

# Maize Monthly Research Report

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1<sup>st</sup> May, 2016**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Maize cash markets is expected to trade range bound to slightly firm in the first half of May due to stockiest buying interest at current level. As around 40% crop in Bihar is still waiting for harvesting; arrival pressure could be seen by the end of this month that may push market down. Export demand is also negligible due to disparity. Crop yield is lower in Bihar and A.P. However, higher area coverage would compensate these yield loss to some extent. In second half of the month, prices may dip to Rs. 1125-1150 per quintal in Bihar.

India imported 1387.75 MT corn, sourced from Ukraine for the month of April'16 against 1,59,910 MT for the month of March'16. Maize has been imported at an average CIF \$193.92/ MT through Kandla sea. Meanwhile, India exported 6346 MT maize for the month of April'16 against 3932 MT for the month of March'16. Maize has been exported at an average FoB of \$238.08/ MT. Indian maize is exported mainly to Nepal followed by Yemen mainly through Raxul LCS followed by JNPT Sea.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 10 per quintal to Rs. 1490 per quintal. Starch feed makers quoted it steady at Rs.1500 per quintal compared to last month.

**RECOMMENDATION:**

Market participants are advised to go short in Maize for Jun contract near 1305 levels for a target of 1265 and 1245 with a stop loss at 1329 on closing basis.

**INTERNATIONAL CORN MARKET SUMMARY**

At global front, there are adverse crop weather conditions in South America and a tight supply in Brazil. The benefit of tight supply side would go to U.S and it would compensate the gap. However, firmness would be restricted due to high planting coverage in U.S for maize crop. Overall global outlook seems stable to slightly firm in the short term.

Brazil's winter corn crop is forecasted lower by 4% to 52.5 MMT from the previous estimate due to continued dry weather over the center-west growing areas. Meanwhile, Government of Brazil has decided to remove import tax on corn shipments.

In U.S 45% corn planting has been completed as of 1<sup>st</sup> May, 2016, same compared to last year but higher by 15% from last 5 year average period. At 4.6 MMT (for the period 1<sup>st</sup> Apr- 28<sup>th</sup> Apr, 2016) U.S corn exports were up 11.18 percent from the previous month but lower by 16.02 percent from the corresponding period of last year.

USDA has decreased its ending stock estimates for Ukraine by 0.167 MMT to 1.153 MMT from the last month for 2015/16 and 0.55 MMT compared to last year.

Indonesia is likely to limit maximum corn imports for feed mills to 1 million tons.

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

## AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index up 0.75% during the week ended Apr 23, 2016 compared to previous week. All nine Commodity Group Indices and 25 of the 29 Individual Commodity Indices that comprise the headline Index gained during the week barring Maize, Onion, Sunflower Oil and Red Chilli. The base for the Index is 2014 (= 100).

### 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>	<b>(Quarter) Apr-Jun'16 F</b>
Opening Stocks (MMT)	2.09	4.14	4.14	8.51	6.54
Production (MMT)	20.76	20.06	11.75	2.94	4.30
Farmer's Release (MMT)	17.90	17.27	8.71	3.73	3.37
Govt. Procurement (MMT)	1.09	0.01	0.01	0.01	
Pvt. Trade Release (MMT)	16.81	17.26	4.35	8.08	2.89
Seed Retention (MMT)	0.23	0.23	0.04		0.19
Imports (MMT)	0.02	0.39	0.00	0.39	0.00
<b>Total Supply (MMT)</b>	<b>22.87</b>	<b>24.59</b>			
<b>Quarterly Add On(MMT)</b>			<b>11.75</b>	<b>3.32</b>	<b>4.30</b>
Export (MMT)	1.14	0.49	0.10	0.03	0.17
Domestic Consumption (MMT)	17.59	17.92	7.28	5.27	3.23
<b>Total Demand (MMT)</b>	<b>18.73</b>	<b>18.41</b>	<b>7.38</b>	<b>5.30</b>	<b>3.40</b>
<b>Ending Stock (MMT)</b>	<b>4.14</b>	<b>6.18</b>	<b>8.51</b>	<b>6.54</b>	<b>7.44</b>

- New season starting from October is expected to begin with 4.14 MMT and end with 6.18 MMT.
- Total maize production in India could be around 20.06 MMT in 2015-16 against our yearly total demand of 18.41 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.
- With carryout of 4.14 MMT total availability goes up to 24.59 MMT in 2015/16.
- Total demand including domestic and export could be around 18.41 MMT.
- Total imports for the Jan-Mar quarter could be around 0.39 MMT in 2015/16.

<b>Maize Year-(Oct-Sep)</b>	<b>2014-15E</b>	<b>2015-16F</b>
Monthly Use	1.91	2.05
Stock to Use Ratio	0.18	0.25
Stock to Month Use Ratio	2.17	3.02

<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

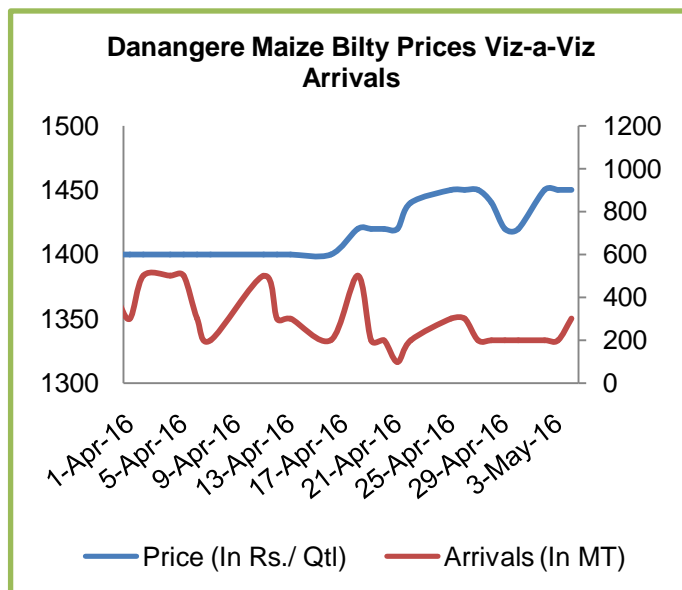
- **E= AW Estimates, F=AW Forecast**

## STATE - WISE MARKET DYNAMICS

### Karnataka

Maize sourced from Davangere moved towards Bangalore, Nammakal and Chennai at Rs. 1550 per quintal, Rs. 1550 per quintal, and Rs. 1600 per quintal respectively. Market is expected to trade range bound in the near term.

As per trade sources, in karnataka, stock of maize could be around 500,000 MT in the hands of Private traders, which was same during the corresponding period of last year while in Davangere, stock of maize could be around 100,000 MT in the hands of Private traders, which was 150,000 MT during the corresponding period of last year.



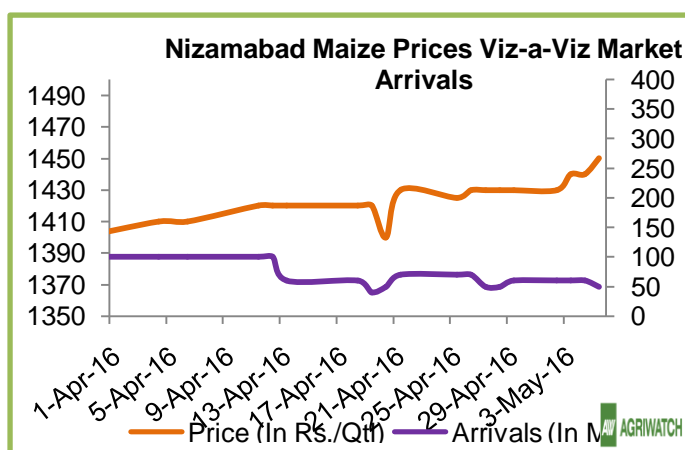
### BIHAR:

In Bihar, new crop contains 14-15% moisture and around 60% maize crop harvesting has been completed. Crop is in good condition.

Despite new crop arrival pressure, we expect maize to trade range bound in Gulabghat market as stockists are actively buying at the lower levels.

### ANDHRA PRADESH:

In A.P, maize is likely to trade steady despite sluggish demand as traders are not interested to sell at the lower rate. New crop contains 14% moisture and harvesting is over. In A.P, maize stock position could be around 30,000 MT which was around 40,000 MT during the corresponding period of last year while in Nizamabad; stock of maize could be around 15000 MT which is same compared to last year.

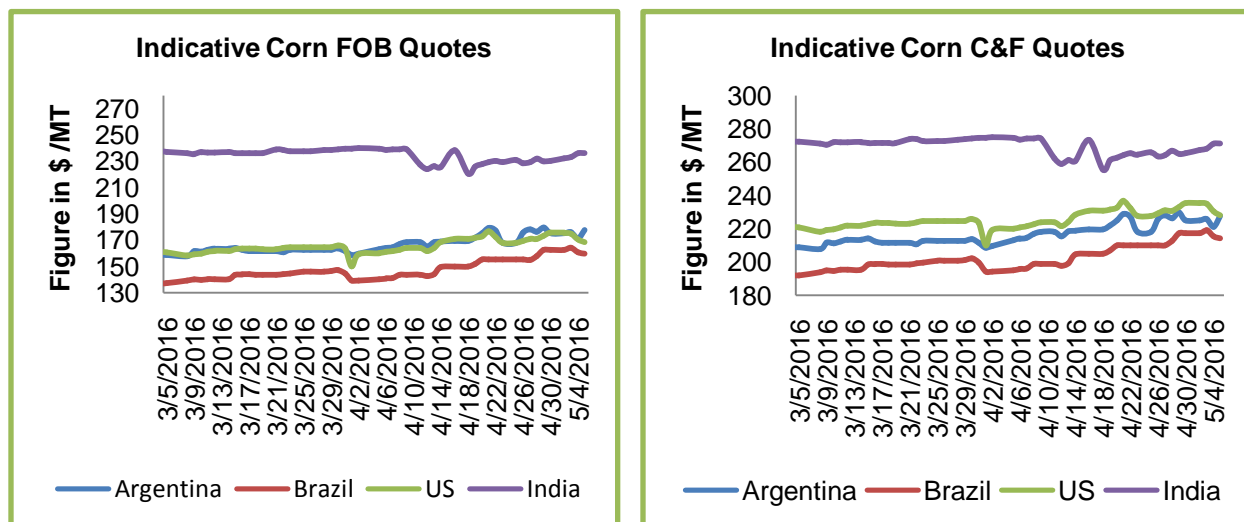


### DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade range bound during the month of May despite new crop arrival pressure as stockists are keen to buy at lower level.

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

### ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.51)				
As on 1.4.2016	Argentina	Brazil	US	India
<b>FOB</b>	177.85	159.45	168.20	236.05
<b>Cost and Freight (C&amp;F)</b>	227.85	214.45	228.20	271.05

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.

### MAIZE APRIL MONTH' EXPORT-IMPORT

As per IBIS data, India imported 1387.75 MT corn, sourced from Ukraine for the month of April'16 against 1,59,910 MT for the month of March'16. has been imported at an average CIF \$193.92/ MT through Kandla sea.

Meanwhile, India exported 6346 MT maize for the month of April'16 against 3932 MT for the month of March'16. Maize has been exported at an average FoB of \$238.08/ MT. Indian maize is exported mainly to Nepal followed by Yemen mainly through Raxul LCS followed by JNPT Sea.

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



- Candlestick depicts range bound movement in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving in neutral zone.
- Increase in prices with lower volume and OI indicates weak market.
- Strategy: Sell near 1305 and target1 and target2 would be 1265 and 1245.

### Support & Resistance

S2	S1	PCP	R1	R2
1162	1212	1262	1308	1340



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

## INTERNATIONAL MARKET SCENARIO:

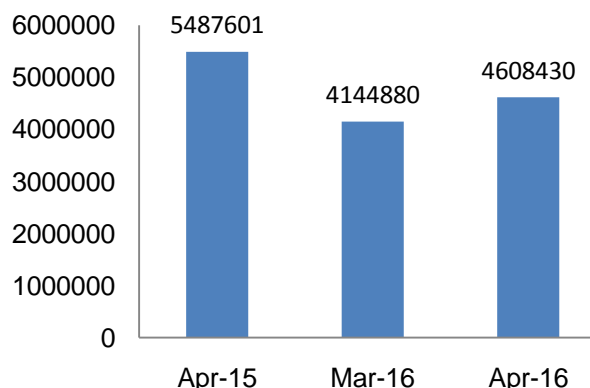
### U.S.

As per USDA, U.S corn exports reached 24.58 MMT in the 2015-16 marketing year. At 4.6 MMT (for the period 1<sup>st</sup> Apr- 28<sup>th</sup> Apr, 2016) exports were up 11.18 percent from the previous month but lower by 16.02 percent from the corresponding period of last year.

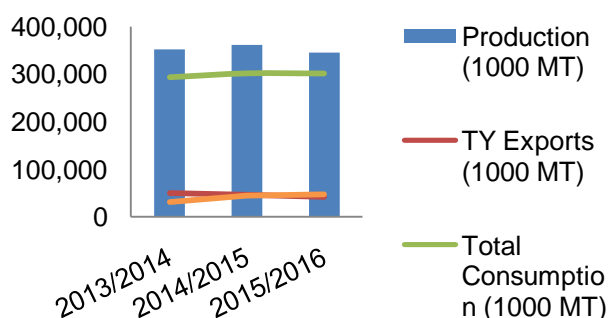
USDA raised its corn ending stock estimates for U.S by 0.615 MMT to 47.286 MMT for 2015/16 compared to March month forecast due to fall in consumption forecast.

In U.S 45% corn planting has been completed as of 1<sup>st</sup> May, 2016, same compared to last year but higher by 15% from last 5 year average period. 13% crop of corn has emerged, higher by 6% from last year and 5% from last 5 year average period. Speedy pace of planting in the U.S. Midwest is likely to put pressure on corn prices.

**US Corn Exports in MetricTons**



**U.S Production, Consumption, Export & Ending Stock Scenario**



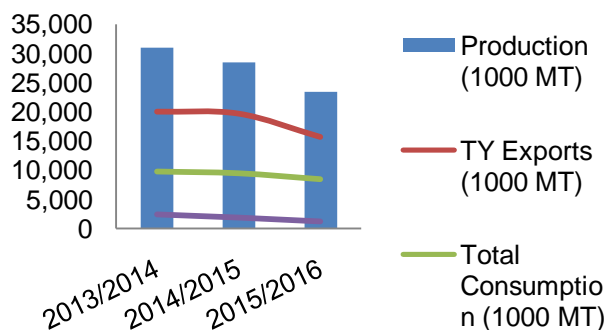
### UKRAINE

USDA has decreased its ending stock estimates for Ukraine by 0.167 MMT to 1.153 MMT from the last month for 2015/16 and 0.55 MMT compared to last year.

### ARGENTINA

USDA raised its its corn ending stock forecast for Argentina by 0.298 to 1.616 MMT from the last month for 2015/16.

**Ukraine Production, Consumption ,Export & Ending Stock Scenario**



### BRAZIL

Brazil's winter corn crop is forecasted lower by 4% to 52.5 MMT from the previous estimate due to continued dry weather over the center-west growing areas. Corn prices are likely to increase in that local region as pork and poultry industry could import 500,000 MT of corn from the region in the first half of 2016.



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

Government of Brazil has decided to remove import tax on corn shipments that varies from 8-10%, for a period of six months, from countries outside the Mercosur trade bloc. This tax exemption limit will apply to maximum of 1 million tons corn.

### CHINA

USDA lowered its corn ending stock forecast for China by 2 MMT to 109.494 MMT for 2015/16 from the last month but higher by 11.03 MMT compared to last year.

### MEXICO

USDA increased its corn ending stock forecast for Mexico by 0.2 MMT to 3.709 MMT for 2015/16 compared to last month forecast due to increase in import forecast.

### INDONESIA

Indonesia is likely to limit maximum corn imports for feed mills to 1 million tons this year as domestic supply is likely to cover demand.

### 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 46.2% in the February'16 from 44.4% during the same month last year as users' reliance on sorghum, decreased.

### GLOBAL

The IGC raised its forecast for the 2015/16 global corn crop by 1 MMT to 973 MMT from the last month, but below the previous season's 1018 MMT crop. Forecast for global corn ending stock kept unchanged at 206 MMT as compared to last month. The IGC also raised its forecast for the 2016/17 global corn production by 5 MMT to 998 MMT.

### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT raised 9.15 USD/MT to 153.60 USD/MT for May contracts compared to last month due to adverse crop weather conditions in South America and tight domestic supplies in Brazil. However, speedy pace of planting in the U.S. Midwest is likely to limit the gains.

### Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-April	2016-March	2015-April	% Change from Prev. Month	% Change from Prev. Year
Delhi	1420	1669	1563	-14.92	-9.15
Davangere	1415	1402	1287	1.07	10.10
Shimoga	1419	1475	1254	-3.80	13.16
Bagalkot	1422	1380	1276	3.04	11.44
Gadag	1410	1352	1261	4.29	11.82
Nizamabad	1421	1403	1276	1.28	11.36
Khanna	1583	1756	1563	-9.85	1.28
Ludhiana	NA	NA	1643	-	-
Sangli	1524	1477	1373	3.18	11.00
Naugachia	1190	1365	1297	-12.82	-8.25

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	4/29/2016	3/30/2016	Change
Corn CBOT Prices	May-16	153.60	144.45	9.15
	Jul-16	154.19	146.22	7.97
	Sep-16	154.19	147.99	6.2
	Dec-16	155.57	151.14	4.43
	Mar-17	158.52	154.59	3.93

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