

# Maize Monthly Research Report

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1<sup>st</sup> December, 2018**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Major maize cash markets traded firm during the month of November'18 compared to previous month and corresponding period last year due to high demand of industrial feed makers and stockists amid low stock availability of good quality material. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 5.20 % to Rs. 1638 per quintal while Starch feed makers quoted it firm by 6.85 % to Rs. 1670 per quintal compared to last month.

Agriwatch expecting that all India prices of good quality maize could trade firm for the month of Dec'18; due to high demand of industrial feed makers and stockists amid low stock availability of good quality material as crop of Bihar is almost over and even 50-60% M.P crop has been traded. There would be shortage of good quality material after the end of December till the new rabi crop arrival expected in the month of March which is also expected to be less, due to low rainfall, less soil moisture and fall armyworm affect. Demand from Nepal and Bangladesh is also supporting to Bihar market.

**DOMESTIC TRADE**

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 1650 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1800 per quintal and Nammakal at Rs. 1800-1850 per quintal (Delivered price), sourced from Davangere. In Bihar, maize is moving towards Kolkata, Nepal at Rs. 1750-1800 per quintal and Rs. 1900 per quintal respectively.

**RABI SOWING COVERAGE:**

In India, Rabi maize has been sown in around 7.22 lakh hectares as of 30th November, 2018 which is lower than 8.34 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 2.47 lakh a hectare which is lower than 3.16 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.47 lakh hectare which is lower than 0.74 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 0.53 lakh hectares which is lower than 1.14 lakh hectares during corresponding period last year. As per trade source, in Bihar, maize area is likely to shift towards wheat and mustard. In Maharashtra, maize area is likely to shift towards sugarcane. However, in Telangana, Maize sowing for the Rabi season as of 28th Nov'18 reported at 0.66 lakh hectares as compared to 0.36 lakh hectares in the corresponding period last year. Normal area reported 0.42 lakh hectares. It is at vegetative stage. As per Gujarat state govt. data, Maize progressive area of Rabi 2018-19 is 0.49 lakh hectares as on 26-11-2018 which is lower than 0.67 lakh hectares during corresponding period last year. Current year sowing reported slowly due to lower rainfall.

**RECOMMENDATION:**

Market participants are advised wait in Maize for December contract as there is not much trade volume in to the market.

**INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT fall by 1.68 USD/MT to 141.92 USD/MT for December contract compared to last month.

USDA increased its global corn ending stocks estimates by 148.16 MMT to 307.51 MMT for 2018/19 compared to last month for 2018/19. USDA increased its corn ending stock estimates for China by 148.98 MMT to 207.49 MMT for 2018/19 compared to last month.

1<sup>st</sup> December, 2018

In U.S, 94% crop of corn has been harvested as of 25th November, 2018, which is same compared to corresponding period last year but lower by 2% from 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
<b>Total Supply (MMT)</b>	26.14	25.92				
<b>Quarterly Add On(MMT)</b>			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
<b>Total Demand (MMT)</b>	23.59	24.66	9.83	7.21	4.59	3.04
<b>Ending Stock (MMT)</b>	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.***

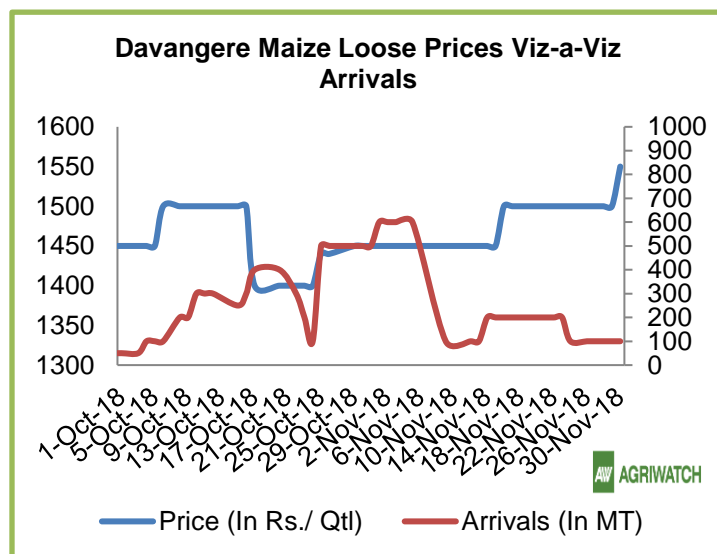
- ***E= AW Estimates, F=AW Forecast***

1<sup>st</sup> December, 2018

## STATE - WISE MARKET DYNAMICS

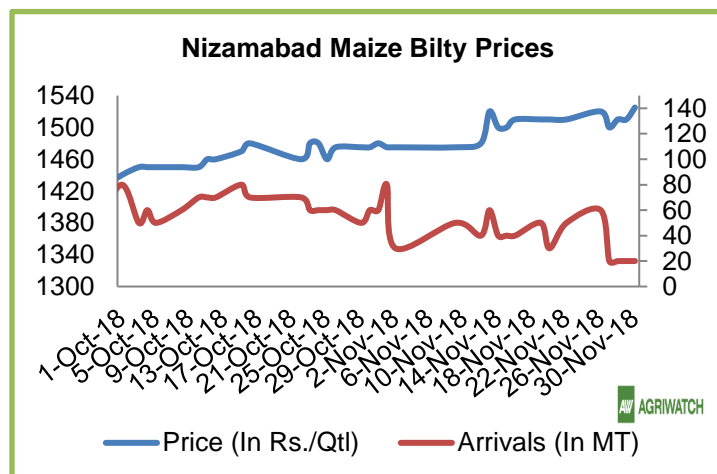
### Karnataka

In Davangere region of Karnataka, maize is likely to trade firm on the expectation of increase in demand. Maize crop still contains moisture up to 18% and small in size. Trade sources revealed that maize is moving towards Bangalore at Rs. 1800 per quintal and Nammakal at Rs. 1800-1850 per quintal (Delivered price), sourced from Davangere.



### Andhra Pradesh & Telangana

In Nizamabad, most of the material arriving in open market is of low quality; around 7-8% grain is damaged and small in size and contains moisture up to 14%. Nizamabad, Kamareddy, Medak, Warangal (U) (R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall armyworm. Maize is moving to Hyderabad at Rs. 1650 per quintal. It is likely to trade steady to firm in near term.

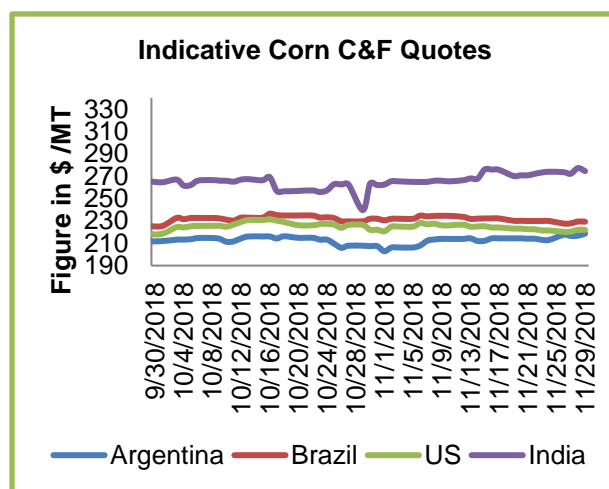
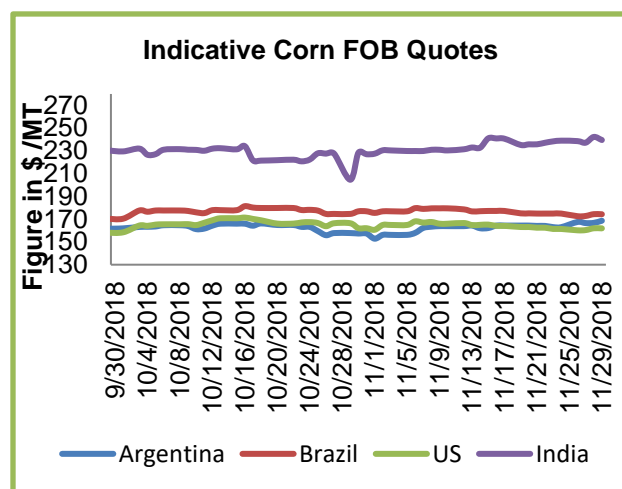


In Andhra Pradesh, farmers are not releasing their good quality material in to the market on the expectation of increase in price.

## DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade firm during the month of December'18 amid industrial feed makers demand.

## ON THE EXPORT-IMPORT FRONT:

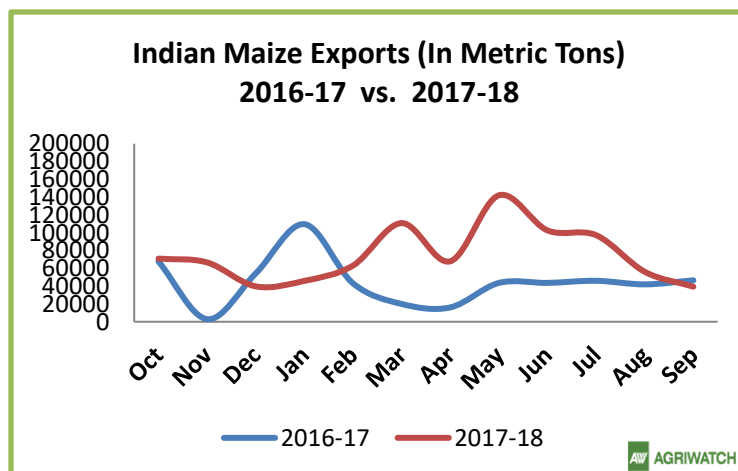


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 69.66)				
As on 29.11.2018	Argentina	Brazil	US	India
<b>FOB</b>	168.60	174.30	161.90	239.52
<b>C&amp;F</b>	218.60	229.30	221.90	274.52

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 OCTOBER'18:

As per trade sources, India exported 35,686 MT of maize for the month of October'18 at an average FoB of \$219.21/ MT. Indian maize is exported mainly to Nepal followed by Sri Lanka, Philippines and Qatar mainly through JNPT followed by Raxaul and Mundra port.

1<sup>st</sup> December, 2018

## FUTURES MARKET ANALYSIS: NCDEX MAIZE DECEMBER 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 and 18 days EMAs.
- However, volumes are not supporting to the market.
- Strategy: Wait.

### Support & Resistance

S2	S1	PCP	R1	R2
1461	1588	1715	1786	1857

## INTERNATIONAL MARKET SCENARIO:

### GLOBAL

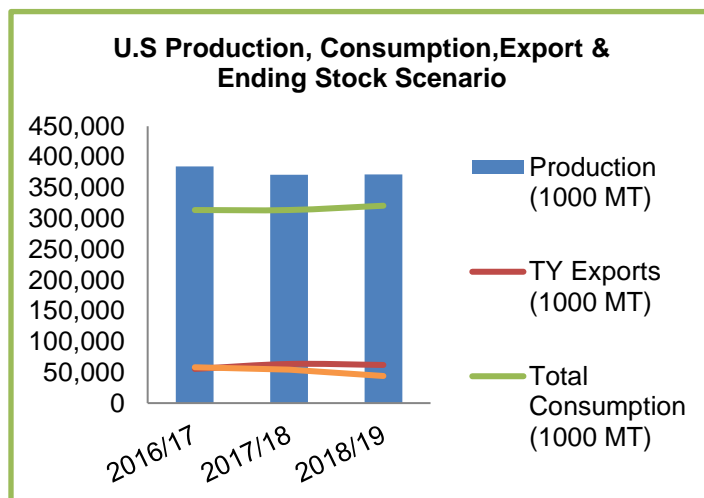
USDA increased its global corn ending stocks estimates by 148.16 MMT to 307.51 MMT for 2018/19 compared to last month for 2018/19. USDA increased its corn ending stock estimates for China by 148.98 MMT to 207.49 MMT for 2018/19 compared to last month. This increase was reflecting in the estimate of USDA as the Chinese government revised its corn stock position. Increase in global corn ending estimates likely to put pressure on international corn market.

Argentina corn ending stock forecast increased by 0.5 MMT to 4.48 MMT for 2018/19 compared to last month forecast due to increase in production estimates by 1.5 MMT while Brazil corn ending stock forecasted kept unchanged at 10.52 MMT compared to last month estimates.

### U.S.

USDA decreased its corn ending stock estimates for U.S by 1.95 MMT to 44.10 MMT for 2018/19 compared to last month forecast as it decreased its production estimates by 3.86 MMT to 371.52 MMT for 2018/19.

In U.S, 94% crop of corn has been harvested as of 25th November, 2018, which is same compared to corresponding period last year but lower by 2% from the last 5 year average period.



### CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	11/30/2018	10/31/2018	Change
Corn CBOT Prices	Dec-18	141.92	143.6	-1.68
	Mar-19	146.84	148.52	-1.68
	May-19	149.80	151.67	-1.87
	Jul-19	152.36	153.93	-1.57
	Sep-19	153.63	154.82	-1.19

### INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 1.68 USD/MT to 141.92 USD/MT for December contract compared to last month.

### Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2018- November	2018- October	2017- November	% Change from Prev. Month	% Change from Prev. Year
Delhi	1572	1464	1316	7.38	19.45
Davangere	1481	1456	1300	1.72	13.92
Shimoga	1450	1470	1204	-1.36	20.43
Bagalkot	1508	1419	1204	6.27	25.25
Gadag	1464	1369	1328	6.94	10.24
Nizamabad	1399	1365	1346	2.49	3.94
Khanna	1550	1300	1236	19.23	25.40
Sangli (NCDEX Quality)	1569	1540	1273	1.88	23.25
Gulabgh (NCDEX Quality)	1556	1416	1265	9.89	23.00
Naugachia	1524	1367	1196	11.49	27.42
Erode (NCDEX Quality)	1667	1657	NA	0.60	-

- All are monthly average of loose prices

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