

Maize Monthly Research Report

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

Overall maize cash markets traded firm during the month of October'18 compared to previous month and corresponding period last year due to demand of industrial feed makers and stockists amid Government procurement in Telangana and Bhavantar Yojna in M.P. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 0.32 % to Rs. 1557 per quintal while Starch feed makers quoted it firm by 2.09 % to Rs. 1563 per quintal compared to last month.

Currently, in each state, prices are varying as per the quality parameter like moisture, percent of damaged grain and grain size; In Davangere region of Karnataka, arrival contains moisture up to 25% while in Nizamabad region of Telangana, it contain moisture up to 16% and around 10-12% grain is damaged and small in size. In A.P, arrival quality is medium as the grains are small in size, and contain up to 19% moisture. In Karnataka, trade sources revealed that there is less chance of procurement by Government. In Telangana, government is actively procuring maize; hence arrivals in open markets are low. Most of the material arriving in open market is of low quality that falls outside the parameters fixed by the government for procurement.

Agriwatch expecting that all India prices of good quality maize could trade steady to slightly firm for the month of Nov'18; despite crop arrival pressure as demand of industrial feed makers and stockists is expected to be high.

DOMESTIC TRADE

From the trade point of view, In Nizamabad, poultry feed makers are buying maize at Rs. 1500 per quintal while local starch feed makers are buying at Rs. 1380 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1550-1570 per quintal and Nammakal at Rs. 1610-1650 per quintal (Delivered price), sourced from Davangere. Traders of A.P are looking to buy the best quality material from Madhya Pradesh region.

RABI SOWING COVERAGE:

In India, maize has been sown in around 1.435 lakh hectares as of 2nd November, 2018 which is higher than 1.365 lakh hectares during corresponding period last year. In Karnataka, maize has been sown in around 0.19 lakh hectares which is lower than 0.34 lakh hectares during corresponding period last year while in Tamilnadu, it has been sown in around 0.86 lakh hectares which is higher than 0.63 lakh hectares during corresponding period last year.

RECOMMENDATION:

Market participants are advised to go long in Maize for November contract near 1535 levels for a target of 1559 and 1571 with a stop loss at 1521 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 3.35 USD/MT to 143.60 USD/MT for December contract compared to last month due to increase in export demand for U.S corn.

USDA increased its corn ending stock estimates for U.S by 0.99 MMT to 46.06 MMT for 2018/19 compared to last month forecast as it decreased its domestic consumption estimates by 0.64 MMT to 322.09 MMT for 2018/19.

In U.S, 63% crop of corn has been harvested as of 28th October, 2018, which is higher by 11% compared to corresponding period last year but same as the last 5 year average period.

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	2.55	2.55	6.36	2.62	3.05
Production (MMT)	23.05	23.32	13.64	3.41	5.02	1.25
Farmer's Release (MMT)	19.88	20.11	10.12	4.34	3.95	1.69
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04		
Pvt. Trade Release (MMT)	19.82	20.05	5.04	9.36	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	25.92				
Quarterly Add On(MMT)			13.64	3.46	5.02	1.25
Export (MMT)	0.90	0.90	0.18	0.22	0.31	0.19
Domestic Consumption (MMT)	22.69	23.76	9.65	6.99	4.28	2.85
Total Demand (MMT)	23.59	24.66	9.83	7.21	4.59	3.04
Ending Stock (MMT)	2.55	1.26	6.36	2.62	3.05	1.26

- In 2018/19, season starting from October is expected to begin with 2.57 MMT and end with 1.26 MMT.
- Total maize production in India could be around 23.32 MMT in 2018-19 against our yearly total demand of 24.64 MMT.
- Agriwatch estimates first kharif production at 17.05 MMT for 2018-19.
- With carryout of 2.55 MMT total availability goes up to 25.92 MMT in 2018/19.
- Total demand including domestic and export could be around 24.66 MMT.
- ***As ending stock is being lower compared to last year due to increase in domestic consumption. This is good for Indian maize prices.***

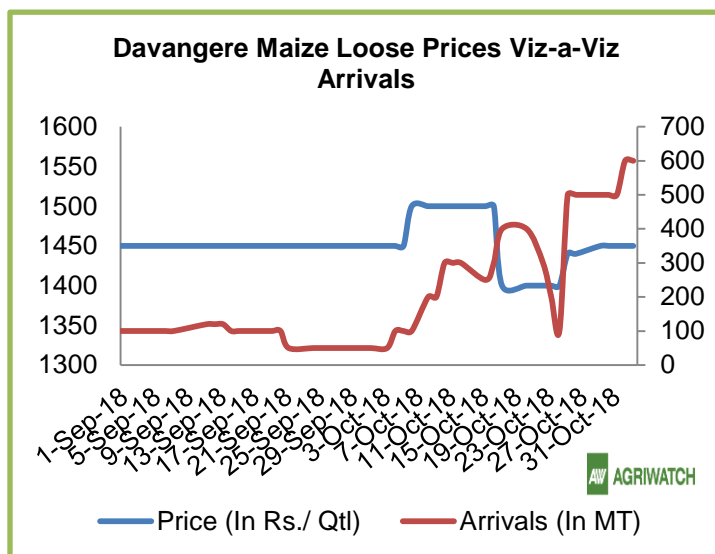
- ***E= AW Estimates, F=AW Forecast***

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STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere region of Karnataka, trade sources revealed that there is less chance of procurement by Government. The confirmation is expected after 20-30 days. It is likely to trade steady to slightly weak in the near term amid sluggish demand. Trade sources revealed that maize is moving towards Bangalore at Rs. 1550-1570 per quintal and Nammakal at Rs. 1610-1650 per quintal (Delivered price), sourced from Davangere.

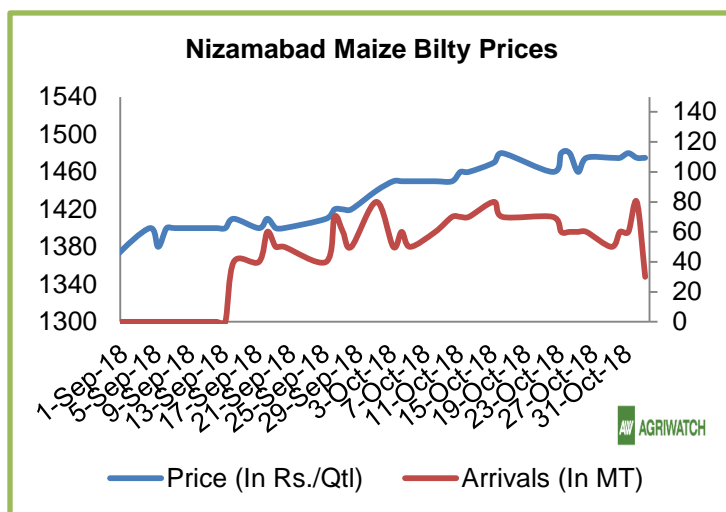


Andhra Pradesh &Telangana

In A.P, arrival quality is medium as the grains are small in size, and contain up to 19% moisture that is the reason; traders of A.P are looking to buy the best quality material from Madhya Pradesh region.

In Telangana, government is actively procuring maize; hence arrivals in open markets are low. Most of the material arriving in open market is of low quality that falls outside the parameters fixed by the government for procurement.

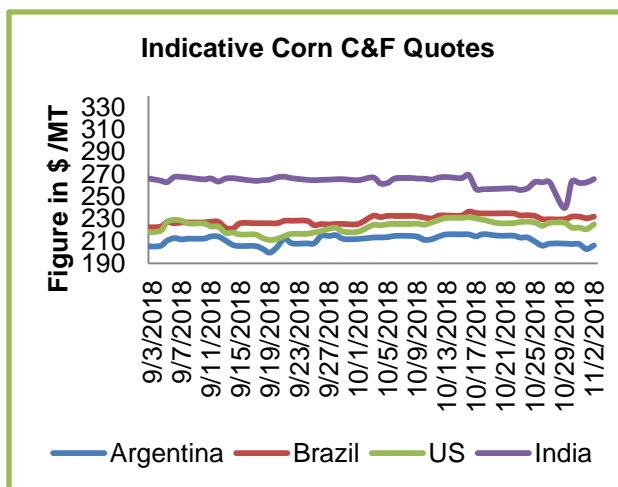
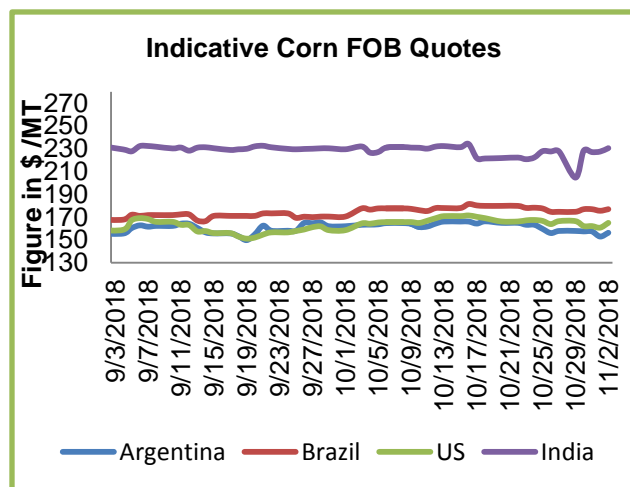
In Nizamabad region of Telangana, it contains moisture up to 16% and grain is damaged around 10-12% and small in size. Poultry feed makers are buying maize at Rs. 1500 per quintal while local starch feed makers are buying at Rs. 1380 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade steady to slightly firm during the month of November'18 amid industrial feed makers demand and Government procurement at new MSP.

ON THE EXPORT-IMPORT FRONT:

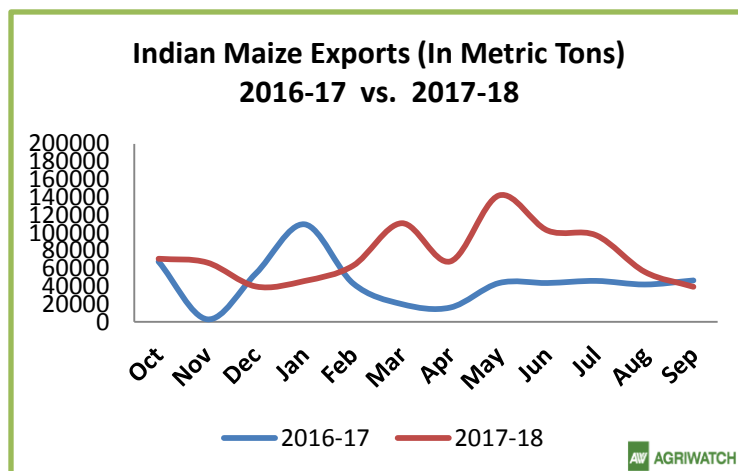


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 72.87)				
As on 02.11.2018	Argentina	Brazil	US	India
FOB	156.20	176.90	164.90	230.51
C&F	206.20	231.90	224.90	265.51

As depicted by the above data, there is no parity for Indian maize as gap of prices between India and other exporting countries has broadened.

MAIZE EXPORTS 2016/17 vs. 2017-18:

As per trade source, India exported 902,353 MT of maize during Oct-September'18 which is higher around 68.49% compared to corresponding period last year.



MAIZE EXPORTS DURING SEPTEMBER'18:

As per trade sources, India exported 39,408 MT of maize for the month of September'18 at an average FoB of \$213.29/ MT. Indian maize is exported mainly to Nepal followed by Sri Lanka, mainly through Raxaul followed by Tondiapet ICD.

1st November, 2018

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



- Candlestick depicts firm situation in the market.
- RSI is moving up in overbought zone which might take correction in the short run.
- Prices closed above 9 days EMAs.
- However, volumes are not supporting to the market.
- Strategy: Buy near 1535 and target1 and target2 would be 1559 and 1571.

Support & Resistance

S2	S1	PCP	R1	R2
1413	1477	1540	1577	1613

INTERNATIONAL MARKET SCENARIO:

GLOBAL

USDA increased its global corn ending stocks estimates by 2.32 MMT to 159.35 MMT for 2018/19 compared to last month for 2018/19. Increase in global corn ending estimates likely to put pressure on international corn market.

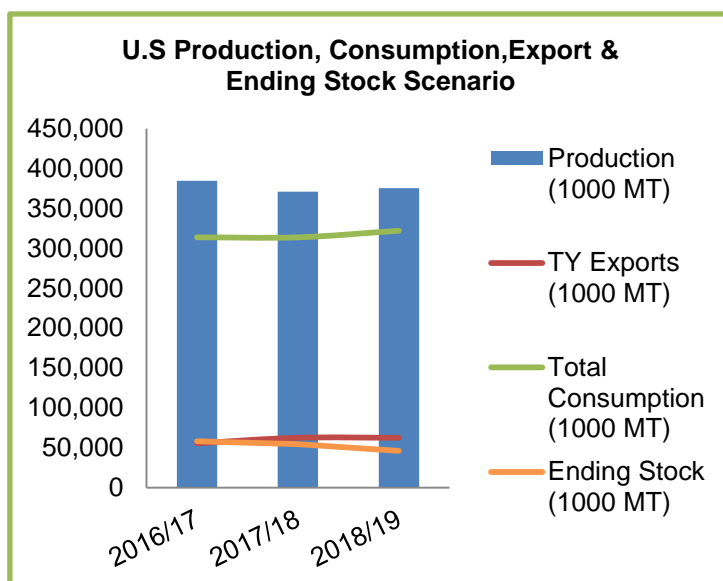
Argentina corn ending stock forecast kept unchanged at 3.98 MMT for 2018/19 compared to last month forecast while Brazil corn ending stock forecasted kept unchanged at 10.52 MMT compared to last month estimates.

U.S.

Despite decrease in U.S corn production estimate; USDA increased its corn ending stock estimates for U.S by 0.99 MMT to 46.06 MMT for 2018/19 compared to last month forecast as it decreased its domestic consumption estimates by 0.64 MMT to 322.09 MMT for 2018/19.

USDA decreased its yield estimates for U.S by 0.04 MT/ hectare at 11.34 MT/ hectare for 2018/19.

In U.S, 63% crop of corn has been harvested as of 28th October, 2018, which is higher by 11% compared to corresponding period last year but same as the last 5 year average period.



CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	10/31/2018	9/28/2018	Change
Corn CBOT Prices	Dec-18	143.60	140.25	3.35
	Mar-19	148.52	144.88	3.64
	May-19	151.67	147.93	3.74
	Jul-19	153.93	150.09	3.84
	Sep-19	154.82	151.57	3.25

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 3.35 USD/MT to 143.60 USD/MT for December contract compared to last month due to increase in export demand for U.S corn.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2018-October	2018-September	2017-October	% Change from Prev. Month	% Change from Prev. Year
Delhi	1464	1385	1297	5.70	12.88
Davangere	1456	1450	1300	0.41	12.00
Shimoga	1470	1452	1319	1.24	11.45
Bagalkot	1419	1379	1338	2.90	6.05
Gadag	1369	1188	1127	15.24	21.47
Nizamabad	1365	1337	1355	2.09	0.74
Khanna	1300	1275	1172	1.96	10.92
Sangli (NCDEX Quality)	1540	1596	1443	-3.51	6.72
Gulabbagh(NCDEX Quality)	1416	1339	1305	5.75	8.51
Naugachia	1367	1294	1243	5.64	9.98
Erode(NCDEX Quality)	1657	1622	NA	2.16	-

- All are monthly average of loose prices

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