

## EXECUTIVE SUMMARY

Slightly weak sentiments witnessed in the major spot markets of maize during the week ended on 15<sup>th</sup> 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, at the week end, Maize Tender of 12000 metric tons offered by Karnataka Co-operative Milk Producers' Federation Limited, Bengaluru, Karnataka settled at Rs. 1674 support the maize prices to move up in the market.

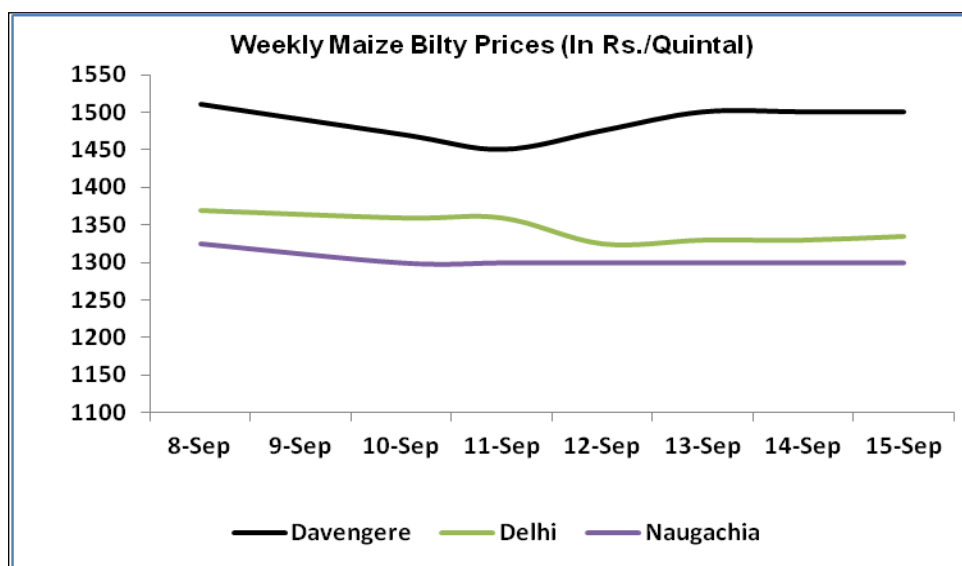
Ahmadabad feed millers are purchasing around 15000 tons maize on daily basis from Uttar Pradesh and Bihar regions.

Sources revealed that in Davengre region of Karnataka, LD has 250 ton and Olam has 600 ton corn stock.

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

As per recent update, crop has started to arrive in Warangal district of Andhra Pradesh. However, volume is pretty low.

Maize prices are hovering at around Rs 1416 per quintal on an average on pan India basis, decreased by around 0.5% compared to last week.



## ON THE EXPORT FRONT:

Indian C&F Maize prices (~\$357) improved marginally by \$5.41 per ton during the week compared to the prior week.

Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (~\$384.3) and though getting stiff competition from Argentina (~\$332.43) and Brazil C&F (~\$309.1).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 55.425)				
	Argentina	Brazil	US	India (Davengere Origin)
<b>FOB</b>	282	254	324	322
<b>Incl Cost and Freight (C&amp;F)</b>	332.43	309.1	384.3	357

On the Export front, India maize export figures crossed 4 million tons approx. 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.

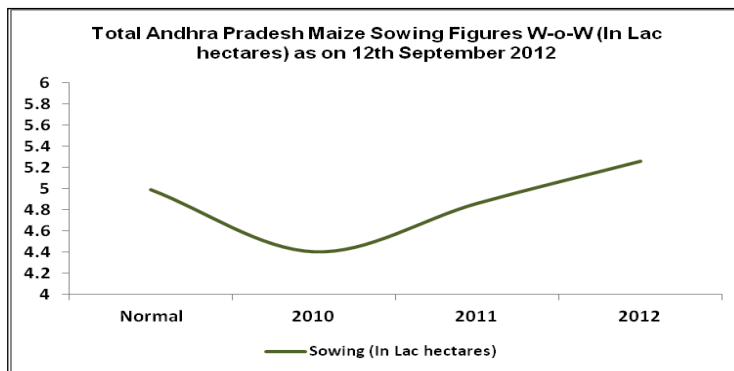
### CURRENT MARKET DYNAMICS:

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

**Andhra Pradesh:** Maize prices were decreased in Nizamabad market in AP during the week ended 15<sup>th</sup> 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 weeks.

**Sowing Update:** In Andhra Pradesh, farmers has sown maize in 5.26 lac hectares till 12th September 2012 which is 7.6% higher as compared to last year and also higher from normal sown area as on date ~4.99 lac hectares. Around 105% 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)
<b>Area Sown (In Lac hectares)</b>	<b>5.26</b>	4.86	4.99	4.99

Note: Sowing Figures as on 12<sup>th</sup> September 2012

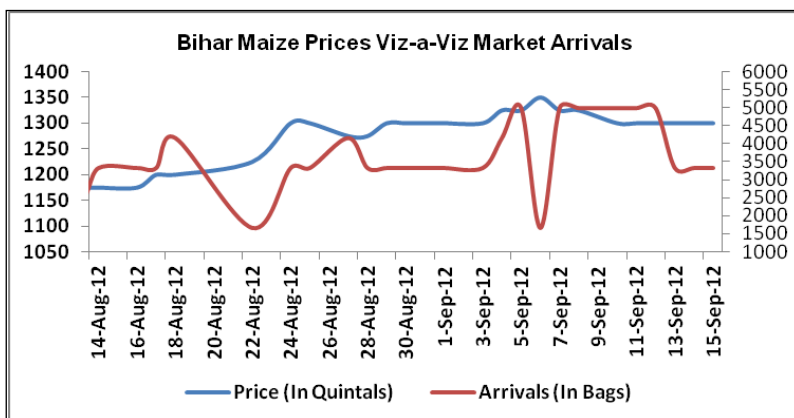
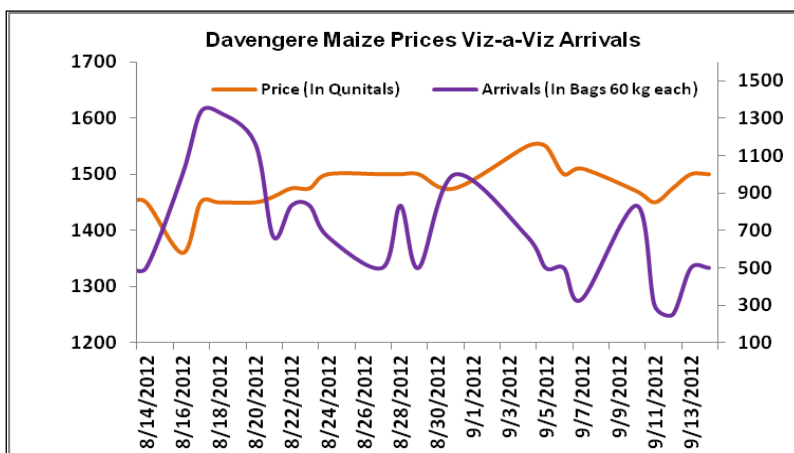
**Karnataka:** Prices have decreased in Davangere market compared to the previous week.

Maize Tender of 12000 metric tons offered by Karnataka Co-operative Milk Producers' Federation Limited, Bengaluru, Karnataka settled at Rs. 1674 support the maize prices to move up in the market.

However, recent rainfall in Karnataka gives benefit to the maize yield and avoids further damage.

**Bihar:** Maize prices slightly down in various markets of Bihar during the week ended 15<sup>th</sup> September 2012. Moderate domestic as well as export demand from Bangladesh support the prices at lower level.

Arrivals of maize were also down during the week.



**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
<b>Sangli</b>	16000 (Karnataka Origin)	-	-
<b>Delhi</b>	14000 (UP origin)		
<b>Bangalore</b>	14500 (Karnataka Origin)		
<b>Erode</b>	15000 (Karnataka		

	Origin)		
<b>Gujarat</b>	15500(UP Origin)	-	
<b>Karnataka</b>	-	(15050) Bihar Origin	-

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

Market	Grade	14 <sup>th</sup> Sep,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
<b>Delhi</b>	Hybrid	1330	1380	1300	1350	-
<b>Davangere</b>	Bilty	1500	1510	1360	1350	1190
<b>Naugachia</b>	Bilty	1300	1325	1175	1075	1050
<b>Nizamabad</b>	Bilty	1491	1555	1412	1302	1210
<b>Ahmedabad</b>	Feed	1490	1500	1500	1350	1200
	Starch	1500	1540	1470	1400	1150

### DOMESTIC MAIZE OUTLOOK:

Maize prices are moving down due to weak international market and improvement in rainfall. However, 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 down in the International market due to increase in U.S. Midwest harvesting which is bringing fresh supplies to the market.

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 379,14,800 metric tons for the 2011-12 marketing year which is lowered by 73,41,606 metric tons from the last marketing year during the same period. Exports for September 1-6 were 249,400 metric tons, mainly for South Korea (57,500 MT), China (54,600 MT), Mexico (45,500 MT), and Japan (39,600 MT).



Meanwhile, good sowing of corn reported in Argentina owing to higher remuneration in corn and recent rainfall.

Some Other major International Corn Highlights during the week are:

- Argentina will export an additional 2.75 million tons of corn from its 2011-12 crop which is expected to ease the tight international markets.
- The U.S. corn harvest is likely to be at 10.727 billion bushels, down slightly from last month's estimate of 10.779 billion but above from analysts' average estimate of 10.38 billion, which would be the smallest corn crop in six years, and the lowest yield in 17 years at 122.8 bushels per acre.
- As per CNGOIC report, China's 2013 corn imports is likely to be 1 million tons which would be the lowest imports of the grain made by China since 2009 due to increase in global prices. It is estimated that China would buy 5.5 million tons for the year 2012.
- Korea Feed Association (KFA) bought 55,000 tons U.S. and South American origin corn via a tender at \$330.59 per tons on a cost and freight (CFR) basis from STX Corp for arrival by Jan. 10, 2013.

### INTERNATIONAL MAIZE OUTLOOK:

Corn prices in CBOT traded down during the week due to rapidly advancing U.S. harvest which is bringing fresh supplies to the market. However, we expect demand likely to weigh over supply in International markets which likely to surge the corn prices upwards in the coming weeks.

Maize CBOT Weekly Futures Price Listing (USD/Ton)				
	Contract Month	13/9/2012	06/9/2012	Change
Corn CBOT Prices	Sep-12	305.73	313.80	-8.07
	Dec-12	304.55	314.29	-9.74
	Mar-13	306.12	315.47	-9.35
	May-13	305.24	313.80	-8.56

## CBOT MAIZE FUTURES OUTLOOK:



(CBOT Maize Chart: Dec Contract)

- As the chart depicts, Maize prices are moving towards downwards.
- 161.8% retracement level seems like a strong support level.
- Decrease in prices with lower OI indicates to long liquidation in the market.
- Strategy: **Markets participants should buy Corn CBOT at 765 levels and the target would be 787 cents/bushels for next week.**

**FUTURES MARKET ANALYSIS: NCDEX MAIZE:**

**(October Contract Weekly Chart)**

- Candlestick formation reveals range bound movement in the market.
- RSI is moving down in neutral zone.
- Decrease in prices with higher OI indicates to short build up in the market.
- Prices are likely to test 1471 level in the near term.
- **Strategy:** Buy from near support level.

**Maize NCDEX (October)**

Support & Resistance				
S2	S1	PCP	R1	R2
1328	1363	1406	1471	1500

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