

## EXECUTIVE SUMMARY

Maize prices surged sharply in various key spot markets during the week ended 27<sup>th</sup> August 2012.

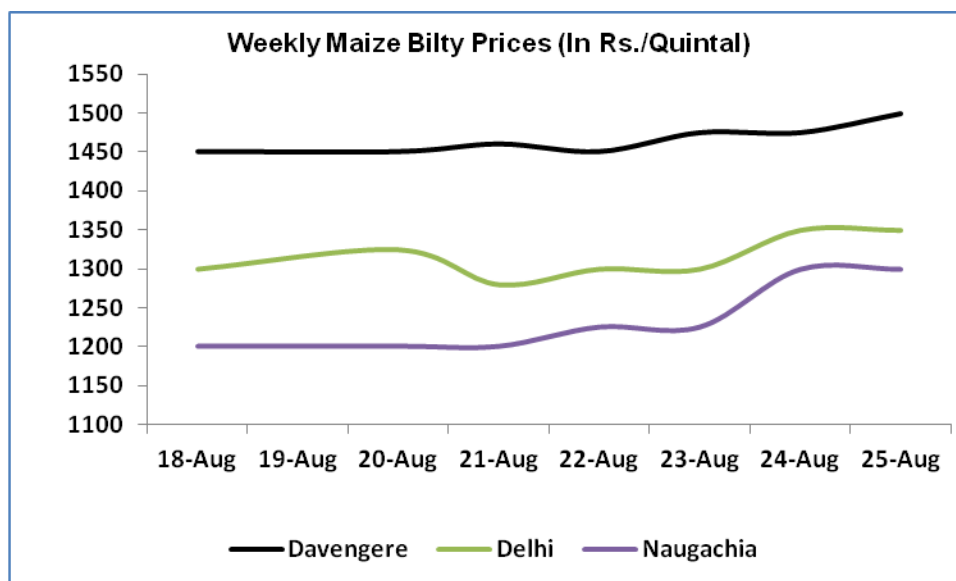
Fresh demand of maize has been witnessed from Poultry feed industries situated in Gujarat which are sourcing their stocks from UP presently.

Also, Bihar maize is moving towards Kakinada port. However, source hasn't mentioned the price levels.

Meanwhile, Poultry industries from Southern region feel the heat of rising corn prices. However, simultaneous rise in wheat prices haven't left any choice in front of feed millers to use corn as a main feed ingredient.

As far as sowing of maize is concerned, it is almost over and crop condition is average to good in condition 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 1405 per quintal on an average on pan India basis, improved by around 5% compared to last week.



## ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$356.79) improved marginally by \$10 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 (~\$343.00) and Brazil C&F (~\$333).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.495)				
	Argentina	Brazil	US	India (Davengere Origin)
FOB	293	278	336	322
Incl Cost and Freight (C&F)	343	333	396	356.79

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 improved in Nizamabad market in AP during the week ended 27<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:** Andhra Pradesh farmers sowed maize in 4.97 lac hectares till 22<sup>nd</sup> August 2012 which is 7% higher as compared to last year and also higher from normal sown area as on date ~4.90 lac hectares. Around 101% sowing has completed in AP till date. Crop condition is average in various maize growing belts owing to scattered rainfall.

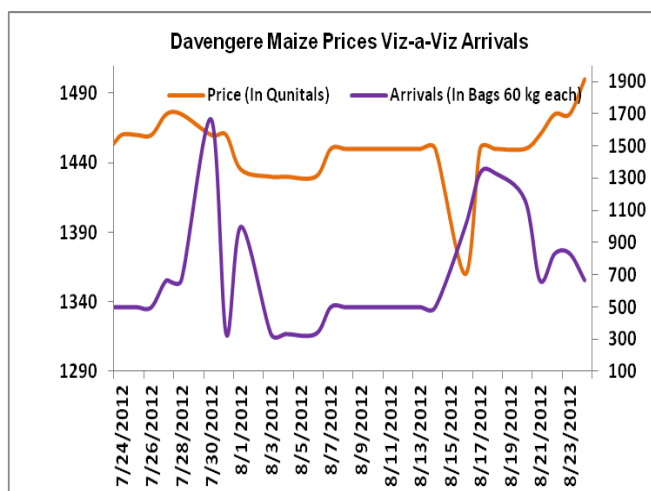
	2012	2011	Normal (as on date)	Normal (Season)
Area Sown (In Lac hectares)	4.97	4.64	4.90	4.99

Note: Sowing Figures as on 22<sup>nd</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.

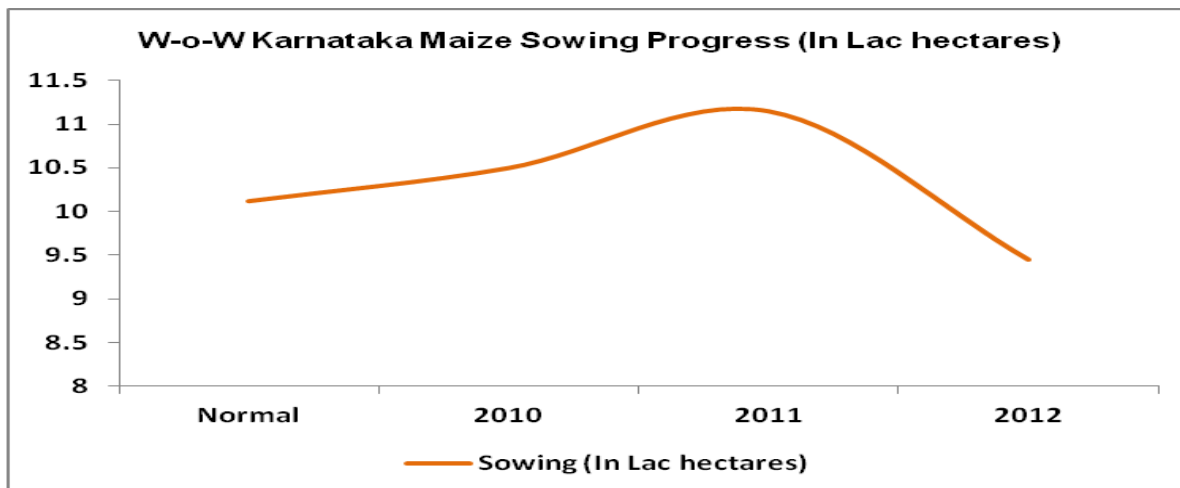
However, no rake business reported in this month from Davangere market.

Meanwhile, Farmers in Karnataka sowed maize in 9.45 lac hectares till 23<sup>rd</sup> August 2012 which is 8.27% lower compared to last year maize sowed by farmers in their respective



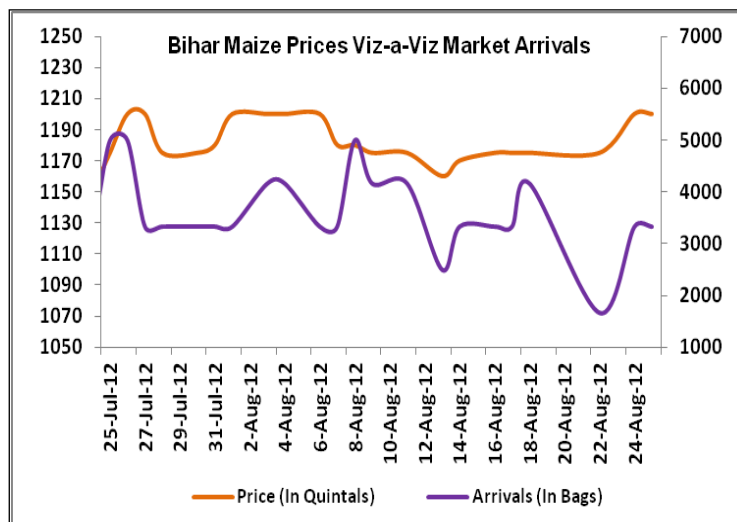
fields in Karnataka. Sowing has delayed in Karnataka owing to lower rainfall as reported.

Sources revealed in Karnataka, around 20% area shifted towards cotton from maize. Higher poultry demand amid concern of lower output keeps maize prices at upper level.



**Bihar:** Maize prices improved in various markets of Bihar during the week ended 27<sup>th</sup> August 2012. Moderate domestic as well as export demand support the prices during the week.

However, arrivals of maize have increased at higher quotes which suggest that stockists are releasing their maize stocks at higher levels. Also, scattered rainfall in various maize growing region in Bihar raise a concern of increase in moisture content and fungus in maize.



Meanwhile, Bihar maize is moving towards Kakinada port by rake for further export.

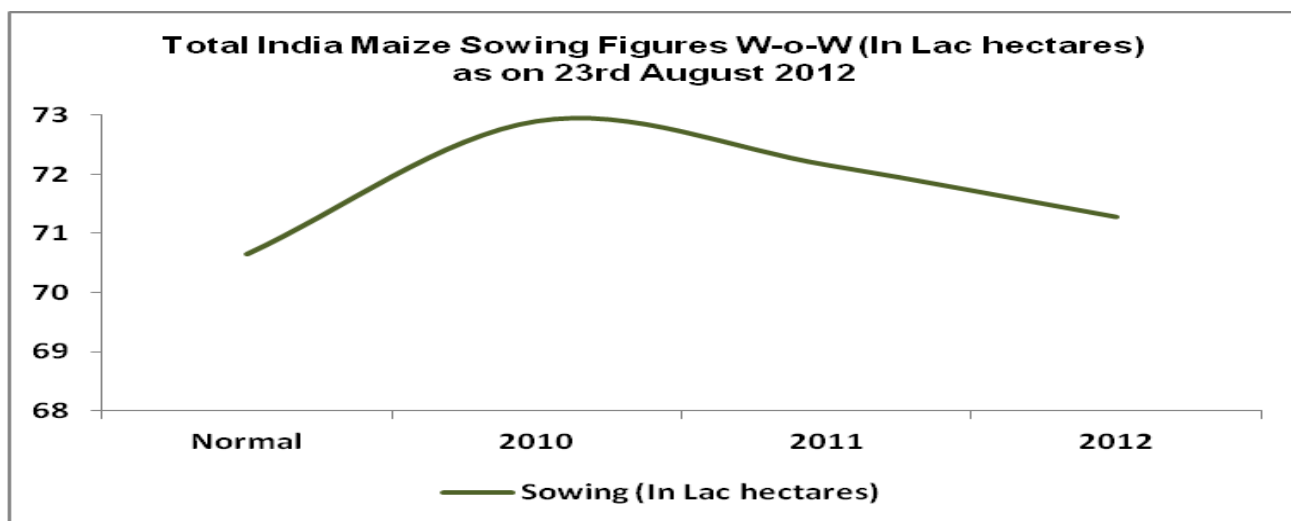
**In Delhi market,** Prices of maize improved in Delhi market during the week due to firm demand from Poultry sector.

**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 24, stood at 7.126 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	24 <sup>th</sup> Aug,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1350	1300	1400	1070	-
Davangere	Bilty	1500	1450	1460	1250	1210
Naugachia	Bilty	1300	1200	1200	900	1050
Nizamabad	Bilty	1471	1411	1377	1135	1275
Ahmedabad	Feed	1530	1500	1520	1220	1260
	Starch	1480	1470	1520	1220	1225

### 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 improved marginally in most of the Corn CBOT contracts during the week ended 27<sup>th</sup> August 2012.

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%.



As per USDA, U.S. corn export figures reached to 37.29 million tons which is lowered by 6.51 million tons from last year during the same period.

Some Other major International Corn Highlights during the week are:

- As per pro farmer group, U.S. corn yield is likely to be at 120.25 bushels per acre for 2012-13 which is far below from U.S. agriculture Department forecast at 123.4 bushels per acre.
- South Africa maize traders are anticipating 10.919 million tons output against 11 million tons forecasted earlier.
- Argentina farmers considered early sowing of corn to take advantage of good moisture in soil and high global corn prices due to the worst drought in U.S. Early planting could help in bumper corn harvesting and will replenish global stockpiles that have been depleted by the U.S. drought. As per USDA estimate, Argentina corn harvesting could increase by 33 percent to 28 million tons this year.

IGC Global Corn Estimate					
	2011-12 E	2012-13(forecast)			
		July	Aug	% change MOM	% change YOY
Production	875	864	838	-3.10%	-4.42%
Trade	95	97	90	-7.78%	-5.56%
Consumption	870	878	853	-2.93%	-1.99%
Carryover Stock	134	115	120	4.17%	-11.67%
YOY change	4		-14		

IGC recently downgraded global corn production output by 26 million tons to 838 million tons for 2012-13, largely reflected by worst drought in US.

In addition to it, weak export supplies from US and Ukraine also led the prices of corn upwards in CBOT market. However, IGC downgraded the global corn consumption outlook for 2012-13 by 2.93% M-o-M basis owing to surging corn prices as major corn importing nations like China, South Korea and Japan are shifting towards wheat as a feed substitute.

Now, all trade houses trying to estimate US corn yield for 2012-13 which would decide the direction of corn prices in future. However, considering the above factors, prices of corn are likely to continue its bull run for the medium term.

### INTERNATIONAL MAIZE OUTLOOK:

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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	16/8/2012	23/8/2012	Change
Corn CBOT Prices	Sep-12	313.99	318.32	4.33
	Dec-12	317.83	320.69	2.86
	Mar-13	317.73	320.49	2.76
	May-13	315.08	317.24	2.16

### CBOT MAIZE FUTURES OUTLOOK:



(CBOT Maize Chart: Dec Contract)

- As the chart depicts, Maize prices have upward trend in the market.
- Prices are lying over 161.8% retracement levels and may go up to 843 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 843 cents/bushels for next week.**



**FUTURES MARKET ANALYSIS: NCDEX MAIZE:**

**(October Contract Weekly Chart)**

- Maize prices are moving upwards as chart depicts.
- RSI is moving up at overbought region.
- Increase in prices with higher OI indicates to long build up in the market.
- Prices are likely to test 1626 level in the near term.
- **Strategy:** Buy from entry level.

**Maize NCDEX (October)**

Support & Resistance				
S2	S1	PCP	R1	R2
1528	1551	1560	1626	1747

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