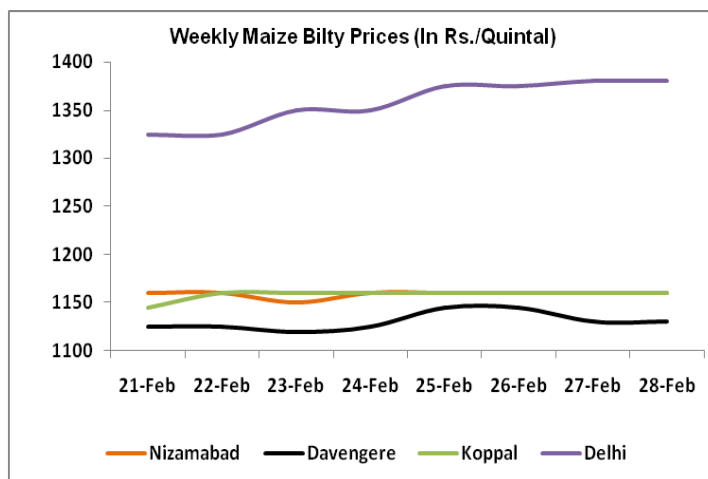


### Domestic Market Recap

Maize prices traded range bound in various key physical markets during the week ended 28th February 2012. Fresh global cues and lower crop arrivals of maize from AP kept the prices range bound with firm tone. Meanwhile, the fresh maize cargo is still wet with high moisture content affecting the prices. Also, arrivals of maize from TN are coming down to 100-150 bags in places like Chinna Salem, Thiru Annamalai etc. on upcoming festivals.



### **On the Export front:**

Indian CIF Maize prices (~\$321.9) remained steady during last week. However, Indian maize exporters are not getting export parity as Brazil CIF (~304.8) and Argentina CIF (~320) have given stiff competition to Indian Maize. In addition to it, range bound movement of maize international prices are not favoring the export prospects of maize at present.

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 49.07)				
	Argentina	Brazil	US	India
FOB	270	249.8	282.1	287
Cost and Freight (C&F)	320	304.8	342.1	321.9

Some of the exporters quoting their prices are:

	Chennai	Tuticorin
Olam	12600	NA
Glencore	NA	NA
Louis Dreyfus	NA	NA

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

**Vietnam Markets** – Business done at CFR USD 298 as reported. However, PQ authorities are ensuring that shipment related to Vietnam is fumigated for 3 days before it is loaded which increase 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.

**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 mid March as prices in the international market is likely to go up then.

**Current Market Dynamics:**

Range bound movement with firm tone has been witnessed in various key spot markets of Maize during last week.

Prices remained steady in Nizamabad market in the last week. However, expected fresh arrivals of maize crop might decrease the prices further in Nizamabad market.

As far as Davengere market is concerned, prices got support due to need based buying from various players like Sugana. Also, weak arrivals owing to various festivals in Karnataka region also led the prices upwards last week. However, arrivals are expected to arrive at higher pace after Mid of March which should ease the prices of maize. It is noticeable that around 5% increases in maize summer crop has been witnessed compared to last year in Karnataka as reported.

Meanwhile, till date around 20% maize from new crop from AP has arrived in the markets and arrival will increase further in the coming month which might depress the prices of maize.

As far as Koppal market is concerned, lower arrivals of maize from upcountry sellers like AP and TN and improved buying from Poultry and Starch industries by Rake kept the prices upwards. Recently, 1 rake has been delivered to Ahmadabad from Gadak at FOR 1327, which is 60 km from Koppal.

Meanwhile, Maize is arriving in Koppal market with below 13% moisture content which should be considered as good and favorable for export.

However, lower maize stock and moderate demand of maize in Delhi market increased the prices of maize. However, prices might get resistance after arrivals of Rabi maize crop from Bihar as expected. Meanwhile, demand from Poultry and Starch Industries for maize was good as reported.

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

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

\* Figures in Rakes.

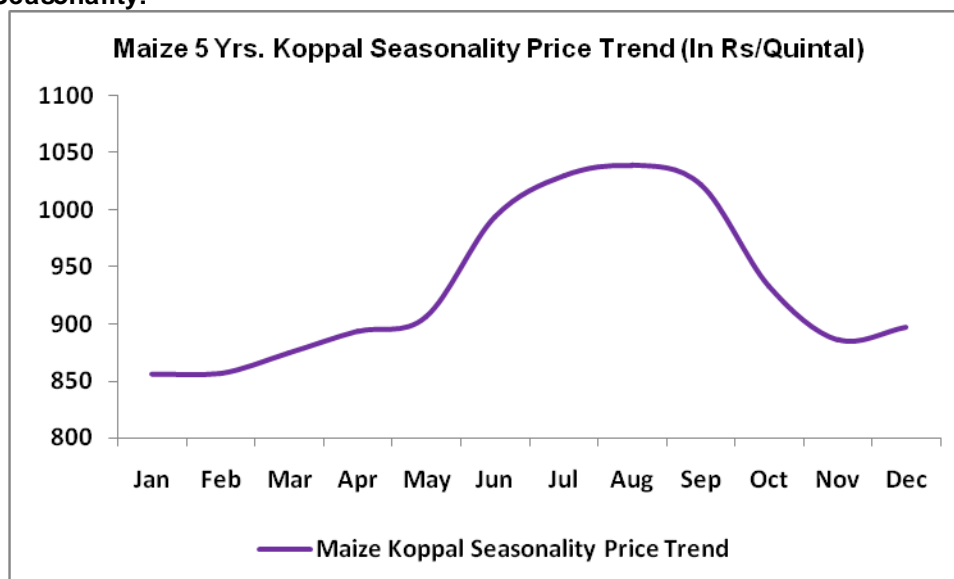
Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Chennai	12500 from TN and 12700 from Karnataka	11600 and 12440 from Koppal and 11950 from Davengere	270
Mumbai	12500-12600	-	-
Kakinada	12000		
Ahmadabad		13270 from Koppal	
Tuticorin	12400	-	

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	12000
Sugana	11950
SKM, Erode	11800-12000

**Improvement in maize prices has been witnessed during last week owing to weak arrivals. In addition to it, need based buying has been witnessed from Poultry and Starch industries. Also, appreciation of Rupee hit profit margins of maize exporters and kept the exporters out of the export market. Keeping in view these factors, we expect prices will move in a trading range with firm tone in the coming week.**

#### Maize Crop Seasonality:



According to seasonality of maize, prices are likely to remain range bound with firm bias which is supported by prevailing fundamentals of maize. However, prices might surge after April onwards.

#### Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	27th Feb, 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1380	1325	1250	1250	1120
Koppal	Bilty	1160	1145	1160	1180	1075
Davangere	Bilty	1130	1125	1175	1150	1100
Nizamabad	Bilty	1160	1160	1200	1135	1120
Ahmadabad	Feed	1300	1320	1270	1300	1110
	Starch	1320	1360	1315	1325	1130

### Spot Price (Bilty) at Andhra Pradesh: Price Outlook Maize: Nizamabad (Bilty Price)



- Market is steady during the week ended 28<sup>th</sup> February 2012.
- Keeping in view prevailing fundamentals, prices are likely to remain steady to firm in the coming week.
- Prices might test 38.2% retracement level in the coming week.
- Prices are likely to trade between Rs 1150 to Rs 1180 in the coming week.

### International Market: Highlights/Current Developments:

International prices are moving upwards on recent IGC report which shows global corn demand outpace supplies. However, speculations over 15% increase of Corn planting by farmers in US for 2012-13 might weaken the impact of IGC report over short supplies. US corn production might jump to 14.27 billion bushels in 2012-13 as planting increases to 90 million acres.

Meanwhile, China bought its first major purchase of corn from the US in four months. China bought 120,000 tons of US corn, according to USDA. Recent corn purchase by US might be a major indication of starting of Chinese corn demand which might result in further corn shipments from US for China in the coming weeks. Chinese corn import is expected to increase by 4 million tonnes in 2011-12 due to decrease in crop production of corn in China by 6.5%.

In addition to it, **Brazil's total maize output is expected to reach the 60 million** ton mark in 2012 season which is 7% higher compared to last year, according to FAO. Increase in maize production is mainly due to surge in winter planting of maize. Earlier, Brazil government estimated 60.83 million tonnes of maize production for 2011-12 season which also support the recent estimate of FAO.

#### **Outlook:**

**Recent IGC report gives market a bullish signal for short term. However, higher corn planting prospects in US and improved maize output from Brazil will resist the IGC report impact. We expect prices will trade range bound with firm tone in the coming week.**

### CBOT Maize Futures Outlook:

#### CBOT Maize Chart: Front Month



- Maize prices are moving in a rectangle as chart depicts.
- Maize prices are trading in a short range between 635 to 655 cents/bushel.
- Prices might test resistance level i.e. 655 cents/bushel, if breached then prices may go up to 675 cents/bushel.
- However, Prices hovering above 14 day SMA indicates that prices are bullish.
- Also, last candlestick formation suggests that prices are likely to move up in the coming week.
- Strategy: **Markets participants should buy from 640 cents/bushel and hold their long positions until prices will test 655-660 cents/bushel.**

#### Futures Market Analysis: NCDEX Maize :



**(March Contract Weekly Chart)**

- Maize prices are falling in a mentioned trading channel.
- Prices are moving in a range between Rs 1120 to 1175, breach of mentioned level either side will decide the movement of the prices further.
- Decrease prices got support from Volume and OI.
- **Strategy:** Sell from resistance level.

**Maize NCDEX (March)**

Support & Resistance				
S2	S1	PCP	R1	R2
1157	1175	1186	1238	1264

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