

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 traded in a range during the month ended during 31st January 2011. Prices in Davengere market have gone up by 1.7% compared to previous month due to lower arrivals.*
- *Around 3.51 lac hectares of maize have been planted by maize growers in Bihar for Rabi season up to 31st January 2012 that is 5.1% higher planting compared to previous year same period.*
- *Need based buying has been witnessed from Poultry and Starch industries for maize.*
- *Arrivals of maize from TN is sufficient for current domestic demand. However, the high moisture content ~16% removes any possibility of maize exports from TN.*

Factors affecting the domestic markets

| |
|---|
| Bears |
| Rupee Appreciation |
| Export demand may reduce as Brazil and Argentina become more competitive. |
| Fresh arrivals are going to start from AP within 10-15 days. |

Market Recap and Market Dynamics:

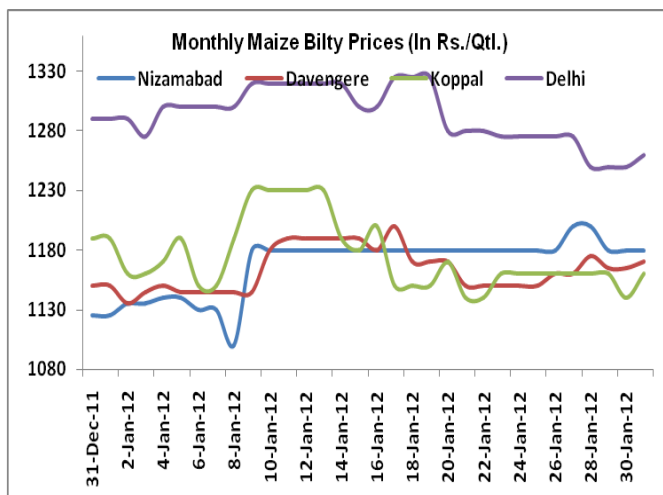
Maize prices have moved in a range with weak tone during the month ended January 2012. Meanwhile, weak exports as well as domestic demand of maize has been witnessed due to the falling prices of wheat compared to maize resulting in major shift in demand of maize for feed industry. In addition to it, appreciation of Rupee decreased the export parity of maize compared to other major exporting countries.

Improved prices have been witnessed in Nizamabad maize market in January. Lower arrivals and depleting stocks of maize kept the maize prices on the higher side..

As far as Davengere market is concerned, prices have got some support during the month due to lower arrivals and moderate demand of maize.

However, prices have decreased in Delhi and Koppal markets due to weak exports and domestic demand.

Meanwhile, demand from Poultry and Starch Industries for maize is moderate. Buyers are not keen to buy maize in the falling market and expect further price decline.


Rake Business from Various Sourcing Centers During the Season Till Date:

| Sourcing Centers | 7th Feb | 14th Feb |
|------------------|---------|----------|
| Davengere | 34 | 40 |
| Koppal | 36 | 40 |
| Ranebennur | 30 | 50 |
| Haveri | 45 | 45 |
| Shimoga | 2 | 5 |

* Figures in Rakes.

| Destination | By Road (Rs/MT) | By Rake (Rs/MT) | FOB in USD /Tonne |
|-------------|-----------------|-----------------|-------------------|
| Chennai | 12600 | 13300 | 268 |
| Mumbai | 13300 | - | - |
| Tuticorin | 12450 | 13500 | |
| Kakinada | - | 13000 | - |

Following are the few active buyers in southern states of country with their purchase prices -

| Buyer | Purchase Prices (Rs/MT) |
|--------------------|-------------------------|
| VHL Bangalore | 12700 |
| Godrej Chitradurga | 12300 |
| CP Bangalore | 12800 |

| | |
|---------------------|-------|
| VHL Udumulpet | 12900 |
| SKM, Erode | 12500 |
| Sugana Theni Godown | 12400 |
| CP Vellore | 12900 |

| Month-wise Average prices of Maize at various markets | | | | | |
|---|--------|--------|--------|---------------------------|--------------------------|
| Market | 11-Dec | 11-Jan | 12-Jan | % Change from Prev. Month | % Change from Prev. Year |
| Delhi | 1290 | 1150 | 1260 | -2.3% | 9.6% |
| Davangere | 1150 | 1020 | 1170 | 1.7% | 14.7% |
| Nizamabad | 1125 | 1100 | 1180 | 4.9% | 7.3% |
| Koppal | 1190 | 1045 | 1160 | -2.5% | 11% |

Exports:

Indian CIF Maize prices (~\$322.76) have surged despite decrease in maize prices as appreciation in Rupee reduced the export parity. Brazil CIF (~\$323.96) and Argentina CIF (~\$316.4) are more competitive than Indian Maize internationally. However, continuously increasing International maize prices and weak sentiments will give Indian exporters an opportunity to export maize soon.

| Indian CNF Rate to Thailand vs. other Countries (1\$= Rs. 49.45) | | | | |
|--|-----------|--------|--------|--------|
| | Argentina | Brazil | US | India |
| FOB | 266.4 | 268.96 | 279.4 | 288 |
| Freight for Thailand | 50 | 55 | 60 | 35 |
| Cost and Freight | 316.4 | 323.96 | 339.40 | 322.76 |

The exporters are buying maize ranging between Rs 1260-1300 per quintal FOR Chennai. Meanwhile, exporters are paying according to its need of maize stock for export at present.

Some of the exporters quoting their prices are:

| | Chennai | Tuticorin |
|----------------------|---------|-----------|
| Adani | 12750 | 12450 |
| Glencore | 13000 | |
| Louis Dreyfus | 12850 | |

Indonesia Market: No fresh business reported.

Malaysian Markets - Markets have opened after the Chinese New Year but the buyers are not very active yet. Sellers are offering at USD 280 CFR West Malaysian ports and 285 for East Malaysian port

Indian maize exports will remain slow in the coming week until any increase in International maize prices.

Maize: Trade Channel

| | | |
|--|------------------|------------------|
| Sourcing Market | Nizamabad | Davangere |
| Consumption Center | Nammakal | Udamalpet |
| | | |
| Loose prices @ source (Rs/Qtl) (A) | 1150.0 | 1120.0 |
| | | |
| Pucca 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 |
| Pucca 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/dearing 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 | 290 | 294 |

(\$=Rs.49.08)

Maize Rabi Sowing Progress (As on 31st January 2012)

| | 2011 | 2012 | % Change | Targeted Area | % Coverage of Area till date |
|--------------------|--------|--------|----------|---------------|------------------------------|
| Bihar | 334000 | 351000 | 5.1% | 350000 | 100.3 |
| UP | 53869 | 33372 | -38.0% | 50000 | 66.7 |
| Maharashtra | 112000 | 114000 | 1.8% | 120000 | 95.0 |
| AP | 245000 | 289000 | 18% | 279000 | 103.6 |

(Source: State Agricultural Dep't.)

Price Outlook:

Maize prices are continuously moving downwards and buyers are not showing buying interest in the falling market as they are expecting further price decline in maize. In addition to it, need based buying has been witnessed from Poultry and Starch industries. Also, appreciation of Rupee hits profit margins of maize exporters and keeps the exporters out of the export market.

Considering expected arrivals of maize stock in 10-15 days from AP, and low export demand, we expect prices of maize will fall in the coming month.

Price Forecast:

Maize: Nizamabad (Bilty Price)



- Maize prices have witnessed steep hike during the month ended January 2012.
- 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 upcoming crop arrivals from AP, prices are likely to trade range bound with weakness in the prices..

Strategy: Prices are already trading at higher levels and crop arrivals in the couple of week's time will pressurize the prices of maize in Nizamabad. We suggest market participants to wait for some decline in the prices from where they should procure maize.

Futures Market Analysis: NCDEX Maize



- Prices are showing downward correction on charts.
- Prices are getting support at 1186 level which also lying on 61.8% retracement level, breach of this level will take the prices down to 1137 or 50% retracement level.
- Meanwhile, RSI is hovering near to neutral region.
- Strategy: Sell from resistance level 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 by IGC. Good crop harvest in countries like Ukraine and China, and the expected record crop of maize in Argentina and Brazil, despite drought, 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. However, farmers in Argentina might face fresh heat waves after two months of dry weather which might worsen the crop conditions of maize. It is noticeable that abundant rains due to weather pattern known as La Nina has been witnessed in various key regions of maize in Argentina which damage the crop and urge various trade houses to downgrade maize production estimate of Argentina from 30 million tonnes to 20-22 million tonnes. This factor urges the prices to move up during this week.

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 |

Outlook:

Keeping in view better maize production outlook and damaged crop in Argentina of maize, we expect prices to stay range bound with firm tone in the coming month. Also, increase in maize demand after Chinese New Year Holidays should support the prices of maize internationally.

| Maize CBOT Monthly Futures Price Listing (Cents/bushel) | | | | |
|---|----------------|------------|-----------|--------------|
| | Contract Month | 30/12/2011 | 30/1/2012 | Change |
| | Mar12 | 654.75 | 631.75 | -23 |
| | May12 | 661.25 | 637.75 | -23.5 |
| | Jul12 | 613.25 | 641.25 | +28 |
| | Sep12 | 586.25 | 587.25 | +1 |

CBOT Maize Chart: March Contract


Maize prices are moving in a range between 600 to 680 cents per bushel as chart depicts.. We advise market participants to buy from present level i.e. 631.75 cents/bushel and we expect prices to test 670 cents/bushel in the coming month.

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