

Maize Monthly Research Report

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1st December, 2015

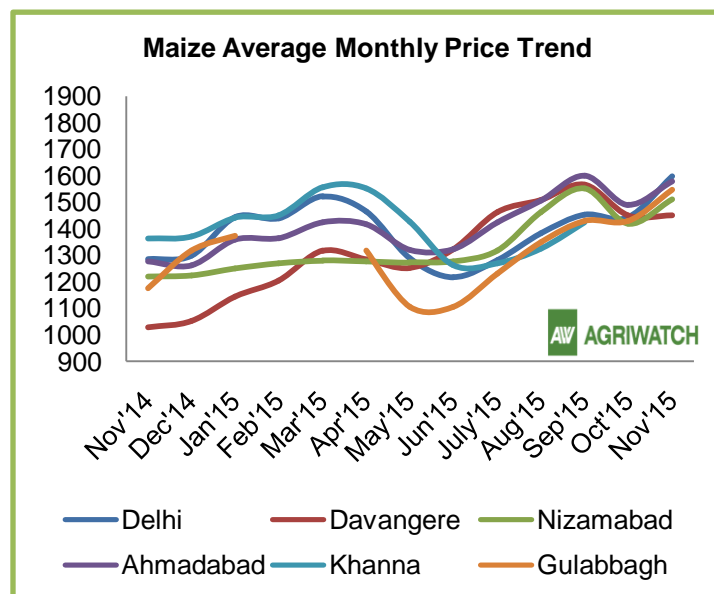
OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Major cash market of maize traded firm during the month of November due to feed makers demand and is likely to trade firm in the month of December also amid feed makers demand.

In Bihar, maize sowing area is expected to increase around 15-20% compared to last year, due to shift from wheat to maize.

As per Government data, maize has been sown in 6.75 lakh hectares as on 27th November, 2015, higher by 1.10 lakh hectares than the corresponding period of last year. Major growing states like Bihar, Maharashtra, Tamil Nadu, Karnataka and Gujarat have covered 1.85, 1.54, 1.34, 0.79 and 0.31 lakh hectares so far respectively.



RECOMMENDATION:

Market participants are advised to go long in Maize near 1540 levels for a target of 1600 and 1630 with a stop loss at 1500 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Argentina's latest move (likely) to abolish 20% export tax on maize is likely to increase supply in domestic as well as global market. Market experts view it as bearish tone in global corn market. Argentina is sitting on a huge stockpile of corn and local farmers are intending to increase maize area under new emerging condition. Argentina is expected to double its maize export volume in next 4 years i.e. actual tenure of 4 years of the new government.

Corn prices on CBOT are likely to decrease on expectations that cheaper Argentine corn will capture international market soon. Besides, sluggish demand for U.S corn amid higher supply will restrict the market gain.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2014-15E	2015-16F	Oct-Dec'15 F
Opening Stocks (MMT)	1.98	3.52	3.52
Production (MMT)	20.76	20.53	11.75
Farmer's Release (MMT)	17.90	17.70	8.71
Govt. Procurement (MMT)	1.09	1.09	0.49
Pvt. Trade Release (MMT)	16.81	16.61	3.97
Seed Retention (MMT)	0.23	0.23	0.04
Imports (MMT)	0.01	0.01	0.00
Total Supply (MMT)	22.75	24.06	15.27
Export (MMT)	1.20	0.86	0.10
Domestic Consumption (MMT)	18.03	18.35	7.71
Total Demand (MMT)	19.23	19.21	7.81
Ending Stock (MMT)	3.52	4.85	7.46

- New season starting from October is expected to begin with 3.52 MMT and end with 4.85 MMT.
- Total maize production in India could be around 20.53 MMT in 2015-16 against our yearly total demand of 19.21 MMT.
- With carryout of 3.52 MMT total availability goes up to 24.06 MMT in 2015/16.
- Total demand including domestic and export could be around 18.35 MMT.

Maize Year-(Oct-Sep)	2014-15E	2015-16F
Monthly Use	1.90	2.01
Stock to Use Ratio	0.15	0.20
Stock to Month Use Ratio	1.86	2.42

Consumption Break Up For 2015-16 F (Figures in MMT)	
Poultry & Cattle feed	11.33
Starch & Brewery	4.63
Human Consumption	1.66
Seed	0.23
Shortage & Wastage	0.50

- **E= AW Estimates, F=AW Forecast**

STATE - WISE MARKET DYNAMICS

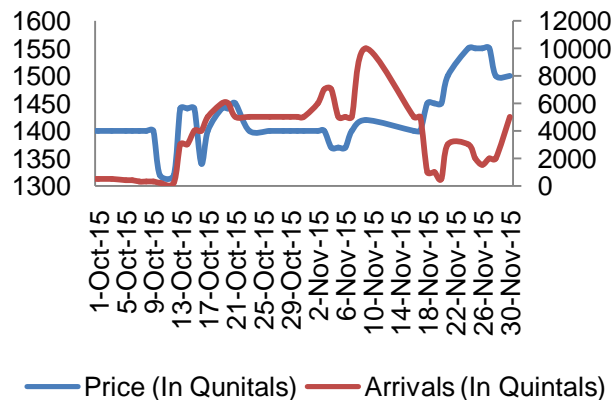
Karnataka

Maize ruled higher than last month due to feed makers demand during the month of November.

It contains moisture level of around 16-18%. And is expected to trade in a range of Rs.1400-1450 per quintal during the month of December amid regular feed makers demand.

Maize sourced from Davangere is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1530 per quintal, Rs. 1620 per quintal, Rs. 1550 per quintal, Rs. 1540 per quintal and Rs. 1600 per quintal respectively.

Danangere Maize Loose Prices Viz-a-Viz Arrivals

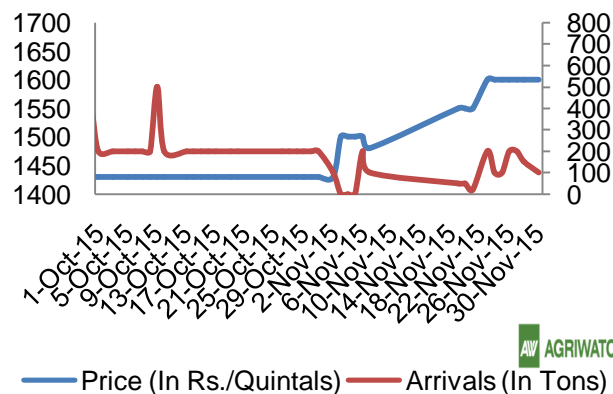


BIHAR:

In Bihar, maize sowing area is expected to increase by around 15-20% due to shift from wheat to maize. Maize sourced from Bihar is moving towards Kolkata at Rs.1750-1825 per quintal. Maize is likely to trade firm at Rs. 1680-1700 per quintal due to feed makers demand.

In Gulabbagh, stock of maize could be around 25000 MT which was around 60000 MT during the corresponding period of last year. In Bihar, stock of maize could be around 60000 MT which was around 110000 MT during the corresponding period of last year.

Gulabbagh Maize Prices Viz-a-Viz Market Arrivals

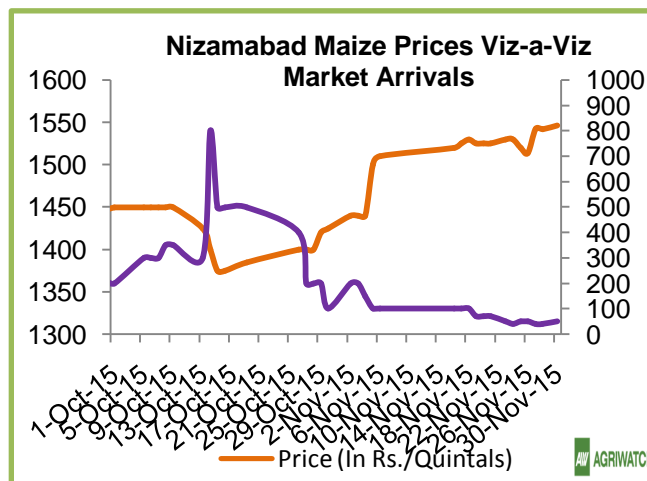


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ANDHRA PRADESH:

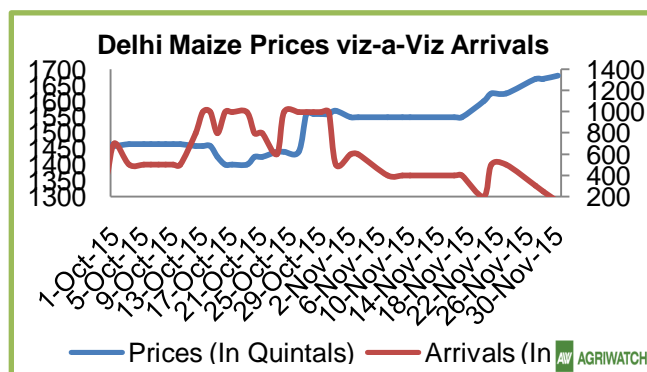
In Nizamabad, maize prices ruled higher than last month due to feed makers demand and are likely to trade firm by Rs. 50 per quintal to Rs. 1510 per quintal during the month of December.

In A.P, maize stock position could be around 1,10,000 MT (50,000- Private+ 60,000- Government) which was around 1,15,000 MT (30,000-Pvt+85,000-Government) during the corresponding period of last year. In Nizamabad, maize stock position in the Government's warehouse is around 15,000 MT and 10,000 MT in the hands of private traders.



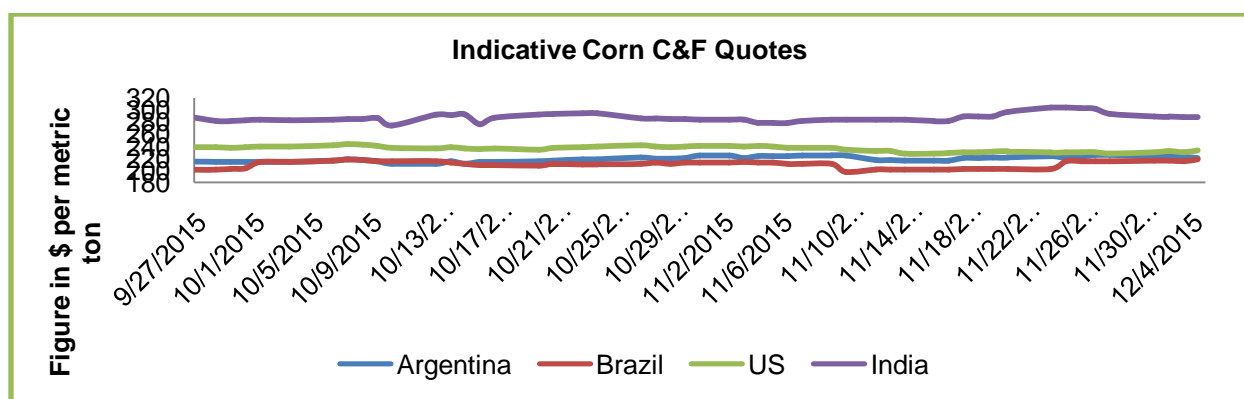
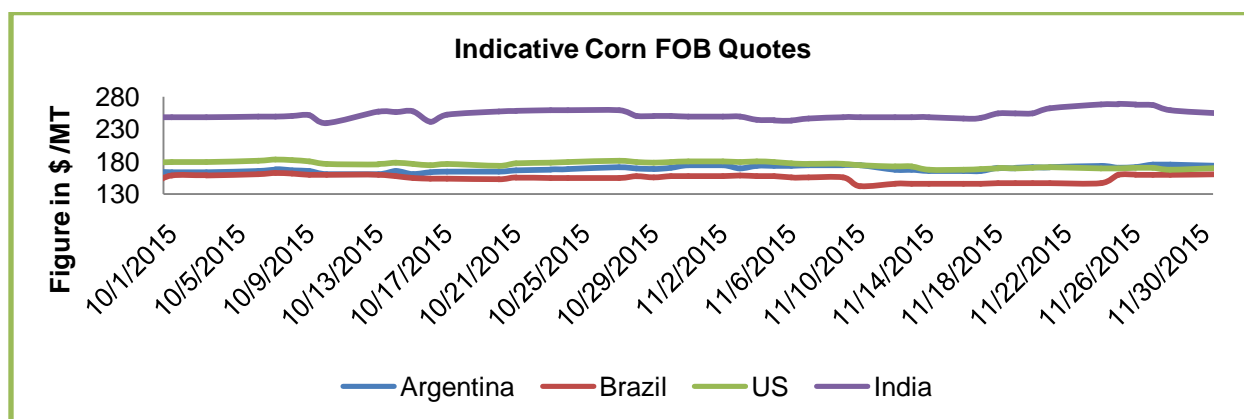
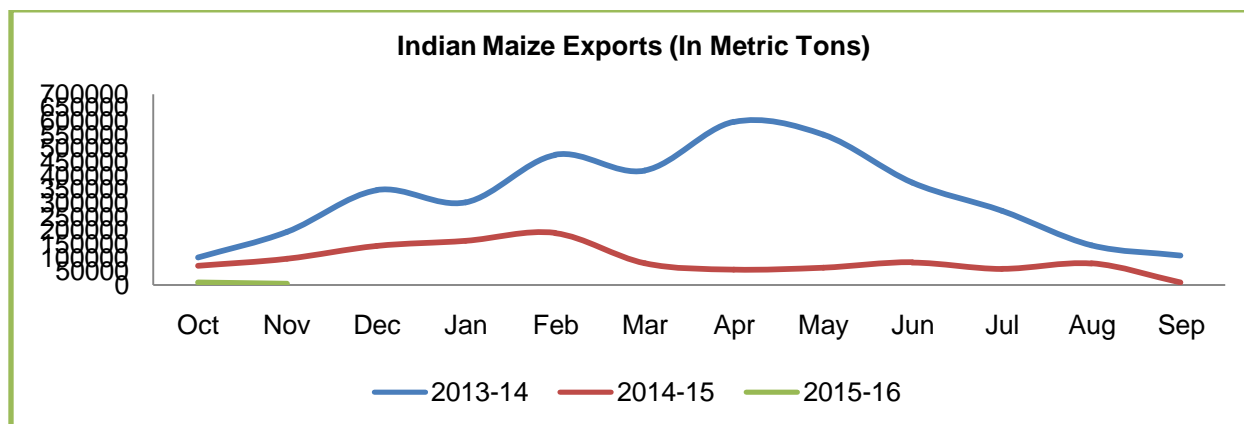
DELHI

In Delhi, maize traded firm by Rs. 110 per quintal to Rs 1680 per quintal as compared to last month and is likely to trade firm in the near term also due to feed makers and stockiest demand.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize could trade firm during the month of December amid feed makers demand. However, export disparity and low growth of poultry feed sector will limit the gains.

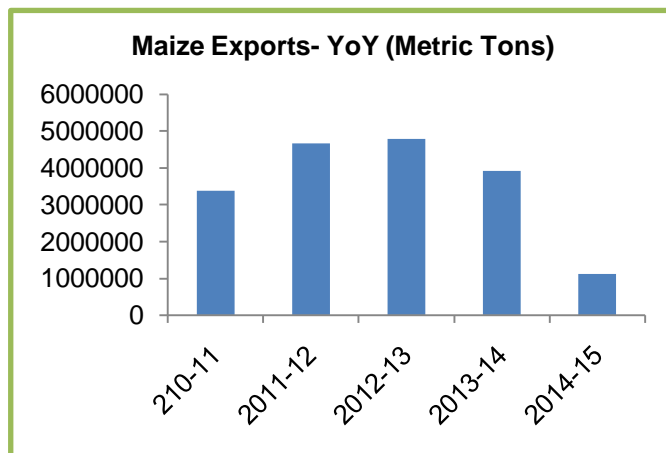
ON THE EXPORT FRONT:


As depicted by the above data, there is no parity for Indian maize as gap of prices between India and other exporting countries is wide. Agriwatch expects total export demand to remain lower during 2015/16 due to export disparity.

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.51)				
As on 1.12.2015	Argentina	Brazil	US	India
FOB	173.33	160.40	170.08	254.08
Cost and Freight (C&F)	223.33	215.40	230.08	289.08

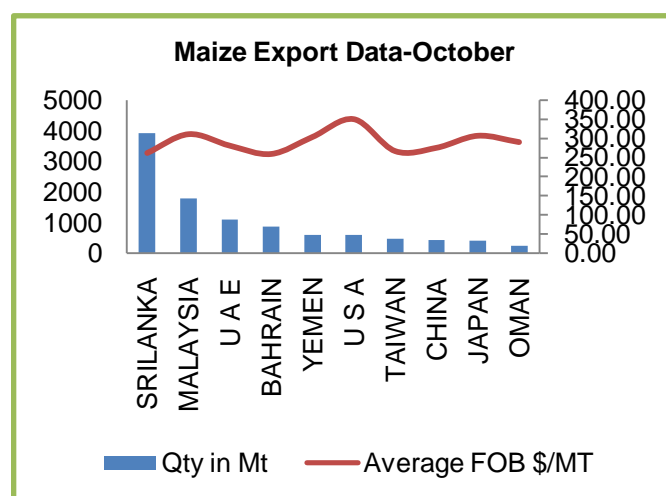
YEAR ON YEAR MAIZE EXPORTS

Exports are being lower year on year basis due to export disparity. Agriwatch forecast exports for 2015-16 at 1.00 MMT.



MAIZE OCTOBER MONTH' EXPORT

As per IBIS data, around 11387 MT was exported mainly to Sri Lanka followed by Malaysia and UAE for the month of October, higher by 1% compared to last month. Agriwatch expects total export demand to remain lower during 2015/16 due to export disparity.



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FUTURES MARKET ANALYSIS: NCDEX MAIZE(JANUARYCONTINUOUS WEEKLY FUTURE CHART)



- Last candle depicts down in the market.
- Prices closed above 9 and 18 days EMAs.
- RSI is moving in neutral zone.
- Strategy: Buy near 1540 and target 1 and target 2 would be 1600 and 1630.

Support & Resistance

S2	S1	PCP	R1	R2
1454	1515	1575	1639	1702

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INTERNATIONAL MARKET SCENARIO:

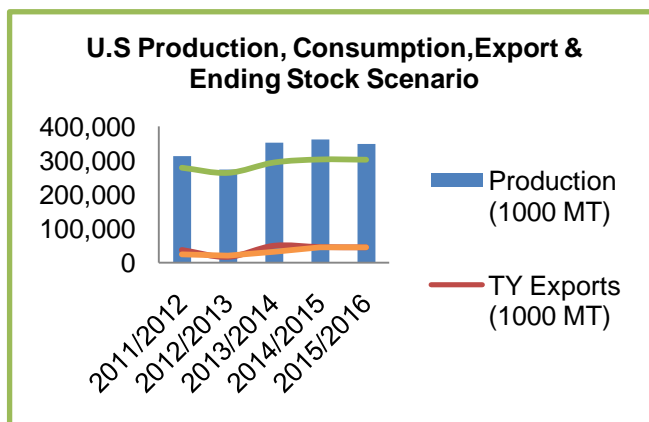
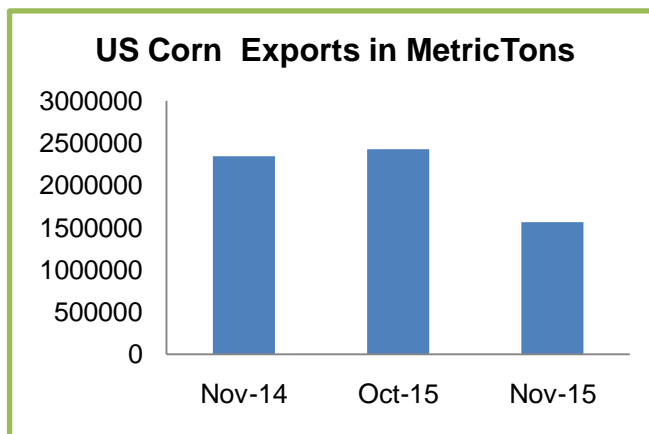
U.S.

As per USDA, U.S corn exports reached 66,81,154 metric tons in the 2015-16 marketing year. At 15,65,344 MT (for the period 1st Nov-26th Nov, 2015) exports were down ~36 percent from the previous month, and ~33 percent from the corresponding period of last year.

USDA forecasted corn production of U.S at 346.815 MMT, higher by 2.504 MMT from the October projection but lower by 16.78 MMT from the last year. Corn ending stocks for U.S are forecasted higher by 5.044 MMT to 44.701 MMT for 2015/16 as compared to last month but lower by 4.32 MMT from the last year.

As per the latest crop progress report released by USDA, 96% crop of Corn has been harvested as on 15th November, 2015; higher by 8% from the previous year and 2% from the last 5 year average period

Informa Economics lowered its corn planting projection of U.S for 2016 by 0.7 million to 90.1 million acres as compared to last month.



ARGENTINA

Argentina' latest move (likely) to abolish 20% export tax on maize is likely to increase supply in domestic as well as global market. Market experts view it as bearish tone in global corn market. Argentina is sitting on a huge stockpile of corn and local farmers are intending to increase maize area under new emerging condition. Argentina is expected to double its maize export volume in next 4 years i.e. actual tenure of 4 years of the new government.

Informa Economics raised its corn production projection of Argentina for 2016 by 2.5 MMT to 21 MMT as compared to last month while USDA raised it by 1.6 MMT to 25.6 MMT. Besides, USDA has raised its ending stock estimates for Argentina by 0.1 MMT to 1.118 MMT for 2015/16 in the new estimate, lower by 0.495 MMT as compared to last year.

BRAZIL

Despite the increase in production estimates; USDA has lowered its ending stock estimates for Brazil by 5.5 MMT to 9.672MMT from the October month estimate for 2015/16 as exports are increasing month on month basis.

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CHINA

USDA increased its corn ending stock forecast for China by 23.828 MMT to 114.438 MMT for 2015/16 from the last month.

UKRAINE

USDA has left unchanged its ending stock estimates for Ukraine at 1.403MMT from the last month for 2015/16.

MEXICO

USDA corn ending stock forecast for Mexico was lowered by 0.051 MMT to 3.393MMT for 2015/16 as compared to last month forecast.

INDONESIA

USDA has lowered its corn ending stock forecast for Indonesia by 1.245 MMT to 1.329MMT for 2015/16 as compared to last month.

MALAYSIA

USDA has left unchanged its corn ending stock forecast for Malaysia at 0.44MMT for 2015/16 as compared to last month forecast.

GLOBAL

The IGC decreased its forecast for the 2015/16 global corn crop by 3 MMT to 967 MMT from the last month, and below the previous season's 1011 MMT crop. Forecast for global corn ending stock is kept unchanged at 200 MMT as compared to last month.

INTERNATIONAL TRADES

The Korea Feed Association in Busan bought 58,000 MT of corn of South American and U.S Gulf origin from Zen-Noh Grain Corp at \$188/MT c&f with a \$1.5/MT surcharge for additional port unloading; for arrival at the port of Ulsan and Busan by May 5, 2016.

Nonghyup Feed Inc of South Korea purchased about 63,000 MT corn from CHS at \$189.9/ MT on c&f basis for the arrival on April 1st, 2016. Besides, the Korea Feed Association purchased 60,000 MT corn from Cargill for arrival on April 10th, 2016., sourced from South America at \$192.8/ MT on c&f basis with a \$1.5 /MT surcharge for additional port unloading.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT are likely to decrease on expectations that cheaper Argentine corn will capture international market soon. Besides, sluggish demand for U.S corn amid higher supply will restrict the market gain.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2015-Nov	2015-Oct	2014-Nov	% Change from Prev. Month	% Change from Prev. Year
Delhi	1598	1468	1285	8.85	24.35
Davangere(Loose)	1451	1379	1023	5.22	41.84
Shimoga	1550	1550	1060	Unch	46.22
Bagalkot	1454	1412	1120	2.97	29.82
Gadag	1408	1227	1067	14.75	31.95
Nizamabad	1511	1420	1221	6.40	23.75
Khanna	NA	1470	1363	-	-
Ludhiana	1500	1495	1300	0.33	15.38
Sangli	1557	1496	1214	4.07	28.25
Naugachia	1570	1485	700	5.72	124.28

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	28.11.2015	30.10.2015	Change
Corn CBOT Prices	Dec-15	141.40	150.45	-9.05
	Mar-16	144.55	154.09	-9.54
	May-16	146.81	156.36	-9.55
	Jul-16	148.98	158.03	-9.05
	Sep-16	150.65	158.03	-7.38

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