

Maize Monthly Research Report

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

Maize cash markets traded firm during the month of Jun'16 compared to last month and corresponding period of last year due to high stockiest demand in the market and is likely to trade range bound for the month of July as news of import could keep pressure on market sentiments for the short term but market is unlikely to go down as traders are not interested to release their stock as there is time gap of new crop arrival in the market. Besides, uncertainty still prevails over availability of non-gm crop in global market.

In India, maize has been sown around 23.75 lakh hectares as on 1st July'16 which is lower than last year's 29.77 lakh hectare covered during same period last year. In Karnataka, it has been sown in 5.44 lakh a hectare which is lower than last year's 5.57 lakh hectare covered during corresponding period last year while in Maharashtra; it has been down by 2.50 lakh hectares to 0.36 lakh hectares. However, it is expected that maize sown area will increase ahead due to high corn prices.

India exported maize 21,289 MT for the month of Jun'16 against 18,557 MT for the month of May'16. Maize has been exported at an average FoB of \$227.84/ MT. Indian maize is exported mainly to Nepal followed by Malaysia and Yemen mainly through Raxul LCS followed by Kolkata and JNPT Sea.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 200 per quintal to Rs. 1760 per quintal. Starch feed makers quoted it firm by Rs. 155 per quintal to Rs.1730 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go short in Maize for August contract near 1580 levels for a target of 1540 and 1520 with a stop loss at 1604 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

At global front, Corn prices on CBOT fall 15.71 USD/MT to 146.75 USD/MT for July contracts compared to last month on forecasts of good weather for crop development in the U.S. Midwest.

The IGC kept unchanged its forecast for the 2016/17 global corn production at 1003 MMT compared to last month.

In U.S, 6% crop of corn is in the silking stage; higher by 3% from last year and 1% from last 5 year average period. 75% crop of corn is in good to excellent condition.

U.S corn exports reached 34.17 MMT in the 2016-17 marketing year. At 5.45 MMT (for the period 1st Jun-23rd Jun, 2016) exports were high 30.08 percent from the previous month and 35.65 percent from the corresponding period of last year.

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AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index up 0.45% during the week ended July 2, 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) Apr-Jun'16 F	(Quarter) July-Sep'16 F
Opening Stocks (MMT)	2.09	4.14	6.44	7.43
Production (MMT)	20.76	20.06	4.30	1.08
Farmer's Release (MMT)	17.90	17.27	3.37	1.45
Govt. Procurement (MMT)	1.09	0.01		
Pvt. Trade Release (MMT)	16.81	17.26	2.89	1.93
Seed Retention (MMT)	0.23	0.23	0.19	
Imports (MMT)	0.02	0.44	0.00	0.05
Total Supply (MMT)	22.87	24.64		
Quarterly Add On(MMT)			4.30	1.13
Export (MMT)	1.14	0.50	0.08	0.19
Domestic Consumption (MMT)	17.59	17.92	3.23	2.15
Total Demand (MMT)	18.73	18.42	3.31	2.34
Ending Stock (MMT)	4.14	6.22	7.43	6.22

- New season started from October is expected to begin with 6.22 MMT.
- With carryout of 4.14 MMT total availability goes up to 24.64 MMT in 2015/16.
- Total demand including domestic and export could be around 18.42 MMT.
- Total imports for the July-Sep quarter could be around 0.05 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	3.03

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, Sangali and Chennai at Rs. 1900 per quintal each. Market is expected to trade steady in the near term.

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 the government's stock of maize is negligible, which was around 500,000 MT during the corresponding period of last year.

BIHAR:

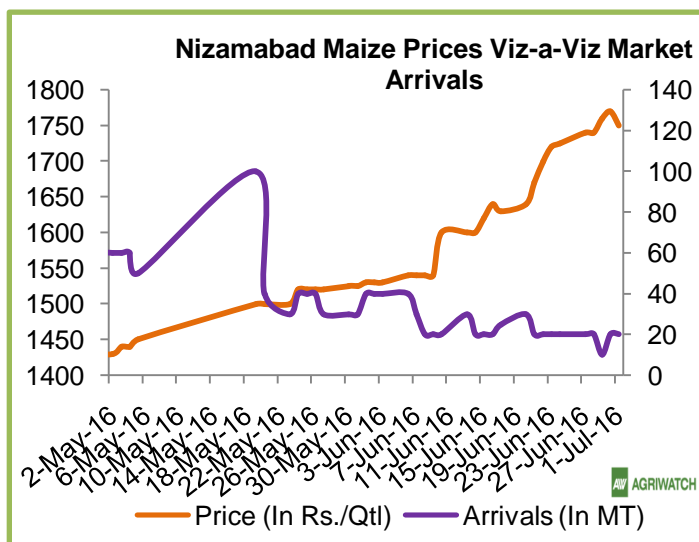
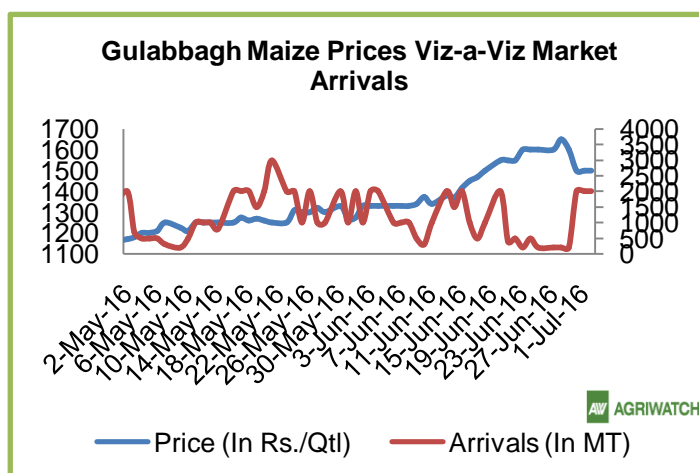
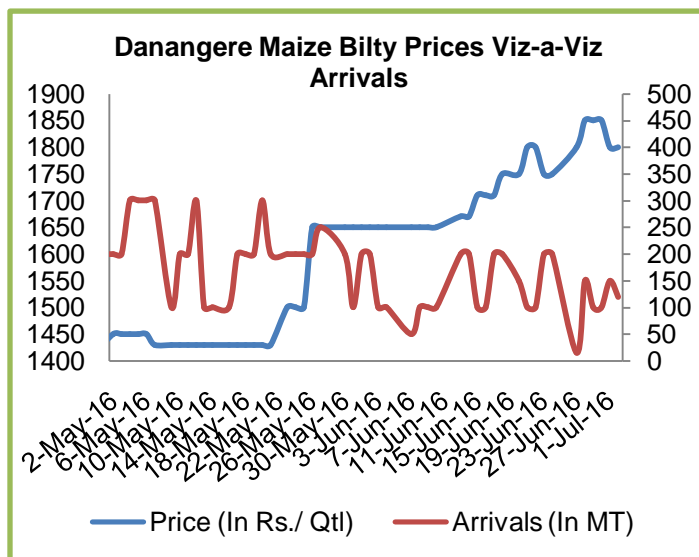
In Bihar, maize traded firm during the month of June due to high stockiest demand but for the month of July, it is expected to trade steady as traders are not interested to sell their stock despite the chances of corn import in the market.

ANDHRA PRADESH:

In A.P, maize is likely to trade slightly weak for the month of July amid sluggish demand. In Nizamabad; stock of maize could be around 20000 MT which was 35000 MT last year. Area of maize is likely to increase due to shift from Soybean.

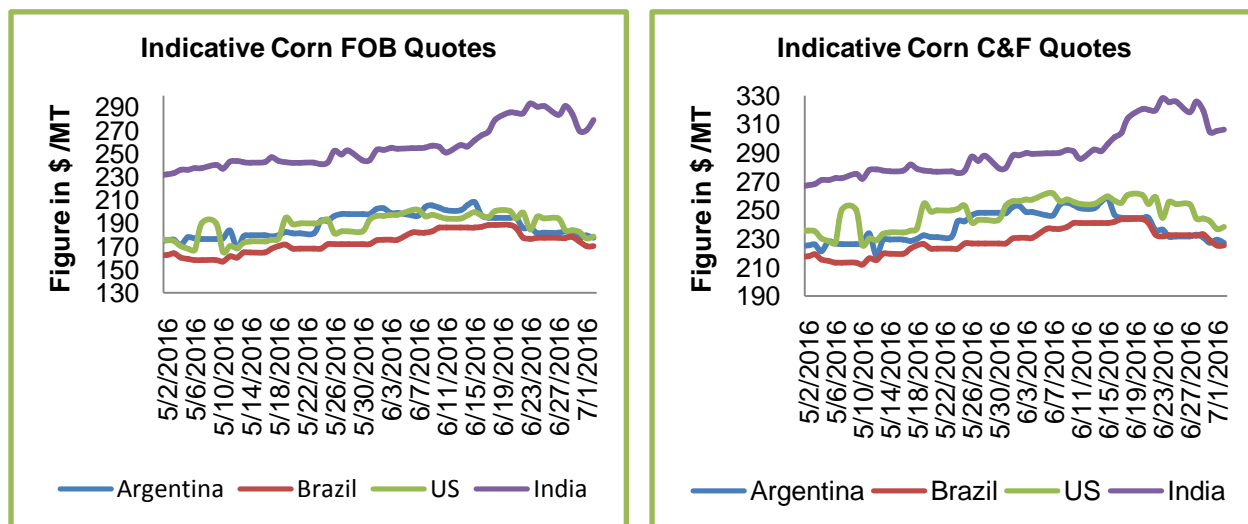
DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade range bound during the month of July.



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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. 67.44)				
As on 1.7.2016	Argentina	Brazil	US	India
FOB	179.33	170.05	176.69	270.24
Cost and Freight (C&F)	229.33	225.05	236.69	305.24

MAIZE JUNE MONTH' EXPORT

As per IBIS data, India exported maize 21,289 MT for the month of Jun'16 against 18,557 MT for the month of May'16. Maize has been exported at an average FoB of \$227.84/ MT. Indian maize is exported mainly to Nepal followed by Malaysia and Yemen mainly through Raxul LCS followed by Kolkata and JNPT Sea.

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



- Candlestick depicts down movement in the market.
- Prices closed above 9 and 18 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Sell near 1580 and target1 and target2 would be 1540 and 1520.

Support & Resistance

S2	S1	PCP	R1	R2
1284	1434	1584	1730	1876

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INTERNATIONAL MARKET SCENARIO:

U.S.

As per USDA, U.S corn exports reached 34.17 MMT in the 2016-17 marketing year. At 5.45 MMT (for the period 1st Jun- 23rd Jun, 2016) exports were high 30.08 percent from the previous month and 35.65 percent from the corresponding period of last year.

USDA lowered its corn ending stock estimates for U.S by 3.68 MMT to 50.99 MMT for 2016/17 compared to last month.

In U.S, 6% crop of corn is at silking stage; higher by 3% from last year and 1% from last 5 year average period. 75% crop of corn is in good to excellent condition.

UKRAINE

USDA kept unchanged its ending stock estimates for Ukraine at 1.152 MMT for 2016/17 compared to last month.

ARGENTINA

USDA kept unchanged its corn ending stock forecast for Argentina at 2.219 MMT for 2016/17 compared to last month.

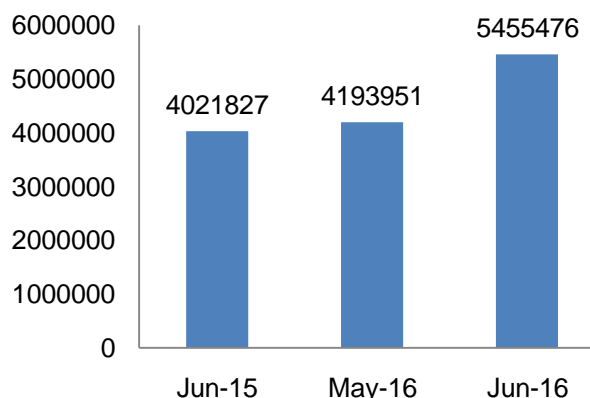
BRAZIL

USDA raised its corn ending stock forecast for Brazil by 1 MMT to 6.542 MMT for 2016/17 compared to last month due to fall in export forecast.

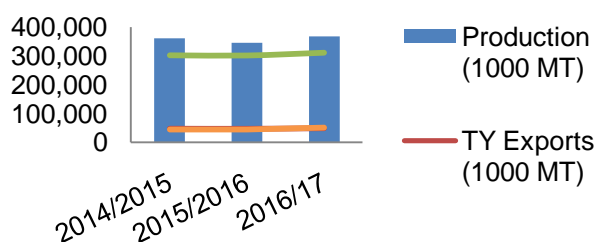
CHINA

USDA kept unchanged its corn ending stock forecast for China at 101.504 MMT for 2016/17 compared to last month.

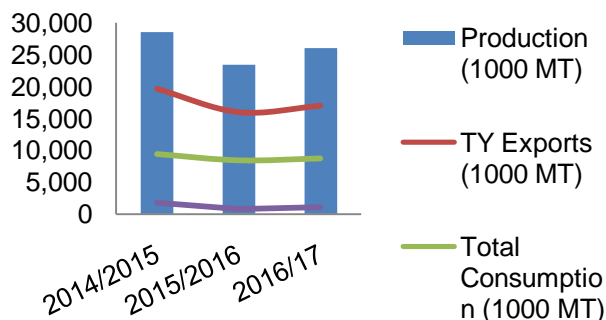
US Corn Exports in MetricTons



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



Ukraine Production, Consumption, Export & Ending Stock Scenario



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JAPAN

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 46.5% in the April'16 from 45.1% during the same month last year as users' reliance on sorghum and barley decreased.

GLOBAL

The IGC kept unchanged its forecast for the 2016/17 global corn production at 1003 MMT compared to last month. Forecast for global corn ending stock was unchanged at 205 MMT compared to last month but up by 1 MMT compared to last year.

GLOBAL TRADES

South Korea's Major Feed mill Group purchased 130,000 MT of optional-origin yellow corn. Some 65,000 MT was purchased at \$213.71 / MT c&f plus a \$0.75 /MT surcharge for additional port unloading for arrival around Aug. 20. Remained was bought at \$205.00 / MT c&f plus a \$1.25 /MT surcharge for additional port unloading for arrival around Sept. 10. Meanwhile, Korea Corn Processing Industry Association purchased about 55,000 MT of corn at \$214.90 /MT c&f including surcharge for additional port unloading for July/August shipment from the U.S. for the arrival around Aug. 25.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall 15.71 USD/MT to 146.75 USD/MT for July contracts compared to last month on forecasts of good weather for crop development in the U.S. Midwest.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-June	2016-May	2015-June	% Change from Prev. Month	% Change from Prev. Year
Delhi	1569	1448	1219	8.36	18.79
Davangere	1723	1477	1323	16.66	30.23
Shimoga	1751	1574	1304	11.25	34.28
Bagalkot	1499	1490	1315	0.60	13.99
Gadag	1444	1373	1279	5.17	12.90
Nizamabad	1632	1492	1276	9.38	27.90
Khanna	1571	1480	1264	6.15	24.29
Sangli	1790	1253	1456	42.86	22.94
Gulabbagh	1450	1253	1107	15.72	30.98
Naugachia	1395	1248	1103	11.78	26.47

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CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	6/29/2016	5/30/2016	Change
Corn CBOT Prices	Jul-16	146.75	162.46	-15.71
	Sep-16	148.71	163.05	-14.34
	Dec-16	150.78	162.75	-11.97
	Mar-17	153.63	165.31	-11.68
	May-17	155.21	166.79	-11.58

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