

Maize Monthly Research Report

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1st October, 2017

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded weak during the month of September'17 compared to last month and corresponding period of last year amid higher carry forward stock. Besides, expectation of new crop arrival also pressurized market sentiments. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 2.05 % to Rs. 1430 per quintal while Starch feed makers quoted it down by 1.95 % to Rs. 1407 per quintal compared to last month. In Nizamabad market, arrivals of new crop of maize are lower in quantity and contain high moisture level which varies from 15-22%.

International factors like ample global corn supply amid expectations of a large new crop harvest of U.S could weigh on market sentiments. However, in domestic market, maize is likely to trade range bound during the month of October as at the one side, higher carry forward stock amid new crop arrival pressure is likely to weigh on market sentiments. On the other hand, expectation of fresh demand amid lower kharif production compared to last year could restrict the lower side. Besides, if rainfall continues in maize growing regions; it could also lead to prices of maize.

STATE WISE KHARIF SOWING COVERAGE & CROP CONDITION

In India, maize has been sown in around 80.58 lakh hectares as of 29th September'17 which is lower than 83.92 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.29 lakh hectare which is lower than 12.83 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. In Maharashtra, it has been sown in 9.14 lakh hectares which is lower than 9.22 lakh hectares 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.

Agriwatch estimates production of maize for Kharif season 2017-18, at 15.66 MMT, lower by 1.94 MMT from the last kharif season for 2016-17.

RECOMMENDATION:

Market participants are advised to wait as there is no trade volume in near future contract.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 4.03 USD/MT to 138.77 USD/MT for December contract compared to last month.

IGC increased its forecast for 2017/18 global corn production by 12 MMT to 1029 MMT compared to previous forecast.

Despite fall in global production estimates by 0.844 MMT; USDA increased its global corn ending stocks estimates by 1.599 MMT to 202.465 MMT for 2017/18 compared to last month due to fall in domestic consumption estimates by 2.541 MMT to 1053.852 MMT for 2017/18 compared to last month estimates. Meanwhile, IGC' forecast for global corn ending stock was up by 12 MMT to 208 MMT compared to last forecast for 2017/18 due to increase in production estimates for 2017/18.

USDA increased its corn ending stock estimates for U.S by 1.563 MMT to 59.301 MMT for 2017/18 due to increase in production estimates by 0.8 MMT to 360.302 MMT for 2017/18.

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In U.S, 17% crop of corn has been harvested which is lower by 6% from the corresponding period of last year. 63% crop of corn is in good to excellent condition, up by 2% compared to last week.

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	21.90	12.53
Farmer's Release (MMT)	20.55	18.90	9.30
Govt. Procurement (MMT)	0.06	0.06	0.02
Pvt. Trade Release (MMT)	20.49	18.84	4.63
Seed Retention (MMT)	0.26	0.26	0.05
Imports (MMT)	0.02	0.02	0.00
Total Supply (MMT)	26.07	24.93	
Quarterly Add On(MMT)			12.53
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	2.88	6.67

- In 2017/18, season starting from October is expected to begin with 3.01 MMT and end with 2.88 MMT.
- Total maize production in India could be around 21.90 MMT in 2017-18 against our yearly total demand of 22.05 MMT.
- With carryout of 3.01 MMT total availability goes up to 24.93 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	2.08
Stock to Use Ratio	0.12	0.12
Stock to Month Use Ratio	1.38	1.39

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

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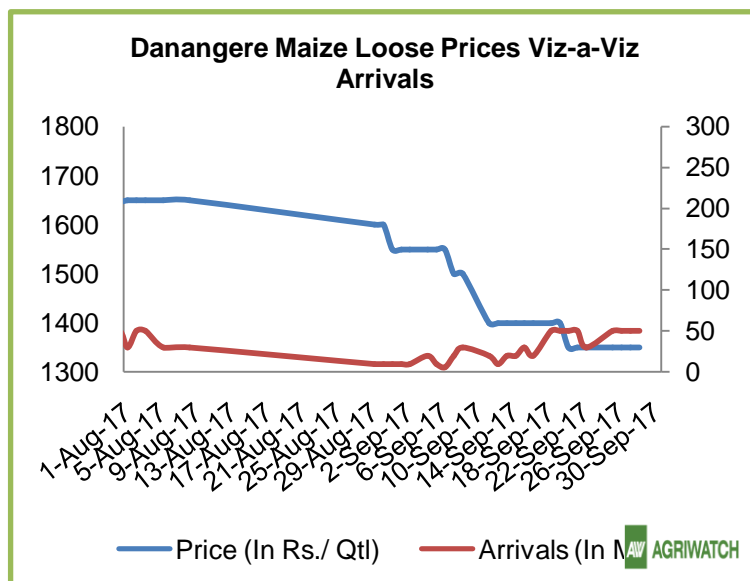
STATE - WISE MARKET DYNAMICS

Karnataka

In Mysore region of Karnataka, new crop arrivals have started which are good in quality.

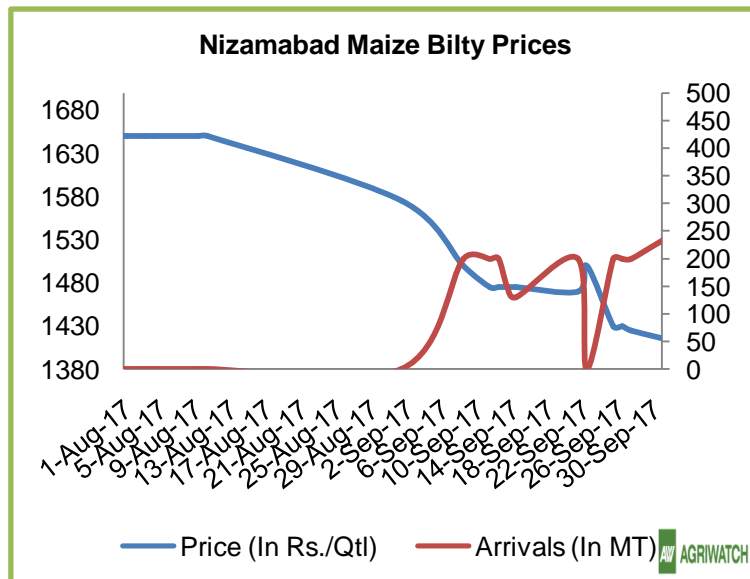
It is likely to trade (loose) in a range of Rs. 1270-1300 per quintal during the month of October due to new crop arrival pressure amid sluggish demand. However, if rains continue; it could lead the prices of maize to gain.

In Karnataka, stock of maize could be around 30,000 MT which was 50,000 MT during corresponding period last year while in Davangere; it could be around 10,000 MT which was 20,000 MT during corresponding period last year.



ANDHRA PRADESH:

In Nizamabad, maize is trading below MSP as it is containing high moisture level (up to 22%) now. Besides, high carry forward stock amid new crop arrival pressure is also weighing on market sentiments. However, maize is likely to trade steady to slightly firm in the short run as market will get dry material in the short run. Besides, expectation of fresh demand after Diwali festival is likely to support market sentiments. Further, If Government comes to procure; it will lead to maize prices.



Maize is likely to trade in a range of Rs. 1380-1420 per quintal (Bilty) during the month of October.

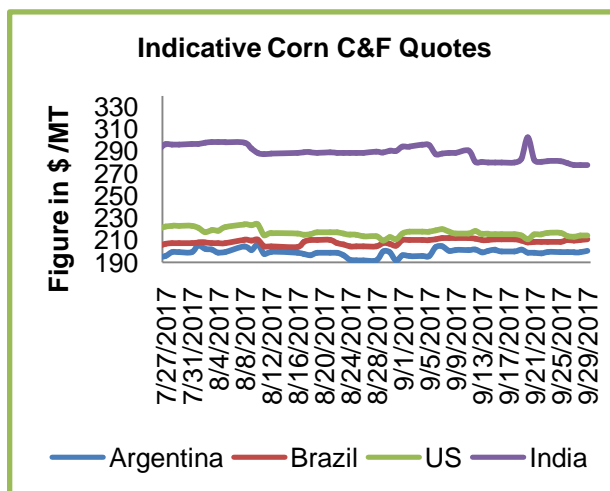
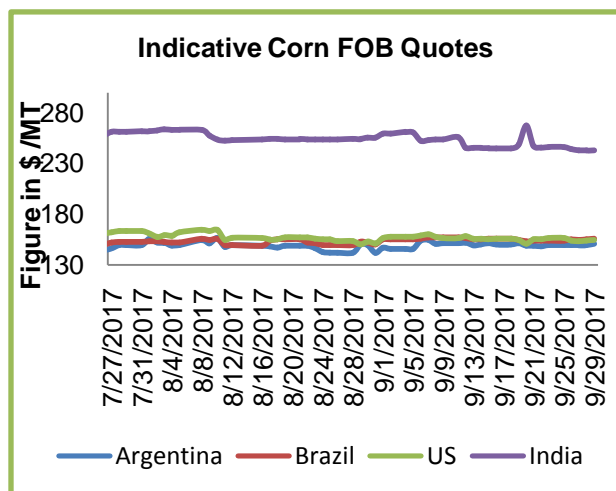
In Nizamabad, stock of maize could be around 1,000 MT which was 700 MT during corresponding period of last year.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize to trade range bound with slightly firm bias on the expectation of fresh demand during the month of October.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 65.35)				
As on 29.9.2017	Argentina	Brazil	US	India
FOB	150.59	155.90	154.24	242.59
Cost and Freight (C&F)	200.59	210.90	214.24	277.59

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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INTERNATIONAL MARKET SCENARIO:

U.S.

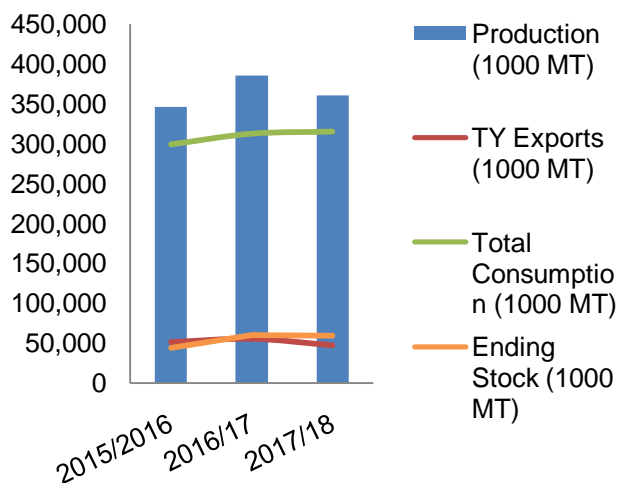
As per USDA, at 0.72 MMT (for the period 15th September –21st September, 2017) exports were primarily to Mexico (267,600 MT), Colombia (161,900 MT), Peru (101,900 MT), and Japan (101,200 MT).

USDA increased its corn ending stock estimates for U.S by 1.563 MMT to 59.301 MMT for 2017/18 due to increase in production estimates by 0.8 MMT to 360.302 MMT for 2017/18.

In U.S, 96% crop of corn has dented as of 1st October, 2017, lower by 4% compared to last year and 2% from last 5 year average period.

Meanwhile, 68% crop of corn has matured, lower by 16% compared to last year. Also, 17% crop of corn has been harvested which is lower by 6% from the corresponding period of last year. 63% crop of corn is in good to excellent condition, up by 2% compared to last week.

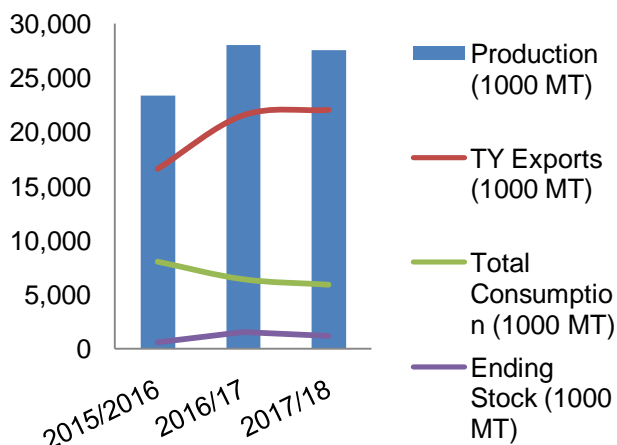
U.S Production, Consumption, Export & Ending Stock Scenario



UKRAINE

USDA decreased its corn ending stock estimates for Ukraine by 0.1 MMT to 1.16 MMT for 2017/18 compared to last month.

Ukraine Production, Consumption, Export & Ending Stock Scenario



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ARGENTINA

USDA increased its corn ending stock estimates for Argentina by 1.3 MMT to 4.571 MMT for 2017/18 compared to last month due to increase in production estimates by 2 MMT to 42 MMT compared to last month forecast.

BRAZIL

USDA decreased its corn ending stock estimates for Brazil by 1 MMT to 9.069 MMT for 2017/18 compared to last month due to increase in exports estimates by 1 MMT for 2017/18.

CHINA

USDA kept unchanged its corn ending stock estimates for China at 81.258 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 rose to 46.6% in the July'17 from 46.2% during the corresponding month last year while users' reliance on alternatives such as Sorghum decreased.

GLOBAL

Despite fall in global production estimates by 0.844 MMT; USDA increased its global corn ending stocks estimates by 1.599 MMT to 202.465 MMT for 2017/18 compared to last month due to fall in domestic consumption estimates by 2.541 MMT to 1053.852 MMT for 2017/18 compared to last month.

IGC raised its forecast for the 2016/17 global corn production by 6 MMT to 1079 MMT compared to previous forecast.

IGC also increased its forecast for 2017/18 global corn production by 12 MMT to 1029 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was up by 12 MMT to 208 MMT compared to last forecast for 2017/18 due to increase in production estimates for 2017/18.

GLOBAL TRADES

Major Feedmill group of South Korea purchased about 69,000 MT of corn from Cargill at around \$187.25 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading; for the arrival around December 28.

Nonghyup Feed Inc. of South Korea purchased about 138,000 MT of corn in two consignments. First 69,000 MT was purchased from Cargill at \$188.45 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for Jan. 20 arrival; likely to be sourced from the United States or South America. The second 69,000 MT corn was purchased from Mitsui. Some quantity of corn was purchased at a flat price of \$190.90 c&f and some at a premium of 136 U.S. cents over the Chicago December corn contract. There was also a \$1.00 /MT surcharge for additional port unloading; likely to be sourced from worldwide origins excluding east Europe.

A group of Israeli private buyers bought 30,000 MT of corn, likely to be sourced from the Black sea region at around \$172.80 /MT c&f for November/December shipment.

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Korea Corn Processing Industry Association of South Korea 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.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 4.03 USD/MT to 138.77 USD/MT for December contract compared to last month. However, expectation of better yield forecast amid new crop arrival pressure is likely to weigh on market sentiments.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017-September	2017-August	2016-September	% Change from Prev. Month	% Change from Prev. Year
Delhi	1307	1324	1530	-1.28	-14.58
Davangere	1427	1625	1789	-12.18	-20.23
Shimoga	1401	1676	1794	-16.41	-21.91
Bagalkot	1336	1458	1707	-8.37	-21.73
Gadag	1018	NA	1417	-	-28.16
Nizamabad (Bilty)	1521	1650	1802	-7.82	-15.59
Khanna	1191	1171	1496	1.71	-20.39
Sangli	1486	1652	1905	-10.05	-21.99
Gulabgh (Bilty)	1294	1321	1563	-2.04	-17.21
Naugachia	1277	1289	1527	-0.93	-16.37

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	9/29/2017	8/31/2017	Change
Corn CBOT Prices	Dec-17	138.77	134.74	4.03
	Mar-18	143.79	140.84	2.95
	May-18	147.14	145.86	1.28
	July-18	150.09	148.71	1.38
	Sep-18	152.75	151.17	1.58

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