

# Maize Monthly Research Report

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

## **OUTLOOK AND REVIEW:**

### **DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded steady to weak during the month of Jun'17 compared to last month and weak compared to corresponding period of last year due to new crop arrival pressure. However, it is likely to trade steady to slightly firm during the month of July'17 on the expectation of good demand.

In Gulabbagh, maize (average monthly Bilty prices) traded down by 0.63% compared to last month. It could trade in a range of Rs. 1250-1360 per quintal (Bilty) during the month of July.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 1.47 % while Starch feed makers quoted it down by 1.51 % compared to last month.

### **KHARIF SOWING COVERAGE**

In India, maize has been sown in around 20.32 lakh hectares as of 30<sup>th</sup> June'17 which is lower than 21.84 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 2.94 lakh hectare which is lower than 5.45 lakh hectare covered during corresponding period last year while in U.P; it has been sown in 1.52 lakh hectare which is lower than 3.07 lakh hectare covered during corresponding period last year. However, in Maharashtra, it has been sown in 2.08 lakh hectares which is higher than 0.36 lakh hectares covered during corresponding period last year and in M.P, it has been sown in 2.93 lakh hectares which is higher than 1.40 lakh hectares covered during corresponding period last year.

As per trade source, in Karnataka, due to low rainfall, farmers have sown less maize while in A.P., farmers have shifted towards maize from soybean due to good corn prices in last few years.

## **RECOMMENDATION:**

Market participants are advised to go long in Maize for August contract near 1318 levels for a target of 1358 and 1378 with a stop loss at 1294 on closing basis.

### **INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT fall by 2.85 USD/MT to 141.63 USD/MT for July contract compared to last month.

IGC raised its forecast for the 2016/17 global corn production by 4 MMT to 1069 MMT compared to previous forecast. However, it decreased its forecast for 2017/18 global corn production by 1 MMT to 1025 MMT compared to previous forecast.

In U.S, 4% crop of corn is in silking stage as of 25th June, 2017, lower by 1% compared to last year and last 5 year average period.

USDA decreased its global corn ending stocks estimates by 0.934 MMT to 194.331 MMT for 2017/18 compared to last month due to decrease in its production estimates.

U.S corn exports reached 41.30 MMT in the 2016-17 marketing year. At 4.43 MMT (for the period 1<sup>st</sup> May- 22<sup>nd</sup> Jun, 2017) exports were down by 4.57 percent from the previous month and 18.64 percent from the corresponding period of last year.

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

**INDIA MAIZE BALANCE SHEET**

<b>Maize Year-(Oct-Sep)</b>	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
<b>Total Supply (MMT)</b>	22.96	26.25			
<b>Quarterly Add On(MMT)</b>			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
<b>Total Demand (MMT)</b>	20.57	21.75	8.72	6.41	3.97
<b>Ending Stock (MMT)</b>	2.39	4.50	7.75	4.89	5.91

- In 2016/17, season started from October is expected to begin with 2.39 MMT and end with 4.50 MMT.
- 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.

<b>Maize Year-(Oct-Sep)</b>	<b>2015-16E</b>	<b>2016-17F</b>
Monthly Use	1.91	2.19
Stock to Use Ratio	0.10	0.17
Stock to Month Use Ratio	1.25	2.06

<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	0.72
Storage and Moisture Loss	0.48

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

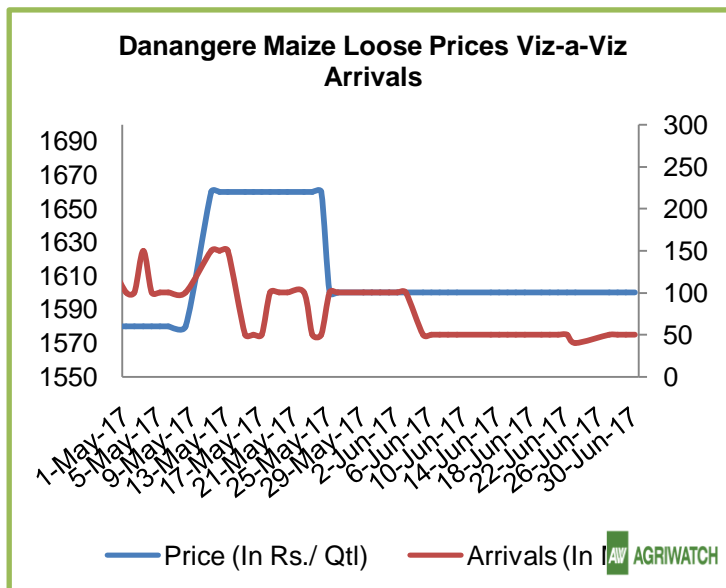
1<sup>st</sup> July, 2017

## STATE - WISE MARKET DYNAMICS

### Karnataka

In Davangere, maize is likely to trade (loose) in a range of Rs. 1580-1660 per quintal during the month of July. 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.

As per trade source, due to low rainfall, farmers have sown maize only in 10-15% area.

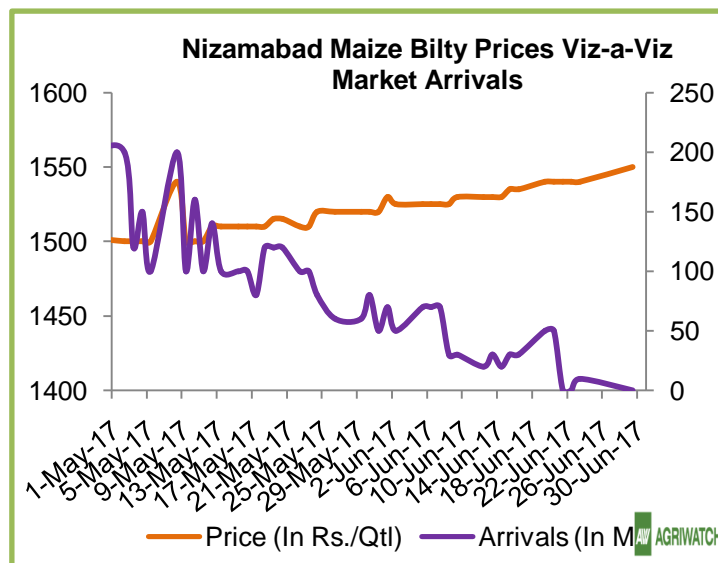


### ANDHRA PRADESH:

In Nizamabad, it is likely to trade (Bilty) in a range of Rs. 1540-1590 per quintal during the month of July. Maize is moving towards Hyderabad at Rs. 1650 per quintal (Delivered Price) sourced from Nizamabad.

As per trade sources, soybean crop area is likely to shift towards maize.

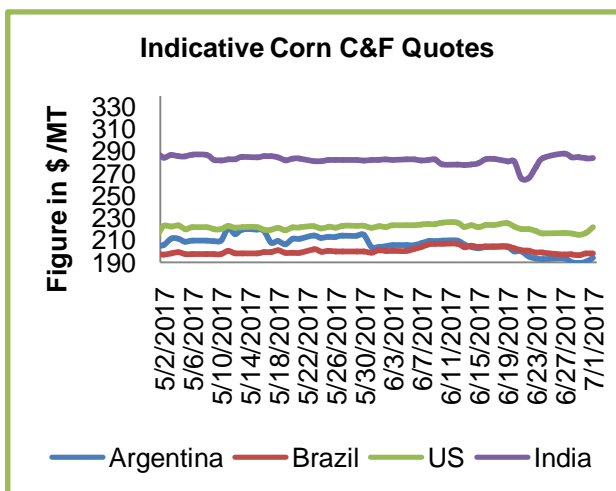
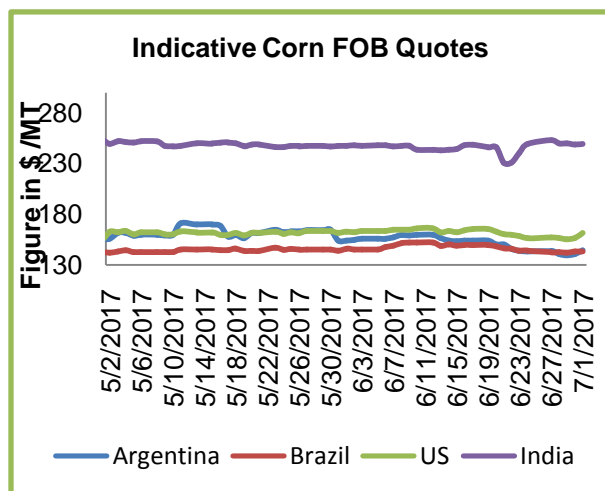
Stock of maize could be around 70,000 quintal which was 100,000 quintal during corresponding period of last year.



## DOMESTIC PRICE OUTLOOK:

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

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

**ON THE EXPORT-IMPORT FRONT:**


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 64.64)				
As on 1.7.2017	Argentina	Brazil	US	India
<b>FOB</b>	144.29	142.85	161.60	249.13
<b>Cost and Freight (C&amp;F)</b>	194.29	197.85	221.60	284.13

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.

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

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



- Candlestick depicts gain in the market.
- RSI is moving up in neutral zone.
- Prices closed between 9 and 18 days EMAs.
- However, Increase in prices with lower volume and OI indicates weak market.
- Strategy: Buy near 1318 and target1 and target2 would be 1358 and 1378.

### Support & Resistance

S2	S1	PCP	R1	R2
1257	1287	1318	1380	1411

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

## INTERNATIONAL MARKET SCENARIO:

### U.S.

U.S corn exports reached 41.30 MMT in the 2016-17 marketing year. At 4.43 MMT (for the period 1<sup>st</sup> May- 22<sup>nd</sup> Jun, 2017) exports were down by 4.57 percent from the previous month and 18.64 percent from the corresponding period of last year.

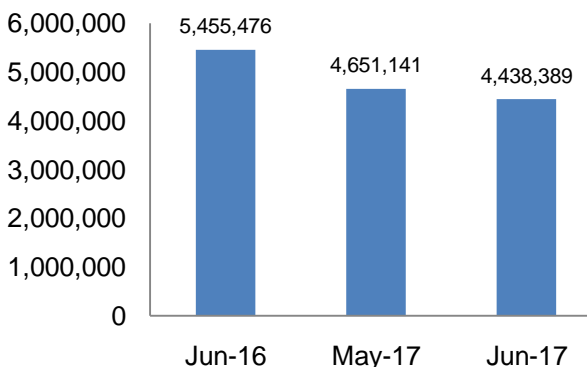
USDA kept unchanged its corn ending stock estimates for U.S at 53.599 MMT for 2017/18.

In U.S, 4% crop of corn is in silking stage as of 25th June, 2017, lower by 1% compared to last year and last 5 year average period. 67% crop of corn is in good to excellent condition, same compared to last week.

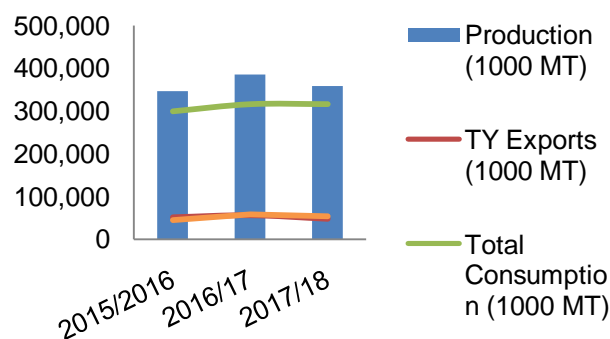
### UKRAINE

USDA increased its corn ending stock estimates for Ukraine by 0.1 MMT to 0.96 MMT for 2017/18 due to increase in production estimates by 0.5 MMT to 28.5 MMT for 2017/18 compared to last month.

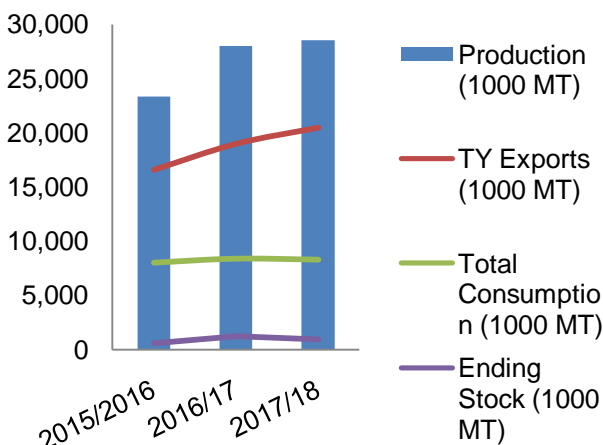
**US Corn Exports in MetricTons**



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



**Ukraine Production, Consumption, Export & Ending Stock Scenario**



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

### ARGENTINA

USDA increased its corn ending stock estimates for Argentina by 0.008 3.071 MMT for 2017/18 compared to last month.

### BRAZIL

Despite the increase in domestic consumption estimates by 0.5 MMT to 61.5 MMT; USDA kept its corn ending stock estimates unchanged for Brazil at 9.569 MMT for 2017/18 compared to last month.

### CHINA

USDA kept its corn ending stock estimates for China unchanged at 81.288 MMT for 2017/18 compared to last month estimates.

### JAPAN

Preliminary Japanese government data shows that Japan's use of corn in animal feed production fell to 46.4% in the Apr'17 from 46.5% during the corresponding month last year as users' reliance on alternatives such as wheat increased.

### GLOBAL

USDA decreased its global corn ending stocks estimates by 0.934 MMT TO 194.331 MMT for 2017/18 compared to last month due to decrease in its production estimates by 1.8 MMT to 1031.864 MMT. Also, raised its export estimates by 1 MMT to 150.735 MMT for 2017/18 compared to last month estimates.

IGC raised its forecast for the 2016/17 global corn production by 4 MMT to 1069 MMT compared to previous forecast. However, it decreased its forecast for 2017/18 global corn production by 1 MMT to 1025 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was up by 2 MMT to 199 MMT compared to last forecast for 2017/18 due to increase in carryover stock forecast for 2016/17.

### GLOBAL TRADES

South Korea's Korea Corn Processing Industry Association purchased about 60,000 MT of corn likely to be sourced from South America from trading group Midstar at about \$177.50 per MT c&f including surcharge for additional port unloading for arrival around Oct. 15. Besides, it purchased about 60,000 MT of corn from trading group Concordia at about \$185.50 per MT c&f including surcharge for additional port unloading for arrival around Sept. 25.

The Korea Feed Association purchased about 65,000 MT of yellow corn from ADM at around \$183.50 per MT c&f plus a \$1.00 per MT surcharge for additional port unloading for arrival around Oct. 5.

A group of Israeli private buyers bought about 100,000 MT of corn from optional origins in two 50,000 MT consignments, one at around \$176 per MT c&f for August shipment and the other at about \$177.75 per MT c&f for September shipment.



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

South Korea's FLC bought 68,000 MT of corn from trading house Lansing , likely to be sourced from worldwide origins at about \$178.33 per MT c&f for arrival around Nov. 30 plus a \$1.00 per MT surcharge for additional port unloading. Meanwhile, Nonghyup Feed Inc. bought around 207,000 MT of corn in three consignments for November arrival in South Korea; to be sourced from optional origins, Likely origins are the United States or South America.

Besides, MFG bought about 418,000 MT of corn to be sourced from optional origins for October-November arrival in South Korea. First consignment was for 69,000 MT for Oct. 20 arrival at \$179.75 c&f plus a \$1.00 per MT surcharge for additional port unloading. Second consignment was for 69,000 MT for Oct. 27 arrivals at \$179.79 per MT c&f plus a \$1.50 per MT surcharge for additional port unloading. In third consignment, some 70,000 MT was bought for Nov. 3 arrival at \$179.59 per MT c&f plus a \$1.20 per MT surcharge for additional ports. In Fourth consignment, 70,000 MT was bought for Nov. 11 arrival at \$179.59 per MT c&f plus a \$1.5 surcharge for extra ports. Another two consignments of 70,000 MT were bought at \$179.79 per MT c&f (each) plus a \$1.00 per MT additional port surcharge, one for Nov. 18 arrival and the other for Nov. 26 arrival.

### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 2.85 USD/MT to 141.63 USD/MT for July contract compared to last month. and is expected to trade firm in near term due to uncertainty over U.S weather.

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

### Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017-June	2017-May	2016-June	% Change from Prev. Month	% Change from Prev. Year
Delhi	1343	1431	1568	-6.15	-14.35
Davangere	1600	1623	1673	-1.42	-4.36
Shimoga	1601	1601	1751	Unch	-8.57
Bagalkot	1530	1529	1499	0.07	2.07
Gadag	1370	1518	1444	-9.75	-5.12
Nizamabad	1454	1452	1572	0.14	-7.51
Khanna	1224	1463	1457	-16.34	-15.99
Sangli	1647	1592	1789	3.45	-7.94
Gulabghat (Bilty)	1256	1264	1524	-0.63	-17.59
Naugachia	1199	1191	1369	0.67	-12.42

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	6/29/2017	5/30/2017	Change
Corn CBOT Prices	July-17	141.63	144.48	-2.85
	Sep-17	145.47	147.63	-2.16
	Dec-17	149.60	151.86	-2.26
	Mar-18	153.34	155.70	-2.36
	May-18	155.80	158.16	-2.36

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