

Maize Monthly Research Report

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

Overall maize cash markets traded weak during the month of October'17 compared to last month and corresponding period of last year amid new crop arrivals and high carry forward stock. International factors like ample global corn supply amid huge crop production in U.S are also a bearish factor. However, Agriwatch expects that Indian maize cash market could be steady to slightly firm during the month of November'17 but that firmness could be limited despite feed makers demand due to crop arrival pressure from Telangana, Karnataka and Maharashtra regions. New crop contains high moisture at this time and some quality has been affected by fungus too. In Nizamabad, maize crop contains moisture up to 17% now and has been affected by fungus while Davangere crop contains moisture up to 25% now. At the demand side, Starch feed makers are actively buying low quality material at these lower rates. However, feed makers are still waiting for dry material and quoting lower rates on the expectation of crop arrival pressure in near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 1.54 % to Rs. 1408 per quintal while Starch feed makers quoted it down by 1.14 % to Rs. 1391 per quintal compared to last month.

STATE WISE KHARIF SOWING COVERAGE & CROP CONDITION

In India, maize has been sown in around 80.91 lakh hectares as of 13th October'17 which is lower than 84.52 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.60 lakh hectare which is lower than 13.12 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 9.21 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 fall by 1.47 USD/MT to 137.30 USD/MT for December contract compared to last month.

International Grains Council (IGC) increased its forecast for 2017/18 global corn production by 5 MMT to 1034 MMT compared to previous forecast.

At 0.59 MMT (for the period 20th October –26th October, 2017) U.S corn exports were primarily to Mexico (221,400 MT), Japan (203,100 MT), Peru (73,300 MT), Colombia (41,500 MT), and Costa Rica (24,700 MT).

In U.S, 54% crop of corn has been harvested as of 29th October, 2017, which is lower by 19% from the corresponding period of last year and 18% from last 5 year average period. 66% crop of corn is in good to excellent condition, same 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**

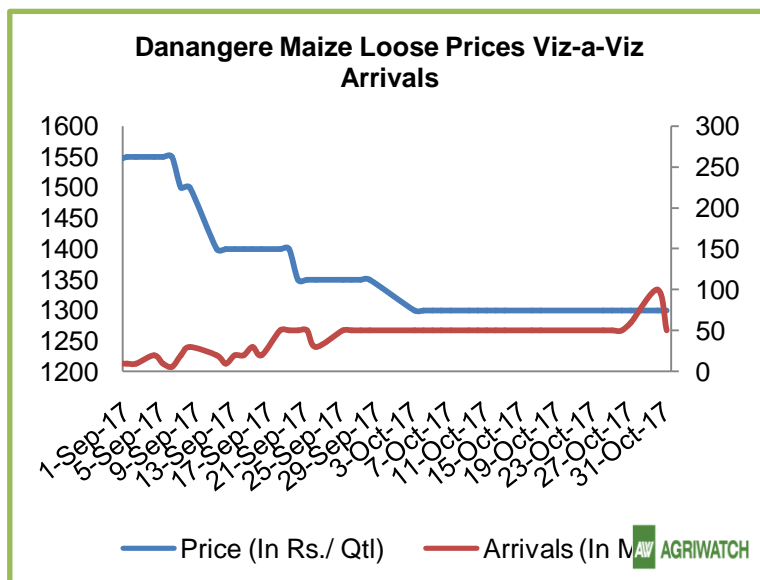
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STATE - WISE MARKET DYNAMICS

Karnataka

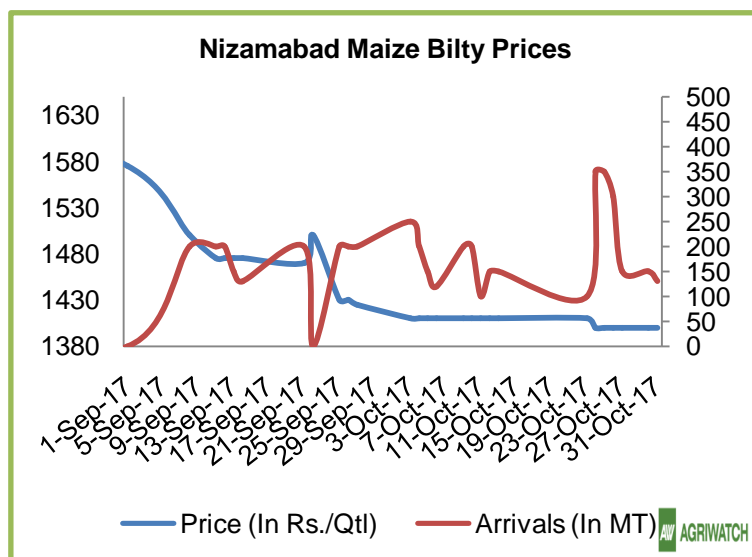
In Davangere region, new crop arrival of maize has started and contains moisture up to 25% at this time. Around 50 bags (1 bag=60 kg) of new crop on daily basis has just started. It is likely to trade (loose) in a range of Rs. 1150-1330 per quintal during the month of November. However, government procurement could help to maize prices.

In Karnataka, stock of maize could be around 2 lakh bags (1 bag=60 kg) which were same during corresponding period last year while in Davangere, stock of maize could be around 1 lakh bags which was almost nil during corresponding period last year. As per trade a source, Riddhi Siddhi is buying maize at Rs. 1260 per quintal.



ANDHRA PRADESH:

In Nizamabad, maize crop now contains moisture up to 17%. Quality has been affected to some extent by fungus. It is being mostly bought by starch feed makers. On the other side; Standard quality maize prices are likely to stay steady despite fresh demand of feed makers on the expectation of crop arrival pressure. Agriwatch expect that it could be in a range of Rs. 1400-1430 per quintal (Bilty) during the month of November.



As per trade source, Sukhjit starch & chemical limited is buying maize at Rs. 1320-1340 per quintal which contains moisture up to 15%.

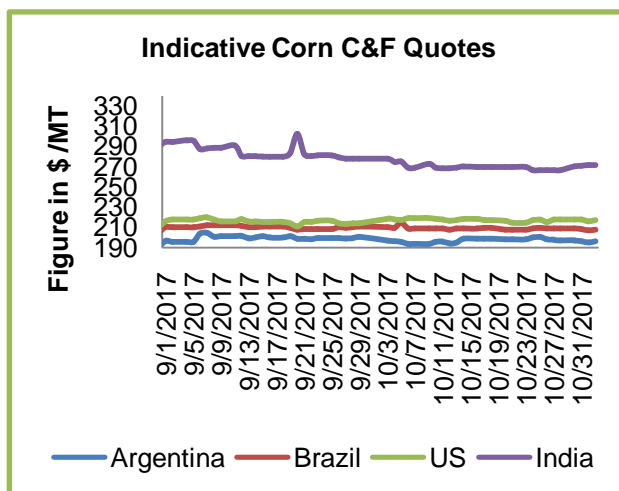
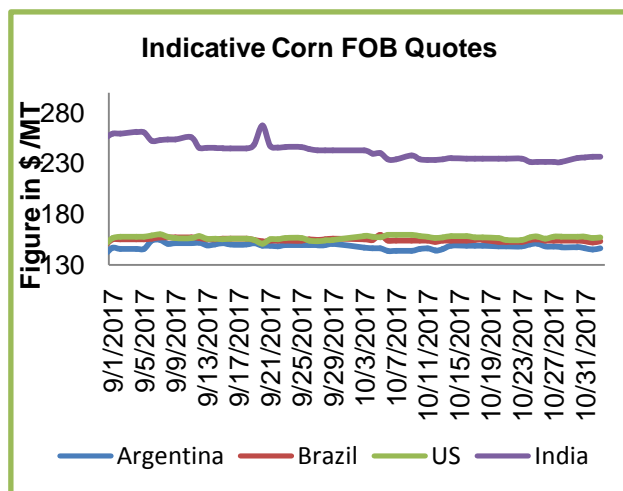
In Nizamabad, stock of maize could be around 25000 bags (1 bag=60 kg) which were 50000 bags during corresponding period of last year.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize cash market is likely to be steady to slightly firm during the month of November but that firmness could be limited despite feed makers demand on the expectation of new crop arrival pressure.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 64.59)				
As on 2.11.2017	Argentina	Brazil	US	India
FOB	146.16	152.90	157.20	236.49
Cost and Freight (C&F)	196.16	207.90	217.20	271.49

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 0.59 MMT (for the period 20th October –26th October, 2017) U.S corn exports were primarily to Mexico (221,400 MT), Japan (203,100 MT), Peru (73,300 MT), Colombia (41,500 MT), and Costa Rica (24,700 MT).

USDA raised its yield forecast for U.S by 0.12 MT/ Hectare to 10.78 MT/ Hectare for 2017/18 from the last month estimates.

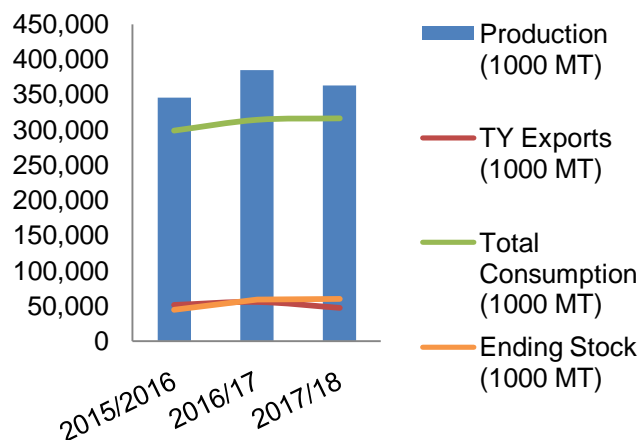
USDA also increased its corn ending stock estimates for U.S by 0.14 MMT to 59.441 MMT for 2017/18 due to increase in production estimates by 2.43 MMT to 362.732 MMT for 2017/18.

In U.S, 54% crop of corn has harvested as of 29th October, 2017, which is lower by 19% from the corresponding period of last year and 18% from last 5 year average period. 66% crop of corn is in good to excellent condition, same compared to last week.

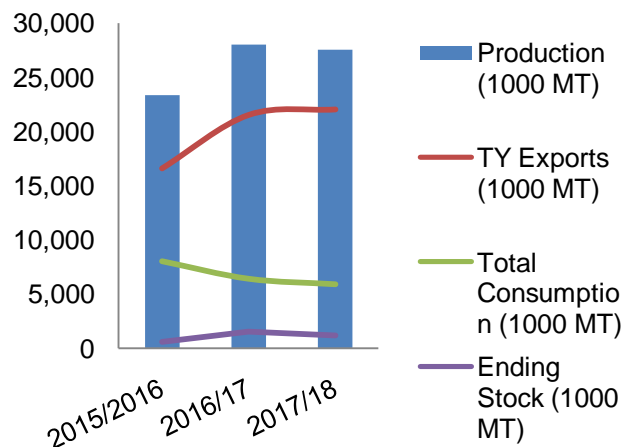
UKRAINE

USDA kept unchanged its corn ending stock estimates for Ukraine at 1.16 MMT for 2017/18 compared to last month.

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



Ukraine Production, Consumption, Export & Ending Stock Scenario



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ARGENTINA

USDA increased its corn ending stock estimates for Argentina by 1.5 MMT to 6.071 MMT for 2017/18 compared to last month due to fall in export estimates by 1 MMT to 27 MMT compared to last month forecast.

BRAZIL

USDA kept unchanged its corn ending stock estimates for Brazil at 9.069 MMT for 2017/18 compared to last month.

CHINA

USDA decreased its corn ending stock estimates for China by 2.06 MMT to 79.198 MMT for 2017/18 compared to last month estimates.

GLOBAL

Despite increase in global production estimates by 6.169 MMT; USDA lowered its global corn ending stocks estimates by 1.509 MMT to 200.956 MMT for 2017/18 compared to last month due to increase in domestic consumption estimates by 6.074 MMT to 1059.926 MMT for 2017/18 compared to last month.

International Grains Council (IGC) increased its forecast for 2017/18 global corn production by 5 MMT to 1034 MMT compared to previous forecast. However, forecast for global corn ending stock was down by 5 MMT to 203 MMT compared to last forecast for 2017/18 due to increase in trade and consumption estimates.

GLOBAL TRADES

Nonghyup Feed Inc. of South Korea purchased in two consignments 134,000 MT of corn. The first consignment of 67,000 MT was purchased from Pan Ocean trading house at \$186.25 per MT c&f plus a \$1.00 per MT surcharge for additional port unloading for Feb. 25, 2018 arrival. Another consignment of 67,000 MT was purchased from ADM at \$185.26 per MT c&f plus \$1.25 per MT surcharge for additional port unloading for March 5, 2018, arrival. Earlier, it purchased around 69,000 MT of corn from Cargill at \$188.75 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for Feb. 15, 2018, arrival; likely to be sourced from United States or South America.

Meanwhile, Major Feedmill Group of South Korea purchased about 129,000 MT of corn to be sourced from optional origins in an international tender for the arrival around Feb. 25, 2018. Some 60,000 MT was bought at around \$187.30 per MT c&f plus a \$1.00 per MT surcharge for additional port unloading. A further 69,000 MT was bought at around \$189.30 per MT c&f plus surcharges of \$1.00 and \$1.25 per MT for unloading in additional ports.

Besides, Korea Corn Processing Industry Association purchased about 60,000 MT of corn likely to be sourced from the United States at \$192.90 per MT c&f for arrival in South Korea around Feb. 15, 2017. Earlier, it purchased 60,000 MT corn from CJ International at about \$191.30 per MT c&f including surcharge for additional port unloading for arrival in South Korea around Jan. 25, 2018. It is likely to be shipped from the U.S Pacific North West coast between Dec. 22, 2017 to Jan. 11, 2018 or from the U.S. Gulf around Dec. 2, 2017 to Dec. 21, 2017.

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INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 1.47 USD/MT to 137.30 USD/MT for December contract compared to last month due to seasonal harvest pressure. However, increase in demand for U.S corn could support market to gain.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017-October	2017-September	2016-October	% Change from Prev. Month	% Change from Prev. Year
Delhi	1297	1307	1531	-0.77	-15.28
Davangere	1300	1427	1551	-8.90	-16.18
Shimoga	1321	1401	1695	-5.71	-22.06
Bagalkot	1338	1336	1427	0.15	-6.24
Gadag	1127	1018	1450	10.71	-22.28
Nizamabad (Bilty)	1406	1521	1612	-7.56	-12.78
Khanna	1172	1191	1487	-1.60	-21.18
Sangli	1442	1486	1584	-2.96	-8.96
Gulabghagh (Bilty)	1289	1294	1560	-0.39	-17.37
Naugachia	1243	1277	1510	-2.66	-17.68

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	10/31/2017	9/29/2017	Change
Corn CBOT Prices	Dec-17	137.30	138.77	-1.47
	Mar-18	142.81	143.79	-0.98
	May-18	146.25	147.14	-0.89
	July-18	149.21	150.09	-0.88
	Sep-18	151.86	152.75	-0.89

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