

# Maize Monthly Research Report

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1<sup>st</sup> August, 2017**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded firm during the month of July'17 compared to last month due to stockiest demand but weak compared to corresponding period of last year due to high stock availability. During the month of August, it is likely to trade range bound. In Gulabghat, maize (average monthly Bilty prices) traded up by 6.77% compared to last month. It could trade in a range of Rs. 1300-1350 per quintal (Bilty) during the month of August. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 0.20 % to Rs. 1472 per quintal while Starch feed makers quoted it down by 3.20 % to Rs. 1450 per quintal compared to last month.

**KHARIF SOWING COVERAGE**

In India, maize has been sown in around 69.14 lakh hectares as of 28<sup>th</sup> July'17 which is lower than 72.94 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 7.68 lakh hectare which is lower than 11.00 lakh hectare covered during corresponding period last year while in U.P; it has been sown in 6.46 lakh hectare which is lower than 6.74 lakh hectare covered during corresponding period last year. However, in Maharashtra, it has been sown in 7.49 lakh hectares which is higher than 6.71 lakh hectares covered during corresponding period last year and in M.P, it has been sown in 12.58 lakh hectares which is higher than 12.03 lakh hectares covered during corresponding period last year. As per trade source, in Karnataka, around 10% area of groundnut and cotton is likely to shift towards maize while in A.P., maize area is likely to be same compared to last year.

**WEATHER CONDITION:**

As per IMD, since the beginning of south-west monsoon the rains have been well distributed all over India except few areas in the south. The cumulative rainfall over the country in whole, for the 2017 southwest monsoon season (June to September) is most likely to be NORMAL (96% to 104% of long period average (LPA). Quantitatively, monsoon season rainfall for the country in whole is likely to be 98% of the LPA with a model error of  $\pm 4\%$ . Monthly (July & August) Rainfall over the country in whole: The overall rainfall across the country is likely to be 96% of its LPA during July and 99% of LPA during August both with a model error of  $\pm 9\%$ .

**RECOMMENDATION:**

Market participants are advised to go short in Maize for September contract near 1336 levels for a target of 1304 and 1288 with a stop loss at 1355 on closing basis.

**INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT rose by 5.71 USD/MT to 147.34 USD/MT for September contract compared to last month.

IGC decreased its forecast for global corn ending stock by 2 MMT to 197 MMT compared to last forecast for 2017/18 due to decrease in production estimates for 2017/18. However, USDA increased its estimates for global corn ending stocks by 6.48 MMT TO 200.811 MMT for 2017/18 compared to last month.

In U.S, 85% crop of corn is at silking stage as of 30<sup>th</sup> July, 2017, lower by 4% compared to last year but same as last 5 year average period. 61% crop of corn is in good to excellent condition, down by 1% compared to last week.

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

U.S corn exports reached 51.31 MMT in the 2017-18 marketing year. At 3.90 MMT (for the period 1<sup>st</sup> July-27<sup>th</sup> July, 2017) exports were down by 29.56 percent from the previous month and 21.88 percent from the corresponding period of last year.

### 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	(Quarter) July-Sep'17 F
Opening Stocks (MMT)	2.67	2.35	2.35	7.71	4.85	5.91
Production (MMT)	20.06	23.84	14.08	3.52	4.99	1.25
Farmer's Release (MMT)	17.27	20.55	10.45	4.48	3.93	1.69
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	2.25
Seed Retention (MMT)	0.23	0.25	0.04		0.21	
Imports (MMT)	0.23	0.02	0.00	0.02	0.00	0.00
<b>Total Supply (MMT)</b>	22.96	26.21				
<b>Quarterly Add On(MMT)</b>			14.08	3.54	4.99	1.25
Export (MMT)	0.52	0.51	0.12	0.17	0.12	0.10
Domestic Consumption (MMT)	20.10	21.18	8.60	6.23	3.81	2.54
<b>Total Demand (MMT)</b>	20.62	21.69	8.72	6.40	3.93	2.64
<b>Ending Stock (MMT)</b>	2.35	4.52	7.71	4.85	5.91	4.52

- In 2016/17, season started from October is expected to begin with 2.35 MMT and end with 4.52 MMT.
- Total maize production in India could be around 23.84 MMT in 2016-17 against our yearly total demand of 21.69 MMT.
- With carryout of 2.35 MMT total availability goes up to 26.21 MMT in 2016/17.
- Total demand including domestic and export could be around 21.69 MMT.

<b>Maize Year-(Oct-Sep)</b>	<b>2015-16E</b>	<b>2016-17F</b>
Monthly Use	1.91	2.18
Stock to Use Ratio	0.10	0.17
Stock to Month Use Ratio	1.23	2.07

<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**

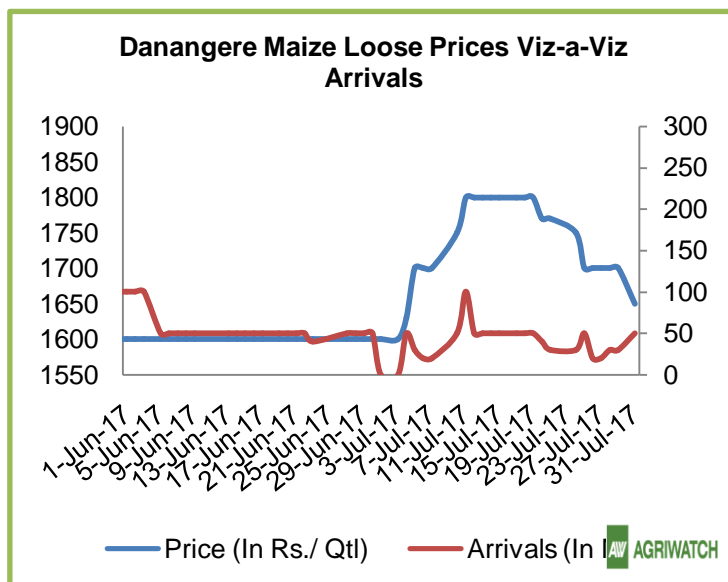
1<sup>st</sup> August, 2017

## STATE - WISE MARKET DYNAMICS

### Karnataka

In Davangere, maize is likely to trade (loose) in a range of Rs. 1600-1650 per quintal during the month of August. Stock of maize could be around 5,00,000 quintals which is same compared to last year.

As per trade source, around 10% area of groundnut and cotton is likely to shift towards maize.

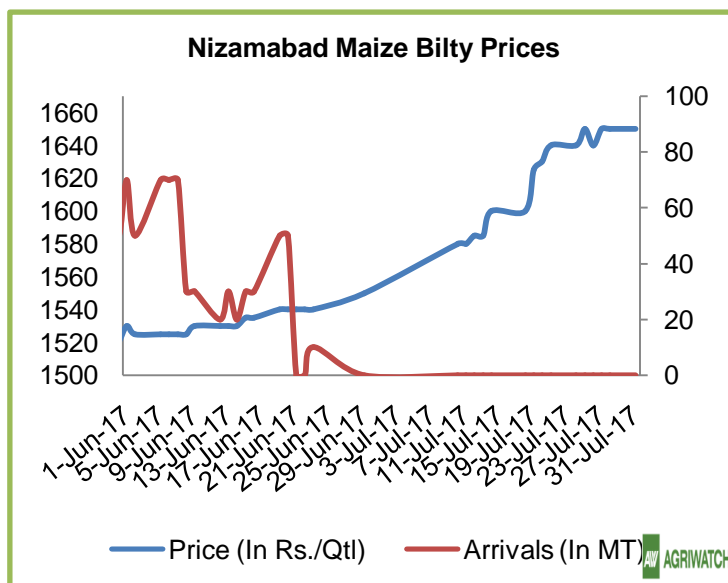


### ANDHRA PRADESH:

In Nizamabad, it is likely to trade (Bilty) in a range of Rs. 1650-1700 per quintal during the month of August. Maize is moving towards Hyderabad at Rs. 1750 per quintal (Delivered Price) sourced from Nizamabad.

As per trade source, maize area is likely to be same compared to last year.

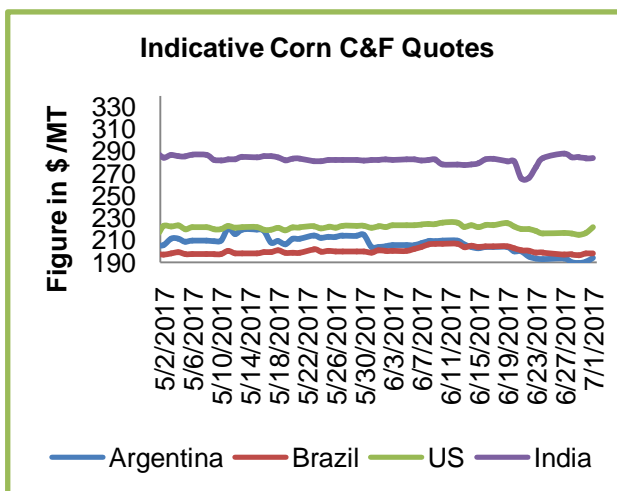
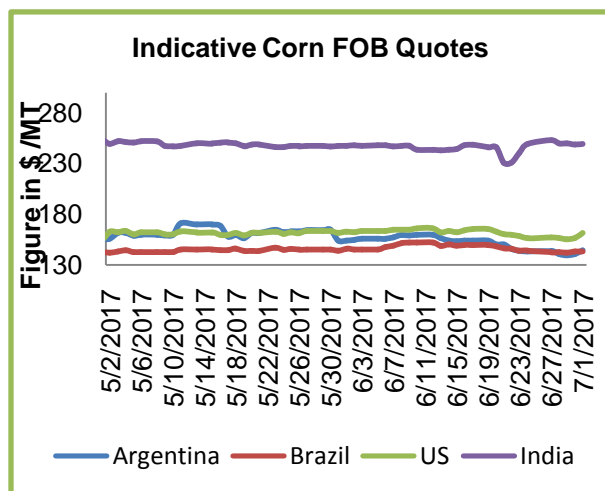
Stock of maize could be around 45,000 quintals which was same during corresponding period of last year.



## DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade range bound during the month of August.

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

## FUTURES MARKET ANALYSIS: NCDEX MAIZE SEPTEMBER 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.
- Decrease in prices with lower volume and OI indicates consolidation.
- Strategy: Sell near 1336 and target1 and target2 would be 1304 and 1288.

### Support & Resistance

S2	S1	PCP	R1	R2
1223	1280	1336	1400	1465

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

## INTERNATIONAL MARKET SCENARIO:

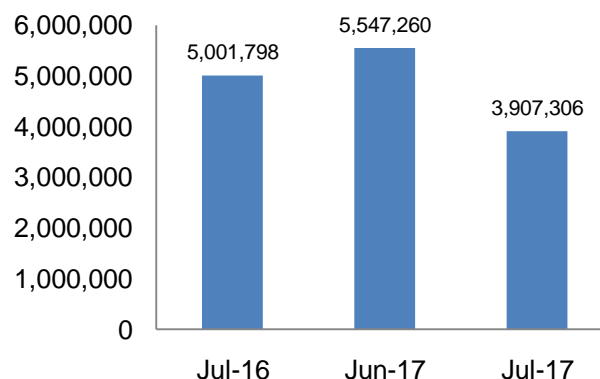
### U.S.

U.S corn exports reached 51.31 MMT in the 2017-18 marketing year. At 3.90 MMT (for the period 1<sup>st</sup> July- 27<sup>th</sup> July, 2017) exports were down by 29.56 percent from the previous month and 21.88 percent from the corresponding period of last year.

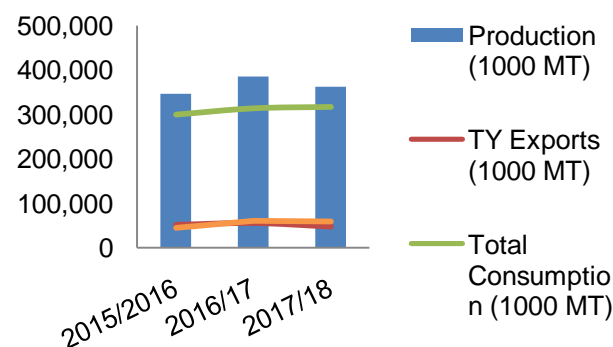
USDA raised its corn ending stock estimates for U.S by 5.46 MMT to 59.06 MMT for 2017/18 due to increase in production estimates by 4.82 MMT to 362.09 MMT for 2017/18.

In U.S, 85% crop of corn is at silking stage as of 30<sup>th</sup> July, 2017, lower by 4% compared to last year but same as last 5 year average period. 23% crop of corn is at dough stage, lower by 5% compared to last year and 2% compared to last 5 year average period. 61% crop of corn is in good to excellent condition, down by 1% compared to last week.

**US Corn Exports in MetricTons**



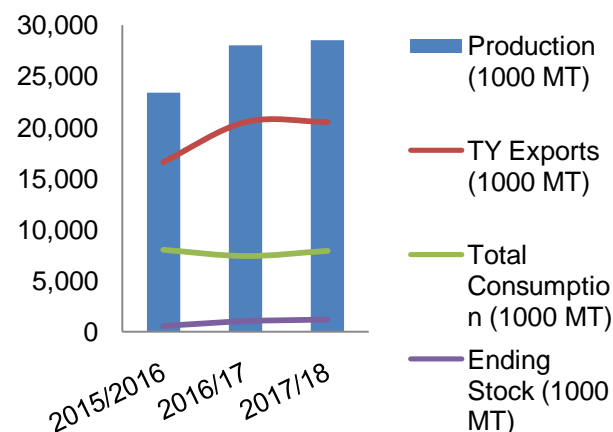
**U.S Production, Consumption, Export & Ending Stock Scenario**



### UKRAINE

USDA increased its corn ending stock estimates for Ukraine by 0.2 MMT to 1.16 MMT for 2017/18 due to decrease in domestic consumption estimates by 0.4 MMT to 7.9 MMT for 2017/18 compared to last month.

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





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

### ARGENTINA

USDA increased its corn ending stock estimates for Argentina by 0.2 to 3.271 MMT for 2017/18 compared to last month.

### BRAZIL

Despite the increase in export estimates by 0.5 MMT to 33.5 MMT; USDA kept its corn ending stock estimates unchanged for Brazil at 9.569 MMT for 2017/18 compared to last month.

### CHINA

USDA decreased its corn ending stock estimates for China by 0.01 MMT to 81.278 MMT for 2017/18 compared to last month estimates.

### GLOBAL

USDA increased its global corn ending stocks estimates by 6.48 MMT TO 200.811 MMT for 2017/18 compared to last month due to increase in its production estimates by 5.034 MMT to 1036.898 MMT for 2017/18 compared to last month estimates.

IGC raised its forecast for the 2016/17 global corn production by 3 MMT to 1072 MMT compared to previous forecast.

However, IGC decreased its forecast for 2017/18 global corn production by 5 MMT to 1020 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was down by 2 MMT to 197 MMT compared to last forecast for 2017/18 due to decrease in production estimates 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 68.37 U.S. cents c&f over the Chicago December 2017 corn contract; for the shipment between Sept. 16 to Oct. 5 if it is sourced from the U.S. Gulf, Brazil or Argentina. For the shipment around Oct. 1 to 20 if sourced from the U.S. Pacific North West coast or South Africa.

### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 5.71 USD/MT to 147.34 USD/MT for September contract compared to last month due to uncertainty over U.S weather.



### Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017-July	2017-June	2016-July	% Change from Prev. Month	% Change from Prev. Year
Delhi	1308	1343	1589	-2.61	-17.68
Davangere	1730	1600	1710	8.13	1.17
Shimoga	1692	1601	1893	5.68	-10.62
Bagalkot	1566	1530	1762	2.35	-11.12
Gadag	1511	1370	1644	10.29	-8.09
Nizamabad	NA	1454	1699	-	-
Khanna	1173	1224	1512	-4.17	-22.42
Sangli	1697	1647	1866	3.04	-9.06
Gulabbagh (Bilty)	1341	1256	1537	6.77	-12.75
Naugachia	1292	1199	1517	7.76	-14.83

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	7/28/2017	6/29/2017	Change
Corn CBOT Prices	Sep-17	147.34	141.63	5.71
	Dec-17	152.75	145.47	7.28
	Mar-18	157.37	149.60	7.77
	May-18	159.44	153.34	6.10
	July-18	161.41	155.80	5.61

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