

Maize Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Recommendations
- ❖ International Corn Market Summary
- ❖ AW Maize Index
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Maize October Month Export
- ❖ Future Market Analysis
- ❖ International Market Scenario
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison
- ❖ CBOT Corn Future Prices

1st November, 2016

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded weak during the month of October'16 compared to last month due to new crop arrival pressure but firm compared to corresponding period of last year. It is likely to trade steady with firm bias during the month of November'16 on the expectation of stockiest demand.

India exported maize 8,929 MT for the month of October'16 against 4,519 MT for the month of September'16. Maize has been exported at an average FoB of \$260.86/ MT.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 300 per quintal to Rs. 1400 per quintal. Starch feed makers quoted it down by Rs. 275 per quintal to Rs.1375 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go long in Maize for December contract near 1370 levels for a target of 1420 and 1445 with a stop loss at 1340 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 11.12 USD/MT to 140.74 USD/MT for December contracts compared to last month due to short covering.

The IGC increased its forecast for the 2016/17 global corn production by 8 MMT to 1035 MMT compared to last month' projection as higher crop prospects in the U.S, Argentina and India.

USDA lowered its corn ending stock estimates for U.S by 1.612 MMT to 58.935 MMT for 2016/17 compared to last month due to decrease in production estimates at 382.476 MMT for 2016/17.

In U.S, 75% of corn crop has been harvested as on 30th October'16; lower by 7% from the last year.

U.S corn exports reached 8.91 MMT in the 2016-17 marketing year. At 0.86 MMT (for the period 1st Oct-27th Oct, 2016) exports were down 35.62 percent from the previous month but up 43.76 percent from the corresponding period of last year.

1st November, 2016

AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index rose 0.64% during the week ended November 5, 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	8.96
Production (MMT)	20.06	22.98	14.08	3.52
Farmer's Release (MMT)	17.27	19.75	10.45	4.48
Govt. Procurement (MMT)	0.01	0.01	0.01	0.01
Pvt. Trade Release (MMT)	17.26	19.74	5.22	9.70
Seed Retention (MMT)	0.23	0.25	0.04	
Imports (MMT)	0.44	0.00	0.00	0.00
Total Supply (MMT)	23.50	26.58		
Quarterly Add On(MMT)			14.08	3.52
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	4.58	8.96	6.00

- New season starting from October is expected to begin with 3.6 MMT and end with 4.58 MMT in 2016/17.
- Total maize production in India could be around 22.98 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 17.6 MMT.
- With carryout of 3.60 MMT total availability goes up to 26.58 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	2.22
Stock to Use Ratio	0.15	0.17
Stock to Month Use Ratio	1.84	2.07

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

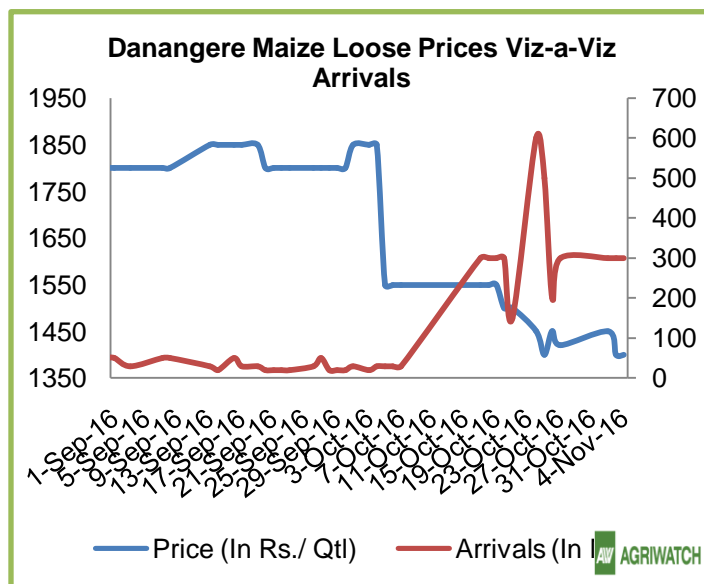
- **E= AW Estimates, F=AW Forecast**

1st November, 2016

STATE - WISE MARKET DYNAMICS

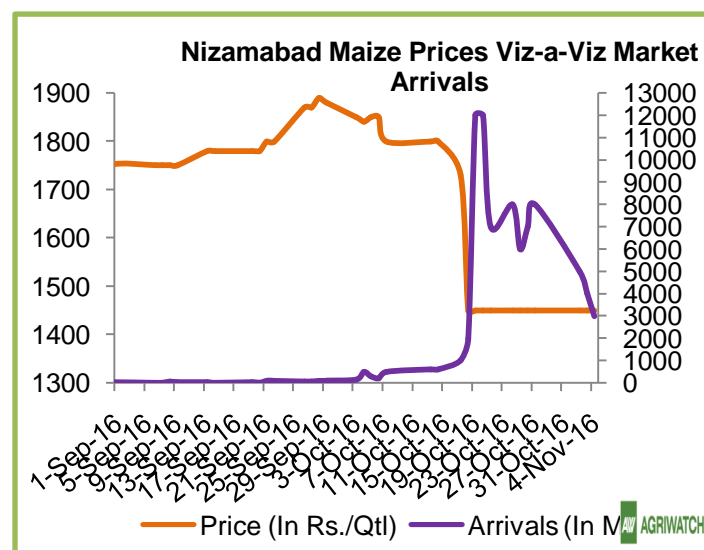
Karnataka

Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1520 per quintal, 1570 per quintal respectively. New crop contains 16-18% moisture level and is likely to trade steady in the near term.



ANDHRA PRADESH:

In Nizamabad, maize is likely to trade steady in the near term. New crop contains 13-14% moisture level. Starch feed makers of Hyderabad are active at this time. Stockiest demand is expected in the near term.

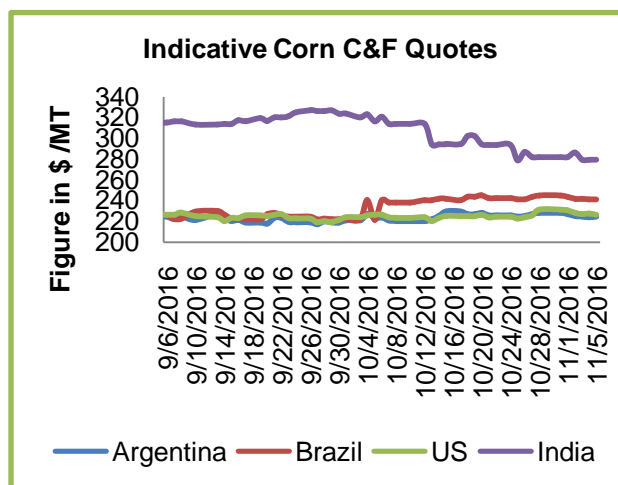
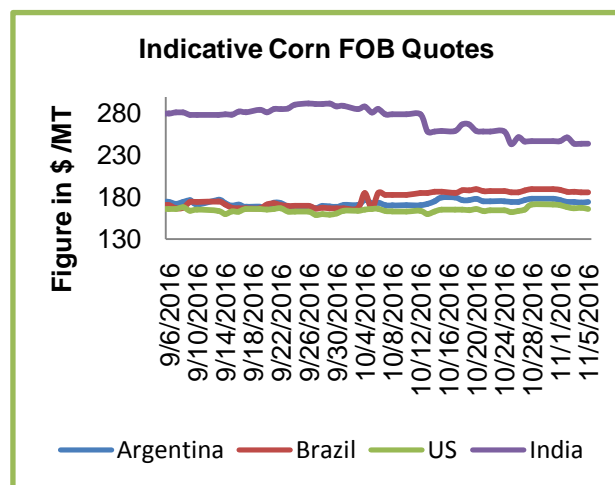


DOMESTIC PRICE OUTLOOK:

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

1st November, 2016

ON THE EXPORT-IMPORT FRONT:

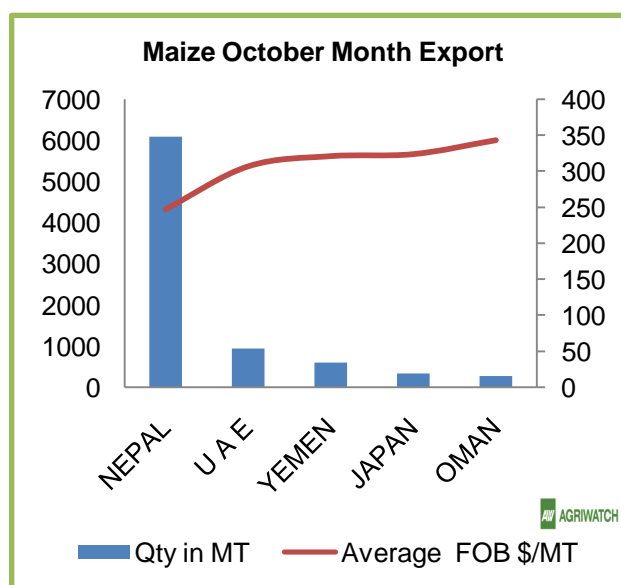


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.8)				
As on 11.05.2016	Argentina	Brazil	US	India
FOB	174.31	186.25	166.40	244.15
Cost and Freight (C&F)	224.31	241.25	226.40	279.15

As depicted by the above data, gap between other exporting countries and India starts narrowing and if current trend continues, neighbouring countries of India may start looking Indian maize.

MAIZE OCTOBER MONTH' EXPORT

As per IBIS data, India exported maize 8,929 MT for the month of October'16 against 4,519 MT for the month of September'16. Maize has been exported at an average FoB of \$260.86/ MT. Indian maize is exported mainly to Nepal followed by UAE mainly through Raxul LCS followed by JNPT and Mundra Sea.



1st November, 2016

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



- Candlestick depicts improvement in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Buy near level 1370 and target1 and target2 would be 1420 and 1445.

Support & Resistance

S2	S1	PCP	R1	R2
1267	1330	1393	1453	1513

1st November, 2016

INTERNATIONAL MARKET SCENARIO:

U.S.

As per USDA, U.S corn exports reached 8.91 MMT in the 2016-17 marketing year. At 0.86 MMT (for the period 1st Oct- 27th Oct, 2016) exports were down 35.62 percent from the previous month but up 43.76 percent from the corresponding period of last year.

USDA lowered its corn ending stock estimates for U.S by 1.612 MMT to 58.935 MMT for 2016/17 compared to last month due to decrease in production estimates at 382.476 MMT for 2016/17.

In U.S, 75% of corn crop has been harvested as on 30th October'16; lower by 7% from the last year but same from the last 5 year average period.

UKRAINE

USDA lowered its ending stock estimates for Ukraine by 0.42 MMT to 0.732 MMT for 2016/17 compared to last month.

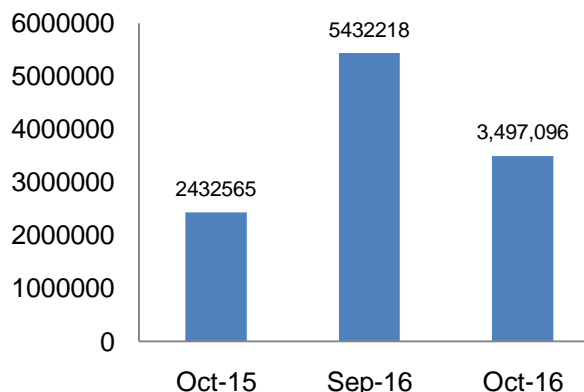
ARGENTINA

USDA lowered its corn ending stock forecast for Argentina by 0.9 MMT to 2.119 MMT for 2016/17 compared to last month due to increase in export estimates.

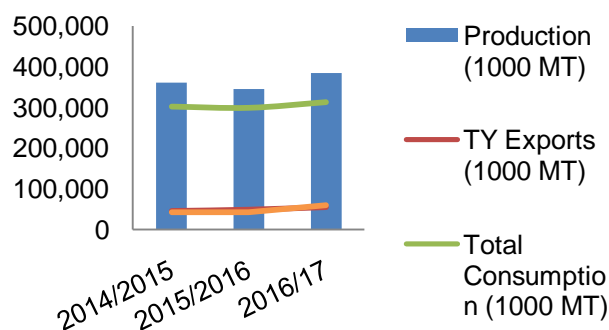
BRAZIL

USDA kept unchanged its corn ending stock forecast for Brazil at 5.942 MMT for 2016/17 compared to last month.

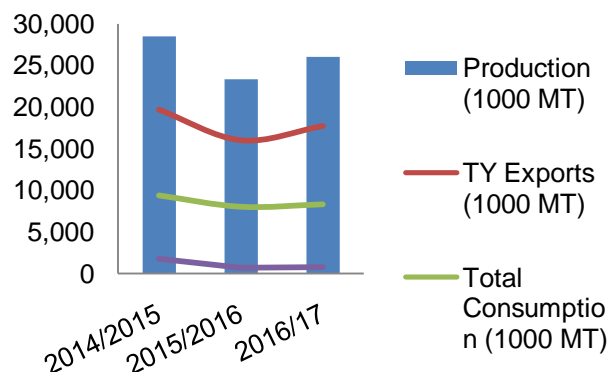
US Corn Exports in MetricTons



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



Ukraine Production, Consumption, Export & Ending Stock Scenario



1st November, 2016

CHINA

USDA increased its corn ending stock forecast for China at 103.694 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 46.1% in the August'16 from 45.7% during the same month last year as users' reliance on sorghum decreased.

GLOBAL

The IGC increased its forecast for the 2016/17 global corn production by 8 MMT to 1035 MMT compared to last month' projection as higher crop prospects in the U.S, Argentina and India. Global corn production is higher than last year' estimate by 64 MMT. Forecast for global corn ending stock was also raised by 5 MMT to 221 MMT compared to last month.

GLOBAL TRADES

South Korea's Korea Corn Processing Industry Association purchased about 55,000 MT of yellow corn at \$192.20 per MT c&f including surcharge for additional port unloading; for arrival in South Korea by Feb. 15, 2017. Besides, Major Feed mill Group purchased 63,000 MT of corn from U.S. agribusiness group CHS at \$186.75 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading; for arrival around Feb. 28, 2017.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 11.12 USD/MT to 140.74 USD/MT for December contracts compared to last month due to short covering. However, it could trade down due to new crop arrival pressure.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-October	2016-September	2015-October	% Change from Prev. Month	% Change from Prev. Year
Delhi	1528	1530	1467	-0.13	4.16
Davangere	1900	1839	1450	3.32	31.03
Shimoga	1695	1794	1535	-5.52	10.42
Bagalkot	1427	1707	1412	-16.40	1.06
Gadag	1450	NA	1227	-	18.17
Nizamabad	1633	1802	1419	-9.38	15.08
Khanna	1587	1606	1470	-1.18	7.96
Sangli	1584	1906	1496	-16.89	5.88
Gulababagh	1567	1563	1429	0.26	9.66
Naugachia	1535	1552	1485	-1.10	3.37

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	10/31/2016	9/29/2016	Change
Corn CBOT Prices	Dec-16	140.74	129.62	11.12
	Mar-16	144.19	133.46	10.73
	May-16	146.84	136.21	10.63
	Jul-16	149.40	138.97	10.43
	Sep-16	151.86	141.73	10.13

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