

Maize Monthly Research Report

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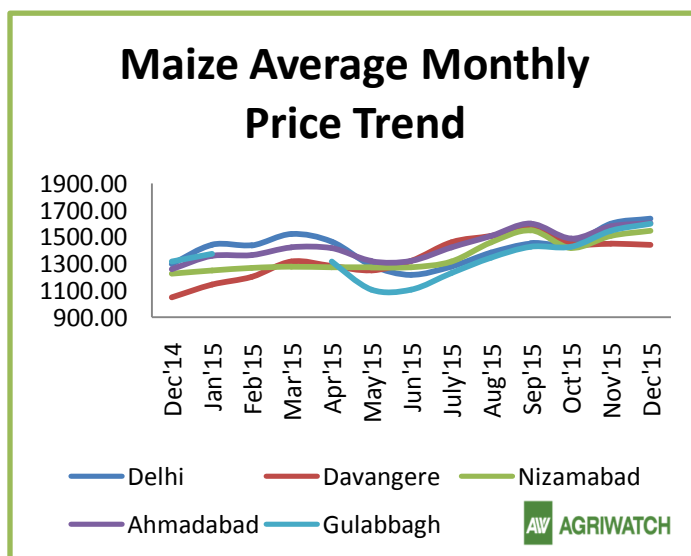
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1st January, 2016

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Maize market is likely to reel under pressure with latest developments in market. Trade sources say that govt. has proposed to allow import to the level of 13 lakh tons. Besides, import duty may be slashed from 30 to 3 percent. With these developments import window has opened. As limit has been increased to 13 lakh tons, more deals seems on the card. As parity is in favor of importers, import from Brazil, Ukraine may happen. Imported maize is expected to be of non GMO quality. However, in case of any suspicion of imported maize can be tested at port.



As per Government data, maize has been sown in 11.49 lakh hectares as on 1st January, 2016, lower by 0.73 lakh hectares than the corresponding period of last year. Bihar has covered 4.28 lakh hectares; higher by 0.32 lakh hectares of the corresponding period of last year. Maharashtra and Tamil Nadu have covered 2.03 and 1.87 lakh hectares respectively which are higher than corresponding period of last year while in Coastal Karnataka, Gujarat and A.P, it has been sown in 0.83, 0.62 and 0.56 lakh hectares respectively, lower than the corresponding period of last year.

Around 15576 MT corn was exported mainly to SriLanka followed by Yemen, UAE and Malaysia for the month of December.

RECOMMENDATION:

Market participants are advised to go short in Maize near 1530 levels for a target of 1490 and 1470 with a stop loss at 1554 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 3.25 USD/MT to 141.30 USD/MT for March contracts due to low export demand for U.S corn.

At 5,56,412 MT (for the period 18th Dec- 24th Dec, 2015) corn exports were down 32 percent from the previous week, but up 2 percent from the prior 4-week average.

Argentina' latest move 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.

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INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2014-15E	2015-16F	Oct-Dec'15 F	Jan-Mar'16 F
Opening Stocks (MMT)	2.09	4.02	4.02	8.45
Production (MMT)	20.76	19.32	11.75	2.94
Farmer's Release (MMT)	17.90	16.58	8.71	3.73
Govt. Procurement (MMT)	1.09	1.09	0.49	0.60
Pvt. Trade Release (MMT)	16.81	15.49	3.97	7.38
Seed Retention (MMT)	0.23	0.23	0.04	
Imports (MMT)	0.02	1.30	0.00	0.80
Total Supply (MMT)	22.75	24.65	15.77	3.74
Export (MMT)	1.14	0.80	0.04	0.34
Domestic Consumption (MMT)	17.59	17.92	7.28	5.27
Total Demand (MMT)	18.73	18.72	7.32	5.61
Ending Stock (MMT)	4.02	5.93	8.45	6.58

- New season starting from October is expected to begin with 4.02 MMT and end with 5.93 MMT.
- Total maize production in India could be around 19.32 MMT in 2015-16 against our yearly total demand of 18.72 MMT.
- Considering the current weather conditions, Agriwatch expects maize production for this Rabi season at 4.64 MMT with the expected yield of 3597 kg/ hectare.
- Maize Area in India for this Rabi season is expected at 1317 Thousand Hectare.
- With carryout of 4.02 MMT total availability goes up to 24.65 MMT in 2015/16.
- Total demand including domestic and export could be around 18.72 MMT.
- Total imports could be around 1.3 MMT in 2015/16.

Maize Year-(Oct-Sep)	2014-15E	2015-16F
Monthly Use	1.90	2.05
Stock to Use Ratio	0.18	0.24
Stock to Month Use Ratio	2.12	2.88

Consumption Break Up For 2015-16 F (Figures in MMT)	
Poultry & Cattle feed	10.98
Starch & Brewery	4.55
Human Consumption	1.66
Seed	0.23
Shortage & Wastage	0.50

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

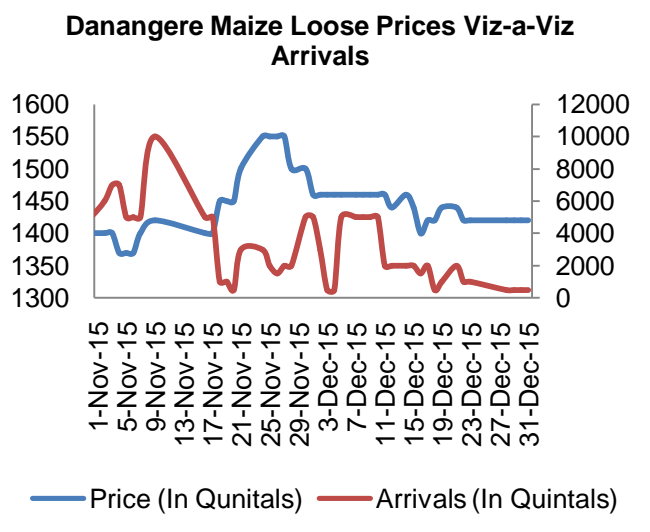
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STATE - WISE MARKET DYNAMICS

Karnataka

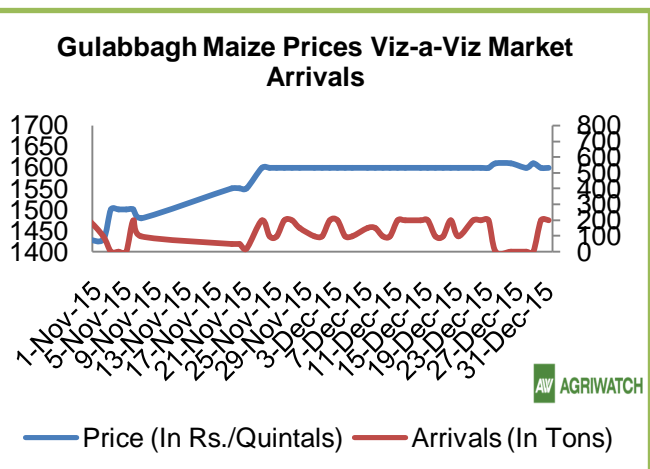
Maize sourced from Davangere is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1470 per quintal, Rs. 1500 per quintal, Rs. 1450 per quintal, Rs. 1450 per quintal and Rs. 1500 per quintal respectively.

In Davangere, maize(loose) cash market is likely to trade in a range of Rs. 1300-1350 per quintal during the month of January. Stock of maize in the hands of private traders could be around 10,000 MT which was almost same during corresponding period of last year.



BIHAR:

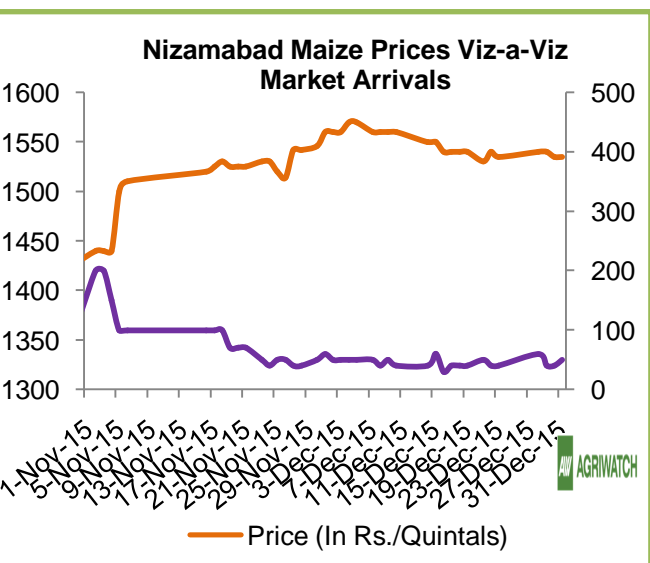
In Gulabghat, maize(bilty) cash market is likely to trade down in a range of Rs. 1500-1550 per quintal during the month of January.



ANDHRA PRADESH:

In Nizamabad, maize(bilty) cash market is likely to trade slightly weak in a range of Rs. 1500-1530 per quintal during the month of January.

In A.P, maize stock position could be around 1,10,000 MT(50000- Private+ 60000-Government) which was around 1,15,000 MT(30000-Pvt+85000-Government) during the corresponding period of last year. In Nizamabad, stock position of maize in the Government's warehouse is around 15,000 MT and 10,000 MT in the hands of private traders. Stock position in the Government's warehouse was around 20,000 MT and 5,000 MT in the hands of private traders during the corresponding period of last year.



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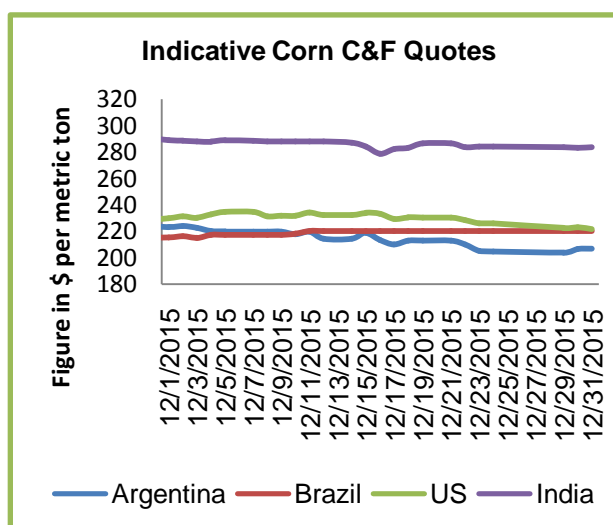
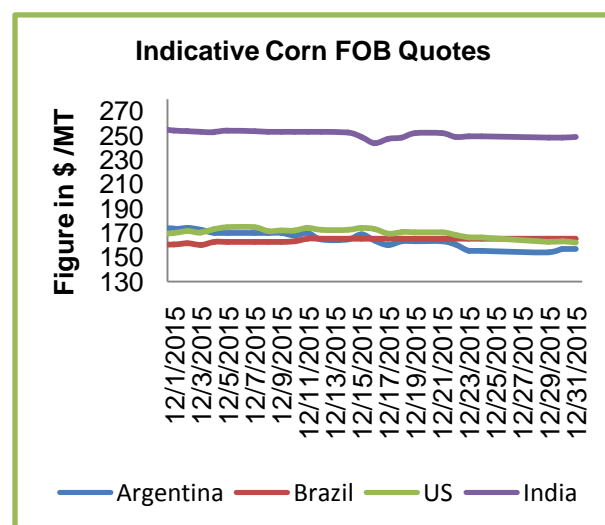
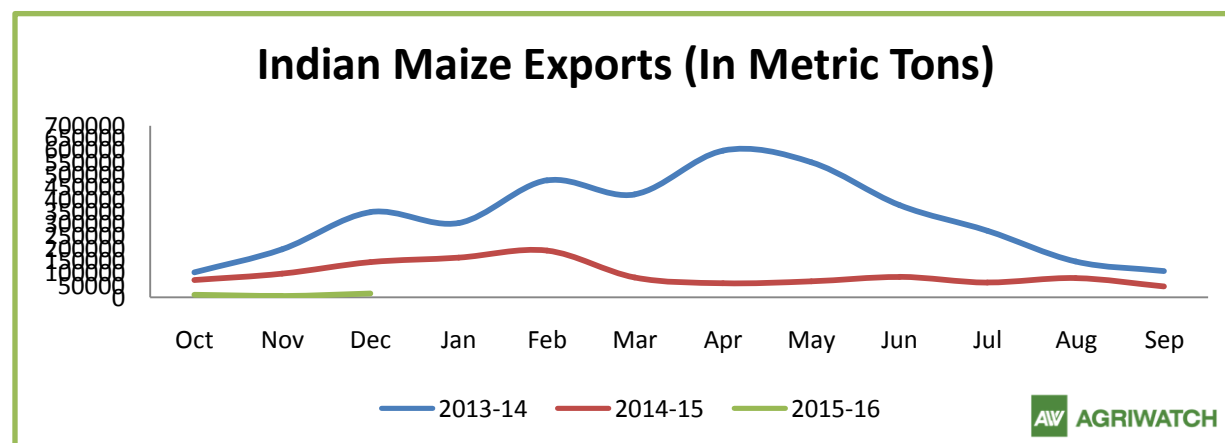
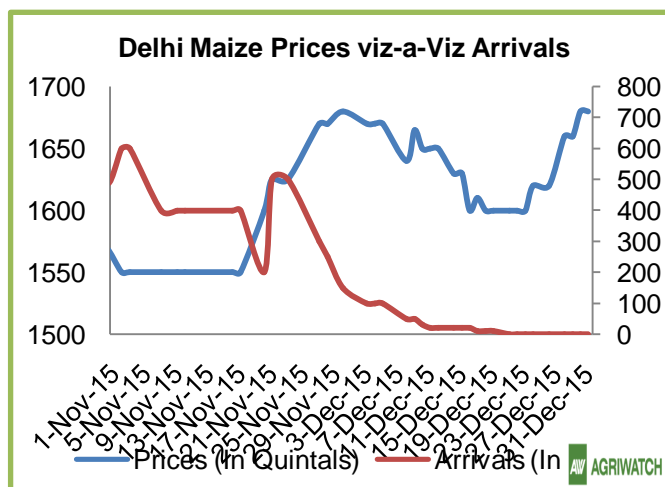
DELHI

In Delhi, maize traded steady in a range of Rs 1600-1680 per quintal as compared to last month and is likely to trade steady in the near term.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize could trade down during the month of January on the expectation of imports.

ON THE EXPORT FRONT:



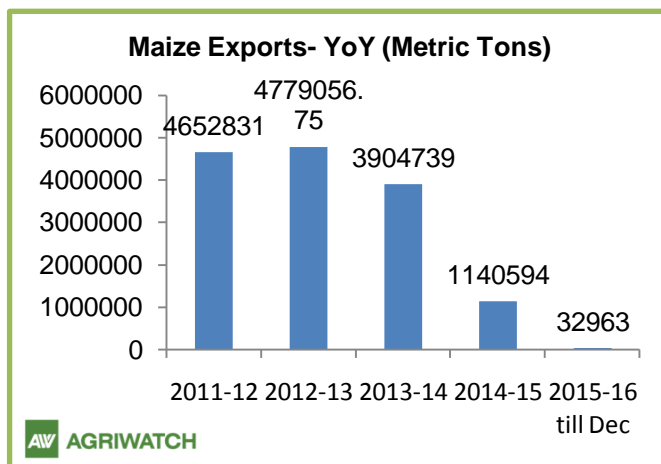
Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.54)				
As on 5.1.2016	Argentina	Brazil	US	India
FOB	153.74	139.31	161.2	247.87
Cost and Freight (C&F)	203.74	194.31	221.2	282.87

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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.

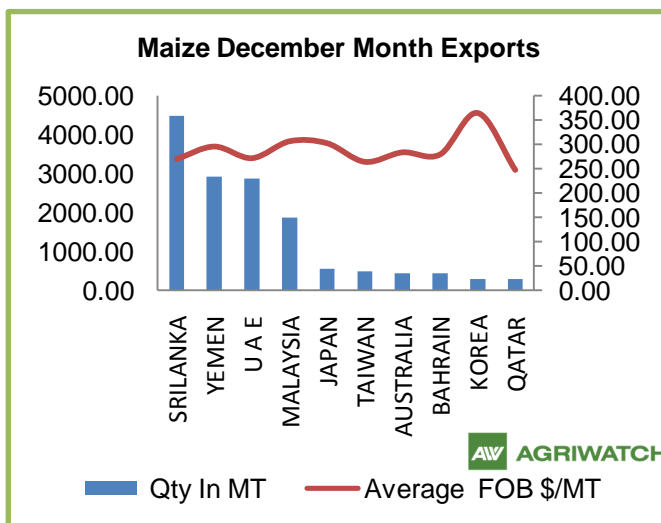
YEAR ON YEAR MAIZE EXPORTS

Exports are being lower year on year basis due to export disparity. Agriwatch forecast exports for 2015-16 at 0.80 MMT.



MAIZE DECEMBER MONTH' EXPORT

As per IBIS data, around 15576 MT was exported mainly to SriLanka followed by Yemen, UAE and Malaysia for the month of December. Agriwatch expects total export demand to remain lower during 2015/16 due to export disparity.



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FUTURES MARKET ANALYSIS: NCDEX MAIZE(FEBRUARY CONTINUOUS WEEKLY FUTURE CHART)



- Candlestick depicts down in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving in neutral zone.
- Strategy: Sell near 1530 and target1 and target2 would be 1490 and 1470.

Support & Resistance				
S2	S1	PCP	R1	R2
1418	1450	1520	1592	1664

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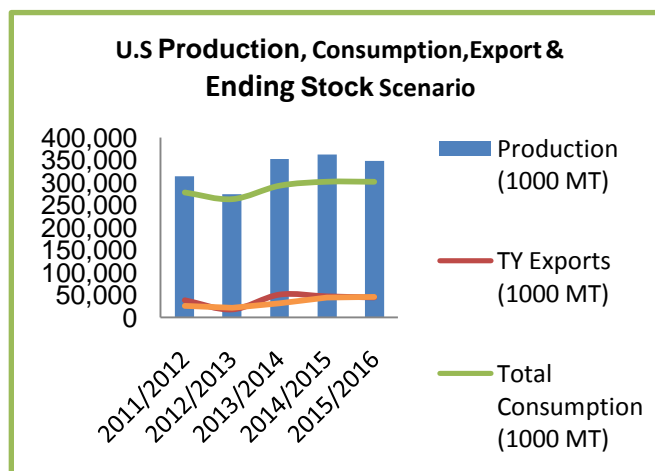
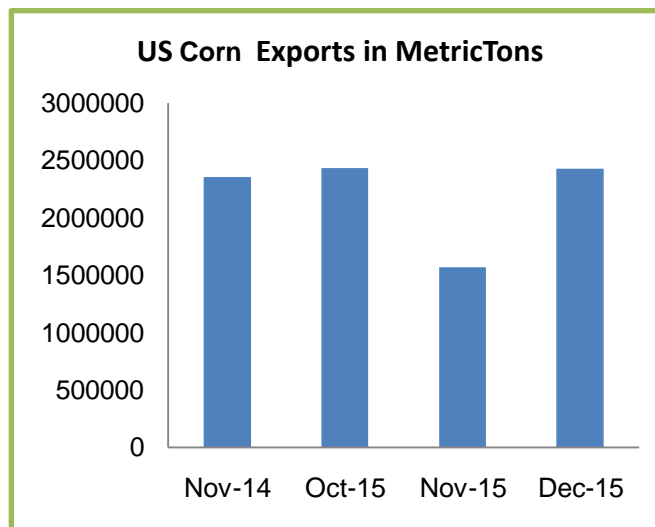
INTERNATIONAL MARKET SCENARIO:

U.S.

As per USDA, U.S corn exports reached 90,43,043 metric tons in the 2015-16 marketing year. At 24,24,882 MT (for the period 1st Dec-24th Dec, 2015) exports were up 54.91 percent from the previous month, but down by 14.83 percent from the corresponding period of last year.

Corn ending stocks for U.S are forecasted higher by 0.635 MMT to 45.336 MMT for 2015/16 as compared to November month forecast and 0.724 MMT from the last year as exports from U.S is forecasted lower by 1.5 MMT to 44.5 MMT as compared to last month and 0.773 MMT as compared to last year.

Informa Economics lowered its corn planting projection of U.S for 2016 by 1.174 million to 88.926 million acres as compared to last month.



ARGENTINA

Argentina' latest move 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.

USDA has left unchanged its corn ending stock forecast for Argentina at 1.118 MMT from the last month for 2015/16.

BRAZIL

USDA has lowered its ending stock estimates for Brazil by 1 MMT to 8.672MMT from the November month estimate for 2015/16 as exports are increasing month on month basis.

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CHINA

USDA lowered its corn ending stock forecast for China by 0.024 MMT to 114.414 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 increased by 0.016 MMT to 3.409 MMT for 2015/16 as compared to last month forecast.

INDONESIA

USDA has increased its corn ending stock forecast for Indonesia by 0.045 MMT to 1.374 MMT for 2015/16 as compared to last month.

MALAYSIA

USDA has lowered its corn ending stock forecast for Malaysia at 0.39 MMT for 2015/16 as compared to last month forecast.

JAPAN

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 45.9% in the October'15 from 44.8% during the same month last year as users' reliance on alternatives such as sorghum, wheat and barley decreased.

INTERNATIONAL TRADES

South Korea's largest animal feed maker Nonghyup Feed Inc purchased around 195,000 MT of U.S. or South American corn for the arrival between May and July 2016. The first consignment of about 65,000 MT of corn was purchased at \$181.25 /MT on a cost-and-freight basis from Pan Ocean with an additional \$1 /MT surcharge for additional port unloading. The second consignment of around 65,000 MT of corn was purchased at \$181.37 /MT on a C&F basis from Glencore International AG with an additional \$1.5 /MT surcharge for additional port unloading. The last consignment of around 65,000 MT of corn was purchased from Glencore International AG GLEN.UL at a basis price of \$82.25 /MT with an additional \$1.5 /MT surcharge for additional port unloading.

The Korea Feed Association in Busan bought 50,000 MT of corn of South American origin from Pan Ocean at \$180.99 / MT c&f with a \$0.75 /MT surcharge for additional port unloading. It is likely to arrive at the ports of Ulsan and Busan by June 30, 2016.

A group of Israeli private buyers bought about 80,000 MT of corn, likely to be sourced from European Union or Black sea region, at \$176.60/MT c&f for March/April 2016 shipment and \$176.70 /MT c&f for April/May 2016 shipment.

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INTERNATIONAL CORN OUTLOOK:

Agriwatch expects demand for U.S corn will be low ahead on expectations that cheaper Argentine corn will capture international market. Corn prices on CBOT would decrease due to ample global supplies, low demand for U.S. corn and expectations for more favorable growing conditions in South America.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2015-Dec	2015-Nov	2014-Dec	% Change from Prev. Month	% Change from Prev. Year
Delhi	1637	1598	1301	2.45	25.84
Davangere(Loose)	1441	1451	1084	-0.70	32.92
Shimoga	1464	1550	1036	-5.55	41.31
Bagalkot	1498	1454	1107	3.03	35.33
Gadag	1421	1408	1111	0.92	27.90
Nizamabad	1549	1511	1225	2.51	26.45
Khanna	NA	NA	1371	-	-
Ludhiana	1500	1500	1300	Unch	15.38
Sangli	1555	1557	1222	-0.13	27.25
Naugachia	1648	1570	1267	4.97	30.07

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	12/30/2015	28.11.2015	Change
Corn CBOT Prices	Mar-16	141.30	144.55	-3.25
	May-16	143.76	146.81	-3.05
	Jul-16	146.22	148.98	-2.76
	Sep-16	147.90	150.65	-2.75
	Dec-16	150.85	-	-

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