

Maize Monthly Research Report

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1st January, 2018**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded mixed during the month of December'17 compared to previous month but down from the corresponding period of last year due to supply pressure. About a 70% of the material arriving in the Davangere market is still infested with fungus. In the affected lots between 2 to 8% of the grains are infested while in Nizamabad, about 10-12% of the material is damaged grains and infested with fungus.

International factor like ample global corn stock is a bearish factor. Agriwatch expects that maize domestic market could also trade steady to slightly weak during the month of Jan'18 as demand of stockiest remains low because of quality issue and crop from Tamil Nadu expected to arrive after mid of January which could keep pressure on market sentiments.

At the demand side, In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 2.92 % to Rs. 1338 per quintal while Starch feed makers quoted it firm by 2.96 % to Rs. 1358 per quintal compared to last month.

STATE WISE RABI SOWING COVERAGE

As per Ministry of Agriculture, in India, maize has been sown in around 14.42 lakh hectares as on 5th January'18 for Rabi season (2017-18) which is higher than 13.97 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.52 lakh hectares which is higher than 4.27 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.76, 0.96 and 1.55 lakh hectares respectively as on 5th January'18 for Rabi season (2017-18).

As per Agriwatch trade sources, in Telangana, Andhra Pradesh and Bihar regions, maize area likely to be same compared to last year.

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 3.54USD/MT to 138.08 USD/MT for March contract compared to last month.

China has reduced forecast for corn import by 0.5 million tons to 1 million tons from its previous month forecast for 2017/18 due to increase in production estimates by 5.78 million tons to 215.89 million tons for 2017/18.

At 0.65 MMT (for the period 22nd December –28th December, 2017) U.S corn exports were up 26 percent from the previous week and 5 percent from the prior 4-week average. The destinations were primarily to Mexico (185,900 MT), Japan (148,600 MT), South Korea (131,000 MT), Peru (52,200 MT), and Guatemala (36,800 MT).

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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 2.88MMT.
- 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**

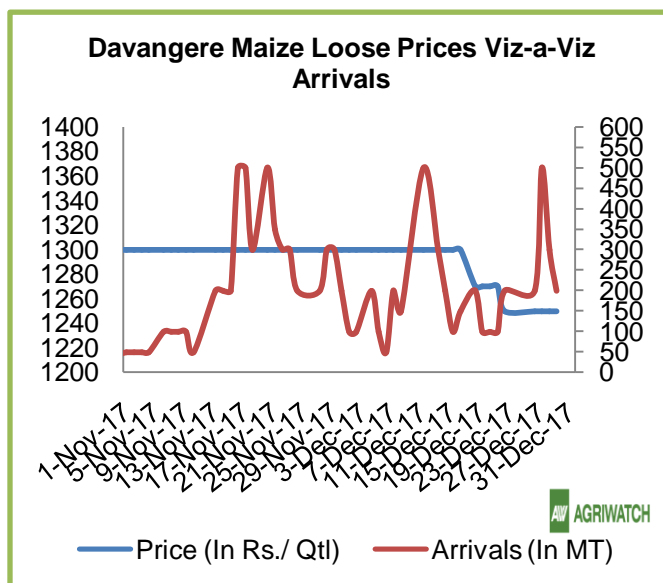
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STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere region, about 70% of the material arriving in the market is still infested with fungus. In the affected lots, between 2 to 8% of the grains are infested. It is likely to trade in a range of Rs. 1180-1250 per quintal (loose) during the month of January amid supply pressure and sluggish stockiest demand due to quality issue.

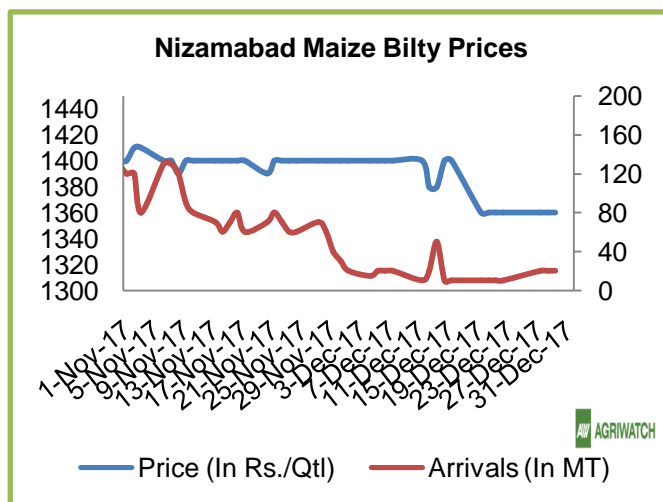
In Davangere, stock of maize in the hands of Private traders could be around 1000 MT which was 500 MT during corresponding period last year.



ANDHRA PRADESH:

Lower prevailing price in other states amid limited trade in Nizamabad markets kept market at lower side. Around 10-12% of the material is damaged grains and infested with fungus. Agriwatch expects that it could be in a range of Rs. 1320-1360 per quintal (Bilty) during the month of January.

In Nizamabad, stock of maize could be around 25000 MT and 2500 MT in the hands of Government and Private Traders respectively.

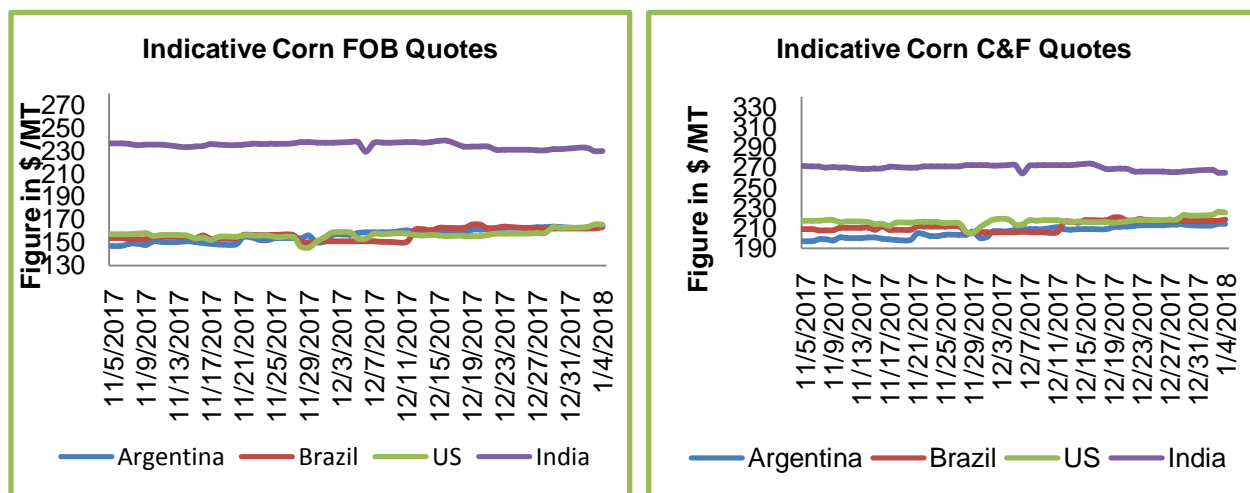


DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash market to be steady to slightly weak during the month of January due to supply pressure and sluggish demand.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 63.38)				
As on 4.01.2018	Argentina	Brazil	US	India
FOB	164.17	163.50	165.40	229.80
C&F	214.17	218.50	225.40	264.80

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 0.217 MMT to 204.07 MMT for 2017/18 compared to last month due to increase in production estimates by 0.852 MMT to 1044.75 MMT for 2017/18 compared to last month. Corn ending stock estimates for Brazil increased by 0.3 MMT to 9.369 MMT for 2017/18 while Argentina corn ending stock forecast decreased by 0.004 MMT to 6.267 MMT for 2017/18 compared to last month.

China has reduced forecast for corn import by 0.5 million tons to 1 million tons from its previous month forecast for 2017/18 due to increase in production estimates by 5.78 million tons to 215.89 million tons for 2017/18. As per monthly report published by Chinese Agricultural Supply and Demand Estimates (CASDE), China will consume 221 million tons of corn in 2017/18, up 5.34 million tons from last month's estimate, buoyed by increased demand from ethanol producers as Beijing pushes to blend renewable fuels into its gasoline supply.

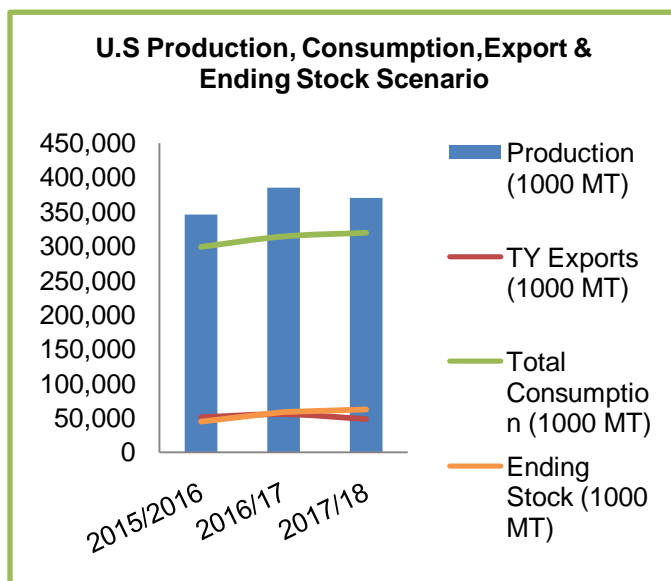
Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 47.1% in the Oct'17 from 46.0% during the corresponding month last year while users' reliance on alternatives such as Sorghum decreased.

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 10.65 MMT in the 2017-18 marketing year. At 0.65 MMT (for the period 22nd December – 28th December, 2017) U.S corn exports were up 26 percent from the previous week and 5 percent from the prior 4-week average. The destinations were primarily to Mexico (185,900 MT), Japan (148,600 MT), South Korea (131,000 MT), Peru (52,200 MT), and Guatemala (36,800 MT).

USDA decreased its corn ending stock estimates for U.S by 1.27 MMT to 61.915 MMT for 2017/18 due to increase in domestic consumption estimates by 1.27 MMT to 319.039 MMT for 2017/18.



GLOBAL TRADES

The Korea Feed Association purchased about 61,000 MT of corn from the trading house Pan Ocean at about \$189.80 per MT c&f plus a \$1.0 per MT surcharge for additional port unloading for arrival around March 10, 2018.

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INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 3.54 USD/MT to 138.08 USD/MT for March contract compared to last month. It could trade down in near term due to high supply.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2017-December	2017-November	2016-December	% Change from Prev. Month	% Change from Prev. Year
Delhi	1320	1315	1570	0.37	-15.94
Davangere	1281	1300	1458	-1.46	-12.14
Shimoga	1240	1204	1433	2.99	-13.44
Bagalkot	1216	1204	1395	1.00	-12.81
Gadag	1170	1328	1384	-11.90	-15.44
Nizamabad (Bilty)	1381	1400	1456	-1.36	-5.17
Khanna	1327	1236	1530	7.36	-13.24
Sangli	1280	1272	1435	0.63	-10.80
Gulabgh (Bilty)	1278	1239	1616	3.15	-20.91
Naugachia	1217	1195	1531	1.84	-20.49

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	12/30/2017	11/30/2017	Change
Corn CBOT Prices	Mar-18	138.08	134.54	3.54
	May-18	141.33	140.05	1.28
	July-18	144.58	143.2	1.38
	Sep-18	147.53	146.25	1.28
	Dec-18	151.17	NA	-

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