

Highlights of the Month:

- Maize prices surged sharply in key spot markets during June.
- Agriculture ministry declined maize production estimate for 2011-12 to 16.22 million tons in its 4th advanced estimate which is slightly up from the third advance estimate to 16.64 million tons.
- Maize crop damaged in West Bengal owing to recent hailstorm as reported.
- Crop is likely to be affected in certain areas following lack of sufficient rainfall, thereby adding to the positive tone of the market.
- In Rajasthan, 943.2 thousands hectares maize sowing has been completed as on 24 July'12 lower against 999.3 thousands hectares during corresponding period of time of previous year.
- In Tamilnadu, maize demand is slow due to higher prices and millers are shifting towards its alternatives like Wheat and broken rice.
- As per traders, onion sowing area is shifting towards Maize crops in Maharashtra while, the farmers in Karnataka are covering similar maize sowing area of previous year.
- Good buying has been witnessed from Poultry and Starch industries.

Executive Summary:

Rising maize prices drag the wheat and barley prices upwards as feed industry will continue to use corn as main ingredients amid wheat prices are still ruling higher compared to maize prices. However, wheat and maize prices are moving neck to neck and there is no possibility of shifting any users from maize to wheat or wheat to maize.

Also, firm international sentiments and continuous depreciation of rupee get the Indian exporters in to the competition against major exporters like US, Brazil and Argentina. Presently, Indian maize FOB prices are hovering at \$270 per ton (Davengere Origin).

Asian corn buyers seems not interested in buying corn and postponed tenders due to recent surge in corn prices in CBOT owing to corn crop concerns in US. However, some Vietnam millers are seeking corn as they are out of stock at present. It is notable that Vietnam is the traditional buyer of Indian corn which is offering lower quotes compared to Argentina, US and Brazil.

Maize prices are hovering at around Rs 1343 per quintal on an average on pan India basis.

State - Wise Market Dynamics

Andhra Pradesh

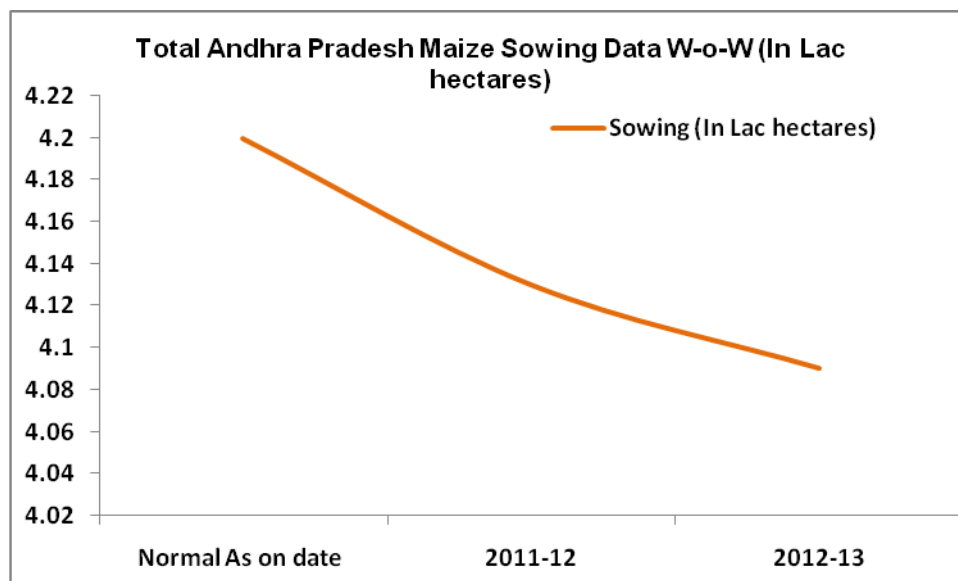
Andhra Pradesh: Maize prices were improved in Nizamabad market in AP during the week ended 3rd August 2012 due to end of maize arrivals in the market.

Meanwhile, around 15% stock of maize still left in Nizamabad as reported. Poultry and Starch Industries are holding maize stocks as reported as they are anticipating increase in maize prices in the coming month.

Sowing Update: Farmers have planted maize in 4.57 lakh hectares in AP till 01st August 2012 that is higher than last year 4.09 lakh hectares maize sowed at same period.

	2012	2011	Normal (as on date)	Normal (Season)
Area Sown (In Lac hectares)	4.57	4.09	3.85	4.99

Note: Sowing Figures as on 1st August 2012

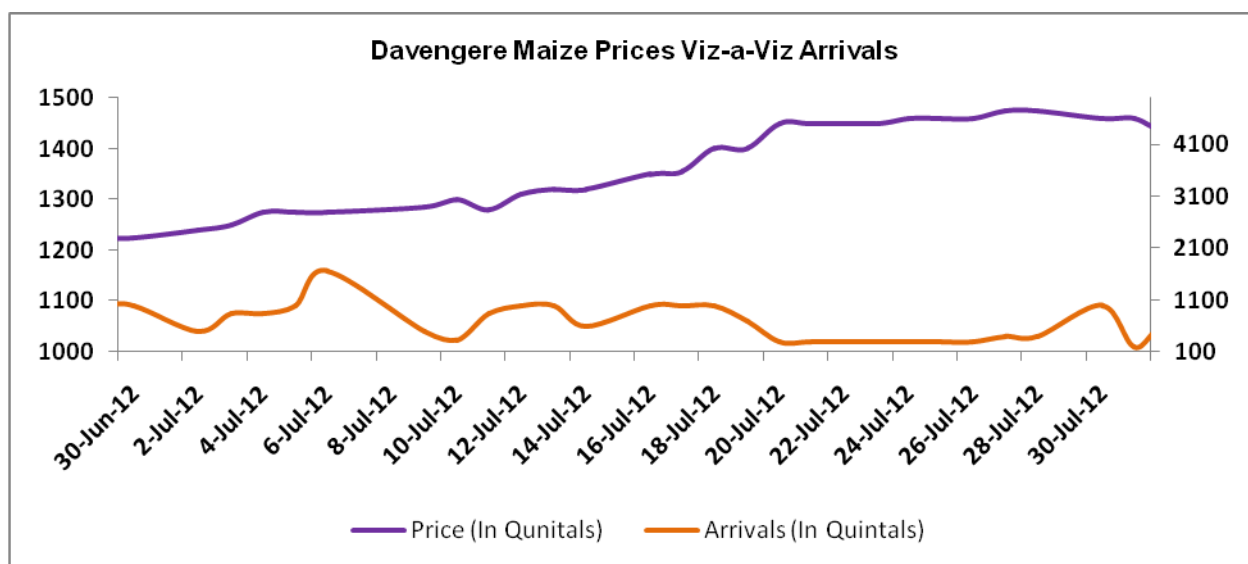


Karnataka

Prices increased in Davangere market compared to the previous month. Relatively higher demand from domestic Poultry and starch industries affected maize prices.

In Karnataka, maize sowing has been started late around 15 to one month due to late arrivals of rains which may affect on maize crops yields negatively. Currently, cloudy weather is surrounded there but no rain has been reported last one week.

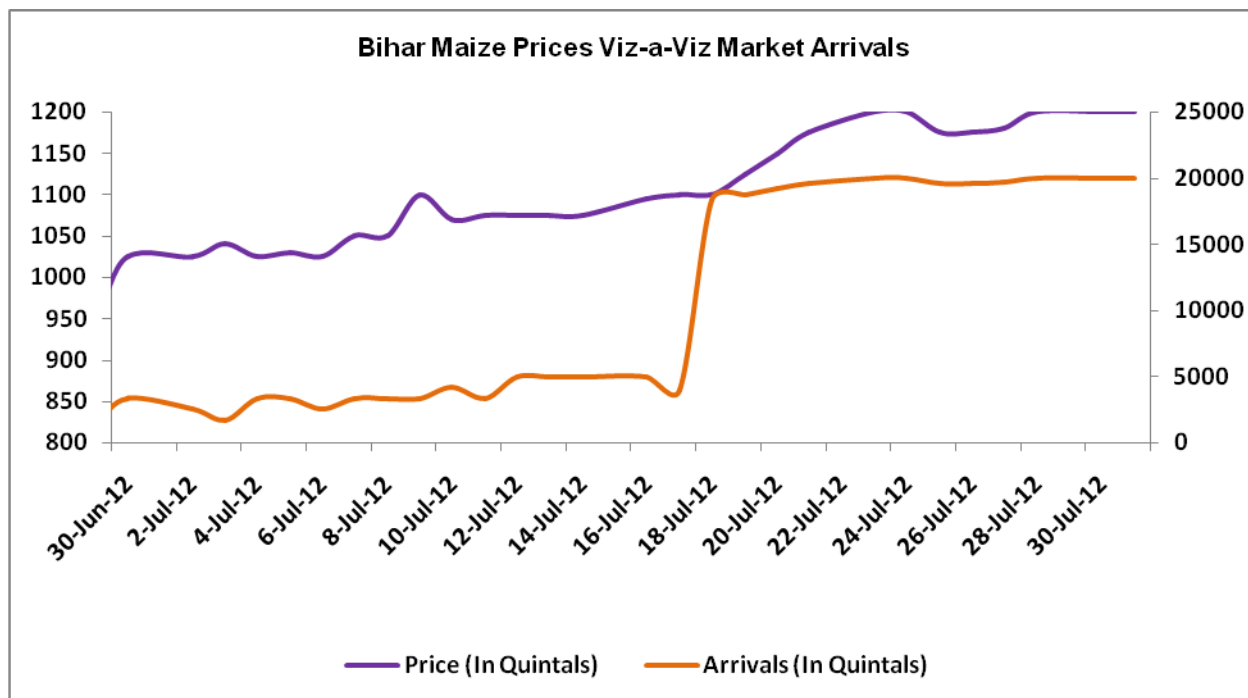
Maize is moving by roads from Davangere to Bangalore and Karnataka.



Bihar

Maize prices improved in various markets of Bihar during the month ended July 2012. Good demand and lower arrival kept the prices at higher side during the Month.

As per Trader, maize sown crops damaged due to delay in Monsoon and deficit rain and farmers are not willing to replant again which will support maize prices to gain in future against demand.



Month-wise Average prices of Maize at various markets					
Market	2011-July	2012-June	2012-July	% Change from Prev. Month	% Change from Prev. Year
Delhi (Bihar origin)	1145	1165	1380	18%	20.52%
Naugachia	1000	1025	1200	17%	20.00%
Davangere	1225	1225	1460	19%	19.18%
Nizamabad	1300	1225	1404	15%	8.00%

Price Outlook:

Maize prices moving upwards in spot markets taking cues from strong demand from poultry and starch industries and firm international sentiments. However, increasing maize crop from UP and Punjab and expected increase in supply from Bihar might depress the prices of maize in the coming days for the shorter term as expected.

Exports:

Indian C&F Maize prices (~\$347) advanced by \$41 per ton during the month compared to the prior month as maize prices due to higher demand.

Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (~\$405) and Argentina Maize C&F prices (354) and though getting stiff competition from Brazil C&F (~\$331).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.00)				
	Argentina	Brazil	US	India (Davengere Origin)
FOB	304	276	345	312
Cost and Freight	354	331	405.00	347.32

India is likely to export 3.5 million tons of maize in 2011-12. Indian maize FOB prices quoted at \$300 per ton compared to Latin American maize FOB prices quoted at \$330-340 per ton.

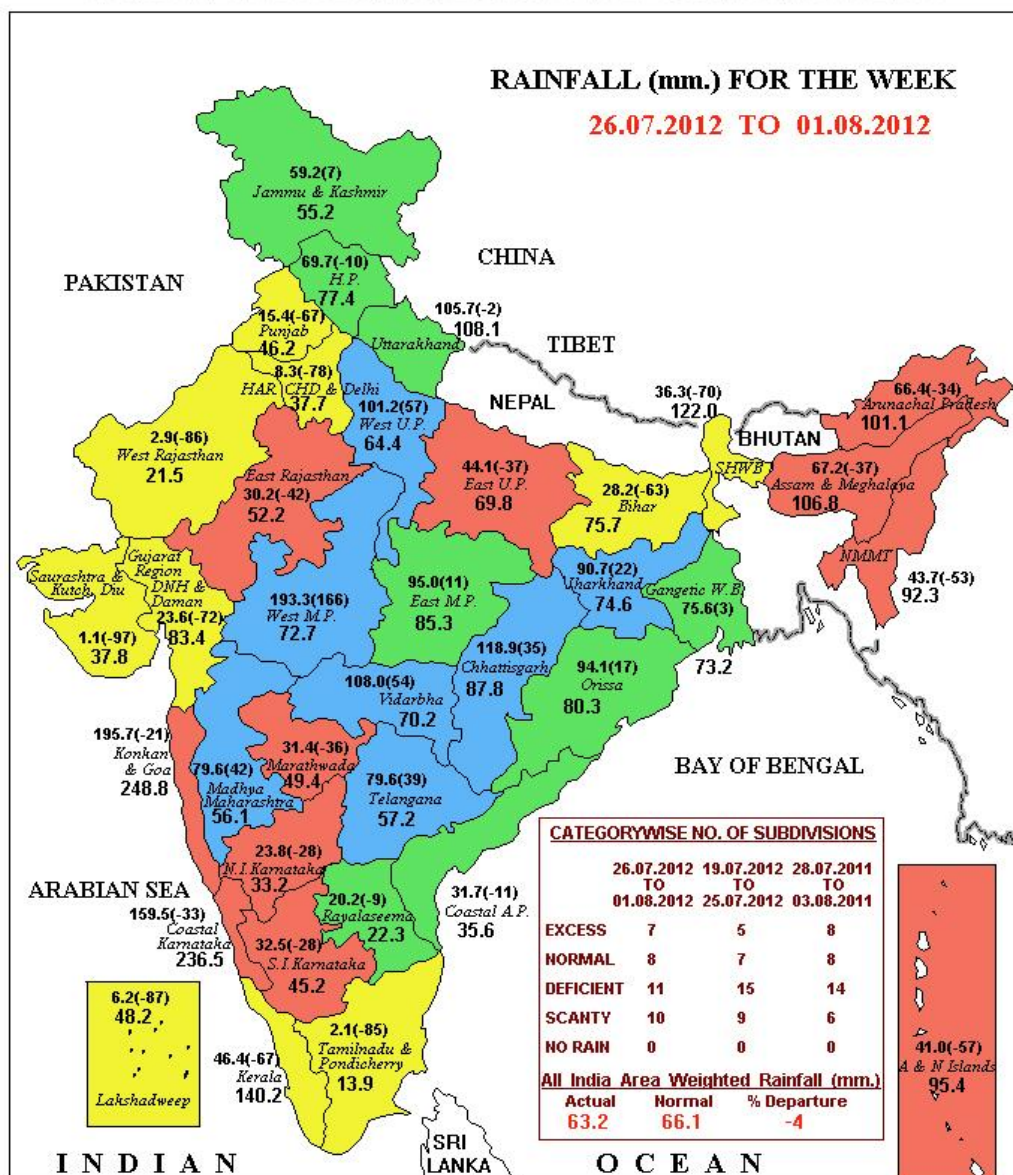
Maize Export market is quite at present. Lower quantity of maize available for exports as most of the corn is holding by stockists as reported.

Monsoon Prediction (IMD Report)

As per IMD, Punjab, Haryana, Chandigarh & Delhi, West Rajasthan and Saurashtra & Kutch have received scanty of rainfall. In area wise distribution 37% area of the country received excess/normal rainfall. Remaining 63% area received deficient/scanty rainfall. On the other hand, the North East region, North Bihar and North Bengal have received heavy rainfall.

IMD has forecasted for August month that active monsoon conditions would prevail over parts of central & east India during 1st half with decrease in rainfall during 2nd half of week. Isolated heavy rainfall would occur over Orissa, Chhattisgarh, Vidarbha and Madhya Pradesh during 1st half of the week. Rainfall would occur at many places along the west coast and over northeast India. Rainfall would occur at few places over northwest India during the 1st half of the week and would increase towards the 2nd half of the week particularly over Uttar Pradesh, Uttarakhand and Himachal Pradesh. Subdued rainfall activity would occur over the remaining parts of country particularly over interior Peninsula.

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)
■ SCANTY (-60% TO -99%) ■ NO RAIN (-100%) ■ NO DATA

NOTES:

[a] Rainfall figures are based on operational data.

[b] Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

Domestic Maize Balance Sheet:

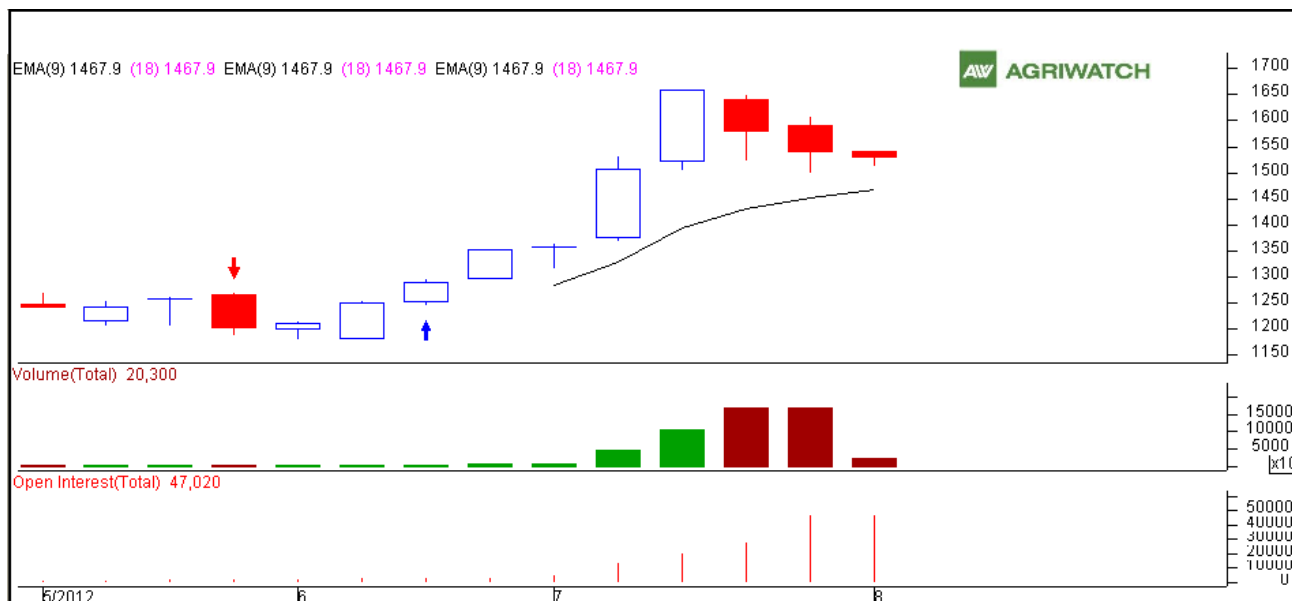
India is likely to produce 21.6 million tons of maize in 2011-12 which is down by 0.6% Y-o-Y. Decline in Kharif maize production to the tune of 3.2% Y-o-Y followed by decline in Rabi area in UP and AP are the reasons for decline in maize production.

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

Futures Market Analysis: NCDEX Maize



- Maize prices are moving down as chart depicts.
- Rising Open interest and falling prices hints market towards short build up phase.
- **Strategy:** Sell at price level of 1535 and book profit towards support level.

Maize NCDEX (August Monthly)

Support & Resistance				
S2	S1	PCP	R1	R2
1458	1476	1528	1594	1644



International Market Scenario:

- International Maize prices surged in most of the Corn CBOT contracts during the week ended 2nd August 2012 as extended dry weather in US damage the corn crop. Corn farmers are now cutting their fields in US to feed their cattles as growing corn prices increase the costing to farmers.
- USDA downgrades corn crop condition to 31 percent good to excellent down from 40 percent a week ago due to lack of rainfall and dry weather affecting the new planted corn. Majorly, corn crop condition affected in states like Missouri, Indiana and Illinois.
- As per source, US are likely to reduce maize sowing area around 20% due to dry weather conditions. In USDA latest report, U.S corn yield has been forecasted down by 20 bushels from 164 bushels per acre. The USDA's current forecast is a yield of 146 bushels and production at 12.97 billion.
- According to Sarfa, Corn output is expected to come down to 68 million tonnes in Brazil after covering planting area 13.2 million hectares down by 11% from 2011/12 planting as farmers may shift corn area towards soybean.
- Recently, UAE bought 20000 tons of corn from Argentina, according to news reported in Reuters.
- According to IGC, world maize production in 2012/13 was put at 864 million tonnes, down 53 million tonnes from a previous forecast of 917 million and now below the prior season's 870 million.
- The IGC put this year's U.S. maize crop at 300 million tonnes, down from a previous estimate of 350 million and now below the prior season's 314 million.
- Corn imports by Japan will be at 26-year low, little unchanged from last year's figure of 15.3 million metric tonnes as buyers have switched to cheaper alternatives like feed wheat.
- Ukraine Agriculture ministry downgrade its corn production estimate down by 8% to 23 to 24 million tons owing to hot weather conditions damaging corn yield by 5 tons per hectares.
- US corn exports reached to 34.48 million tons till 12th July 2012. However, US corn exports in latest reporting week stood at 31900 tons which is 82 percent down from previous week and 77 percent down from prior 4 weeks as reported.

Outlook:

Corn prices seems bullish in CBOT considering lower US corn inventory which Increased supply concern of corn among major importers of corn like Japan and China which are expected to import 16 million tons and 8 million tons respectively in 2012-13.

Maize CBOT Monthly Futures Price Listing (Cents/bushel)				
	Contract Month	29/6/2012	30/7/2012	Change
Corn CBOT Prices	Sep-12	247.38	322.75	75.37
	Dec-12	249.84	320.39	70.55
	Mar-13	253.38	317.44	64.06
	May-13	254.95	313.80	58.85

CBOT Maize Monthly Chart: September 2012 Contract



- Maize prices moved towards downtrend as chart depicts.
- Falling open interest and prices depicts market under long liquidation phase.
- However, RSI is hovering down in neutral region hints a downtrend in the market.
- Strategy: **Markets participants should sell Corn CBOT from 820 Cents/bushel level and the target would be 801cents/bushels for next week.**

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