

Maize Monthly Research Report

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

Overall maize cash markets traded steady to slightly firm during the month of August'18 compared to previous month due to feed makers demand. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 4.30 % to Rs. 1481 per quintal while Starch feed makers quoted it firm by 3.67 % to Rs. 1469 per quintal compared to last month.

Agriwatch expecting that all India prices of good quality maize could trade steady to firm during the month of Sep'18 on the expectation of high feed makers demand. Besides, increased MSP for new crop is also likely to support the maize market.

During the month of August'18, mainly Tamilnadu feed makers demand supported the prices in Bihar and Karnataka market. It is expected that demand from Bangladesh could keep prices up in Bihar during the month of September'18. As per trade source, rake of maize, sourced from Bihar is loading at Rs. 1350 per quintal for Bangladesh. Meanwhile, In Nizamabad, poultry feed makers are buying maize at Rs. 1400 per quintal while local starch feed makers are buying at Rs. 1250 per quintal. Maize is moving towards Hyderabad at Rs. 1470-1480 per quintal.

As per trade sources, India exported 29,338 MT of maize for the month of July'18 at an average FoB of \$200.52/ MT. Indian maize is exported mainly to Nepal followed by Vietnam mainly through Raxaul followed by Kolkata and Vizag port.

KHARIF SOWING COVERAGE:

Across India, maize has been sown in 77.83 lakh hectares as on 31st August 2018 which is lower than 77.94 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.41 lakh hectare which is higher than 10.98 lakh hectare covered during corresponding period last year. In M.P, it has been sown in 13.36 lakh hectares which is higher than 13.17 lakh hectares during corresponding period last year. In Rajasthan, it has been sown in 8.71 lakh hectares which is higher than 8.56 lakh hectare covered during corresponding period last year. In Telangana, maize has been sown in around 4.60 lakh hectares as on 29th August 2018 which is higher than 4.51 lakh hectare covered during corresponding period last year. Maize is at knee high stage to tasseling stage and sowing of maize is almost complete. Current sowing stands at 86% to season normal. There is report of 'Fall army worm' pest attack in the Nizamabad, Kamareddy, Sangareddy, Medak, Siddipet, Gadwal, Karimnagar and Jagityal districts. In A.P, maize has been sown in around 0.93 lakh hectares as on 29th August 2018 which is higher than 0.83 lakh hectare covered during corresponding period last year. Maize is at pod development to pod maturity and harvesting stages. Current sowing stands at 98% to season normal. **Agriwatch estimates all India maize kharif sown area at 80.79 lakh hectares for 2018-19 which is higher than 80.58 lakh hectares compared to last year.**

RECOMMENDATION:

Market participants are advised to go long in Maize for October contract near 1366 levels for a target of 1398 and 1414 with a stop loss at 1347 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 10.33 USD/MT to 134.25 USD/MT for September contract compared to last month due to increase in global corn ending stock estimates. However, it could trade up during the month of September on the expectation of increase in demand for U.S corn.

In U.S, 67% of corn is in good to excellent condition, lower by 1% compared to last week but higher by 6% compared to corresponding period last year.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2017-18E	2018-19F	Oct-Dec'18 F	Jan-Mar'19 F	Apr-Jun'19 F	July-Sep 19 F
Opening Stocks (MMT)	3.04	2.57	2.57	6.41	2.64	3.05
Production (MMT)	23.05	23.43	13.73	3.43	5.02	1.25
Farmer's Release (MMT)	19.88	20.20	10.19	4.37	3.95	1.69
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04		
Pvt. Trade Release (MMT)	19.82	20.14	5.07	9.42	3.39	2.26
Seed Retention (MMT)	0.26	0.26	0.05		0.21	
Imports (MMT)	0.05	0.05	0.00	0.05	0.00	0.00
Total Supply (MMT)	26.14	26.05				
Quarterly Add On(MMT)			13.73	3.48	5.02	1.25
Export (MMT)	0.88	0.88	0.18	0.22	0.31	0.17
Domestic Consumption (MMT)	22.69	23.91	9.71	7.03	4.30	2.87
Total Demand (MMT)	23.57	24.79	9.89	7.25	4.61	3.04
Ending Stock (MMT)	2.57	1.26	6.41	2.64	3.05	1.26

- In 2018/19, season starting from October was expected to begin with 2.57 MMT and end with 1.26 MMT.
- Total maize production in India could be around 23.43 MMT in 2017-18 against our yearly total demand of 23.91 MMT.
- With carryout of 2.57 MMT total availability goes up to 26.05 MMT in 2018/19.
- Total demand including domestic and export could be around 24.79 MMT.

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

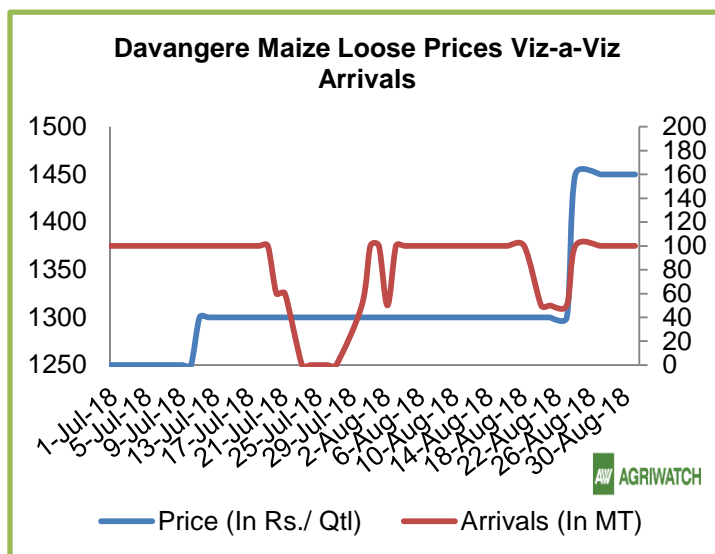
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STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere, maize is likely to trade steady to range bound and is likely to trade in a range of Rs. 1400-14700 per quintal (loose) during the month of September'18.

As per trade sources, in Davangere, stock of maize could be around 5 lakh quintal which was 3 lakh quintals during corresponding period last year.



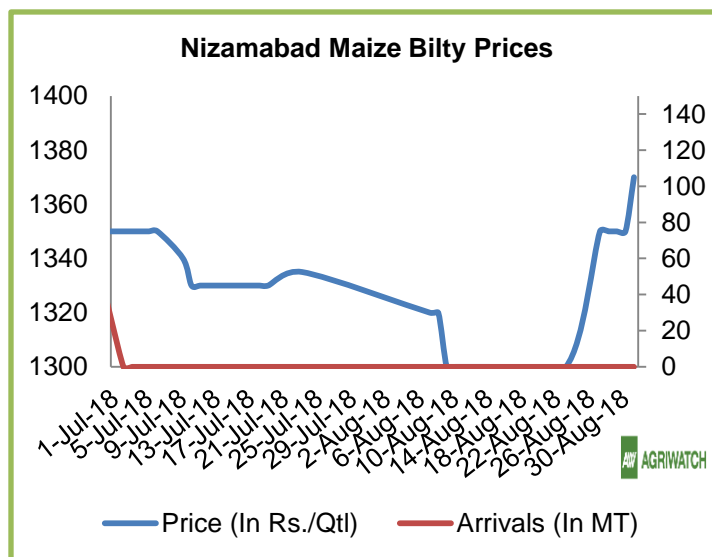
New crop arrivals has started in hassan, mysore and periyapatna districts which are lower in quantity and contains 25-26% moisture.

Andhra Pradesh & Telangana

In Nizamabad, poultry feed makers are buying maize at Rs. 1400 per quintal while local starch feed makers are buying at Rs. 1250 per quintal. Maize is moving towards Hyderabad at Rs. 1470-1480 per quintal. As per trade sources, in Nizamabad, stock of maize with private traders and institutions in Nizamabad could be around 25,000 MT which is almost same compared to corresponding period last year.

As per feedback received from market source, around 1,14,340 MT of maize quantity has been put for bidding in various districts of Telangana and the average bid price of all slots is 1430 per quintal.

Agriwatch expects that good quality of maize could trade in a range of Rs. 1380-1470 per quintal (Bilty) during the month of Sep'18.

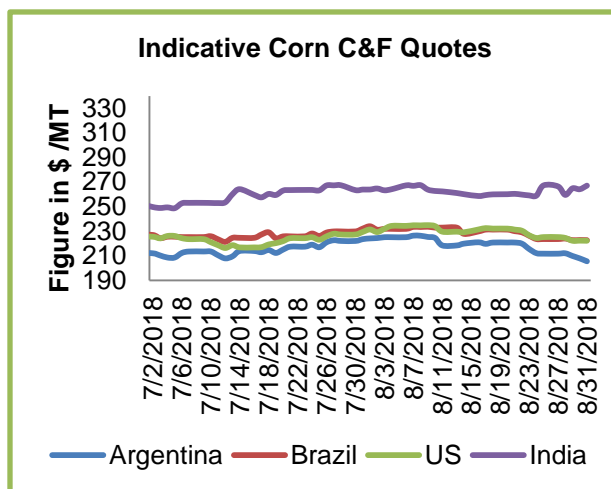
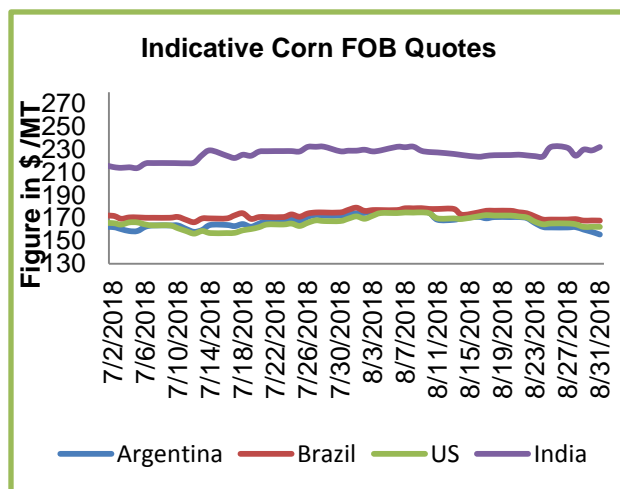


DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash markets could trade steady to firm during the month of September'18 amid feed makers demand.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 70.92)				
As on 31.08.2018	Argentina	Brazil	US	India
FOB	155.51	167.70	162.20	232.06
C&F	205.51	222.70	222.20	267.06

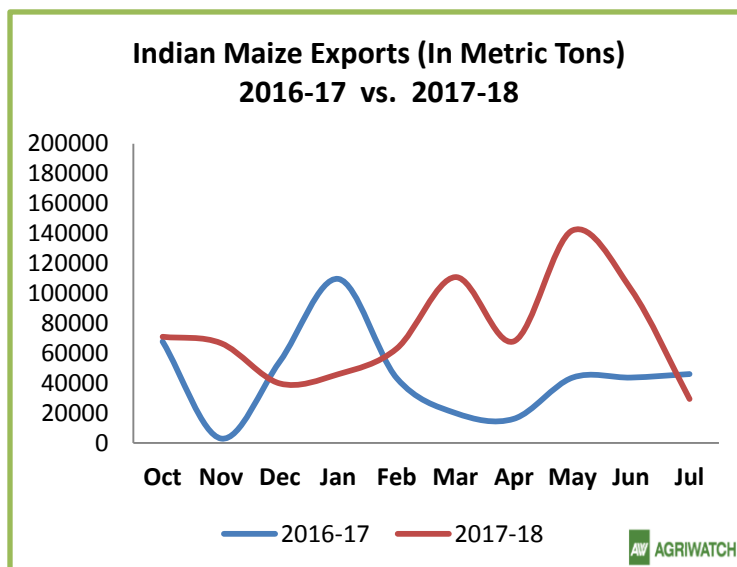
As depicted by the above data, there is parity for Indian maize as gap of prices between India and other exporting countries has narrowed down.

MAIZE EXPORTS 2016/17 vs. 2017-18:

As per trade source, India exported 7,38,903 MT of maize during Oct- July'18 which is higher by 65.28% compared to corresponding period last year.

MAIZE EXPORTS DURING JULY'18:

As per trade sources, India exported 29,338 MT of maize for the month of July'18 at an average FoB of \$200.52/MT. Indian maize is exported mainly to Nepal followed by Vietnam mainly through Raxaul followed by Kolkata and Vizag port.



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



- Candlestick depicts range bound situation in the market.
- RSI is moving down from overbought zone.
- Prices closed above 9 days EMAs.
- Strategy: Buy near 1366 and target1 and target2 would be 1398 and 1414.

Support & Resistance

S2	S1	PCP	R1	R2
1302	1347	1393	1420	1448

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INTERNATIONAL MARKET SCENARIO:

GLOBAL

USDA increased its global corn ending stocks estimates by 3.53 MMT to 155.49 MMT for 2018/19 compared to last month due to increase in global corn production estimates. Increase in global corn ending estimates likely to put pressure on international corn market.

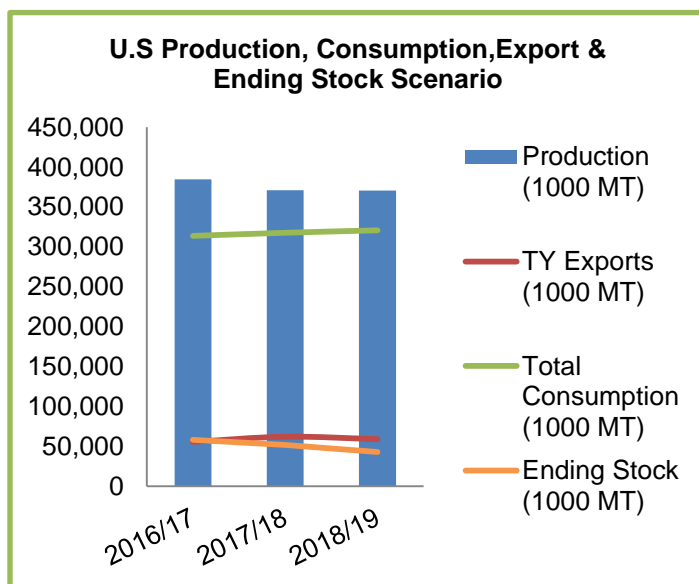
Argentina corn ending stock forecast kept unchanged at 5.494 MMT for 2018/19 compared to last month forecast while Brazil corn ending stock forecasted up by 1.00 MMT to 10.22 MMT compared to last month estimates due to fall in export estimates.

U.S.

Corn ending stock estimates for U.S increased by 3.34 MMT to 42.77 MMT for 2018/19 compared to last month forecast due to increase in production estimates.

As per USDA, U.S corn exports reached 56 MMT in the 2017-18 marketing year. At 1.34 MMT (for the period 17th August- 23rd August, 2018) US corn exports were up 2% from the previous week, but down 3% from the previous 4-week average. The destinations were primarily to Japan (436,800 MT), Mexico (232,600 MT), Taiwan (155,600 MT), Peru (143,900 MT), and South Korea (129,200 MT).

In U.S, Corn dough is at 96% as of 2nd September, 2018, which is higher by 5% compared to corresponding period last year. Crop has matured 22% as of 2nd September, 2018, which is higher by 11% compared to corresponding period last year. 67% of corn is in good to excellent condition, lower by 1% compared to last week but higher by 6% compared to corresponding period last year.



INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 10.33 USD/MT to 134.25 USD/MT for September contract compared to last month due to increase in global corn ending stock estimates. However, it could trade up during the month of September on the expectation of increase in demand for U.S corn. Argentina would impose a 10.2% export tax on the grain, which could boost the demand for U.S corn. Currently, there is no export tax on Argentinian corn.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018-August	2018-July	2017-August	% Change from Prev. Month	% Change from Prev. Year
Delhi	1373	1283	1324	7.01	3.70
Davangere	1341	1283	1625	4.52	-17.48
Shimoga	1403	1429	1676	-1.82	-16.29
Bagalkot	1300	1309	1458	-0.69	-10.84
Gadag	1265	1248	N.A	1.36	-
Nizamabad (Bilty)	1326	1338	1650	-0.90	-19.64
Khanna	1281	1215	1171	5.43	9.39
Sangli	1558	1509	1653	3.25	-5.75
Gulabgh (Bilty)	1227	1165	1321	5.32	-7.12
Naugachia	1190	1108	1289	7.40	-7.68

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	8/30/2018	7/30/2018	Change
Corn CBOT Prices	Sep-18	134.25	144.58	-10.33
	Dec-18	140.35	150.09	-9.74
	Mar-19	145.37	154.23	-8.86
	May-19	148.42	156.39	-7.97
	July-19	150.78	158.26	-7.48

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