

## EXECUTIVE SUMMARY

Maize prices surged sharply in various maize markets during the week ended 23<sup>th</sup> July, 2012.

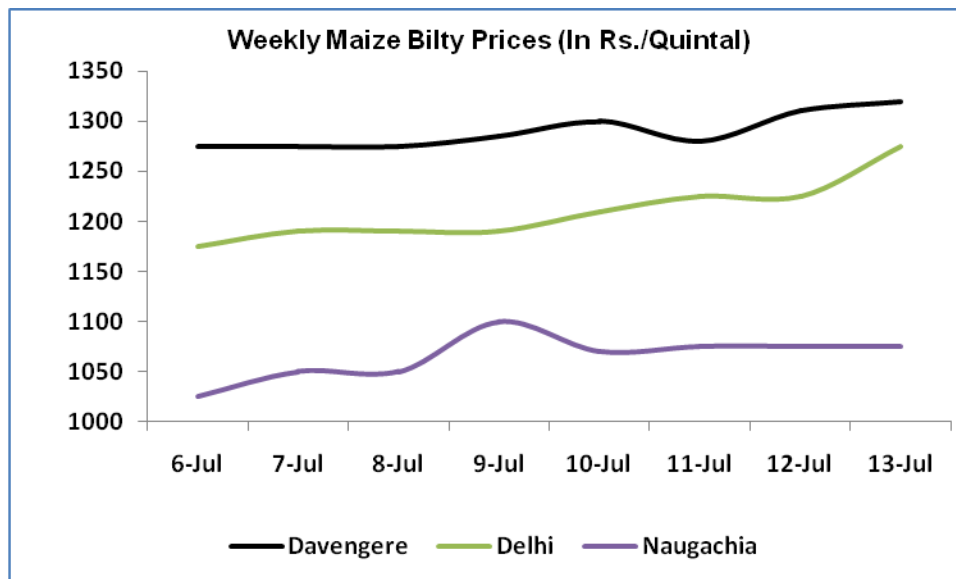
Firm spot demand from Poultry and Starch Industries and fewer arrivals of maize in sourcing markets as farmers and traders are holding stocks in anticipation of increase in prices. However, Poultry industries from Southern region feel the heat of rising corn prices and trying to shift towards wheat as a feed ingredient.

As far as sowing of maize is concerned, it is way behind last year sowing figures owing to lack of rainfall. Farmers have planted maize in 21.76 lac hectares till 13th July 2012 lower than last year ~31.38 lac hectares maize sowed at same period. Major decline in maize acreage witnessed in states like Karnataka, Rajasthan, UP and Bihar compared to last year.

Maize crop damaged in West Bengal owing to recent hailstorm as reported.

Meanwhile, Agriculture ministry increased foodgrains production estimate for 2011-12 to 257.44 million tons which is up from the food grains production estimated by government in the third advance estimate which was stood at 52.56 million tons.

Maize prices are hovering at around Rs 1259 per quintal on an average on pan India basis, improved by around 3% compared to last week.



## ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$341) improved marginally by \$1 per ton during the week compared to the prior week as maize prices got support due to good poultry and starch industries.

Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices of maize (~\$404) and though getting stiff competition from Argentina (~\$345.08) and Brazil C&F (~\$331).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.00)				
	Argentina	Brazil	US	India (Davengere Origin)
<b>FOB</b>	295.08	276	344	306
<b>Incl Cost and Freight (C&amp;F)</b>	345.08	331	404	341

India is likely to export 3.5 million tons of maize in 2011-12. Indian maize FOB prices quoted at \$300 per ton compared to Latin American maize FOB prices quoted at \$330-340 per ton.

Maize Export market is quite at present. Lower quantity of maize available for exports as most of the corn is holding by stockists as reported.

Meanwhile, maize is moving from Punjab towards Mundra and kandla port as reported.

### CURRENT MARKET DYNAMICS:

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

**Andhra Pradesh:** Maize prices were improved in Nizamabad market in AP during the week ended 23<sup>rd</sup> July 2012 due to end of maize arrivals in the market.

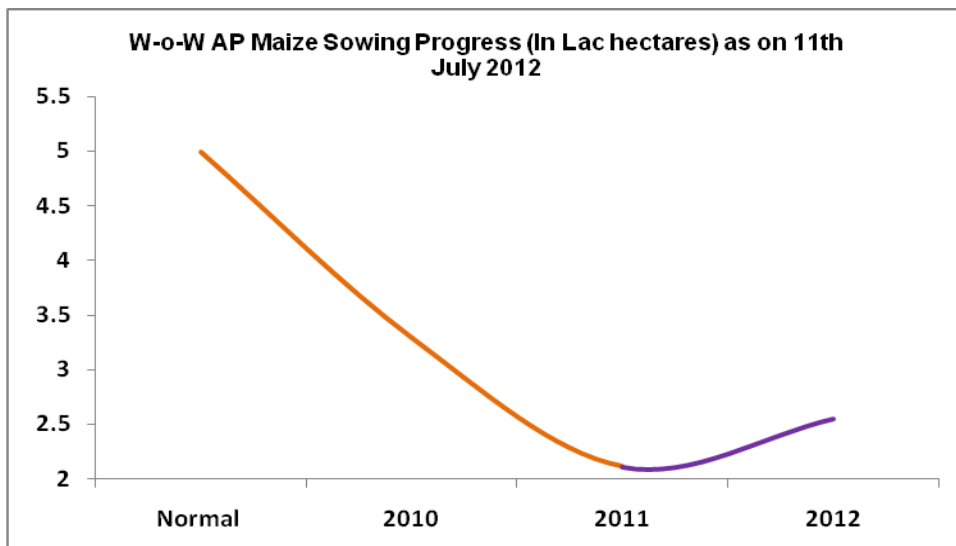
Meanwhile, around 25% stock of maize still left in Nizamabad as reported. Traders are holding around 10 lac tons of maize stocks left in AP out of which 1.5 lac tons of maize left with traders in Nizamabad till date as reported.

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:** Farmers have planted maize in 3.09 lac hectares in AP till 18th July 2012 that is lower than last year 3.35 lac hectares maize sowed at same period.

	2012	2011	Normal (as on date)	Normal (Season)
<b>Area Sown (In Lac hectares)</b>	<b>3.09</b>	3.35	3.50	4.99

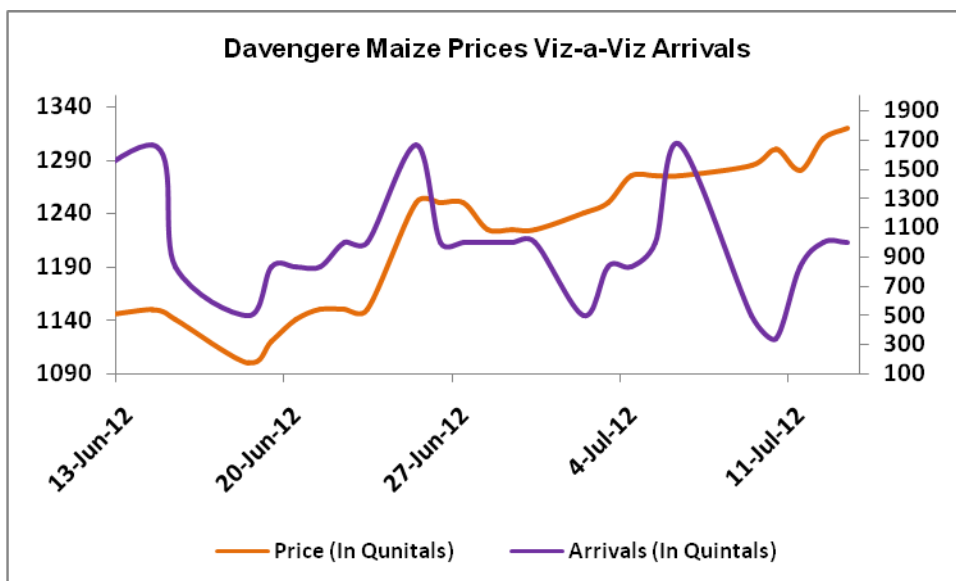
Note: Sowing Figures as on 11<sup>th</sup> July 2012



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

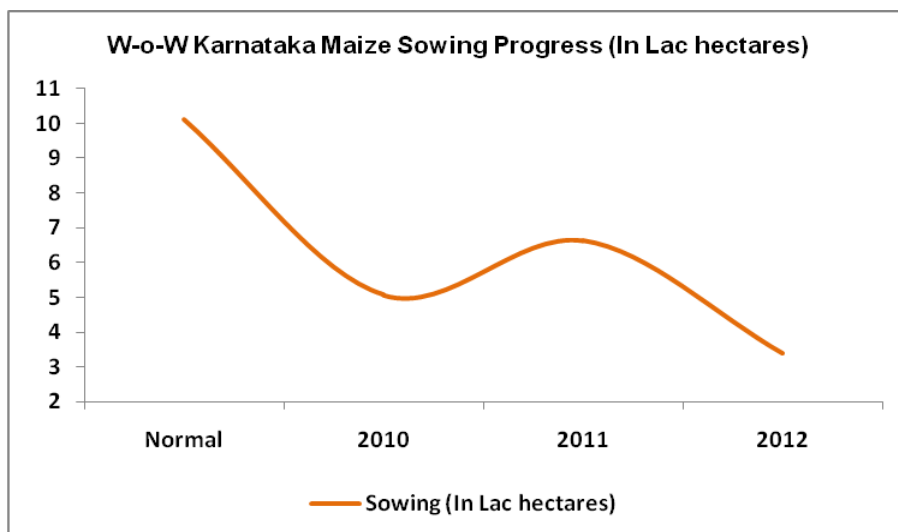
Maize is moving by roads from Davangere to Bangalore at FOR 1450 per quintal. Also, Karnataka maize delivered to Erode market is quoted at Rs 1500 per quintal FOR. Around 100 trucks of maize is moved from Davangere daily towards various consumption centers.

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



Karnataka stockists are starting liquidating maize stock at higher levels which is indicating from increase in arrivals in Karnataka markets. It is notable that around 20% maize stock still hold by traders in Karnataka as reported.

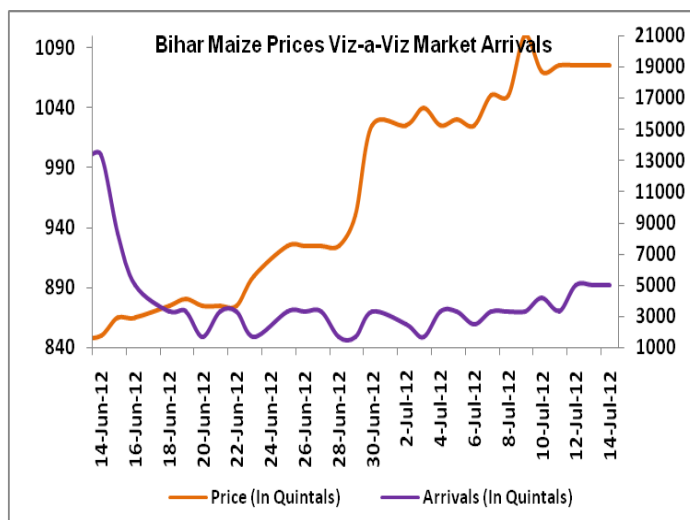
As far as sowing of maize is concerned, it is way behind last year sowing figures owing to lack of rainfall. Farmers have planted maize in 2.25 lac hectares till 4th July 2012 lower than last year ~5.4 lac hectares maize sowed at same period.



**Bihar:** Maize prices improved in various markets of Bihar during the week ended 16<sup>th</sup> July 2012. Moderate demand and lower arrival due to maize stock holding by traders and farmers support the prices 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.



Around 10% 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.

**Punjab Market:** Prices of maize surged in various markets in Punjab owing to depleting maize stocks and firm export demand of maize. It is noticeable that maize is moving from Punjab towards Mundra and kandla port.

There are fewer maize stock left in Punjab which is going to arrive in the coming week as expected.

**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 2000-2700 quintals of maize are reported from Uttar Pradesh in Delhi.

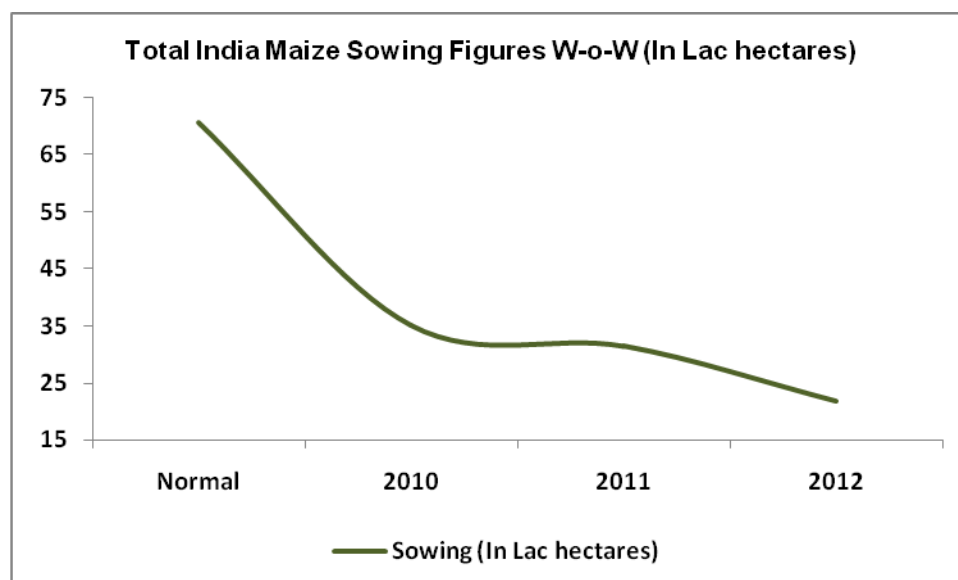
Presently, Zaid maize crop is arriving in Delhi market from UP which contributes very less acreage. Meanwhile, Farmers would start harvest maize kharif crop after August in UP which might ease the prices of maize in Delhi market as expected.

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

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Chennai	-	-	-
Kolkata	-	-	-
Bangalore	14500 (Karnataka Origin)		
Erode	15000 (Karnataka Origin)		
Tirupur/Namakkal	-	-	
Kakinada	-	No Reports	-

### MAIZE KHARIF SOWING UPDATE:

As far as sowing of maize is concerned, it is way behind last year sowing figures owing to lack of rainfall. Farmers have planted maize in 21.76 lac hectares till 13th July 2012 lower than last year ~31.38 lac hectares maize sowed at same period. Major decline in maize acreage witnessed in states like Karnataka, Rajasthan, UP and Bihar compared to last year.



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

Market	Grade	20 <sup>th</sup> , July, 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1390	1275	1040	1140	1100
Davangere	Bilty	1450	1320	1140	1050	1200
Naugachia	Bilty	1150	1075	875	910	975
Nizamabad	Bilty	1322	1294	1135	1100	1230
Ahmedabad	Feed	1500	1350	1200	1175	1265
	Starch	1525	1400	1200	1200	1230

## DOMESTIC MAIZE OUTLOOK:

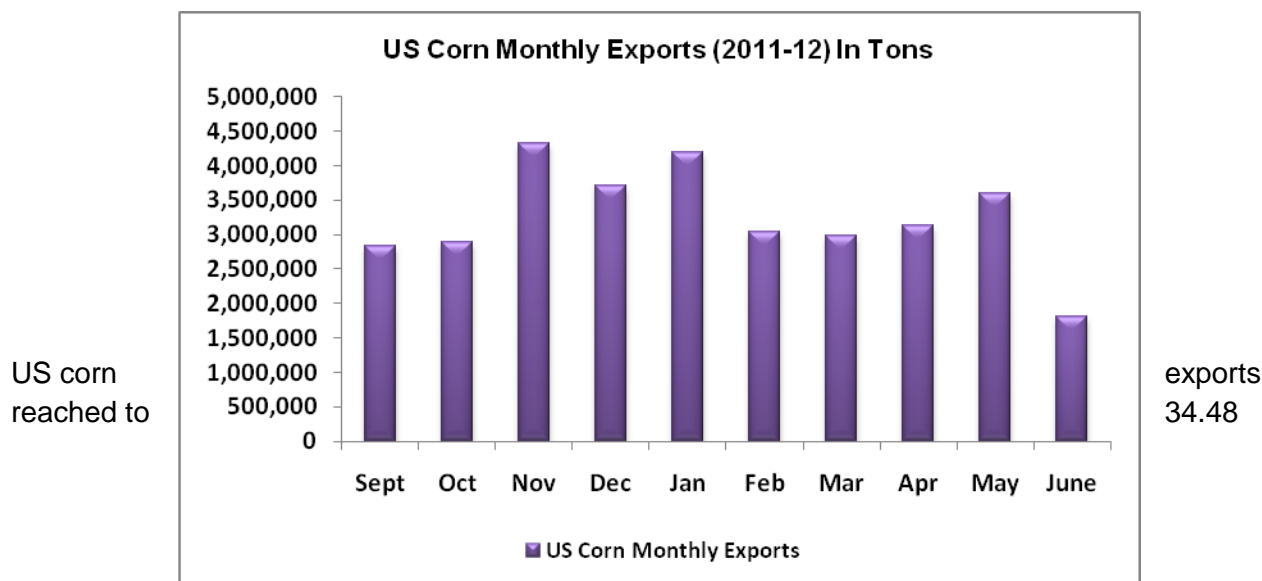
*Maize prices seems bullish in medium to long term considering firm demand and lower maize stocks. In addition to it, delayed sowing and kharif maize harvesting future prospects likely to take the prices to new high.*

## INTERNATIONAL MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS:

International Maize prices surged in most of the Corn CBOT contracts during the week ended 23<sup>th</sup> July 2012 as extended dry weather in US damage the corn crop. Corn farmers are now cutting their fields in US to feed their cattles as growing corn prices increase the costing to farmers.

Farmers are now losing hopes and trying to feed their cattles with underdeveloped corn kernels.

USDA downgrades corn crop condition to 31 percent good to excellent down from 40 percent a week ago due to lack of rainfall and dry weather affecting the new planted corn. Majorly, corn crop condition affected in states like Missouri, Indiana and Illinois.



million tons till 12<sup>th</sup> July 2012. However, US corn exports in latest reporting week stood at 31900 tons which is 82 percent down from previous week and 77 percent down from prior 4 weeks as reported.

Some Other major International Corn Highlights during the week are:

- Recently, UAE bought 20000 tons of corn from Argentina, according to news reported in Reuters.

### INTERNATIONAL MAIZE OUTLOOK:

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*Corn prices seems bullish in CBOT considering lower US corn inventory which Increased supply concern of corn among major importers of corn like Japan and China which are expected to import 16 million tons and 8 million tons respectively in 2012-13.*

Maize CBOT Weekly Futures Price Listing (USD/Ton)				
	Contract Month	05/7/2012	12/7/2012	Change
Corn CBOT Prices	Jul-12	302.28	303.56	1.28
	Sep-12	278.96	287.82	8.86
	Dec-12	278.87	288.21	9.34
	Mar-13	281.72	289.10	7.38

### CBOT MAIZE FUTURES OUTLOOK:

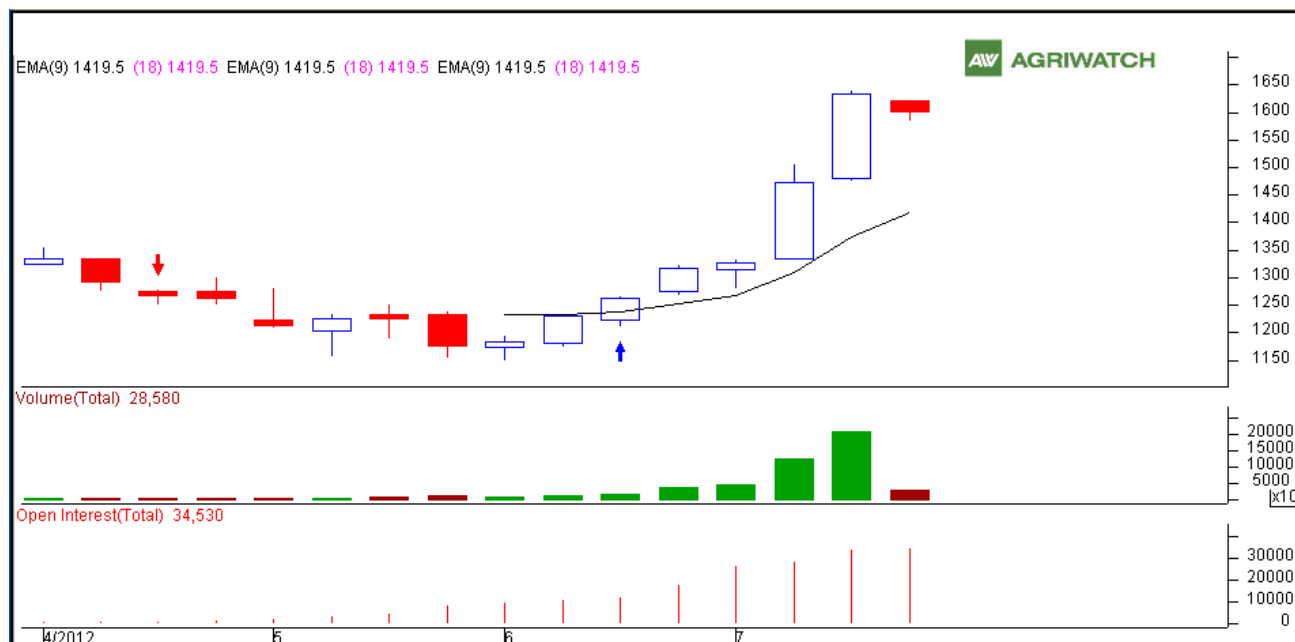
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- Maize prices moved towards downtrend as chart depicts.
- Falling open interest and prices depicts market under long liquidation phase.
- However, RSI is hovering upside in overbought region hints a possible correction in the market.
- Strategy: **Markets participants should sell Corn CBOT from 823 Cents/bushel level and the target would be 805 cents/bushels for next week.**

### FUTURES MARKET ANALYSIS: NCDEX MAIZE:





**(August Contract Weekly Chart)**

- Maize prices are moving downward as chart depicts.
- Prices are likely to test Rs. 1637 level from where selling might occur.
- RSI is moving up at overbought region.
- **Strategy:** Sell towards resistance level.

#### Maize NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
1542	1563	1595	1637	1653

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