

Maize Monthly Research Report

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1st September, 2016

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Maize cash markets traded more or less steady during the month of August'16 compared to last month but firm corresponding period of last year. It is likely to trade firm till the new crop arrivals comes into the market but expectation of higher crop production could limit the gains.

In India, maize has been sown in around 83.22 lakh hectares as on 2nd September'16 which is higher than 74.61 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 12.53 lakh hectare which is higher than 10.07 lakh hectare covered during corresponding period last year while in Maharashtra; it has been up by 1.80 lakh hectares to 9.19 lakh hectares. In M.P, it has been up by 1.65 lakh hectares to 12.63 lakh hectares. In A.P, maize has been sown in 0.78 lakh hectare which is higher than 0.61 lakh hectare covered during corresponding period last year. Area of maize is higher than last year due to shift from soybean. Maize crop is at vegetative to flowering and cob formation stage. It is reported that traces of Steam borer and Shoot borer diseases attacks in Vizianagaram and Ananthapuram. In Telangana, it has been sown in 5.80 lakh hectare which is higher than 4.09 lakh hectare covered during corresponding period last year. Maize Crop is at knee high to grain filling stage. It is reported that traces of steam borer disease attacks in Nizamabad, and Warangal districts.

Agriwatch expects kharif production at around 17.4 MMT in 2016/17 year depending on weather conditions.

India exported maize 8,337 MT for the month of August'16 against 14483.8 MT for the month of July'16. Maize has been exported at an average FoB of \$254.44/ MT. Indian maize is exported mainly to Nepal followed by Yemen and UAE mainly through Raxul LCS followed by JNPT Sea.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 30 per quintal to Rs. 1780 per quintal. Starch feed makers quoted it down by Rs. 60 per quintal to Rs.1700 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go short in Maize for October contract near 1480 levels for a target of 1430 and 1405 with a stop loss at 1510 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall 12.01 USD/MT to 119.68 USD/MT for September contracts compared to last month as IGC raised its global corn production forecast. Besides, forecast for higher corn production in U.S kept prices under pressure.

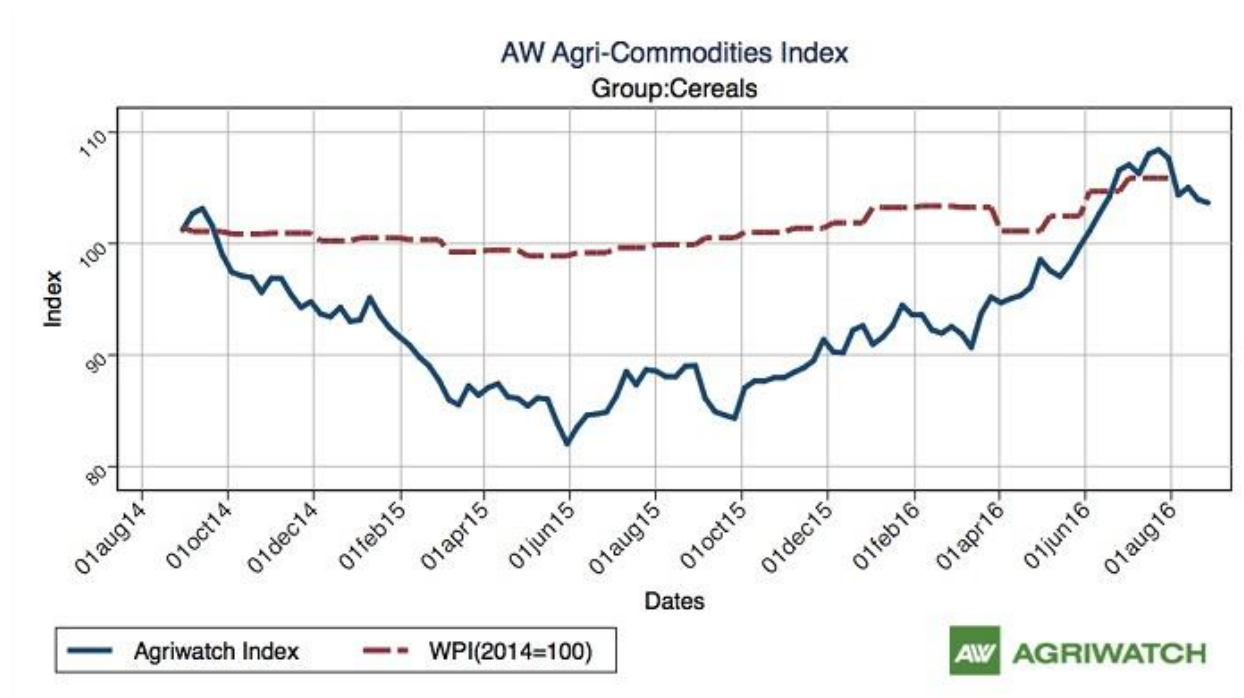
The IGC raised its forecast for the 2016/17 global corn production by 13 MMT to 1030 MMT compared to last month' projection mainly due to sustained improvement in U.S crop.

In U.S, 92% crop of corn is in the dough stage as on 28th August'16; higher by 2% from the last year and 5% from last 5 year average period.

U.S corn exports reached 45.56 MMT in the 2016-17 marketing year. At 5.12 MMT (for the period 1st Aug-25th Aug, 2016) exports were firm 2.38 percent from the previous month and 40.05 percent from the corresponding period of last year.

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AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index down 0.28% during the week ended August 27, 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.

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	8.80
Production (MMT)	20.06	22.78	13.92	3.48
Farmer's Release (MMT)	17.27	19.58	10.33	4.43
Govt. Procurement (MMT)	0.01	0.01	0.01	0.01
Pvt. Trade Release (MMT)	17.26	19.57	5.16	9.59
Seed Retention (MMT)	0.23	0.25	0.04	
Imports (MMT)	0.44	0.00	0.00	0.00
Total Supply (MMT)	23.50	26.38		
Quarterly Add On(MMT)			13.92	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	4.38	8.80	5.80

- New season starting from October is expected to begin with 3.6 MMT and end with 4.38 MMT in 2016/17.
- Total maize production in India could be around 22.78 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 17.4 MMT.
- With carryout of 3.60 MMT total availability goes up to 26.38 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. 1880 per quintal, 1900 per quintal, 1850 per quintal, Rs. 1850 per quintal, and Rs. 1900 per quintal respectively. Maize is likely to trade firm as yield is likely to be affected due to unfavorable weather conditions in some growing regions of Karnataka.

As per trade sources, in Karnataka, stock of maize in the hands of Private traders could be around 50,000 MT, which was 1,00,000 MT during the corresponding period of last year. In Davangere, stock of maize could be around 10,000 MT which was 20,000 MT during the corresponding period of last year.

BIHAR:

In Bihar, maize traded firm during the month of August due to high feed makers demand and is expected to trade range bound amid steady demand for the month of September.

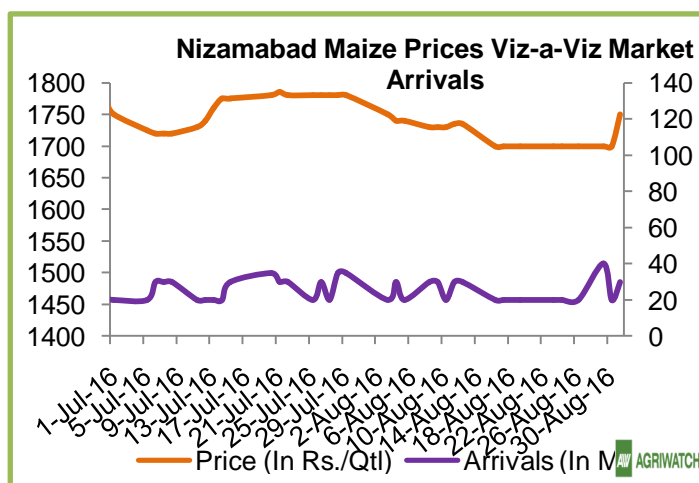
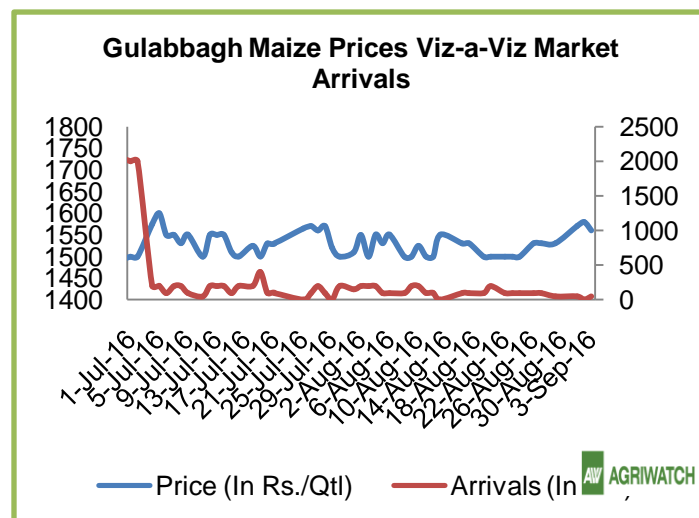
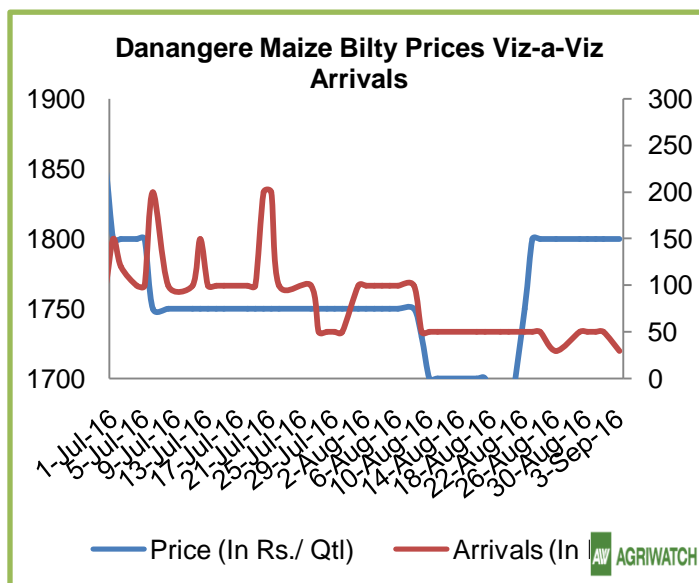
ANDHRA PRADESH:

In A.P and Telangana, maize is likely to trade steady in the near term. Stock of maize could be around 10,000 MT which was 20,000 MT last year.

In Nizamabad; stock of maize could be around 1000 MT which was 3000 MT last year. Maize crop is in good condition and expected to arrive after mid September.

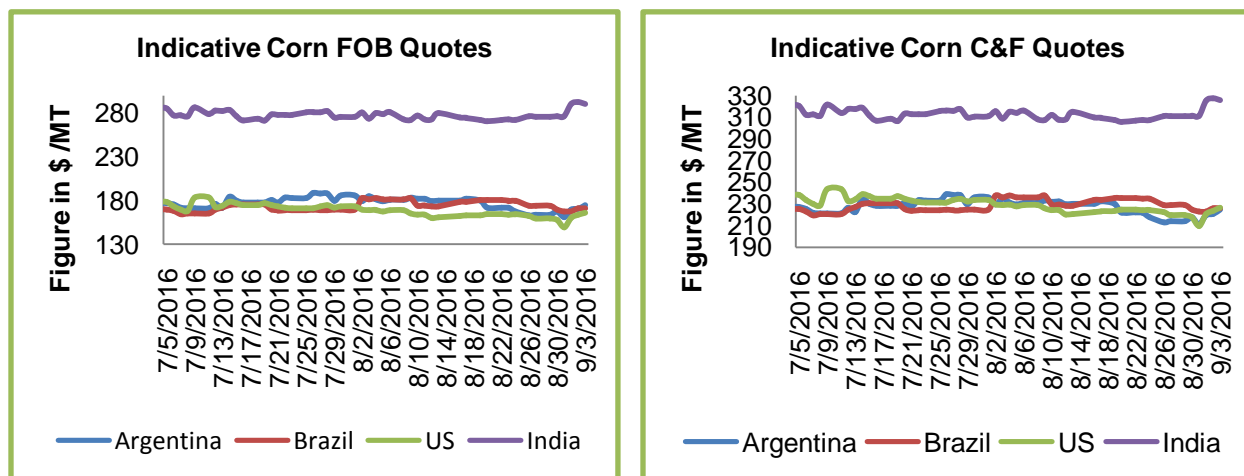
DOMESTIC PRICE OUTLOOK:

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



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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.57)				
As on 3.09.2016	Argentina	Brazil	US	India
FOB	174.61	170.85	166.32	290.46
Cost and Freight (C&F)	224.61	225.85	226.32	325.46

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 AUGUST MONTH' EXPORT

As per IBIS data, India exported maize 8,337 MT for the month of August'16 against 14483.8 MT for the month of July'16. Maize has been exported at an average FoB of \$254.44/ MT. Indian maize is exported mainly to Nepal followed by Yemen and UAE mainly through Raxul LCS followed by JNPT Sea.

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



- Candlestick depicts firmness in the market.
- Prices closed above 9 and 18 days EMAs.
- RSI is moving up in neutral zone.
- Increase in prices with lower volume and OI indicates weak market.
- Strategy: Sell near 1480 level and target1 and target2 would be 1430 and 1405.

Support & Resistance

S2	S1	PCP	R1	R2
1334	1385	1437	1506	1557

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INTERNATIONAL MARKET SCENARIO:

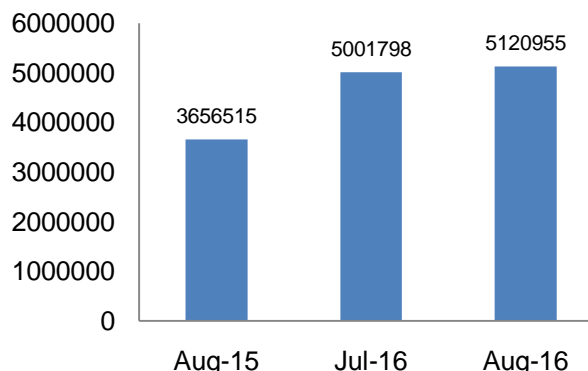
U.S.

As per USDA, U.S corn exports reached 45.56 MMT in the 2016-17 marketing year. At 5.12 MMT (for the period 1st Aug- 25th Aug, 2016) exports were firm 2.38 percent from the previous month and 40.05 percent from the corresponding period of last year.

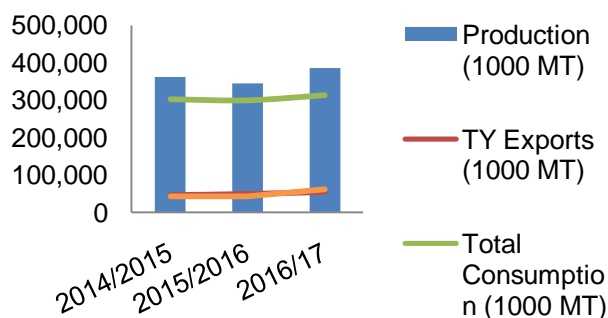
USDA raised its corn ending stock estimates for U.S by 8.34 MMT to 61.19 MMT for 2016/17 compared to last month due to increase in production estimates at 384.92 MMT for 2016/17.

In U.S, 92% crop of corn is in the dough stage as on 28th August'16; higher by 2% from the last year and 5% from last 5 year average period. 60% crop of corn has dented; higher by 6% from the last year and 8% from last 5 year average period. 75% crop of corn is in good to excellent condition.

US Corn Exports in MetricTons



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



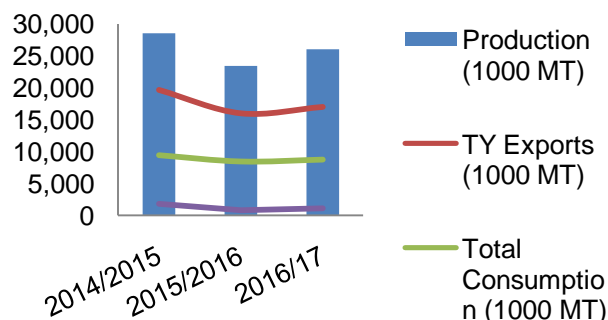
UKRAINE

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

ARGENTINA

USDA raised its corn ending stock forecast for Argentina by 1.8 MMT to 4.019 MMT for 2016/17 compared to last month due to increase in production estimates.

Ukraine Production, Consumption ,Export & Ending Stock Scenario



BRAZIL

USDA kept unchanged its corn ending stock forecast for Brazil at 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 0.05 MMT to 103.654 MMT for 2016/17 compared to last month.

JAPAN

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 46.6% in the June'16 from 45.4% during the same month last year as users' reliance on sorghum decreased.

GLOBAL

The IGC raised its forecast for the 2016/17 global corn production by 13 MMT to 1030 MMT compared to last month' projection mainly due to sustained improvement in U.S crop. Forecast for global corn ending stock was also raised by 5 MMT to 218 MMT compared to last month and 11 MMT compared to last year.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall 12.01 USD/MT to 119.68 USD/MT for September contracts compared to last month as IGC raised its global corn production forecast. Besides, forecast for higher corn production in U.S kept prices under pressure.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-August	2016-July	2015-August	% Change from Prev. Month	% Change from Prev. Year
Delhi	1590	1590	1430	Unch	15.71
Davangere	1746	1760	1509	-0.80	27.97
Shimoga	1830	1895	1430	-3.43	31.85
Bagalkot	1747	1762	1325	-0.85	29.38
Gadag	1669	1644	1290	1.52	17.65
Nizamabad	1720	1759	1462	-2.22	22.42
Khanna	1622	1621	1325	0.06	15.17
Sangli	1845	1866	1602	-1.13	13.58
Gulabgh	1547	1537	1362	0.65	16.25
Naugachia	1545	1542	1329	0.19	-

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CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	8/30/2016	7/29/2016	Change
Corn CBOT Prices	Sep-16	119.68	131.69	-12.01
	Dec-16	124.31	134.93	-10.62
	Mar-16	128.24	138.38	-10.14
	May-16	131.19	140.64	-9.45
	Jul-16	134.25	142.81	-8.56

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