

Maize Monthly Research Report

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

Maize cash markets traded firm during the month of July'16 compared to last month and corresponding period of last year due to high stockiest demand amid low supply in the market and is likely to trade range bound for the month of August as PEC and STC' tender for maize import did not receive much support. Besides, uncertainty still prevails over availability of non-gm crop in global market. However, market could be under pressure if stockiest brings their stock in the market.

In India, maize has been sown in around 75.94 lakh hectares as on 29th July'16 which is higher than 66.12 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.00 lakh hectare which is higher than last year's 7.80 lakh hectare covered during corresponding period last year while in Maharashtra; it has been up by 1.37 lakh hectares to 8.03 lakh hectares. In M.P, it has been up by 1.71 lakh hectares to 12.14 lakh hectares.

Agriwatch expects maize sown area higher by 11% to 84.92 lakh hectares compared to corresponding period last year due to high corn prices amid favorable weather conditions. Kharif production could be around 17.3 MMT in 2016/17 year depending on weather conditions.

Maize crop in southern states is at Knee height stage while in Madhya Pradesh and Rajasthan is at early vegetative stage. Widespread rains are likely to receive over Maize growing regions of Maharashtra, Karnataka, Rajasthan, Gujarat and Uttar Pradesh which is good for crop growth while forecast of heavy rains in MP could be harmful for crop.

India exported maize 14,483.8 MT for the month of July'16 against 21,289 MT for the month of Jun'16. Maize has been exported at an average FoB of \$250.10/ MT. Indian maize is exported mainly to Nepal mainly through Raxul LCS.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 50 per quintal to Rs. 1750 per quintal. Starch feed makers quoted it down by Rs. 40 per quintal to Rs.1760 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go long in Maize for September contract near 1450 levels for a target of 1530 and 1570 with a stop loss at 1402 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

At global front, Corn prices on CBOT fall 15.06 USD/MT to 131.69 USD/MT for September contracts compared to last month as IGC raised its global corn production forecast. Besides, outlook for cooler temperature across the U.S. grain belt boosted expectations of a bumper crop.

The IGC raised its forecast for the 2016/17 global corn production by 15 MMT to 1017 MMT compared to last projection.

In U.S, 91% crop of corn is in the silking stage as on 31st July'16; higher by 4% from last year and 6% from last 5 year average period. 76% crop of corn is in good to excellent condition.

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U.S corn exports reached 40.44 MMT in the 2016-17 marketing year. At 5.00 MMT (for the period 1st July-28th July, 2016) exports were down 25.63 percent from the previous month and 6.20 percent from the corresponding period of last year.

AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index down 0.70% during the week ended July 30, 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)	2015-16E	2016-17F	(Quarter) Oct-Dec'16 F	(Quarter) Jan-Mar'17 F
Opening Stocks (MMT)	3.00	3.60	3.60	8.79
Production (MMT)	20.06	22.77	13.91	3.48
Farmer's Release (MMT)	17.27	19.57	10.32	4.42
Govt. Procurement (MMT)	0.01	0.01	0.01	0.01
Pvt. Trade Release (MMT)	17.26	19.56	5.16	9.58
Seed Retention (MMT)	0.23	0.25	0.04	
Imports (MMT)	0.44	0.00	0.00	0.00
Total Supply (MMT)	23.50	26.37		
Quarterly Add On(MMT)			13.91	3.48
Export (MMT)	0.50	1.50	0.40	0.45
Domestic Consumption (MMT)	19.40	20.50	8.32	6.03
Total Demand (MMT)	19.90	22.00	8.72	6.48
Ending Stock (MMT)	3.60	4.37	8.79	5.79

- New season starting from October is expected to begin with 3.6 MMT and end with 4.37 MMT in 2016/17.
- Total maize production in India could be around 22.77 MMT in 2016-17 against our yearly total demand of 22.00 MMT.
- Considering the current weather conditions, Agriwatch expects maize production for this Khariff season at 17.3 MMT.
- Maize Area in India for this Khariff season is expected at 84.92 Lakh Hectare.
- With carryout of 3.60 MMT total availability goes up to 26.37 MMT in 2016/17.
- Total demand including domestic and export could be around 22.00 MMT.

Maize Year-(Oct-Sep)	2015-16E	2016-17F
Monthly Use	1.96	2.20
Stock to Use Ratio	0.15	0.17
Stock to Month Use Ratio	1.84	1.99

Consumption Break Up For 2016-17 F (Figures in MMT)	
Poultry & Cattle feed	13.26
Starch & Brewery	4.69
Human Consumption	1.79
Seed	0.25
Shortage & Wastage	0.51

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

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STATE - WISE MARKET DYNAMICS

Karnataka

Maize sourced from Davangere moved towards Bangalore, Nammakal, Chitradurga, Sangali and Chennai at Rs. 1850 per quintal, 1850 per quintal, 1800 per quintal, Rs. 1825 per quintal, and Rs. 1850 per quintal respectively. Market is expected to trade range bound in the near term. Area of maize is likely to increase around 15% due to shift from cotton, paddy, groundnut and sunflower.

As per trade sources, in Karnataka, stock of maize in the hands of Private traders could be around 500,000 MT, which was 3,00,000 MT during the corresponding period of last year. In Davangere, stock of maize could be around 50,000 MT which was 1,00,000 MT during the corresponding period of last year.

BIHAR:

In Bihar, maize traded firm during the month of July due to high stockiest demand and is expected to trade steady to weak for the month of August.

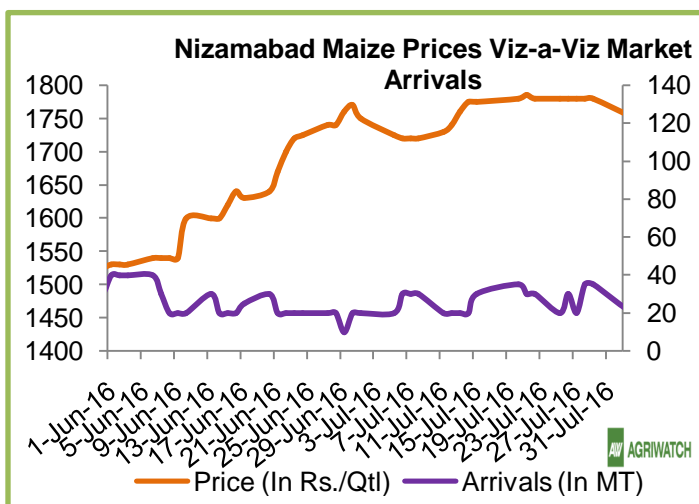
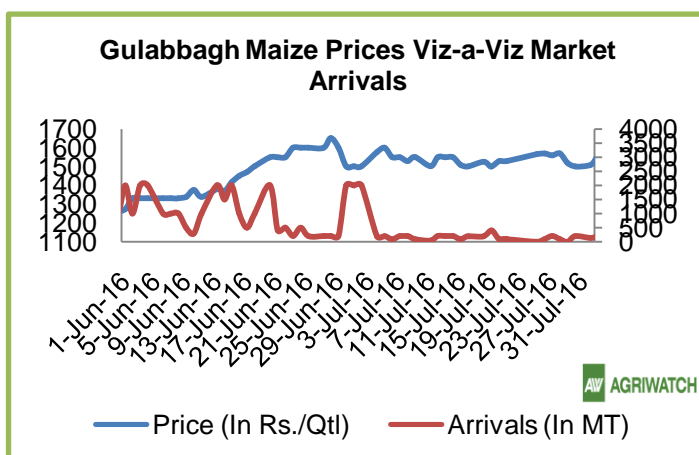
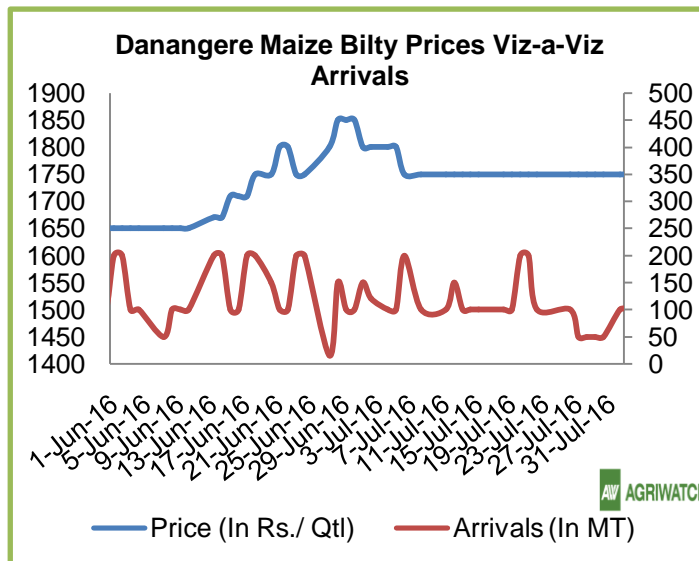
ANDHRA PRADESH:

In A.P, maize is likely to trade steady to slightly weak in the near term. Stock of maize could be around 24,000 MT which was 35,000 MT last year.

In Nizamabad; stock of maize could be around 7000 MT which was 5000 MT last year. Area of maize is likely to increase around 20% due to shift from Soybean.

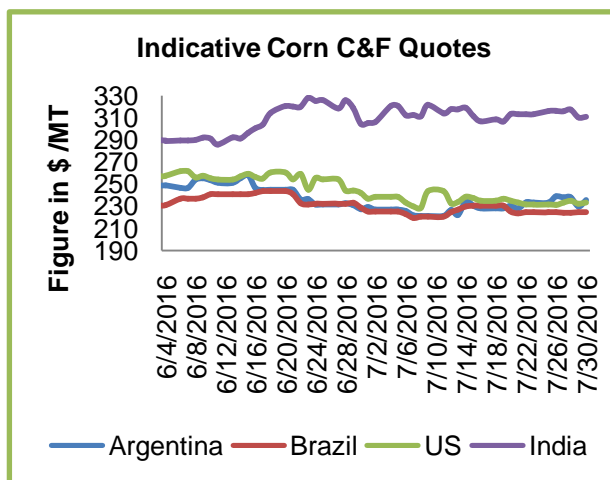
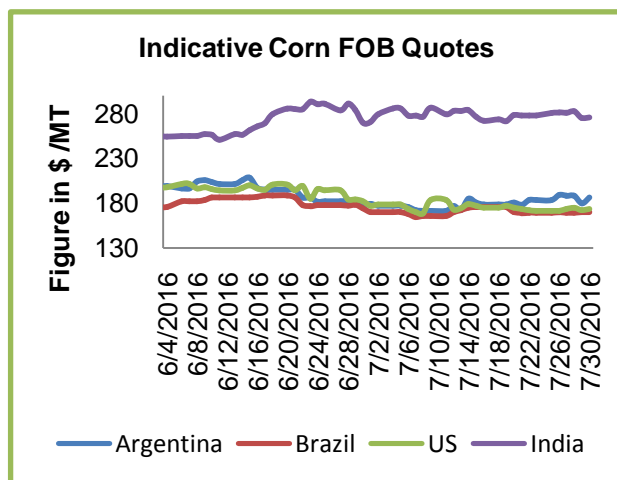
DOMESTIC PRICE OUTLOOK:

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



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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. 66.69)				
As on 30.07.2016	Argentina	Brazil	US	India
FOB	185.83	169.46	173.43	275.55
Cost and Freight (C&F)	235.83	224.46	233.43	310.55

MAIZE JULY MONTH' EXPORT

As per IBIS data, India exported maize 14,483.8 MT for the month of July'16 against 21,289 MT for the month of Jun'16. Maize has been exported at an average FoB of \$250.10/ MT. Indian maize is exported mainly to Nepal mainly through Raxul LCS.

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



- Candlestick depicts down movement in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving down in oversold zone might take correction in short run.
- Strategy: Buy near support level 1450 and target1 and target2 would be 1530 and 1570.

Support & Resistance

S2	S1	PCP	R1	R2
1373	1446	1537	1610	1684

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INTERNATIONAL MARKET SCENARIO:

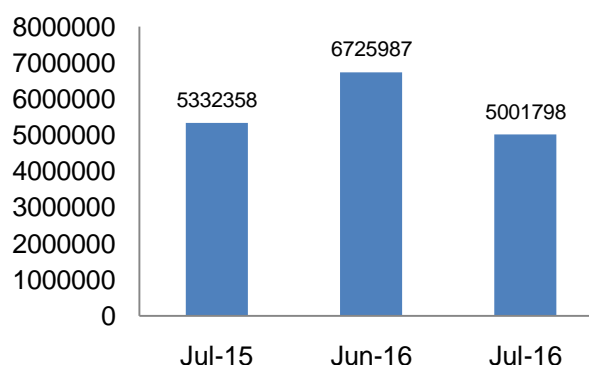
U.S.

As per USDA, U.S corn exports reached 40.44 MMT in the 2016-17 marketing year. At 5.00 MMT (for the period 1st July- 28th July, 2016) exports were down 25.63 percent from the previous month and 6.20 percent from the corresponding period of last year.

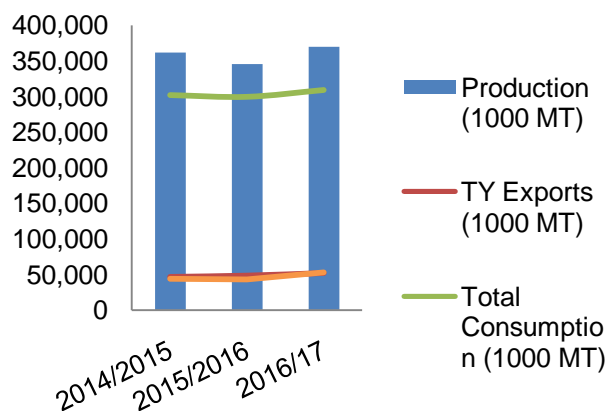
USDA raised its corn ending stock estimates for U.S by 1.85 MMT to 52.85 MMT for 2016/17 compared to last month due to increase in production estimates at 369.33 MMT for 2016/17.

In U.S, 91% crop of corn is in the silking stage as on 31st July'16; higher by 4% from last year and 6% from last 5 year average period. 30% crop of corn is in the dough stage; higher by 5% from last year and from last 5 year average period. 76% crop of corn is in good to excellent condition.

US Corn Exports in MetricTons



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



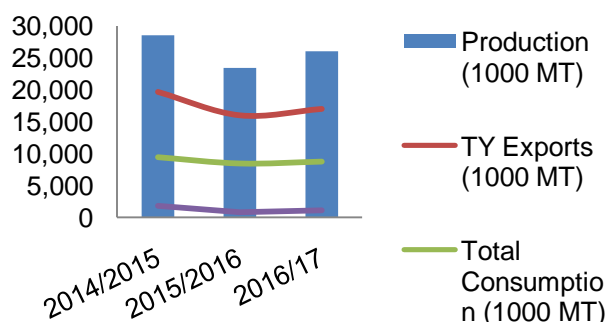
UKRAINE

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.

Ukraine Production, Consumption ,Export & Ending Stock Scenario



BRAZIL

USDA lowered its corn ending stock forecast for Brazil by 0.6 MMT to 5.942 MMT for 2016/17 compared to last month due to fall in production forecast.

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CHINA

USDA raised its corn ending stock forecast for China by 2.1 MMT to 103.604 MMT for 2016/17 compared to last month due to fall in consumption forecast.

GLOBAL

The IGC raised its forecast for the 2016/17 global corn production by 15 MMT to 1017 MMT compared to last projection. Forecast for global corn ending stock was also raised by 8 MMT to 213 MMT compared to last month and 6 MMT compared to last year.

GLOBAL TRADES

South Korea's Korea Corn Processing Industry Association bought about 55,000 MT of yellow corn at \$196.38 /MT c&f including a surcharge for additional port unloading; for arrival in South Korean around Oct. 20. Another 55,000 MT of yellow corn was purchased at \$198.90 per MT c&f including surcharge for additional port unloading; for the arrival around 30th November.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall 15.06 USD/MT to 131.69 USD/MT for September contracts compared to last month as IGC raised its global corn production forecast. Besides, outlook for cooler temperature across the U.S. grain belt boosted expectations of a bumper crop.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-July	2016-June	2015-July	% Change from Prev. Month	% Change from Prev. Year
Delhi	1590	1569	1314	1.34	20.30
Davangere	1760	1723	1463	2.15	42.91
Shimoga	1895	1751	1326	8.22	21.52
Bagalkot	1762	1499	1450	17.55	31.73
Gadag	1644	1444	1248	13.85	33.56
Nizamabad	1759	1632	1317	7.78	27.54
Khanna	1621	1571	1271	3.18	18.78
Sangli	1866	1790	1571	4.25	24.55
Gulabgh	1537	1450	1234	6.00	25.16
Naugachia	1542	1395	1232	10.54	-

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CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	7/29/2016	6/29/2016	Change
Corn CBOT Prices	Sep-16	131.69	146.75	-15.06
	Dec-16	134.93	148.71	-13.78
	Mar-16	138.38	150.78	-12.40
	May-16	140.64	153.63	-12.99
	Jul-16	142.81	155.21	-12.40

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