

Maize Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ State Wise Kharif Sowing Coverage & Crop Condition
- ❖ Weather Condition
- ❖ Recommendations
- ❖ International Corn Market Summary
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Future Market Analysis
- ❖ International Market Scenario
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison
- ❖ CBOT Corn Future Prices

1st September, 2017**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded weak during the month of August'17 compared to last month and corresponding period of last year amid sluggish demand. In Gulabghat, maize (average monthly Bilty prices) traded down by 1.49% compared to last month amid sluggish demand. However, it could trade steady to slightly firm in a range of Rs. 1250-1380 per quintal (Bilty) during the month of September as supply is lower in near areas. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 0.82 % to Rs. 1460 per quintal while Starch feed makers quoted it down by 1.03 % to Rs. 1435 per quintal compared to last month.

International factors like plentiful supplies of old U.S. corn crop amid expectations of a large new crop harvest could weigh on market sentiments while in Domestic market, arrivals from Nizamabad region are expected after mid September. Besides, in Karnataka region, weather conditions have improved which are also bearish factors. However, expectation of feed makers demand could support markets to gain so overall maize markets are expected to trade range bound with weak bias for the month of September'17.

As per 4th advanced estimates for 2016-17, released by Ministry of Agriculture, Production of maize for Total season is estimated at 26.26 MMT, higher by 3.69 MMT from the Final estimate for 2015-16.

STATE WISE KHARIF SOWING COVERAGE & CROP CONDITION

In India, maize has been sown in around 78.66 lakh hectares as of 1st September'17 which is lower than 82.87 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.59 lakh hectare which is lower than 12.59 lakh hectare covered during corresponding period last year and in U.P; it has been sown in 7.26 lakh hectare which is lower than 7.81 lakh hectare covered during corresponding period last year. However, in M.P, it has been sown in 13.17 lakh hectares which is higher than 12.63 lakh hectares covered during corresponding period last year while in Maharashtra, it has been sown in 9.12 lakh hectares which is higher than 9.19 lakh hectares covered during corresponding period last year.

As per trade source, In Karnataka, around 15-20% area of cotton and 10% area of moong dal has shifted towards maize. However, in 70% rain fed area, 20% area is likely to shift towards jowar and sunflower. Meanwhile, in Maharashtra, 20% area of cotton has shifted towards maize.

Crop yield is likely to be affected in some parts of Karnataka, Maharashtra, A.P and Telengana growing region of maize due to late start sowing as well as less rainfall during vegetative growth stage.

As per first advance estimates for 2017-18, released by Agriwatch, Production of maize for Kharif season is estimated at 15.13 MMT, lower by 2.47 MMT from the last kharif season for 2016-17.

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. India has received 683.60 mm of actual rainfall against 707.40 mm of normal rainfall since the beginning of monsoon season until 30th August. In the week (24th – 30th August) India has received rainfall above LPA by 24% and the worst hit region was East & Northeast India which received rainfall below LPA by -21%.

1st September, 2017**RECOMMENDATION:**

Market participants are advised to go short in Maize for September contract near 1310 levels for a target of 1276 and 1259 with a stop loss at 1330 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 12.60 USD/MT to 134.74 USD/MT for September contract compared to last month.

IGC decreased its forecast for 2017/18 global corn production by 3 MMT to 1017 MMT compared to previous forecast.

Meanwhile, IGC' forecast for global corn ending stock was down by 1 MMT to 196 MMT compared to last forecast for 2017/18 due to decrease in production estimates for 2017/18. However, USDA increased its global corn ending stocks estimates by 0.055 MMT to 200.866 MMT for 2017/18 compared to last month due to fall in domestic consumption estimates by 0.535 MMT for 2017/18 compared to last month estimates.

USDA decreased its corn ending stock estimates for U.S by 1.322 MMT to 57.738 MMT for 2017/18 due to decrease in production estimates by 2.592 MMT to 359.502 MMT for 2017/18.

In U.S, 86% crop of corn is at dough stage as of 27th August, 2017, lower by 5% compared to last year and 1% from last 5 year average period. 62% crop of corn is in good to excellent condition, same compared to last week.

U.S corn exports reached 54.69 MMT in the 2017-18 marketing year. At 3.38 MMT (for the period 1st August- 24th August, 2017) exports were down by 13.48 percent from the previous month and 33.98 percent from the corresponding period of last year.

1st September, 2017

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2016-17E	2017-18F	Oct-Dec'17 F
Opening Stocks (MMT)	2.21	3.01	3.01
Production (MMT)	23.84	21.37	12.10
Farmer's Release (MMT)	20.55	18.45	8.98
Govt. Procurement (MMT)	0.06	0.06	0.02
Pvt. Trade Release (MMT)	20.49	18.39	4.47
Seed Retention (MMT)	0.26	0.26	0.05
Imports (MMT)	0.02	0.02	0.00
Total Supply (MMT)	26.07	24.40	
Quarterly Add On(MMT)			12.10
Export (MMT)	0.50	0.50	0.12
Domestic Consumption (MMT)	22.56	21.55	8.75
Total Demand (MMT)	23.06	22.05	8.87
Ending Stock (MMT)	3.01	2.35	6.24

- In 2017/18, season starting from October is expected to begin with 3.01 MMT and end with 2.35 MMT.
- Total maize production in India could be around 21.37 MMT in 2017-18 against our yearly total demand of 22.05 MMT.
- With carryout of 3.01 MMT total availability goes up to 24.40 MMT in 2017/18.
- Total demand including domestic and export could be around 22.05 MMT.

Maize Year-(Oct-Sep)	2016-17E	2017-18F
Monthly Use	2.17	2.03
Stock to Use Ratio	0.12	0.10
Stock to Month Use Ratio	1.38	1.15

Consumption Break Up For 2017-18 F (Figures in MMT)	
Poultry & Cattle feed	14.20
Starch & Brewery	4.24
Human Consumption	1.78
Seed	0.26
Shortage & Wastage	0.64
Storage and Moisture Loss	0.43

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

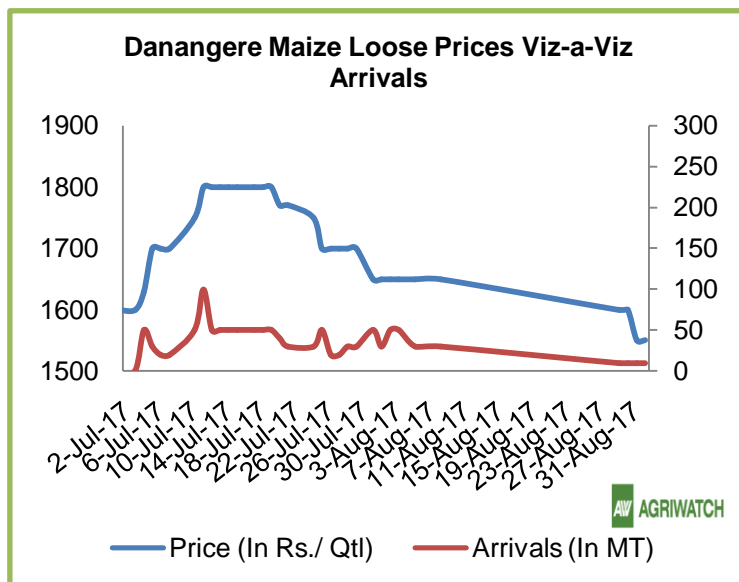
1st September, 2017

STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere, maize could trade steady to weak amid sluggish demand and good weather conditions for the growing crop. It is likely to trade (loose) in a range of Rs. 1500-1550 per quintal during the month of September.

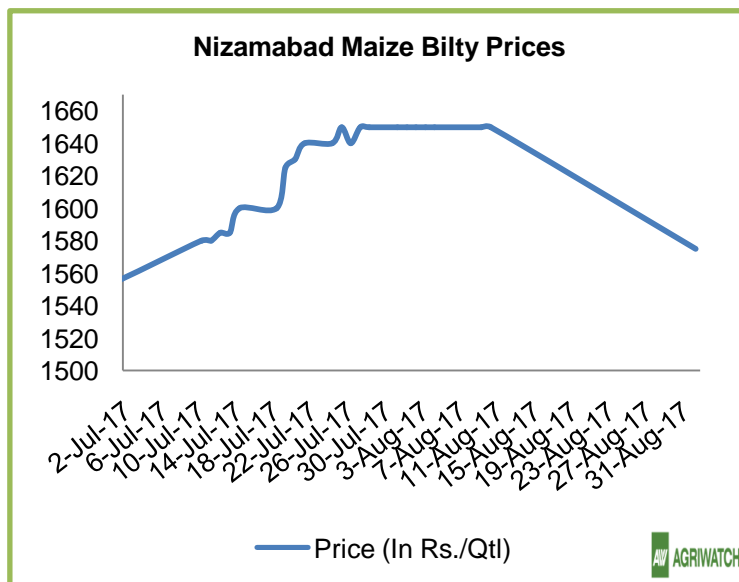
In Karnataka, stock of maize could be around 50,000 MT which was 25,000 MT during corresponding period last year while in Davangere; it could be around 5,000 MT which was 2,000 MT during corresponding period last year.



ANDHRA PRADESH:

In Nizamabad, it is likely to trade down in a range of Rs. 1475-1575 per quintal (Bilty) during the month of September.

In Nizamabad, stock of maize could be around 3,000 MT which was 2,000 MT during corresponding period of last year.

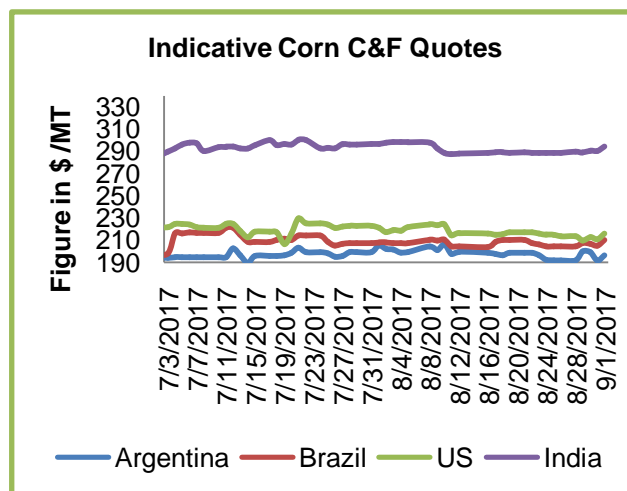
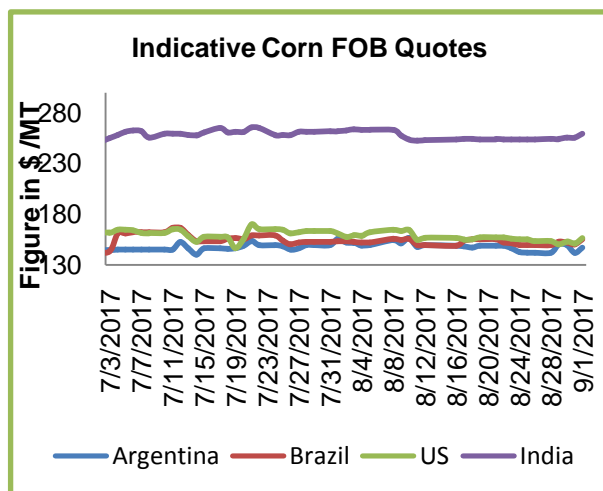


DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade range bound with weak bias during the month of September.

1st September, 2017

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 63.98)				
As on 1.9.2017	Argentina	Brazil	US	India
FOB	146.56	155.00	156.15	259.28
Cost and Freight (C&F)	196.56	210.00	216.15	294.28

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.

1st September, 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 below 1310 and target1 and target2 would be 1276 and 1259 .

Support & Resistance

S2	S1	PCP	R1	R2
1236	1257	1293	1337	1382

1st September, 2017

INTERNATIONAL MARKET SCENARIO:

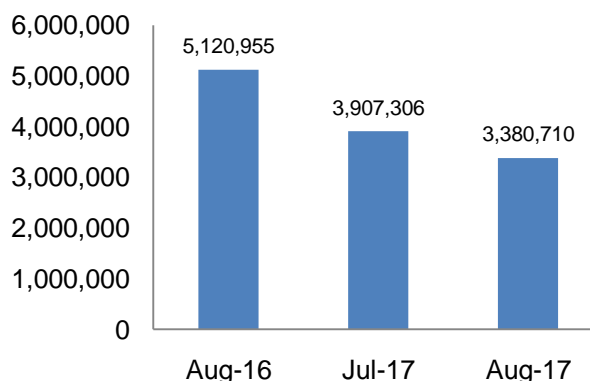
U.S.

U.S corn exports reached 54.69 MMT in the 2017-18 marketing year. At 3.38 MMT (for the period 1st August- 24th August, 2017) exports were down by 13.48 percent from the previous month and 33.98 percent from the corresponding period of last year.

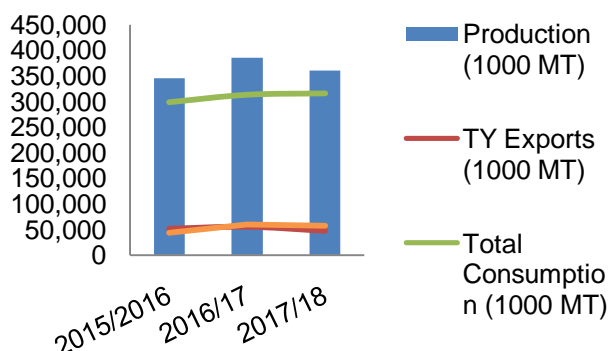
USDA decreased its corn ending stock estimates for U.S by 1.322 MMT to 57.738 MMT for 2017/18 due to decrease in production estimates by 2.592 MMT to 359.502 MMT for 2017/18.

In U.S, 86% crop of corn is at dough stage as of 27th August, 2017, lower by 5% compared to last year and 1% from last 5 year average period. 44% crop of corn has dented, lower by 13% compared to last year and 7% from last 5 year average period. 62% crop of corn is in good to excellent condition, same compared to last week.

US Corn Exports in MetricTons



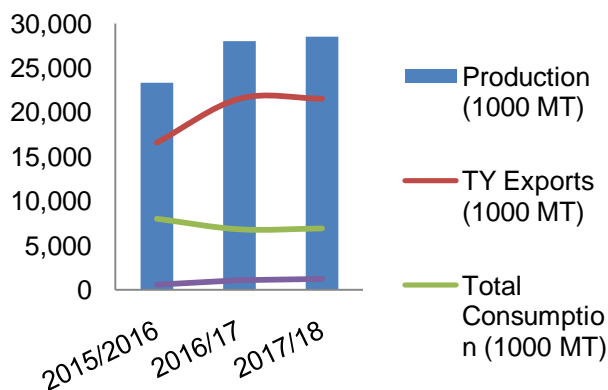
U.S Production, Consumption, Export & Ending Stock Scenario



UKRAINE

USDA increased its corn ending stock estimates for Ukraine by 0.1 MMT to 1.26 MMT for 2017/18 compared to last month.

Ukraine Production, Consumption, Export & Ending Stock Scenario



1st September, 2017

ARGENTINA

USDA unchanged its corn ending stock estimates for Argentina at 3.271 MMT for 2017/18 compared to last month.

BRAZIL

Despite the increase in export estimates by 1.5 MMT to 35 MMT; USDA increased its corn ending stock estimates for Brazil by 0.5 MMT to 10.069 MMT for 2017/18 compared to last month.

CHINA

USDA decreased its corn ending stock estimates for China by 0.02 MMT to 81.258 MMT for 2017/18 compared to last month estimates.

GLOBAL

USDA increased its global corn ending stocks estimates by 0.055 MMT TO 200.866 MMT for 2017/18 compared to last month due to fall in domestic consumption estimates by 0.535 MMT for 2017/18 compared to last month estimates.

IGC raised its forecast for the 2016/17 global corn production by 1 MMT to 1073 MMT compared to previous forecast.

However, IGC decreased its forecast for 2017/18 global corn production by 3 MMT to 1017 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was down by 1 MMT to 196 MMT compared to last forecast for 2017/18 due to decrease in production estimates for 2017/18.

GLOBAL TRADES

Korea Corn Processing Industry Association of South Korea purchased about 55,000 MT of corn at about \$190.87 per MT c&f for arrival around Nov. 30. Corn can be sourced from global origins. Besides, it purchased about 60,000 MT of corn at about \$186.98 / MT c&f including surcharge for additional port unloading for arrival around Dec. 20. It can be sourced from optional origins and contain genetically-modified organisms.

MFIG, feed industry procurement association of Taiwan, purchased about 130,000 MT of corn in two 65,000 MT consignments; likely to be sourced from Brazil. The first consignment was bought at a premium of 114.60 U.S. cents c&f over the Chicago December 2017 corn contract for shipment between Oct. 11 and Oct. 30 if it was sourced from Brazil, Argentina or the U.S. Gulf. The second consignment was bought at a premium of 105.68 U.S. cents c&f over the Chicago March 2018 corn contract; sought from Brazil for shipment between Nov. 2 and Nov. 21.

Major Feedmill Group of South Korea purchased about 60,000 MT of corn from trading house C.J. International at about \$184.60 per MT c&f plus a \$1.20 per MT surcharge for additional port unloading for arrival around Dec. 5 in a single consignment.

1st September, 2017

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 12.60 USD/MT to 134.74 USD/MT for September contract compared to last month and is expected to trade down further amid plentiful supplies of old U.S. corn crop and expectations of a large new crop harvest in the coming months.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017-August	2017-July	2016-August	% Change from Prev. Month	% Change from Prev. Year
Delhi	1324	1308	1579	1.22	-16.15
Davangere	1625	1730	1696	-6.07	-4.19
Shimoga	1676	1692	1831	-0.95	-8.47
Bagalkot	1458	1566	1747	-6.90	-16.54
Gadag	NA	1511	1669	-	-
Nizamabad	NA	NA	1669	-	-
Khanna	1171	1173	1499	-0.17	-21.88
Sangli	1652	1697	1845	-2.65	-10.46
Gulabbagh (Bilty)	1321	1341	1519	-1.49	-13.03
Naugachia	1289	1292	1521	-0.23	-15.25

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	8/31/2017	7/28/2017	Change
Corn CBOT Prices	Sep-17	134.74	147.34	-12.60
	Dec-17	140.84	152.75	-11.91
	Mar-18	145.86	157.37	-11.51
	May-18	148.71	159.44	-10.73
	July-18	151.17	161.41	-10.24

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