

# Maize Monthly Research Report

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1<sup>st</sup> February, 2017

#### OUTLOOK AND REVIEW:

##### DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded firm during the month of January'17 compared to last month due to high feed makers' demand. However, market is likely to trade steady to slightly weak during the month of February'17. Initially, it could trade steady till the new crop arrives into the market. As crop size is expected to be greater than last year; it could keep pressure on market sentiments. As far as exports are concerned, there is no export parity for Indian maize which is also a bearish factor. However, that downside could be limited as traders would not be interested to sell at lower prices.

In India, maize has been sown in around 16.5 lakh hectares as on 3<sup>rd</sup> February'17 which is higher than 15.07 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.77 lakh hectares which is higher than 2.13 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.48 lakh hectares which is higher than 4.38 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.74 lakh hectare which is lower than 1.93 lakh hectare covered during corresponding period last year.

Overall crop conditions are favorable at this time. No loss reported till date. Agriwatch preliminary estimates maize Rabi production at around 6.24 MMT for 2016/17.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize steady at Rs. 1550 per quintal while Starch feed makers quoted it firm by Rs. 25 per quintal to Rs.1575 per quintal compared to last month.

#### RECOMMENDATION:

Market participants are advised to go short in Maize for March contract near 1490 levels for a target of 1460 and 1445 with a stop loss at 1508 on closing basis.

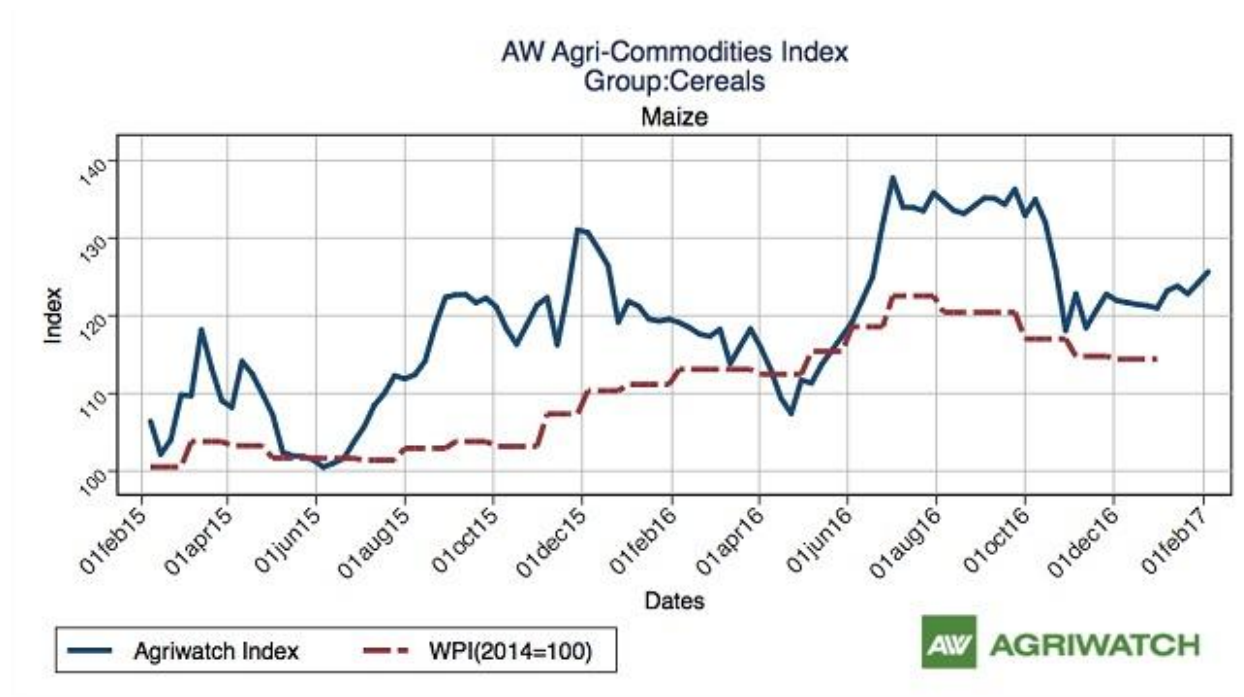
##### INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 3.15 USD/MT to 140.84 USD/MT for March contract compared to last month as USDA decreased its corn ending stock estimates for U.S by 1.226 MMT to 59.822 MMT for 2016/17 compared to last month.

U.S corn exports reached 19.67 MMT in the 2016-17 marketing year. At 3.36 MMT (for the period 1<sup>st</sup> Jan-26<sup>th</sup> Jan, 2017) exports were down 26.60 percent from the previous month but firm by 33.57 percent from the corresponding period of last year.

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## AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index gain 1.49% during the week ended February 4, 2017 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**

<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)	2.67	2.74	2.74	8.22
Production (MMT)	20.06	23.84	14.08	3.52
Farmer's Release (MMT)	17.27	20.55	10.45	4.48
Govt. Procurement (MMT)	0.02	0.24	0.24	
Pvt. Trade Release (MMT)	17.26	20.31	5.14	9.55
Seed Retention (MMT)	0.23	0.25	0.04	
Imports (MMT)	0.18	0.00	0.00	0.00
<b>Total Supply (MMT)</b>	<b>22.91</b>	<b>26.58</b>		
<b>Quarterly Add On(MMT)</b>			14.08	3.52
Export (MMT)	0.47	0.80	0.21	0.24
Domestic Consumption (MMT)	19.70	20.68	8.40	6.08
<b>Total Demand (MMT)</b>	<b>20.17</b>	<b>21.48</b>	<b>8.61</b>	<b>6.32</b>
<b>Ending Stock (MMT)</b>	<b>2.74</b>	<b>5.10</b>	<b>8.22</b>	<b>5.42</b>

- New season starting from October is expected to begin with 2.74 MMT and end with 5.1 MMT in 2016/17.
- Total maize production in India could be around 23.84 MMT in 2016-17 against our yearly total demand of 21.48 MMT.
- Agriwatch estimates maize Rabi production at around 6.24 MMT for 2016/17.
- With carryout of 2.74 MMT total availability goes up to 26.58 MMT in 2016/17.
- Total demand including domestic and export could be around 21.48 MMT.

<b>Maize Year-(Oct-Sep)</b>	<b>2015-16E</b>	<b>2016-17F</b>
Monthly Use	1.91	2.22
Stock to Use Ratio	0.12	0.19
Stock to Month Use Ratio	1.44	2.30

<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	0.69

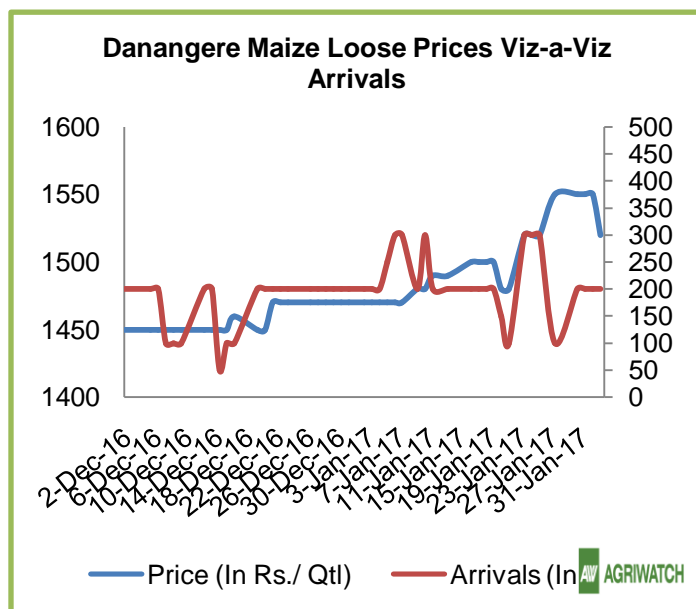
- **E= AW Estimates, F=AW Forecast**

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## STATE - WISE MARKET DYNAMICS

### Karnataka

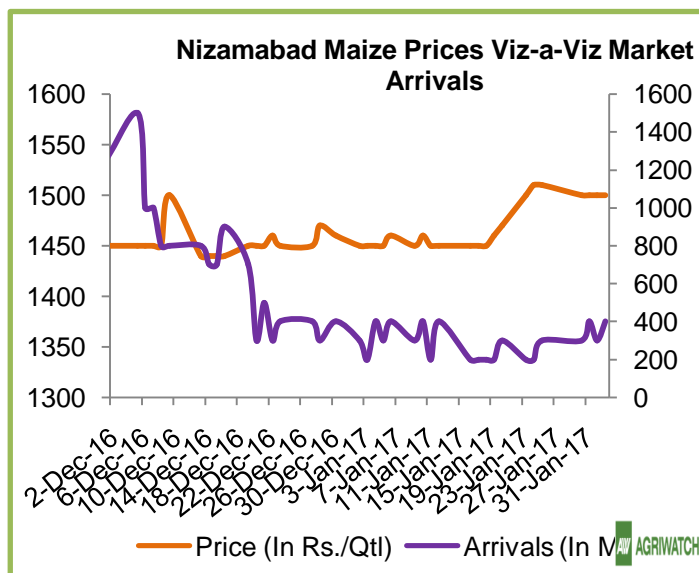
Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1620 per quintal, 1720 per quintal respectively. It is likely to trade (Bilty) in a range of Rs. 1550-1580 per quintal during the month of February.



### ANDHRA PRADESH:

In Nizamabad, it is likely to trade (Bilty) in a range of Rs. 1450-1510 per quintal during the month of February.

As per trade sources, crop arrivals are expected at month end.

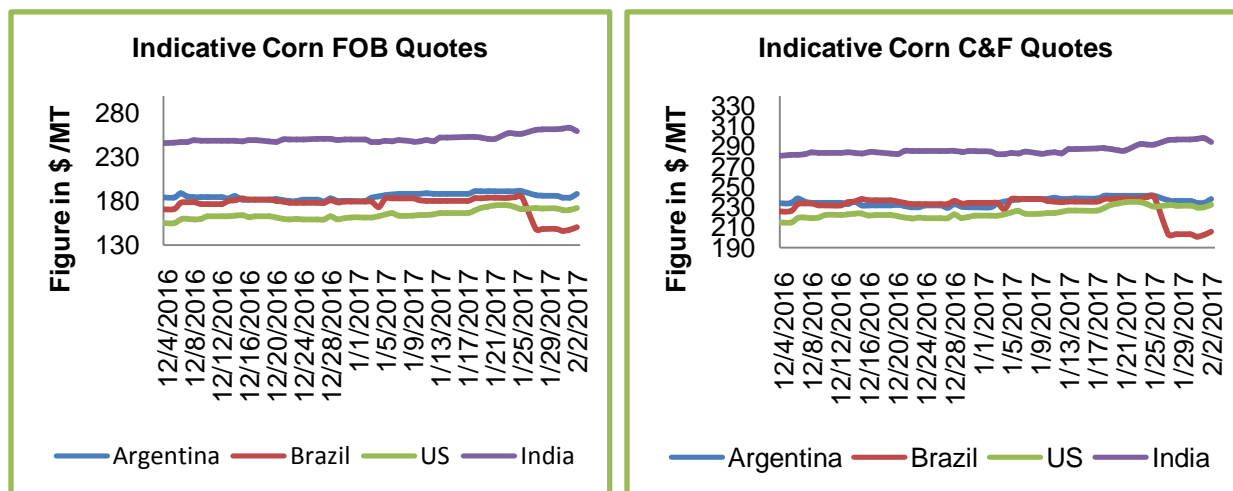


### DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade steady to slightly weak during the month of February.

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## ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.44)				
As on 2.2.2017	Argentina	Brazil	US	India
<b>FOB</b>	188.29	150.55	172.10	259.61
<b>Cost and Freight (C&amp;F)</b>	238.29	205.55	232.10	294.61

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.

- We are unable to update export-import data as Govt has restricted the latest IBIS data for Public domain. We will be able to update it as and when it will be available.

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



- Candlestick depicts firm movement in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving up in neutral zone.
- However, increase in prices lower volume and OI indicates weak market.
- Strategy: Sell near level 1490 and target1 and target2 would be 1460 and 1445.

### Support & Resistance

S2	S1	PCP	R1	R2
1409	1438	1467	1498	1529

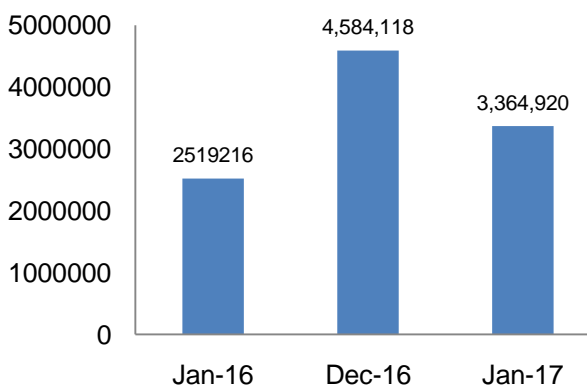
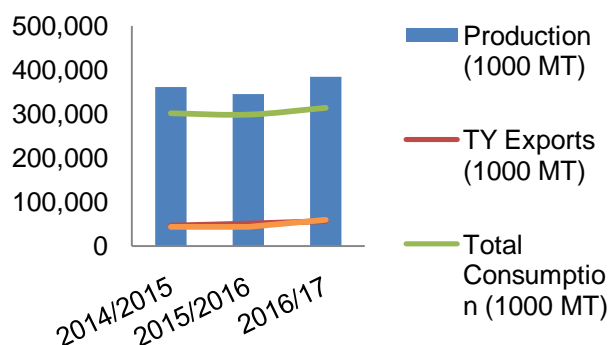
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### INTERNATIONAL MARKET SCENARIO:

#### U.S.

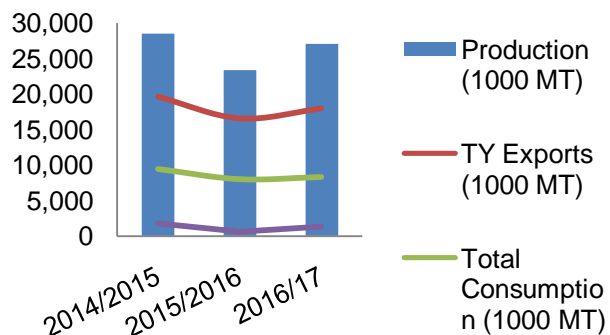
As per USDA, U.S corn exports reached 19.67 MMT in the 2016-17 marketing year. At 3.36 MMT (for the period 1<sup>st</sup> Jan- 26<sup>th</sup> Jan, 2017) exports were down 26.60 percent from the previous month but firm by 33.57 percent from the corresponding period of last year.

USDA decreased its corn ending stock estimates for U.S by 1.226 MMT to 59.822 MMT for 2016/17 compared to last month.

**US Corn Exports in MetricTons**

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


#### UKRAINE

USDA unchanged its ending stock estimates for Ukraine at 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.

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### **BRAZIL**

USDA kept unchanged its corn ending stock forecast for Brazil at 6.442 MMT for 2016/17 compared to last month.

### **CHINA**

USDA kept unchanged 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 remained unchanged at 45.8% in the November'16 compared to same month last year.

### **GLOBAL**

USDA decreased its world corn ending stock estimates by 1.263 MMT to 220.983 MMT for 2016/17 compared to last month.

However, IGC raised its forecast for the 2016/17 global corn production by 3 MMT to 1045 MMT compared to previous forecast and 73 MMT compared to last year. Forecast for global corn ending stock was also raised by 1 MMT to 225 MMT compared to last forecast and 16 MMT compared to last year.

### **INTERNATIONAL CORN OUTLOOK:**

Corn prices on CBOT rose by 3.15 USD/MT to 140.84 USD/MT for March contract compared to last month as USDA decreased its corn ending stock estimates for U.S by 1.226 MMT to 59.822 MMT for 2016/17 compared to last month.

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### Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2017-January	2016-December	2016-January	% Change from Prev. Month	% Change from Prev. Year
Delhi	1586	1570	1644	1.02	-3.53
Davangere	1497	1458	1423	2.67	5.20
Shimoga	1434	1433	1472	0.07	-2.58
Bagalkot	1441	1393	1435	3.45	0.42
Gadag	1462	1383	1405	5.71	4.06
Nizamabad	1389	1374	1474	1.09	-5.77
Khanna	1522	1538	NA	-1.04	-
Sangli	1495	1434	1548	4.25	-3.42
Gulabgh	1632	1617	1600	0.93	2.00
Naugachia	1550	1532	NA	1.17	-

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	1/30/2017	12/29/2016	Change
Corn CBOT Prices	Mar-17	140.84	137.69	3.15
	May-17	143.69	140.05	3.64
	Jul-17	146.45	142.91	3.54
	Sep-17	149.11	145.76	3.35
	Dec-17	151.76	149.30	2.46

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