

**HIGHLIGHTS OF THE MONTH:**

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- Mixed sentiments witnessed in key spot markets of maize during the month of October.
- In India, heavy rainfall in A.P. and Karnataka disrupted trade activities and contain higher moisture level around 14-15%, and 20-22% respectively.
- Gujarat poultry feed millers are purchasing maize from Maharashtra, M.P. and Rajasthan region at around Rs. 1340, 1340 and 1330 per quintal respectively.
- Higher moisture contained in the new maize crop arrivals kept the corporate buyers out of the markets during the month as they were waiting for lower maize moisture contain at lower prices.
- Meanwhile, higher domestic demand with the limited supply support the maize prices.
- During the month, CBOT corn future prices fall on the renewed concern about global economy. Weak U.S. corporate earnings results and downgrade credit ratings of several indebted regions of Spain kept the market down. Sluggish export sales of U.S. corn due to higher prices also weigh on the prices.

**EXECUTIVE SUMMARY:**

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At the month start, In Nizamabad region of Andhra Pradesh, favorable weather conditions reported for harvesting and new crop arrivals started during the first week of October. However, higher moisture contained in the new maize crop kept the corporate buyers out of the markets as they wait for lower maize moisture contain at lower prices. In A.P., maize new crop contains around 14-15% moisture level at month end as heavy rainfall occurred in the region. Despite the new crop arrival pressure, we are expecting that prices will trade firm in A.P. region as demand is higher at the lower price level.

**CROP CONDITION AND ARRIVALS OF MAIZE:**

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Due to heavy rainfall in Karnataka and A.P., lower crop arrivals reported during the month end and contain higher moisture level.

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**STATE - WISE MARKET DYNAMICS****ANDHRA PRADESH**

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**Andhra Pradesh:** Maize prices traded down in Nizamabad market in AP during the month ended October 2012 due to new crop arrivals pressure. However, crop arrivals are lower from last year. No rakes business has been reported this month from Nizamabad which kept prices to lower level.

Weather conditions were not favourable in the Nizamabad market of A.P., due to which crop arrivals disrupted and contain higher moisture level around 15%. Sources revealed that prices could trade firm in the coming months due to higher domestic demand with the limited supply.

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## RABI SOWING UPDATE:

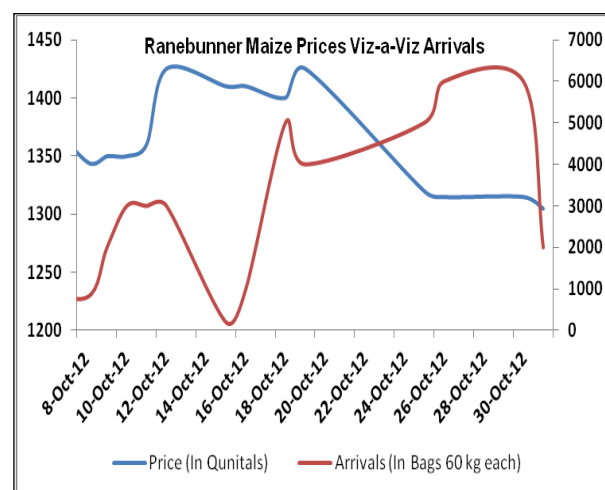
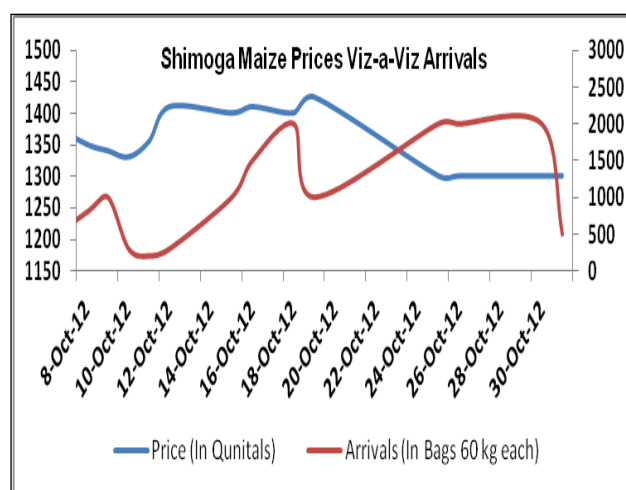
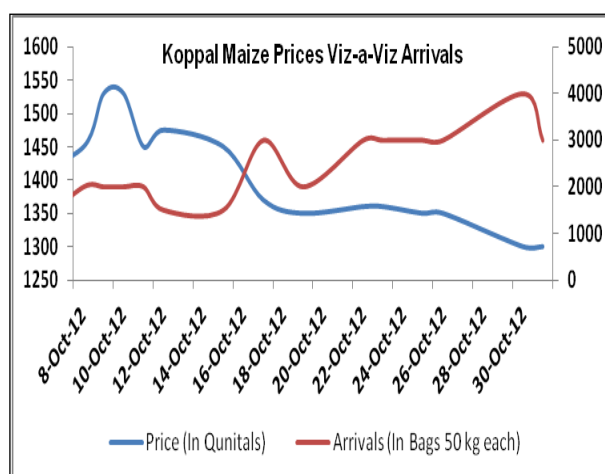
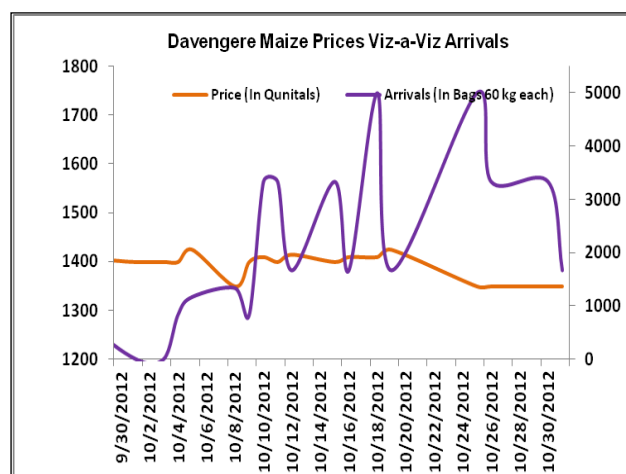
In A.P., maize crop sowing for Rabi 2012-13 has started which is below from the normal season.

	2012	2011	Normal (as on date)	Normal (Season)
Area Sown (In Lac hectares)	0.31	0.31	0.45	3.08

Note: Sowing Figures as on 7th November 2012

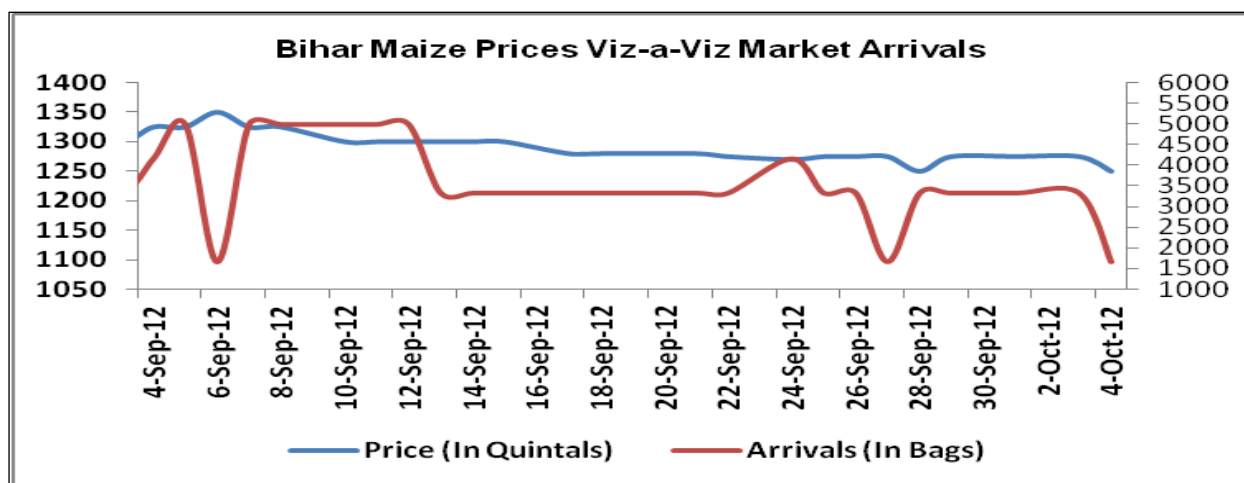
## KARNATAKA

Sluggish demand was reported from Bangalore and Tamil Nadu region. As per trade sources, maize of Karnataka region is moving to Namakkal (Tamil Nadu) at Rs.1550 per quintal and to Bangalore at Rs. 1410 per quintal. Lower arrivals with the higher moisture content which is around 20-22% weigh on the market.



**BIHAR**

In Bihar, Maize old stock is almost over and sowing for new crop start from the first week of November. Steady demand for maize was reported at Rs. 1450 per quintal from the Kolkata feed millers.


**DELHI**

In Delhi market, despite the new crop arrival pressure maize prices are trading firm due to increase in demand from poultry.

Month-wise Average prices of Maize at various markets					
Market	2011-Oct	2012-Sept	2012- Oct	% Change from Prev. Month	% Change from Prev. Year
Delhi (U.P origin)	-	1280	1380	+7.81%	-
Naugachia	-	1275	-	-	-
Davangere	1040	1400	1350	-3.57%	+29.80%
Nizamabad	1040	1430	1260	-11.88%	+21.15%

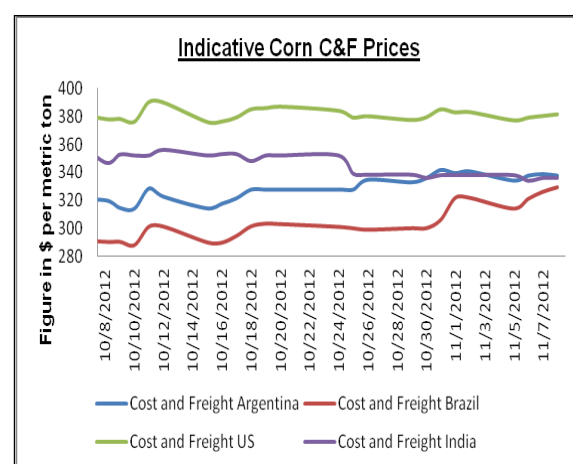
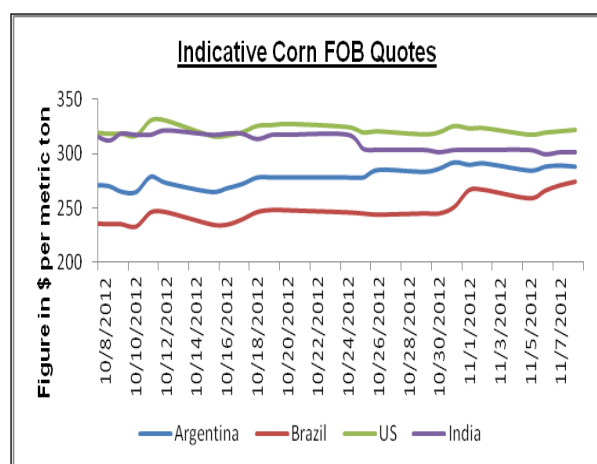
**PRICE OUTLOOK:**

Sluggish export demand amid new crop arrivals pressurized the corn prices. However, recent rainfall in Karnataka and A.P. region and overall good domestic demand with the limited supply could support maize prices in the near term.

**ON THE EXPORT FRONT:**

Indian C&F Maize prices (~\$336.00) decreased by \$15.59 per ton during the month compared to the prior month.

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 54.25)				
	Argentina	Brazil	US	India (Davengere Origin)
<b>FOB</b>	288.00	274.24	321.40	301.00
<b>Incl Cost and Freight (C&amp;F)</b>	338.00	329.24	381.40	336.00



Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (~\$381.4) and Argentina Maize C&F prices (~\$338.00) and getting stiff competition from Brazil C&F (~\$329.24).

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 (DECEMBER WEEKLY FUTURE CHART)



- As the chart depicts, maize prices could trade firm in the near term.
- RSI is moving up in neutral region.
- Prices closed above 3 days and 5 days EMAs indicates to bullish sentiment.
- Increase in prices with higher OI indicates to long build up in the market.
- **Strategy:** Buy on dips.

## MAIZE NCDEX (DECEMBER MONTHLY)

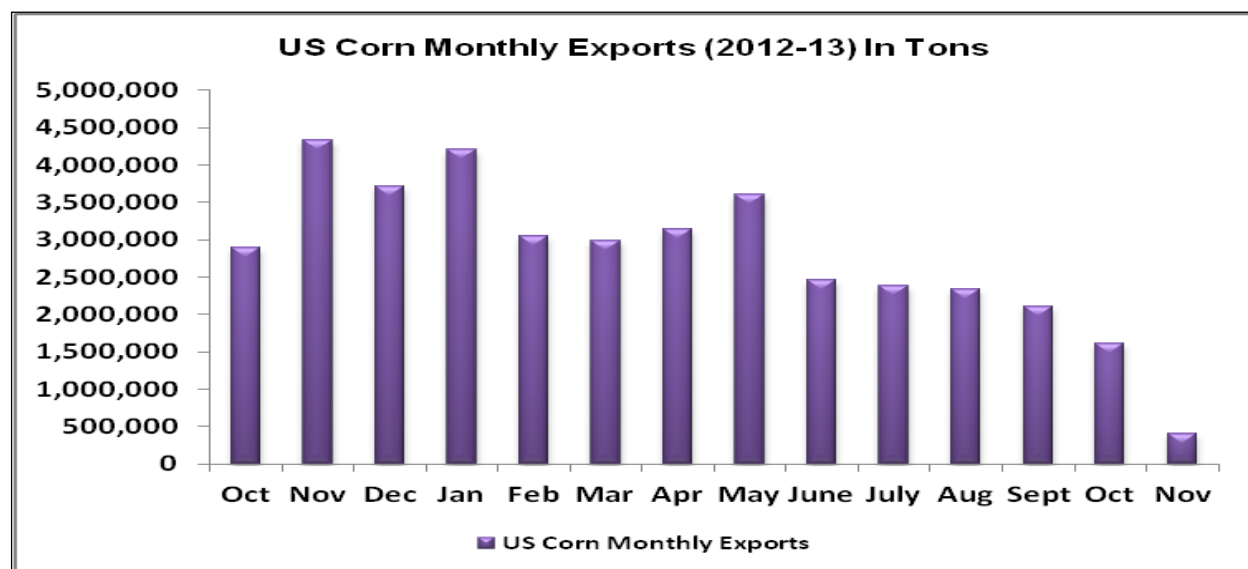
Support & Resistance				
S2	S1	PCP	R1	R2
1245	1309	1340	1413	1517

**INTERNATIONAL MARKET SCENARIO:**

**Recently, USDA has forecasted higher corn yield by 0.3 bushels to 122.3 bushels per acre from the October month resulted in higher production forecast for 2012-13 by 19 million bushels to 10725 million bushels in the October month.**

**USDA also higher US corn ending stocks to 647 million bushels from 619 million bushels in the October month.**

As per USDA, U.S. corn export figures reached to 4111272 metric tons for the 2012-13 marketing year which is lowered by ~35.25% from the last marketing year during the same period. Out of total weekly exports of 395515 MT reported by U.S. to Mexico (160,100MT), Japan (72,900 MT), South Korea (60,100 MT), China (54,500), Cuba (25,000 MT), and Taiwan (10,700 MT).



As per USDA crop progress report, 95% corn crop has harvested till date which is higher by 10% from last year during the same period and 24% from 5 year avg.

**International Corn Highlights**

- As per local Argentina expert, Argentine storm could slash projected corn crop 20% to 22.4 million tons which is lower by 5.6 million tons from the earlier USDA' expectation. The U.S. Department of Agriculture has forecast that Argentine corn output will rise to 28 million tons in 2012/13 from 21 million tons in the last season. However, U.S analyst has lowered its Argentina corn production forecast for 2012-13 to 22.5 million tons from 26 million previously estimated due to excessive rains and flooding that have delayed planting. However, the Argentine growing season is just beginning so corn yield prospects could spring back if wet conditions continue.
- As per European traders, a group of Israeli private buyers has issued an international tender to purchase 90,000 tons of corn to be sourced from Europe.
- Informa has projected the 2013 US corn plantation at 97.7 million acres from 97.536 million acres previously estimated and higher from the 96.9 million acres corn planted in 2012.

- As per Government data, Brazil's 2012 corn exports had already surpassed an annual record and the country could replace Argentina as the world's second-largest exporter of the grain this year.
- U.S. agriculture official pledged that federal forecasters would work to improve their corn inventories estimates.
- As per U.S. Agriculture Department, Private exporters switched to non-U.S. corn for a 270,000 ton sale to Mexico that originally was reported as optional origin for delivery 2012-13 marketing year. The 2012/13 marketing year for corn opened on Sept. 1.
- As per U.S. Agriculture Department data, Japan (the top corn importer), in the 2011/12 (Sept/Aug) marketing year, imported just 11.75 million tons of U.S. corn, the least since 1986/87. Japan's use of corn in animal feed fell in August to a 20-year low, as it replace it with feed wheat.
- As per USDA's attache report, higher Brazilian corn planted area to second crop is forecasted to increase total corn production to 74 million tons. Corn exports from the 2011/12 are estimated at a record 19 million tons.
- As per Preliminary Japanese government data, the ratio of corn in animal feed fell to 42.7 percent in the August, compared with 44.7 percent during the same month of last year as users shifted away from U.S. corn due to higher prices of U.S. corn.
- South Korea's Major Feedmill Group (MFG) bought 63,000 tons corn via a tender from CHS Inc of U.S. and South American origin at \$318.42 per ton on a cost and freight basis. The product will arrive to the ports of Pyeongtaek and Kunsan by March 15, 2013.
- As per National Grain and Oils Information Center (CNGOIC) report, Corn output in China is likely to rise 4.3% this year to 201 million tons.
- South Korea's Korea Corn Processing Industry Association (KOCOPIA) purchased 55,000 tons corn via a tender from Cargill Inc of U.S. and South American origin at \$319.80 per ton on a cost and freight basis. The product will arrive to the ports of Incheon and/or Kunsan by March 5, 2013.
- China's General Administration of Customs released preliminary trade data for September month. According to that, China exported 6,107 million ton corn in the September month which is higher by 1,125 million tons from the last month.
- South Korea's NOFI canceled tenders to buy 210,000 tons of corn due to high prices.
- U.S. livestock companies have signed deals in recent weeks to import about 600,000 tons of corn from Argentina.
- 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.
- 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.
- 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.
- As per Brazilian trade ministry, Brazil corn exports increased to 3.66 million tons in the October month from 3.14 million tons last month and 1.52 million tons from last year as foreign buyers turned to Brazil after the worst drought in U.S.
- South Korea's largest feed maker 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. (Source : Reuters)

- 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. (Source : Reuters)
- As per the latest IGC report, the 2012-13 world corn production is estimated to be 830 million tons, lower from previous estimate of 833 million tons. The stocks outlook has tightened further despite a forecast 3% contraction in demand, and end season inventories in the major exporters are likely to decline by almost one quarter. Although EU import needs are rising, world trade is expected to slip to a three-year low with Mexico and China likely to buy less.

IGC Global Corn Estimate					
	2011-12 E	2012-13(forecast)			
		Sep	Oct	% change MOM	% change YOY
<b>Production</b>	876	833	830	-0.36%	-5.54%
<b>Trade</b>	97	92	93	1.08%	-4.30%
<b>Consumption</b>	872	849	848	-0.12%	-2.83%
<b>Carryover Stock</b>	135	118	117	-0.85%	-15.38%
<b>YOY change</b>	4		-18		

#### OUTLOOK:

Despite the high corn production estimates from the U.S, Hurricane Sandy in U.S. and storm in Argentina along with an increased demand for feed grade corn from the South-East nations such as China and Korea could support the corn prices.

Maize CBOT Monthly Futures Price Listing (Cents/bushel)				
	Contract Month	31/10/2012	30/9/2012	Change
<b>Corn CBOT Prices</b>	<b>Dec-12</b>	297.46	298.94	-0.49
	<b>Mar-13</b>	297.96	297.76	+0.06
	<b>May-13</b>	296.18	294.81	+0.46
	<b>Jul-13</b>	292.84	294.81	-0.66



## CBOT MAIZE MONTHLY CHART: DECEMBER 2012 CONTRACT



- As the chart depicts, corn prices could test 38.2% retracement level i.e. 7.143 USD per bushels in the near term.
- Strategy: **Markets participants should sell Corn CBOT at current level and the target would be 7.143 USD/bushels.**

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