

EXECUTIVE SUMMARY

Maize prices witnessed mixed sentiments during the week ended on 10th Sept 2012. Fresh rakes business from Bihar towards south and weak demand from Poultry and Cattle feed led the maize prices down in some markets. However, overall delay harvesting of maize in Karnataka and AP gives a hint of bullishness in medium to long term.

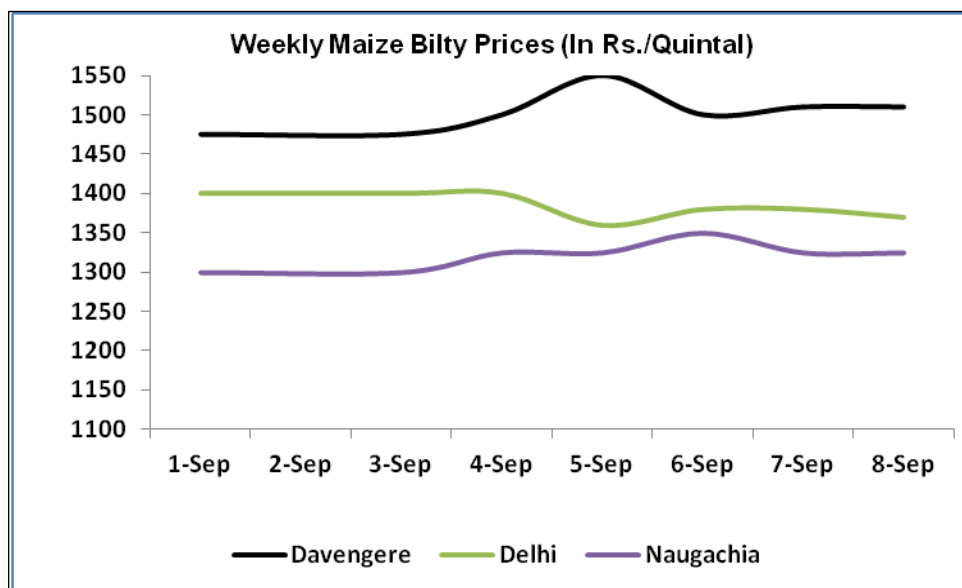
Suguna Foods sourced 2000 tons maize from Davengree and Haveri regions of Karnataka at Rs. 1580. Suguna Foods has 1000 metric tons consumption on daily basis.

Main consumer like Suguna and VHL has only 20 days maize stock, after which they will have to come in the market for new purchase which might improve the prices.

Also, one rake moved towards Chennai on 7th September at Rs. 1630-1635 per quintal from bagalkote region of Karnataka.

Director of Karnataka Co-operative Milk Producers' Federation Limited, Bangalore, and Karnataka invites tenders notice for purchase of maize.

Maize prices are hovering at around Rs 1423 per quintal on an average on pan India basis, decreased by around 0.3% compared to last week.



ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$351.59) improved marginally by \$3.54 per ton during the week compared to the prior week.

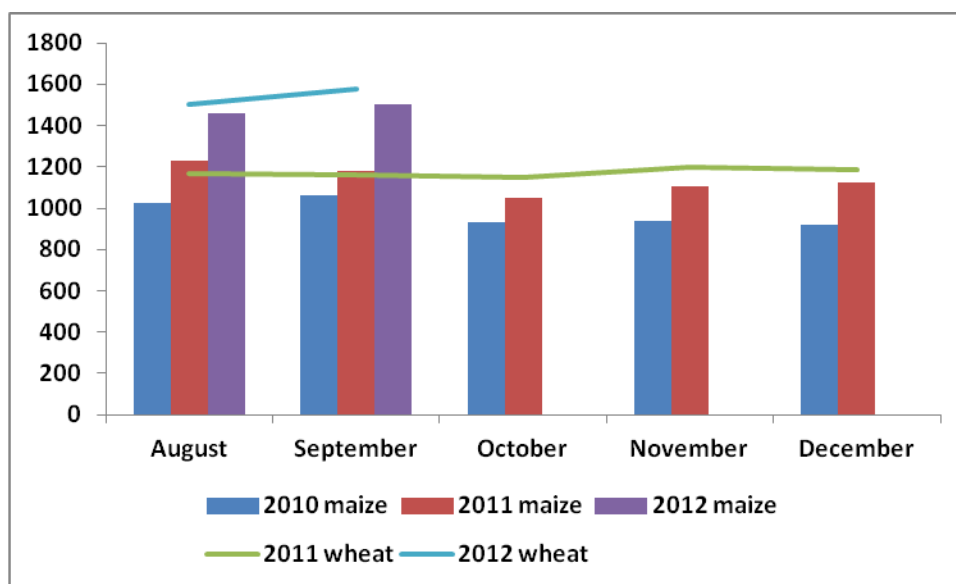
Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (~\$392) and though getting stiff competition from Argentina (~\$337.00) and Brazil C&F (~\$325).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.425)				
	Argentina	Brazil	US	India (Davengere Origin)
FOB	287	270	332	317
Incl Cost and Freight (C&F)	337	325	392	351.59

On the Export front, India maize export figures reached to 3.89 million tons in the 2011-12 year till date.

Reportedly, Bangladesh started maize import at \$252-\$262 from the Bihar region. Increasing export as well as domestic demand with the lower maize stock availability in domestic markets could drive the prices towards upward direction in the coming days.

Comparative Maize vs Wheat Prices



As the chart depicts, generally maize prices stay lowest in the month of October due to new crop arrivals and wheat prices goes up on seasonal factor august onwards, supported by higher wheat products demand amid festive season up to December end. However in the current season, late sowing of maize crops due to delayed monsoon may extend harvesting time at least by 15-20 days and it may support maize price in the month of October against the previous trend. We expect prices of maize to decrease in the month of November onwards. As against this, wheat prices start firming up from the month of August and continue to increase up to February end. Generally, maize exports go up and wheat exports come down due to difference of prices. We expect wheat export to come down January onwards against higher maize exports. Under common assumption, arrival of maize affects wheat exports.

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 8th September 2012.

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: In Andhra Pradesh, farmers has sown maize in 5.18 lac hectares till 5th September 2012 which is 6.9% higher as compared to last year and also higher from normal sown area as on date ~4.99 lac hectares. Around 104% sowing has completed in AP till date. Crop condition is reportedly good in various maize growing belts of AP owing to recent heavy rainfall.

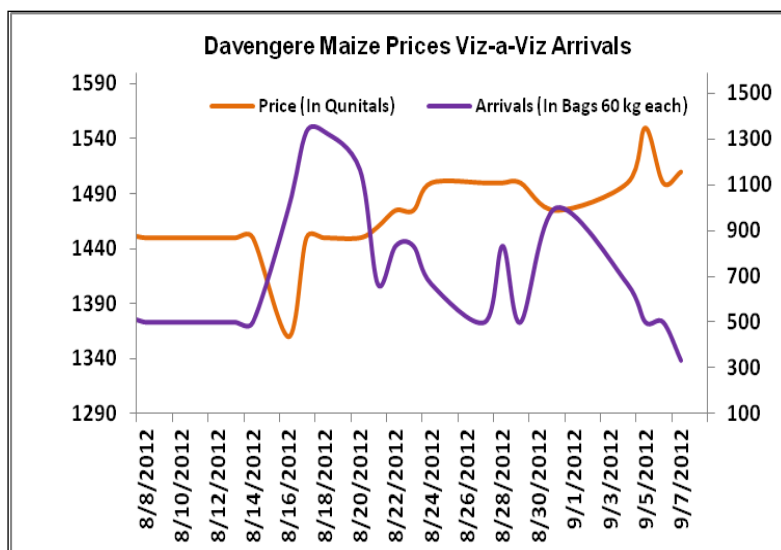
	2012	2011	Normal (as on date)	Normal (Season)
Area Sown (In Lac hectares)	5.18	4.82	4.99	4.99

Note: Sowing Figures as on 5th September 2012

Karnataka: Prices have improved in Davangere market compared to the previous week.

One rake moved towards Chennai on 7th September at Rs. 1630-1635 per quintal from bagalkote region of Karnataka.

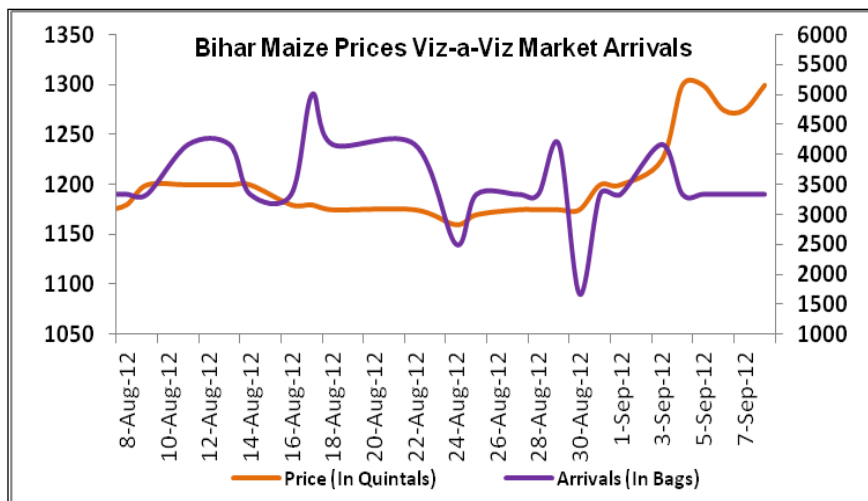
Recent rainfalls in Karnataka boost the standing maize Kharif crop and might offset the impact of drought upto some extent. However, crop may arrive up to 1 week of November in the market due to delayed sowing.



Bihar: Maize prices improved in various markets of Bihar during the week ended 8th September 2012. Moderate domestic as well as export demand support the prices during the week.

Recently, 2 rake businesses have been reported from Bihar to karnataka at FOR 1505 per quintal.

However, arrivals of maize are steady.



In Delhi market, Maize prices are moving downwards in Delhi markets considering consistent maize arrivals from UP markets. However, considering higher wheat prices and weak stock position of maize with Poultry millers would bound them to shift towards maize in the coming couple of weeks.

BUSINESS FROM VARIOUS SOURCING CENTERS DURING THE SEASON TILL DATE:

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Sangli	16000 (Karnataka Origin)	-	-
Delhi	14000 (UP origin)		
Bangalore	14500 (Karnataka Origin)		
Erode	15000 (Karnataka Origin)		
Gujarat	15500(UP Origin)	-	
Karnataka	-	(15050) Bihar Origin	-

MAIZE SPOT MARKET PRICES (RS. /QUINTAL)

Market	Grade	7 th Sep,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1380	1400	1360	1360	1050
Davangere	Bilty	1510	1475	1450	1450	1240
Naugachia	Bilty	1325	1300	1175	1175	1050
Nizamabad	Bilty	1555	1563	1420	1420	1230
Ahmedabad	Feed	1500	1570	1525	1525	1240
	Starch	1540	1550	1510	1510	1190

DOMESTIC MAIZE OUTLOOK:

Maize prices are moving in a range with weak tone during the week. Pure speculative activities pressured maize prices at NCDEX futures considering upcoming expiry of Sept. contract. However, international sentiments seem bullish at present. Meanwhile, keeping in view delayed sowing and harvesting prospects of maize for the coming kharif crop give us a hint of bullishness for medium to long term.

INTERNATIONAL MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS:

Corn prices are moving range bound in International arena. Higher pace of harvesting and lower corn yield kept the prices in a range.

As per USDA sowing progress report, 58% corn crop was reported in maturity stage till date, higher by 33% from last year. 15% corn crop has harvested, higher by 10% from last year during the same period. 22% crop was reported in good to excellent condition, same from last week and lowered by 31% from last year during the same period.

As per USDA, U.S. corn export figures reached to 37.899 million tons which is lowered by 7.35 million tons from last year during the same period.



Some Other major International Corn Highlights during the week are:

- China's biggest ever imports of corn may support to continue a record rally in Chicago that has been driven by drought across the U.S. Midwest. As per custom data, shipments in the first 10 months of the 2011-2012 marketing year were 4.2 million tons, near the record 4.3 tons in 1995-1996 and it may climb to 7 million metric tons in the year starting Oct. 1 from about 5 million tons this year.
- As per USDA, U.S. corn exports were reported down by 37 % to 2,35,400 MT from the previous week and 55% from the prior 4 week average.
- As per European traders, A Libyan state grains agency in Benghazi has issued an international tender to purchase 15,000 tons of yellow corn. Shipment was sought for September and bidding deadline is Sept. 10. Indonesia is likely to reduce corn imports by 35% to 2 million tons due to higher global corn prices.
- Argentina's government authorized 2.75 million tons of corn export from the 2011-12 crops, bringing to 16.45 million tons the amount of corn that can be shipped abroad from that harvest. The Agriculture Ministry said in a statement that the authorities have authorized 15 million tons of corn exports from the coming 2012-13 harvest.
- Earlier this year, the Indonesian Feed Mill Association said corn imports would fall by 2 million tons to 1.5 million tons, due to increase in Indonesian production at 9-10 million tons in 2012 but now it revised it at 8-9 million tons.

INTERNATIONAL MAIZE OUTLOOK:

Corn prices in CBOT traded range bound during the week. With continuous rainfall in major corn producing states of US and increasing harvest we expect prices to remain stable and should trade in range in the coming week. However, upcoming actual yield results of corn would decide the future of the corn prices further.

Maize CBOT Weekly Futures Price Listing (USD/Ton)

	Contract Month	23/8/2012	30/8/2012	Change
Corn CBOT Prices	Sep-12	318.32	319.41	+1.09
	Dec-12	320.69	318.23	-2.46
	Mar-13	320.49	318.32	-2.17
	May-13	317.24	315.47	-1.77

CBOT MAIZE FUTURES OUTLOOK:



(CBOT Maize Chart: Dec Contract)

- As the chart depicts, Maize prices are moving in a range.
- 161.8% retracement level seems like a strong support level.
- Increase in prices with lower volumes and OI indicates to weak market.
- Strategy: **Markets participants should buy Corn CBOT at 803 levels and the target would be 816 cents/bushels for next week.**

FUTURES MARKET ANALYSIS: NCDEX MAIZE:

(October Contract Weekly Chart)

- Candlestick formation reveals that maize prices take correction from the current level.
- However, increase in prices with lower volumes and OI indicates to weak market.
- Prices are likely to test 1353 level in the near term.
- **Strategy:** Buy from near support level.

Maize NCDEX (November)

Support & Resistance				
S2	S1	PCP	R1	R2
1280	1300	1313	1353	1397

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