

# Maize Monthly Research Report

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1<sup>st</sup> February, 2016

## OUTLOOK AND REVIEW:

### DOMESTIC MAIZE MARKET SUMMARY

With getting green signal from center to import 0.5 MMT maize from global market by the end of Jan-Mar quarter, PEC awarded an international tender to purchase 0.25 MMT yellow non genetic maize to South Korean company Daewoo international, its origin is Ukraine. Almost 0.225 MMT maize is likely to be landed at south Indian Port and more shipment is expected in next two month of this quarter. The CiF of imported maize is \$192 to 194 per ton against domestic FoB of \$237 per ton.

If prices get firmer more import is possible in new MY. Besides, Bihar crop is due from mid March and new crop from Tamil Nadu would start hitting the market now. Cash market is expected to trade steady to slightly weak in next couple of weeks under these backgrounds.

As per Government data, maize has been sown in 14.64 lakh hectares as on 28<sup>th</sup> January, 2016, lower by 0.28 lakh hectares than the corresponding period of last year. Bihar has covered 4.38 lakh hectares; higher by 0.15 lakh hectares than the corresponding period of last year. Maharashtra, A.P, Karnataka and Gujarat have covered 2.12, 1.32, 1.02 and 0.90 lakh hectares respectively which are lower than corresponding period of last year. Besides, Tamil Nadu, Chhattisgarh and West Bengal has covered 2.02, 0.52 and 0.46 lakh hectares, higher than the corresponding period of last year.

Considering the current weather conditions, Agriwatch expects maize production of 5.38 MMT for this Rabi season with the expected yield of 3752 kg/ hectare.

## RECOMMENDATION:

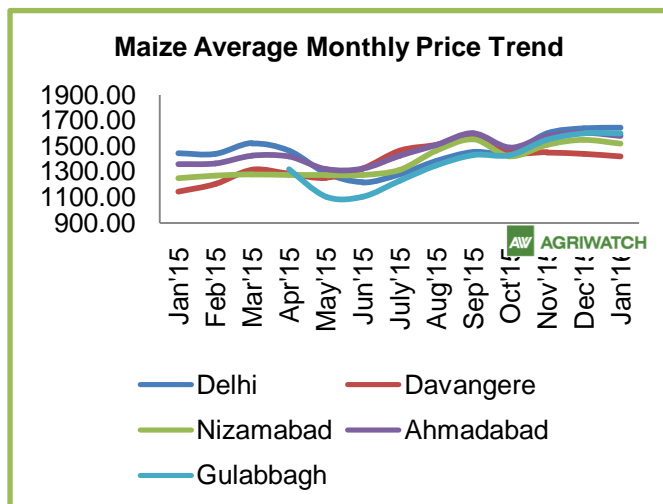
Market participants are advised to go short in Maize near 1430 levels for a target of 1386 and 1364 with a stop loss at 1456 on closing basis.

### INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 2.56 USD/MT to 143.86 USD/MT for March contracts as compared to last month. However, it is expected to trade down on ample global supplies amid low demand for U.S. corn.

At 25,19,216 MT (for the period 1<sup>st</sup> Jan- 28<sup>th</sup> Jan, 2016) corn exports from U.S were down 9.47 percent from the previous month, and 24.36 percent from the corresponding period of last year.

Corn ending stocks for U.S are forecasted higher by 0.446 MMT to 45.782 MMT for 2015/16 as compared to December month forecast. Corn ending stock for Ukraine also forecasted higher by 0.117 MMT to 1.520 MMT from the last month for 2015/16. Corn exports from Ukraine increased by 0.5 MMT to 15.5 MMT for 2015/16 compared to last month forecast.



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**INDIA MAIZE BALANCE SHEET**

<b>Maize Year-(Oct-Sep)</b>	<b>2014-15E</b>	<b>2015-16F</b>	<b>(Quarter) Oct-Dec'15 F</b>	<b>(Quarter) Jan-Mar'16 F</b>
Opening Stocks (MMT)	2.09	4.14	4.14	8.56
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	0.01	0.01	0.01
Pvt. Trade Release (MMT)	16.81	16.57	4.35	8.08
Seed Retention (MMT)	0.23	0.23	0.04	
Imports (MMT)	0.02	1.30	0.00	0.80
<b>Total Supply (MMT)</b>	<b>22.87</b>	<b>24.76</b>		
<b>Quarterly Add On(MMT)</b>			<b>11.75</b>	<b>3.74</b>
Export (MMT)	1.14	0.80	0.05	0.33
Domestic Consumption (MMT)	17.59	17.92	7.28	5.27
<b>Total Demand (MMT)</b>	<b>18.73</b>	<b>18.72</b>	<b>7.32</b>	<b>5.61</b>
<b>Ending Stock (MMT)</b>	<b>4.14</b>	<b>6.04</b>	<b>8.57</b>	<b>6.70</b>

- New season starting from October is expected to begin with 4.14 MMT and end with 6.04 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 5.38 MMT with the expected yield of 3752 kg/ hectare.
- Maize Area in India for this Rabi season is expected at 1464 Thousand Hectare.
- With carryout of 4.14 MMT total availability goes up to 24.76 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.

<b>Maize Year-(Oct-Sep)</b>	<b>2014-15E</b>	<b>2015-16F</b>
Monthly Use	1.91	2.13
Stock to Use Ratio	0.18	0.27
Stock to Month Use Ratio	2.17	3.19

<b>Consumption Break Up For 2015-16 F (Figures in MMT)</b>	
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**

1<sup>st</sup> February, 2016

## STATE - WISE MARKET DYNAMICS

### Karnataka

Maize sourced from Davangere moved towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1480 per quintal, Rs. 1460 per quintal, Rs. 1450 per quintal, Rs. 1500 per quintal and Rs. 1460 per quintal respectively. Maize was quoted down as new crop arrivals from Tamil Nadu has started. Market is expected to trade slightly weak in the near term also.

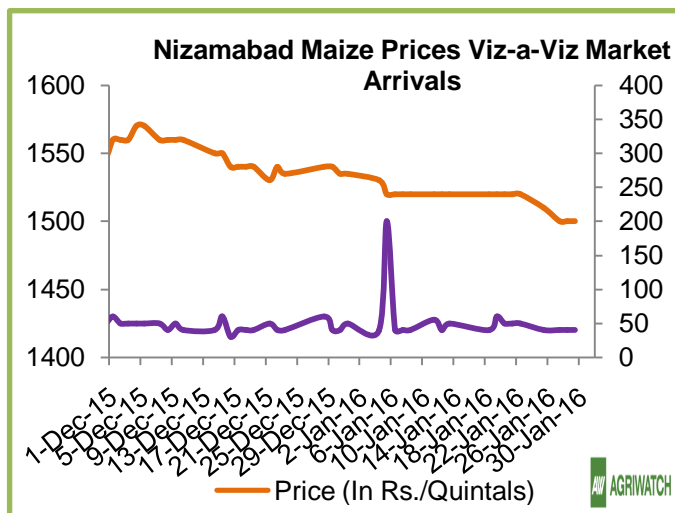
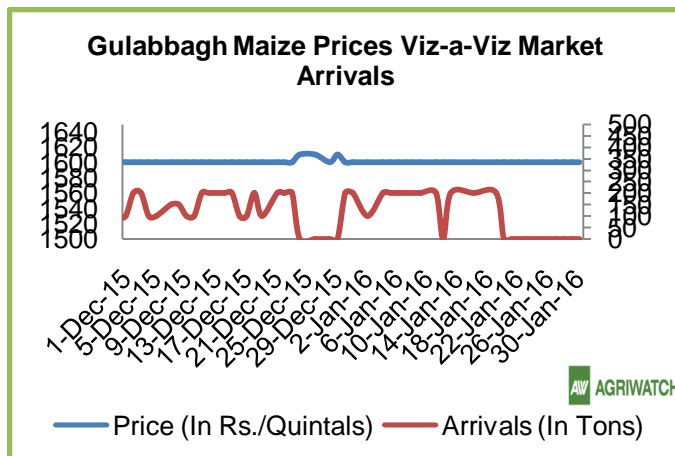
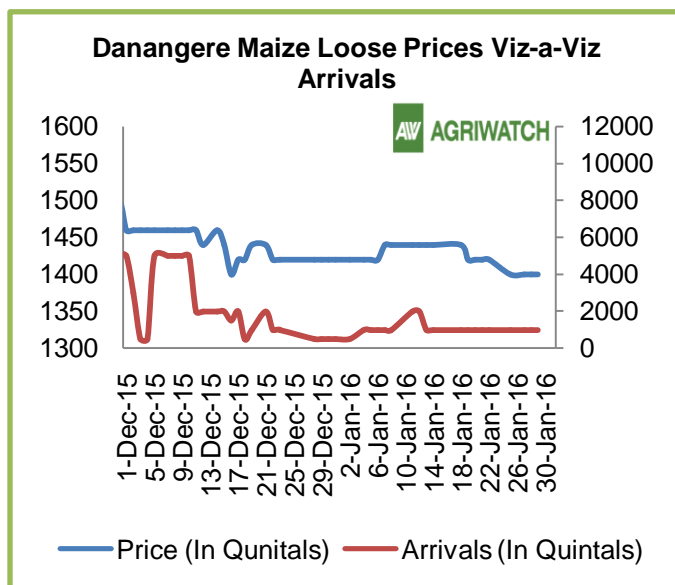
In karnataka, stock of maize in the hands of private traders could be around 20,000 MT which was around 25,000 MT during corresponding period of last year.

### BIHAR:

In Bihar, stock of maize could be around 21000 MT. Prices are likely to trade steady with weak bias in near term.

### ANDHRA PRADESH:

In A.P, maize stock position could be around 47,000 MT(25000- Private+ 22000-Government) which was around 40,000 MT(5000-Pvt+35000-Government) during the corresponding period of last year.

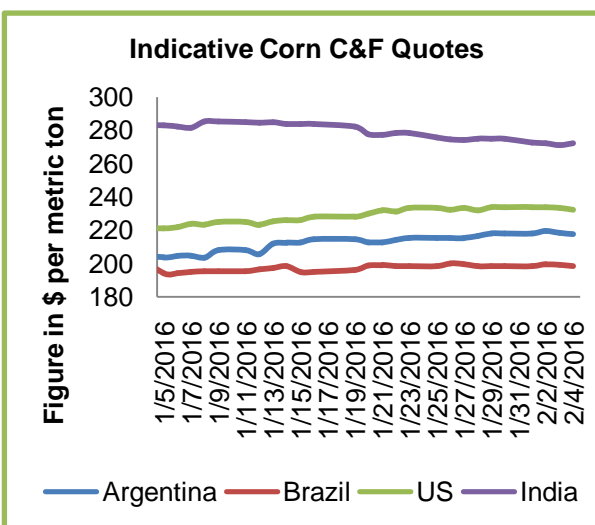
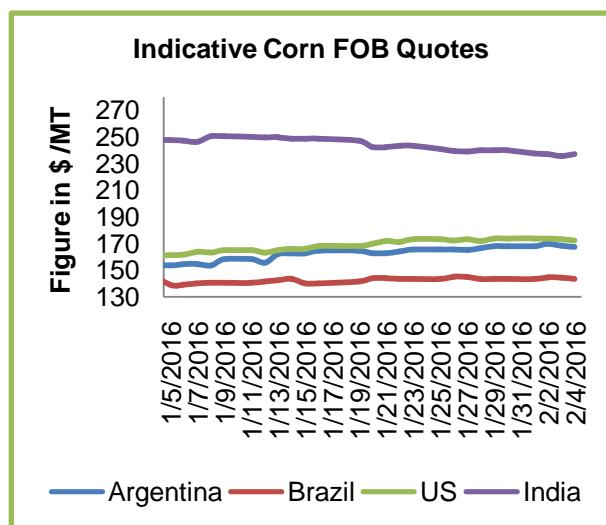


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### DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize could trade slightly weak during the month of February on the expectation of further imports. Besides, expectation of higher crop production in Bihar could also restrict the gains.

### ON THE EXPORT-IMPORT FRONT:

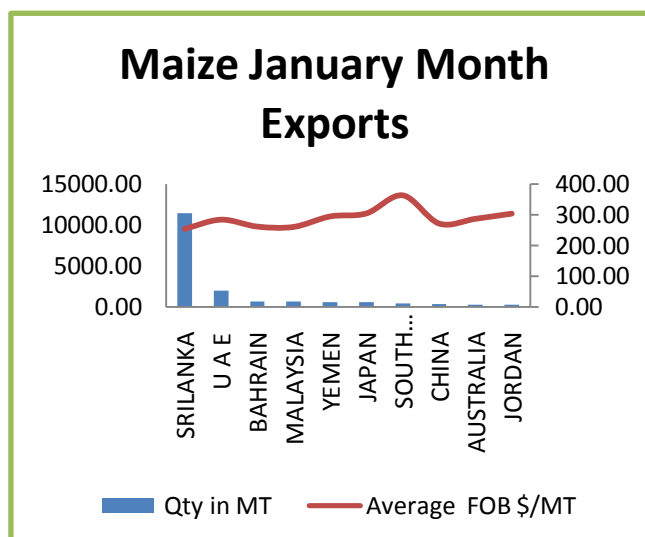


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.8)				
As on 4.2.2016	Argentina	Brazil	US	India
<b>FOB</b>	167.72	143.53	172.4	237.27
<b>Cost and Freight (C&amp;F)</b>	217.72	198.53	232.40	272.27

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. If prices get firmer more import is possible in new MY.

### MAIZE JANUARY MONTH' EXPORT

As per IBIS data, around 17369 MT was exported mainly to SriLanka for the month of January, higher by 11.51% as compared to last month.



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



- Candlestick depicts down in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Sell near 1430 and target1 and target2 would be 1386 and 1364.

Support & Resistance				
S2	S1	PCP	R1	R2
1307	1360	1418	1516	1615

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## INTERNATIONAL MARKET SCENARIO:

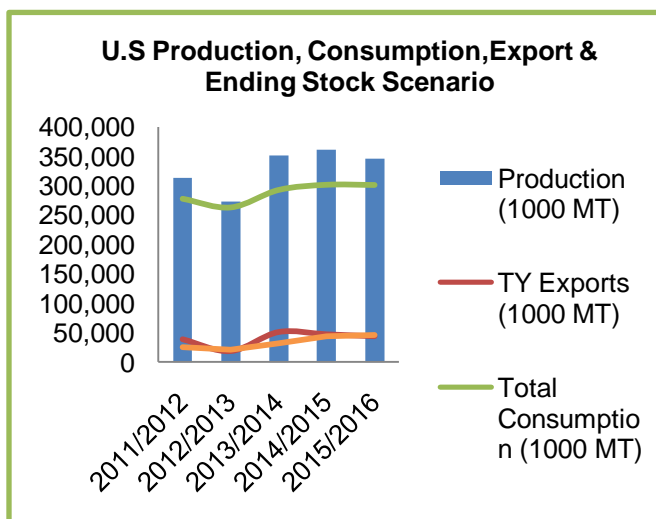
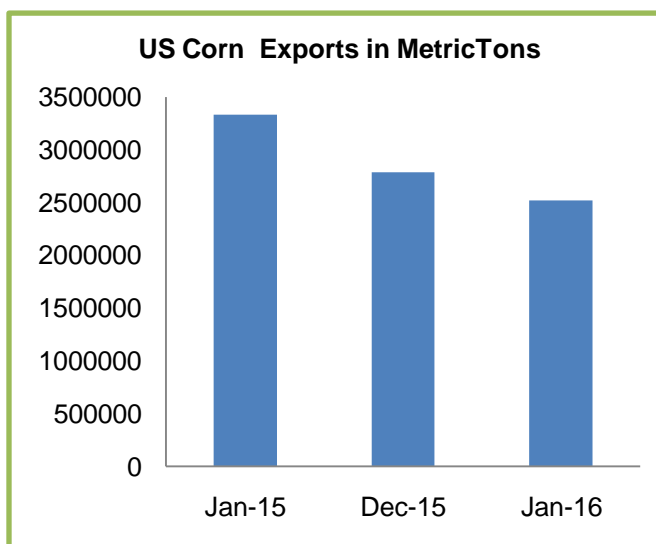
### U.S.

As per USDA, U.S corn exports reached 11,920,079 metric tons in the 2015-16 marketing year. At 25,19,216 MT (for the period 1<sup>st</sup> Jan- 28<sup>th</sup> Jan, 2016) exports were down 9.47 percent from the previous month, and 24.36 percent from the corresponding period of last year.

Corn ending stocks for U.S are forecasted higher by 0.446 MMT to 45.782 MMT for 2015/16 compared to December month forecast and 1.362 MMT from the last year as exports from U.S is forecasted lower by 1.0 MMT to 43.5 MMT compared to last month and 2.273 MMT compared to last year.

USDA lowered its corn production forecast for U.S by 1.329 MMT to 345.486 MMT for 2015/16 compared to December month forecast and 14.276 MMT from the last year.

USDA quarterly stocks report shows totaled old corn crop stocks in all positions on December 1, 2015 at 284.78 MMT, up by 5.7 MMT from December 1, 2014. Of the total stocks, 173.46 MMT are stored on farms, down by 3.64 from December 1, 2014. Off-farm stocks, at 111.32 MMT, up by 6.26 percent from the last year.

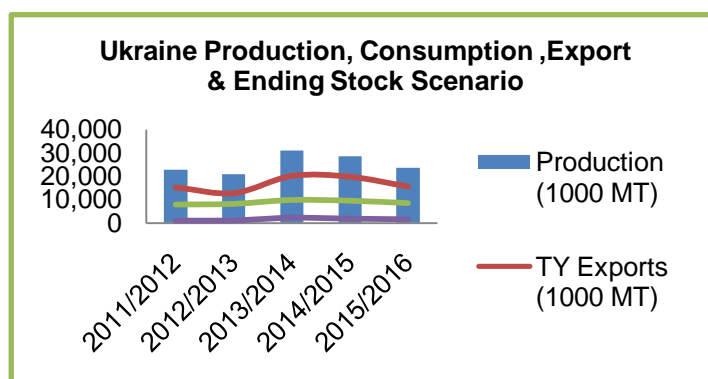




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## UKRAINE

USDA has increased its ending stock estimates for Ukraine by 0.117 MMT to 1.520 MMT from the last month for 2015/16. Corn exports increased by 0.5 MMT to 15.5 MMT for 2015/16 as compared to last month forecast.



## ARGENTINA

Informa Economics raised its corn production projection of Argentina for 2015/16 by 4 million tons to 26 million tons compared to last month. It also projected corn production for 2016/17 at 30 million tons on the expectation of increase in corn area.

USDA has lowered its corn ending stock forecast for Argentina by 0.2 MMT to 0.918 MMT from the last month for 2015/16.

## BRAZIL

Informa Economics raised its all-corn production projection of Brazil for 2015/16 by 0.3 million tons to 81.6 million tons as compared to last month.

USDA has lowered its ending stock estimates for Brazil by 1 MMT to 7.672MMT from the December month estimate for 2015/16 as exports are increasing month on month basis.

## CHINA

USDA lowered its corn ending stock forecast for China by 0.920 MMT to 113.494 MMT for 2015/16 from the last month due to fall in production and import forecast.

## MEXICO

Despite the increase in import forecast USDA kept unchanged its corn ending stock forecast for Mexico at 3.409 MMT for 2015/16 as compared to last month forecast.

## INDONESIA

USDA lowered its corn ending stock forecast for Indonesia by 0.019 MMT to 1.355 MMT for 2015/16 as compared to last month.

## MALAYSIA

USDA lowered its corn ending stock forecast for Malaysia by 0.029 MMT to 0.361 MMT for 2015/16 as compared to last month forecast.



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### INTERNATIONAL TRADES

A group of Israeli private buyers bought about 80,000 MT of corn likely to be sourced from the Black Sea region. Some 35,000 MT of corn was purchased at \$172.50 /MT c&f for the shipment between April 20 and May 10 while 45,000 MT was purchased at \$173.60 /MT c&f for the shipment between May 20 and June 10.

### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 2.56 USD/MT to 143.86 USD/MT for March contracts as compared to last month. However, it is expected to trade down on ample global supplies amid low demand for U.S. corn.

### Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-Jan	2015-Dec	2015-Jan	% Change from Prev. Month	% Change from Prev. Year
Delhi	1644	1637	1444	0.43	13.85
Davangere(Loose)	1423	1441	1090	-1.25	30.55
Shimoga	1471	1464	1071	0.48	37.35
Bagalkot	1441	1498	1166	-3.81	23.58
Gadag	1405	1421	1125	-1.13	24.89
Nizamabad	1518	1549	1250	-2.00	21.44
Khanna	NA	NA	1444	-	-
Ludhiana	1500	1500	1300	Unch	15.38
Sangli	1548	1555	1266	-0.45	22.27
Naugachia	NA	1648	1352	-	-

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	01/29/2016	12/30/2015	Change
Corn CBOT Prices	Mar-16	143.86	141.30	2.56
	May-16	145.83	143.76	2.07
	Jul-16	147.70	146.22	1.48
	Sep-16	149.47	147.90	1.57
	Dec-16	152.52	150.85	1.67

1<sup>st</sup> February, 2016**Disclaimer**

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