

### Highlights of the Month:

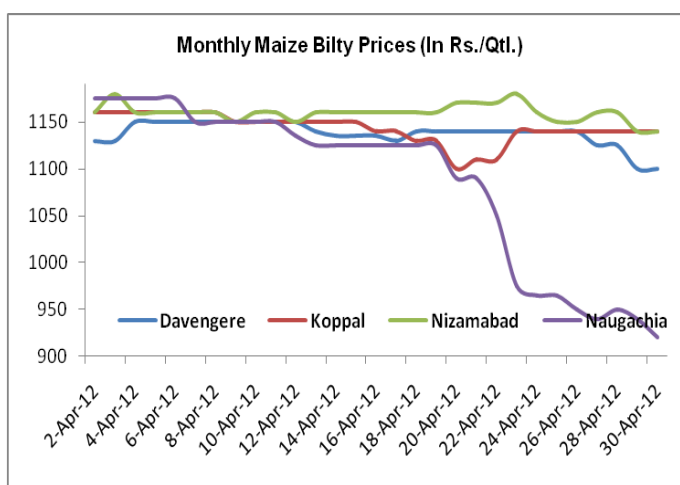
- Maize prices declined sharply in key spot markets during April. Rabi maize crop arrivals from Bihar hit the markets which became influencing factor for recent decline.
- Prices have decreased in Naugachia and Nizamabad markets by 21.7% and 4% respectively M-o-M owing to new Rabi maize crop in both States.
- There is shortage of maize stock in Southern part, despite of it; prices are at declining phase owing to fresh Rabi arrivals from Bihar which gives tougher competition to southern maize suppliers. It is notable that stockists and traders are holding maize stocks in Karnataka and AP regions in anticipation of higher prices as reported.
- Good buying has been witnessed from Poultry and Starch industries.

### Factors affecting the domestic markets

Bears	Bulls
New Maize Crop Started to arrive in Delhi, UP, Gujarat and Rajasthan from Bihar.	Tight US stock position
Fresh arrivals from AP.	Increasing export parity for maize.
Shift of Consuming states of maize towards Bihar against Karnataka and AP due to lesser prices of maize in Bihar market.	Dollar Appreciation
Weak International Corn Sentiments	Improved Chinese Corn Demand

### Executive Summary:

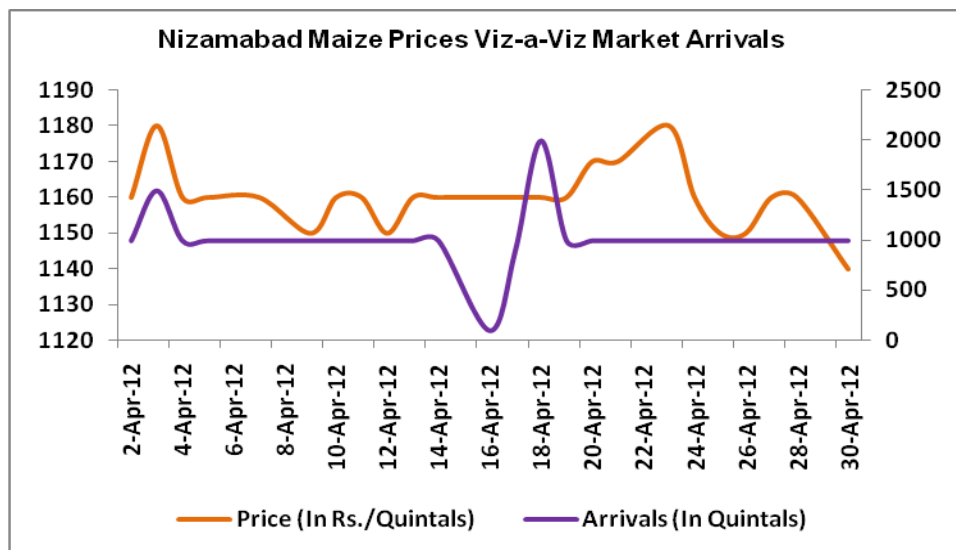
Maize prices declined during the month in key spot markets during the month of April. Fresh Bihar and AP maize crop arrivals, decline in rake businesses especially in Southern states like Karnataka and AP, and decline in International prices became the influencing factors for decline in prices of maize in domestic markets.



## State - Wise Market Dynamics

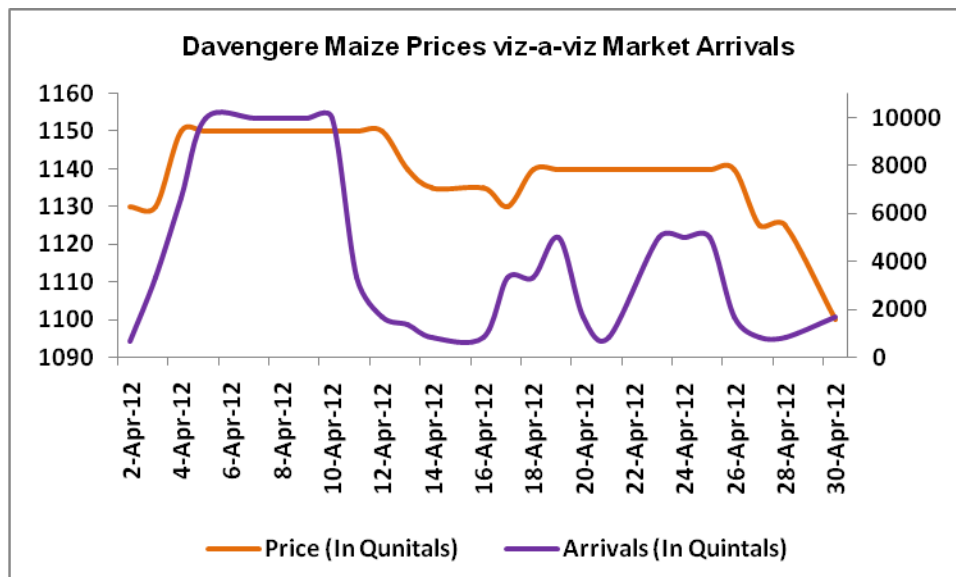
### Andhra Pradesh

Prices have declined by 4% M-o-M in Nizamabad mandi during last month owing to consistent arrivals as farmers are releasing their stocks keeping in view declining prices. Also, lack of warehouse facilities to store stock bound farmers to release their maize stocks in the markets. Meanwhile, arrivals have already made its peak and arrivals will fall from here, as per our reliable sources.



### Karnataka

As far as Davengere market is concerned, prices have moved down as arrivals increased during the last month compared to the previous month. Also, lesser rake business from Davengere and weak demand kept the prices at lower side.



As far as Koppal market is concerned, lackluster trade and lower arrivals of maize kept the maize prices range bound with weak tone. Rake business of maize are dull as reported as very less arrivals in the market restrict the buyers to load the rake. Traders are holding maize stocks in Koppal as they are anticipating hike in prices in the coming month as reported.

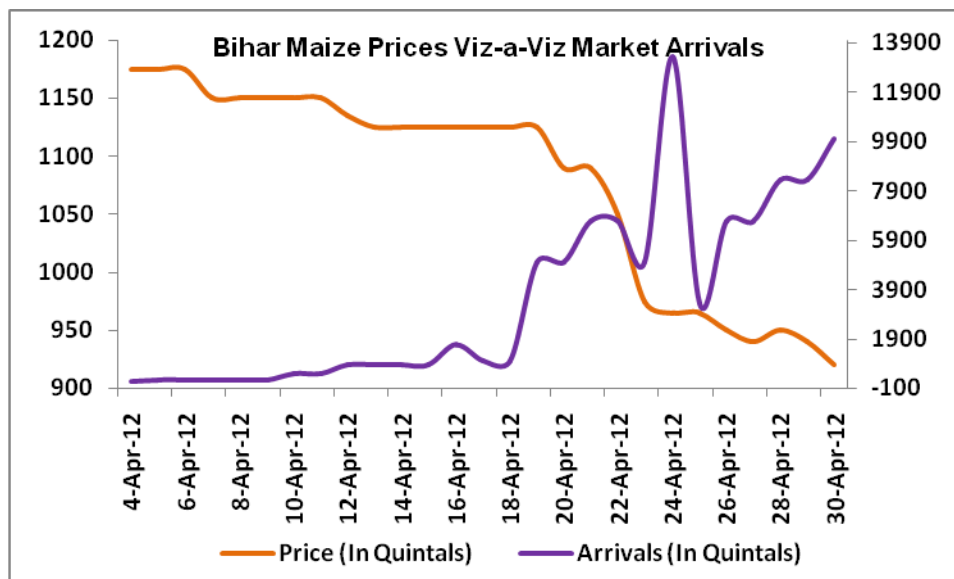
Gujarat market which is one of the biggest buyer of maize from Karnataka is buying maize from Bihar due to better import parity compared to Koppal. It is noticeable that Bihar is exporting maize to Ahmedabad at 1270 FOR while Koppal is giving maize to Ahmedabad at 1280-1300 FOR.

## Bihar

Prices declined sharply in Naugachia market for maize during the week owing to sharp increase in arrivals to Rs 1000 per quintal in Patna. Market players are not expecting any further downfall in the prices of maize in Bihar. It is notable that prices of maize are trading below MSP in key sourcing markets of Bihar.

Meanwhile, Movement of maize by Lorry was witnessed from Bihar to various consumption centers in Gujarat, Rajasthan and Punjab.

At present, Bihar maize is offered at Rs 11900 by rakes to Udumalpet and Tirupur as reported. However people remained cautious due to quality concerns for Bihar maize as the rake takes almost 15 days to arrive. Maize which is arriving in the market has the moisture content of around 14-15% which is considered as moderate for exports to countries like Bangladesh. Traders believes that if the weather remained good for another 10-15 days then the moisture level will come down to 13% as reported.



**Delhi**

Prices in Delhi market started declining owing to starting of new maize crop arrivals from Bihar.

**Rake Business from Various Sourcing Centers During the Season:**

Sourcing Centers	30 <sup>th</sup> Apr
Davengere	71
Koppal (Including Neighboring Centers)	-
Ranebennur	100
Haveri	45
Shimoga + Bagalkot, Bellary	28

\* Figures in Rakes.

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Chennai	12500 from Karnataka and AP		262-265 PMT
Mumbai	12500	-	-
Kakinada	12500	11200 from Davengere	262-268
Tuticorin		-	

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

Buyer	Purchase Prices (Rs/MT)
VHL Bangalore	11800
SKM Erode	11600-11700
Godrej Chitradurga	11700-11800

Month-wise Average prices of Maize at various markets					
Market	2011-April	2012-March	2012-April	% Change from Prev. Month	% Change from Prev. Year
Delhi	1260	1400	1200	-14%	-4.76%
Davangere	1250	1130	1100	-3%	-12.00%
Nizamabad	1330	1190	1140	-4%	-14.29%
Naugachia	1010	1175	920	-21.7%	-8.91%
Koppal	1200	1160	1140	-2%	-5.00%

## Exports:

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Indian CIF Maize prices (~\$295.57) declined by \$25 during the month compared to the prior month owing to rupee depreciation and the continuous decline in maize prices in domestic markets. Meanwhile, Indian maize exporters are getting parity compared to US Maize exporters though getting stiff competition to Brazil CIF (~\$299.49) and Argentina CIF (~\$299.61) owing to jump in CBOT Corn prices due to some buying of US corn by China and downgrade of corn production estimates from Argentina.

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 52.64)				
	Argentina	Brazil	US	India
<b>FOB</b>	249.61	244.49	285.83	261
<b>Incl Cost and Freight (C&amp;F)</b>	299.61	299.49	345.83	295.57

A maize cargo of 36000 tons is loading at Chennai Port on vessel C. Duke.

Some of the exporters quoting their prices are:

	Chennai	Kakinada
<b>Glencore</b>	12550	-

**Malaysian Markets** – Indian exporters have sold at USD 257-258 PMT CFR Malaysia Port Klang and Port Penang.

**Vietnam Markets** – Very less trade reported from Vietnam owing to PQ problems faced by Indian Exporters.

**China:** Business reported at USD 295 PMT CFR Dalian with packing in 50 Kg PP Bags about 2 weeks back. However, prices have come down to USD 285 PMT due to INR depreciation.

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:

**Malaysian Markets** – Indian exporters have sold at USD 262-265 PMT CFR Malaysia Port Klang and Port Penang.

**Vietnam Markets** – Vietnam is importing maize at CFR USD 280-290 PMT buy selling is very less due to recent PQ problems. However, no business has reported from Indonesia.

**Indonesia Markets-** No business reported.

Indian maize exports might pick pace in the coming week as bullish International maize sentiments will increase the export parity for Indian exporters.

### Kharif Maize Sowing News:

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Kharif maize sowing generally starts in June end in UP, Karnataka, MP, Rajasthan near to the monsoon season. Maize acreage are likely to increase keeping in view 20% increase in MSP for 2012-13 season to Rs 1175 from Rs 980 as per the recommendation of CACP. Also as per our recent survey for planting intentions for maize, urad and tur area will divert towards maize for this season due to higher remuneration in maize. However, it is pretty early to comment on it as sowing has still not yet started.

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### Price Outlook:

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*Maize prices are moving downwards owing to improved arrivals of maize from Bihar. Prices are likely to move down in the coming month considering continuous arrivals. However, domestic prices are in favor of exports but higher moisture content of maize at present restricts exporters to export maize from Bihar.*

### Domestic Maize Balance Sheet:

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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%. Export 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%.

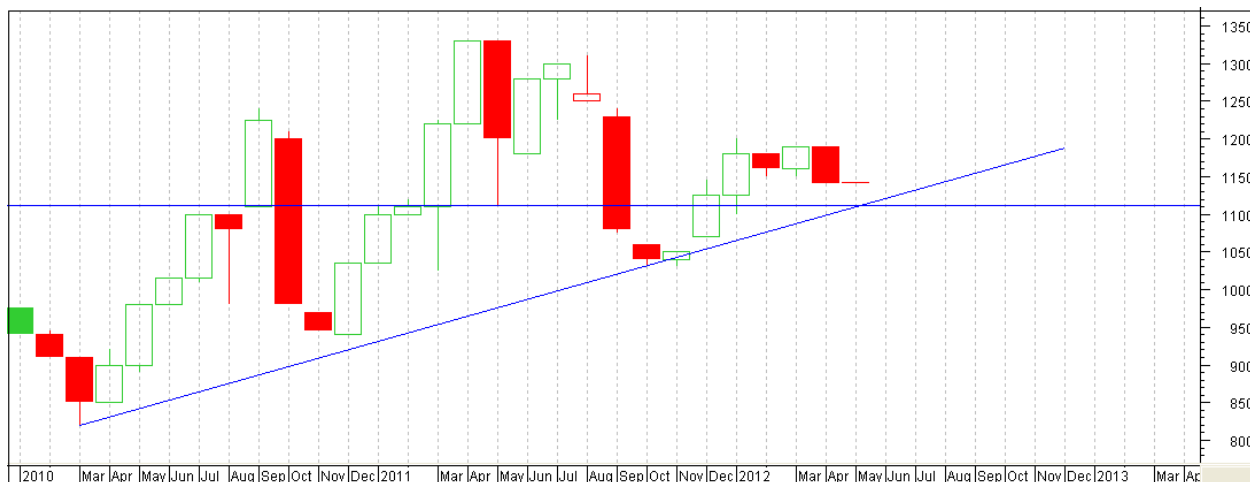
Supply and demand component are listed in the table below:

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

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 have declined in Nizamabad spot market during the month ended April 2012.
- Prices are hovering at Rs. 1140 per quintal at present and might test lower trendline i.e. 1110 in the coming week.
- Also last candle stick pattern indicates bearish ness in the prices supported by weak domestic market sentiments.

**Strategy:** Buyers should wait to buy maize from Nizamabad until price level reach to Rs 1110.

**Futures Market Analysis: NCDEX Maize**


- Maize prices are moving sideways with upward correction from support level.
- Prices are moving in upward trading channel as chart depicts.
- Maize prices are hovering in a broad trading range between Rs 1170 to 1253, two consecutive close either side will give the prices a new direction.
- Prices are continuously testing trendline support level and then move up.
- After testing 38.2% Fibonacci Fann line, prices move up and likely to test 1253 level or 61.8% retracement level in the coming month.
- Meanwhile, RSI is hovering near to neutral region.
- **Strategy:** Buy from entry level would be advisable.

**Maize NCDEX (Continuous Monthly chart)**

Support & Resistance				
S2	S1	PCP	R1	R2
1155	1170	1170	1253	1346



**International Market Scenario:**
**World Estimates:**

(Figures in Million Tonnes)

	2010-11 est.	2011-12 (Forecast)			
		Mar-12	Apr-12	% Change MOM	%Change YOY
Production	828	864	865	0.12%	4.47%
Trade	93	94	94	Unch	1.08%
Consumption	844	874	869	-0.57%	2.96%
Carryover stocks	133	122	128	4.92%	-3.76%
YOY Change	-15		-5		

(Source: International Grains Council)

World maize production prospects increased compared to previous month estimates. Recent forecast from IGC shows that overall maize production for 2011-12 will stand at 865 million tonnes which is still 4.47% higher compared to previous year maize production estimate by IGC. However, prices improved in International market owing to more maize buying rumors from China, tight supplies from US which increase the maize demand in overseas markets.

However, IGC declined the overall consumption compared to previous month estimate which take the closing stocks down to -5 million tons Y-o-Y.

Meanwhile, International Maize prices traded range bound with weak tone in CBOT during the week ended 1<sup>st</sup> May 2012 owing to increased planting and good progress of maize in US. US corn planting progress seems satisfactory. Despite the cool weather and recent rainfall in various corn growing regions in US, corn planting reached to 53 percent till April 29<sup>th</sup> 2012 which is above various analysts' expectations who expected around 48 percent sowing by this week. Good planting seen in the states of Iowa and Nebraska as reported.

	Week Ending			2007-11 Average
	4/29/2011	4/22/2012	4/29/2012	
US	12	28	53	27

\* Figures are in Percentage

## News Highlights :

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- Ukraine corn exports reached to 9.02 million tons in the first nine months of 2011-12 against 2.95 million tons in the same period in 2010-11, according to the UKrAgroConsult agriculture consultancy.
- China, unknown destination buy 1.56 million tons of corn from US which is a biggest sale of US corn since 1991 as reported.
- Argentina will not export corn to China as most of the Argentina corn is genetically modified. China is not interested in buying GM crops and thus Argentina will not export corn to China.
- Taiwan bought 60000 tons of maize from Brazil in a tender on Monday.
- Argentina government cuts its corn production estimate for 2011-12 to 20.3 million tons from 21.2 million tons. It is noticeable that Argentina is world second largest corn exporter in the world. Recent hail storm and previous drought conditions in the country bound the Argentina government to cut its corn production estimate. Global market is counting on Argentina considering rising demand of corn overall.
- US exports 3.23 million tons of corn in Feb 2012 which is down from 3.45 million tons of corn exports in Jan 2012 and also down from 3.24 million tons in Feb 2011
- South Korea's feedmill group MFG bought 132000 tons of corn for July and August delivery from Cargill and Toepfer at \$324.79 and \$305.98 CFR/Ton respectively as reported.
- China imports corn from Ukraine for the first time as Ukrainian corn offers better price than US corn and also it is not genetically modified. It is noticeable that China imports 1.75 million tons of corn in 2011 and are expected to import around 3-4 million tons of corn in 2012.
- Freight rate from US to China remained unchanged at \$49 while Freight from Argentina to China remained same at \$41 as reported. Malaysian markets for Indian cargo was around USD 265 - 70 PMT CFR Port Klang/Penang as reported.
- USDA increase its corn planting estimate up by 4% compared to last year to 95.9 million acres which is the most planted corn crop by US farmers in 75 years. USDA previous year corn planting was 91.9 million acres.

## Outlook:

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***Tight corn stocks in US, higher demand of maize from China and recent downgrade of maize production from Argentina has offset the bearish impact of higher corn planting in US. We expect prices are likely to trade range bound with firm tone in the coming month.***

Maize CBOT Monthly Futures Price Listing (Cents/bushel)				
	Contract Month	30/3/2012	30/4/2012	Change
Corn CBOT Prices	Mar12	253.48	259.87	6.39
	May12	253.18	249.64	-3.54
	Jul12	221.70	220.71	-0.99
	Sep12	212.64	213.82	1.18

### CBOT Maize Chart: July Contract



Maize prices are moving in a range between 590 to 680 cents per bushel as chart depicts. Prices are presently moving downwards and might get support at trend line support level. We advise market participants to buy @ 590 cents/bushel and we expect prices to test 680 cents/bushel in the coming month.

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