

Maize Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Domestic Trade
- ❖ Rabi Sowing Coverage
- ❖ Recommendations
- ❖ International Corn Market Summary
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Maize Exports during Nov'18
- ❖ International Market Scenario
- ❖ CBOT Corn Future Prices
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison

1st March, 2019**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Maize cash markets traded firm during the month of February'19 compared to previous month and corresponding period last year due to scarcity of the stock and delay in imports amid high feed makers demand. As Rabi crop is also expected to be less, due to low rainfall, less soil moisture and fall armyworm affect which could support to maize prices. However, expectation of new crop and stock released by Telangana government could limit the firmness for the month of Mar'19.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 10.09 % to Rs. 2183 per quintal while Starch feed makers quoted it firm by 9.19 % to Rs. 2163 per quintal compared to last month.

DOMESTIC TRADE

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 2100 per quintal. Meanwhile, maize is moving towards Bangalore and Namakkal at Rs. 2000 per quintal each, Chitradurga at Rs. 1900 per quintal, Chennai at Rs. 2200 per quintal, Sangali at Rs. 2100 per quintal and Ranebennur at Rs. 1950 per quintal (Delivered price); sourced from Davangere. In Bihar, maize is moving towards Kolkata at Rs. 2050 per quintal.

RABI SOWING COVERAGE & PRODUCTION ESTIMATES:

In India, Rabi maize has been sown in around 15.56 lakh hectares as of 22nd February, 2019 which is lower than 17.28 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 4.75 lakh hectare which is almost equal to 4.70 lakh hectares during corresponding period last year. Crop conditions are favourable till the time. In Karnataka, it has been sown in around 0.81 lakh hectare which is lower than 0.99 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 1.16 lakh hectares- lower than 2.08 lakh hectares during corresponding period last year. In Gujarat, maize progressive area of Rabi 2018-19 is 0.97 lakh hectares which is equal to 0.96 lakh hectares during corresponding period last year. In Karnataka region, new crop from Haveri and Ranebennur region has just started contains moisture up to 20%.

In Telangana, Maize sowing for the Rabi season as of 22nd February'19 reported at 1.15 lakh a hectare which is lower than 1.47 lakh hectares in the corresponding period last year. Crop is at harvesting stage. Nizamabad, Kamareddy, Warangal (U)/(R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. Trade sources revealed that in Nizamabad, around 10-20% crop is affected by fall army worm. New crop in Telangana is expected to arrive soon. All India Rabi maize production is estimated by Agriwatch at 5.67 MMT for the year 2018/19.

RECOMMENDATION:

Market participants are advised to wait in Maize for March contract as there is no trade volume on NCDEX platform.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 5.71 USD/MT to 142.51 USD/MT for March contract compared to last month. It could get support if demand of China and other importing countries increase for U.S corn. However, high global ending stock estimates likely to put pressure on market sentiments.

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	2.50	2.50	6.42	3.07	3.28
Production (MMT)	23.05	22.72	13.64	3.41	4.54	1.13
Farmer's Release (MMT)	19.88	19.55	10.12	4.34	3.56	1.53
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04		
Pvt. Trade Release (MMT)	19.82	19.49	5.04	9.36	3.05	2.04
Seed Retention (MMT)	0.26	0.26	0.05		0.21	
Imports (MMT)	0.03	0.20	0.00	0.20	0.00	0.00
Total Supply (MMT)	26.12	25.42				
Quarterly Add On(MMT)			13.64	3.61	4.54	1.13
Export (MMT)	0.93	0.44	0.21	0.07	0.11	0.05
Domestic Consumption (MMT)	22.69	23.43	9.51	6.89	4.22	2.81
Total Demand (MMT)	23.62	23.87	9.72	6.96	4.33	2.86
Ending Stock (MMT)	2.50	1.55	6.42	3.07	3.28	1.55

- In 2018/19, season started from October; expected to begin with 2.50 MMT and end with 1.55 MMT.
- Total maize production in India could be around 22.72 MMT in 2018-19 against our yearly total demand of 23.87 MMT.
- **Rabi maize production is estimated at 5.67 MMT for the year 2018/19.**
- With carryout of 2.50 MMT total availability goes up to 25.42 MMT in 2018/19.
- Total demand including domestic and export could be around 23.87 MMT.
- ***As ending stock is being lower compared to last year due to increase in domestic consumption; supporting to Indian maize prices.***

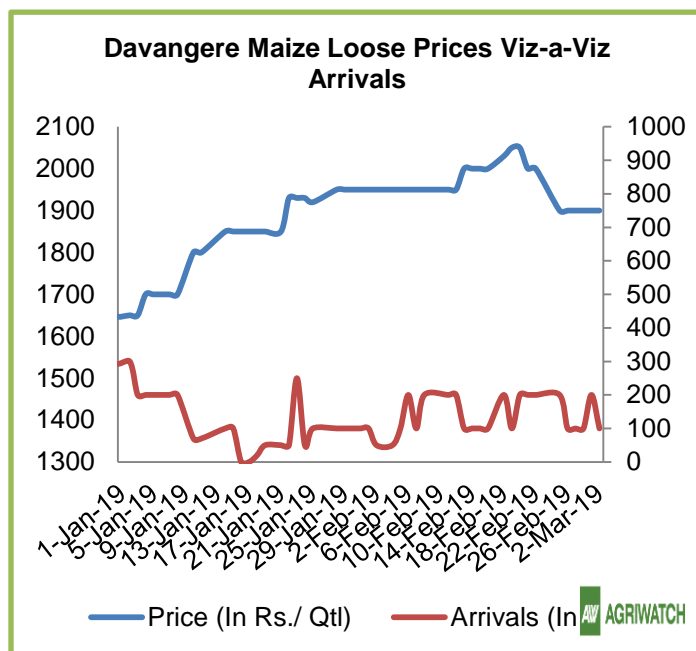
- **E= AW Estimates, F=AW Forecast**

1st March, 2019

STATE - WISE MARKET DYNAMICS

Karnataka

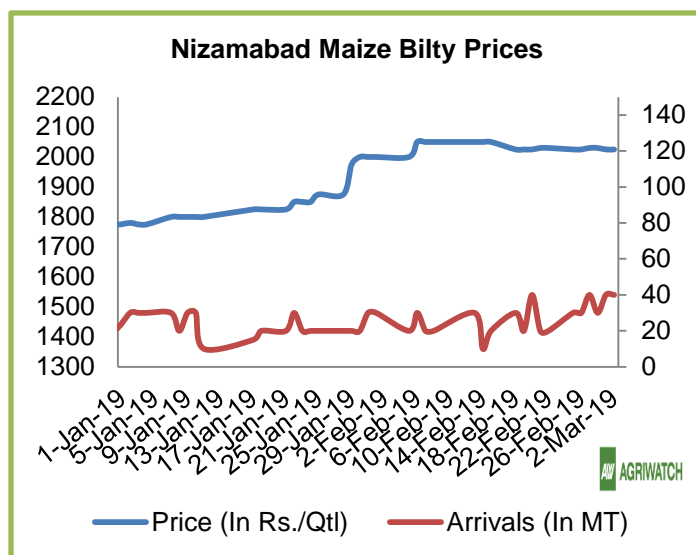
In Davangere region of Karnataka, maize is likely to trade steady to slightly firm due to demand of Tamilnadu feed makers. In Karnataka region, new crop from Haveri and Ranebennur region has just started contains moisture up to 20%. As per trade source; around 40,000 MT of maize has been stocked by stockists. It is moving towards Bangalore and Namakkal at Rs. 2000 per quintal each, Chitradurga at Rs. 1900 per quintal, Chennai at Rs. 2200 per quintal, Sangali at Rs. 2100 per quintal and Ranebennur at Rs. 1950 per quintal (Delivered price); sourced from Davangere.



Telangana

In Telangana, Maize sowing for the Rabi season as of 22nd February'19 reported at 1.15 lakh a hectare which is lower than 1.47 lakh hectares in the corresponding period last year. Crop is at harvesting stage. Nizamabad, Kamareddy, Warangal (U)/(R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. Trade sources revealed that in Nizamabad, around 10-20% crop is affected by fall army worm. Expectation of new crop in coming days and stock released by Telangana government could limit the firmness.

In Nizamabad, maize is moving to Hyderabad at Rs. 2100 per quintal.

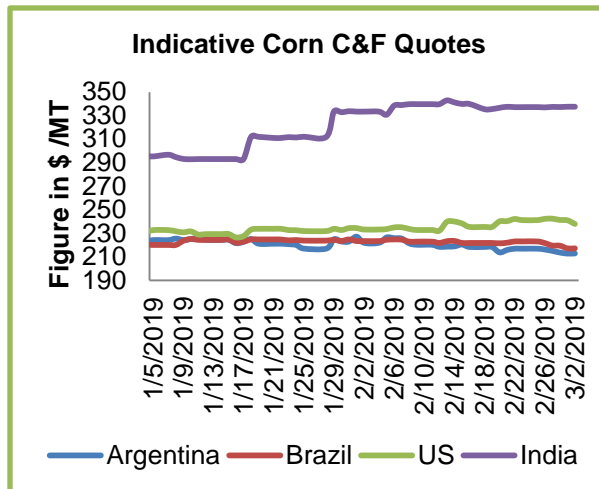
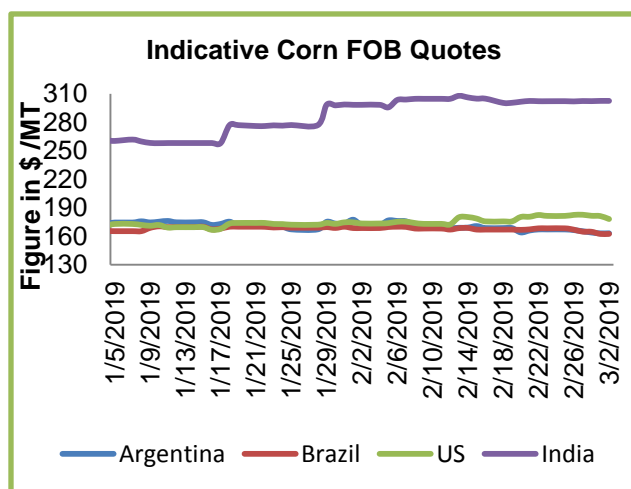


DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade steady to range bound during the month of March'19 despite expectation of new crop arrival.

1st March, 2019

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 70.97)				
As on 01.03.2019	Argentina	Brazil	US	India
FOB	162.89	162.30	181.15	302.56
C&F	212.89	217.30	241.15	337.56

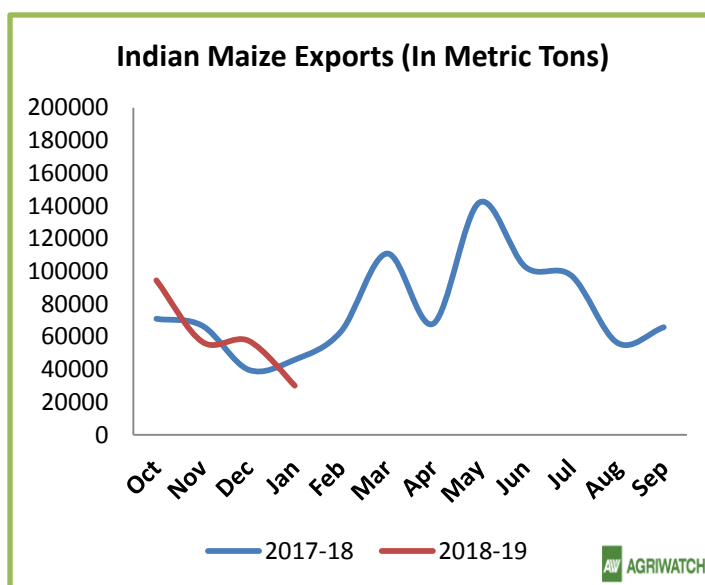
As depicted by the above data, there is no export parity for Indian maize as gap of prices between India and other exporting countries has broadened.

MAIZE EXPORTS 2017/18 vs. 2018/19:

As per trade source, India exported 2,38,651 MT of maize during Oct- Jan'19 which is higher around 6.94% compared to corresponding period last year.

MAIZE EXPORTS DURING JANUARY'19:

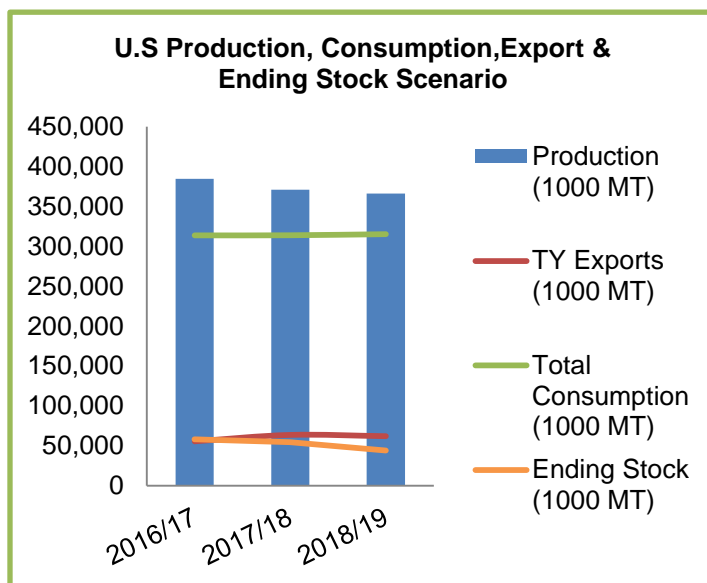
As per trade sources, India exported 30,033 MT of maize for the month of January'19 at an average FoB of \$263.86/ MT. Indian maize is exported mainly to Nepal followed by Yemen, Qatar and Sri Lanka mainly through Raxaul followed by JNPT and Mundra port.



1st March, 2019

INTERNATIONAL MARKET SCENARIO:

IGC increased its forecast for 2018/19 global corn production by 33 MMT to 1109 MMT compared to previous month forecast; driven by upward revision for China's crop. Forecast for global corn ending stock was also up by 26 MMT to 297 MMT compared to last forecast for 2018/19. IGC said this report incorporates adjustments to supply and demand to reflect previously announced revisions to official production estimates for China, with the biggest changes for corn.



U.S corn exports reached 25.53 MMT in the 2018-19 marketing year. At 0.77 MMT (for the period 15th Feb- 21st Feb, 2019) US corn exports were for the destinations like Japan (94,700 MT) and Mexico (23,500 MT). Exports of 769,100 MT were primarily to Mexico (292,200 MT), Japan (114,600 MT), Peru (95,600 MT), Colombia (88,100 MT), and South Korea (69,600 MT).

As per USDA's report, U.S farmers are likely to plant 92.0 million acres of corn during the spring season compared to 89.1 million last year.

CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	28/02/2019	31/01/2019	Change
Corn CBOT Prices	Mar-19	142.51	148.22	-5.71
	May-19	145.96	151.67	-5.71
	Jul-19	149.40	154.62	-5.22
	Sep-19	151.67	155.7	-4.03
	Dec-19	154.32	157.47	-3.15

INTERNATIONAL CORN OUTLOOK:

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1st March, 2019

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-February	2019-January	2018-February	% Change from Prev. Month	% Change from Prev. Year
Delhi	2185	1934	1337	12.98	63.43
Davangere	1967	1822	1230	7.96	59.92
Shimoga	1999	1814	1343	10.20	48.85
Bagalkot	1936	1831	1139	5.73	69.97
Gadag	1898	1762	1115	7.72	70.22
Nizamabad	1932	1753	1280	10.21	50.94
Khanna	2104	1913	1301	9.98	61.72
Sangli (NCDEX Quality)	2118	1937	NA	9.34	-
Gulabbagh (NCDEX Quality)	2064	1934	1238	6.72	66.72
Naugachia	2035	1903	NA	6.94	-
Erode (NCDEX Quality)	2137	1978	NA	8.04	-

- All are monthly average of loose prices

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