

Maize Monthly Research Report

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1st March, 2017

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded mixed during the month of February'17 compared to last month. However, market is likely to trade steady to weak during the month of March'17 due to new crop arrival pressure. In Nizamabad, some quantity of new crop of maize containing 20% moisture level, arrived into the market. New crop arrival pressure will emerge after Holi festival. However, in Bihar, new crop would start during the month of April.

Overall maize crop conditions are favorable now. 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 down by Rs. 30 per quintal to Rs. 1520 per quintal while Starch feed makers quoted it down by Rs. 40 per quintal to Rs.1530 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go short in Maize for March contract near 1420 levels for a target of 1396 and 1384 with a stop loss at 1433 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 0.98 USD/MT to 141.82 USD/MT for March contract compared to last month due to increase in demand for U.S corn.

U.S corn exports reached 24.75 MMT in the 2016-17 marketing year. At 5.07 MMT (for the period 1st Feb-23rd Feb, 2017) exports were firm by 50.96 percent from the previous month and 74.07 percent from the corresponding period of last year.

USDA decreased its world corn ending stock estimates by 3.421 MMT to 217.562 MMT for 2016/17 compared to last month due to increase in export demand and domestic consumption's estimate.

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AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index fell 0.04% during the week ended February 11, 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.

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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	2.79	2.79	8.27
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	0.62	0.24	0.38
Pvt. Trade Release (MMT)	17.26	19.93	5.01	9.30
Seed Retention (MMT)	0.23	0.25	0.04	
Imports (MMT)	0.23	0.02	0.00	0.02
Total Supply (MMT)	22.96	26.65		
Quarterly Add On(MMT)			14.08	3.54
Export (MMT)	0.47	0.80	0.21	0.24
Domestic Consumption (MMT)	19.70	20.68	8.40	6.08
Total Demand (MMT)	20.17	21.48	8.61	6.32
Ending Stock (MMT)	2.79	5.17	8.27	5.49

- New season starting from October is expected to begin with 2.79 MMT and end with 5.17 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 2.79 MMT total availability goes up to 26.65 MMT in 2016/17.
- Total demand including domestic and export could be around 21.48 MMT.

Maize Year-(Oct-Sep)	2015-16E	2016-17F
Monthly Use	1.91	2.22
Stock to Use Ratio	0.12	0.19
Stock to Month Use Ratio	1.46	2.33

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	0.69

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

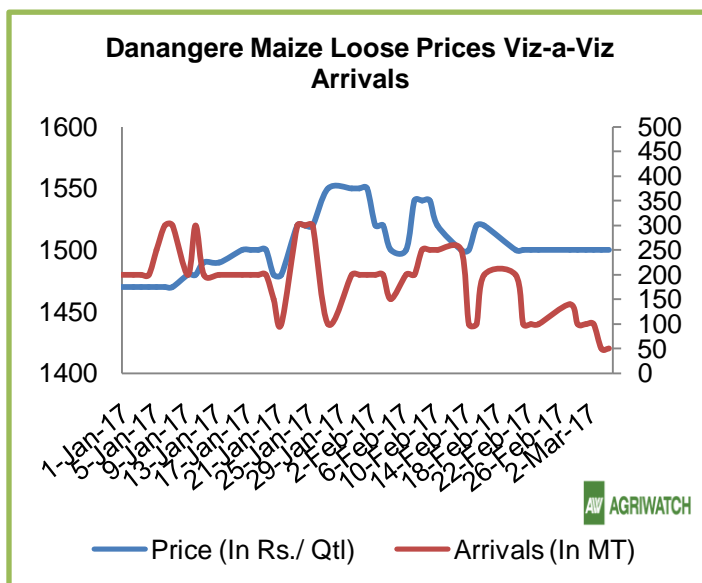
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STATE - WISE MARKET DYNAMICS

Karnataka

Maize sourced from Davangere moved towards Bangalore at Rs. 1620 per quintal. Arrival pressure from Maharashtra limit the demand of Tamil Nadu's feed makers.

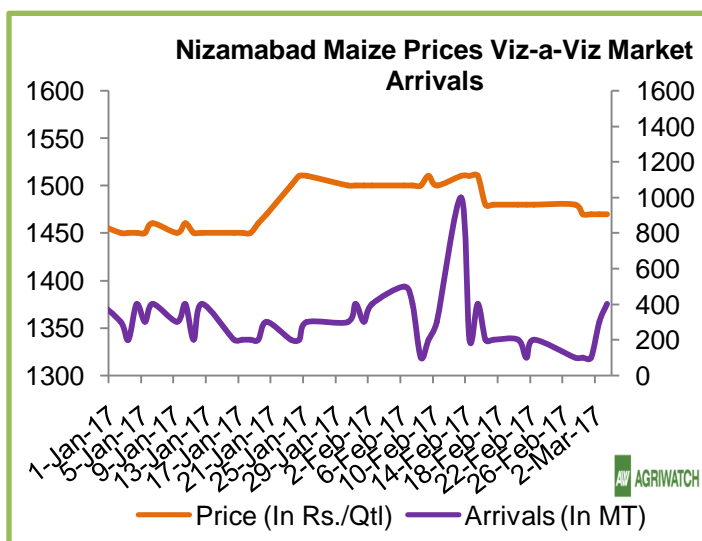
It is likely to trade (Bilty) in a range of Rs. 1500-1550 per quintal during the month of March. In Karnataka, stock of maize could be around 50,000 MT, same compared to corresponding period of last year.



ANDHRA PRADESH:

In Nizamabad, it is likely to trade (Bilty) in a range of Rs. 1410-1470 per quintal during the month of March. Stock of maize could be around 2000 MT; same compared to corresponding period of last year.

Some quantity of new crop of maize containing 20% moisture level, arrived into the market.. New crop arrival pressure will emerge after Holi festival.

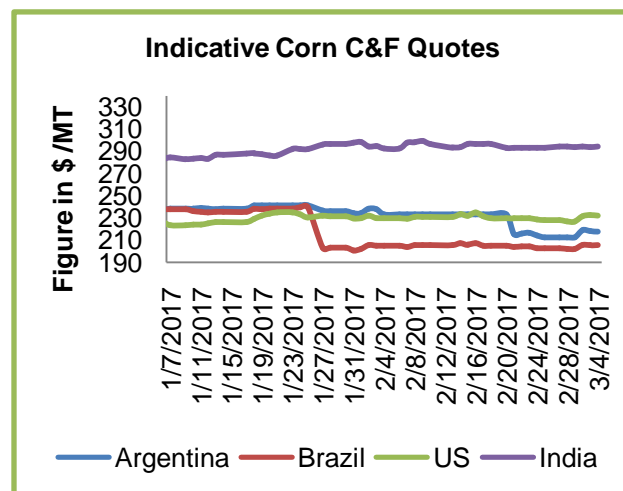
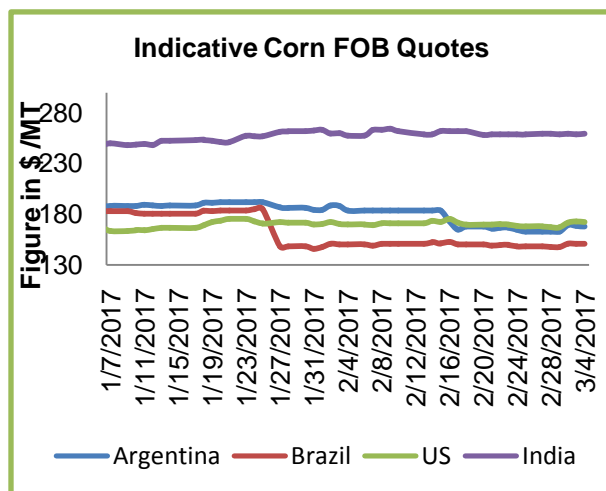


DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade steady to weak during the month of March due to new crop arrival pressure.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.73)				
As on 4.3.2017	Argentina	Brazil	US	India
FOB	167.91	150.35	172.30	259.33
Cost and Freight (C&F)	217.91	205.35	232.30	294.33

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 available.

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



- Candlestick depicts that maize could trade range bound in the market.
- Prices closed below 9 and 18 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Sell near level 1420 and target1 and target2 would be 1396 and 1384.

Support & Resistance

S2	S1	PCP	R1	R2
1334	1367	1401	1457	1513

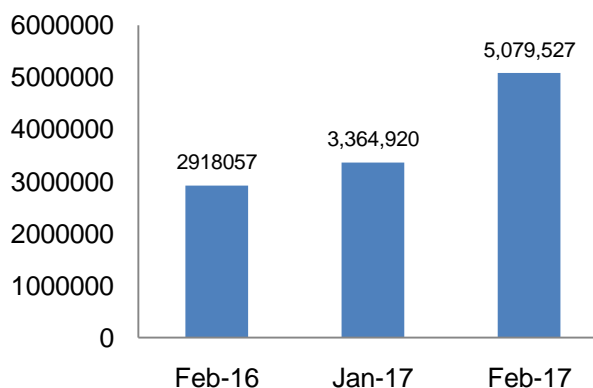
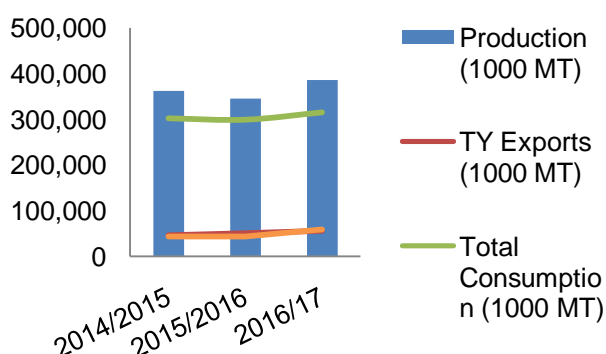
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INTERNATIONAL MARKET SCENARIO:

U.S.

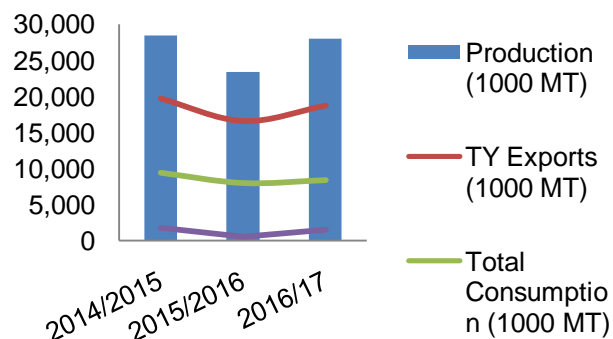
As per USDA, U.S corn exports reached 24.75 MMT in the 2016-17 marketing year. At 5.07 MMT (for the period 1st Feb- 23rd Feb, 2017) exports were firm by 50.96 percent from the previous month and 74.07 percent from the corresponding period of last year.

USDA decreased its corn ending stock estimates for U.S by 0.889 MMT to 58.933 MMT for 2016/17 compared to last month due to increase in domestic consumption's estimate.

US Corn Exports in MetricTons

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


UKRAINE

USDA increased its ending stock estimates for Ukraine by 0.20 MMT to 1.535 MMT for 2016/17 compared to last month due to increase in production estimates.

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 March, 2017**BRAZIL**

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

CHINA

USDA decreased its corn ending stock forecast for China by 4 MMT to 102.308 MMT for 2016/17 compared to last month due to increase in consumption forecast.

GLOBAL

USDA decreased its world corn ending stock estimates by 3.421 MMT to 217.562 MMT for 2016/17 compared to last month due to increase in export demand and domestic consumption's estimate.

However, IGC raised its forecast for the 2016/17 global corn production by 4 MMT to 1049 MMT compared to previous forecast and 76 MMT compared to last year as prospects for corn improved in South America. However, forecast for global corn ending stock was fall by 1 MMT to 224 MMT compared to last forecast.

GLOBAL TRADES

South Korea's Korea Corn Processing Industry Association purchased about 55,000 MT of yellow corn at just over \$200 per MT c&f including surcharge for additional port unloading; likely to be sourced from U.S, for arrival around May 10.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 0.98 USD/MT to 141.82 USD/MT for March contract compared to last month due to increase in demand for U.S corn and is expected to trade firm in near term too.

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Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2017-February	2017-January	2016-February	% Change from Prev. Month	% Change from Prev. Year
Delhi	1580	1586	1645	-0.38	-3.95
Davangere	1514	1497	1363	1.14	11.08
Shimoga	1613	1434	1483	12.48	8.77
Bagalkot	1425	1441	1390	-1.11	2.52
Gadag	1497	1462	1374	2.39	8.95
Nizamabad	1435	1389	1447	3.31	-0.83
Khanna	1509	1522	NA	-0.85	-
Sangli	1538	1495	1492	2.88	3.08
Gulabgh	1538	1632	1600	-5.76	-3.88
Naugachia	1502	1550	NA	-3.10	-

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	2/27/2017	1/30/2017	Change
Corn CBOT Prices	Mar-17	141.82	140.84	0.98
	May-17	144.97	143.69	1.28
	Jul-17	147.93	146.45	1.48
	Sep-17	150.39	149.11	1.28
	Dec-17	153.04	151.76	1.28

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