

# Maize Monthly Research Report

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1<sup>st</sup> December, 2016

## OUTLOOK AND REVIEW:

### DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded down during the month of November'16 compared to last month and corresponding period of last year. Due to cash crunch in the market, farmers are bringing less stock in the market as traders are not able to pay the farmers. Traders are hoping for the situation to be under control soon but currently, market trades are badly affected. It is likely to trade range bound during the month of December'16 amid steady demand and supply.

In India, maize has been sown in around 10.15 lakh hectares as on 2<sup>nd</sup> December'16 which is higher than 9.53 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 2.2 lakh hectares which is lower than 2.3 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 1.48 lakh hectares which is lower than 1.539 lakh hectare covered during corresponding period last year. In Tamil Nadu, it has been sown in around 2.75 lakh hectares which is higher than 2.73 lakh hectare covered during corresponding period last year.

As per trade sources, in Bihar, maize crop area is likely to be same compared to last year while in A.P and Tamil Nadu, soybean and paddy crop area is likely to shift towards maize.

As far as exports are concerned, India exported maize 12,801 MT for the month of November'16 against 8,929 MT for the month of October'16. Maize has been exported at an average FoB of \$259.85/ MT. Indian maize is exported mainly to Nepal followed by Yemen mainly through Raxul LCS followed by JNPT.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 30 per quintal to Rs. 1430 per quintal. Starch feed makers quoted it firm by Rs. 100 per quintal to Rs. 1475 per quintal compared to last month.

## RECOMMENDATION:

Market participants are advised to go short in Maize for January contract near 1440 levels for a target of 1410 and 1395 with a stop loss at 1458 on closing basis.

### INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 6.2 USD/MT to 134.54 USD/MT for December contract compared to last month due to strength in the dollar. Besides, ample supplies from a record U.S. harvest continue to weigh on market sentiments.

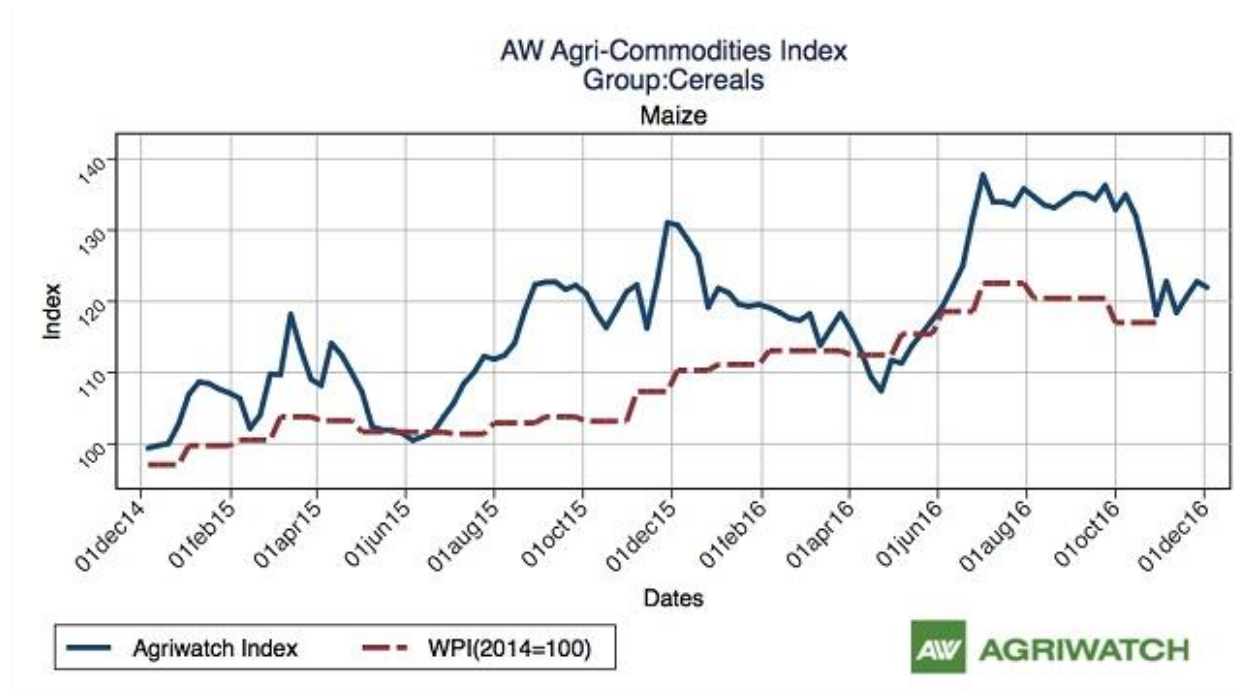
The IGC increased its forecast for the 2016/17 global corn production by 7 MMT to 1042 MMT compared to last month's projection as higher crop prospects in the U.S and Brazil.

USDA increased its corn ending stock estimates for U.S by 2.113 MMT to 61.048 MMT for 2016/17 compared to last month due to increase in production estimates at 386.748 MMT for 2016/17.

U.S corn exports reached 11.73 MMT in the 2016-17 marketing year. At 2.83 MMT (for the period 1<sup>st</sup> Nov-24<sup>th</sup> Nov, 2016) exports were down 18.96 percent from the previous month but up 81.05 percent from the corresponding period of last year.

1<sup>st</sup> December, 2016

## AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index gain 0.11% during the week ended December 3, 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.

1<sup>st</sup> December, 2016

**INDIA MAIZE BALANCE SHEET**

<b>Maize Year-(Oct-Sep)</b>	<b>2015-16E</b>	<b>2016-17F</b>	<b>(Quarter) Oct-Dec'16 F</b>	<b>(Quarter) Jan-Mar'17 F</b>
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
<b>Total Supply (MMT)</b>	23.50	26.58		
<b>Quarterly Add On(MMT)</b>			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
<b>Total Demand (MMT)</b>	19.90	22.00	8.72	6.48
<b>Ending Stock (MMT)</b>	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.
- 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.

<b>Maize Year-(Oct-Sep)</b>	<b>2015-16E</b>	<b>2016-17F</b>
Monthly Use	1.96	2.22
Stock to Use Ratio	0.15	0.17
Stock to Month Use Ratio	1.84	2.07

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

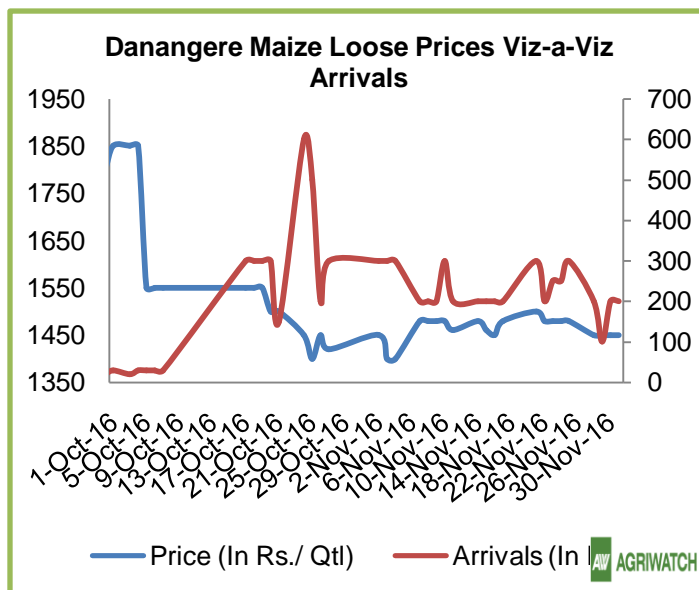
- **E= AW Estimates, F=AW Forecast**

1<sup>st</sup> December, 2016

## STATE - WISE MARKET DYNAMICS

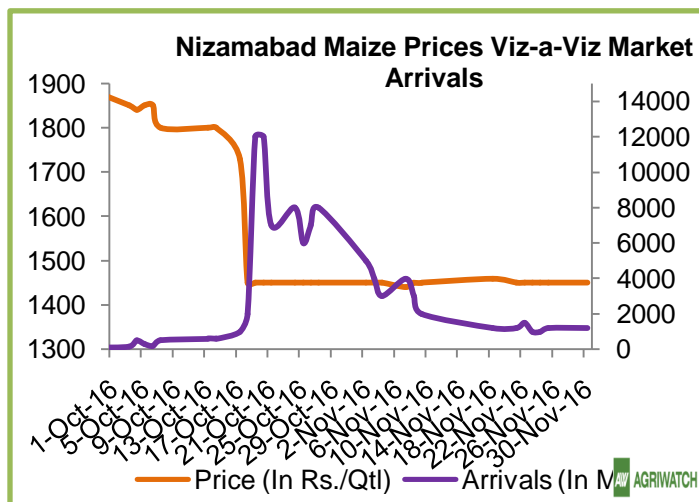
### Karnataka

Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1570 per quintal, 1630 per quintal respectively. It is being traded slightly down as maize crop reaches Tamilnadu market from Maharashtra. However, it is likely to trade steady in the near term.



### ANDHRA PRADESH:

In Nizamabad, maize is likely to trade steady in the near term amid steady local feed makers demand. As per trade sources, in A.P, soybean and paddy crop area is likely to shift towards maize.

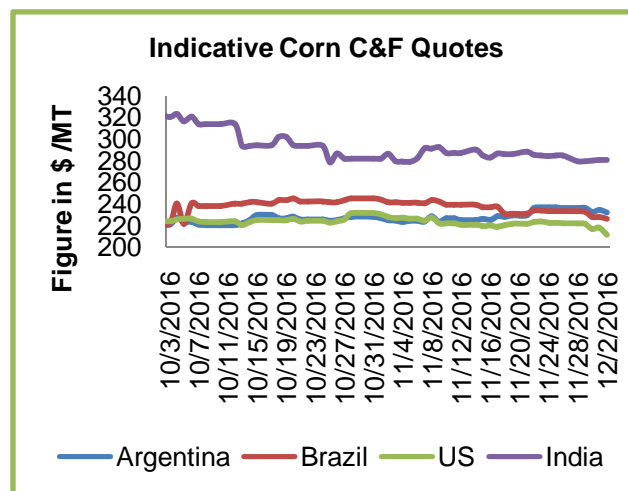
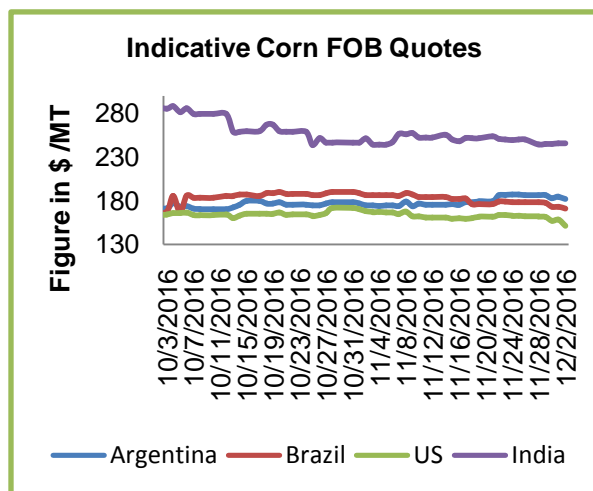


### DOMESTIC PRICE OUTLOOK:

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

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## ON THE EXPORT-IMPORT FRONT:

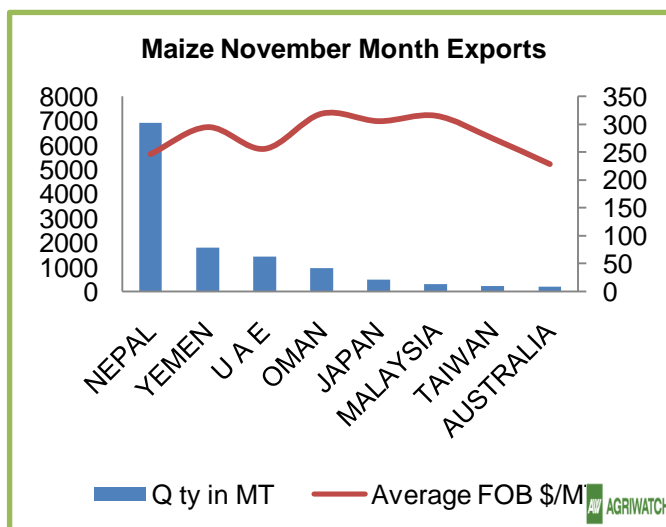


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.8)				
As on 12.02.2016	Argentina	Brazil	US	India
<b>FOB</b>	182.09	171.00	151.50	245.69
<b>Cost and Freight (C&amp;F)</b>	232.09	226.00	211.50	280.69

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 NOVEMBER MONTH' EXPORT

As per IBIS data, India exported maize 12,801 MT for the month of November'16 against 8,929 MT for the month of October'16. Maize has been exported at an average FoB of \$259.85/ MT. Indian maize is exported mainly to Nepal followed by Yemen mainly through Raxul LCS followed by JNPT.



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## FUTURES MARKET ANALYSIS: NCDEX MAIZEJAN CONTRACT (CONTINUOUS WEEKLY FUTURE CHART)



- Candlestick depicts down in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Sell near level 1440 and target1 and target2 would be 1410 and 1395.

### Support & Resistance

S2	S1	PCP	R1	R2
1354	1394	1434	1476	1518



1<sup>st</sup> December, 2016

## INTERNATIONAL MARKET SCENARIO:

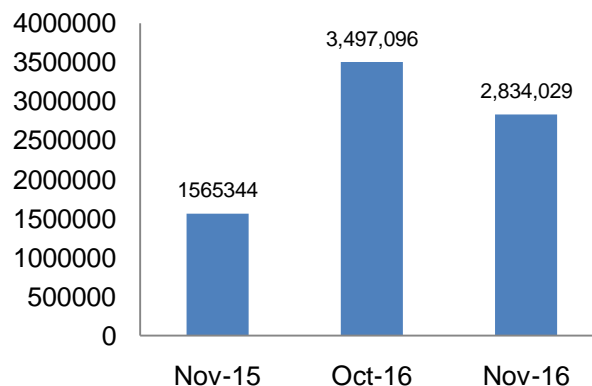
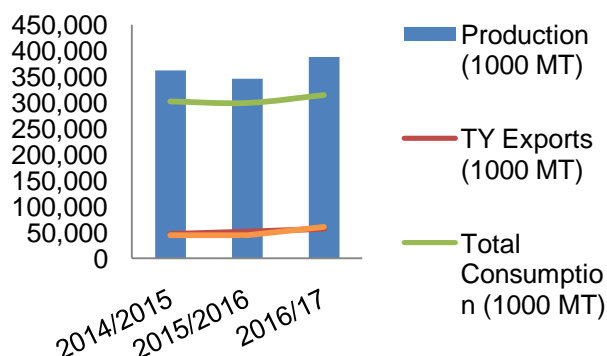
### U.S.

As per USDA, U.S corn exports reached 11.73 MMT in the 2016-17 marketing year. At 2.83 MMT (for the period 1<sup>st</sup> Nov- 24<sup>th</sup> Nov, 2016) exports were down 18.96 percent from the previous month but up 81.05 percent from the corresponding period of last year.

USDA increased its corn ending stock estimates for U.S by 2.113 MMT to 61.048 MMT for 2016/17 compared to last month due to increase in production estimates at 386.748 MMT for 2016/17.

In U.S, 97% of corn crop has been harvested as on 20<sup>th</sup> November'16; same from the last year but higher by 1% from the last 5-year average period.

Informa trimmed its corn plantings forecast for 2017 to 90.841 million acres.

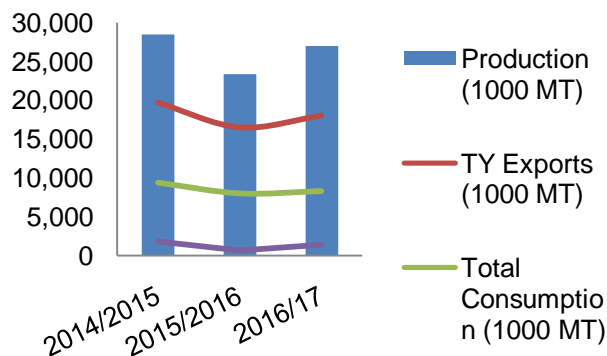
**US Corn Exports in MetricTons**

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


### UKRAINE

USDA increased its ending stock estimates for Ukraine by 0.7 MMT to 1.432 MMT for 2016/17 compared to last month due to increase in production forecast at 27 MMT.

### ARGENTINA

USDA lowered its corn ending stock forecast for Argentina by 0.061 MMT to 2.058 MMT for 2016/17 compared to last month.

**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.



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### CHINA

USDA increased its corn ending stock forecast for China at 103.754MMT 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 45.9% in the September'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 7 MMT to 1042 MMT compared to last month's projection as higher crop prospects in the U.S and Brazil.

### GLOBAL TRADES

South Korea's Korea Corn Processing Industry Association purchased about 55,000 MT of yellow corn from Daewoo at around \$191.45 per MT c&f including surcharge for additional port unloading for arrival by March 5, 2017.

South Korea's Korea Feed Association purchased about 63,000 MT of yellow corn at around \$188 per MT c&f for arrival by March 25, 2017. Besides, Feed Leaders Committee purchased 117,000 MT of yellow corn. Some 50,000 MT was purchased at \$182.90 per MT c&f from CJ International for arrival around March 10, 2017, another 67,000 MT was purchased at \$183.50 per MT c&f from Pan Ocean for arrival around March 20, 2017. Both prices include the surcharge for unloading at an additional port. Meanwhile, Nonghyup Feed Inc. purchased 68,000 MT of yellow corn at \$183.99 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for arrival around March 20, 2017. Also, Major Feedmill Group purchased around 132,000 MT of optional-origin yellow corn from CHS in two 66,000 MT consignments, both at \$184.99 per MT c&f plus a \$1.00 per MT surcharge for additional port unloading. One consignment was for arrival around March 8, 2017, and the other for arrival by March 13, 2017.

Taiwan's maize industry procurement association purchased around 65,000 MT of corn from the U.S. at a premium of 116 U.S. cents c&f over the Chicago May corn contract for the shipment in 2017 between Feb. 23 to March 14 if from the U.S. Gulf and 15 days later from the U.S. Pacific North West coast.

### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 6.2 USD/MT to 134.54 USD/MT for December contract compared to last month due to strength in the dollar. Besides, ample supplies from a record U.S. harvest continue to weigh on market sentiments.

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### Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-November	2016-October	2015-November	% Change from Prev. Month	% Change from Prev. Year
Delhi	1590	1528	1598	4.06	-0.50
Davangere	1464	1900	1451	-22.95	0.90
Shimoga	1424	1695	1550	-15.99	-8.13
Bagalkot	1406	1427	1454	-1.47	-3.30
Gadag	1406	1450	1407	-3.03	-0.07
Nizamabad	1352	1633	1435	-17.21	-5.78
Khanna	1542	1587	1450	-2.84	6.34
Sangli	1450	1584	1557	-8.46	-6.87
Gulabgh	1596	1567	1548	1.85	3.10
Naugachia	1537	1535	1545	0.13	-0.52

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	11/30/2016	10/31/2016	Change
Corn CBOT Prices	Dec-16	134.54	140.74	-6.2
	Mar-16	138.97	144.19	-5.22
	May-16	141.82	146.84	-5.02
	Jul-16	144.78	149.40	-4.62
	Sep-16	147.53	151.86	-4.33

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