

# Maize Monthly Research Report

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

## **OUTLOOK AND REVIEW:**

### **DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded mixed during the month of March'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 Gulabghat region of Bihar, maize prices recovered from the bottom level due to yield loss and delay in new crop arrivals. Agriwatch expecting that recovery could limit the bottom level of South Indian markets during harvesting season too despite high carry forward stock.

In Gulabghat region of Bihar, maize new crop arrivals has started which are low in quantity. As per trade sources, grains are small in size and contains 14 to 18% moisture. Maize crop arrivals in Naugachia region would start after mid of April. Arrival pressure could be seen in the month of May. In Bihar, carry forward stock of maize could be around 15000 to 20000 MT.

At the demand side, In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 1.98 % to Rs. 1340 per quintal while Starch feed makers quoted it firm by 2.71 % to Rs. 1365 per quintal compared to last month.

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 could weigh a little, on market sentiments. Agriwatch expects that maize domestic market could trade steady to range bound during the month of Apr'18 despite high carry forward stock and new crop arrival pressure.

### **PRODUCTION ESTIMATES FOR RABI SEASON**

Agriwatch revised its production forecast of maize for Rabi season during 2017/18 at 6.27 MMT which is higher than 6.24 MMT compared to last year.

## **RECOMMENDATION:**

Market participants are advised to go long in Maize for May contract near 1150 levels for a target of 1174 and 1186 with a stop loss at 1136 on closing basis.

### **INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT rose by 4.63 USD/MT to 152.65 USD/MT for May contract compared to last month as USDA projected a larger than expected decline in U.S corn plantings for 2018. U.S. corn planted area projected lower by 2.141 million acres to 88.026 million acres for 2018 compared to last year and below an average of analyst expectations for 89.420 million acres.

IGC decreased its global corn production forecast by 3 MMT to 1045 MMT compared to previous forecast for 2017/18. Forecast for global corn ending stock was also decreased by 6 MMT to 308 MMT compared to last forecast for 2017/18 due to increase in consumption estimates by 6 MMT to 1074 MMT.

USDA decreased its global corn ending stocks estimates by 3.92 MMT to 199.17 MMT for 2017/18 compared to last month due to increase in domestic consumption estimates by 4.85 MMT to 1066.14 MMT for 2017/18 compared to last month.

At 1.27 MMT (for the period 9th March -15th March, 2018) US corn exports were down 8 percent from the previous week and 3 percent from the previous 4-week average. The destinations were primarily to South Korea (331,400 MT), Japan (260,500 MT), Mexico (165,200 MT), Spain (138,500 MT), and Taiwan (87,700 MT).

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

## INDIA MAIZE BALANCE SHEET

<b>Maize Year-(Oct-Sep)</b>	2016-17E	2017-18F	Oct-Dec'17 F	Jan-Mar'18 F	Apr-Jun'18 F
Opening Stocks (MMT)	2.21	2.97	2.97	6.57	3.21
Production (MMT)	23.84	21.93	12.53	3.13	5.02
Farmer's Release (MMT)	20.55	18.93	9.30	3.98	3.95
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04	
Pvt. Trade Release (MMT)	20.49	18.87	4.63	8.59	3.39
Seed Retention (MMT)	0.26	0.26	0.05		0.21
Imports (MMT)	0.02	0.02	0.00	0.02	0.00
<b>Total Supply (MMT)</b>	26.07	24.92			
<b>Quarterly Add On(MMT)</b>			12.53	3.15	5.02
Export (MMT)	0.54	0.59	0.18	0.17	0.10
Domestic Consumption (MMT)	22.56	21.55	8.75	6.34	3.88
<b>Total Demand (MMT)</b>	23.10	22.14	8.93	6.51	3.98
<b>Ending Stock (MMT)</b>	2.97	2.78	6.57	3.21	4.25

- In 2017/18, season starting from October is expected to begin with 2.97 MMT and end with 2.78 MMT.
- Total maize production in India could be around 21.93 MMT in 2017-18 against our yearly total demand of 22.14 MMT.
- With carryout of 2.97 MMT total availability goes up to 24.92 MMT in 2017/18.
- Total demand including domestic and export could be around 22.14 MMT.

<b>Maize Year-(Oct-Sep)</b>	<b>2016-17E</b>	<b>2017-18F</b>
Monthly Use	2.17	2.08
Stock to Use Ratio	0.11	0.11
Stock to Month Use Ratio	1.37	1.34

<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**

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

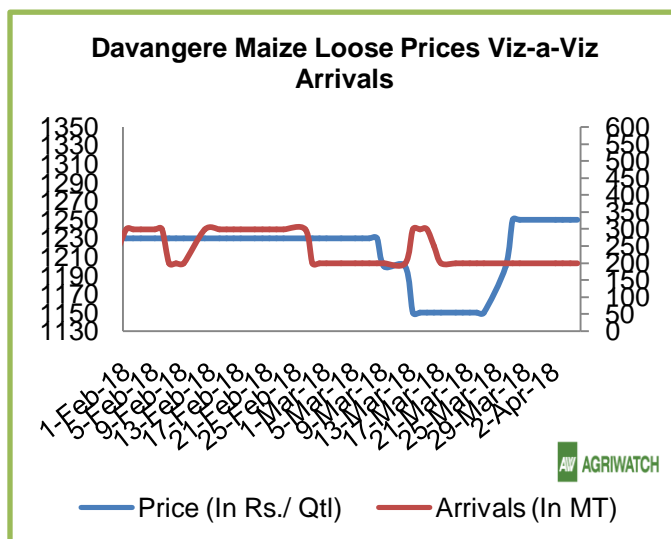
## STATE - WISE MARKET DYNAMICS

### Karnataka

In Davangere region, maize prices recovered by taking cues of yield loss in Bihar. It is likely to trade steady to range bound amid sluggish demand.

In Davangere, maize is likely to trade in a range of Rs. 1200-1250 per quintal (loose) during the month of April.

In Karnataka, stock of maize could be around 2 lakh quintal which was 3 lakh quintals during corresponding period last year.

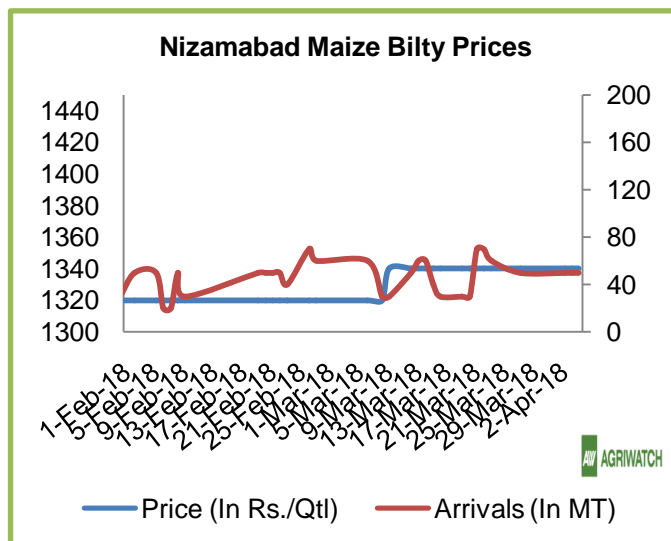


### Andhra Pradesh

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 could weigh a little, on market sentiments.

In Nizamabad, maize is likely to trade steady to range bound despite new crop arrival pressure as starch feed makers demand could support market at the lower level.

Agriwatch expects that maize could trade in a range of Rs. 1300-1360 per quintal (Bilty) during the month of April. In Nizamabad, stock of maize could be around 2.5 lakh quintal.

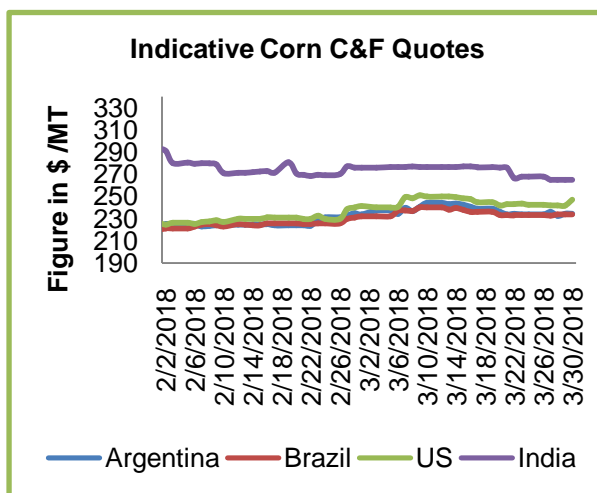
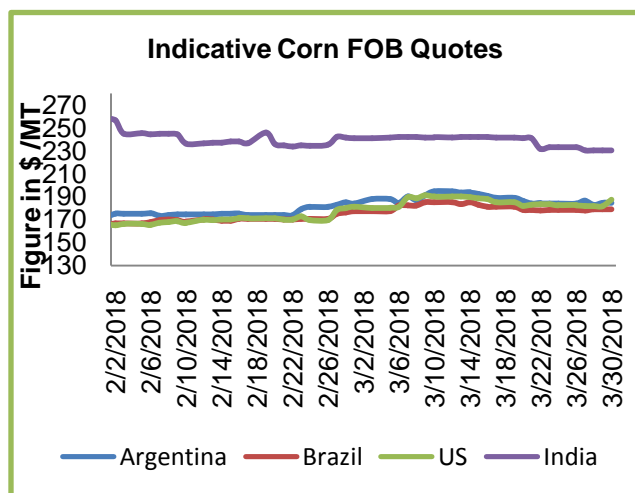


## DOMESTIC PRICE OUTLOOK:

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

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

## ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 65.03)				
As on 30.03.2018	Argentina	Brazil	US	India
<b>FOB</b>	184.45	178.70	187.32	230.23
<b>C&amp;F</b>	234.45	233.70	247.32	265.23

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> April, 2018

## FUTURES MARKET ANALYSIS: NCDEX MAIZE MAY CONTRACT (WEEKLY CHART)



- Candlestick depicts gain in the market.
- RSI is moving up in neutral zone.
- Prices closed above 9 days EMAs.
- Increase in prices with higher OI indicates long build up.
- Strategy: Buy near 1150 and target1 and target2 would be 1174 and 1186.

### Support & Resistance

S2	S1	PCP	R1	R2
1106	1133	1159	1187	1208

1<sup>st</sup> April, 2018**INTERNATIONAL MARKET SCENARIO:****GLOBAL**

USDA decreased its global corn ending stocks estimates by 3.92 MMT to 199.17 MMT for 2017/18 compared to last month due to increase in domestic consumption estimates by 4.85 MMT to 1066.14 MMT for 2017/18 compared to last month.

Argentina corn ending stock forecast kept unchanged at 5.26 MMT for 2017/18 compared to last month but lower by 0.495 MMT compared to last year. However, Brazil corn ending stock forecasted up by 0.8 MMT to 11.42 MMT compared to last month but down by 2.6 MMT compared to last year.

IGC decreased its global corn production forecast by 3 MMT to 1045 MMT compared to previous forecast for 2017/18. Forecast for global corn ending stock was also decreased by 6 MMT to 308 MMT compared to last forecast for 2017/18 due to increase in consumption estimates by 6 MMT to 1074 MMT. IGC also forecast global corn production at 1052 MMT for 2018/19.

**U.S.**

Corn ending stock estimates for U.S decreased by 5.72 MMT to 54.04 MMT for 2017/18 due to increase in exports estimates by 4.5 MMT to 56.00 MMT for 2017/18 compared to last month as the USDA anticipates reduced shipments from both Argentina and the Ukraine. Besides, increase in domestic consumption estimates by 1.27 MMT to 319.93 MMT compared to last month also reduced the corn ending stock estimates for U.S.

USDA quarterly stocks report shows totaled corn stocks in all positions on March 1, 2018 at 225.78 MMT, up by 6.77 MMT from March 1, 2017. Of the total stocks, 127.06 MMT are stored on farms, up by 2.39 MMT from March 1, 2017. Off-farm stocks, at 98.72 MMT, up by 4.38 MMT from the last year.

As per USDA, U.S corn exports reached 24.23 MMT in the 2017-18 marketing year. At 1.27 MMT (for the period 9th March -15th March, 2018) US corn exports were down 8 percent from the previous week and 3 percent from the previous 4-week average. The destinations were primarily to South Korea (331,400 MT), Japan (260,500 MT), Mexico (165,200 MT), Spain (138,500 MT), and Taiwan (87,700 MT).

**GLOBAL TRADES**

Feed Leaders Committee of South Korea purchased about 65,000 MT of corn from trading group CJ International at around \$214.90 / MT c&f plus an extra \$1.25 /MT surcharge for additional port unloading for arrival in South Korea around Aug. 30.

Major Feedmill group of South Korea purchased about 69,000 MT corn at \$215.87 per MT c&f for the arrival around August 8. Another 69,000 MT was purchased at \$215.97 per MT c&f for arrival in South Korea around Aug. 17.

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### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 4.63 USD/MT to 152.65 USD/MT for May contract compared to last month as USDA projected a larger than expected decline in U.S corn plantings for 2018. U.S. corn planted area projected lower by 2.141 million acres to 88.026 million acres for 2018 compared to last year and below an average of analyst expectations for 89.420 million acres. Wet and cold weather in the U.S. Midwest could delay the start of the spring planting season in states as Iowa and Illinois and support the CBOT market to gain.

### Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018-March	2018-February	2017-March	% Change from Prev. Month	% Change from Prev. Year
Delhi	1360	1337	1557	1.72	-12.65
Davangere	1190	1230	1496	-3.25	-20.45
Shimoga	1329	1344	1540	-1.12	-13.70
Bagalkot	1120	1138	1458	-1.58	-23.18
Gadag	1069	1117	1489	-4.30	-28.21
Nizamabad (Bilty)	1337	1320	1459	1.29	-8.36
Khanna	1293	1300	1524	-0.54	-15.16
Sangli	NA	NA	1542	-	-
Gulabgh (Bilty)	1263	1185	1438	6.58	-12.17
Naugachia	NA	NA	1344	-	-

### CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	3/30/2018	3/23/2018	Change
Corn CBOT Prices	May-18	152.65	148.02	4.63
	July-18	156.00	151.27	4.72
	Sep-18	158.75	153.73	5.02
	Dec-18	162.00	156.69	5.31
	Mar-19	164.66	159.54	5.12



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

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