

Maize Monthly Research Report

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

Overall maize cash markets traded mixed during the month of November'17 compared to previous month but down from the corresponding period of last year due to high carry forward stock. The material presently arriving in the Nizamabad market contains 30% damaged grains and 10-12% fungus. It has high moisture content and fungus infestation in some places. Besides, international factor like ample global corn stock is also a bearish factor. Agriwatch expects Indian standard quality maize prices to trade steady due to limited trade in Nizamabad benchmark market as even large traders/stockists are not actively purchasing there. However, village level aggregators continue to collect small quantities from farmers and sell it to feed industry. Thus, immediate demand of feed industry continues to be catered to, through small channel so far.

At the demand side, feed makers are buying low quality material at these lower rates. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 7.67 % to Rs. 1300 per quintal while Starch feed makers quoted it down by 5.18 % to Rs. 1319 per quintal compared to last month.

STATE WISE RABI SOWING COVERAGE

As per Ministry of Agriculture, in India, maize has been sown in around 8.54 lakh hectares as on 1st December'17 for Rabi season (2017-18) which is higher than 7.78 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 3.16 lakh hectares which is higher than 2.22 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.14, 0.74 and 0.56 lakh hectares respectively as on 1st December'17 for Rabi season (2017-18). As per farmers sowing intention, in Telangana and Andhra Pradesh regions, maize area likely to be same compared to last year while in Bihar, wheat area is likely to shift towards maize.

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 2.76 USD/MT to 134.54 USD/MT for December contract compared to last month.

International Grains Council (IGC) also increased its forecast for 2017/18 global corn production by 6 MMT to 1040 MMT compared to previous forecast but down by 39 MMT compared to last year. Forecast for global corn ending stock was up by 3 MMT to 206 MMT compared to last forecast for 2017/18.

In U.S, 95% crop of corn has been harvested as of 26th November, 2017, which is lower by 3% than that of corresponding period of last year and last 5 year average period. USDA increased its yield forecast for U.S by 0.22 MT/ Hectare to 11.01 MT/Hectare for 2017/18 compared to last month forecast.

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INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2016-17E	2017-18F	Oct-Dec'17 F	Jan-Mar'18 F
Opening Stocks (MMT)	2.21	3.01	3.01	6.67
Production (MMT)	23.84	21.90	12.53	3.13
Farmer's Release (MMT)	20.55	18.90	9.30	3.98
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04
Pvt. Trade Release (MMT)	20.49	18.84	4.63	8.59
Seed Retention (MMT)	0.26	0.26	0.05	
Imports (MMT)	0.02	0.02	0.00	0.02
Total Supply (MMT)	26.07	24.93		
Quarterly Add On(MMT)			12.53	3.15
Export (MMT)	0.50	0.50	0.12	0.17
Domestic Consumption (MMT)	22.56	21.55	8.75	6.34
Total Demand (MMT)	23.06	22.05	8.87	6.51
Ending Stock (MMT)	3.01	2.88	6.67	3.31

- 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**

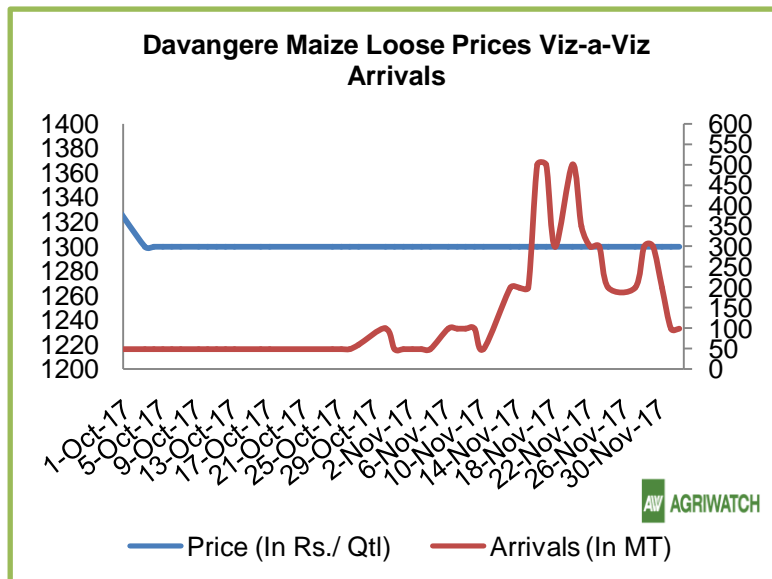
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STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere region, maize crop contains up to 19% moisture now. About a second of the material arriving in the market is infested with fungus. In the affected lots, between 2 to 8% of the grains are infested. As per trade sources, weather conditions have become favourable; so, dry material is expected to become available soon. It is likely to trade (loose) in a range of Rs. 1150-1300 per quintal during the month of December.

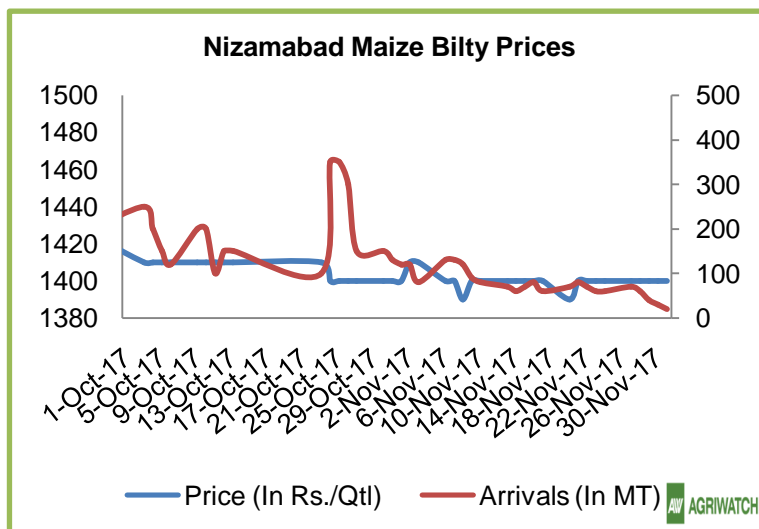
In Davangere, stock of maize in the hands of Private traders could be around 10,000 bags (1 bag=100 kg) which was 20,000 bags during corresponding period last year.



ANDHRA PRADESH:

In Nizamabad, trade remains restricted in major markets as feed industries are getting supply directly from farmers. Maize arriving in to mandis contains 30% damaged grains and 10-12% fungus. Agriwatch expect that it could be in a range of Rs. 1400-1420 per quintal (Bilty) during the month of December.

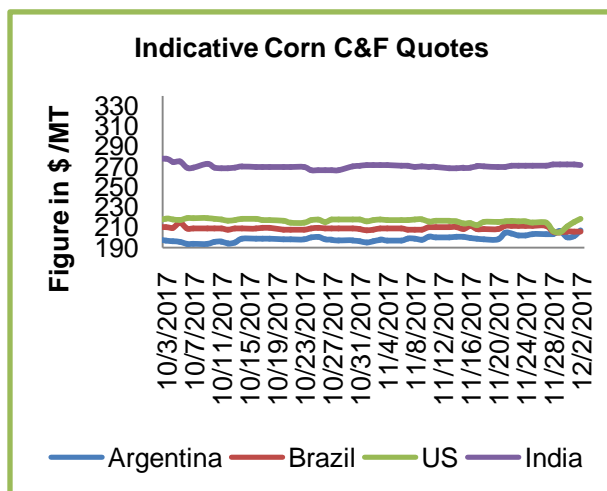
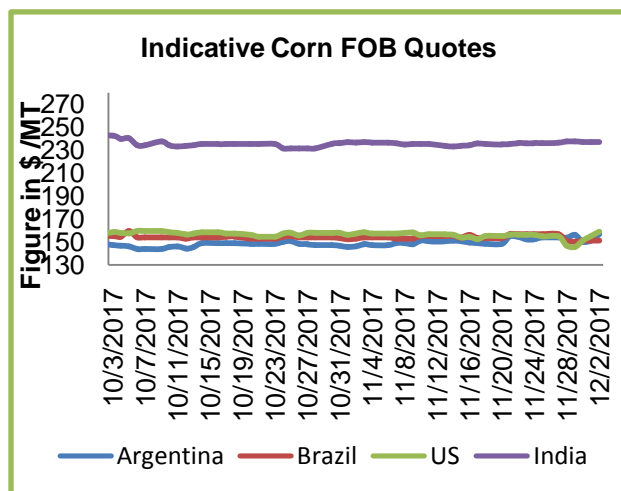
In Nizamabad, stock of maize in the hands of Private traders could be around 1.25 lakh bags (1 bag=50 kg) which was 2 lakh bags during corresponding period last year.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash market to be steady during the month of December due to limited trade in major mandi.

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ON THE EXPORT-IMPORT FRONT:


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 64.52)				
As on 2.12.2017	Argentina	Brazil	US	India
FOB	156.79	151.00	158.60	236.75
C&F	206.79	206.00	218.60	271.75

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:

GLOBAL

USDA increased its global corn ending stocks estimates by 2.904 MMT to 203.86 MMT for 2017/18 compared to last month due to increase in production estimates by 5.104 MMT to 1043.90 MMT for 2017/18 compared to last month. Argentina corn ending stock forecast increased by 0.2 MMT to 6.271 MMT for 2017/18. However, it kept unchanged, corn ending stock estimates for Brazil at 9.069 MMT for 2017/18 compared to last month.

International Grains Council (IGC) also increased its forecast for 2017/18 global corn production by 6 MMT to 1040 MMT compared to previous forecast but down by 39 MMT compared to last year. Forecast for global corn ending stock was up by 3 MMT to 206 MMT compared to last forecast for 2017/18.

As supply of corn is increasing globally due to high corn production in U.S.; Agriwatch estimates that could keep pressure on market sentiments.

U.S.

As per USDA, U.S corn exports reached 7.49 MMT in the 2017-18 marketing year. At 0.65 MMT (for the period 17th November –23rd November, 2017) U.S corn exports were primarily to Mexico (268,800 MT), Japan (114,700 MT), Peru (111,500 MT), Colombia (70,200 MT), and Costa Rica (28,100 MT).

USDA increased its yield forecast for U.S by 0.22 MT/ Hectare to 11.01 MT/Hectare for 2017/18 compared to last month forecast.

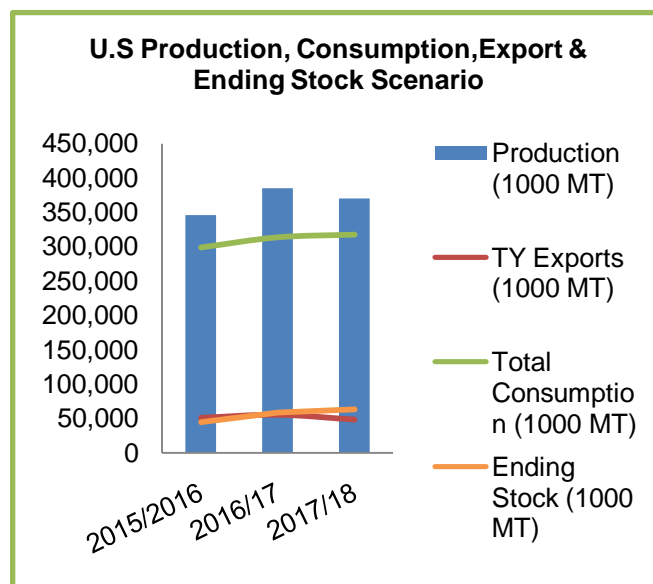
USDA also increased its corn ending stock estimates for U.S by 3.744 MMT to 63.185 MMT for 2017/18 due to increase in production estimates by 7.554 MMT to 370.286 MMT for 2017/18.

In U.S, 95% crop of corn has been harvested as of 26th November, 2017, which is lower by 3% than that of corresponding period of last year and last 5 year average period.

GLOBAL TRADES

China has bought around 10 to 12 cargoes of mainly U.S. corn in the previous month and is expected to import more corn during 2017/18 because of import parity and high prices of substitute's crops like sorghum and feed barley.

Turkey's state grain board TMO bought about 96,000 MT of corn for shipment to the ports of Derince and Marmara between Nov. 29 and Dec. 12. Around 72,000 MT was bought from Trading house Tiryaki Agro at 708 Turkish liras (\$180.61) per MT c&f. Rest 24000 MT was bought from Erser Group at 709 Turkish lira (\$180.87) per MT c&f.



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Korea Corn Processing Industry Association of South Korea purchased about 60,000 MT of corn likely to be sourced from the United States at \$191.96 per MT c&f including surcharge for additional port unloading for January-February shipment from the U.S. Pacific North West coast or U.S. Gulf for arrival in South Korea around March 5, 2018.

Meanwhile, Nonghyup Feed Inc. purchased around 68,000 MT of corn at \$187.78 per MT c&f plus a \$1.00 per MT surcharge for additional port unloading for the shipment between Feb. 15 to March 6 if it sourced from the U.S. Pacific North West Coast or between Jan. 26 to Feb. 14 if it sourced from the U.S. Gulf and between Jan. 21 and Feb. 19 if sourced from South America. Arrival in South Korea from all origins should be around March 20.

Besides, Major Feedmill Group purchased about 70,000 MT of corn from optional origins at around \$186.95 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for the arrival around March 17, 2018.

Feed Leaders Committee and Major Feed mill Group of South Korea each purchased about 69,000 MT of corn at \$185.26 per MT c&f plus \$1.25 per MT surcharge for additional port unloading; likely to be sourced from the United States or South America in a private, non-tender deal. FLC purchased for the arrival around 10th March, 2018 while MFG purchased for the arrival around 7th March, 2018.

INTERNATIONAL CORN OUTLOOK:

Southern Brazil and Western Argentina are likely to have rain in next two weeks, but dry weather remains a concern in rest of Brazil and Argentina. Dry conditions in large parts of Brazil and Argentina would lead to good export opportunity for US corn exporters and may lead to improvement in CBOT corn prices.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017- November	2017- October	2016- November	% Change from Prev. Month	% Change from Prev. Year
Delhi	1315	1297	1590	1.39	-17.30
Davangere	1300	1300	1460	Unch	-10.96
Shimoga	1204	1321	1423	-8.86	-15.39
Bagalkot	1204	1338	1408	-10.01	-14.49
Gadag	1328	1127	1406	17.83	-5.55
Nizamabad (Bilty)	1400	1406	1450	-0.43	-3.45
Khanna	1236	1172	1539	5.46	-19.69
Sangli	1272	1442	1450	-11.79	-12.28
Gulabgh (Bilty)	1239	1289	1591	-3.88	-22.12
Naugachia	1195	1243	1532	-3.86	-22.00

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CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	11/30/2017	10/31/2017	Change
Corn CBOT Prices	Dec-17	134.54	137.30	-2.76
	Mar-18	140.05	142.81	-2.76
	May-18	143.2	146.25	-3.05
	July-18	146.25	149.21	-2.96
	Sep-18	149.01	151.86	-2.85

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