports	47.63	48.26	44.45	-7.89
Total Usage	337.97	342.91	334.28	-2.52
Ending stocks	22.34	22.09	18.13	-17.93

(Source: USDA)

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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		

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)

Highlights of the Month:

- Maize prices depicted mixed trend in the spot market in the month ended 31st August, while on Average basis prices are able to register growth both from last month as well as last year's level.
- Domestic demand remained normal to slightly weak, while export deals also failed to materialize due to prevailing disparity. Exports are expected to revive from September onwards.
- Total Maize Area sown in Kharif 2011-12 reach at 72.01 Lakh Hectares as reported on 26th August 2011 as compared to 72.74 lakh hectares until same time Last Year.
- Sowing has almost completed in all major Key States. Noticeably, area covers up as rains improve towards August end as the effect of deficient rains in Southern states, neutralize.
- Maize production is likely to decrease by 2-3% this Kharif 2011.
- Regular rains in Bihar affecting trading activity as well as quality of Maize.
- US Markets were underpinned by corn ratings and lower revision for yields as unfavorable weather conditions led to slipping prospects for the same.

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Market Recap:

Maize prices in the month ended August 31st 2011 inhibited mixed undertone as price could surge in producing centers on cues from weather which affected acreage progress during the month until rains improved towards end of May and paced up the sowing, where as price drifted lower in Major Consumption centers like Delhi and Ahmadabad on weak demand as buyers remained on sidelines in anticipation of further down move in the prices ahead of new crop arrival in the market. No Major substitution is reported from Maize to Bajra as quality of the later remains affected.

Price in Davengere surged higher by 1.24% in the month ended 31 August, whereas the same in Bihar recouped by 7.50% and a marginal improvement of 0.80% was seen in prices at Nizamabad. However Average prices record the following movement.

Month-wise Average prices of Maize at various markets					
Market	Jul-11	Aug-11	Aug-10	% Change from Prev. Month	% Change from Prev. Year
Delhi	1120.19	1124.31	1028.4	0.37	9.33
Davangere	1204.85	1232.75	1022.5	2.32	20.56
Nizamabad	1258.43	1282.64	1070.5	1.92	19.82
Naughachia	945	1030.27	1022.5	9.02	0.76
Gulab Bagh	1064.28	1118.12	-	5.06	-
Khahadiya	1075	1102.66	-	2.57	-
Samastipur	1076.42	1100.31	-	2.22	-

Sources in Bihar convey that Quality issues pertain in Maize and about 75% of the crop is of inferior quality. Heavy rains remain contributory to the same. They also convey that the demand remains for rest 20-25% of the crop and the same is going to Starch Industry and remain noticeable from Gujarat and Uttaranchal, while sources say demand of the same from southern regions is not there due to mismatch of Quality requirements.

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In Nizamabad (Andhra Pradesh), reportedly demand remains normal while market awaits new crop arrivals around 15th September, which according to them is a lag of 15 days. Further they convey that rains are occurring in the state, and a field needs to be dried before the same as well. Stocks in Andhra Pradesh remain at 40000 tons, the same in Nizamabad hover around 4000 tons, the same remain sufficient to cater to the demand until the new crop hits the region.

Demand, reportedly remain weak in consumption centers like Hyderabad from Davengere (producing region). Currently sales remain directed majorly to poultry. Further stocks of around 10000 tons exist in the place which is most likely to cater to the demand until the new crop hits the market.

On the Export front:

Buying interest from China upto USD 316-318 CFR Dalian port, continued, however no deals, reportedly, actualized. Exports also remain unviable, in case of Vietnam as the price as the workable CFR for Indian Exporters works out to be USD 290, which is not viable as compared to the domestic rates.

Relatively, Buying on the domestic front remain affected due weaker export demand, while most of the stockists are in the process of liquidating the stocks. Previously the sellers who were quoting prices at INR 13500 PMT FOR Chennai are offering at INR 13300. However some trades were done at INR 13200 PMT for Chennai. Some buying interest also emerged from Malaysia at USD 290 CFR Malaysian Ports.

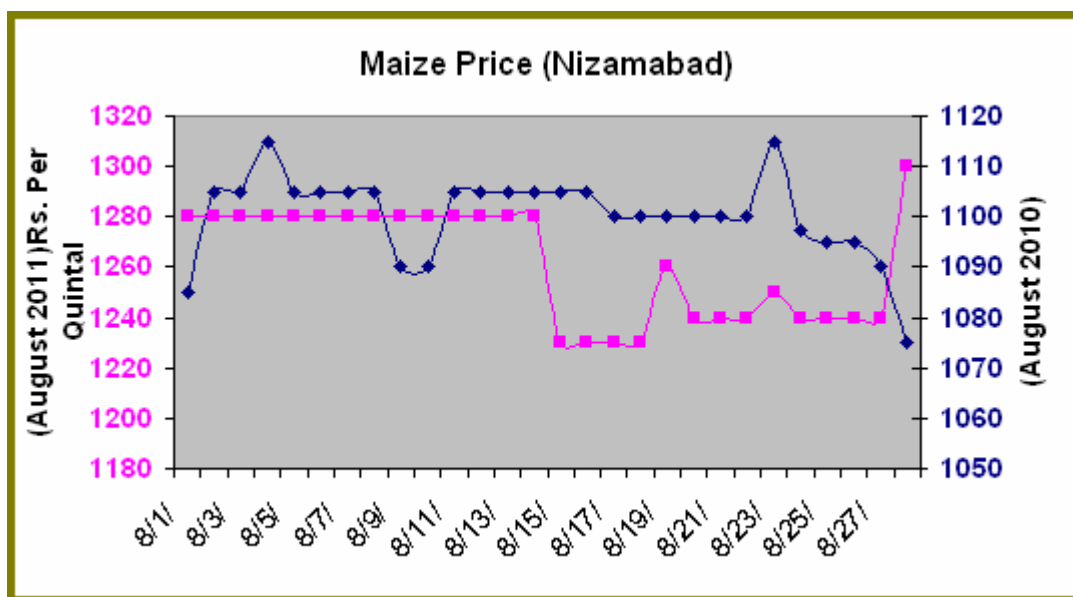
Following table shows some of the active buyers in southern states of the country and their purchase price:

Godrej Hubli	No buying
CP Bangalore	No buying
Riddhi Siddhi Bio Glycols,Gokak	No buying

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Sahyadri Starch,Miraj	
VHL Sholapur	No buying
Godrej Chitradurga	No buying

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



Value chain analysis:

Sourcing Market	Nizamabad	Davangere	Gulab Bagh
Ports	KAKINADA	CHENNAI	KAKINADA
Loose prices (Rs/Qtl) as on 27 th August	1240	1190	1150
Puccka Aadatiya Commission	*12.4	**23.8	-
Market Fee % (as applicable for different' mandi)	*12.4	**17.85	-
Other mandi expenses /Hamali (Includes Loading Charges	8		-

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Cleaning/Loading Charges (Rs/Qtl)		40	-
Gunny Bag Cost @25	25		-
Market expenses borne by purchaser/miller	57.8	81.65	-
Transportation Cost upto WH or Mill gate(Loading + Unloading)	10	20	3
Insurance (if any)	0	0	0
Total transport cost + loading/unloading cost upto warehouse(Delivered WH Prices)	10	20	40
Freight upto Port by road(Truck)	90	120	160
FOR/del port prices	1397.8	1411.65	1353
*1% of the cultivator's rate			
**2% Commission and 1.50% market fees			
***Warehouse Delivery Prices as there is no Mandi Expenses			

Weather Scenario: Impact on Yields

Rainfall as on Week ended 24 August			
Regions	Actual Rainfall(mm)	Normal Rainfall(mm)	% Departure from LPA
Country as a whole	51.9	56.6	-8
Northwest India	40.3	47	-14
Central India	48.8	63	-23
South Peninsula	69.3	40.9	70
East & Northeast India	59.1	81.1	-27

According to IMD, the cumulative seasonal rainfall for the country as a whole from 1-24 August has been 8% above the LPA with 17% and 16% above normal rainfall over northwest India and south peninsular India, respectively.

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For the country as a whole, cumulative rainfall during this year's monsoon has so far upto 24 August been 1% below the LPA. Rainfall in Southern Peninsula in the season so far remain 3% above LPA, as catch up in rains August, offsets the deficiency felt in the prior months, in the region.

Further, **on state basis, in the Key Maize growing regions of Karnataka**, rainfall caught up in the latest week ended 24 August with excess rains being witnessed and it seen that a week of deficient rainfall has been followed by a week of excess rainfall which make for the water requirement and produce an offsetting impact to an extent.

Further on district level, while ample rains in Davengere and Belgam towards August end, covers up for the deficiency in the prior week, places like Haveri witness deficiency still. Conclusively Maize Yields in Karnataka may remain normal to slightly below normal.

In another Key state, Andhra Pradesh, excess rainfalls were recorded in the latest week ended 24 August while the prior two weeks remained dry. Almost all major districts witnessed same kind of scenario, rains in Nizamabad remain moderate towards August end as well thereby suggesting a possibility that deficiency in the same until now in the season may not be offset and yields might be affected due to the same. Overall yields in the state may remain normal to slightly below normal.

In Uttar Pradesh, Normal to excess rains all through the monsoon season is likely to lead improved yields in 2011-12.

In Maharashtra, Weeks of deficient rains were followed by normal or excess rains, thereby covering up for the water deficiency. While at major areas like Solapur, Ahmednagar, Sangli, cover up in rains is seen but rains fails to catch up in Pune and Buldhana, comparatively.

In Madhya Pradesh, deficient rains were recorded towards end of August while normal to above normal in the prior weeks, is likely to sufficient to keep the soil desirably moist, leading to expectation of Normal to higher Yields.

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Amongst Other states, while normal to excess rains remain indicative of normal yields in Rajasthan, deficiency in rains, priorly in the season is likely to be offset by the above normal rains towards the end of August, in case of Tamil Nadu.

First Crop Production Forecast based on Projected yield Scenario

Production In Million Tonnes	2010-11	2011-12	% Change
Andhra Pradesh	1.68	1.13	-32.7
Bihar	0.48	0.60	25.0
Karnataka	3.36	3.24	-3.6
Madhya Pradesh	1.14	1.21	6.1
Maharashtra	1.51	1.51	-
Rajasthan	1.91	1.76	-7.9
Uttar Pradesh	1.00	1.28	28.0
Total India	15.15	14.76	-2.6

(Source: AW Projections)

As per the AW Forecast, India's Maize Production in 2011 -12 is likely to decline about 2.6% as compared to last year on lower area sown, while yields are expected to rise. Production is set to decline in Key growing areas like Andhra Pradesh, Karnataka and Rajasthan. In Andhra Pradesh, both area and yields are expected to decline in 2011 -12 as compared to a month earlier. Lack of rains during July is likely to weigh on the yields.

In Karnataka also a similar kind of weather scenario is seen and both area and yields are likely to plunge from the last year's level but the decline is anticipated higher in case of A.P. as compared to Karnataka.

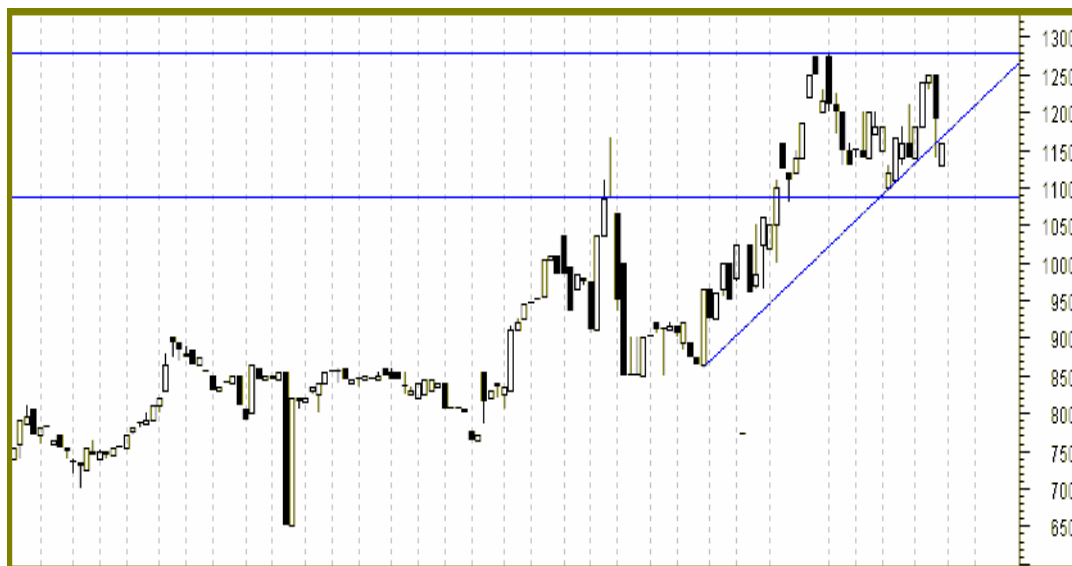
While in case of Rajasthan area sown under Maize is likely to be lower, yields are likely to remain around last year's level as congenial weather provides support.

On the other hand, offsetting impact is likely to be the case as production is seen rising in states of Bihar, Uttar Pradesh and Madhya Pradesh. In Bihar and U.P. higher area is

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sown under Maize while yields are expected around last year's level on favorable weather. A similar kind of scenario set the scene for a higher Maize production in Madhya Pradesh as well.

PRICE OUTLOOK: *Maize Price are likely to remain weakly skewed as ne crop arrival is likely to hit the markets in another two week s while both export and domestic demand remain weak due to disparity. Prices might also locate support at lower levels as exports are likely to catch u p once the new crop arrives. Also the likely cut in the production (projection) is likely to support the prices, on their way down.*

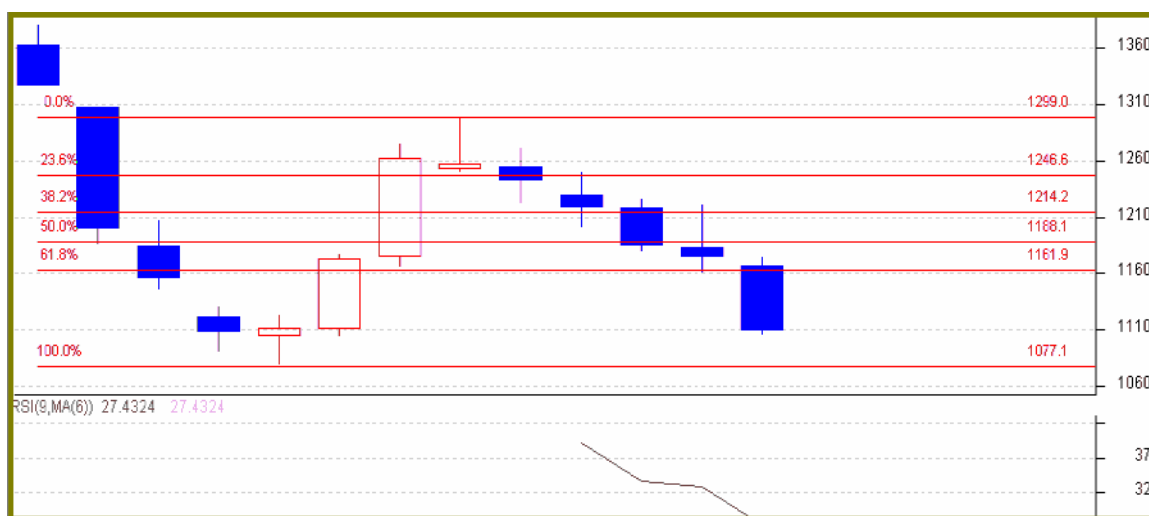
Price Forecast:
Maize: Davangere (Loose Price)


- Maize Price trend continue to remain range bound. Correction sets in from around the previous peaks as indicated. Also the lower trend line support gets breached, which is a favorable scenario for Bears.

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- 1100 on the lower side continue to be an important support for the price, while prior to the same 1130 is another support point. 1180-1200 remains the immediate capable resistance zone.
- **Strategy:** Selling at highs near 1180-1200 is likely to remain a advantageous trading strategy until 1250 levels stay un breached on the higher side. While bulls have less to cheer about, 1100 on the lower side remains a helpful support for them.

Futures Market Analysis: NCDEX Maize



- Maize price remain in short term downtrend . Price also hover in oversold territory.
- 1075-1125 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 back oversold conditions.
- **Strategy:** Selling at highs near 1130-50 with the lower targets of 1100/1075 is the applicable trading strategy. Remain cautious as short covering may intervene.

Maize NCDEX (October)

Support & Resistance				
S2	S1	PCP	R1	R2
1060	1075	1109.50	1128	1140

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International Market Scenario :

World Estimates:

(Figures in Million Tonnes)

	2009-10	2010-11	2011-12 (Forecast)			
			11-Jul	11-Aug	% Change MOM	%Change YOY
Production	1799	824	859	849	-1.2	3.03
Trade	240	93	94	93	-1.1	0.00
Consumption	1770	846	863	858	-0.6	1.42
Carryover stocks	400	126	122	118	-3.3	-6.35
YOY% Change	-1	-22		-8		

(Source: International Grains Council)

World 2011/12 maize crop is projected to be the largest on record at 849million tons, despite the cuts in the US Crop forecast, on improved production prospects in southern hemisphere. The rise of 3.03% is projected in 2011-12 as compared to 2010-11, while month on month (in August) basis a mild reduction of 1.2% is seen in the forecast.

Demand is expected to increase, but at a slower pace of 1.42% as growth in feed use will be limited mainly to developing countries, with meat output in most industrialized nations likely to increase relatively slowly due to high feed prices and flat demand. Growing supplies of competitively priced lower grade wheat will limit demand for maize, while use of distillers dried grains (DDG) will also remain high.

After rising sharply in recent years, maize used for the manufacture of fuel ethanol is forecast to show very little growth, with the figure for the US projected to be unchanged from 2010/11.

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Current Developments:

U.S. corn ratings plunged more than expected, as hot and dry conditions around much of the Midwest, contributed to the same. Good-to-excellent ratings for corn dropped 3 percentage points to their lowest late-August level in six years.

As suggested by the U.S. Agriculture Department's weekly crop progress report the corn was rated 54 percent good to excellent as of August 28, down 3 percentage points from a week earlier against the market expectation of 56 percent good to excellent. The average good-to-excellent rating for this time of year has been 59 percent during the past 10 years. The crop was rated 70 percent good to excellent until same time last year

Findings/Highlights of Pro Farmer Crop (Maize) Tour in US

Corn yield potential across the heart of the U.S. Midwest will likely face further losses if rains fail to come soon, as put by agricultural meteorologist. The driest areas so far this month have stretched from southeast South Dakota, across southern Minnesota, the northern and eastern half of Iowa into central Illinois and southwest Indiana.

Corn yield prospects in Ohio were highly variable and generally down from last year as planting delays and periods of sweltering heat that rushed crop development dragged down crop potential. Soybean pod counts were up slightly from a year ago, but the crop's lagging maturity and dry soil conditions suggest the crop may struggle to match last season's yields as put by scouts on the Pro Farmer Midwest Crop Tour. Excessive rains this spring in Ohio and elsewhere in the eastern Midwest stalled corn planting by more than a month in some cases and when the crop was finally planted it was often in overly wet soils. That caused some of the planted seeds to fail, leaving large gaps in many fields. Later, much of the crop pollinated during the hottest summer weather in late July, resulting in ears that were not fully filled with grain.

Also, some crops may not be ready for harvest until mid-October or later, making them vulnerable to an early frost. Crop scouts calculated an average corn yield of 156.26 bushels per acre (bpa) in Ohio based on samples from 105 fields in the central and eastern parts of the country's No. 7 corn producing state. The figure was about 6

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percent below the 2010 tour figure of 165.60 bpa and down modestly from the tour's three-year average of 158.03 bpa.

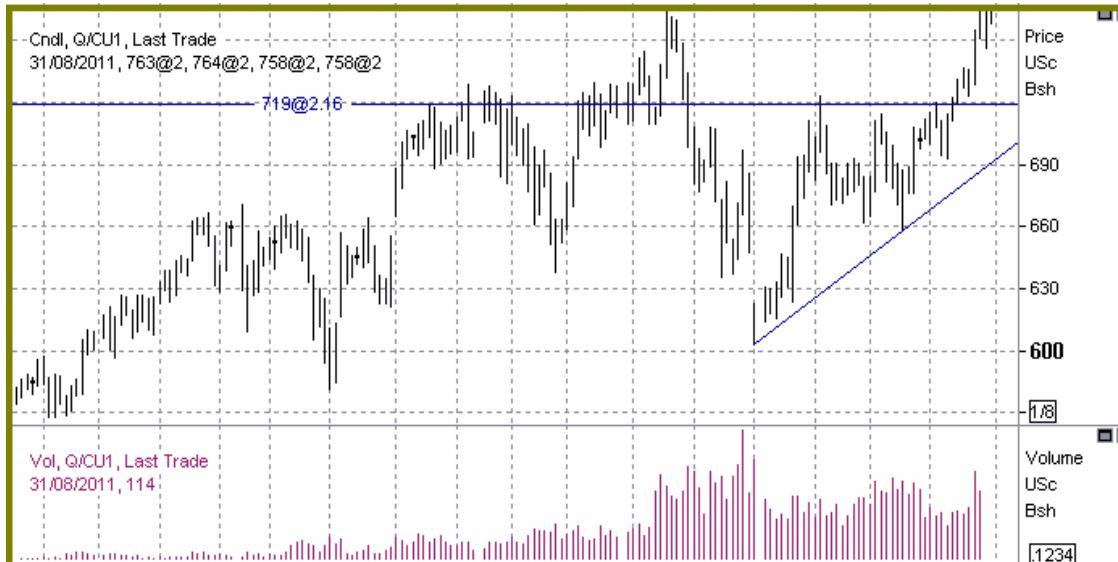
Corn yield projections in South Dakota fell 1.7 percent below 2010 forecasts due to a combination of late planting and scorching summer temperatures as found by scouts on an annual tour. The annual Pro Farmer Midwest Crop Tour forecast an average corn yield at 141.10 bushels per acre, based on surveys of 39 fields. A year ago, scouts projected the average corn yield at 143.59 bushels per acre. The tour's three-year average for South Dakota is 146.06 bushels per acre. The heavy rains throughout the spring, which led to planting delays around the Corn Belt and robbed the crop of some harvest potential, also helped sustain corn and soybean during the heat and dry conditions of July and August.

Outlook:

Lowered Yield prospects in US, facilitated by unsupportive weather and resultant cuts in Corn Production is a supportive driver for the corn price in US. Corresponding cuts in the total usage also fails to take up the supplies. As a result the projected cut in the ending stocks in US is likely to be the optimistic factor for the market that will lay support beneath the prices but the nearing onset of the new crop arrival is likely to pull down the Prices in US as supply pressure builds up.

CBOT Maize Chart: Front Month

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- Maize Price Trend remains positively skewed. A trade above 750 is a positive state of being for the bulls. Bulls are likely to maintain strength until they manage to stay above 720.
- Strategy: Buying at dips may be undertaken until 720 on the lower side stay unbreached while below the same, profit taking may be grabbed as a chance.