

EXECUTIVE SUMMARY

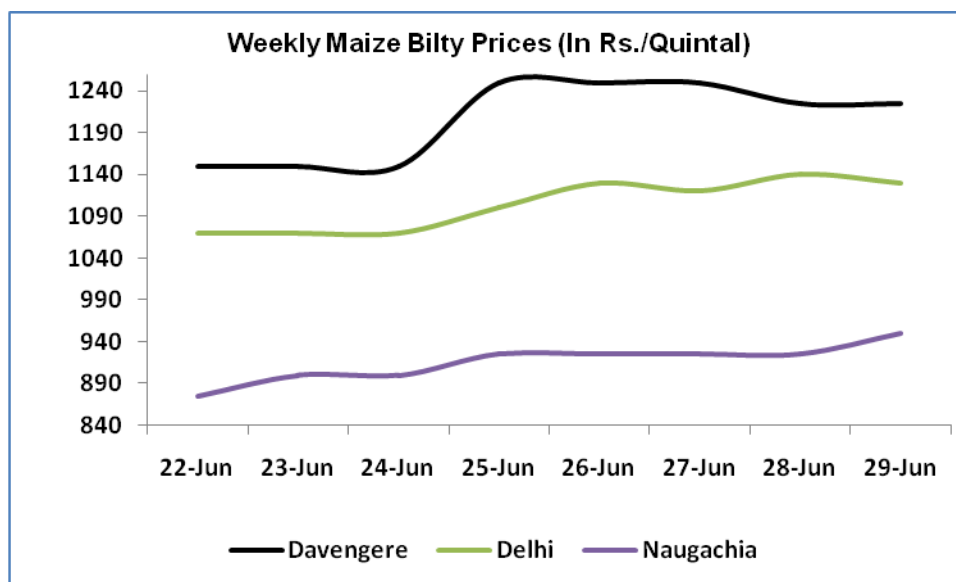
Maize prices surged sharply in various maize markets during the week ended 02th July, 2012.

Maize prices are continuously moving upwards in key spot markets due to firm spot demand from Poultry and Starch Industries and fewer arrivals of maize from Bihar as farmers and traders are holding stocks in anticipation of increase in prices.

Also, firm international sentiments and continuous depreciation of rupee get the Indian exporters in to the competition against major exporters like US, Brazil and Argentina. Presently, Indian maize FOB prices are hovering at \$270 per ton (Davengere Origin).

Recently, rake restrictions of maize from Bihar due to railway congestion in khurja line stops the supply of maize in Southern part which gives prices of maize a big boost.

Maize prices are hovering at around Rs 1170 per quintal on an average on pan India basis, improved by around 11% compared to last week. However, Prices of maize also declined by 11% Y-o-Y.



ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$305.65) improved by \$20 per ton during the week compared to the prior week as maize prices got support due to good poultry and starch industries from Southern India. In addition to it, recent appreciation in Rupee also supports the export prices of maize. Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices of maize (~\$373.15) and though getting stiff competition from Argentina (~\$292.2) and Brazil C&F (~\$290.12).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.65)				
	Argentina	Brazil	US	India (Davengere Origin)
FOB	242.22	235.12	313.15	271
Incl Cost and Freight (C&F)	292.22	290.12	373.15	305.65

India has exported around 3 million tons of maize in this marketing year till date starting in October. It is notable that Indian exporters are expected to ship around 900,000 tons of maize in the coming months. India is mainly export maize to countries like Vietnam, Malaysia and Indonesia at cheaper rates compared to US and Argentina.

However, recently Vietnam has rejected 6300 tons of Indian maize and soy meal owing to insect infestation. Vietnam officials threatened to impose import ban of Indian corn if more violation found this year. It is notable that India exports around 3 lac tons of maize to Vietnam each year.

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 in Nizamabad market in AP during the week ended 02nd July 2012 due to end of maize arrivals in the market.

Meanwhile, around 25% stock of maize still left in Nizamabad as reported. Traders are holding around 10 lac tons of maize stocks left in AP out of which 1.5 lac tons of maize left with traders in Nizamabad till date as reported.

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 0.9 lac hectares till 27th June 2012 higher than last year ~0.71 lac hectares maize sowed at same period but lower compared to normal sown area as on date ~1.52 lac hectares. Only 18% sowing has completed in AP till date.

	2012	2011	Normal (as on date)	Normal (Season)
Area Sown (In Lac hectares)	0.9	0.71	1.52	4.99

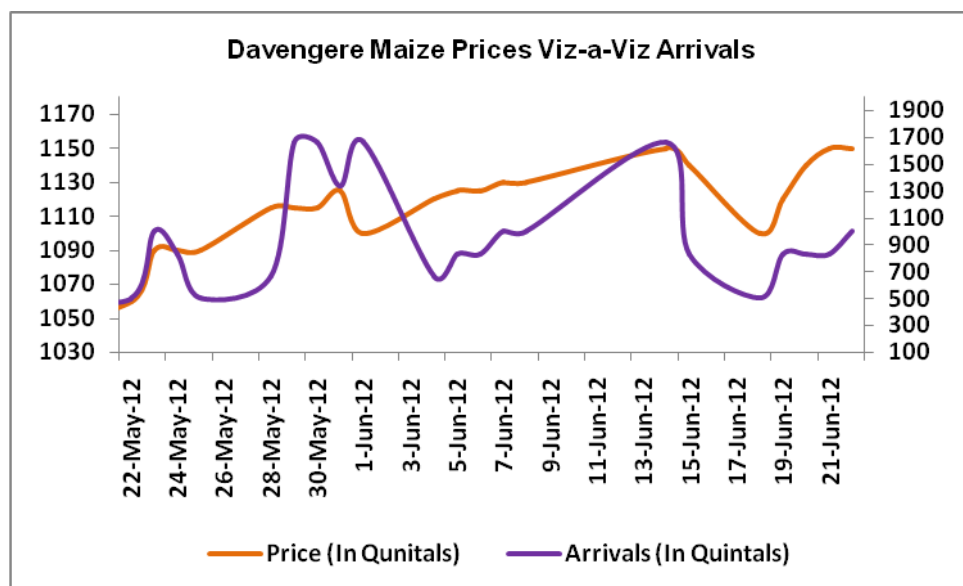
Note: Sowing Figures as on 27th June 2012

Karnataka: Prices have improved in Davangere market compared to the previous week. Good demand from domestic Poultry and starch industries drive the prices upwards.

Recently, domestic poultry feed buyers like Sugana and VHL bought maize from Davangere at Rs 1330 Bangalore delivery by road. Around 70 trucks of maize (15 tons each) moved from Davangere as reported.

However, no rake business reported in this month from Davangere market.

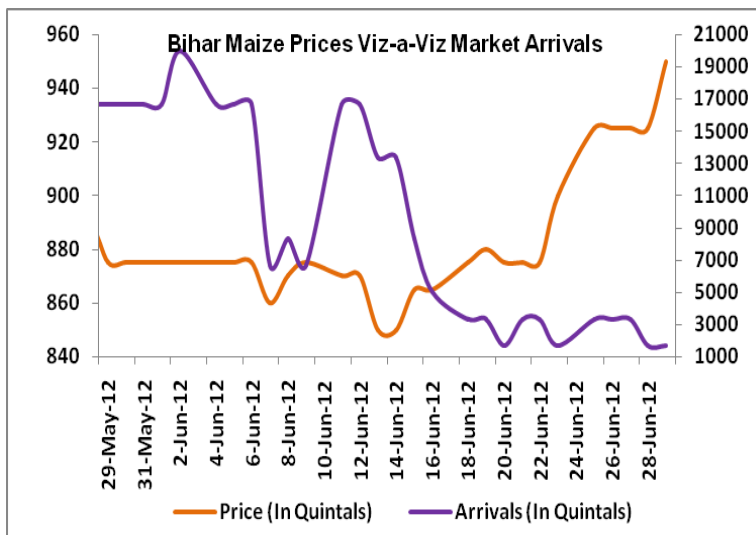
Meanwhile, more than 250 rakes has moved from Karnataka in this season out of which 40 rakes moved from Haveri district and 110 rakes from Ranebennuru.



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

Bihar: Maize prices improved in various markets of Bihar during the week ended 2th July 2012. Moderate demand and lower arrival kept the prices at higher side during the week.

Meanwhile, prices in Naugachia market stabilize at present due to decline in arrivals. Farmers are holding maize stocks at present. Also, scattered rainfall in various maize growing region in Bihar raise a concern of increase in moisture content and fungus in maize.



Rake loading restricted from Bihar to all routes due to traffic congestion at Khurja line which support the prices in Delhi as well as in Southern markets.

Around 40% maize stocks still left with farmers and traders in Bihar till date as reported. However, late sown corn crop is still due to arrive in the market till August.

In Delhi market, Prices of maize improved in Delhi market during the week due to firm demand from Poultry sector.

There are arrivals of maize from Bihar and U.P. in the northern centers. Arrivals of 250-300 quintals of maize are reported from Uttar Pradesh in Delhi.

BUSINESS FROM VARIOUS SOURCING CENTERS DURING THE SEASON TILL DATE:

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Chennai	12600	-	-
Kolkata	10700-10800		
Tirupur/Namakkal	12600 Karnataka Origin	12800 – Bihar 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 KHARIF SOWING UPDATE:

Maize sowing in India as on 27 June was 8.211 lakh hectares compared to 16.56 lakh hectares last year at the same time. Delayed sowing in Karnataka and UP due to lack of rainfall was the major reason for overall declined in sowing of maize overall this week.

MAIZE SPOT MARKET PRICES (RS. /QUINTAL)

Market	Grade	29 th , June, 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1160	1070	1100	1200	1100
Davangere	Bilty	1225	1150	1115	1100	1230
Naugachia	Bilty	950	875	875	920	1000
Nizamabad	Bilty	1225	1135	1100	1140	1280
Khagariya	Bilty	985	870	900	1000	-
Ahmedabad	Feed	1250	1225	1150	1250	1280
	Starch	1285	1225	1190	1270	1250

DOMESTIC MAIZE OUTLOOK:

Maize prices moving upwards in spot markets taking cues from strong demand from poultry and starch industries and firm international sentiments. However, increasing maize crop from UP and Punjab and expected increase in supply from Bihar might depress the prices of maize in the coming week for the shorter term as expected.

INTERNATIONAL MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS:

International Maize prices surged in most of the Corn CBOT contracts during the week ended 02th July 2012 as extended dry weather in US damage the corn crop. In addition to it, lower US corn quarterly stocks compared to last year support the corn prices in CBOT.

Meanwhile, USDA report shows that 56 percent of US corn standing crop is in good to excellent condition, compared to 63 a week earlier due to lack of rainfall and dry weather affecting the new planted corn. Majorly, corn crop condition affected in states like Kansas, Indiana and Illinois.

USDA increases its corn planting estimates for 2012-13 by 5 percent to 96.4 million acres from 2011. Farmers are expecting corn to be most remunerative crop compared to other crops which results in corn acreage for 2012-13 which is the largest area where corn sowed in eight decades.

US Corn stocks stood at 3.15 billion bushels till 1 June 2012 down by 14 percent Y-o-Y. Out of total stocks, 1.48 billion bushels are stored on farms, down by 12 percent from a year earlier. Off farms stocks stood at 1.67 billion bushels compared to 2.85 billion bushels during the same period last year.

Some Other major International Corn Highlights during the week are:

- Around 79 percent of corn crop is harvested in the marketing year 2011-12 in Argentina till this week, Source Reuters.
- EU grain lobby Cocal increased its corn production estimate for EU this year and put its overall output estimate at 65.31 million tons up by 3 million tons on its March forecast.
- USDA report shows that 56 percent of US corn standing crop is in good to excellent condition, compared to 63 a week earlier due to lack of rainfall and dry weather affecting the new planted corn. Majorly, corn crop condition affected in states like Kansas, Indiana and Illinois.

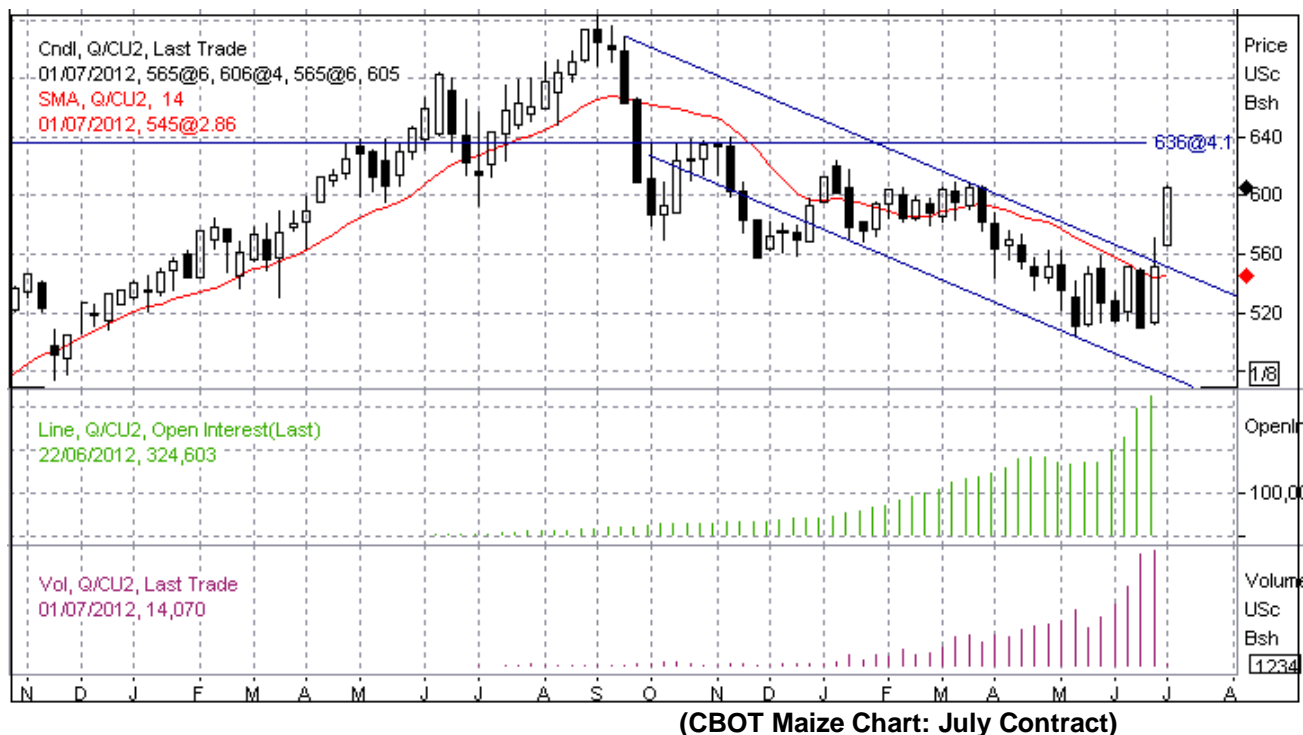
INTERNATIONAL MAIZE OUTLOOK:

Corn prices likely to surge considering damaged US corn crop from unfavorable weather and firm demand from major importers like Korea and Japan. Also, tight stock position in US support the prices of corn in CBOT for short term as expected.

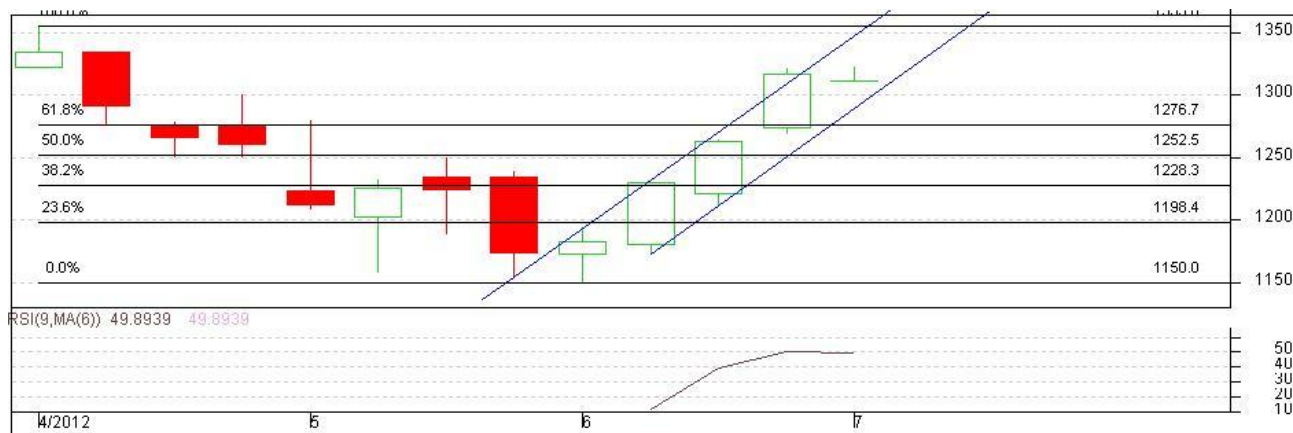
Maize CBOT Weekly Futures Price Listing (USD/Ton)

	Contract Month	21/6/2012	28/6/2012	Change
Corn CBOT Prices	Jul-12	230.85	256.63	25.78
	Sep-12	216.58	246.49	29.91
	Dec-12	216.48	248.85	32.37
	Mar-13	220.81	252.40	31.59

CBOT MAIZE FUTURES OUTLOOK:



- Maize prices have recently breach falling channel and moving upwards as chart depicts.
- Prices are likely to move in a broad trading range between 506 to 635 cents/ bushel, two consecutive close either side will give the prices a new direction.
- Increase in prices has supported by volume and OI.
- Strategy: **Markets participants should buy Corn CBOT from 600 Cents/bushel level and the target would be 624 cents/bushels for next week.**

FUTURES MARKET ANALYSIS: NCDEX MAIZE:

(August Contract Weekly Chart)

- Maize prices are moving upwards as chart depicts.
- Prices are likely to test Rs. 1355 level from where selling might occur.
- RSI is moving up near to neutral region.
- **Strategy:** Buy from entry level.

Maize NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
1252	1276	1312	1355	-

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