

Maize Monthly Research Report

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1st January, 2017

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded slightly down during the month of December'16 compared to last month and corresponding period of last year as cash crunch kept stockiest demand at lower side. However, it is likely to trade steady to slightly firm during the month of January'17 as stockiest are keen to buy at this time.

In India, maize has been sown in around 13.14 lakh hectares as on 30th December'16 which is higher than 12.27 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.18 lakh hectares which are higher than 1.997 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.58 lakh hectares which are lower than 1.76 lakh hectare covered during corresponding period last year. In Bihar also, it has been sown in around 4.27 lakh hectares which is lower than 4.28 lakh hectare covered during corresponding period last year.

As per trade sources, in A.P and Telengana region, maize crop area is likely to increase by 20% while in Bihar, it could be more or less same compared to last year.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 120 per quintal to Rs. 1550 per quintal. Starch feed makers quoted it firm by Rs. 75 per quintal to Rs.1550 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go long in Maize for February contract near 1437 levels for a target of 1463 and 1476 with a stop loss at 1422 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

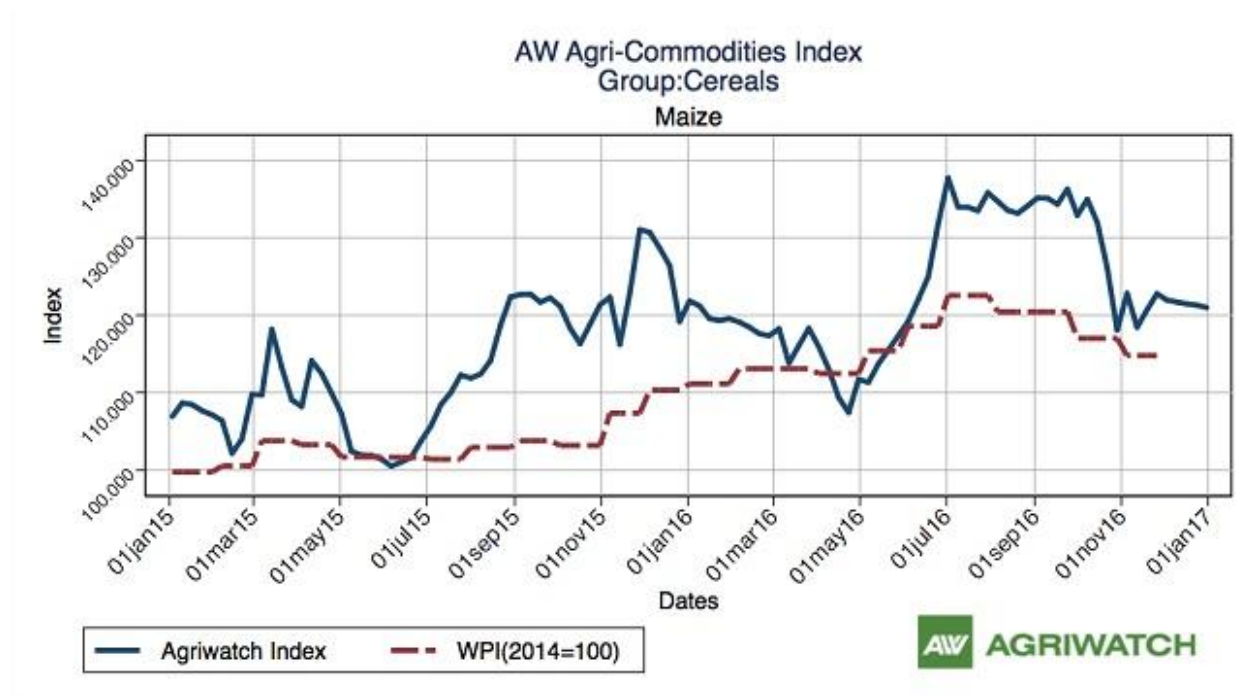
Corn prices on CBOT rose by 3.15 USD/MT to 137.69 USD/MT for March contract compared to last month due to high export demand for U.S corn.

USDA kept unchanged its corn ending stock estimates for U.S at 61.048 MMT for 2016/17 compared to last month.

U.S corn exports reached 15.70 MMT in the 2016-17 marketing year. At 3.97 MMT (for the period 1st Dec-22nd Dec, 2016) exports were up 40.26 percent from the previous month and 42.85 percent from the corresponding period of last year.

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AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index gain 22.17% during the week ended December 31, 2016 compared to previous year. 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)	2.67	2.74	2.74	8.31
Production (MMT)	20.06	23.14	14.08	3.52
Farmer's Release (MMT)	17.27	19.90	10.45	4.48
Govt. Procurement (MMT)	0.02	0.24	0.24	
Pvt. Trade Release (MMT)	17.26	19.66	5.14	9.55
Seed Retention (MMT)	0.23	0.25	0.04	
Imports (MMT)	0.18	0.00	0.00	0.00
Total Supply (MMT)	22.91	25.88		
Quarterly Add On(MMT)			14.08	3.52
Export (MMT)	0.47	0.80	0.21	0.24
Domestic Consumption (MMT)	19.70	20.45	8.30	6.01
Total Demand (MMT)	20.17	21.25	8.51	6.25
Ending Stock (MMT)	2.74	4.63	8.31	5.58

- New season starting from October is expected to begin with 2.74 MMT and end with 4.63 MMT in 2016/17.
- Total maize production in India could be around 23.14 MMT in 2016-17 against our yearly total demand of 21.25 MMT.
- With carryout of 2.74 MMT total availability goes up to 25.88 MMT in 2016/17.
- Total demand including domestic and export could be around 21.25 MMT.

Maize Year-(Oct-Sep)	2015-16E	2016-17F
Monthly Use	1.91	2.16
Stock to Use Ratio	0.12	0.18
Stock to Month Use Ratio	1.44	2.15

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	0.46

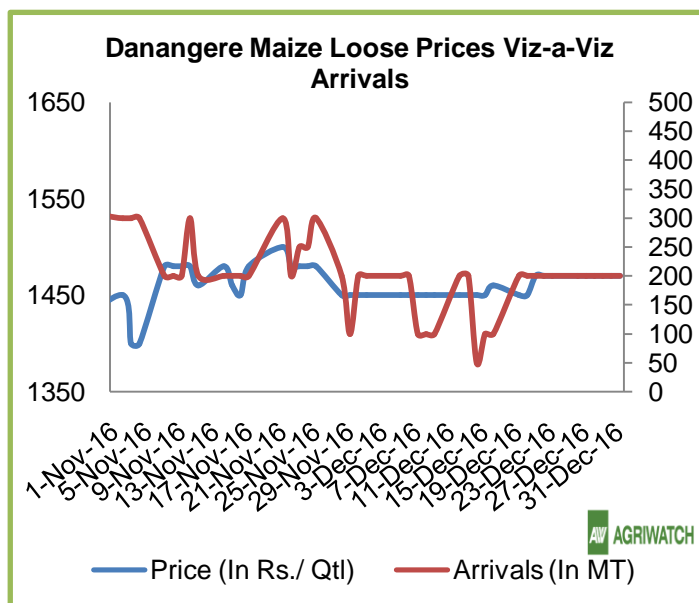
- **E= AW Estimates, F=AW Forecast**

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STATE - WISE MARKET DYNAMICS

Karnataka

Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1570 per quintal, 1660 per quintal respectively. It is likely to trade steady to slightly firm on the expectation of stockiest demand.

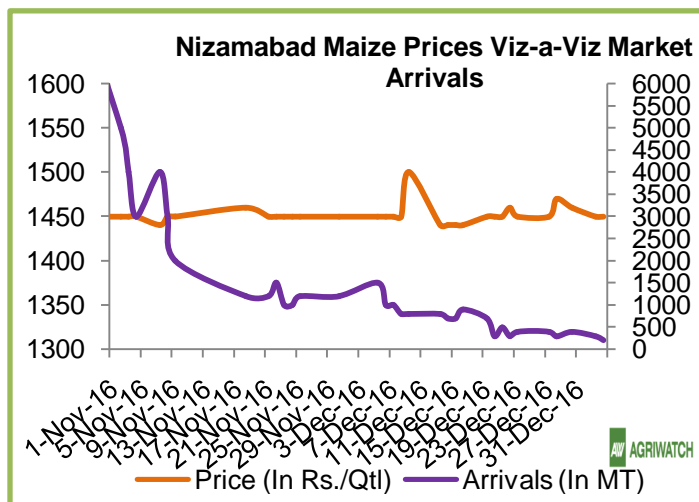


ANDHRA PRADESH:

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

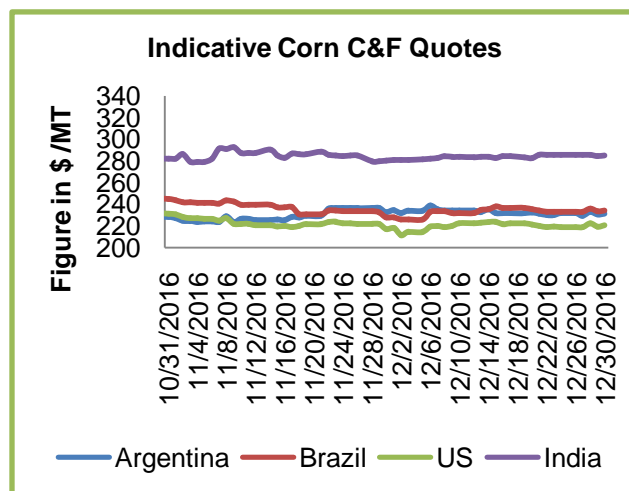
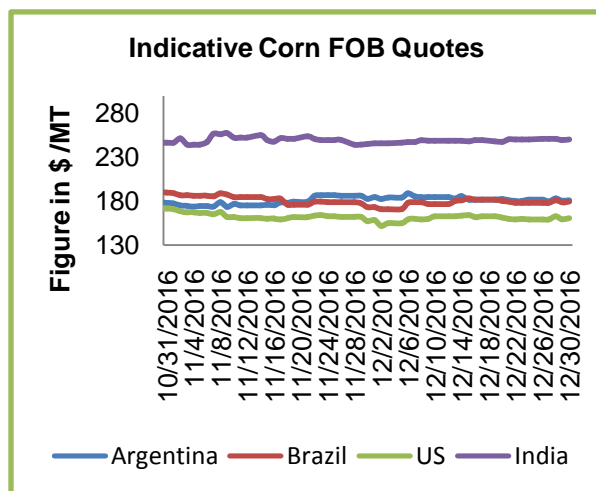
DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade steady to slightly firm during the month of January.



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ON THE EXPORT-IMPORT FRONT:

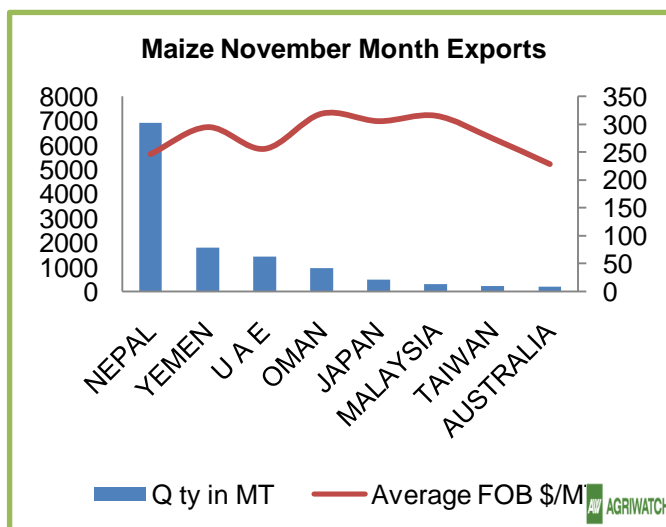


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.95)				
As on 12.30.2016	Argentina	Brazil	US	India
FOB	181.00	179.05	160.55	250.19
Cost and Freight (C&F)	231.00	234.05	220.55	285.19

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 MAIZE FEB CONTRACT (CONTINUOUS WEEKLY FUTURE CHART)



- Candlestick depicts range bound movement in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Buy near level 1437 and target1 and target2 would be 1463 and 1476.

Support & Resistance

S2	S1	PCP	R1	R2
1391	1423	1455	1478	1501

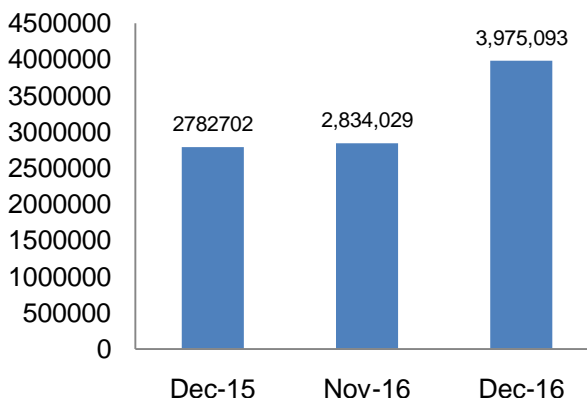
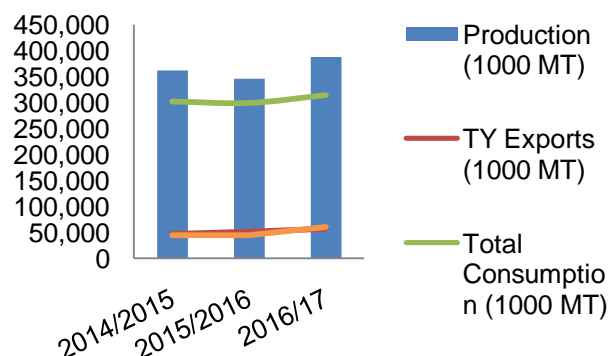
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INTERNATIONAL MARKET SCENARIO:

U.S.

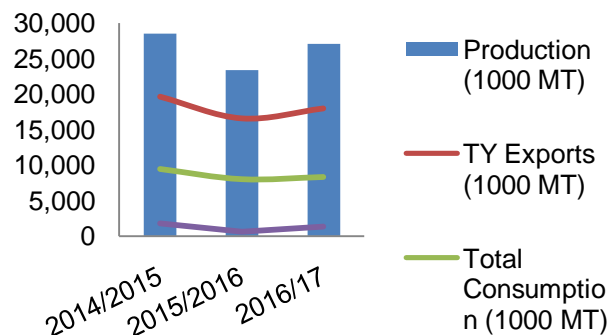
As per USDA, U.S corn exports reached 15.70 MMT in the 2016-17 marketing year. At 3.97 MMT (for the period 1st Dec- 22nd Dec, 2016) exports were up 40.26 percent from the previous month and 42.85 percent from the corresponding period of last year.

USDA kept unchanged its corn ending stock estimates for U.S at 61.048 MMT for 2016/17 compared to last month.

US Corn Exports in MetricTons

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


UKRAINE

USDA decreased its ending stock estimates for Ukraine by 0.09 MMT to 1.335 MMT for 2016/17 compared to last month.

Ukraine Production, Consumption ,Export & Ending Stock Scenario


ARGENTINA

USDA kept unchanged its corn ending stock forecast for Argentina at 2.058 MMT for 2016/17 compared to last month.

1st January, 2017**BRAZIL**

USDA raised its corn ending stock forecast for Brazil by 0.5 MMT to 6.442 MMT for 2016/17 compared to last month.

CHINA

USDA increased its corn ending stock forecast for China at 106.308 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% in the October'16 from 45.9% during the same month last year as users' reliance on alternatives such as Sorghum decreased.

GLOBAL

USDA increased its world corn ending stock estimates by 4.59 MMT to 222.246 MMT for 2016/17 compared to last month.

GLOBAL TRADES

South Korea's Korea Corn Processing Industry Association purchased about 60,000 MT of yellow corn at \$191.77 per MT c&f including surcharge for additional port unloading from Pan Ocean; for the shipment around March 5-25 from the U.S. Pacific North West coast or Feb. 13 to March 5 from the U.S. Gulf with arrival in South Korea around April 10.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 3.15 USD/MT to 137.69 USD/MT for March contract compared to last month due to high export demand for U.S corn. However, easing concern about South American crop weather could weigh on market sentiments.

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Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2016-December	2016-November	2015-December	% Change from Prev. Month	% Change from Prev. Year
Delhi	1570	1590	1637	-1.26	-4.09
Davangere	1458	1464	1441	-0.41	1.18
Shimoga	1433	1424	1464	0.63	-2.12
Bagalkot	1393	1406	1498	-0.92	-7.01
Gadag	1383	1406	1421	-1.64	-2.67
Nizamabad	1374	1352	1474	1.63	-6.78
Khanna	1538	1542	NA	-0.26	-
Sangli	1434	1450	1551	-1.10	-7.54
Gulabgh	1617	1596	1601	1.32	1.00
Naugachia	1532	1537	1623	-0.33	-5.61

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	12/29/2016	11/30/2016	Change
Corn CBOT Prices	Mar-17	137.69	134.54	3.15
	May-17	140.05	138.97	1.08
	Jul-17	142.91	141.82	1.09
	Sep-17	145.76	144.78	0.98
	Dec-17	149.30	147.53	1.77

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