

Maize Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Recommendations
- ❖ International Corn Market Summary
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Maize Exports During Feb-Mar'18
- ❖ Future Market Analysis
- ❖ International Market Scenario
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison
- ❖ CBOT Corn Future Prices

1st May, 2018

OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded firm during the month of April'18 compared to previous month but lower than the corresponding period of last year, due to high carry forward stock amid sluggish stockiest demand.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 0.75 % to Rs. 1350 per quintal while Starch feed makers quoted it firm by 1.83 % to Rs. 1390 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. In Naugachia and Gulabgh region of Bihar, new crop arrivals of maize, has started to increase and we are expecting that peak crop arrivals could be seen during the month of May which would weigh on all Indian maize prices. Agriwatch expects that maize domestic market could trade steady to slightly weak during the month of May'18 due to high carry forward stock and new crop arrival pressure.

At the demand side, maize is moving towards Punjab and Haryana at Rs. 1500 per quintal while U.P at Rs. 1425 per quintal; sourced from Naugachia region of Bihar. Meanwhile, it is moving towards Bangalore at Rs. 1310 per quintal, Nammakal at Rs. 1380 per quintal, Sangali at Rs. 1275 per quintal and Chennai at Rs. 1380 per quintal; sourced from Davangere.

During the month of Mar'18, India exported 98,773 MT of maize at an average FoB of \$234.85/ MT, mainly to Vietnam followed by Nepal and Malaysia mainly through JNPT Sea followed by Tondiapet and Raxaul.

RECOMMENDATION:

Market participants are advised to go short in Maize for June contract near 1190 levels for a target of 1164 and 1151 with a stop loss at 1205 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 1.87 USD/MT to 154.52 USD/MT for May contract compared to last month on the concern over delayed start to planting across much of the U.S. Midwest.

USDA decreased its global corn ending stocks estimates by 1.387 MMT to 197.78 MMT for 2017/18 compared to last month due to decrease in production estimates by 5.66 MMT to 1036.07 MMT for 2017/18 compared to last month.

In U.S, 17% corn has been planted as of 29th April, 2018, lower by 15% compared to last year and 10% from last 5 year average period. Corn has emerged 3% as of 29th April, 2018, lower by 5% compared to last year and 3% from last 5 year average period.

IGC increased its global corn production forecast by 2 MMT to 1054 MMT compared to previous forecast for 2018/19.

1st May, 2018

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	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
Total Supply (MMT)	26.07	24.92			
Quarterly Add On(MMT)			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
Total Demand (MMT)	23.10	22.14	8.93	6.51	3.98
Ending Stock (MMT)	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.

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**

1st May, 2018

STATE - WISE MARKET DYNAMICS

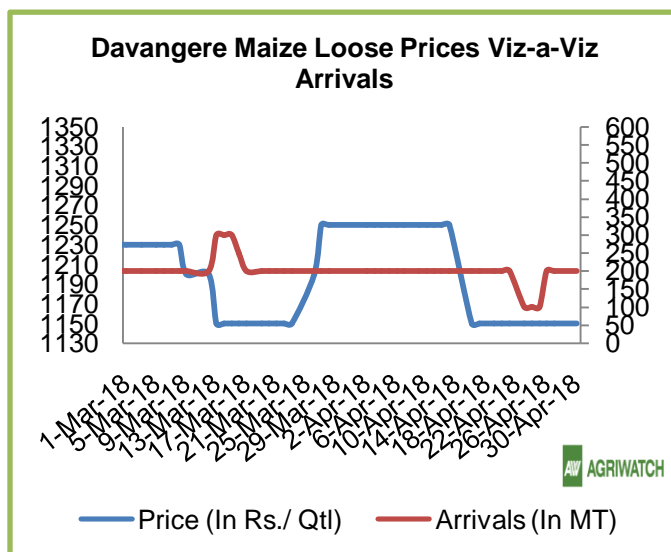
Karnataka

In Davangere, maize is likely to trade steady to slightly weak in near term as there is concern of quality of old stock.

In Davangere, maize is likely to trade in a range of Rs. 1120-1170 per quintal (loose) during the month of May.

As per trade source, maize is moving towards Bangalore at Rs. 1310 per quintal, Nammakal at Rs. 1380 per quintal, Sangali at Rs. 1275 per quintal and Chennai at Rs. 1380 per quintal; sourced from Davangere.

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

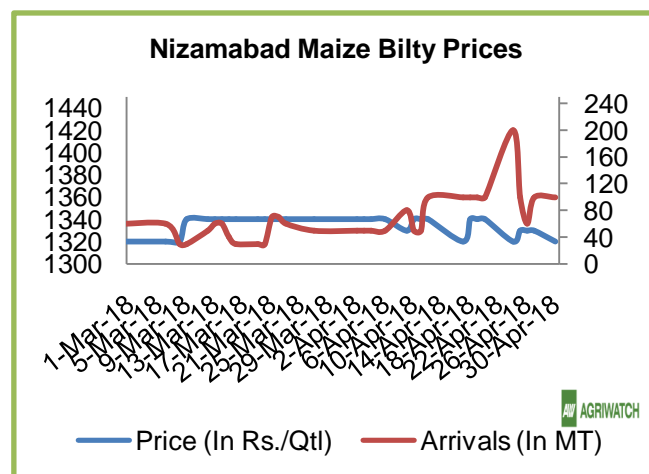


Andhra Pradesh

Considering the current situation, there is not much risk of drastic fall in prices in A.P as it is already being traded at the lower end.

In Nizamabad too, despite new crop arrivals maize could trade steady to range bound as at the lower level, stockists demand could limit the market from fall.

Agriwatch expects that maize could trade in a range of Rs. 1300-1380 per quintal (Bilty) during the month of May.



As per trade sources, in Nizamabad, stock of maize in the Govt. warehouses could be around 30,000 MT while private traders could have 5,000 MT stock of maize which is same during corresponding period of last year.

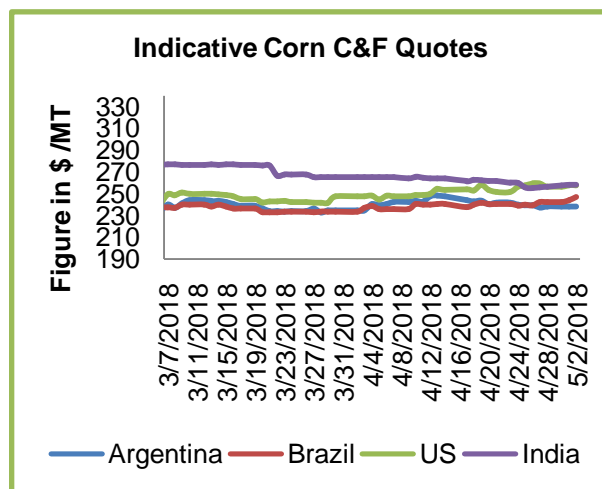
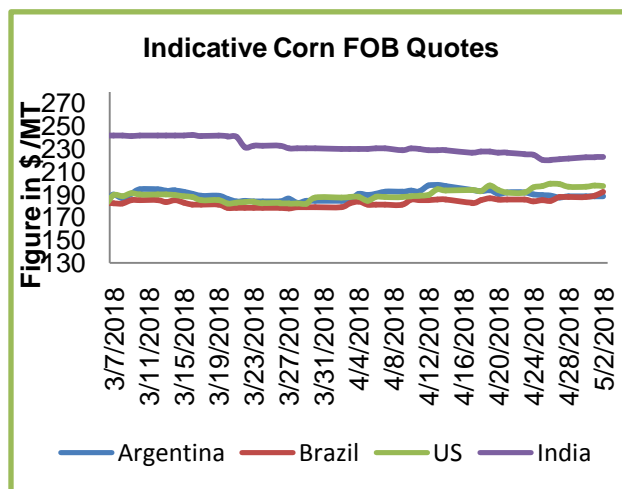
As per Government source, by considering storage constraints, Government of Andhra Pradesh has decided to implement Price Subvention Scheme to extend Marketing Support of Rs.200 per quintal to maize farmers in Rabi Marketing season, 2017/18. The eligibility quantity for the Marketing Support under the Scheme will be limited to 100 Quintal per farmer or the actual quantity entitled based on production whichever is less. The essence of the scheme is to support the farmer directly by compensating the price difference for a fixed quantity.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash market to be steady to slightly weak during the month of May'18 due to new crop arrival pressure amid high carry forward stock.

1st May, 2018

ON THE EXPORT-IMPORT FRONT:

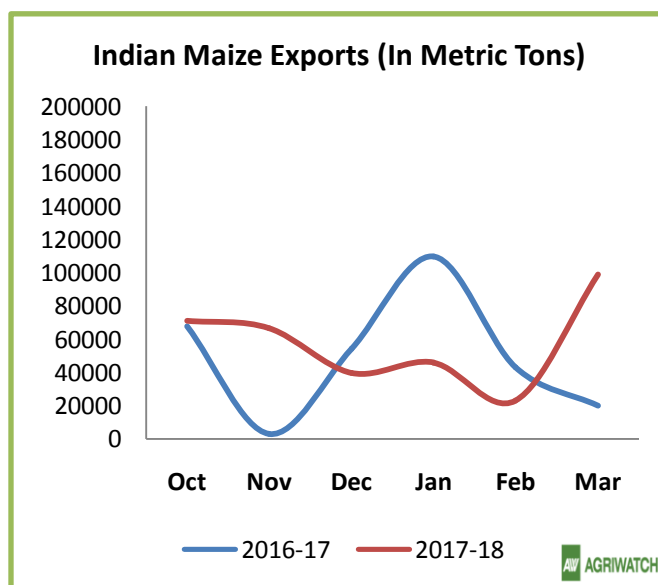


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.66)				
As on 02.05.2018	Argentina	Brazil	US	India
FOB	188.39	192.00	197.50	222.89
C&F	238.39	247.00	257.50	257.89

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.

MAIZE EXPORTS DURING FEB-MAR'18:

As per trade source, India exported 23,057 MT of maize for the month of Feb'18 at an average FoB of \$237.33/ MT. Indian maize is exported mainly to Nepal followed by Malaysia mainly through Raxaul and JNPT Sea. While, During the month of Mar'18, India exported 98,773 MT of maize at an average FoB of \$234.85/ MT, mainly to Vietnam followed by Nepal and Malaysia mainly through JNPT Sea followed by Tondiapet and Raxaul.



1st May, 2018

FUTURES MARKET ANALYSIS: NCDEX MAIZE JUNE CONTRACT (WEEKLY CHART)



- Candlestick depicts indecision situation in the market.
- RSI is moving down in neutral zone indicates down in the market.
- Prices closed below 9 days EMAs.
- Decrease in prices with higher OI indicates short build up.
- Strategy: Sell near 1190 and target1 and target2 would be 1164 and 1151.

Support & Resistance

S2	S1	PCP	R1	R2
1116	1145	1175	1219	1263

1st May, 2018

INTERNATIONAL MARKET SCENARIO:

GLOBAL

USDA decreased its global corn ending stocks estimates by 1.387 MMT to 197.78 MMT for 2017/18 compared to last month due to decrease in production estimates by 5.66 MMT to 1036.07 MMT for 2017/18 compared to last month.

Argentina corn ending stock forecasted down by 1.29 MMT to 3.98 MMT for 2017/18 compared to last month while Brazil corn ending stock forecasted down by 0.5 MMT to 10.92 MMT compared to last month.

IGC increased its global corn production forecast by 2 MMT to 1054 MMT compared to previous forecast for 2018/19.

U.S.

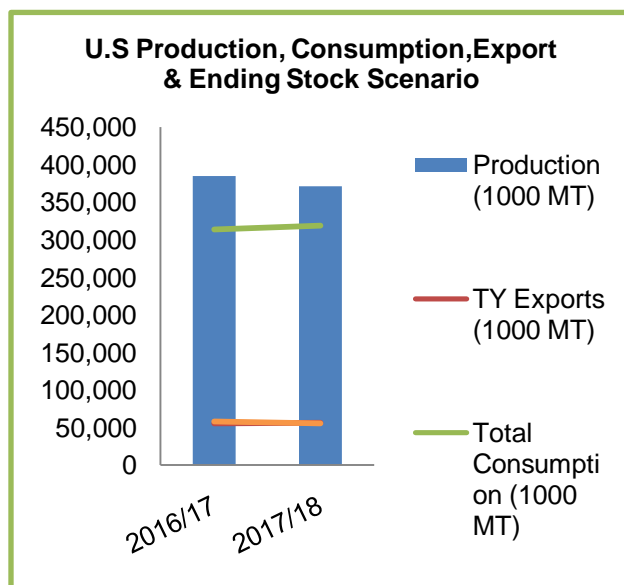
Corn ending stock estimates for U.S increased by 1.397 MMT to 55.44 MMT for 2017/18 due to decrease in domestic consumption estimates by 1.397 MMT to 318.53 MMT for 2017/18 compared to last month but down by 2.818 MMT compared to last year due to decrease in production estimates by 13.82 MMT to 370.96 MMT.

As per USDA, U.S corn exports reached 30.91 MMT in the 2017-18 marketing year. At 1.47 MMT (for the period 20th April -26th April, 2018) US corn exports were down 13 percent from the previous week and 9 percent from the previous 4-week average. The destinations were primarily to Mexico (364,900 MT), Japan (293,600 MT), Colombia (149,600 MT), South Korea (127,400 MT), and Spain (71,500 MT).

In U.S, 17% corn has been planted as of 29th April, 2018, lower by 15% compared to last year and 10% from last 5 year average period. Corn has emerged 3% as of 29th April, 2018, lower by 5% compared to last year and 3% from last 5 year average period.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 1.87 USD/MT to 154.52 USD/MT for May contract compared to last month on the concern over delayed start to planting across much of the U.S. Midwest. Besides, dry weather conditions in Brazil also support CBOT market to gain.



1st May, 2018

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018- April	2018- March	2017-April	% Change from Prev. Month	% Change from Prev. Year
Delhi	1441	1360	1527	5.96	-5.63
Davangere	1195	1190	1532	0.42	-22.00
Shimoga	1360	1329	1567	2.33	-13.21
Bagalkot	1188	1120	1491	6.07	-20.32
Gadag	1101	1069	1517	2.99	-27.42
Nizamabad (Bilty)	1334	1337	1473	-0.22	-9.44
Khanna	1457	1293	1512	12.68	-3.64
Sangli	NA	NA	1561	--	--
Gulabgh (Bilty)	1291	1263	1363	2.22	-5.28
Naugachia	1233	NA	1322	--	-6.73

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	4/30/2018	3/30/2018	Change
Corn CBOT Prices	May-18	154.52	152.65	1.87
	July-18	157.77	156.00	1.77
	Sep-18	160.43	158.75	1.68
	Dec-18	163.77	162.00	1.77
	Mar-19	166.72	164.66	2.06

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