

Maize Monthly Research Report

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1st May, 2017

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded mixed during the month of April'17 compared to last month but firm compared to corresponding period of last year. Maize is likely to trade range bound during the month of May'17. As new crop arrivals are likely to put pressure on market sentiments. On the other side, stockiest demand for new crop could support to maize price.

In Karnataka, maize traded firm during last week as weather condition were not favorable in Bihar region and feed makers of Bangalore and Nammakal were demanding more corn quantity. Now, weather conditions are favorable in Bihar which could weigh on South-Indian maize prices.

In Gulabbagh, new crop of maize traded down by Rs. 160 per quintal at Rs. 1310 per quintal (Bilty) compared to last month. Despite huge arrival pressure, it is likely to trade steady to slightly firm in near term on the expectation of stockiest demand at lower price level. It could trade in a range of Rs. 1260-1325 per quintal (Bilty) during the month of May.

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. 10 per quintal to Rs.1560 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go short in Maize for June contract below 1348 levels for a target of 1304 and 1282 with a stop loss at 1374 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 0.20 USD/MT to 140.94 USD/MT for May contract compared to last month due to low export demand.

U.S corn exports reached 37.21 MMT in the 2016-17 marketing year. At 5.08 MMT (for the period 1st April- 27th April, 2017) exports were down by 31.44 percent from the previous month but firm by 10.34 percent from the corresponding period of last year.

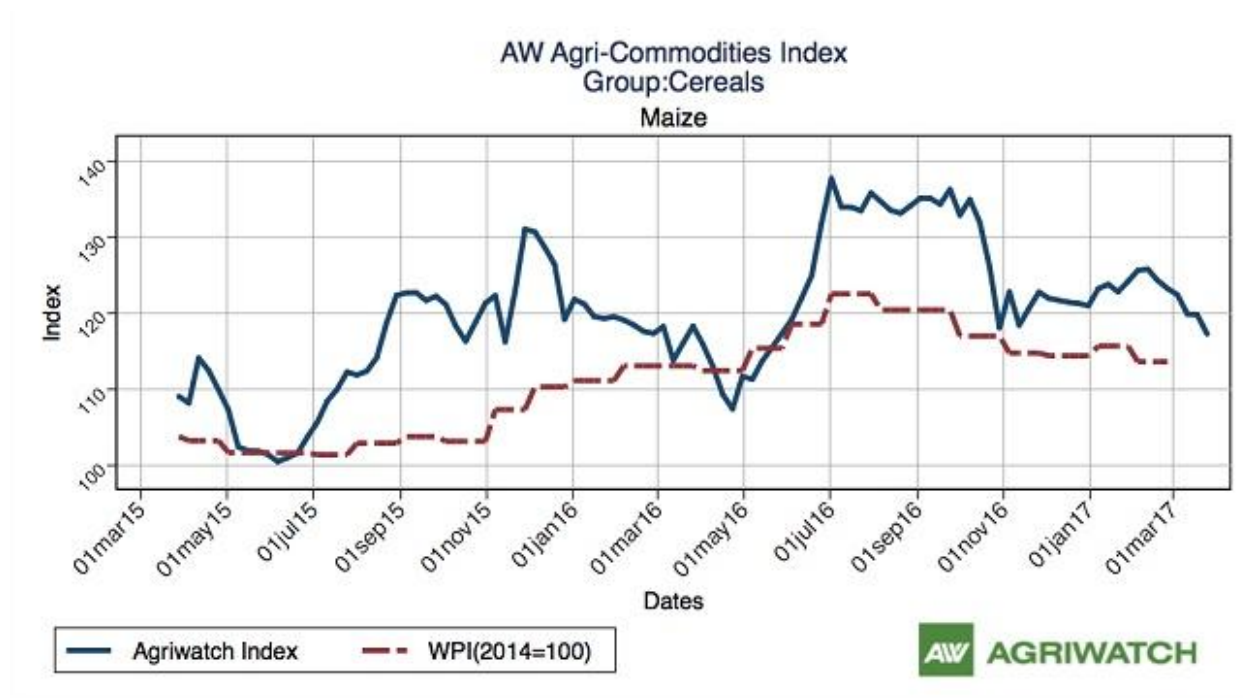
In U.S 34% corn planting has been completed as of 30th April, 2017, lower by 9% compared to corresponding period of last year but same from last 5 year average period.

IGC raised its forecast for the 2016/17 global corn production by 6 MMT to 1059 MMT compared to previous forecast. It also raised its forecast for 2017/18 global corn production by 2 MMT to 1026 MMT compared to previous forecast.

USDA also increased its world corn ending stock estimates by 2.299 MMT to 222.977 MMT for 2016/17 compared to last month due to increase in production estimate for Brazil and Argentina crop.

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AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index gained 1.16% during the week ended March 25, 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

Maize Year-(Oct-Sep)	2015-16E	2016-17F	(Quarter) Oct-Dec'16 F	(Quarter) Jan-Mar'17 F	(Quarter) Apr-Jun'17 F
Opening Stocks (MMT)	2.67	2.39	2.39	7.75	4.92
Production (MMT)	20.06	23.84	14.08	3.52	4.99
Farmer's Release (MMT)	17.27	20.55	10.45	4.48	3.93
Govt. Procurement (MMT)	0.02	0.06	0.02	0.04	
Pvt. Trade Release (MMT)	17.26	20.49	5.20	9.66	3.37
Seed Retention (MMT)	0.23	0.25	0.04		0.21
Imports (MMT)	0.23	0.02	0.00	0.02	0.00
Total Supply (MMT)	22.96	26.25			
Quarterly Add On(MMT)			14.08	3.54	4.99
Export (MMT)	0.47	0.54	0.12	0.15	0.16
Domestic Consumption (MMT)	20.10	21.18	8.60	6.23	3.81
Total Demand (MMT)	20.57	21.72	8.72	6.38	3.97
Ending Stock (MMT)	2.39	4.53	7.75	4.92	5.94

- New season starting from October is expected to begin with 2.39 MMT and end with 4.53 MMT in 2016/17.
- Total maize production in India could be around 23.84 MMT in 2016-17 against our yearly total demand of 21.72 MMT.
- Agriwatch estimates maize Rabi production at around 6.24 MMT for 2016/17.
- With carryout of 2.39 MMT total availability goes up to 26.25 MMT in 2016/17.
- Total demand including domestic and export could be around 21.72 MMT.

Maize Year-(Oct-Sep)	2015-16E	2016-17F
Monthly Use	1.91	2.19
Stock to Use Ratio	0.10	0.17
Stock to Month Use Ratio	1.25	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	0.72
Storage and Moisture Loss	0.48

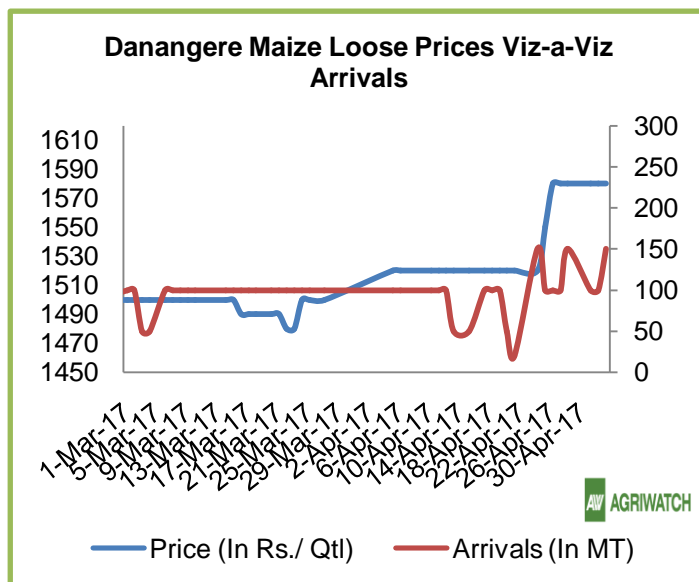
- **E= AW Estimates, F=AW Forecast**

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STATE - WISE MARKET DYNAMICS

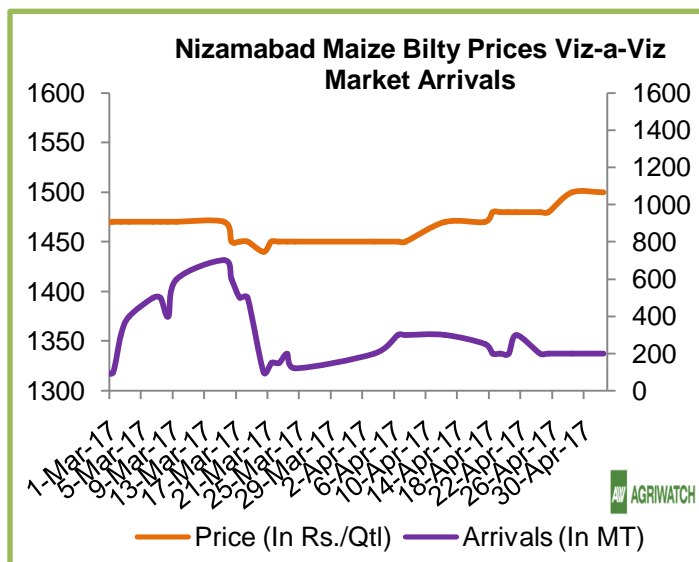
Karnataka

In Davangere, maize is likely to trade (loose) in a range of Rs. 1550-1580 per quintal during the month of May. Maize could trade steady to slightly weak in the near term on the expectation of loading from Bihar. Stock of maize could be around 5,00,000 quintals which is same compared to last year.



ANDHRA PRADESH:

In Nizamabad, it is likely to trade (Bilty) in a range of Rs. 1480-1520 per quintal during the month of May. Maize is moving towards Hyderabad at Rs. 1560 per quintal (Delivered Price) sourced from Nizamabad.

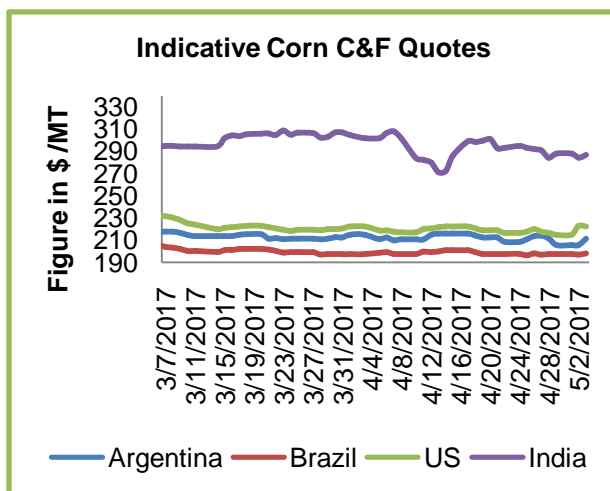
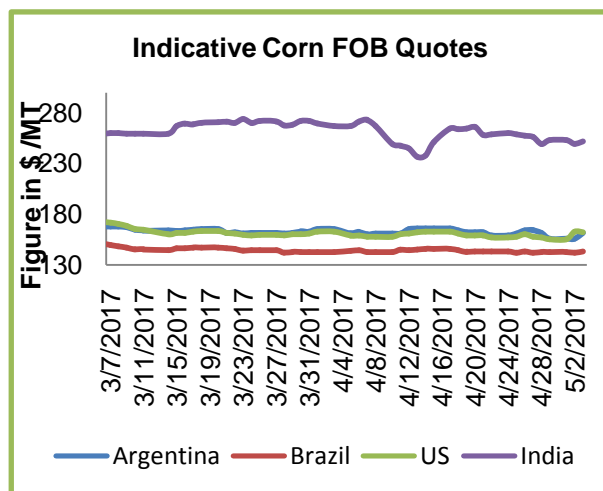


DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade range bound during the month of May due to new crop arrival pressure amid fresh demand.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 64.20)				
As on 2.5.2017	Argentina	Brazil	US	India
FOB	155.61	142.03	162.8	249.27
Cost and Freight (C&F)	205.61	197.03	222.80	284.27

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 JUNE CONTRACT (WEEKLY CHART)



- Candlestick depicts down in the market.
- RSI is moving down in neutral zone.
- Decrease in prices with lower OI indicates long liquidation.
- Strategy: Sell below 1348 and target1 and target2 would be 1304 and 1282.

Support & Resistance

S2	S1	PCP	R1	R2
1257	1300	1356	1415	1473

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INTERNATIONAL MARKET SCENARIO:

U.S.

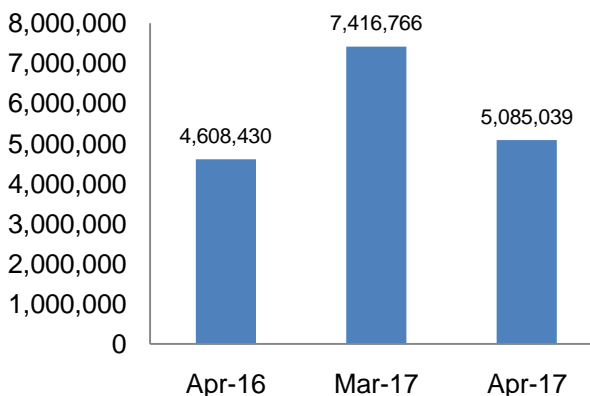
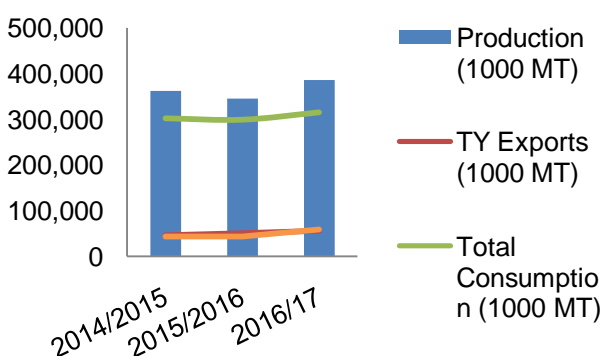
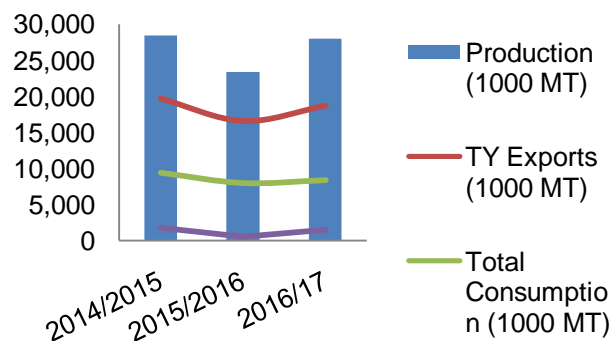
As per USDA, U.S corn exports reached 37.21 MMT in the 2016-17 marketing year. At 5.08 MMT (for the period 1st April- 27th April, 2017) exports were down by 31.44 percent from the previous month but firm by 10.34 percent from the corresponding period of last year.

USDA kept unchanged its corn ending stock estimates for U.S at 58.933 MMT for 2016/17 compared to last month.

In U.S 34% corn planting has been completed as of 30th April, 2017, lower by 9% compared to corresponding period of last year but same from last 5 year average period. 9% crop of corn has emerged; lower by 3% compared to last year but higher by 1% from last 5 year average period.

UKRAINE

USDA kept unchanged its ending stock estimates for Ukraine at 1.535 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


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ARGENTINA

USDA increased its corn ending stock forecast for Argentina by 0.3 MMT to 2.858 MMT for 2016/17 compared to last month due to increase in production estimate.

BRAZIL

USDA increased its corn ending stock forecast for Brazil by 0.727 MMT to 8.569 MMT for 2016/17 due to increase in production estimates compared to last month.

CHINA

USDA kept unchanged its corn ending stock forecast for China at 102.308 MMT for 2016/17 compared to last month.

JAPAN

Preliminary Japanese government data shows that Japan's use of corn in animal feed production fell by 0.3 % to 45.9% in the February'17 compared to same month last year as users' reliance on alternatives such as wheat increased.

GLOBAL

USDA increased its world corn ending stock estimates by 2.299 MMT to 222.977 MMT for 2016/17 compared to last month due to increase in production estimate for Brazil and Argentina crop. Brazil crop production is increased by 2 MMT to 93.5 MMT while Argentina crop production is increased by 1 MMT to 38.5 MMT for 2016/17 compared to last month forecast.

IGC raised its forecast for the 2016/17 global corn production by 6 MMT to 1059 MMT compared to previous forecast. It also raised its forecast for 2017/18 global corn production by 2 MMT to 1026 MMT compared to previous forecast. Forecast for global corn ending stock was up by 2 MMT to 207 MMT compared to last forecast for 2017/18.

GLOBAL TRADES

Taiwan's feed industry procurement association MFIG purchased about 65,000 MT of corn likely to be sourced from Brazil at a premium of 105.37 U.S. cents c&f over the Chicago September 2017 corn contract for the shipment between July 1-20. The Seller was ADM. Besides, it purchased about 65,000 MT of corn likely to be sourced from the Argentina at a premium of 82.19 U.S. cents c&f over the Chicago December 2017 corn contract. Shipment could be around July 26 to August 14.

South Korea's Major Feed mill Group purchased about 137,000 MT of corns, likely to be sourced from optional origin. Some 68,000 MT was bought at around \$193.80 per MT c&f plus a \$1.50 per MT surcharge for additional port unloading for the arrival around July 20. Another 69,000 MT was bought at around \$192.50 per MT c&f plus a \$1.50 per MT surcharge for additional port unloading for the arrival around Aug. 11.

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INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 0.20 USD/MT to 140.94 USD/MT for May contract compared to last month due to low export demand. Forecasts for warmer and drier weather across much of the Midwest amid ample global stocks are likely to weigh on market sentiments.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2017-April	2017-March	2016-April	% Change from Prev. Month	% Change from Prev. Year
Delhi	1527	1556	1436	-1.86	6.34
Davangere	1532	1496	1373	2.41	11.58
Shimoga	1558	1541	1419	1.10	9.80
Bagalkot	1489	1456	1422	2.27	4.71
Gadag	1511	1477	1410	2.30	7.16
Nizamabad	1425	1417	1362	0.56	4.63
Khanna	1512	1525	1508	-0.85	0.27
Sangli	1560	1542	1525	1.17	2.30
Gulabgh	1361	1437	1168	-5.29	16.52
Naugachia	1322	1344	1164	-1.64	13.57

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	29/4/2017	30/3/2017	Change
Corn CBOT Prices	May-17	140.94	141.14	-0.20
	July-17	144.28	144.09	0.19
	Sep-17	147.34	146.94	0.40
	Dec-17	151.57	150.39	1.18
	Mar-18	155.41	154.13	1.28

1st May, 2017**Disclaimer**

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