

# Maize Monthly Research Report

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1<sup>st</sup> March, 2018**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded range bound during the month of February'18 compared to previous month but down from the corresponding period of last year due to high carry forward stock amid sluggish stockiest demand. In A.P., considering current weather conditions, Agriwatch expects good crop production compared to last year while in Bihar, maize production is expected to be almost same compared to last year despite increase in area as there is chance of yield loss. Bihar crop is expected to be delayed and likely to hit the market in the month of April.

At the demand side, In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 0.54 % to Rs. 1314 per quintal while Starch feed makers quoted it down by 0.67 % to Rs. 1329 per quintal compared to last month. In Maharashtra, maize prices are likely to increase in near term due to increase in demand from Gujarat feed makers.

Considering the current situation, there is not much risk of drastic fall in prices as it is already being traded at the lower end but new crop arrival pressure which is expected after mid of March could weigh a little, on market sentiments. Agriwatch expects that maize domestic market could trade steady to range bound during the month of Mar'18 despite high carry forward stock and expectation of good crop production during Rabi season.

**STATE WISE RABI SOWING COVERAGE & ALL INDIA PRODUCTION ESTIMATES**

As per Ministry of Agriculture in India, maize has been sown in around 16.96 lakh hectares as on 9th February'18 for Rabi season (2017-18) which is higher than 16.55 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.70 lakh hectares which is higher than 4.48 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 2.06, 0.99 and 2.15 lakh hectares respectively as on 9th February'18 for Rabi season (2017-18).

Agriwatch forecast production of maize for Rabi season during 2017/18 at 6.46 MMT which is higher than 6.24 MMT compared to last year.

**RECOMMENDATION:**

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

**INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT rose by 3.54 USD/MT to 145.86 USD/MT for March contract compared to last month. Agriwatch expects corn prices on CBOT are likely to go up as drought situation in Argentina likely to affect the corn crop. Besides, Brazilian corn production is also likely to get affected as there will be expected delay in soybean harvest and affect the second corn crop.

IGC decreased its forecast for 2017/18 global corn production by 6 MMT to 1048 MMT compared to previous forecast due to low maize output prospects in Argentina, Brazil and South Africa. Forecast for global corn ending stock was also decreased by 8 MMT to 314 MMT compared to last forecast for 2017/18.

USDA decreased its global corn ending stocks estimates by 3.48 MMT to 203.08 MMT for 2017/18 compared to last month due to decrease in domestic production estimates by 2.82 MMT to 1041.73 MMT for 2017/18 compared to last month.

1<sup>st</sup> March, 2018

At 1.27 MMT (for the period 16th February -22nd February, 2018) U.S corn exports were up 50 percent from the previous week and 37 percent from the prior 4-week average. The destinations were primarily to Mexico (244,100 MT), Japan (225,100 MT), South Korea (204,000 MT), Saudi Arabia (114,800 MT), and Colombia (92,400 MT).

### INDIA MAIZE BALANCE SHEET

<b>Maize Year-(Oct-Sep)</b>	<b>2016-17E</b>	<b>2017-18F</b>	<b>Oct-Dec'17 F</b>	<b>Jan-Mar'18 F</b>
Opening Stocks (MMT)	2.21	2.97	2.97	6.62
Production (MMT)	23.84	22.12	12.53	3.13
Farmer's Release (MMT)	20.55	19.10	9.30	3.98
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04
Pvt. Trade Release (MMT)	20.49	19.04	4.63	8.59
Seed Retention (MMT)	0.26	0.26	0.05	
Imports (MMT)	0.02	0.02	0.00	0.02
<b>Total Supply (MMT)</b>	<b>26.07</b>	<b>25.11</b>		
<b>Quarterly Add On(MMT)</b>			<b>12.53</b>	<b>3.15</b>
Export (MMT)	0.54	0.54	0.13	0.17
Domestic Consumption (MMT)	22.56	21.55	8.75	6.34
<b>Total Demand (MMT)</b>	<b>23.10</b>	<b>22.09</b>	<b>8.88</b>	<b>6.51</b>
<b>Ending Stock (MMT)</b>	<b>2.97</b>	<b>3.02</b>	<b>6.62</b>	<b>3.26</b>

- In 2017/18, season starting from October is expected to begin with 2.97 MMT and end with 3.02 MMT.
- Total maize production in India could be around 22.12 MMT in 2017-18 against our yearly total demand of 22.09 MMT.
- With carryout of 2.97 MMT total availability goes up to 25.11 MMT in 2017/18.
- Total demand including domestic and export could be around 22.05 MMT.

<b>Maize Year-(Oct-Sep)</b>	<b>2016-17E</b>	<b>2017-18F</b>
Monthly Use	2.17	2.09
Stock to Use Ratio	0.11	0.12
Stock to Month Use Ratio	1.37	1.44

<b>Consumption Break Up For 2017-18 F (Figures in MMT)</b>	
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

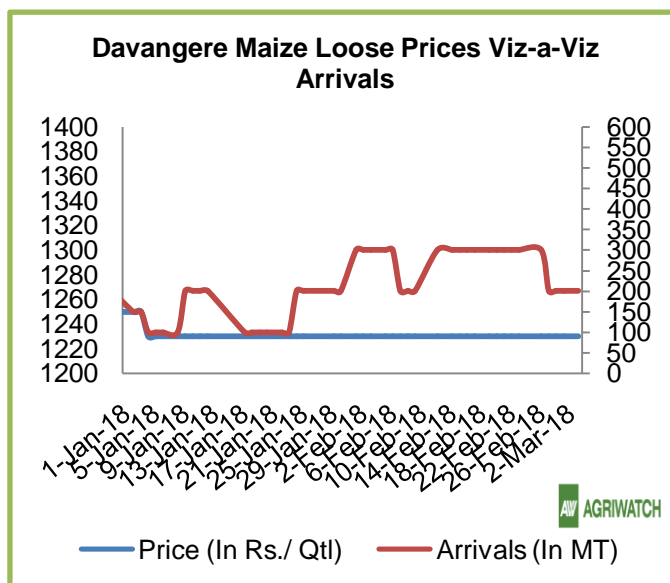
- **E= AW Estimates, F=AW Forecast**

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## STATE - WISE MARKET DYNAMICS

### Karnataka

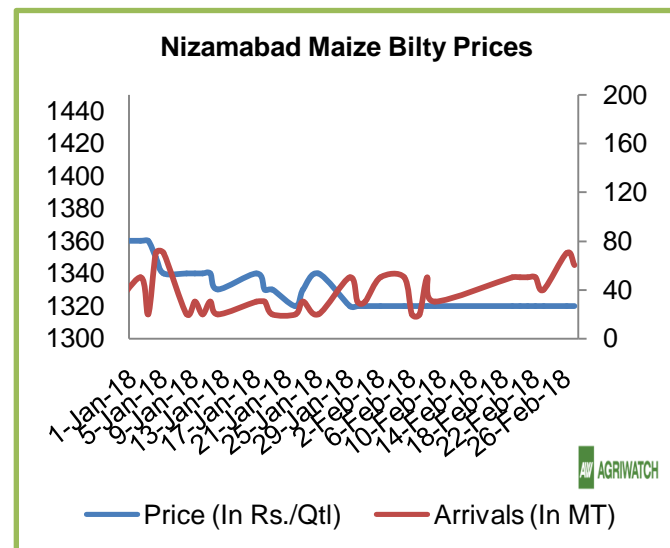
In Davangere region, about a 70% of the material arriving in the Davangere market is still infested with fungus. In the affected lots, between 2 to 8% of the grains are infested. It is likely to trade in a range of Rs. 1180-1230 per quintal (loose) during the month of March amid sluggish stockiest demand due to quality issue.



### Andhra Pradesh

Considering the current situation, there is not much risk of drastic fall in prices, in A.P market as it is already being traded at the lower end but new crop arrival pressure which is expected after mid of March could weigh a little, on market sentiments.

In Nizamabad, maize production is likely to be same compared to last year. Agriwatch expects that it could be in a range of Rs. 1270-1350 per quintal (Bilty) during the month of March.

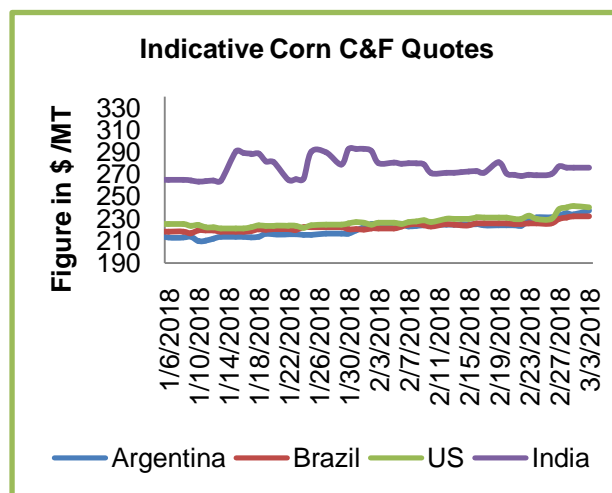
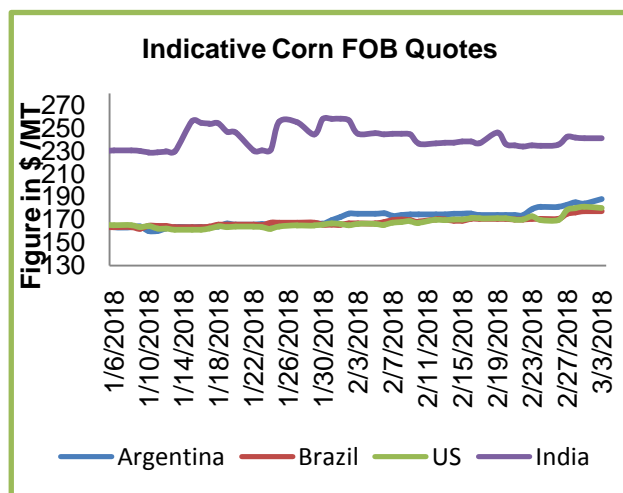


## DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash market to be steady to range bound during the month of March despite the expectation of new crop arrival pressure and high carry forward stock.

1<sup>st</sup> March, 2018

## ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 65.20)				
As on 3.03.2018	Argentina	Brazil	US	India
<b>FOB</b>	187.50	177.20	180.07	240.80
<b>C&amp;F</b>	237.50	232.20	240.07	275.80

As depicted by the above data, there is parity for Indian maize as gap of prices between India and other exporting countries has narrowed down.

- 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.

1<sup>st</sup> March, 2018

## INTERNATIONAL MARKET SCENARIO:

### GLOBAL

USDA decreased its global corn ending stocks estimates by 3.48 MMT to 203.08 MMT for 2017/18 compared to last month due to decrease in domestic production estimates by 2.82 MMT to 1041.73 MMT for 2017/18 compared to last month.

Argentina corn ending stock forecast was decreased by 1.00 MMT to 5.26 MMT for 2017/18 compared to last month on the expectation of fall in production number due to dry weather conditions.

IGC decreased its forecast for 2017/18 global corn production by 6 MMT to 1048 MMT compared to previous forecast due to low maize output prospects in Argentina, Brazil and South Africa. Forecast for global corn ending stock was also decreased by 8 MMT to 314 MMT compared to last forecast for 2017/18.

China has increased forecast for corn import by 0.3 million tons to 1.5 million tons from its previous month forecast for 2017/18 as demand for animal feed grows due to the expansion of large-scale pig farms. As per monthly report published by Chinese Agricultural Supply and Demand Estimates (CASDE), China will consume 222 million tons of corn in 2017/18, up 1.15 million tons from last month's estimate.

### U.S.

Corn ending stock estimates for U.S decreased by 3.17 MMT to 59.75 MMT for 2017/18 due to increase in exports estimates by 3 MMT to 51.50 MMT for 2017/18 compared to last month as the USDA anticipates reduced shipments from both Argentina and the Ukraine.

As per USDA, U.S corn exports reached 17.76 MMT in the 2017-18 marketing year. At 1.27 MMT (for the period 16th February -22nd February, 2018) U.S corn exports were up 50 percent from the previous week and 37 percent from the prior 4-week average. The destinations were primarily to Mexico (244,100 MT), Japan (225,100 MT), South Korea (204,000 MT), Saudi Arabia (114,800 MT), and Colombia (92,400 MT).

### GLOBAL TRADES

Major Feedmill Group of South Korea purchased about 1,36,000 MT of corn from Dreyfus in two consignment. One consignment of 68,000 MT was bought at \$214.09 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for arrival around May 21. Another 68,000 MT was bought at \$213.30 per MT with an additional \$1.25 per MT surcharge for additional port unloading for June 2 arrivals.

## INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 3.54 USD/MT to 145.86 USD/MT for March contract compared to last month. Agriwatch expects corn prices on CBOT are likely to go up as drought situation in Argentina likely to affect the corn crop. Besides, Brazilian corn production is also likely to get affected as there will be expected delay in soybean harvest and affect the second corn crop.

1<sup>st</sup> March, 2018

### Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018-February	2018-January	2017-February	% Change from Prev. Month	% Change from Prev. Year
Delhi	1337	1323	1580	1.06	-15.38
Davangere	1230	1232	1513	-0.16	-18.70
Shimoga	1344	1289	1591	4.27	-15.52
Bagalkot	1138	1149	1451	-0.96	-21.57
Gadag	1117	1131	1499	-1.24	-25.48
Nizamabad (Bilty)	1320	1298	1492	1.69	-11.53
Khanna	1300	1313	1300	-0.99	Unch
Sangli	NA	1276	1539	--	--
Gulabgachh (Bilty)	1185	1227	1537	-3.42	-22.90
Naugachia	NA	1200	1502	--	--

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	02/27/2018	01/30/2018	Change
Corn CBOT Prices	Mar-18	145.86	142.32	3.54
	May-18	149.30	145.56	3.74
	July-18	152.36	148.62	3.74
	Sep-18	154.72	151.47	3.25
	Dec-18	157.47	154.91	2.56

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