

## EXECUTIVE SUMMARY

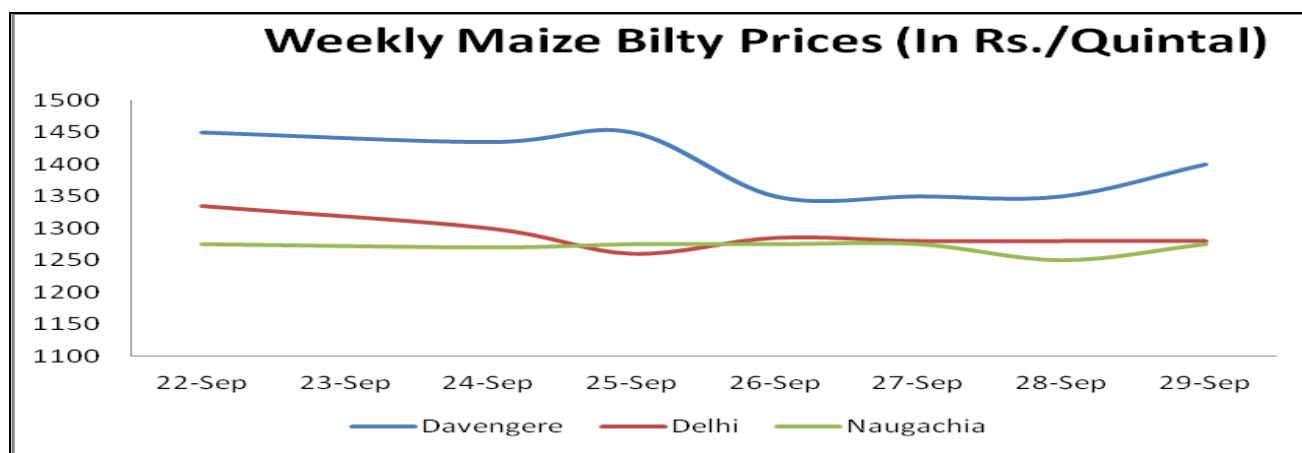
Ups and Downs were witnessed in the major spot markets of maize during the week ended on 29<sup>th</sup> Sept 2012. At the beginning of the week, new crop arrivals in the domestic maize market with the weak international sentiments due to U.S. corn harvesting put pressure on the prices. However, till the week end, USDA report on corn stock position and IGC's estimation for corn production support the international and domestic corn prices.

In Shimoga region of Karnataka, new crop arrivals have started, around 50 tons crop is arriving on daily basis which contain 18% moisture level and trading at Rs. 1350 per quintal. However, in Belgaum and Hubli region of Karnataka, maize new crop arrivals would arrive till the mid October. In Renebennur region of Karnataka, 100 ton crop is arriving on daily basis and contains 18-20% moisture level.

In A.P., maize new crop contains 16% moisture level. Sources revealed that arrivals may increase in coming weeks and may put pressure on the prices.

Sluggish demand from poultry and starch were reported from the Ahmadabad region of Gujarat as they have 1 month maize stock. However, Punjab poultry farms have shifted demand towards bajra from maize.

Maize prices are hovering at around Rs 1372 per quintal on an average on pan India basis, decreased by around 2.9% compared to last week.



### ON THE EXPORT FRONT:

Indian C&F Maize prices decreased at (~\$349) during the week compared to the last week. Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (~\$383.35) and though getting stiff competition from Argentina (~\$319.19) and Brazil C&F (~\$295.2).

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 52.69)				
	Argentina	Brazil	US	India (Davengere Origin)
<b>FOB</b>	269.19	240.2	323.35	314
<b>Incl Cost and Freight (C&amp;F)</b>	319.19	295.2	383.35	349

On the export front, no major activities reported during the week as buyers are waiting for the prices to go down.

### CURRENT MARKET DYNAMICS:

Maize prices traded weak during the week. However, at the week end, some corrections were witnessed in the major spot markets. Here are the various key spot markets dynamics below:

**Andhra Pradesh:** Maize prices were slightly decreased in Nizamabad market in AP during the week ended 29<sup>th</sup> September 2012.

However, no rakes business has been reported this week from Nizamabad.

**Sowing Update:** In Andhra Pradesh, farmers has sown maize in 5.35 lac hectares till 26th September 2012 which is 9% higher as compared to last year and also higher from normal sown area as on date ~4.99 lac hectares. Around 107% sowing has completed in AP till date. Crop condition is reportedly good in various maize growing belts of AP.

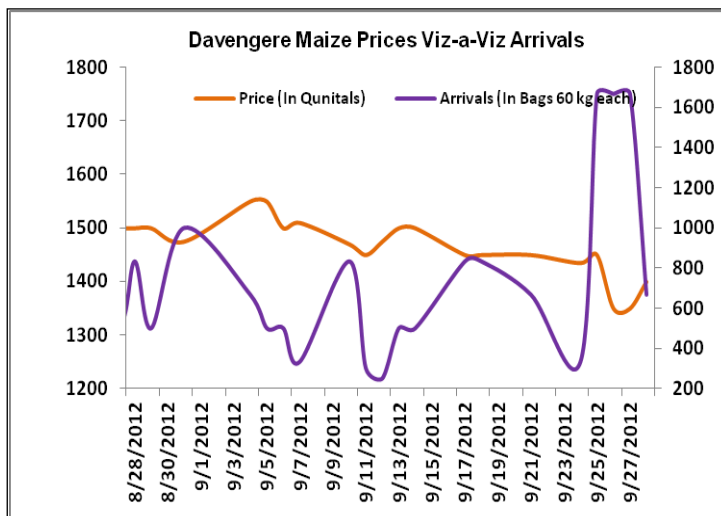
In A.P., maize new crop contains 16% moisture level. Sources revealed that arrivals may increase in coming weeks and may put pressure on the prices.

	2012	2011	Normal (as on date)	Normal (Season)
<b>Area Sown (In Lac hectares)</b>	<b>5.35</b>	4.90	4.99	4.99

Note: Sowing Figures as on 26<sup>th</sup> September 2012

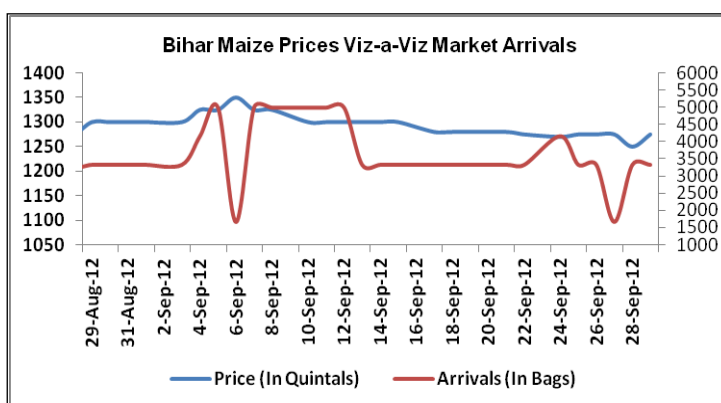
**Karnataka:** Steady to slightly weak sentiments witnessed in Davangere market compared to the previous week. In Shimoga region of Karnataka, new crop arrivals have started, around 50 tons crop is arriving on daily basis which contain 18% moisture level and trading at Rs. 1350 per quintal. However, in Belgaum and Hubli region of Karnataka, maize new crop arrivals would arrive till the mid October.

In Renebennur region of Karnataka, 100 ton crop is arriving on daily basis and contains 18-20% moisture level.



**Bihar:** Maize prices were reported steady in various markets of Bihar during the week ended 29<sup>th</sup> September 2012 with the lower demand from Kolkata region.

Arrivals of maize were moderate during the week.



**In Delhi market,** Maize prices are moving steady to weak in Delhi markets with the sluggish poultry demand.

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

Destination	By Road (Rs/MT)	By Rake (Rs/MT)	FOB in USD /Tonne
Delhi	12800 (UP origin)		
Bangalore	16000 (Karnataka Origin)		
Tamil Nadu (Coimbatore, Namakkal)	16000 (Karnataka Origin)		
Gujarat	14500 (UP Origin)	-	

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

Market	Grade	28 Sep,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1280	1335	1360	1380	-
Davangere	Bilty	1400	1450	1500	-	1140
Naugachia	Bilty	1250	1280	1275	1200	1075
Nizamabad	Bilty	1430	1465	1572	1393	1120
Ahmedabad	Feed	1440	1500	1600	1500	1200
	Starch	1420	1500	1525	1510	1130

### DOMESTIC MAIZE OUTLOOK:

Maize prices traded weak during the week due to new crop arrival pressure amid weak international sentiments. However, at the week end, markets take correction by firm international sentiments. We expect maize prices to trade firm in the near term as demand is still higher over supply.

### INTERNATIONAL MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS:

IGC's lower corn production estimate and lower corn stock position reported by USDA support the corn prices in the International market.

As per IGC estimate, World corn production declined by 1% to 833 million tons as compared to last estimate of 838 million tons in August 2012. Weak planting progress in Argentina and lower corn production estimate in US bound them to lower its global corn production estimates. Decline in output has led to the decline of corn carryover stocks for the coming year.

As per USDA report, Old corn crop stocks in all positions on September 1, 2012 totaled 988,403 thousand bushels, down by 139242 thousand bushels from last year during the same period. Out of total stocks, 313,700 thousand bushels are stored on farms, down 1250 thousand bushels from the last year.

Off-farm corn stocks, at 674,703 thousand bushels, down by 137992 thousand bushels from the last year. The June - August 2012 indicated disappearance is 2.16 billion bushels, compared with 2.54 billion bushels during the same period last year.

As per USDA, U.S. corn export figures reached to 1668693 metric tons for the 2012-13 marketing year which is lowered by 402705 metric tons from the last marketing year during the same period. Out of total weekly exports of 679,600 MT reported by U.S. to Japan (297,500 MT), China (165,200 MT), Mexico (108,200 MT), South Korea (55,100 MT), and Taiwan (16,800 MT).



Some Other major International Corn Highlights during the week are:

- South Korea's Feed Leaders Committee (FLC) bought 69,000 tons of optional origin corn from Cargill Inc via a private deal at \$300.90 per ton on a cost and freight basis. The product will arrive to the ports of Incheon and Kunsan between late February and early March.
- The Korea Feed Association (KFA) bought 55,000 tons of U.S. and South American corn from Key Trade via a private deal at \$301.80 per ton on a cost and freight basis and the price excludes extra \$1.5 per ton of two port delivery charges. The product will arrive to the ports of Busan and/or Ulsan by March 5, 2013.
- Hog producer Prestage Farms Inc and two other livestock companies in North Carolina signed deals to import 750,000 metric tons (826733.48 tons) of corn from Brazil due to higher U.S. prices.
- South Korea's Major Feedmill Group (MFG) bought 133,000 tons of South American corn for February arrival at \$307 CFR/T via tenders on Sept. 20.
- In second deal, South Korea's Major Feedmill Group (MFG) bought a combined 197,500 tons of South American corn via tender and private deals on CFR per ton basis, 62,500 tons from Peter Cremer at \$301.43, 70,000 tons from Concordia at \$302.93, and 65,000 tons from STX Corp at \$304.5 CFR per ton basis. The product will arrive to the port between mid Feb to first week of March.
- As reported by Argentina's grain exchange Rosario, the sowing area for 2012-13 corn has declined by 10 percent to 4 million hectares.

- As per European Traders, South Korea's largest feed maker, Nonghyup Feed Inc. (NOFI), purchased 65,000 tons of corn in a tender for up to 140,000 tons closed on Monday. The group rejected all offers and made no purchase of up to 70,000 tons of feed wheat also in the tender due to higher wheat prices.
- As per USDA sowing progress report, 88% corn crop was reported in maturity stage till date, higher by 30% from last year and 31% from 5 year avg. 39% corn crop has harvested, higher by 27% from last year during the same period. 24% crop was reported in good to excellent condition, same from last week but lowered by 28% from last year during the same period.

### INTERNATIONAL MAIZE OUTLOOK:

During the week, U.S. corn harvesting pressurize the corn prices at lower level but at the week end, IGC's lower corn production estimate and lower corn stock position reported by USDA support the corn prices in the International market. We expect corn prices to trade firm in the near term.

Maize CBOT Weekly Futures Price Listing (USD/Ton)				
	Contract Month	29/9/2012	20/9/2012	Change
Corn CBOT Prices	Dec-12	297.66	293.63	+4.03
	Mar-13	298.94	295.00	+3.94
	May-13	297.76	294.61	+3.15
	Jul-13	294.81	292.05	+2.76

### CBOT MAIZE FUTURES OUTLOOK:



(CBOT Maize Chart: Dec Contract)

- As the chart depicts, Maize prices seems bullish in the near term.
- Increase in prices with lower volumes and OI indicates to weak market.
- Strategy: **Markets participants should buy Corn CBOT at 760 levels and the target would be 783 cents/bushels for next week.**



**FUTURES MARKET ANALYSIS: NCDEX MAIZE:**

**(November Contract Weekly Chart)**

- Candlestick formation reveals correction in the market.
- RSI is moving up in neutral zone.
- However, Increase in prices with lower volumes and OI indicates to weak market.
- Prices are likely to test 1325 level in the near term.
- **Strategy:** Buy on dips.

**Maize NCDEX (November)**

Support & Resistance				
S2	S1	PCP	R1	R2
1158	1244	1274	1344	1439

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