

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 Jun, 2018**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded mixed during the month of May'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 1.11 % to Rs. 1365 per quintal while Starch feed makers quoted it firm by 0.43 % to Rs. 1396 per quintal compared to last month.

We are expecting that maize could trade steady to firm during the month of Jun'18 as new crop arrival pressure in Bihar and A.P has reduced. Besides, demand of Stockists and industrial users for maize is also likely to support the market. In Bihar, firmness could be slightly limited as demand from Punjab and U.P is likely to reduce on the expectation of new crop arrival pressure after mid of Jun. In Davangere, maize is likely to trade steady too as demand of feed makers of Tamilnadu has shifted towards Bihar as quality of maize in and around Davangere regions is not good.

At the demand side, maize is moving towards Punjab and Haryana at Rs. 1450 per quintal and to U.P at Rs. 1400 per quintal by truck; sourced from Naugachia region of Bihar. While, 4 rakes of maize for Erode and 2 rakes of maize for Tiruppur has been moved at Rs. 1385 per quintal, sourced from Bihar. In Nizamabad, poultry feed makers are buying maize at Rs. 1350 per quintal while starch feed makers are buying at Rs. 1275 per quintal. Maize is moving towards Hyderabad at Rs. 1430 per quintal. Meanwhile, maize from Davangere region is moving to Bangalore at Rs. 1380-1420 per quintal, Nammakal and Chennai at Rs. 1420-1450 per quintal each.

During the month of Apr'18, India exported 69,160 MT of maize for the month of Apr'18 at an average FoB of \$235.83/ MT. Indian maize is exported mainly to Vietnam followed by Malaysia mainly through JNPT Sea and Tondiapet ICD.

KHARIF SOWING COVERAGE:

In India, maize has been sown in around 0.52 lakh hectares as of 1st June'18 which is lower than 0.71 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 0.36 lakh hectare which is lower than 0.47 lakh hectare covered during corresponding period last year. As per trade source, in Karnataka, despite low price realization, farmers of maize will not shift to other crop due to labor shortage as maize crop requires less labor.

RECOMMENDATION:

Market participants are advised to go short in Maize for June contract near 1196 levels for a target of 1176 and 1166 with a stop loss at 1208 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 2.56 USD/MT to 157.47 USD/MT for July contract compared to last month and is likely to trade firm in near term too due to reduction in global corn ending stock estimates amid increase in demand for U.S corn.

USDA decreased its global corn ending stocks estimates by 35.70 MMT to 159.15 MMT for 2018/19 compared to last year due to increase in domestic consumption estimates by 22.69 MMT to 1086.75 MMT for 2018/19 compared to last year.

In U.S, 92% corn has been planted as of 27th May, 2018, higher by 2% compared to last year and last 5 year average period.

1st Jun, 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	Jul-Sep'18F
Opening Stocks (MMT)	2.22	3.04	3.04	6.64	3.28	4.21
Production (MMT)	23.84	21.93	12.53	3.13	5.02	1.25
Farmer's Release (MMT)	20.55	18.93	9.30	3.98	3.95	1.69
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	2.26
Seed Retention (MMT)	0.26	0.26	0.05		0.21	
Imports (MMT)	0.08	0.05	0.00	0.05	0.00	0.00
Total Supply (MMT)	26.14	25.02				
Quarterly Add On(MMT)			12.53	3.18	5.02	1.25
Export (MMT)	0.54	0.78	0.18	0.21	0.20	0.19
Domestic Consumption (MMT)	22.56	21.55	8.75	6.34	3.88	2.59
Total Demand (MMT)	23.10	22.33	8.93	6.55	4.08	2.78
Ending Stock (MMT)	3.04	2.69	6.64	3.28	4.21	2.69

- In 2017/18, season starting from October is expected to begin with 3.04 MMT and end with 2.69 MMT.
- Total maize production in India could be around 21.93 MMT in 2017-18 against our yearly total demand of 22.33 MMT.
- With carryout of 3.04 MMT total availability goes up to 25.02 MMT in 2017/18.
- Total demand including domestic and export could be around 22.33 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 Jun, 2018

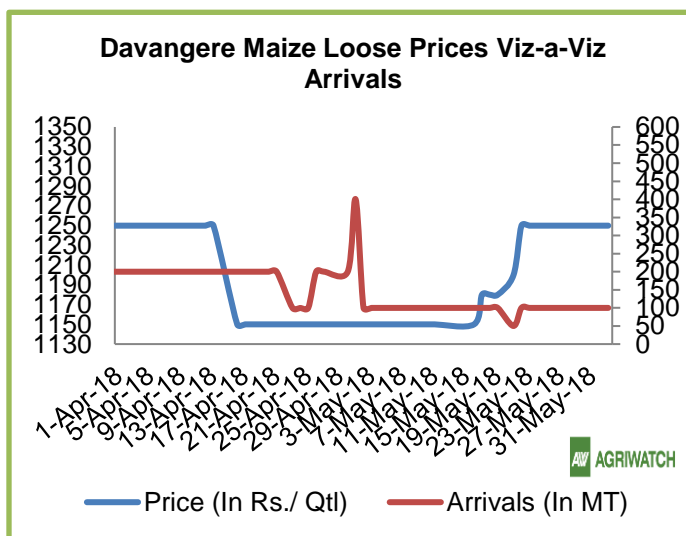
STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere, maize is likely to trade steady as demand of feed makers of Tamilnadu has shifted towards Bihar as quality of maize in and around Davangere regions is not good.

In Davangere, maize is likely to trade in a range of Rs. 1200-1300 per quintal (loose) during the month of Jun.

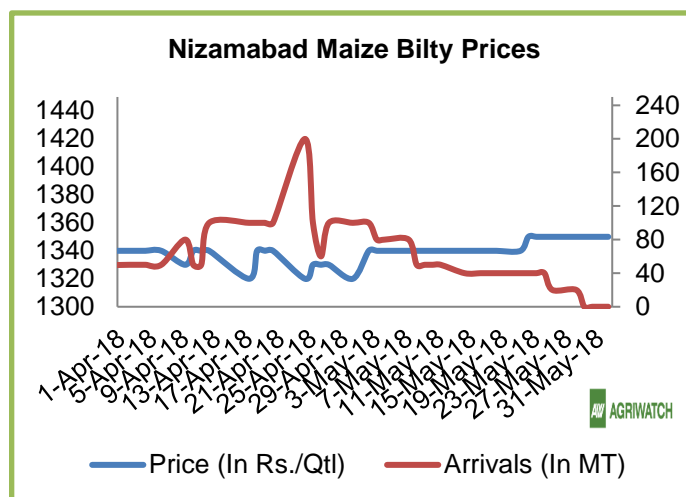
As per trade sources, maize from Davangere region is moving to Bangalore at Rs. 1380-1420 per quintal, Nammakal and Chennai at Rs. 1420-1450 per quintal each.



Andhra Pradesh

In A.P, maize is likely to trade steady to slightly firm as new crop arrival pressure is reducing. Besides, demand of Stockists and industrial users for maize could support the market to gain.

While, in Nizamabad, new crop arrival pressure has reduced and maize is likely to trade firm in near term amid feed makers demand. Poultry feed makers are buying maize at Rs. 1350 per quintal while starch feed makers are buying at Rs. 1275 per quintal. Maize is moving towards Hyderabad at Rs. 1430 per quintal



Agriwatch expects that maize could trade in a range of Rs. 1350-1400 per quintal (Bilty) during the month of Jun.

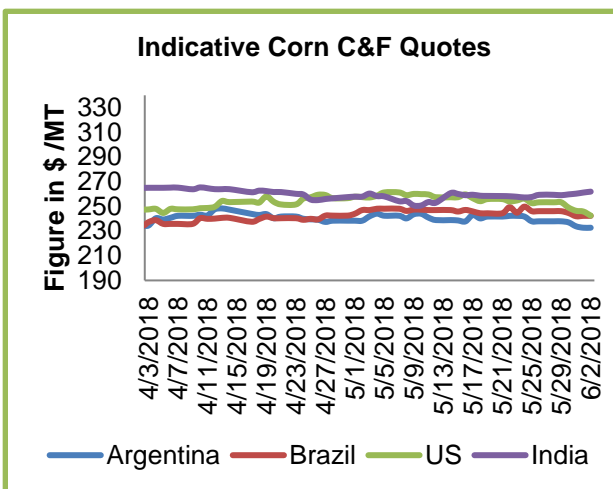
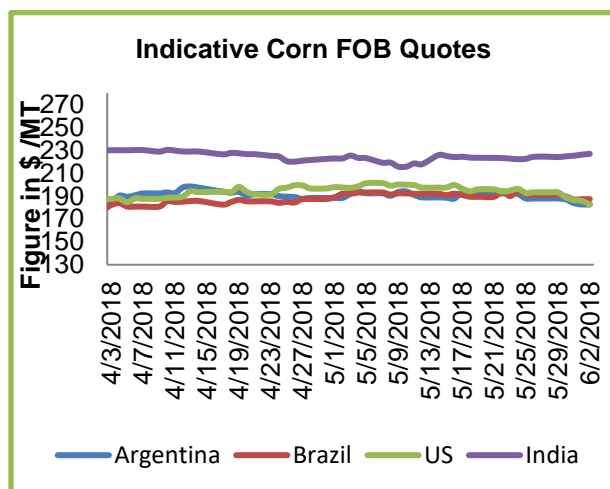
As per trade sources, in Nizamabad, stock of maize could be around 5000 MT which was 7000 MT during corresponding period last year.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash market to be steady to firm during the month of Jun'18 amid stockists and industrial users demand for maize.

1st Jun, 2018

ON THE EXPORT-IMPORT FRONT:

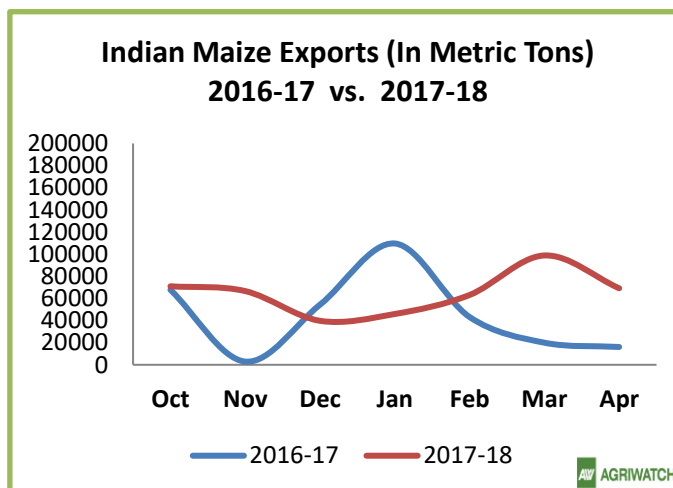


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 66.96)				
As on 02.06.2018	Argentina	Brazil	US	India
FOB	182.68	187.30	182.50	226.93
C&F	232.68	242.30	242.50	261.93

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 2016/17 vs. 2017-18:

As per trade source, India exported 4,54,183 MT of maize during Oct- Apr'18 which is higher by 44.73% compared to corresponding period last year.



MAIZE EXPORTS DURING APR'18:

As per trade source, India exported 69,160 MT of maize for the month of Apr'18 at an average FoB of \$235.83/ MT. Indian maize is exported mainly to Vietnam followed by Malaysia mainly through JNPT Sea and Tondiapet ICD.

1st Jun, 2018

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



- Candlestick depicts down situation in the market.
- RSI is moving down in neutral zone indicates down in the market.
- Prices closed below 9 and 18 days EMAs.
- Decrease in prices with lower volume and OI indicates consolidation.
- Strategy: Sell near 1196 and target1 and target2 would be 1176 and 1166.

Support & Resistance

S2	S1	PCP	R1	R2
1138	1163	1188	1215	1242

INTERNATIONAL MARKET SCENARIO:

GLOBAL

USDA decreased its global corn ending stocks estimates by 35.70 MMT to 159.15 MMT for 2018/19 compared to last year due to increase in domestic consumption estimates by 22.69 MMT to 1086.75 MMT for 2018/19 compared to last year.

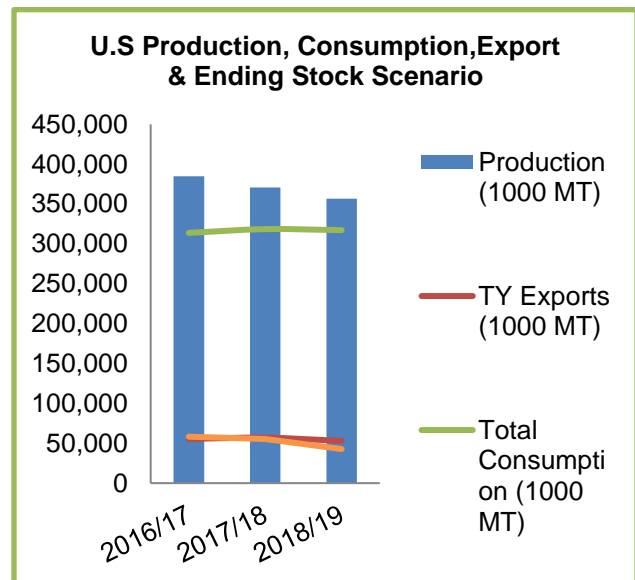
Argentina corn ending stock forecasted up by 2 MMT to 5.486 MMT for 2018/19 compared to last year due to increase in production estimates by 8 MMT while Brazil corn ending stock forecasted up by 0.2 MMT to 9.619 MMT compared to last year due to increase in production estimates by 9 MMT.

IGC increased its global corn production forecast by 1 MMT to 1055 MMT compared to previous forecast for 2018/19. But, forecast for global corn ending stock was decreased by 5 MMT to 257 MMT compared to last forecast for 2018/19.

U.S.

Corn ending stock estimates for U.S decreased by 12.70 MMT to 42.73 MMT for 2018/19 compared to last year due to decrease in production estimates by 14.33 MMT to 356.63 MMT for 2018/19 compared to last year.

As per USDA, U.S corn exports reached 35.66 MMT in the 2017-18 marketing year. At 1.47 MMT (for the period 18th May -24th May, 2018) US corn exports were up 29 percent from the previous week and 21 percent from the previous 4-week average. The destinations were primarily to Mexico (322,500 MT), Japan (305,300 MT), South Korea (203,700 MT), Vietnam (179,500 MT), and Spain (173,500 MT)



In U.S, 92% corn has been planted as of 27th May, 2018, higher by 2% compared to last year and last 5 year average period. Corn has emerged 72% as of 27th May, 2018, higher by 2% compared to last year and 3% from last 5 year average period. 79% of corn is in good to excellent condition, lower by 4% compared to corresponding period last year.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 2.56 USD/MT to 157.47 USD/MT for July contract compared to last month and is likely to trade firm in near term too due to reduction in global corn ending stock estimates amid increase in demand for U.S corn.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018-May	2018-April	2017-May	% Change from Prev. Month	% Change from Prev. Year
Delhi	1336	1441	1468	-7.29	-8.99
Davangere	1191	1195	1623	-0.33	-26.62
Shimoga	1386	1360	1601	1.91	-13.43
Bagalkot	1242	1188	1529	4.55	-18.77
Gadag	1171	1101	1518	6.36	-22.86
Nizamabad (Bilty)	1344	1334	1511	0.75	-11.05
Khanna	1310	1457	1463	-10.09	-10.46
Sangli	NA	NA	1591	-	-
Gulabgh (Bilty)	1164	1291	1265	-9.84	-7.98
Naugachia	1102	1233	1191	-10.62	-7.47

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	5/30/2018	4/30/2018	Change
Corn CBOT Prices	July-18	157.47	154.91	2.56
	Sep-18	161.02	158.46	2.56
	Dec-18	164.95	162.69	2.26
	Mar-19	168.30	166.04	2.26
	May-19	170.07	168.00	2.07

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