

Maize Monthly Research Report

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1st March, 2016

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Assuming a normal harvest of Rabi corn at 5.38 MMT with the expected yield of 3752 kg/ hectare and quite stable domestic prices during the rest of marketing year, market year 2015-16 imports are estimated to reach 465,000 MT. However, if prices get firmer more import is possible in 2015-16 M.Y.

PEC has issued another tender to import 2,40,000 MT of corn. In its first tender, PEC has made a purchase of 2, 25,500 MT of yellow corn, said to be sourced from Ukraine. The purchase comprised of 80,500 MT bought at \$191.99 / MT c&f, of which 40,000 MT was for shipment between Jan. 27 to Feb. 17 and 40,500 MT on Feb. 8-27. A further 65,000 MT was purchased at \$193.49 /MT c&f for shipment between Jan. 27 and Feb. 17. The remaining 80,000 MT had been purchased at \$192.99 /MT c&f with 45,000 MT for shipment between Feb. 1-20 and 35,000 MT between Jan. 27 and Feb. 17.

RECOMMENDATION:

Market participants are advised to go short in Maize for April contract near 1288 levels for a target of 1252 and 1234 with a stop loss at 1309 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall 4.72 USD/MT to 139.14 USD/MT for March contracts compared to last month, due to ample global grain supplies amid the U.S. Department of Agriculture's forecast for increased U.S. spring plantings.

The IGC raised its forecast for the 2015/16 global corn crop by 10 MMT to 969 MMT from the last month.

At 29,18,057 MT (for the period 1st Feb- 25th Feb, 2016) corn exports from U.S were up 15.83 percent from the previous month, but down 18.01 percent from the corresponding period of last year.

Corn ending stocks for U.S are forecasted higher by 0.889 MMT to 46.671 MMT for 2015/16 compared to January month forecast and 1.808 MMT from the last year but decreased its ending stock estimates for Ukraine by 0.2 MMT to 1.320 MMT from the last month for 2015/16 due to fall in production estimates.

Brazil's corn exports are likely to fall by 2.75 MMT to 28 MMT in 2016 compared to last year. The decrease in exports is mainly due to competition from Argentina. Besides, recently approved taxes over exports of grains in two Brazilian States, Goias and Mato Grosso do Sul, also contribute to a smaller volume of corn exports this year.

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INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2014-15E	2015-16F	(Quarter) Oct-Dec'15 F	(Quarter) Jan-Mar'16 F
Opening Stocks (MMT)	2.09	4.14	4.14	8.52
Production (MMT)	20.76	20.06	11.75	2.94
Farmer's Release (MMT)	17.90	17.27	8.71	3.73
Govt. Procurement (MMT)	1.09	0.01	0.01	0.01
Pvt. Trade Release (MMT)	16.81	17.26	4.35	8.08
Seed Retention (MMT)	0.23	0.23	0.04	
Imports (MMT)	0.02	0.47	0.00	0.47
Total Supply (MMT)	22.87	24.67		
Quarterly Add On(MMT)			11.75	3.41
Export (MMT)	1.14	0.74	0.09	0.24
Domestic Consumption (MMT)	17.59	17.92	7.28	5.27
Total Demand (MMT)	18.73	18.66	7.37	5.51
Ending Stock (MMT)	4.14	6.01	8.52	6.42

- New season starting from October is expected to begin with 4.14 MMT and end with 6.01 MMT.
- Total maize production in India could be around 20.06 MMT in 2015-16 against our yearly total demand of 18.66 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 24.67 MMT in 2015/16.
- Total demand including domestic and export could be around 18.66 MMT.
- Total imports for the Jan-Mar quarter could be around 0.47 MMT in 2015/16.

Maize Year-(Oct-Sep)	2014-15E	2015-16F
Monthly Use	1.91	2.06
Stock to Use Ratio	0.18	0.24
Stock to Month Use Ratio	2.17	2.92

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 moved towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1470 per quintal, Rs. 1460 per quintal, Rs. 1425 per quintal, Rs. 1470 per quintal and Rs. 1480 per quintal respectively. Market is expected to trade slightly weak in the near term.

As per trade sources, in karnataka, stock of maize could be around 100,000 MT in the hands of Private traders, which was 200,000 MT during the corresponding period of last year while stock of maize in the hands of farmers could be around 40-45% which was around 30% of production during corresponding period of last year.

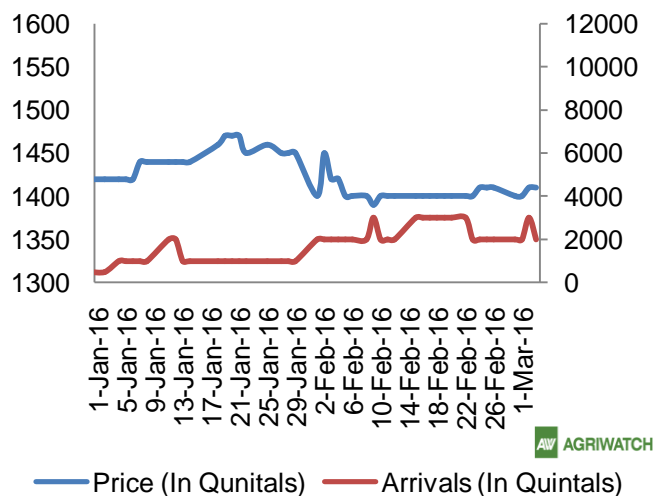
BIHAR:

In Bihar, new crop arrivals are expected after mid march. Prices are likely to trade down in near term as crop production is huge in this season.

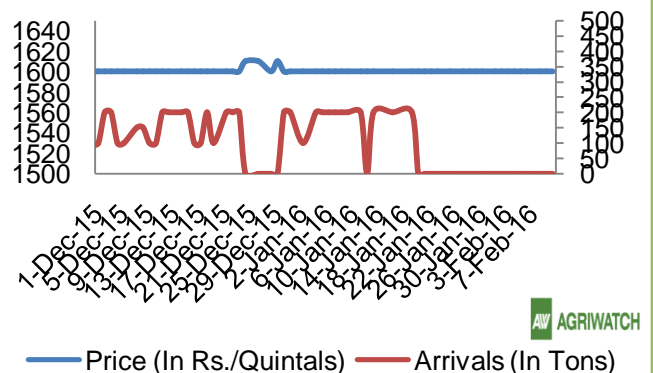
ANDHRA PRADESH:

In A.P, despite the sluggish demand, maize is likely to trade range bound for the month of March as prices are ruling at the lower level. In A.P, maize stock position could be around 47,000 MT(20000- Private+ 22000-Government) which was around 40,000 MT(5000-Pvt+35000-Government) during the corresponding period of last year.

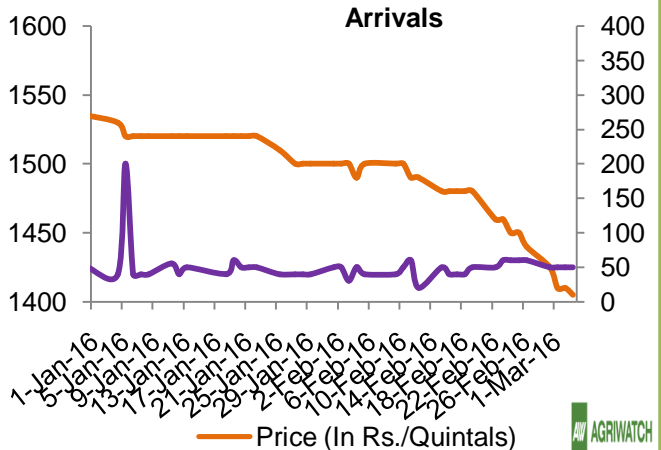
Danangere Maize Bilty Prices Viz-a-Viz Arrivals



Gulabbagh Maize Prices Viz-a-Viz Market Arrivals



Nizamabad Maize Prices Viz-a-Viz Market Arrivals

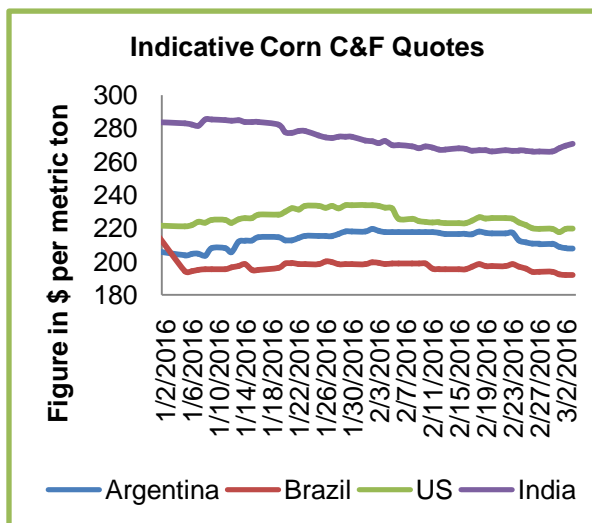
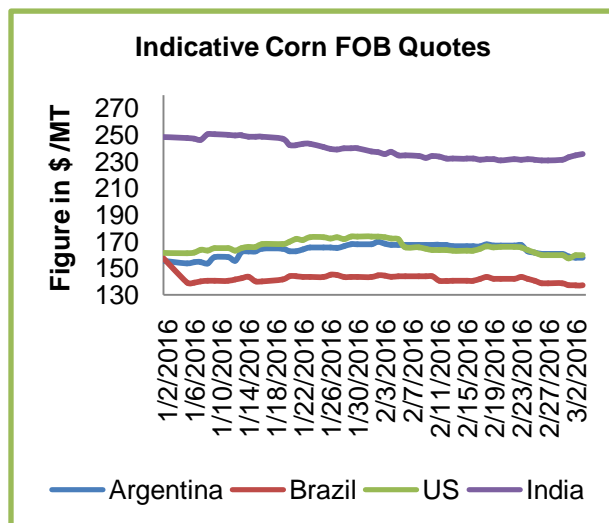


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DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade slightly weak during the month of March on the expectation of higher crop production for the Rabi season.

ON THE EXPORT-IMPORT FRONT:

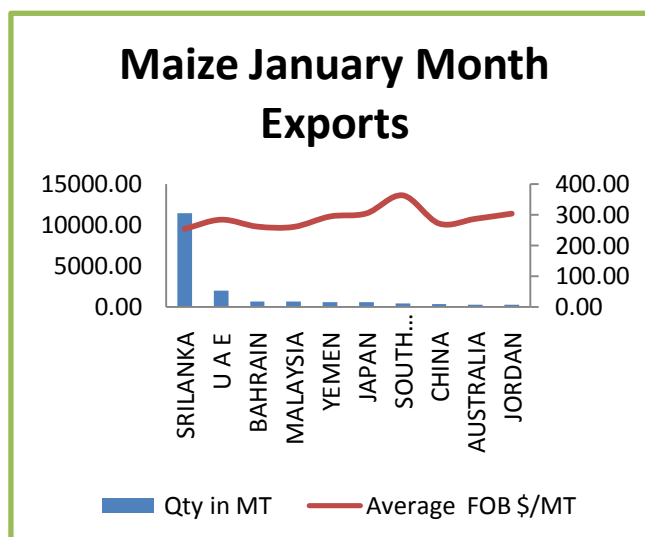


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.37)				
As on 3.3.2016	Argentina	Brazil	US	India
FOB	157.97	137.12	159.90	235.77
Cost and Freight (C&F)	207.97	192.12	219.90	270.77

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% compared to last month.



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



- Last candlestick depicts gain in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving up in neutral zone.
- Strategy: Sell near 1288 and target1 and target2 would be 1252 and 1234.

Support & Resistance

S2	S1	PCP	R1	R2
1166	1200	1233	1307	1338

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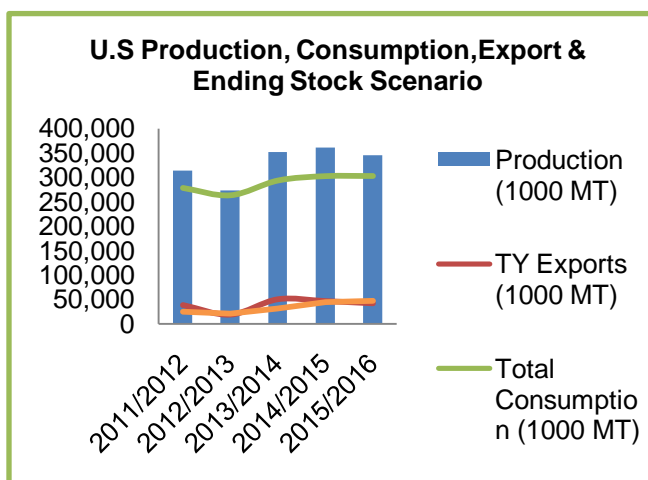
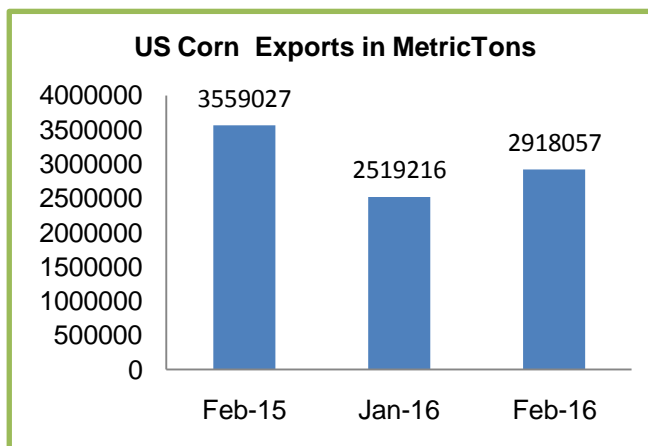
INTERNATIONAL MARKET SCENARIO:

U.S.

As per USDA, U.S corn exports reached 14,838,136 metric tons in the 2015-16 marketing year. At 29,18,057 MT (for the period 1st Feb- 25th Feb, 2016) exports were up 15.83 percent from the previous month, but down 18.01 percent from the corresponding period of last year.

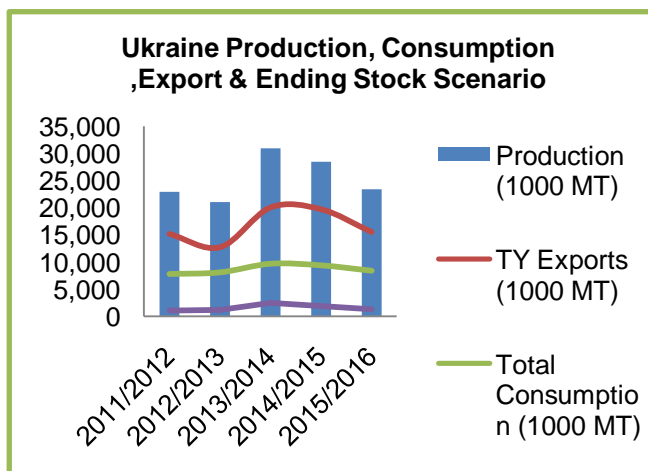
Corn ending stocks for U.S are forecasted higher by 0.889 MMT to 46.671 MMT for 2015/16 compared to January month forecast and 1.808 MMT from the last year as exports from U.S is forecasted lower by 1.5 MMT to 42.0 MMT compared to last month and 3.273 MMT compared to last year.

USDA kept unchanged its corn production forecast for U.S at 345.486 MMT for 2015/16 compared to January month forecast but lower by 15.60 MMT from the last year.



UKRAINE

USDA has decreased its ending stock estimates for Ukraine by 0.2 MMT to 1.320 MMT from the last month for 2015/16 due to fall in production estimates. Corn exports kept unchanged at 15.5 MMT for 2015/16 compared to last month forecast.



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Informa Economics raised its corn production projection of Argentina for 2015/16 by 1 million tons to 27 million tons compared to last month.

USDA has increased its corn ending stock forecast for Argentina by 0.4 MMT to 1.318 MMT from the last month for 2015/16 due to increase in production estimates.

BRAZIL

Brazil's corn exports are likely to fall by 2.75 MMT to 28 MMT in 2016 compared to last year. The decrease in exports is mainly due to competition from Argentina. Besides, recently approved taxes over exports of grains in two Brazilian States, Goias and Mato Grosso do Sul, also contribute to a smaller volume of corn exports this year.

Informa Economics raised its projection for all-corn production of Brazil for 2015/16 by 0.9 million tons to 82.5 million tons compared to last month.

USDA has increased its ending stock estimates for Brazil by 0.5 MMT to 8.172 MMT from the January month estimate for 2015/16 due to increase in production estimates.

CHINA

USDA lowered its corn ending stock forecast for China by 2.0 MMT to 111.494 MMT for 2015/16 from the last month due to increase in consumption forecast.

MEXICO

USDA lowered its corn ending stock forecast for Mexico by 0.1 MMT to 3.309 MMT for 2015/16 compared to last month forecast due to increase in consumption forecast.

INDONESIA

USDA lowered its corn ending stock forecast for Indonesia by 0.2 MMT to 1.155 MMT for 2015/16 compared to last month due to fall in production estimates.

MALAYSIA

USDA kept unchanged its corn ending stock forecast for Malaysia at 0.361 MMT for 2015/16 compared to last month forecast.

JAPAN

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 45.4% in the December'15 from 44.2% during the corresponding month last year as users' reliance on sorghum, decreased

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GLOBAL

The IGC raised its forecast for the 2015/16 global corn crop by 10 MMT to 969 MMT from the last month, but below the previous season's 1016 MMT crop. Forecast for global corn ending stock is raised by 10 MMT to 206 MMT as compared to last month. The IGC also forecast 1% expansion for global corn area for the 2016/17 crop.

INTERNATIONAL TRADES

The Korea Feed Association purchased about 60,000 MT of yellow corn at \$177.90 / MT c&f likely to be sourced from South America, for the arrival at 30 July '16.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall 4.72 USD/MT to 139.14 USD/MT for March contracts compared to last month due to ample global grain supplies amid the U.S. Department of Agriculture's forecast for increased U.S. spring plantings.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-Feb	2016-Jan	2015-Feb	% Change from Prev. Month	% Change from Prev. Year
Delhi	1645	1644	1440	0.06	14.24
Davangere(Loose)	1405	1423	1204	-1.26	16.69
Shimoga	1483	1471	1110	0.82	33.60
Bagalkot	1390	1441	1185	-3.54	17.30
Gadag	1374	1405	1127	-2.21	21.92
Nizamabad	1478	1518	1270	-2.64	16.38
Khanna	NA	NA	1450	-	-
Ludhiana	NA	1500	1300	-	-
Sangli	1493	1548	1289	-3.55	15.83
Naugachia	NA	NA	1341	-	-

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	2/29/2016	1/29/2016	Change
Corn CBOT Prices	Mar-16	139.14	143.86	-4.72
	May-16	140.52	145.83	-5.31
	Jul-16	142.38	147.7	-5.32
	Sep-16	144.55	149.47	-4.92
	Dec-16	147.9	152.52	-4.62

1st March, 2016**Disclaimer**

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