

Maize Statistics at a Glance: International:

World Maize Production Scenario:

Country wise Maize Production Scenario (In MMT)					
	2007/08	2008/09	2009/10	2010/11	2011/12
US	331.2	307.1	332.5	316.2	313.9
China	152.3	165.9	164.0	177.2	191.75
Brazil	58.6	51.0	56.1	57.5	61.0
EU-27	47.6	62.3	56.9	55.9	64.31
Argentina	22.0	15.5	23.3	22.5	26.0
Mexico	23.6	24.2	20.4	20.6	20.5
India	19.0	19.7	16.7	21.3	21.0
Ukraine	7.4	11.4	10.5	11.9	22.5
Canada	11.6	10.6	9.6	11.7	10.7
World	794.9	799.3	819.4	828.3	868.06

Source: US department of Agriculture

Highlights of the Month:

- *Maize Prices have increased in various spot markets during the month ended during 31st December 2011. Prices in Davengere market have gone up by 4.5% compared to previous month.*
- *Around 3.38 lac hectares of maize has been planted by maize growers in Bihar for Rabi season up to 12th January 2012 that is 7% higher planting compared to previous year same period.*
- *Demand from Poultry and Starch Industries is good but have few options with the low arrivals currently. .*
Exports from key source markets have been continuing with India being more competitive than US, Brazil and Argentina.

Factors affecting the domestic markets

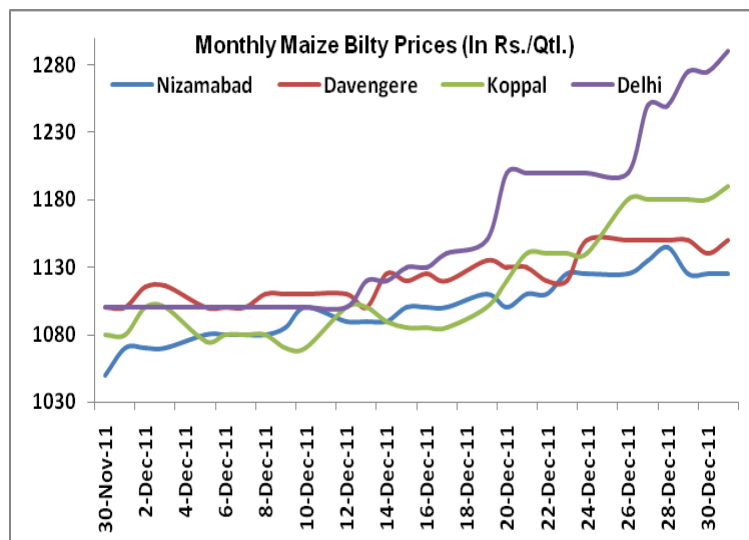
Bulls	Bears
Higher demand from Poultry and Starch Industries.	Fresh crop arrivals of maize from Tamil Nadu
Lesser arrivals	export demand may reduce as Brazil and Argentina become more competitive..

Market Recap and Market Dynamics:

Firm sentiments recorded in various maize spot markets during the month ended 31th December 2011. Higher maize domestic as well as export demand and lower arrivals kept the prices on the higher side during the month.

Improved prices have been witnessed in Nizamabad maize market in December. Lesser arrivals and good demand of maize weigh on the prices. Major reason for decline in maize arrivals is that the farmers are involved in sowing maize for Rabi season. Arrivals will pick up after 2nd week of March as reported.

Also, prices surged in markets like Davangere, Delhi, and Koppal markets due to increase in rakes business which indicates good exports as well as domestic demand of maize.



Month-wise Average prices of Maize at various markets					
Market	11-Nov	10-Dec	11-Dec	% Change from Prev. Month	% Change from Prev. Year
Delhi	1100	1035	1290	17.3	24.6
Davangere	1100	910	1150	4.5	26.4
Nizamabad	1050	1035	1125	7.1	8.7
Koppal	1080	975	1190	10.2	22.1

Key Buyers:

Buyer	Purchase Prices (Rs/MT)
VHL Hubli	12300
Godrej Chitradurga	12300
CP Bangalore	12800
CP Vellore	12900

Domestic demand from Poultry and Starch Industries was good.

Meanwhile, rake business has been reported from various sourcing centers like Nizamabad, Davangere, and Koppal to various destinations. No new rakes seem to have moved in the past week, though.

Exports:

Indian CIF Maize prices (~\$318.00) have surged due to increase in domestic prices of maize. Indian maize exporters are not getting export parity as Brazil CIF (~293.6) and Argentina CIF (~301.6) have kept the Indian maize out of the market.

Indian CIF Rate to Thailand vs. other Countries (in USD)				
	Argentina	Brazil	US	India
FOB	251.6	238.6	262.5	283
Freight for Thailand	50	55	60	35
Cost and Freight	301.6	293.6	322.50	318

At present, lesser international prices restrict the maize exporters from India to export.

Indian maize exports will remain moderate in the coming month until any increase in International maize prices.

Maize: Trade Channel

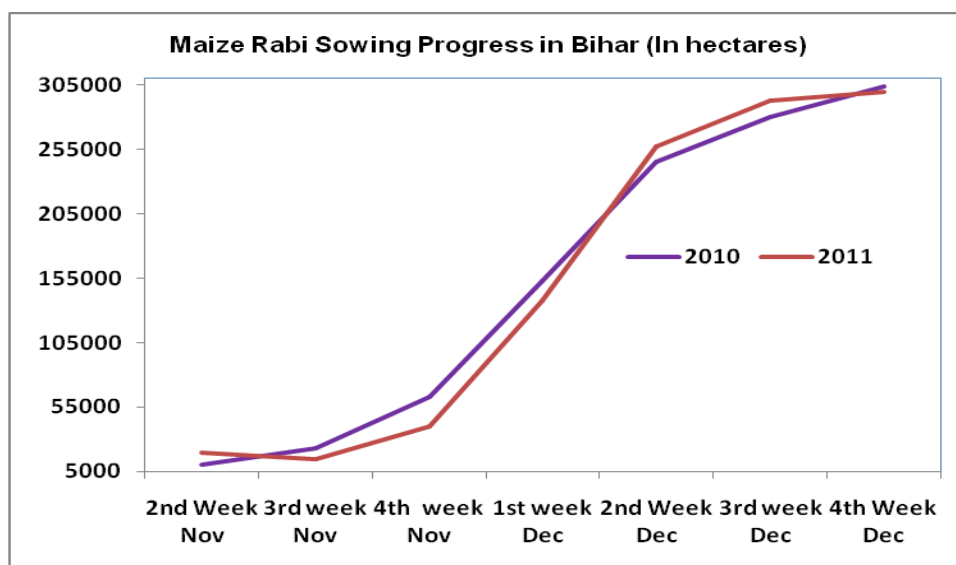
Sourcing Market	Nizamabad	Davangere
Consumption Center	Nammakkal	Udumalapet
Loose prices @ source (Rs/Qtl) (A)	1150.0	1120.0
Puccka Aadatiya Commission %	11.5	22.4
Market Fee % (as applicable for different' mandi)1% on cultivators rate	11.5	16.8
Other Mandi Expenses (Gunny bag & Hamali)	33.0	38.0
Toal Expenses (borne by buyers) (B)	56.0	77.2
Ex-mandi Prices (A+B) ©	1206.0	1197.2
Freight up to consumption center & unloading charges (D)	160.0	160.0
Delivered prices at consumption center (C+D)	1366.0	1357.2
(2) Trade Channel for Exports (Producing center to key Ports)		
Sourcing Market	Nizamabad	Davangere
Port	Kakinada	Chennai
Loose Prices @ source (i)	1150.0	1120.0
Puccka Aadatiya Commission %	11.5	22.4
Market Fee % (as applicable for different' mandi)1% on cultivators rate	11.5	16.8
Other Mandi Expenses (Gunny bag & Hamali)	33.0	38.0
Toal Expenses (borne by buyers) (ii)	56.0	77.2
Ex-mandi Prices (i+ii) (iii)	1206.0	1197.2
Freight (Truck) up to port (iv)	90.0	120.0
Port Delivery Prices (iii+iv) (v)	1296.0	1317.2
Loading/forwarding/clearing charges at port (vi)	127.0	127.0
Total prices upto Ship loading point (FAS) (v+vi)	1423.0	1444.2

FOB in US Dollar/MT	283	288
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Maize Rabi Sowing Progress (As on 15th January 2012)

	2010	2011	% Change	Targeted Area	% Coverage of Area till date
Bihar	316000	338000	7.0%	350000	96.6
UP	53869	33372	-38.0%	50000	66.7
Maharashtra	112000	114000	1.8%	120000	95.0
AP	247000	260000	5.3%	279000	93.2

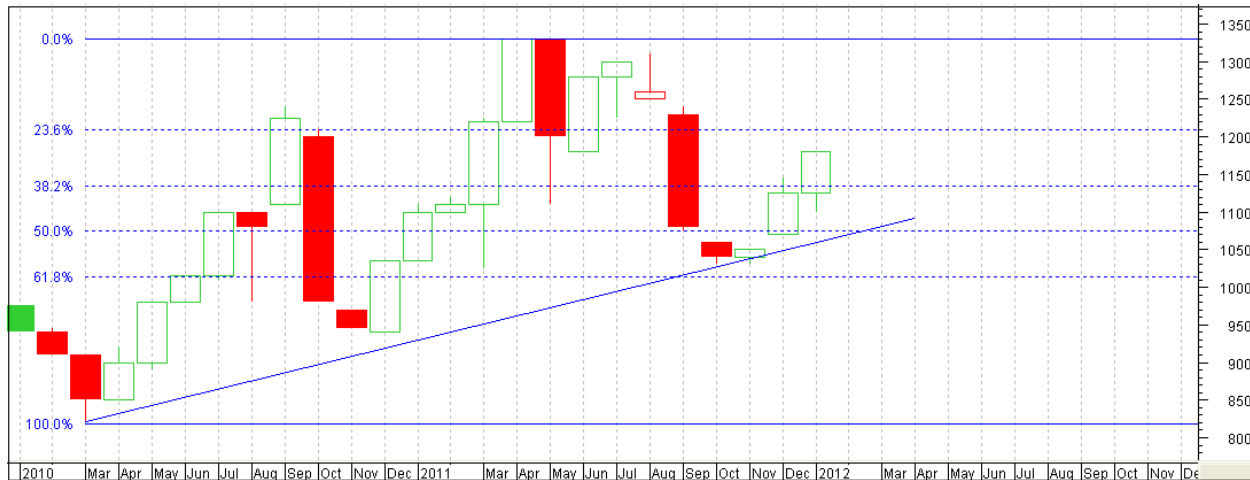
(Source: State Agricultural Dep't.)


Price Outlook:

Maize prices may show resistance initially in the short term due to higher supply estimate of maize by USDA and IGC. However, in the medium term prices will increase internationally given the good demand overall. Maize prices are likely to move upwards in the coming month considering the lower arrivals and good demand of maize from Poultry and Starch industries which should support the prices .

Price Forecast:

Maize: Nizamabad (Bilty Price)



- Maize prices have witnessed steep hike during the month ended December 2011.
- After testing trend line support level, prices have rebound as chart depicts.
- Prices are likely to hover around the 23.6% retracement level, if breach the mentioned level either side will give the prices a new direction.
- Also, keeping in view the lower crop arrivals, prices are likely to stay at upper levels.

Strategy: Prices might feel some heat from international maize scenario and might come down. We suggest market participants to procure maize at Rs 1130-1150 from Nizamabad market.

Futures Market Analysis: NCDEX Maize



- Prices are showing downward correction on charts.
- Prices are getting support at 1240 level which also lying on 38.2% retracement level, breach of this level will take the prices down to 1210 or 50% retracement level.
- Meanwhile, RSI is hovering in overbought region which indicates selling might occur.
- Strategy: Last two candle stick pattern indicates that prices will not sustain at higher levels. Selling from higher levels would be advisable.

International Market Scenario:

World Estimates:

(Figures in Million Tonnes)

	2010-11	2011-12 (Forecast)			
		Dec-11	Jan-12	% Change MOM	%Change YOY
Production	826	853	861	0.9%	4.2%
Trade	93	94	93	-1.1%	0.0%
Consumption	844	861	867	0.7%	2.7%
Carryover stocks	131	123	125	1.6%	-4.6%
YOY% Change	-17		-6		

(Source: International Grains Council)

World maize production prospects improved by 8 million tonnes compared to previous month estimates despite that the smaller US crop and lowered crop outlook for South America. Recent forecast from IGC shows that overall maize production for 2011-12 will stand at 861 million tonnes which is still 0.9% higher compared to previous month maize production estimate done by IGC. Good crop harvest in countries like Ukraine and China, and the expected record crop of maize in Argentina and Brazil, despite drought impact, has led IGC to increase the production forecast of maize.

IGC has also forecast a 3% increase in demand of maize mainly due to the increased use of maize in animal feed.

Recently, WASDE also estimated an increase in the maize production by 48 million bushels to 12538 million bushels, which means an overall maize supply of 13501 million bushels against the earlier 13453 million bushels. However, maize ending stocks forecast has been decreased marginally by 2 million bushels to 846 million bushels from 848 million bushels.

According to the WASDE report, Argentina 2011/12 maize production is expected to be lower by 3.0 million tonnes as extended dryness in late November is likely to have a negative impact on the yield. It is noticeable that recent rains in drought affected areas in Argentina have given some respite to the standing crop and helped weigh on to the maize prices. Overall, the drought conditions in Argentina and Brazil are likely to decrease the yield forcing trading houses to revise estimates down.

Maize Production Estimates for 2011-12 (In MMT)		
	Argentina	Brazil
USDA December Estimate	29	61
US Commodities	27	60
ABN Amro	27	59
Citi Group	25	59.5

Considering improved maize supply estimates by IGC and WASDE despite of maize crop damage in Argentina and Brazil due to drought situation, and moderate maize demand, prices might take a dip initially. Overall we expect maize will trade range bound with firm sentiments keeping in view prevailing international prices are still hovering at lower levels and demand is due from major importing countries of maize like China which should give some boost to the prices in the coming month.

Outlook:

We expect prices to trade range bound with firmness in the prices in the coming month keeping in view good maize demand and concern over Argentina and Brazil crop.

Maize CBOT Monthly Futures Price Listing (\$/Tonne)				
	Contract Month	30/11/2011	30/12/2011	Change
	Mar12	608.00	654.75	+46.75
	May12	615.25	661.25	+46
	Jul12	618.75	613.25	-5.5
	Sep12	574.75	586.25	+11.5

CBOT Maize Chart: March Contract


Maize prices are moving in a range between 600 to 680 cents per bushel as chart depicts. However decrease in prices have not been supported by volume and open interest which indicates that market will consolidate in the mentioned trading range in the coming month. We advise market participants to buy from support level i.e. 600 cents/bushel and we expect prices to test 660 cents/bushel in the coming month.

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