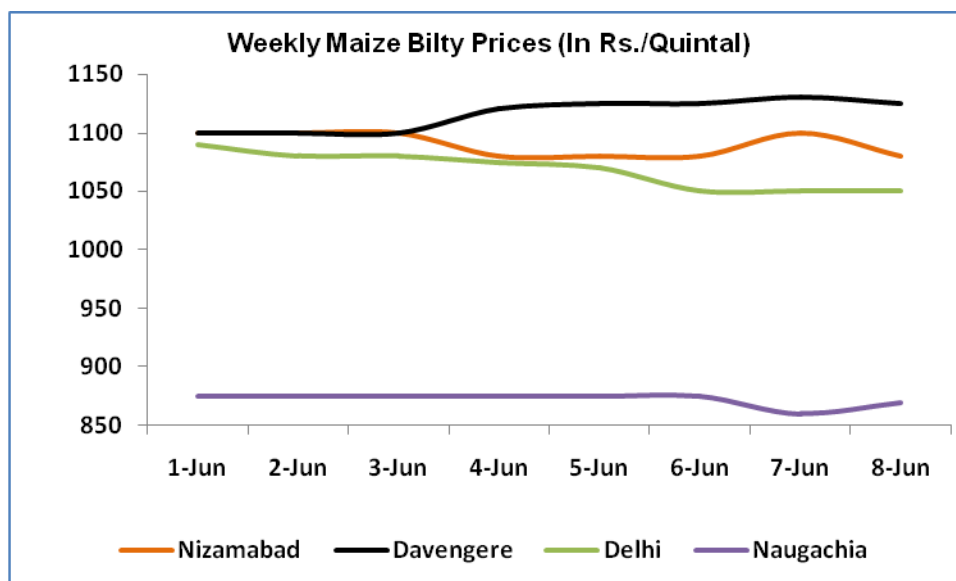


## EXECUTIVE SUMMARY

Steady to weak sentiments recorded in various maize markets during the week ended 11<sup>th</sup> June, 2012. Continuous arrivals and moderate demand in key Bihar markets weighed on the prices. However, prices improved in Davengere market as increasing demand from domestic feed buyers, decreasing arrivals and depleting stock of maize support the prices.

Maize prices are hovering at around Rs 1035 per quintal on an average on pan India basis, declined by around 2% compared to last week. However, Prices of maize also declined by 12% compared to last year same period.



## ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$289.27) improved by \$8 per ton during the week compared to the prior week owing to recent increase in maize prices in Southern India and delay in monsoon. Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices of maize (~\$333.67) and though getting stiff competition from Argentina (~\$282.38) and Brazil C&F (~\$269.84).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.17)				
	Argentina	Brazil	US	India
FOB	232.38	214.84	273.67	254
Incl Cost and Freight (C&F)	282.38	269.84	333.67	289.27

Indian exporters quote competitive corn prices which is cheaper than South American cargoes. Recently, South Korea's corn Processing Industry Association bought 60000 tones of South

American corn from Cargill at \$262.72 C&F against Indian corn C&F prices from Bihar offered at \$230 to \$240 per ton.

**Vietnam Market:** Feed millers in Vietnam bought around 20,000 tonnes of Indian maize this week for shipment in July. Indian corn to Vietnam was traded around \$248 a tonne, including cost and freight (C&F)

**South Korea:** Rare purchase of around 39000 metric tons of Indian corn by South Korean Feed miller Nonghyup Feed Inc. at 259.83 per ton C&F for July delivery.

South Korea is experimenting with Indian corn as Indian corn is offering much below compared to US corn. South Korea is trying to fill the supply gap for the time being by importing Indian corn.

However, countries like Vietnam have raised quality concerns over Indian corn. If Indian corn exporters can deliver good quality corn then lucrative Indian corn prices can attract big importer countries like Japan, China and South Korea.

**Malaysian Markets** – Indian exporters have sold at USD 220-225 PMT CFR Malaysia Port Klang and Port Penang.

### CURRENT MARKET DYNAMICS:

Maize prices are mixed during the week. Here are the various key spot markets dynamics below:

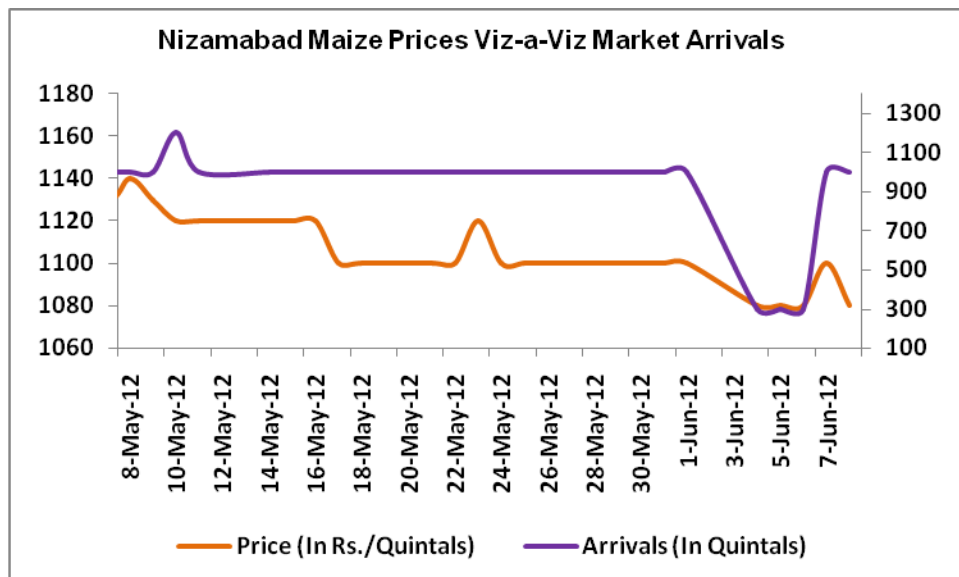
**Andhra Pradesh:** Maize prices were steady to weak in various markets of AP during the week ended 12<sup>th</sup> June 2012. Meanwhile, around 30% stock of maize is still left in Nizamabad as reported. Traders are holding around 5 lac bags of maize in AP, out of which 1 lac bags of maize are held by traders in Nizamabad alone.

However, no rakes business has been reported this week from Nizamabad. Poultry and Starch Industries are holding maize stocks as reported as they are anticipating increase in maize prices in the coming month.

**Sowing Update:** Maize sowing has started in AP and farmers have planted maize in 0.012 lac hectares till 6<sup>th</sup> June 2012 lower than last year ~0.02 lac hectares.

	2012	2011	Normal (as on date)	Normal (Season)
<b>Area Sown (In Lac hectares)</b>	<b>0.012</b>	0.02	0.055	4.99

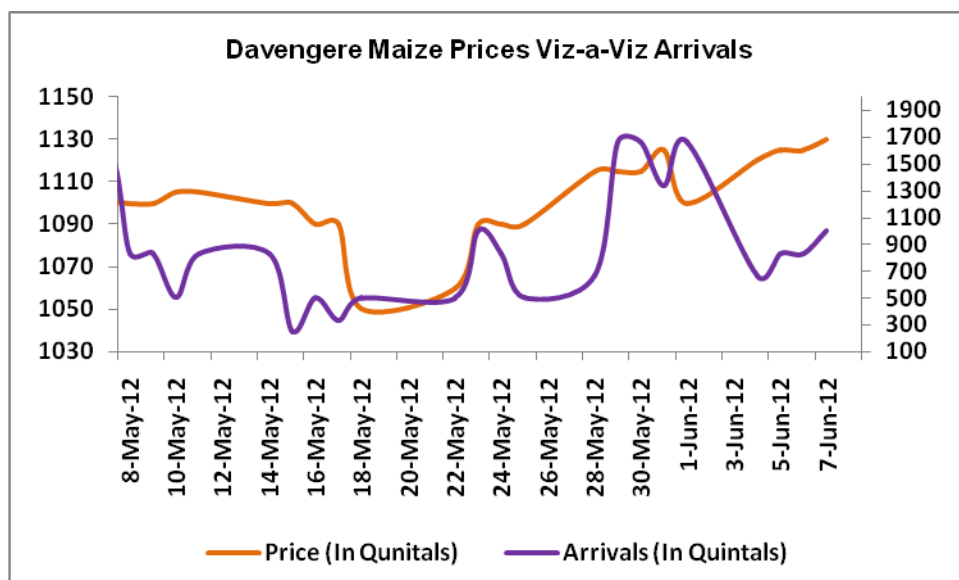
Note: Sowing Figures as on 6<sup>th</sup> June 2012



**Karnataka:** Prices have improved in Davangere market compared to the previous week. Depleting maize stocks in Karnataka, decline in maize arrivals and good local buying from Poultry and Starch Industry increased the prices.

Also, very few rake businesses reported of maize for other consuming markets due to lower stocks. Maize FOR Tirupur/Namakkal by Trucks from Karnataka quoted at Rs 11500-11600 per MT and Rs. 11600 per MT from Rake.

Meanwhile, more than 250 rakes has moved from Karnataka in this season out of which 40 rakes moved from Haveri district and 110 rakes from Ranebennuru.



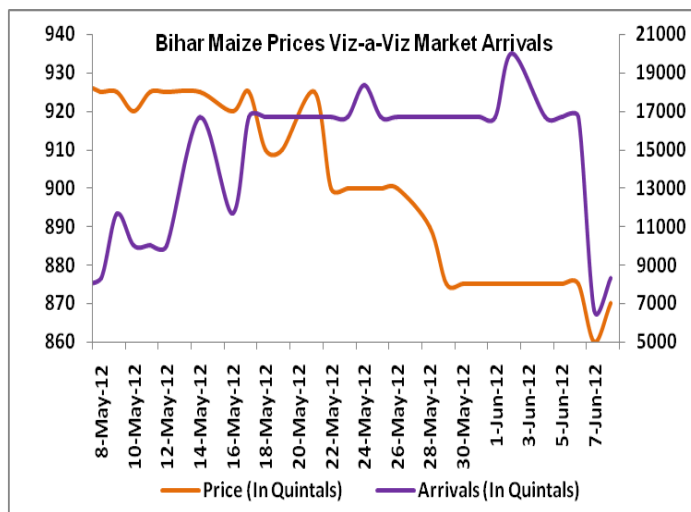
Meanwhile, dull trading activity recorded in Koppal as stocks of maize are negligible which kept the prices steady at present.

Sowing of maize has not started yet and likely to start only when monsoon hits the state. It is expected to hit Kerala by 1<sup>st</sup> June and Karnataka by 5<sup>th</sup> June as per IMD forecasts.

**Bihar:** Maize prices continuously declined in various sourcing markets during the week ended 11<sup>th</sup> June 2012. Weak demand and consistent maize arrivals kept the prices on the lower side

Prices of maize are moving steady to weak in Naugachia market during the week due to continuous arrivals in the market. Prices are trading below MSP at Rs 875 per quintal.

Meanwhile, Maize production is now estimated at 2.5 million tons in Bihar only for this season as distributed and timely rainfall in maize growing region resulted in bumper yield.



As far as rake loading is concerned, around 200 rakes have already moved from Bihar till date. Meanwhile, daily 5 rakes are loading from various stations from Bihar to various consumption centers.

Rake business of maize has been witnessed from Khagaria, Mansi, Naugachia and Gulab Bagh sourcing centers to Rajasthan, Punjab, Delhi etc. Around 6 rakes worth of business has been reported from Khagaria market till date in this season.

Around 50% stock left for maize in Bihar at present. However, late sown corn crop is still due to arrive in the market till August.

.Also, favorable weather conditions reduced the moisture content of maize to 12-13% compared to 13-14% couple of weeks ago, which is suitable for exports also.

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

**In Delhi market,** Prices are continuously declining owing to good arrivals of new maize from Bihar. In addition to it, dull demand pressurizes the prices. There are no prospects of increase in price of maize in Delhi market at present. Delhi maize prices are trading well below wheat prices, due to recent crop arrivals from Bihar, which indicates that wheat demand is likely to shift towards maize. Meanwhile, arrivals of maize from Bihar are coming by road to Delhi due to the distance of the local maize markets from Railway stations where rakes unload. Other neighboring states like Punjab and Haryana are getting maize through rakes from Bihar.

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

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Chennai	12100-12200	-	-
Kolkata	10500		
Tirupur/Namakkal	11500 -11600 Karnataka Origin	12180 – Karnataka Origin	
Kakinada	-	11000-11100 (Bihar Origin)	-

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

Buyer	Purchase Prices (Rs/MT)
VHL Hosur	11000
CP Vellore	-
Godrej Chitradurga	10900-11000

**MAIZE SPOT MARKET PRICES (Rs. /QUINTAL)**

Market	Grade	08 <sup>th</sup> June,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1050	1090	1175	1380	1225
Koppal	Bilty	1125	1100	1100	1160	1180
Davangere	Bilty	1130	1100	1100	1150	1250
Naugachia	Bilty	870	875	925	1150	1000
Nizamabad	Bilty	1080	1100	1140	1150	1210
Khagaria	Bilty	875	900	950	1200	-
Ahmadabad	Feed	1120	1140	1200	1360	1270
	Starch	1150	1175	1220	1400	1270

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



- Market is moving sideways during the week ended 11<sup>th</sup> June 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.

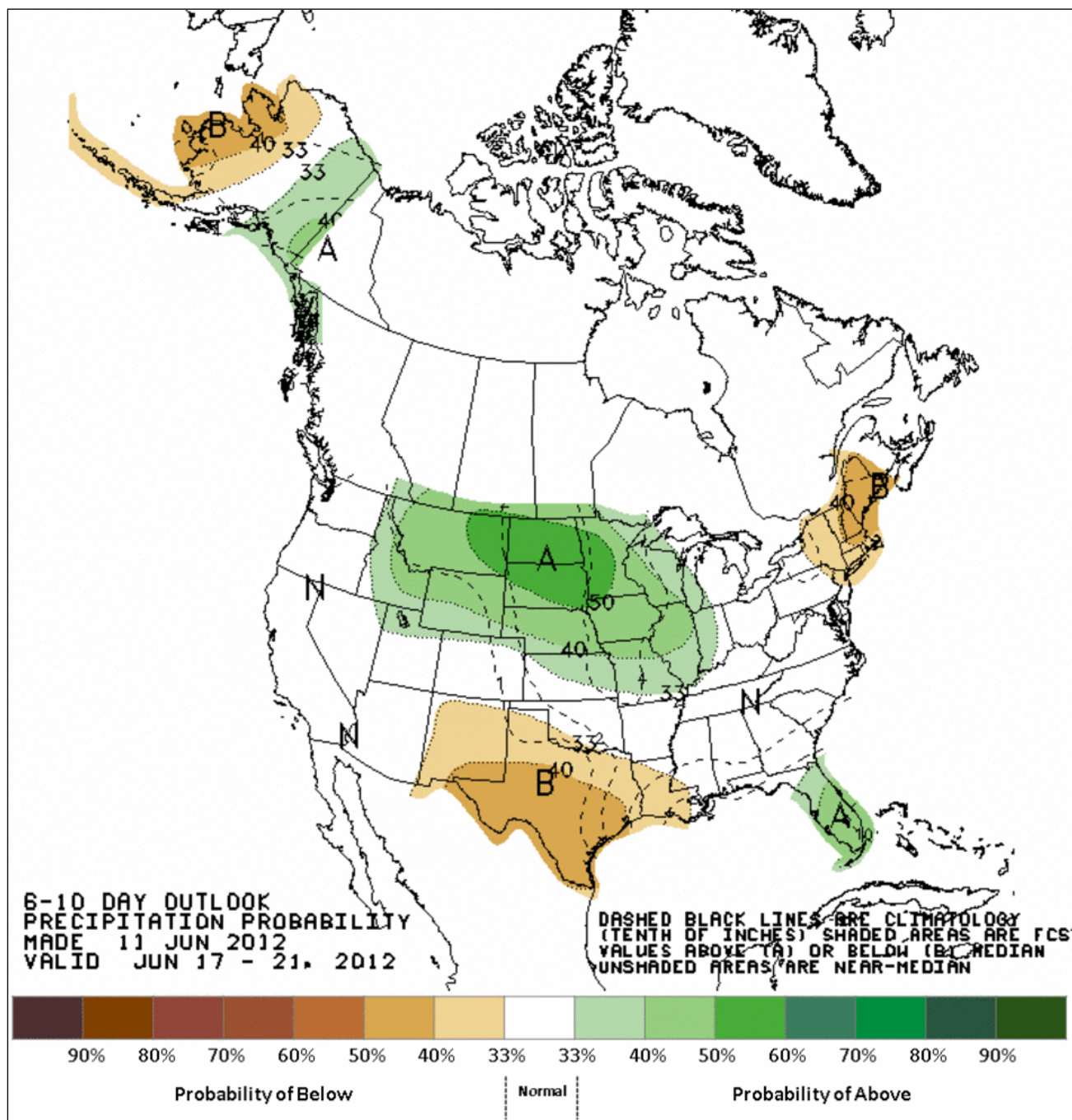
### DOMESTIC MAIZE OUTLOOK:

Maize prices are likely to continue its bear run especially in Bihar and Delhi markets due to consistent arrivals. However, prices might increase in markets based in southern part of India due to depleting maize stocks and good demand from Poultry and Starch Industries.

### INTERNATIONAL MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS:

International Maize prices improved sharply in CBOT during the week ended 11<sup>th</sup> June 2012 as China rate cut and extended dry weather in US affecting newly planted corn crop. Meanwhile, Recent USDA report shows that 69 percent of US corn standing crop is in good to excellent condition, compared to 72 a week earlier due to lack of rainfall and dry weather affecting the new planted corn.

**US Weather Forecast (One week):**



According to the precipitation outlook chart, there is around 30 to 40% probability of rainfall in the main corn belt of US like Nebraska, in the coming week.

US corn crop needs urgent rainfall which helps in the proper growth of corn plant. However, extended dryness in US might damage the corn plant.

Some Other major International Corn Highlights during the week are:

- Chinese ministry of foreign affairs might give clean chit to the Brazilian corn imports soon. It is notable that China is becoming world's biggest corn importer and expecting to import 7 million tons of corn in this season. Also, Brazil is eager to enter in Chinese corn market as Brazil has a corn surplus of around 11 million tons this year.
- US has export 3.6 million tons corn this week which takes the overall corn export figures to 30.74 million tons in 2012.
- China has imported around 1.76 million tons corn in the first four months and still there is a potential of around 5.2 million tons of corn imports in this marketing year.

### INTERNATIONAL MAIZE OUTLOOK:

**Corn prices are likely to stay range bound with firm considering concerns over US corn crop that is suffering from lack of rainfall.**

**Maize CBOT Weekly Futures Price Listing (USD/Ton)**

	Contract Month	31/5/2012	07/6/2012	Change
<b>Corn CBOT Prices</b>	<b>Jul-12</b>	218.55	233.80	<b>15.25</b>
	<b>Sep-12</b>	206.84	213.72	<b>6.88</b>
	<b>Dec-12</b>	205.46	211.17	<b>5.71</b>
	<b>Mar-13</b>	209.69	215.79	<b>6.1</b>

### CBOT MAIZE FUTURES OUTLOOK:



**(CBOT Maize Chart: July Contract)**

- Maize prices are moving downwards as the chart depicts.
- Prices are moving in range between 580 to 680 cents/ bushel, two consecutive close either side will give the prices a new direction.
- Increase in prices has not supported by volume and OI.
- Strategy: **Markets participants should buy Corn CBOT from 592 Cents/bushel level and the target would be 618 cents/bushels for next week.**

### FUTURES MARKET ANALYSIS: NCDEX MAIZE:



(July Contract Weekly Chart)

- Maize prices are moving in a downward channel as chart depicts.
- Prices are moving in a broad trading range between Rs 1115 to Rs 1220, two consecutive close either side will give the prices a new direction.
- **Strategy:** Sell from entry level.

#### Maize NCDEX (July)

Support & Resistance				
S2	S1	PCP	R1	R2
1088	1115	1147	1180	1220

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