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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 29th February 2012.*
- *Prices has decreased in Davengere market by 1.7% M-o-M owing to improved arrivals of maize from AP.*
- *Need based buying was witnessed from Poultry and Starch industries in maize.*
- *Government announced a steep hike in Railway Freight by 25% from 7th March 2012 which increased the cost of transportation.*
- *Arrivals in TN came down drastically at the mandi and only local traders are supplying cargoes to either exporters or local poultry industries.*

Factors affecting the domestic markets

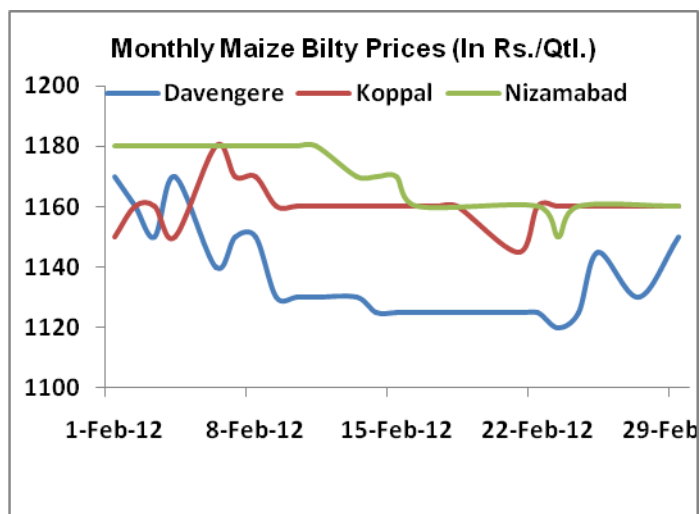
Bears	Bulls
Rupee Appreciation	Recent surge in International prices owing to tight US maize supply and Increasing maize imports from China.
Weak export demand owing to disparity.	Stockists are holding stock and will release their stocks at higher level in anticipation of price surge in couple of months.

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Fresh arrivals from AP.	
Good crop condition in Bihar which is expected to arrive in April.	

Market Recap and Market Dynamics:

Maize prices hovered in a range during the month ended February 2012. Increased arrivals from AP and TN and moderate demand from poultry and starch industries. However, prices have increased sharply in Delhi market during the month due to moderate demand and weak arrivals. Meanwhile, weak domestic demand of maize has been witnessed due to the steady prices of wheat and increase in maize prices in Delhi resulting in major shift in demand of maize for feed industry. In addition, appreciation of the Rupee and decline in maize international prices, decreased the export parity of maize compared to other major exporting countries last month.



Prices have declined by -1.7% in Nizamabad mandi during last month owing to dull demand. Meanwhile, till date around 25% maize from the new crop from AP has arrived in the markets and arrivals will increase further in the coming month which might depress the prices of maize.

As far as Davengere market is concerned, prices are moving downwards as arrivals are expected to pick pace by Mid - March. It is noticeable that around 5% increases in maize summer crop has been witnessed compared to last year in Karnataka. It is reported that stockists and farmers are holding maize in anticipation of increase in maize prices after April.

As far as Koppal market is concerned, lackluster trade and lower arrivals of maize kept the maize prices range bound with weak tone. Meanwhile, recent hike of around 25% in wagon bilty freight discouraged buyers. As far as rake business is concerned, no business has been reported in this week from Koppal. Demand from Poultry and Starch industries is also dull as reported.

In Delhi market, prices of maize has increased last month due to shortage of stocks but expected arrivals from Bihar in April might depressed the prices of maize in Delhi in the coming month..

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.

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

Sourcing Centers	7th Feb	14th Feb	21 ST Feb	28 th Feb	12 th Mar
Davengere	34	40	41	41	41
Koppal	36	40	45	-	-
Ranebennur	30	50	52	52	52
Haveri	45	45	46	46	46
Shimoga	2	5	5	5	5

* Figures in Rakes.

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Chennai	12400 from TN and 12600 from Karnataka	11600 and 12440 from Koppal and 11950 from Davengere	270
Mumbai	12500	-	-
Kakinada	12000		
Tuticorin	12400	-	

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

Buyer	Purchase Prices (Rs/MT)
VHL Bangalore	12000
Godrej Chitradurga	11900
SKM, Erode	11800

Month-wise Average prices of Maize at various markets					
Market	2011-Jan	2011-Feb	2012-Feb	% Change from Prev. Month	% Change from Prev. Year
Delhi	1260	1120	1380	9.5%	23.21%
Davangere	1170	1060	1150	-1.7%	8.49%
Nizamabad	1180	1110	1160	-1.7%	4.50%
Koppal	1160	1075	1160	Unch	7.91%

Exports:

Indian CIF Maize prices (~\$314.00) declined during last week. However, Indian maize exporters are not getting export parity as Brazil CIF (~\$303.35) and Argentina CIF (~\$314.76) have given stiff competition. In addition to it, range bound movement of maize international prices are not favoring the export prospects of maize at present. However any increase in International maize prices might give exporters an opportunity.

Also, Government announced a steep hike in Railway Freight by 25% from 7th March 2012 which increased the cost of transportation and discouraged buyers.

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Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 49.99)				
	Argentina	Brazil	US	India
FOB	264.76	248.35	279.3	279
Cost and Freight (C&F)	314.76	303.35	339.3	314

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

Some of the exporters quoting their prices are:

Malaysian Markets –Indian cargoes are quoted at CFR USD 270 PMT at Port Klang/Penang in Malaysian markets.

Vietnam Markets – Reportedly, business done at CFR USD 298.Exports prospects from India to Vietnam are weakening owing to pest control measures which increase the cost. In addition to it, appreciation in Rupee also hinders the exports of maize from India. PQ authorities are ensuring that shipment related to Vietnam is fumigated for 3 days before it is loaded which increases the expenses by USD 10 PMT, according to exporters. It is noticeable that earlier exporters used to load the corn directly in containers and put fumigation tablets in the containers.

Indonesia Markets- Indonesia has recorded a very good local maize crop which is available at a level of USD 275 CFR which restrict the Indian exporters from entering in Indonesian markets as the costing for Indonesia doesnot work below USD 286 CFR.

Indian maize exports will remain slow in the coming week until any increase in International maize prices. However, Export demand for Indian maize is expected once again in April as prices in the international market is likely to go up then.

Maize: Trade Channel

(1) Trade Channel of Maize from Producing to Consuming Center		
Sourcing Market	Nizamabad	Davangere
Consumption Center	Nammakal	Udamalpet
Loose prices @ source (Rs/Qtl) (A)	1140.0	1055.0
PucckaAadatiya Commission %	11.4	21.1
Market Fee % (as applicable for different' mandi)1% on cultivators rate	11.4	15.8
Other Mandi Expenses (Gunny bag &Hamali)	33.0	38.0
Toal Expenses (borne by buyers) (B)	55.8	74.9
Ex-mandi Prices (A+B) ©	1195.8	1129.9
Freight up to consumption center & unloading charges (D)	160.0	160.0

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Delivered prices at consumption center (C+D)	1355.8	1289.9
(2) Trade Channel for Exports (Producing center to key Ports)		
Sourcing Market	Nizamabad	Davangere
Port	Kakinada	Chennai
Loose Prices @ source (i)	1140.0	1055.0
PucckaAadatiya Commission %	11.4	21.1
Market Fee % (as applicable for different' mandi)1% on cultivators rate	11.4	15.8
Other Mandi Expenses (Gunny bag &Hamali)	33.0	38.0
Toal Expenses (borne by buyers) (ii)	55.8	74.9
Ex-mandi Prices (i+ii) (iii)	1195.8	1129.9
Freight (Truck) up to port (iv)	90.0	120.0
Port Delivery Prices (iii+iv) (v)	1285.8	1249.9
Loading/forwarding/clearing charges at port (vi)	127.0	127.0
Total prices upto Ship loading point (FAS) (v+vi)	1412.8	1376.9
FOB in US Dollar/MT	281	274
(\$=Rs.50.33)		

Price Outlook:

Maize prices are moving downwards taking cues from fresh arrivals and dull demand. However, increasing demand of maize from China gives some boost to the International market which will give an opportunity to the Indian exporters. We expect maize prices will trade range bound with increase little bit initially. However, expected arrivals of maize from Bihar might depress the prices in the later half of the month.

Domestic Maize Balance Sheet:

India is likely to produce 21.6 million tons of maize in 2011-12 which is down by 0.6% Y-o-Y. Decline in Kharif maize production to the tune of 3.2% Y-o-Y followed by decline in Rabi area in UP are the reasons for decline in maize production.

However, thanks to the higher beginning stocks availability is likely to improve by 2.29% Y-o-Y. Domestic consumption is expected to improve by 5%. Exports is likely see some decline compared to last year as depicted in the table. Given higher domestic consumption anticipation and marginal decline in export ending stock is likely to decline by 25.64%.

Supply and demand component are listed in the table below:

All Units in Million Tons	2010-11	2011-12
Opening stocks	0.48	1.13
Production	21.73	21.60
Imports	0.02	0.01
Total Availability	22.23	22.74
Domestic consumption	18.00	18.90

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Exports	3.10	3.00
Total Usage	21.10	21.90
Closing stocks	1.131	0.84

Price Forecast:

Maize: Nizamabad (Bilty Price)



- Maize prices got resistance at higher levels during the month ended February 2012.
- After testing 23.6% retracement level, prices have moved downwards.
- 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 expected to trade range bound. Market is taking cues from International corn prices. However, at the same time, good crop scenario of maize crop from Bihar might pressurize the prices in the later half of the month as expected. We suggest market participants to procure maize from present level for short term to fulfill their need based requirements.

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Futures Market Analysis: NCDEX Maize



- Prices have shown some upward correction and breached the falling channel as chart depicts.
- Prices are getting support at 1190 level which also lying on 23.6% retracement level, breach of this level will take the prices up to 1225 or 38.2% retracement level.
- Meanwhile, RSI is hovering near to neutral region.
- In addition to it, increase in prices has supported by volume and OI.
- Strategy: Buy from entry level would be advisable.

Maize NCDEX (April)

Support & Resistance				
S2	S1	PCP	R1	R2
1090	1133	1192	1225	1254

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International Market Scenario:
World Estimates:

(Figures in Million Tonnes)

	2010-11	2011-12 (Forecast)			
		Jan-12	Feb-12	% Change MOM	%Change YOY
Production	826	861	864	0.3%	5%
Trade	93	93	95	2.2%	2%
Consumption	844	867	871	0.5%	3%
Carryover stocks	131	125	126	0.8%	-4%
YOY% Change	-15		-7		

(Source: International Grains Council)

World maize production prospects improved by 3 million tonnes compared to previous month estimates. Recent forecast from IGC shows that overall maize production for 2011-12 will stand at 864 million tonnes which is still 0.3% 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.

Meanwhile, Recent WASDE report kept the supply and demand situation of maize unchanged.

As far as export are concerned, Brazil has exported around 279,200 tons of Corn in Feb 2012 which is approx 50% less compared to last years corn export by Brazil at same period.

Also, it is reported that China bought 110,000 tons of US corn last week. It is noticeable that China has already purchased 2.6 million tons of US corn since Sept 2011 compared to 313,000 tons of corn purchase by China last year same period.

Outlook:

Keeping in view better maize production outlook and increasing demand from China, we expect prices to stay range bound with firm tone in the coming month.

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Maize CBOT Monthly Futures Price Listing (Cents/bushel)				
	Contract Month	28/2/2011	28/2/2012	Change
Corn CBOT Prices	Mar12	284.38	257.22	-27.16
	May12	287.72	258.69	-29.03
	Jul12	288.61	259.28	-29.33
	Sep12	255.94	234.49	-21.45

CBOT Maize Chart: May 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 680 cents/bushel in the coming month.

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