

Maize Monthly Research Report

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

Overall maize cash markets traded firm during the month of July'18 compared to previous month due to increase in MSP of maize, by Rs. 275 per quintal to Rs. 1700 per quintal but still lower than the corresponding period of last year, due to high carry forward stock. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 1.28 % to Rs. 1420 per quintal while Starch feed makers quoted it firm by 2.02 % to Rs. 1417 per quintal compared to last month.

Agriwatch expecting that maize could trade steady to slightly firm during the month of Aug'18 but that firmness could be seen at the end of the month. However, in Davangere, maize is likely to trade steady to range bound amid sluggish demand.

At the demand side, in Bihar, Tamilnadu feed makers' demand is supporting to Bihar maize prices. As per trade source, rake of maize, sourced from Bihar is moving to Tamilnadu at Rs. 1420-1430 per quintal. Besides, in small quantities, maize is moving towards Punjab and U.P at Rs. 1400 and 1300-1350 per quintal respectively by truck; sourced from Naugachia region of Bihar. In Nizamabad, poultry feed makers are buying maize at Rs. 1320 per quintal while starch feed makers are buying at Rs. 1250 per quintal.

As per trade sources, India exported 88,337 MT of maize for the month of Jun'18 at an average FoB of \$205.50/ MT. Indian maize is exported mainly to Vietnam followed by Bangladesh and Nepal mainly through Vizag Sea Port followed by Raxaul.

KHARIF SOWING COVERAGE:

In India, maize has been sown in around 72.48 lakh hectares as on 03rd August 2018 which is higher than 71.36 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.06 lakh hectare which is higher than 8.62 lakh hectare covered during corresponding period last year. In M.P, it has been sown in 13.12 lakh hectares which is higher than 12.58 lakh hectares during corresponding period last year. As per trade sources, farmers in Karnataka are not likely to shift from maize despite low price realisation, due to labour shortage as maize crop is less labour intensive. In south Karnataka; sowing of maize has been completed. In Haveri and Bagalkot regions, maize area is likely to increase around 10%-15%. In Karnataka, maize is likely to replace some acreage of Cotton, Groundnut, Sunflower and Urad crops, while in Telangana, around 10% maize sown area is likely to shift towards soybean. In A.P, maize has been sown in around 0.71 lakh hectares- higher than 0.60 lakh hectare covered during corresponding period last year.

RECOMMENDATION:

Market participants are advised to go long in Maize for September contract near 1290 levels for a target of 1330 and 1350 with a stop loss at 1266 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT raised by 3.05 USD/MT to 144.58 USD/MT for September contract compared to last month due to decrease in global corn ending stock estimates. It is likely to trade up on the expectation of increase in demand for U.S corn.

In U.S, Corn silking is at 91% as of 29th July, 2018, which is higher by 9% compared to corresponding period last year and from the last 5 year average period.

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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	3.27	4.10
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	0.88	0.18	0.22	0.30	0.18
Domestic Consumption (MMT)	22.56	21.55	8.75	6.34	3.88	2.59
Total Demand (MMT)	23.10	22.43	8.93	6.56	4.18	2.77
Ending Stock (MMT)	3.04	2.59	6.64	3.27	4.10	2.59

- In 2017/18, season starting from October was expected to begin with 3.04 MMT and end with 2.59 MMT.
- Total maize production in India could be around 21.93 MMT in 2017-18 against our yearly total demand of 22.43 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 22.43 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**

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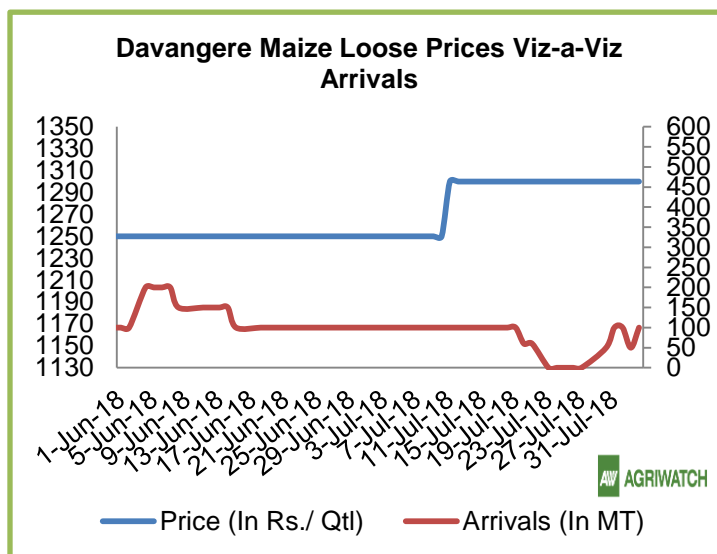
STATE - WISE MARKET DYNAMICS

Karnataka

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

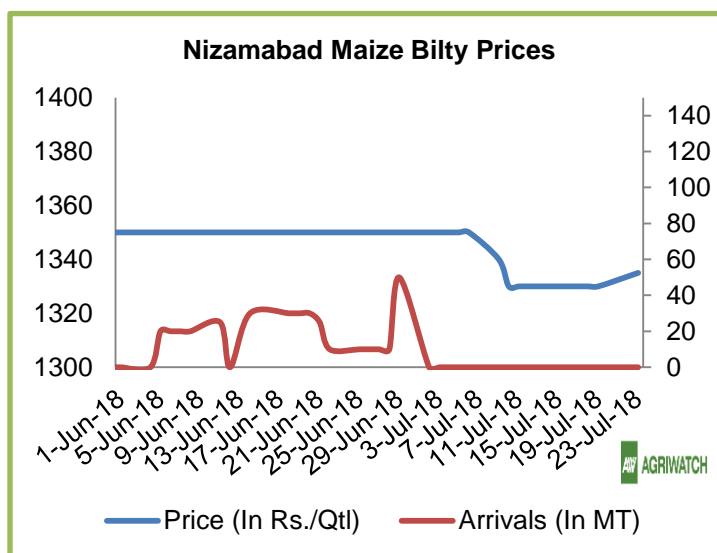
In Davangere, maize is likely to trade in a range of Rs. 1280-1330 per quintal (loose) during the month of August'18.

In Davangere, stock of maize could be around 5 lakh quintal which was 3 lakh quintals during corresponding period last year.



Andhra Pradesh & Telangana

In Nizamabad, poultry feed makers are buying maize at Rs. 1320 per quintal while starch feed makers are buying at Rs. 1250 per quintal. As per trade sources, in Nizamabad, stock of maize could be around 4 lakh bags (1 bag=50 kg.) which is almost same as during corresponding period last year. Trade activities since last two weeks were subdued on account of lorry and labours' strike.



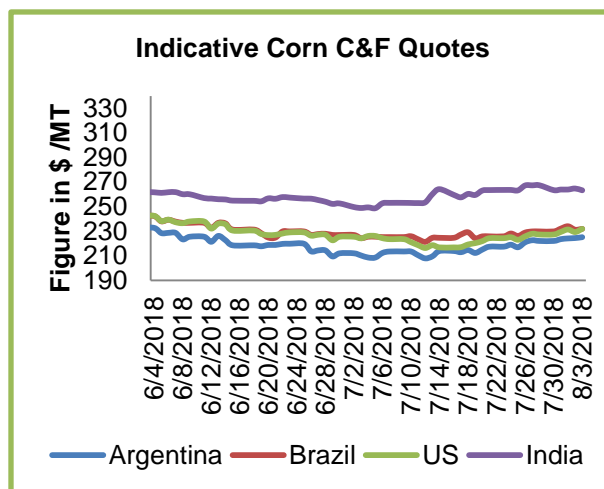
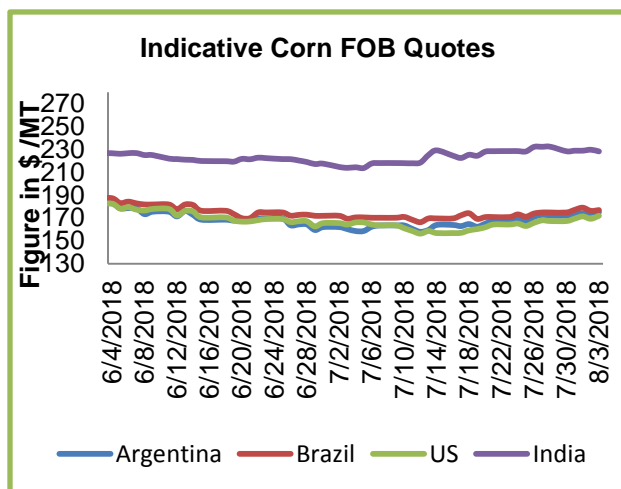
During the month, Telangana government released their stock into the market which weighed on Nizamabad maize cash market. Further, price direction would depend on how Government releases stock lying in its custody in to cash market and at what frequency. Agriwatch expects that maize could trade in a range of Rs. 1300-1380 per quintal (Bilty) during the month of Aug'18.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash markets could trade steady to slightly firm during the month of August'18.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 68.79)				
As on 03.08.2018	Argentina	Brazil	US	India
FOB	175.10	176.90	171.90	228.23
C&F	225.10	231.90	231.90	263.23

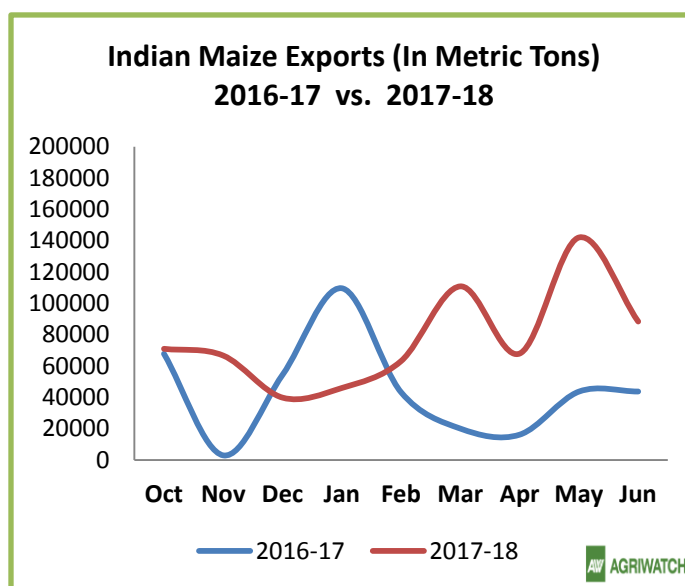
As depicted by the above data, there is parity for Indian maize as gap of prices between India and other exporting countries has narrowed down.

MAIZE EXPORTS 2016/17 vs. 2017-18:

As per trade source, India exported 6,95,275 MT of maize during Oct- Jun'18 which is higher by 73.36% compared to corresponding period last year.

MAIZE EXPORTS DURING JUN'18:

As per trade sources, India exported 88,337 MT of maize for the month of Jun'18 at an average FoB of \$205.50/ MT. Indian maize is exported mainly to Vietnam followed by Bangladesh and Nepal mainly through Vizag Sea Port followed by Raxaul.



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


- Candlestick depicts range bound situation in the market.
- RSI is moving up in overbought zone.
- Prices closed above 9 days EMAs.
- Strategy: Buy near 1290 and target1 and target2 would be 1330 and 1350.

Support & Resistance

S2	S1	PCP	R1	R2
1142	1223	1303	1356	1410

INTERNATIONAL MARKET SCENARIO:

GLOBAL

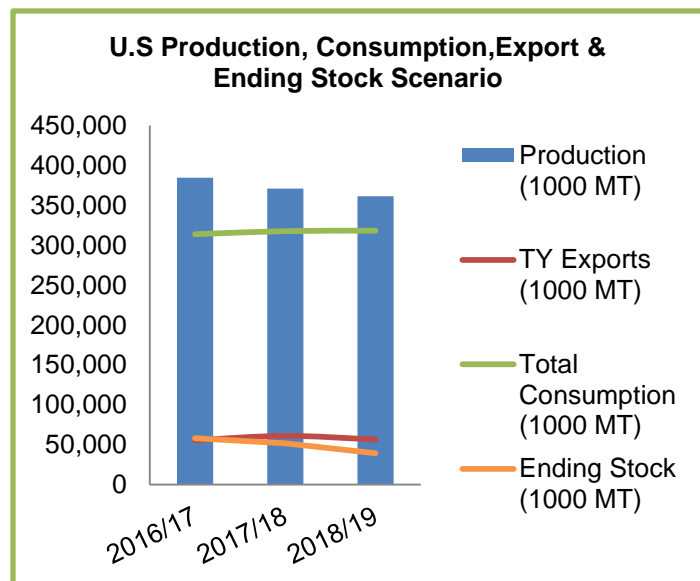
Despite, increase in global production estimates by 1.88 MMT to 1054.30 MMT; USDA decreased its global corn ending stocks estimates by 2.74 MMT to 151.96 MMT for 2018/19 compared to last month estimates as domestic feed consumption is increasing year on year basis. Decrease in global corn ending estimates likely to support the international corn market to gain.

Argentina corn ending stock forecast increased by 0.008 MMT to 5.494 MMT for 2018/19 compared to last month forecast while Brazil corn ending stock forecasted up by 0.5 MMT to 9.22 MMT compared to last month estimates.

U.S.

Corn ending stock estimates for U.S decreased by 0.64 MMT to 39.43 MMT for 2018/19 compared to last month forecast which could support the CBOT market to gain.

As per USDA, U.S corn exports reached 50.76 MMT in the 2017-18 marketing year. At 1.62 MMT (for the period 20th July- 26th July, 2018) US corn exports were up by 27% from the previous week and 18% from the previous 4-week average. The destinations were primarily to Japan (405,600 MT), Mexico (349,000 MT), South Korea (281,800 MT), Taiwan (160,800 MT), and Colombia (111,100 MT).



In U.S, Corn silking is at 91% as of 29th July, 2018, which is higher by 9% compared to corresponding period last year and from the last 5 year average period. Corn dough is at 38%, which is higher by 17% compared to corresponding period last year. 72% of corn is in good to excellent condition, same compared to last week but higher by 11% compared to corresponding period last year.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT raised by 3.05 USD/MT to 144.58 USD/MT for September contract compared to last month due to decrease in global corn ending stock estimates. It is likely to trade up on the expectation of increase in demand for U.S corn.

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Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018-July	2018-June	2017-July	% Change from Prev. Month	% Change from Prev. Year
Delhi	1283	1269	1308	1.10	-1.91
Davangere	1283	1250	1730	2.64	-25.84
Shimoga	1429	1406	1692	1.64	-15.54
Bagalkot	1309	1305	1566	0.31	-16.41
Gadag	1248	1237	1511	0.89	-17.41
Nizamabad (Bilty)	1338	1350	1620	-0.89	-17.41
Khanna	1215	1175	1173	3.40	3.58
Sangli	1509	1307	1697	15.46	-11.08
Gulabgh (Bilty)	1165	1137	1341	2.46	-13.12
Naugachia	1108	1063	1292	4.23	-14.24

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	7/30/2018	6/29/2018	Change
Corn CBOT Prices	Sep-18	144.58	141.53	3.05
	Dec-18	150.09	146.15	3.94
	Mar-19	154.23	150.09	4.14
	May-19	156.39	152.75	3.64
	July-19	158.26	-	-

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