

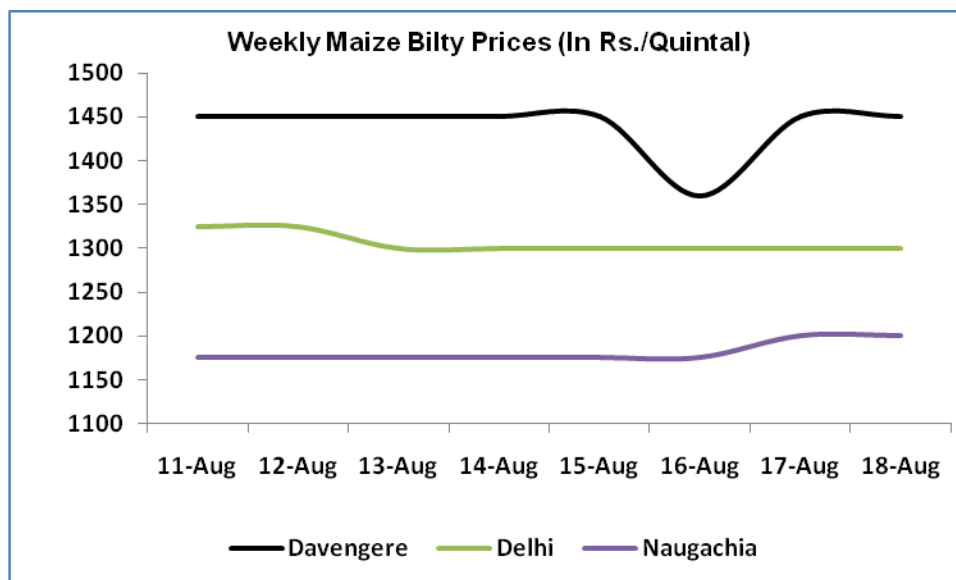
## EXECUTIVE SUMMARY

Maize prices surged sharply in various maize markets during the week ended 20<sup>th</sup> August 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 almost over and crop condition is average to good in AP. It is noticeable that there is scattered rainfall in major maize sowing region like Mahboobnagar, Nizamabad and Karimnagar.

Maize prices are hovering at around Rs 1357 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 (~\$346.09) improved marginally by \$5 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 (~\$396) and though getting stiff competition from Argentina (~\$340.00) and Brazil C&F (~\$335).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.74)				
	Argentina	Brazil	US	India (Davengere Origin)
<b>FOB</b>	290	280	336	311
<b>Incl Cost and Freight (C&amp;F)</b>	340	335	396	346.09

On Export front, India already exported around 3.79 million tons of maize in 2011-12 and still 63797 tons of maize is either exported or waiting at ports to load. Increasing export as well as domestic demand of maize and lower maize stock availability in domestic markets could drive the prices upwards in the coming days.

### CURRENT MARKET DYNAMICS:

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

**Andhra Pradesh:** Maize prices were declined in Nizamabad market in AP during the week ended 20<sup>th</sup> August 2012.

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 lac tons of maize left with traders in Nizamabad till date as reported.

However, no rakes business has been reported this week from Nizamabad. Traders 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 4.88 lac hectares in AP till 14<sup>th</sup> August 2012 that is higher than last year ~4.40 lac hectares maize sowed at same period and also higher compared to normal sown area as on date ~4.85 lac hectares. Around 101% sowing has completed in AP till date.

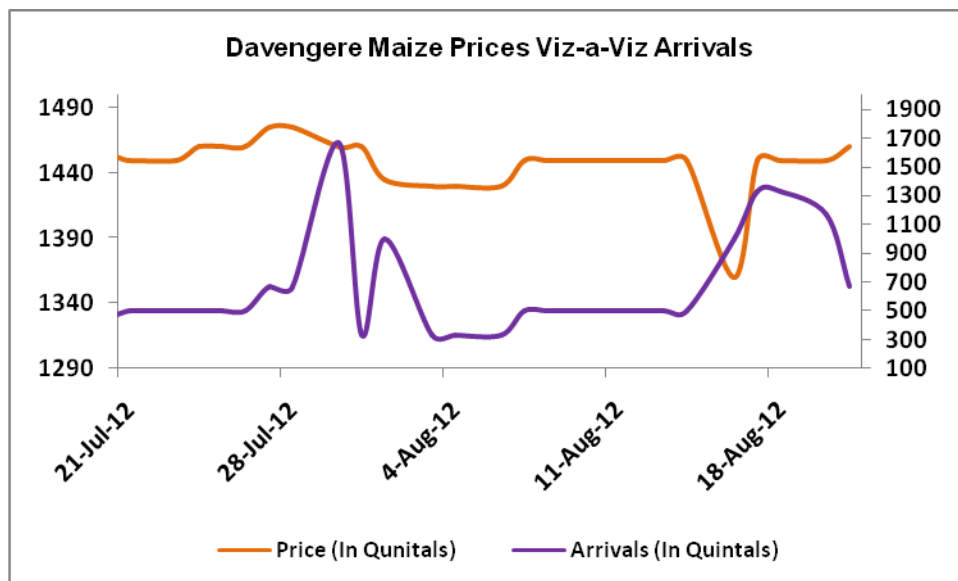
	2012	2011	Normal (as on date)	Normal (Season)
<b>Area Sown (In Lac hectares)</b>	4.88	4.40	4.85	4.99

Note: Sowing Figures as on 14<sup>th</sup> August 2012

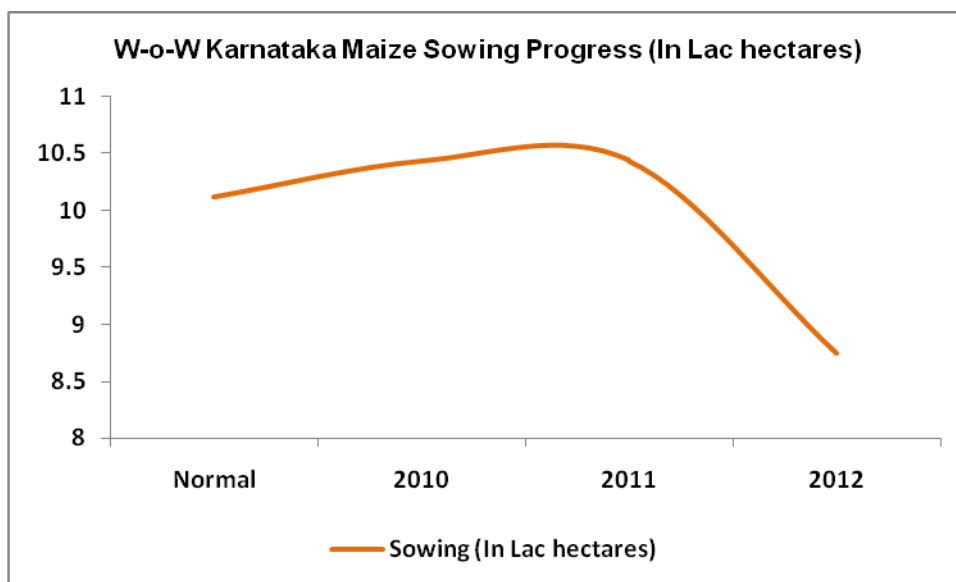
**Karnataka:** Prices have improved in Davangere market compared to the previous week. Good demand from domestic Poultry and starch industries drive the prices upwards.

Maize is moving by roads from Davangere to Bangalore at FOR 1450 per quintal.. Around 50 trucks of maize is moved from Davangere daily towards various consumption centers.

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



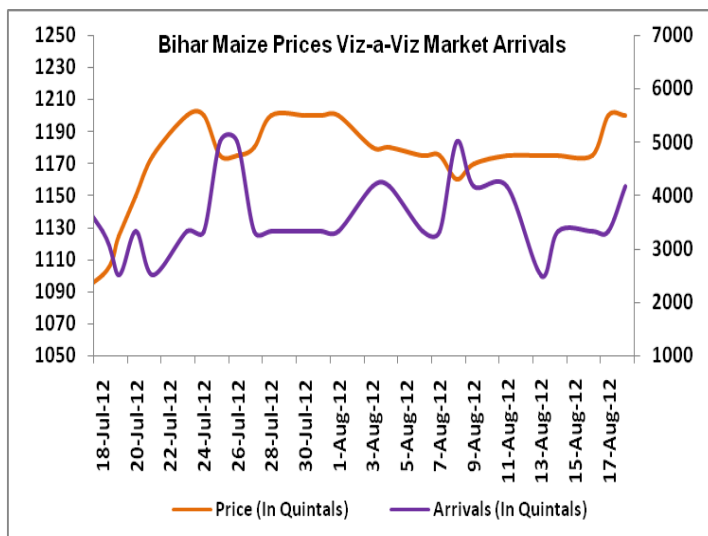
Farmers in Karnataka sowed maize in 8.75 lac hectares till 16<sup>th</sup> August 2012 which is 16% lower compared to last year maize sowed by farmers in their respective fields in Karnataka. Sowing has delayed in Karnataka owing to lower rainfall as reported.



**Bihar:** Maize prices improved in various markets of Bihar during the week ended 20<sup>th</sup> August 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.

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.

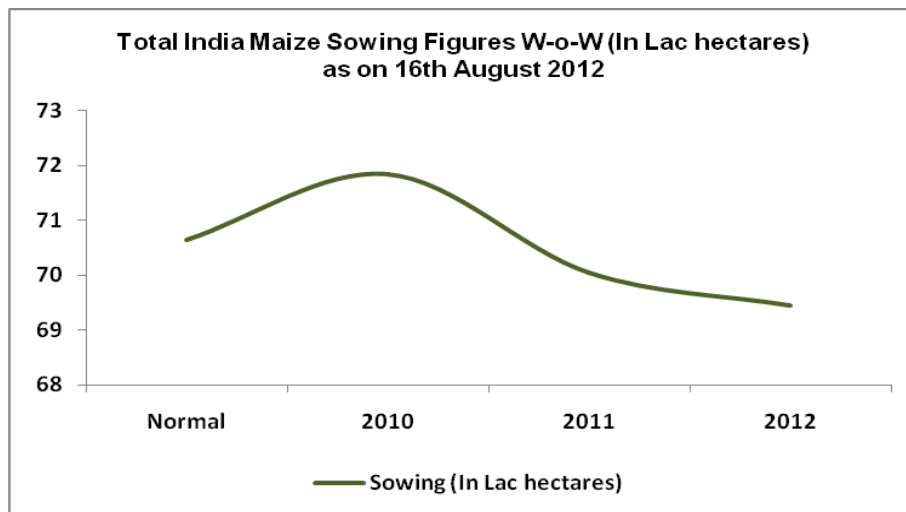
**In Delhi market,** Prices of maize improved in Delhi market during the week due to firm demand from Poultry sector.

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

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
<b>Sangli</b>	16000 (Karnataka Origin)	-	-
<b>Kolkata</b>	-		
<b>Bangalore</b>	14500 (Karnataka Origin)		
<b>Erode</b>	15000 (Karnataka Origin)		
<b>Tirupur/Namakkal</b>	-	-	
<b>Kakinada</b>	-	No Reports	-

### MAIZE KHARIF SOWING UPDATE:

Total acreage of maize in India as on Aug 16, stood at 6.94 million hectares, down marginally year on year. It is notable that sowing of maize is almost over and various trade houses are trying to figure out the yield of maize which will become crucial factor for analyzing the production of maize for the coming kharif season. However, as per Agriwatch initial survey, Yield is likely to decline in AP, Karnataka due to late sowing and lack of rainfall.



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

Market	Grade	17 <sup>th</sup> Aug,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1300	1325	1340	1035	-
Davangere	Bilty	1450	1450	1355	1140	1240
Naugachia	Bilty	1200	1170	1100	865	1050
Nizamabad	Bilty	1411	1419	1316	1050	1280
Ahmedabad	Feed	1500	1525	1440	1190	1310
	Starch	1470	1500	1450	1190	1240

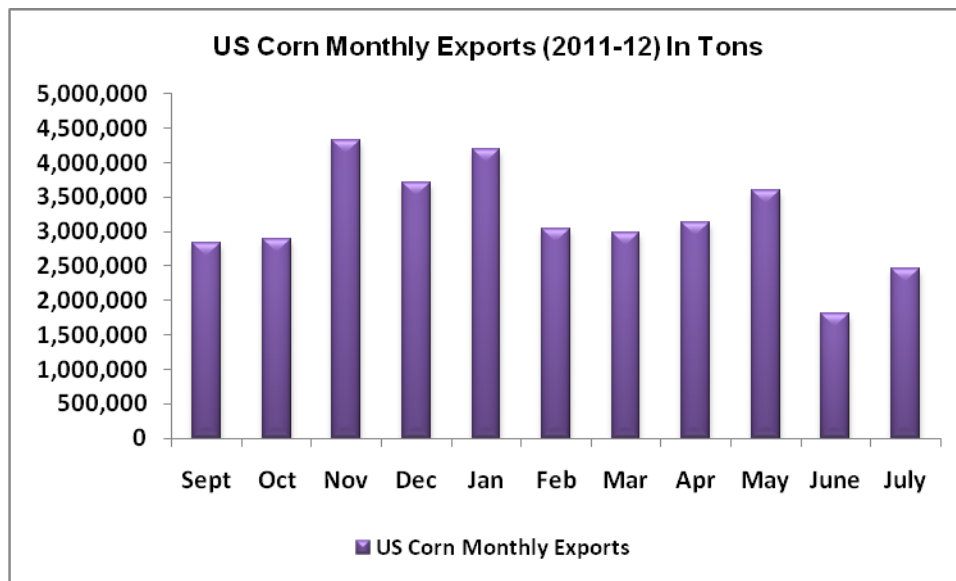
### DOMESTIC MAIZE OUTLOOK:

**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 declined in most of the Corn CBOT contracts during the week ended 20<sup>th</sup> August 2012 as rainfall forecast ease the prices upto some extent.

USDA showed 23% of the corn crop is in good to excellent conditions which is same compared to last week. As far as harvesting of US corn is concerned, around 4% corn has been harvested already which is pretty higher compared to last year ~1%.



US corn exports reached to 36.69 million tons till 9<sup>th</sup> August 2012.

Some Other major International Corn Highlights during the week are:

- Indian wheat may replace US corn as prices of wheat in India is cheapest compared to other major wheat producing countries. In addition to it, lower US corn production scenario urge feed buyers from various consuming nations to shift towards wheat from corn due to lower prices.
- Bunge says it may export corn from Brazil to US. It is notable that corn has been harvested in Brazil recently. Also, FOB prices of corn in Brazil is quite competitive ~\$274 compared to US and Argentina.
- Pakistani traders exports around 80000 tons of corn to South east Asian countries at FOB \$280-290 per ton as reported.
- China National Grain and Oil Information Center downgrades Chinese corn production by 5 lac tons to 197 million tons for 2012-13. As far as corn sowing is concerned, it is 1 million hectares lower than the estimate made in July 2012. In addition to it, corn crop is affected by insects attack in Northern and north eastern China which also bound to lower the corn production estimate for 2012-13.

## INTERNATIONAL MAIZE OUTLOOK:

**USDA forecast biggest corn harvest in history for the coming season two months ago i.e. 376 million tons. However, after now after US registered worst drought in US since 1930 slashed all hopes of record production of corn and bound USDA to slashed its US corn production estimate to 274 million tons. Analysts now predicting corn prices would test 8.90 cents/bushels level.**

Maize CBOT Weekly Futures Price Listing (USD/Ton)

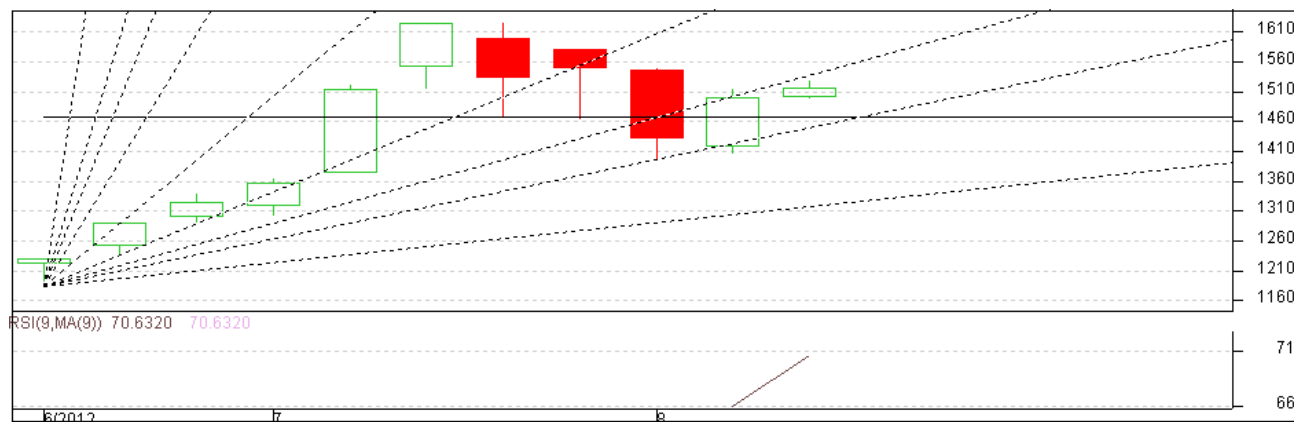
	Contract Month	8/8/2012	16/8/2012	Change
Corn CBOT Prices	Sep-12	319.11	313.99	<b>-5.12</b>
	Dec-12	321.37	317.83	<b>-3.54</b>
	Mar-13	320.19	317.73	<b>-2.46</b>
	May-13	318.13	315.08	<b>-3.05</b>

## CBOT MAIZE FUTURES OUTLOOK:



- Maize prices have in an uptrend as chart depicts.
- Prices have breach broad trading range 831 cents/ bushel, and likely to test its next resistance level i.e. 858 cents per bushels which also lying over 161.8% retracement levels.
- Increase in prices has supported by volume and OI.
- Strategy: **Markets participants should buy Corn CBOT at present levels and the target would be 858 cents/bushels for next week.**

## FUTURES MARKET ANALYSIS: NCDEX MAIZE:



(September Contract Weekly Chart)

- Maize prices are moving upwards in a broad upward channel as chart depicts.
- Rs 1520 level is very crucial, if breach then prices would move up to Rs 1624 in the long term.
- RSI is moving up at overbought region.
- **Strategy:** Buy from entry level.

### Maize NCDEX (September)

Support & Resistance				
S2	S1	PCP	R1	R2
1404	1456	1511	1520	1624

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