

Maize Monthly Research Report

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1st Jun, 2017

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded mixed during the month of May'17 compared to last month but firm compared to corresponding period of last year. Maize is likely to trade steady to firm during the month of June'17 on the expectation of fresh demand.

In Gulabghat, new crop of maize traded down by Rs. 60 per quintal at Rs. 1250 per quintal (Bilty) compared to last month. It could trade in a range of Rs. 1200-1350 per quintal (Bilty) during the month of June on the expectation of fresh demand.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 40 per quintal to Rs. 1480 per quintal while Starch feed makers quoted it down by Rs. 50 per quintal to Rs.1510 per quintal compared to last month.

RECOMMENDATION:

Market participants are advised to go long in Maize for July contract near 1298 levels for a target of 1334 and 1352 with a stop loss at 1277 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 3.54 USD/MT to 144.48 USD/MT for July contract compared to last month.

U.S corn exports reached 41.86 MMT in the 2016-17 marketing year. At 4.65 MMT (for the period 1st May- 25th May, 2017) exports were down by 8.53 percent from the previous month but firm by 10.90 percent from the corresponding period of last year.

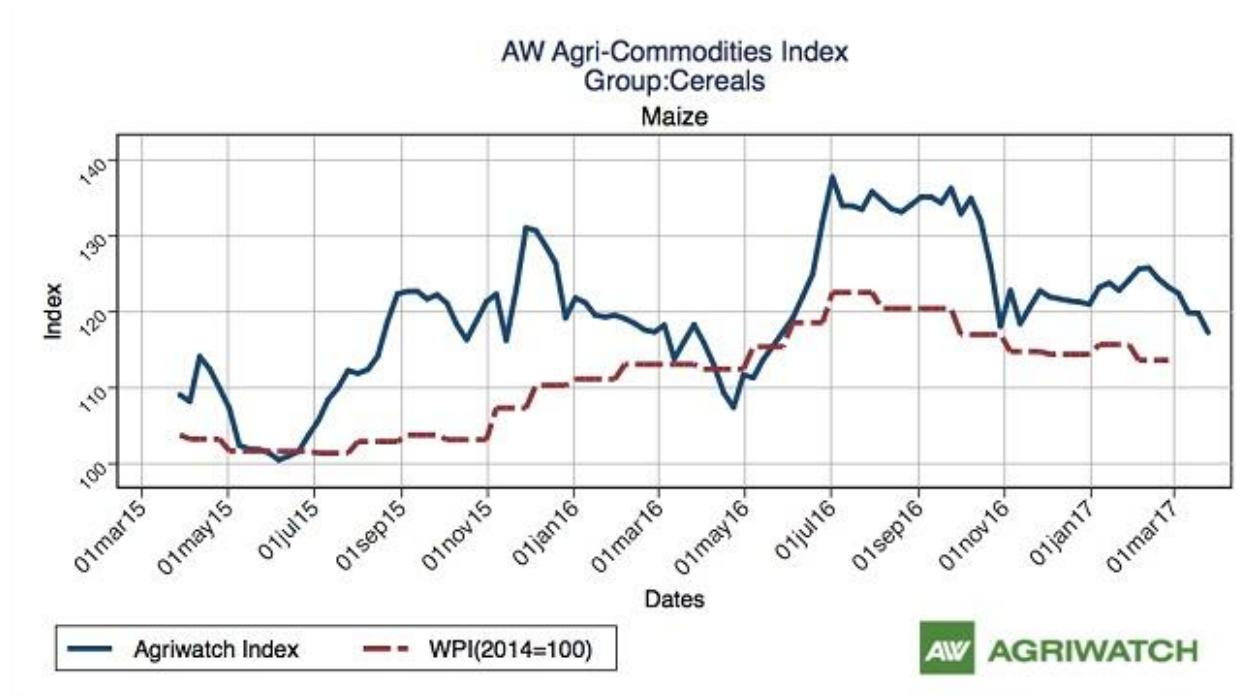
In U.S, 91% corn planting has been completed as of 28th May, 2017, lower by 2% compared to corresponding period of last year and from last 5 year average period.

IGC raised its forecast for the 2016/17 global corn production by 6 MMT to 1065 MMT compared to previous forecast. However, it kept unchanged its forecast for 2017/18 global corn production at 1026 MMT compared to previous forecast.

USDA put global corn ending stocks at 195.265 MMT in its first supply-demand forecasts for the 2017/18. It increased its world corn ending stock estimates by 0.923 MMT to 223.9 MMT for 2016/17 compared to last month.

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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	4.89
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	0.57	0.12	0.18	0.16
Domestic Consumption (MMT)	20.10	21.18	8.60	6.23	3.81
Total Demand (MMT)	20.57	21.75	8.72	6.41	3.97
Ending Stock (MMT)	2.39	4.50	7.75	4.89	5.91

- New season starting from October is expected to begin with 2.39 MMT and end with 4.50 MMT in 2016/17.
- Total maize production in India could be around 23.84 MMT in 2016-17 against our yearly total demand of 21.75 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 21.75 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	2.06

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

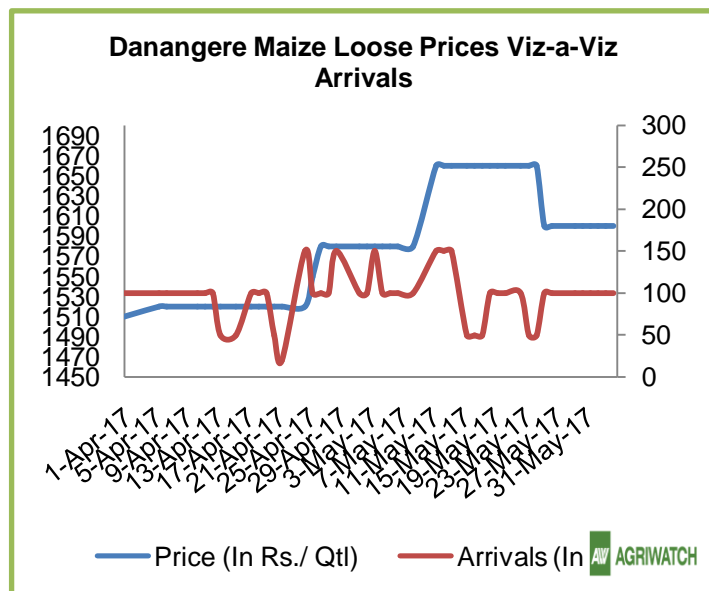
- **E= AW Estimates, F=AW Forecast**

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STATE - WISE MARKET DYNAMICS

Karnataka

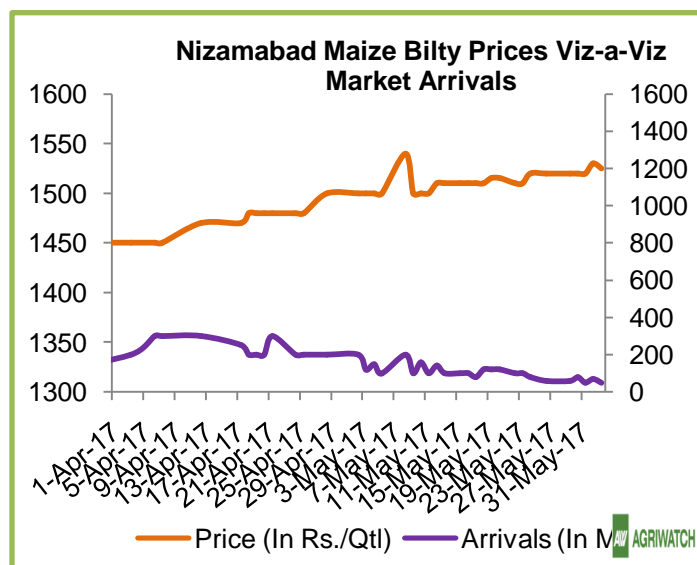
In Davangere, maize is likely to trade (loose) in a range of Rs. 1580-1620 per quintal during the month of June. Stock of maize could be around 5,00,000 quintals which is same compared to last year. Maize could trade steady to slightly firm in the near term depends on weather conditions of Bihar. It moved towards Bangalore and Nammakal at Rs. 1720 and 1770 per quintal respectively, sourced from Davangere.



ANDHRA PRADESH:

In Nizamabad, it is likely to trade (Bilty) in a range of Rs. 1520-1620 per quintal during the month of June. Maize is moving towards Hyderabad at Rs. 1570-1580 per quintal (Delivered Price) sourced from Nizamabad.

Stock of maize could be around 75,000 quintal which was 125,000 quintal during corresponding period of last year.

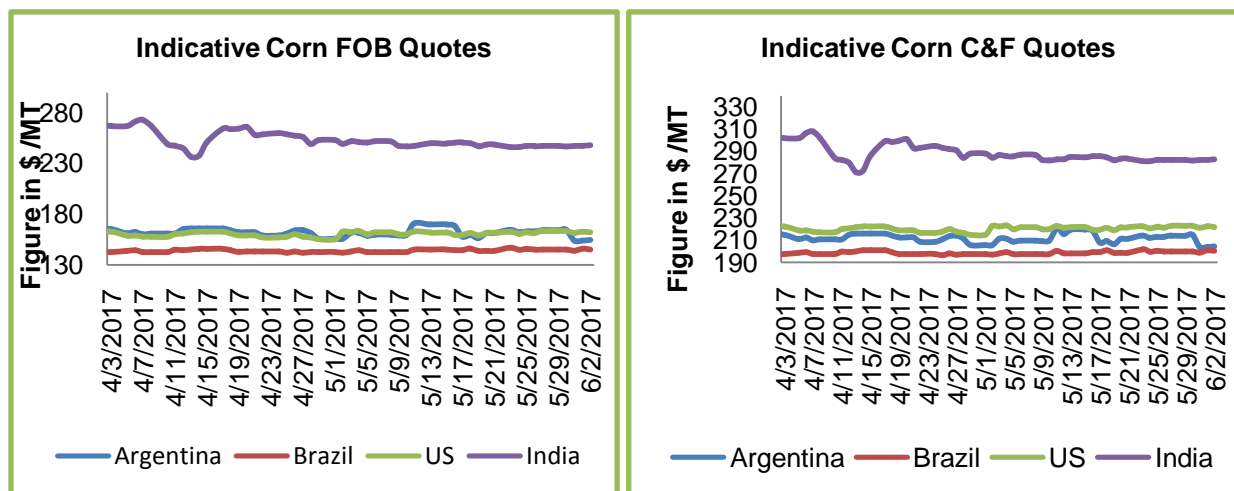


DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade steady to slightly firm during the month of June on the expectation of fresh demand.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 64.42)				
As on 2.6.2017	Argentina	Brazil	US	India
FOB	154.72	145.22	162.00	247.63
Cost and Freight (C&F)	204.72	200.22	222.00	282.63

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 JULY CONTRACT (CONTINUOUS WEEKLY CHART)



- Candlestick depicts down in the market.
- RSI is moving down in neutral zone.
- Prices closed below 9 and 18 days EMAs.
- Strategy: Buy near 1298 and target1 and target2 would be 1334 and 1352.

Support & Resistance

S2	S1	PCP	R1	R2
1250	1280	1310	1365	1420

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INTERNATIONAL MARKET SCENARIO:

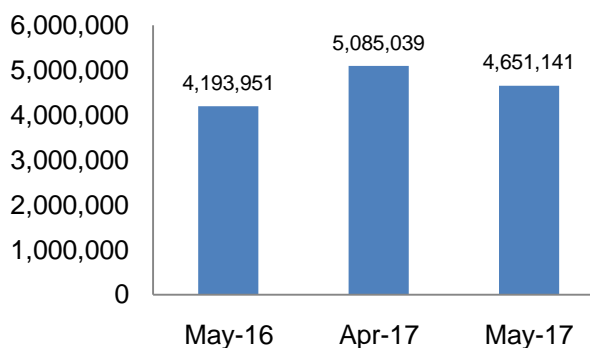
U.S.

As per USDA, U.S corn exports reached 41.86 MMT in the 2016-17 marketing year. At 4.65 MMT (for the period 1st May- 25th May, 2017) exports were down by 8.53 percent from the previous month but firm by 10.90 percent from the corresponding period of last year.

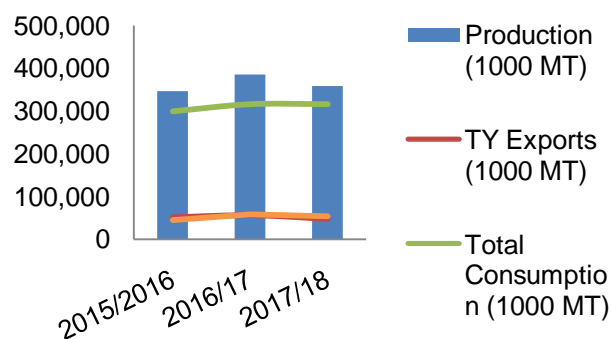
USDA kept its corn ending stock estimates for U.S at 53.599 MMT for 2017/18 while it decreased its corn ending stock estimates by 0.635 to 58.298 MMT for 2016/17 compared to last month.

In U.S, 91% corn planting has been completed as of 28th May, 2017, lower by 2% compared to corresponding period of last year and from last 5 year average period. 73% crop of corn has emerged; lower by 2% compared to last year and from last 5 year average period. 65% crop of corn is in good to excellent condition.

US Corn Exports in MetricTons



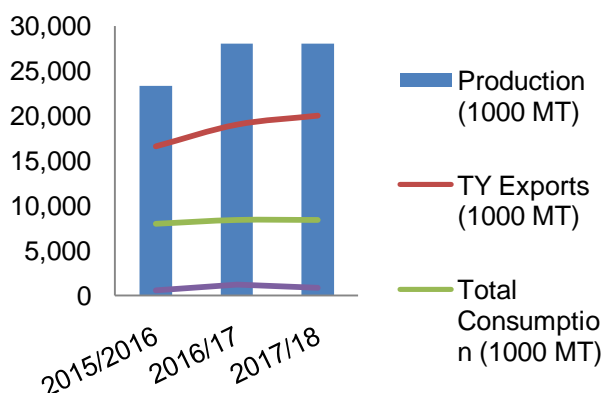
U.S Production, Consumption, Export & Ending Stock Scenario



UKRAINE

USDA kept its corn ending stock estimates for Ukraine at 0.86 MMT for 2017/18 while it decreased its ending stock estimates for Ukraine by 0.3 MMT to 1.235 MMT for 2016/17 compared to last month.

Ukraine Production, Consumption, Export & Ending Stock Scenario



1st Jun, 2017**ARGENTINA**

USDA kept its corn ending stock estimates for Argentina at 3.063 MMT for 2017/18 while it kept unchanged its corn ending stock forecast for Argentina at 2.858 MMT for 2016/17 compared to last month.

BRAZIL

USDA kept its corn ending stock estimates for Brazil at 9.569 MMT for 2017/18 while it increased its corn ending stock forecast for Brazil by 0.7 MMT to 9.269 MMT for 2016/17 compared to last month.

CHINA

USDA kept its corn ending stock estimates for China at 81.288 MMT for 2017/18 while it decreased its corn ending stock forecast for China by 1 MMT to 101.308 MMT for 2016/17 compared to last month.

GLOBAL

USDA put global corn ending stocks at 195.265 MMT in its first supply-demand forecasts for the 2017/18. It increased its world corn ending stock estimates by 0.923 MMT to 223.9 MMT for 2016/17 compared to last month.

IGC raised its forecast for the 2016/17 global corn production by 6 MMT to 1065 MMT compared to previous forecast. However, it kept unchanged its forecast for 2017/18 global corn production at 1026 MMT compared to previous forecast. Forecast for global corn ending stock was down by 10 MMT to 197 MMT compared to last forecast for 2017/18 due to increase in trade and consumption forecast.

GLOBAL TRADES

South Korea's Major Feedmill Group purchased about 68,000 MT of corn from CHS at around \$182.90 per MT c&f plus a \$1 per MT surcharge for additional port unloading for arrival around Oct. 12. Shipment was between Aug. 14 to Sept. 2 if sourced from South America, Aug. 19 to Sept. 17 if sourced from the U.S. Gulf or Black Sea region, and Sept. 8-27 if from the U.S. Pacific North West coast.

South Korea's Feed Leaders Committee purchased about 66,000 MT of corn in a private deal from Japanese trading house Mitsui at about \$183.30 per MT c&f for arrival in South Korea around Oct. 5, plus a \$1.00 per MT surcharge for additional port unloading. Shipment is due Aug. 12-31 from the U.S. Gulf, Sept. 1-20 from the U.S. Pacific North West coast or Aug. 7-26 from South America.

Taiwan's feed industry procurement association MFIG 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.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 3.54 USD/MT to 144.48 USD/MT for July contract compared to last month and is expected to trade high on the expectation of high export demand for U.S corn.

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Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2017-May	2017-April	2016-May	% Change from Prev. Month	% Change from Prev. Year
Delhi	1431	1527	1448	-6.29	-1.17
Davangere	1623	1532	1426	5.94	13.81
Shimoga	1601	1558	1581	2.76	1.27
Bagalkot	1529	1489	1491	2.69	2.55
Gadag	1518	1511	1385	0.46	9.60
Nizamabad	1452	1425	1432	1.89	1.40
Khanna	1463	1512	1394	-3.24	4.95
Sangli	1592	1560	1614	2.05	-1.36
Gulabgh	1264	1361	1253	-7.13	0.88
Naugachia	1191	1322	1223	-9.91	-2.62

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	5/30/2017	4/29/2017	Change
Corn CBOT Prices	July-17	144.48	140.94	3.54
	Sep-17	147.63	144.28	3.35
	Dec-17	151.86	147.34	4.52
	Mar-18	155.70	151.57	4.13
	May-18	158.16	155.41	2.75

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