

Highlights of the Month:

- Maize prices decreased slightly in key spot markets during the month of September.
- Hint of new maize arrivals in various markets of AP and Karnataka with high moisture content might weigh on the maize prices.
- Good pace of harvesting in US also spread bearish sentiments in International as well as domestic markets.
- Meanwhile, Sluggish demand from poultry and starch were reported from the Ahmadabad region of Gujarat.
- Higher moisture content in the new maize crop kept the corporate buyers out of the markets at present as they are waiting for lower maize moisture content at lower price.\
- As per First advance estimate of production of kharif crops by Ministry of Agriculture, 14.89 million tons maize is likely to be produced in the current season which is lower from last 5 year average due to loss in area coverage in the states of Gujarat, Haryana, Maharashtra, Karnataka and Rajasthan.

Executive Summary:

Maize prices decreased during the month ended on September 2012 due to improvement in weather conditions.

During the 2nd week of September, Maize Tender of 12000 metric tons offered by Karnataka Co-operative Milk Producers' Federation Limited, Bengaluru, Karnataka settled at Rs. 1674 support the maize prices to move up in the market.

In Shimoga region of Karnataka, new crop arrivals have started, around 200 tons crop is arriving on daily basis which contain 18% moisture level and trading at Rs. 1400 per quintal. However, in Belgaum and Hubli region of Karnataka, maize new crop arrivals would arrive till the mid October. In Renebennur region of Karnataka, 1000 ton crop is arriving on daily basis and contains 18-20% moisture level.

In Nizamabad region of Andhra Pradesh, favorable weather conditions reported for harvesting and there are chances of increase in arrivals in coming days. In A.P., maize new crop contains around 15-18% moisture level. Despite the crop arrival pressure, we are expecting that prices will trade steady in A.P. region as demand is higher at the lower price level.

During the month, Sluggish demand from poultry and starch were reported from the Ahmadabad region of Gujarat. However, Demand for maize may arise in coming weeks as they have only 1 week stock. Meanwhile, Punjab poultry farms have shifted demand towards bajra from maize.

Crop Condition and Arrivals of Maize:

During the 3rd week of September, Crop has started to arrive in Davengre region of Karnataka, Warangal and Karimnagar district of Andhra Pradesh with the higher moisture content. Maize arrivals could increase in the mid of October.

State - Wise Market Dynamics

Andhra Pradesh

Andhra Pradesh: Maize prices traded down in Nizamabad market in AP during the month ended September 2012.

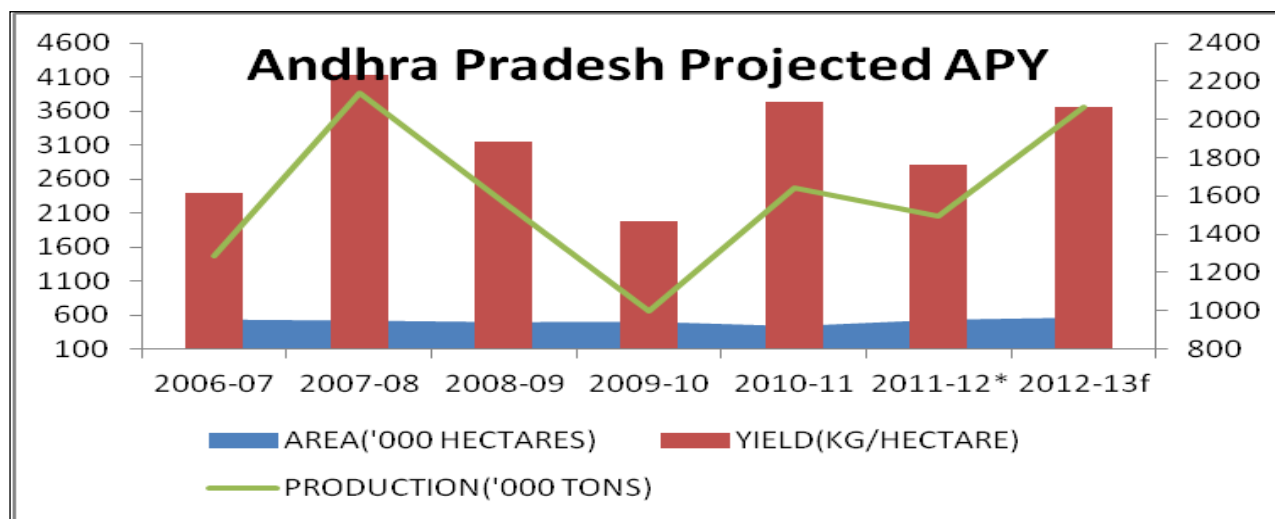
No rakes business has been reported this month from Nizamabad which kept prices to lower level.

Sowing Update: In Andhra Pradesh, farmers has sown maize in 5.63 lac hectares till 10th October 2012 which is 6% higher as compared to last year and also higher from normal sown area as on date ~4.99 lac hectares. Around 113% sowing has completed in AP till date.

In A.P., maize new crop arrivals have started and contains around 15-18% moisture level. Despite the crop arrival pressure, we are expecting that prices will trade steady in A.P. region as demand is higher at the lower price level.

	2012	2011	Normal (as on date)	Normal (Season)
Area Sown (In Lac hectares)	5.63	5.31	4.99	4.99

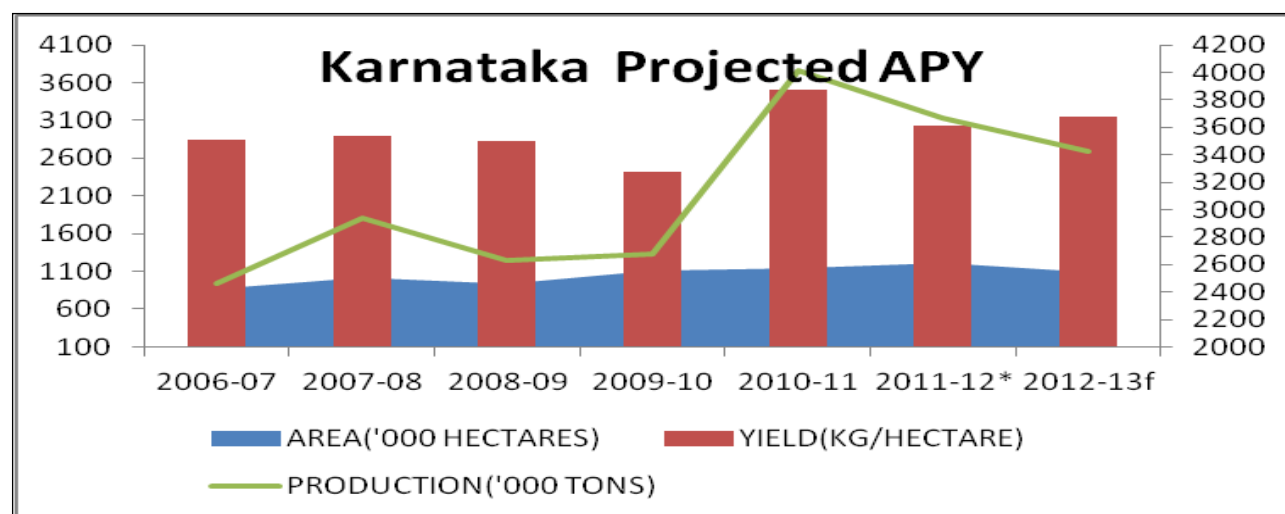
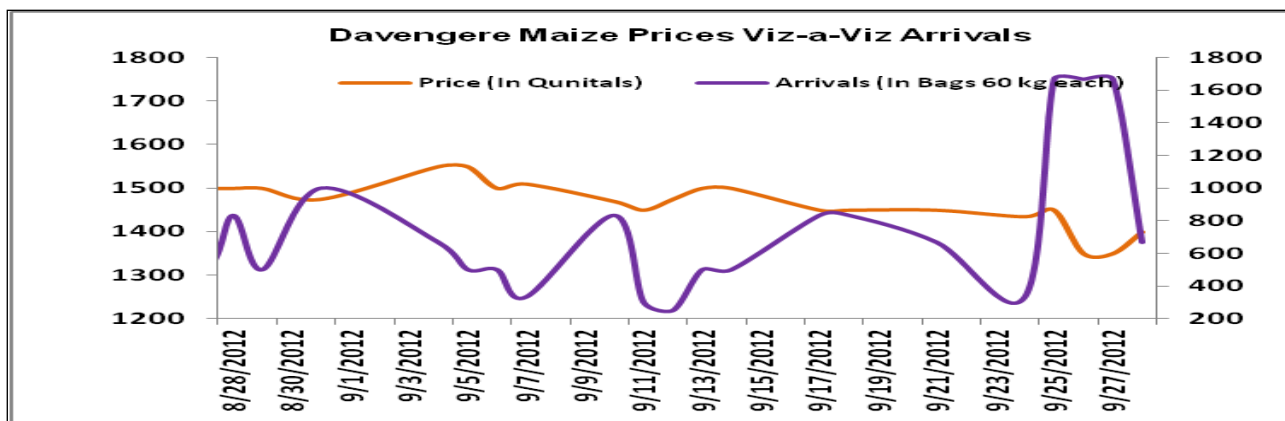
Note: Sowing Figures as on 10th October 2012

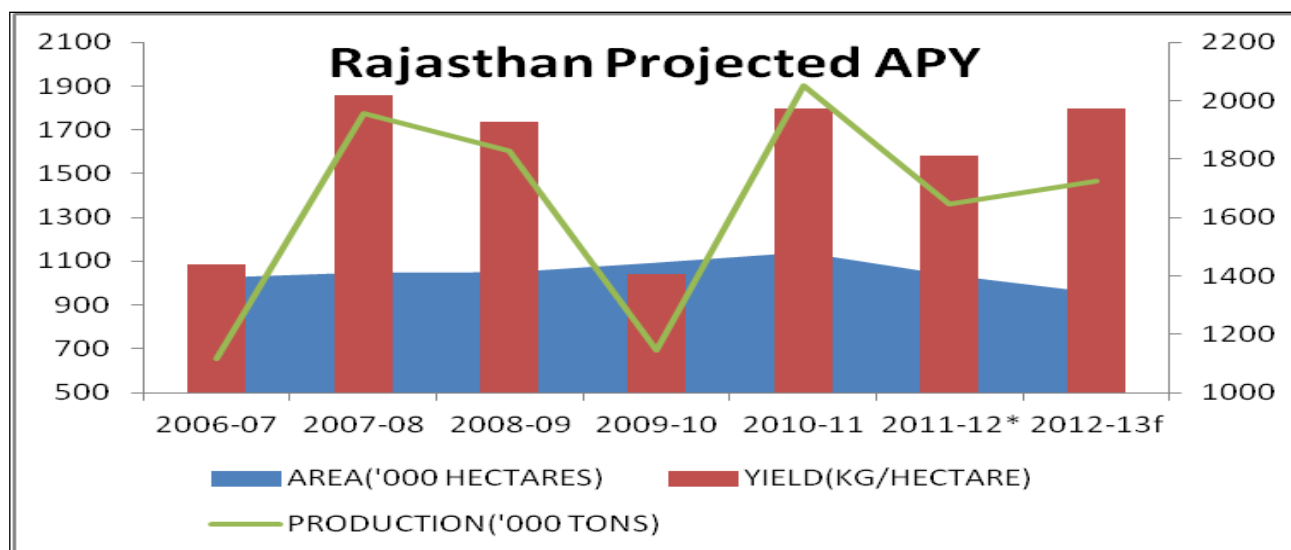
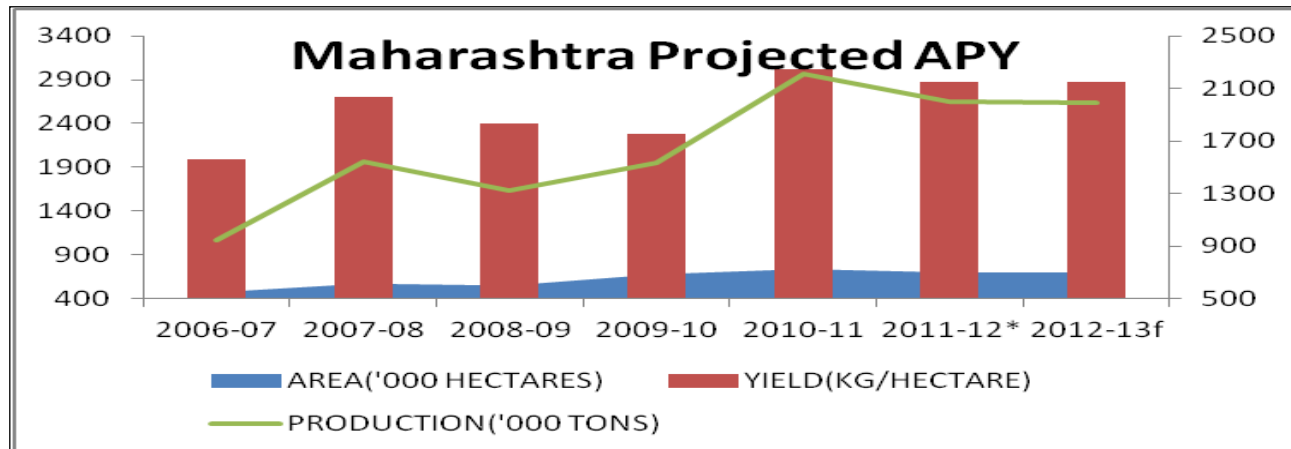


Karnataka

In Shimoga region of Karnataka, new crop arrivals have started, around 200 tons crop is arriving on daily basis which contain 18% moisture level and trading at Rs. 1400 per quintal. However, in Belgaum and Hubli region of Karnataka, maize new crop arrivals would arrive till the mid October.

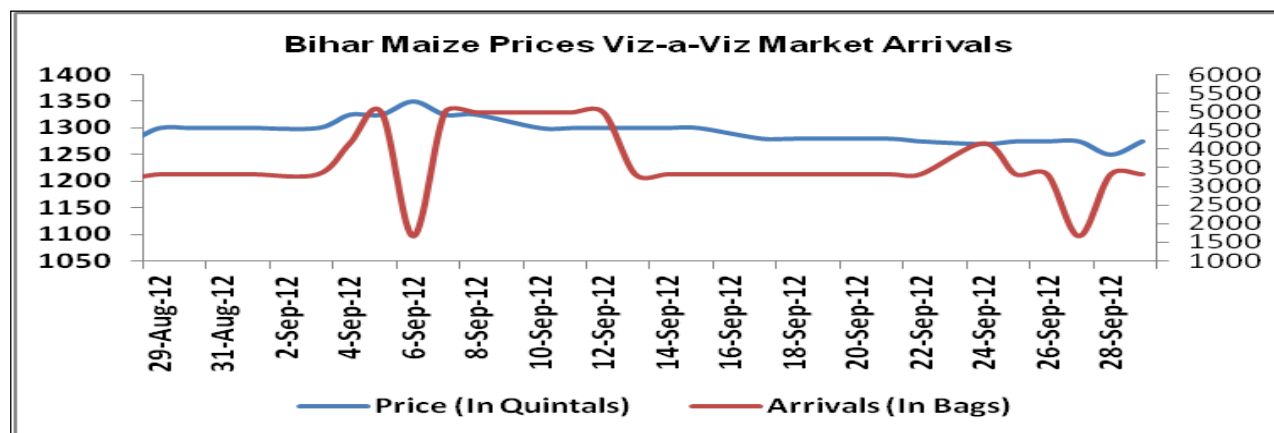
In Renebennur region of Karnataka, 1000 ton crop is arriving on daily basis and contains 18-20% moisture level.





Bihar

Maize prices traded slightly down in various markets of Bihar during the month ended September 2012 due to lower domestic and export demand. Maize old stock is almost over and sowing for new crop would start from the first week of November.



Delhi

In Delhi spot market, maize prices traded down during the month. Currently, despite the new crop arrival pressure maize prices are trading steady due to increase in demand from poultry.

Month-wise Average prices of Maize at various markets					
Market	2011-Sept	2012-Aug	2012-Sept	% Change from Prev. Month	% Change from Prev. Year
Delhi (U.P origin)	-	1400	1280	-8.57%	-
Naugachia	1075	1300	1275	-1.92%	+18.60%
Davangere	1140	1500	1400	-6.67%	+22.80%
Nizamabad	1080	1569	1430	-8.86%	+32.41%

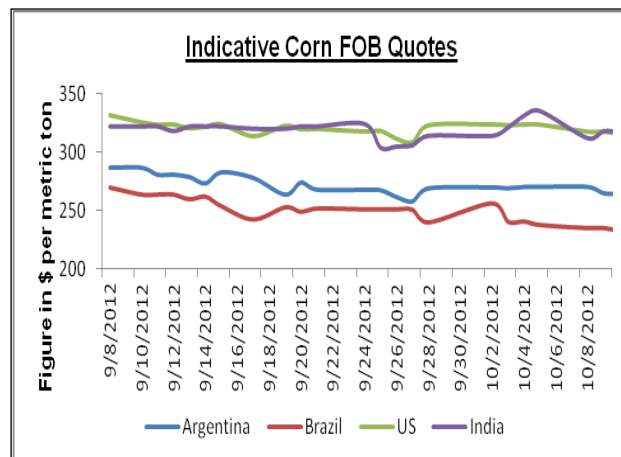
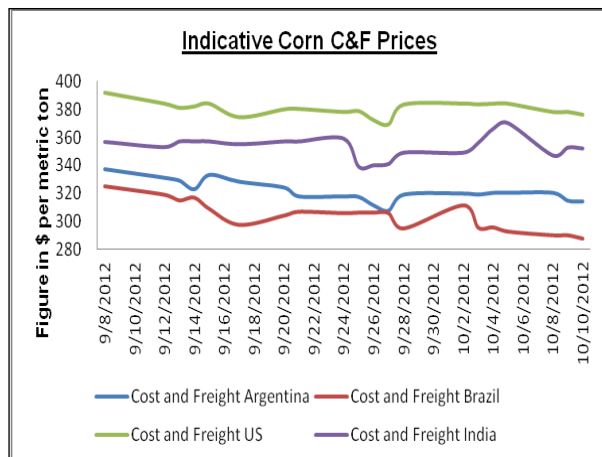
Price Outlook:

Maize prices traded down during the month due to improvement in weather conditions amid weak international sentiments as early crop harvesting by US put pressure on international and domestic prices. We expect maize prices to trade down in the near term due to new crop arrival pressure.

ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$351.59) improved by \$0.55 per ton during the month compared to the prior month.

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 53.0445)				
	Argentina	Brazil	US	India (Davengere Origin)
FOB	264.47	233	316	317
Incl Cost and Freight (C&F)	314.47	288	376	352.14



Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (~\$376) and though getting stiff competition from Argentina (~\$314.47) and Brazil C&F (~\$288).

On the export front, no major activities reported during the month as buyers are waiting for the prices to go down.

Futures Market Analysis: NCDEX Maize





- As the chart depicts, maize prices could trade in a range of Rs.1304-1359.
- RSI is moving up in neutral region.
- Prices closed above 3 days and 5 days EMAs indicates to bullish sentiment.
- However, Increase in prices with lower volumes and OI indicates to weak market.
- **Strategy:** Buy at price level of 1304.

Maize NCDEX (November Monthly)

Support & Resistance				
S2	S1	PCP	R1	R2
1214	1237	1307	1359	1404

International Market Scenario:

IGC's lower corn production estimate and lower corn stock position reported by USDA support the corn prices in the International market.

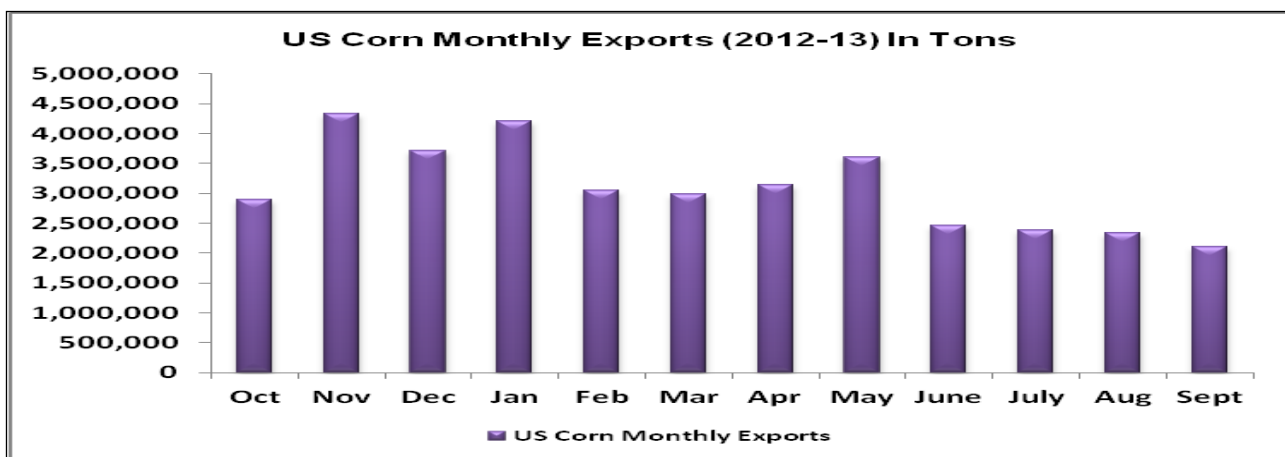
As per USDA report, Old corn crop stocks in all positions on September 1, 2012 totaled 988,403 thousand bushels, down by 139,242 thousand bushels from last year during the same period. Out of total stocks, 313,700 thousand bushels are stored on farms, down 1250 thousand bushels from the last year.

Off-farm corn stocks, at 674,703 thousand bushels, down by 137,992 thousand bushels from the last year. The June - August 2012 indicated disappearance is 2.16 billion bushels, compared with 2.54 billion bushels during the same period last year.

Recently, USDA has forecasted lower corn yield by 0.8 bushels to 122.0 bushels per acre from the September month resulted in lower production forecast for 2012-13 by 21 million bushels to 10706 million bushels in the October month.

USDA also lowered US corn ending stocks to 619 million bushels from 733 million bushels in the September month.

As per USDA, U.S. corn export figures reached to 209,873 metric tons for the 2012-13 marketing year which is lowered by 25.78% from the last marketing year during the same period. Out of total weekly exports of 430,038 MT reported by U.S. to China (108,100 MT), Mexico (88,200 MT), Japan (72,400 MT), Venezuela (58,000 MT), and South Korea (42,000 MT).



Maize prices traded down in the International market due to early crop harvesting by US. However, at the month end, IGC's lower corn production estimate and lower corn stock position reported by USDA support the corn prices in the International market.

International Corn Highlights

- As per USDA sowing progress report, 97% corn crop was reported in maturity stage till date, higher by 3% from last year but lower by 13% from 5 year avg. 69% corn crop has harvested, higher by 15% from last year during the same period but lower by 41% from 5 year avg.
- China to issue low-tariff import quotas for up to 7.2 million tons of corn for 2013. Government firms will have 60% of the quotas. As per the U.S. Grains Council, China is likely to import corn this season to rebuild reserves if prices are attractive.
- South Korea's Feed Leaders Committee (FLC) bought 70,000 tons corn via tender at \$314.30 C&F per ton from CJ. The product will arrive to the Incheon, Kunsan port at April 1, 2013.
- South Korea's Feed Leaders Committee (FLC) bought 69,000 tons of optional origin corn from Cargill Inc via a private deal at \$300.90 per ton on a cost and freight basis. The product will arrive to the ports of Incheon and Kunsan between late February and early March.
- The Korea Feed Association (KFA) bought 55,000 tons of U.S. and South American corn from Key Trade via a private deal at \$301.80 per ton on a cost and freight basis and the price excludes extra \$1.5 per ton of two port delivery charges. The product will arrive to the ports of Busan and/or Ulsan by March 5, 2013.
- Hog producer Prestage Farms Inc and two other livestock companies in North Carolina signed deals to import 750,000 metric tons (826733.48 tons) of corn from Brazil due to higher U.S. prices.
- South Korea's Major Feedmill Group (MFG) bought 133,000 tons of South American corn for February arrival at \$307 CFR/T via tenders on Sept. 20.
- In second deal, South Korea's Major Feedmill Group (MFG) bought a combined 197,500 tons of South American corn via tender and private deals on CFR per ton basis, 62,500 tons from Peter Cremer at \$301.43, 70,000 tons from Concordia at \$302.93, and 65,000 tons from STX Corp at \$304.5 CFR per ton basis. The product will arrive to the port between mid Feb to first week of March.
- As reported by Argentina's grain exchange Rosario, the sowing area for 2012-13 corn has declined by 10 percent to 4 million hectares.
- As per European Traders, South Korea's largest feed maker, Nonghyup Feed Inc. (NOFI), purchased 65,000 tons of corn in a tender for up to 140,000 tons. The group rejected all offers and made no purchase of up to 70,000 tons of feed wheat also in the tender due to higher wheat prices.
- In Second deal, South Korea's largest feedmaker Nonghyup Feed Inc. has reportedly purchased 10,000 tons of corn from the Russian Far East in a direct deal with a Russian trading company MIG in Vladivostok.
- As per Preliminary government data, Japan's usage of corn in animal feed fell to 42.9% in the July month as compared to 45% during the same period last year. The slash was mainly due to increase in corn prices led by worst U.S. drought. However, Japan may be encouraged to buy corn as U.S. corn prices eased to a two-month low of below \$7.5 per bushel during the week due to sluggish demand and increase in harvest-time supplies.
- As per IGC estimate, World corn production declined by 1% to 833 million tons as compared to last estimate of 838 million tons in August 2012. Weak planting progress in Argentina and lower corn production estimate in US bound them to lower its global corn production estimates. Decline in output has led to the decline of corn carryover stocks for the coming year.

IGC Global Corn Estimate					
	2011-12 E	2012-13(forecast)			
		Aug	Sep	% change MOM	
Production	875	838	833	-0.60%	875
Trade	96	90	92	2.17%	96
Consumption	872	853	849	-0.47%	872
Carryover Stock	135	120	118	-1.69%	135
YOY change	4		-17		4

- Argentina will export an additional 2.75 million tons of corn from its 2011-12 crop which is expected to ease the tight international markets.
- As per CNGOIC report, China's 2013 corn imports is likely to be 1 million tons which would be the lowest imports of the grain made by China since 2009 due to increase in global prices. It is estimated that China would buy 5.5 million tons for the year 2012.
- Korea Feed Association (KFA) bought 55,000 tons U.S. and South American origin corn via a tender at \$330.59 per tons on a cost and freight (CFR) basis from STX Corp for arrival by Jan. 10, 2013.
- Mexico is trying to import corn from Argentina due to lower FOB quotes compared to other exporting nations like US and Brazil. It is notable that Mexico has approved grain imports from Brazil last month as reported. As per the national statistics agency, Mexico imports totaled 7.82 million tons corn last year, almost all of which came from the U.S.
- Brazil has exported 3.15 million tons of corn in September that is 14 percent higher compared to August corn shipment.
- The US Grain Council has estimated an increase of 5 to 6 million tons of corn production in China this year based on increased plantation area and a better yield prospects. China's official corn production is estimated at 197 million tons, while the USDA is expecting a crop of 200 million tons.

Outlook:

U.S. corn harvesting pressurize the corn prices at lower level but at the week end, IGC's lower corn production estimate and lower corn stock position reported by USDA support the corn prices in the International market. We expect corn prices to trade firm in the near term.

Maize CBOT Monthly Futures Price Listing (Cents/bushel)				
	Contract Month	30/9/2012	30/8/2012	Change
Corn CBOT Prices	Sep-12	297.66	319.41	-21.75
	Dec-12	298.94	318.23	-19.29
	Mar-13	297.76	318.32	-20.56
	May-13	294.81	315.47	-20.66

CBOT Maize Monthly Chart: December 2012 Contract



- As the chart depicts, corn prices could take correction in the near term.
- Prices closed above 14 days SMAs indicates to bullish sentiment.
- However, Increase in prices with lower volumes and OI indicates to weak market.
- Strategy: **Markets participants should buy Corn CBOT at 765 level and the target would be 799 cents/bushels.**

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