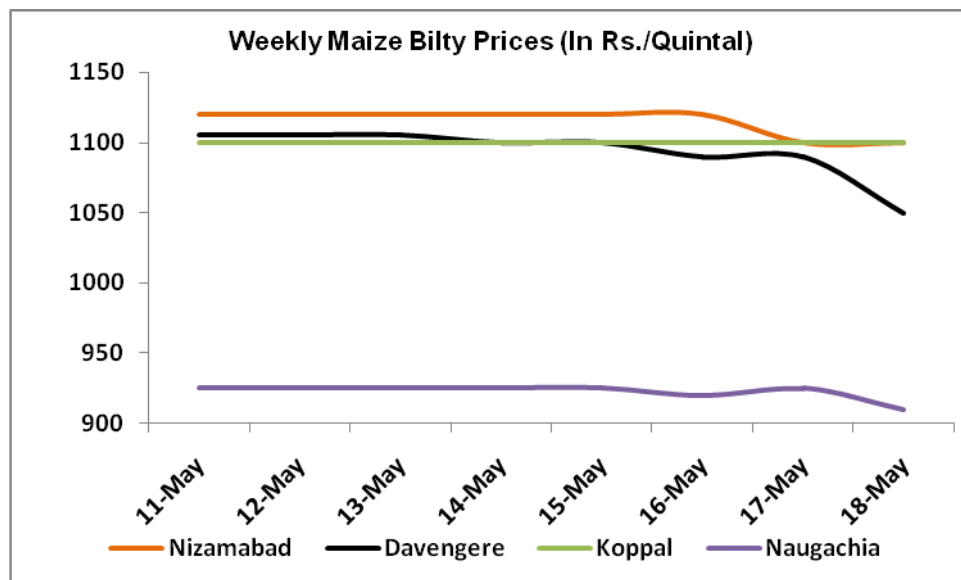


## EXECUTIVE SUMMARY

Maize prices are consistently moving downwards specially in southern India during the week ended 21<sup>th</sup> May 2012. Continuous arrivals from Bihar put weight on the prices. Maize prices are hovering at around Rs 1062 per quintal on an average on pan India basis, decline by around 2% compared to last week. Prices of maize also declined by 7% compared to last year same period. As far as demand is concerned, need based buying of maize witnessed from Poultry and Starch Industries.



## ON THE EXPORT FRONT:

Despite of continuous decline in domestic maize prices, Indian C&F Maize prices (~\$279.30) declined by \$11 per ton during the week compared to the prior week owing to rupee touched its all time low which favors the maize exporters. Meanwhile, Indian maize exporters are getting parity compared to US Maize exporters (~\$286.73) and Argentina (~\$251.97) though getting stiff competition to Brazil C&F (~\$225.9).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 54.88)				
	Argentina	Brazil	US	India
FOB	251.97	225.9	286.73	244
Incl Cost and Freight (C&F)	301.97	280.9	346.73	279.30

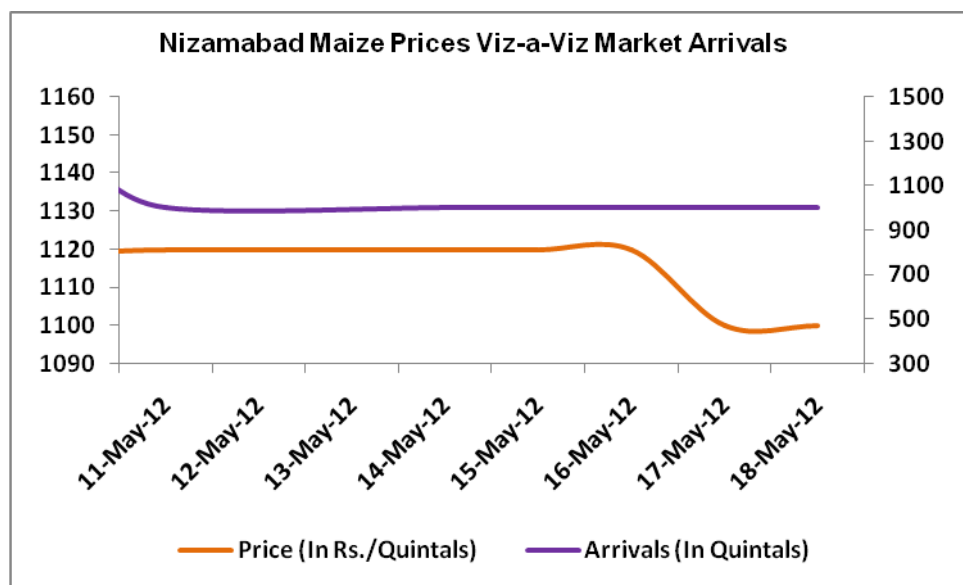
Indian Corn from AP market and Bihar markets are offering at USD 244 and USD 240 respectively. Meanwhile, trade for Chennai is subdued with very marginal quantity as most of the exports has shifted towards Kolkata port for the Malaysian port delivery.

**Malaysian Markets** – Indian exporters have sold at USD 250 PMT CFR Malaysia Port Klang and Port Penang.

### CURRENT MARKET DYNAMICS:

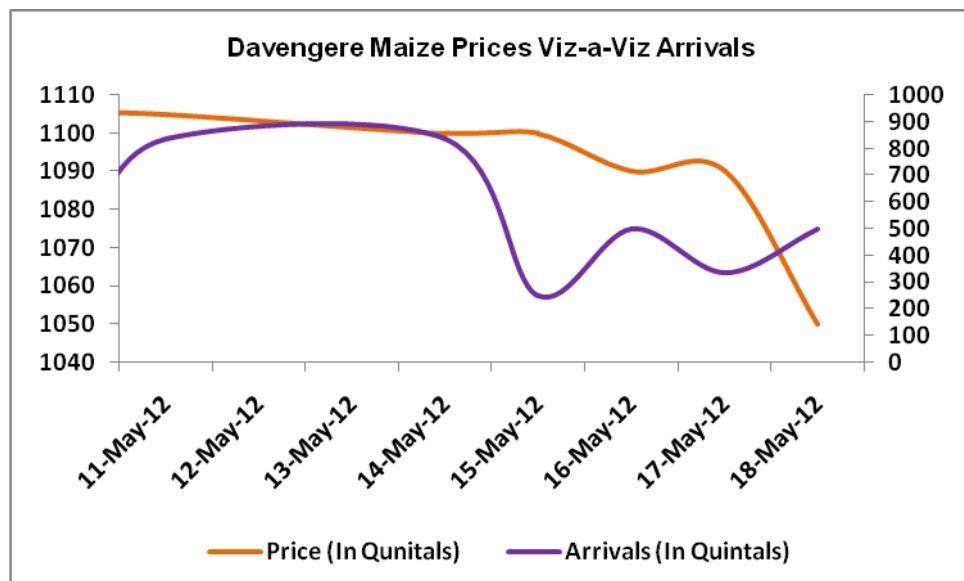
Maize prices moved downwards during the week with increasing crop arrivals from Bihar and AP. Here are the various key spot markets dynamics below:

**Andhra Pradesh:** Maize prices have declined in various markets of AP despite the fact that Rabi crop is estimated to be lower than expected this year compared to last year. Prices declined in AP markets due to weak demand and moderate arrivals of maize. Farmers are bound to release their stocks in the market as they don't have warehouse facility to store stocks. However, traders are holding maize stocks as reported as they are anticipating increase in maize prices in the coming month.



**Karnataka:** Prices have declined in Davangere market compared to the previous week. Demand is weak for maize in Karnataka as there is no demand of maize in the export markets at present. Also, very less rake business reported of maize for other consuming markets which led the prices of maize down in Karnataka spot markets. Maize FOR Tirpur/Namakkal by Trucks from Karnataka quoted at Rs 11500-11600 per MT.

FOR Chennai by rake from Karnataka market at FOR Rs 12000 per ton (no business reported at present).

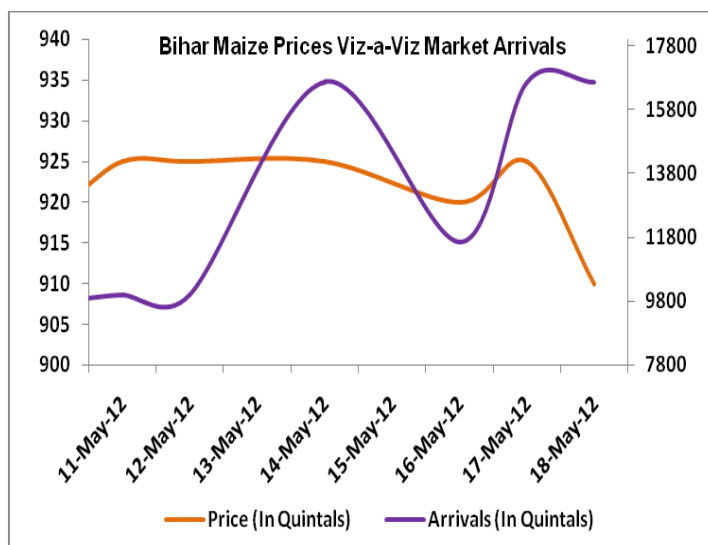


Meanwhile, Prices in Koppal remained steady during the week due to lackluster trade and very less maize stock left in the market. Gujarat market, one of the biggest buyer of maize from Karnataka, is buying maize from Bihar due to better import parity compared to Koppal. It is noticeable that Bihar is exporting maize to Ahmedabad at 1270 FOR while Koppal is giving maize to Ahmedabad at 1280-1300 FOR.

**Bihar:** Prices of maize stabilize in Naugachia market during the week. Prices are moving in a range between Rs 900 to Rs 930. 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.

Maize production is now estimated at 2.5 million tons in Bihar only for this season which put weight on the prices.

Meanwhile, Rake business of maize has been witnessed from Khagaria, Mansi, Naugachia and Gulab Bagh sourcing centers to Rajasthan, Punjab, Delhi etc.



At present, Bihar maize is offered at FOR Rs 11900 per ton by rakes to Namakkal and Tirupur and FOR Rs. 11500 per ton to Kakinada by Rake as reported. However people remained cautious due to quality concerns for Bihar maize as the rake takes almost 15 days to arrive. At present on an average 15-20% of the maize has been arrived in Bihar markets and still there is ample crop left to

arrive in the market. As far as moisture content is concerned, it came around 14-15% as reported which is considered as moderate for exports to countries like Bangladesh. Traders believe that if the weather remained good for another 10-15 days then the moisture level will come down to 13% as reported.

**In Delhi market,** Prices in Delhi market continuously declining owing to starting of new maize crop arrivals from Bihar. Delhi maize prices are trading well below wheat prices, due to recent crop arrivals from Bihar, which indicates that demand of maize, will not shift to wheat as of now.

### BUSINESS FROM VARIOUS SOURCING CENTERS DURING THE SEASON TILL DATE:

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
<b>Chennai</b>	12300-12500 (Karnataka Origin)	12000	-
<b>Kolkata</b>	10600		
<b>Tirupur/Namakkal</b>	11500 -11600 Karnataka Origin	11900- Bihar Origin, 12180 – Karnataka Origin	
<b>Kakinada</b>	-	11500 (Bihar Origin)	-

### RAKE BUSINESS FROM VARIOUS SOURCING CENTERS DURING THE SEASON:

Sourcing Centers	18 <sup>th</sup> May
<b>Davengere</b>	71
<b>Koppal (Including Neighboring Centers)</b>	-
<b>Ranebennur</b>	100
<b>Haveri</b>	45
<b>Shimoga + Bagalkot, Bellary</b>	28

\* Figures in Rakes.

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

Buyer	Purchase Prices (Rs/MT)
VHL Hosur	11300
CP Vellore	11800
Godrej Chitradurga	11100

### MAIZE SPOT MARKET PRICES (RS. /QUINTAL)

Market	Grade	18 <sup>th</sup> MAY, 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1160	1175	1350	1380	1240
Koppal	Bilty	1100	1100	1130	1100	1080
Davangere	Bilty	1050	1105	1140	1100	1200
Naugachia	Bilty	910	925	1125	-	1030
Nizamabad	Bilty	1100	1120	1160	1160	1140
Ahmadabad	Feed	950	960	1200	1200	-
	Starch	1175	1175	1300	1280	1260

### SPOT PRICE (BILTY) AT ANDHRA PRADESH (NIZAMABAD): PRICE OUTLOOK



- Market is moving downwards during the week ended 18<sup>th</sup> May 2012.
- Maize prices might get support towards the mentioned trend line as chart depicts.
- Prices are likely to trade between Rs 1100 to Rs 1140 in the coming week.

## DOMESTIC MAIZE OUTLOOK:

Maize prices are likely to stabilize in Bihar market at present but should decline in major maize sourcing centers in southern regions like Davengere and Nizamabad markets due to high competition from Bihar maize arrivals. However, short term firmness in International corn prices might offset the impact of bearishness in domestic market upto certain extent.

## INTERNATIONAL MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS:

International Maize prices rebound from oversold levels in CBOT during the week ended 18<sup>th</sup> May 2012 despite of continuous good US Corn planting progress and recent USDA report. Recent cut in Argentina corn crop by its Agriculture ministry and fresh US corn demand from China support the prices little bit during the week.

Meanwhile, US corn planting progress seems satisfactory. US farmers planted 87 percent of corn in their respective fields this week compared to 71 percent of corn planted till last week, according to USDA.

US corn growers sowed around 56% of corn till last year same period. Good planting seen in the regions like Colorado, Iowa and Nebraska as reported. However planting activities in US are expected to get slower due to heavy rain in major corn growing belt.

	Week Ending			2007-11 Average
	5/13/2011	5/6/2012	5/13/2012	
<b>US</b>	56	71	87	66

\* Figures are in Percentage

It is notable that US farmers will plant record corn crop in 75 years in their respective fields over lower US corn stocks.

Some Other major International Corn Highlights during the week are:

- China corn output for 2012 estimated at 197.5 million metric tons up 3 percent compared to last year. Increased corn output in China is due to increase in corn acreage by 2.6 percent. Source: Reuters.
- Corn CBOT prices have surged sharply over Chinese fresh US corn buying of around 900000 tons on Wednesday confirmed by USDA.
- Argentina declined its corn production estimate for 2011-12 to 20.1 million tons from 20.3 million tons on Thursday. According to agricultural ministry in its monthly report.

## INTERNATIONAL MAIZE OUTLOOK:

*Argentina declined its corn production estimate for 2011-12 to 20.1 million tons from 20.3 million tons during this week. Also, considering tight US stock supply, prices of corn in International markets should move upwards for shorter term.*

Maize CBOT Weekly Futures Price Listing (USD/Ton)				
	Contract Month	11/5/2012	17/5/2012	Change
Corn CBOT Prices	May-12	228.68	246.00	17.32
	Jul-12	201.23	211.95	10.72
	Sep-12	198.87	207.92	9.05
	Dec-12	203.49	212.25	8.76

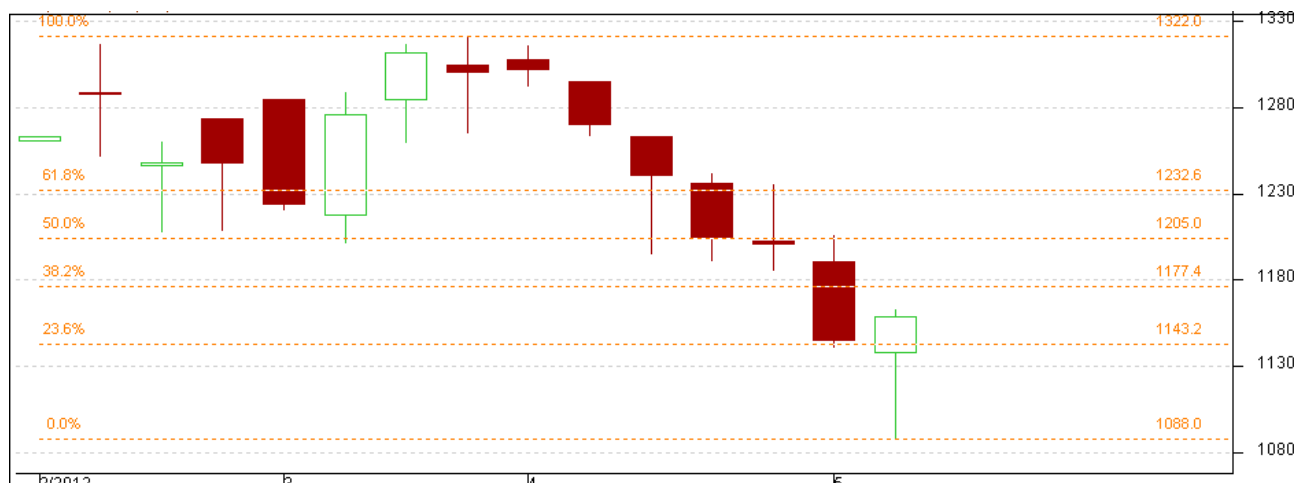
## CBOT MAIZE FUTURES OUTLOOK:



(CBOT Maize Chart: July Contract)

- Maize prices are moving upwards as the chart depicts.
- Prices are moving in range between 590 to 650 cents/ bushel
- Increase in prices has supported by volume and OI.
- Strategy: **Markets participants should buy Corn CBOT from 630 Cents/bushel level and the target would be 650 cents/bushels for next week.**



**FUTURES MARKET ANALYSIS: NCDEX MAIZE:**

**(June Contract Weekly Chart)**

- Maize prices are trying to rebound from support levels as chart depicts.
- Prices are moving in a broad trading range between Rs 1088 to Rs 1205, two consecutive close either side will give the prices a new direction.
- Prices are likely to test 38.2% retracement level in the coming week, if breach the mentioned level then prices might go upto 50% retracement level.
- Harami candlestick pattern can be seen on charts which depicts bullishness in the prices.
- **Strategy:** Buy from support level.

**Maize NCDEX (June)**

Support & Resistance				
S2	S1	PCP	R1	R2
1088	1042	1144	1177	1205

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