

Maize Monthly Research Report

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1st Jun, 2016**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Maize cash markets are expected to trade slightly firm during the month of June due to high stockiest demand. In Bihar, maize crop harvesting has ended and the crop contains high moisture level of 16-18%. Some maize is affected by fungus also.

India exported around 18557 MT of maize for the month of May'16 against 6346 MT for the month of April'16. Maize has been exported at an average FoB of \$217.35/ MT. Indian maize is exported mainly to Nepal followed by Yemen and Malaysia mainly through Raxul LCS followed by JNPT and Mundra Sea.

The Cabinet Committee on Economic Affairs has given its approval to increase the MSP of Maize by Rs. 40 per quintal to Rs. 1365 per quintal for kharif season of 2016-17. The prices would be effective from 1.10.2016.

India's monsoon rains are predicted by IMD at 106% which is good for corn crop but the concern is about the time of harvesting as 123% monsoon rains are expected in the month of September. This could affect the corn quality and delay the harvest.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 70 per quintal to Rs. 1560 per quintal. Starch feed makers quoted it firm by Rs. 75 per quintal to Rs.1575 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go long in Maize for July contract near 1388 levels for a target of 1438 and 1463 with a stop loss at 1358 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

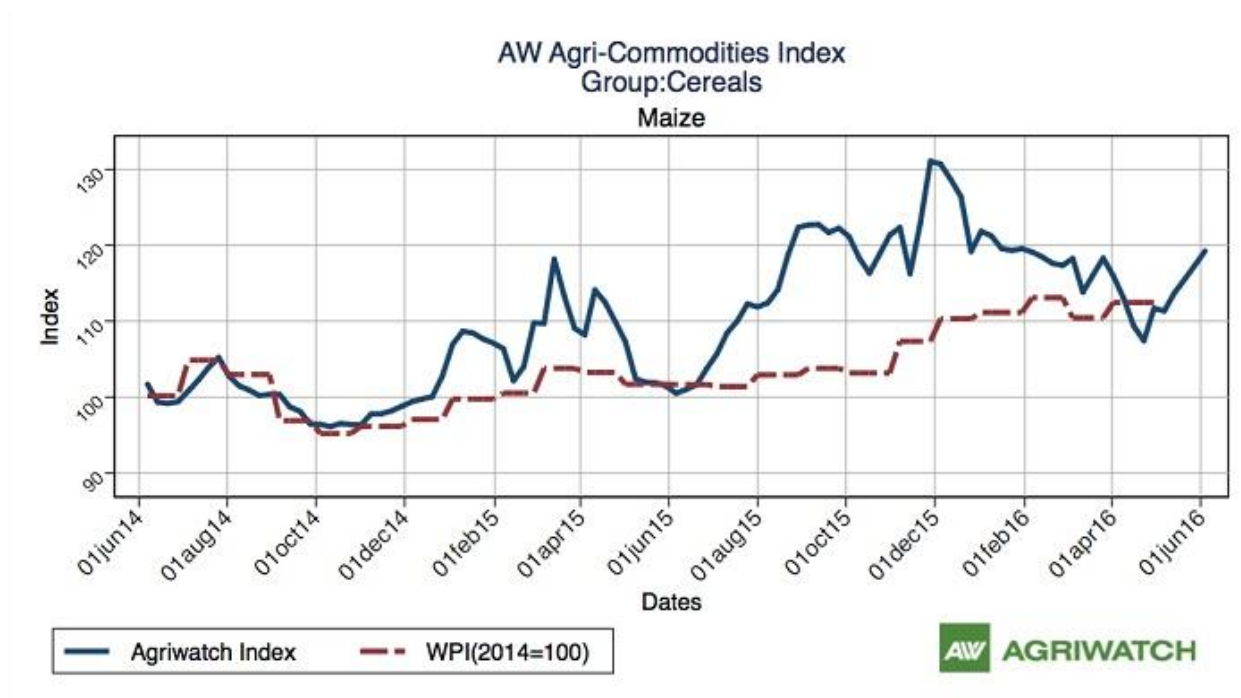
At global front, Corn prices on CBOT raised by 8.27 USD/MT to 162.46 USD/MT for July contracts compared to last month supported by concerns about shortfalls in Brazil's crop.

In U.S 94% corn planting has been completed as of 29th May, 2016, same compared to last year but higher by 2% from last 5 year average period.

USDA has increased its ending stock estimates for Ukraine by 0.35 MMT to 1.152 MMT for 2016/17 compared to last year.

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AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index up 1.38% during the week ended Jun 4, 2016 compared to previous week. The base for the Index and all sub-Indices is 2014 (= 100). Detailed charts and index computation methodology can be viewed on the ET website and on Agriwatch.com.

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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	(Quarter) Apr-Jun'16 F
Opening Stocks (MMT)	2.09	4.14	4.14	8.51	6.46
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
Total Supply (MMT)	22.87	24.59			
Quarterly Add On(MMT)			11.75	3.32	4.30
Export (MMT)	1.14	0.51	0.10	0.11	0.11
Domestic Consumption (MMT)	17.59	17.92	7.28	5.27	3.23
Total Demand (MMT)	18.73	18.43	7.38	5.38	3.34
Ending Stock (MMT)	4.14	6.16	8.51	6.46	7.42

- New season starting from October is expected to begin with 4.14 MMT and end with 6.16 MMT.
- Total maize production in India could be around 20.06 MMT in 2015-16 against our yearly total demand of 18.43 MMT.
- 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 18.43 MMT.
- Total imports for the Jan-Mar quarter could be around 0.39 MMT in 2015/16.

Maize Year-(Oct-Sep)	2014-15E	2015-16F
Monthly Use	1.91	2.05
Stock to Use Ratio	0.18	0.25
Stock to Month Use Ratio	2.17	3.01

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 and Chennai at Rs. 1700 per quintal, Rs. 1800 per quintal, and Rs. 1780 per quintal respectively. Market is expected to trade firm in the near term due to high feed makers demand.

As per trade sources, in karnataka, stock of maize in the hands of Private traders could be around 500,000 MT, which was same during the corresponding period of last year while in the government's stock of maize is negligible, which was around 500,000 MT during the corresponding period of last year.

BIHAR:

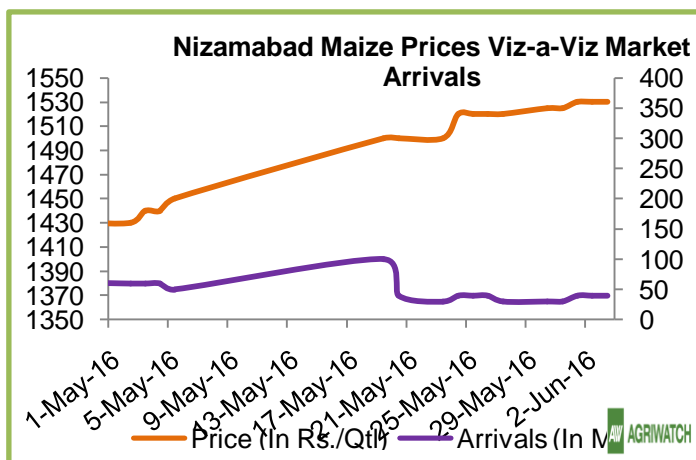
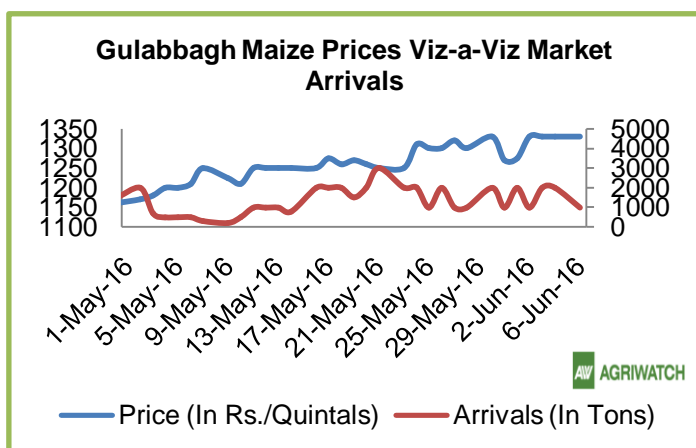
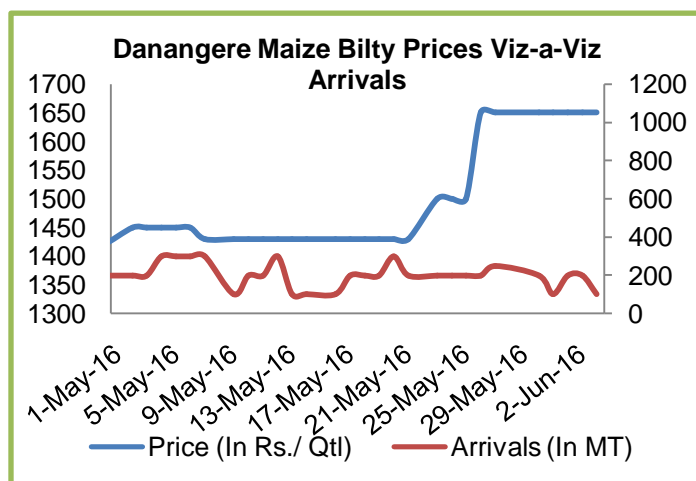
In Bihar, maize crop harvesting has ended and contains high moisture level of 16-18% and quality is also affected by fungus. It is expected to trade slightly firm for the month of June due to high stockiest demand.

ANDHRA PRADESH:

In A.P, maize is likely to trade slightly firm for the month of Jun due to high demand amid low supply. In Nizamabad; stock of maize could be around 17000 MT which was 25000 MT compared to last year.

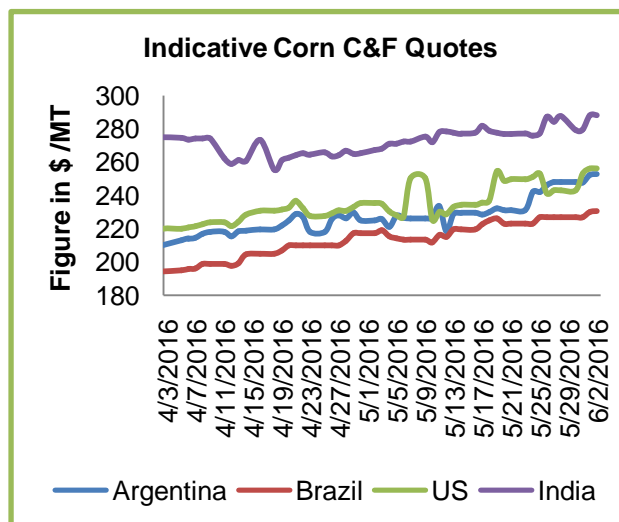
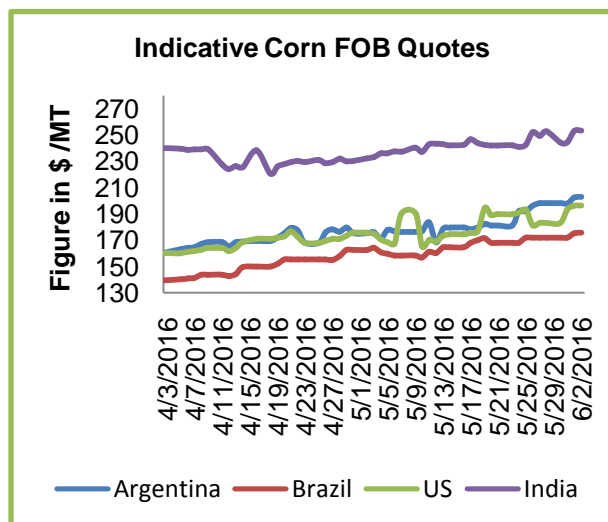
DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade steady to slightly firm during the month of June due to high stockiest demand.



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ON THE EXPORT-IMPORT 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.

Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.22)				
As on 2.6.2016	Argentina	Brazil	US	India
FOB	202.85	175.69	196.20	253.09
Cost and Freight (C&F)	252.85	230.69	256.20	288.09

MAIZE MAY MONTH' EXPORT

As per IBIS data, India exported maize 18,557 MT for the month of May'16 against 6346 MT for the month of April'16. Maize has been exported at an average FoB of \$217.35/ MT. Indian maize is exported mainly to Nepal followed by Yemen and Malaysia mainly through Raxul LCS followed by JNPT and Mundra Sea.

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



- Candlestick depicts range bound movement in the market.
- Prices closed above 9 and 18 days EMAs.
- RSI is moving up in neutral zone.
- Strategy: Buy near 1388 and target1 and target2 would be 1438 and 1463.

Support & Resistance

S2	S1	PCP	R1	R2
1202	1304	1406	1490	1574

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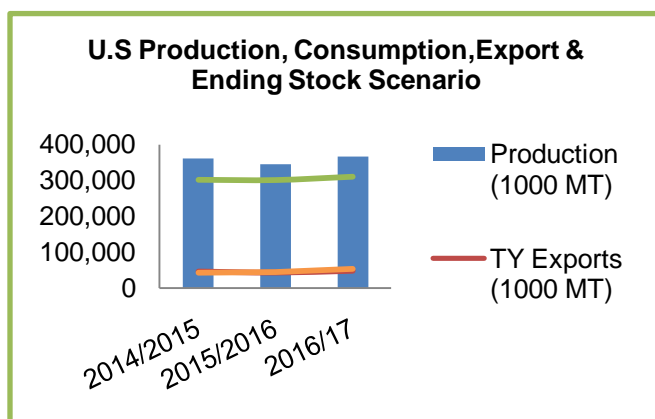
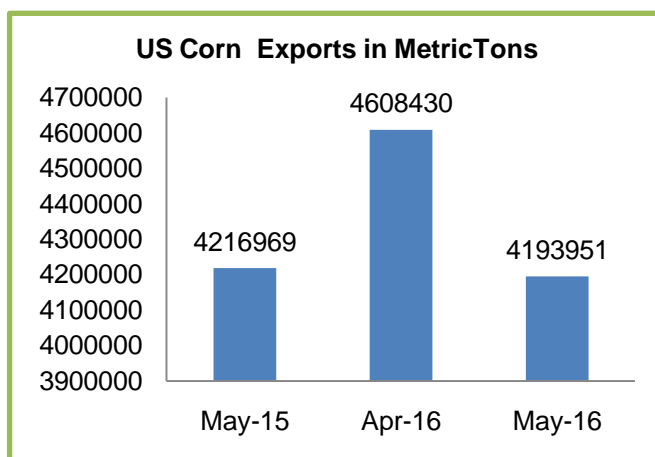
INTERNATIONAL MARKET SCENARIO:

U.S.

As per USDA, U.S corn exports reached 28.774 MMT in the 2016-17 marketing year. At 4.6 MMT (for the period 1st May- 26th May, 2016) exports were down 8.99 percent from the previous month and 0.55 percent from the corresponding period of last year.

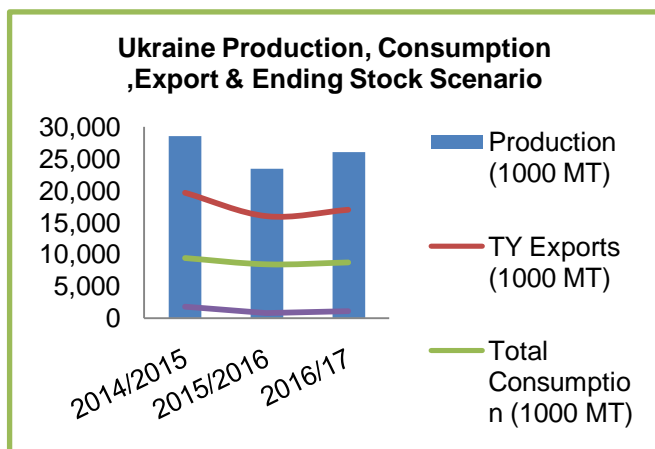
USDA raised its corn ending stock estimates for U.S by 8.89 MMT to 54.678 MMT for 2016/17 compared to last year.

In U.S 94% corn planting has been completed as of 29th May, 2016, same compared to last year but higher by 2% from last 5 year average period. 78% crop of corn has emerged; lower by 3% from last year but higher by 3% from last 5 year average period. 72% crop of corn is in good to excellent condition.



UKRAINE

USDA has increased its ending stock estimates for Ukraine by 0.35 MMT to 1.152 MMT for 2016/17 compared to last year.



ARGENTINA

USDA raised its corn ending stock forecast for Argentina by 0.605 to 2.219 MMT for 2016/17 compared to last year.

BRAZIL

USDA lowered its corn ending stock forecast for Brazil by 0.4 to 5.542 MMT for 2016/17 compared to last year.

CHINA

USDA lowered its corn ending stock forecast for China by 8.02 MMT to 101.504 MMT for 2016/17 compared to last year.

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GLOBAL

The IGC raised its forecast for the 2016/17 global corn production by 5 MMT to 1003 MMT from the last month. Forecast for global corn ending stock fall by 3 MMT to 205 MMT compared to last month but same compared to last year.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT raised 8.27 USD/MT to 162.46 USD/MT for July contracts compared to last month supported by concerns about shortfalls in Brazil's crop. It is likely to trade up on concern over dry weather hurting development of recently planted crops in the U.S. Midwest.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-May	2016-April	2015-May	% Change from Prev. Month	% Change from Prev. Year
Delhi	1448	1420	1290	1.97	12.25
Davangere	1477	1417	1255	4.23	17.69
Shimoga	1574	1419	1285	10.92	22.49
Bagalkot	1490	1422	1313	4.78	13.48
Gadag	1373	1410	1265	-2.62	8.54
Nizamabad	1492	1421	1273	5.00	17.20
Khanna	1480	1583	1426	-6.51	3.79
Sangli	1614	1524	1382	5.91	16.79
Gulabgh	1253	1168	1110	7.28	12.88
Naugachia	1248	1190	1105	4.87	12.94

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	5/30/2016	4/29/2016	Change
Corn CBOT Prices	Jul-16	162.46	154.19	8.27
	Sep-16	163.05	154.19	8.86
	Dec-16	162.75	155.57	7.18
	Mar-17	165.31	158.52	6.79
	May-17	166.79	153.60	13.19

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