

# Maize Monthly Research Report

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1<sup>st</sup> May, 2019**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded mixed during the month of Apr'19 compared to previous month but higher compared to corresponding period last year. At one side, scarcity of goods, delay in imports and low Rabi crop projection amid high feed makers demand kept firmness intact while on the other sides; new crop arrival from Bihar put pressure to control the firmness.

In Ahmedabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 5.69 % to Rs. 2304 per quintal while Starch feed makers quoted it firm by 8.70 % to Rs. 2312 per quintal compared to last month.

In Karnataka and Nizamabad region, maize is likely to trade steady to slightly weak as feed makers demand has shifted towards Bihar. While, In Bihar, maize could trade steady to weak due to new crop arrival pressure. For the month of May'19, Agriwatch expects that new crop arrival pressure; especially from Bihar and chance of getting imported maize at the end of May month could weigh on market sentiments but despite the above mentioned facts; it would trade above MSP with the support of feed makers demand. Besides, Unfavorable weather conditions could also support to maize prices.

**ALL INDIA RABI CROP PRODUCTION:**

All India Rabi maize production is estimated by Agriwatch at 5.67 MMT for the year 2018/19.

**DOMESTIC TRADE**

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 2250 per quintal. Meanwhile, maize is moving towards Bengaluru at Rs. 2100 per quintal, Namakkal at Rs. 2200 per quintal, Chitradurga at Rs. 2100-2150 per quintal, Chennai at Rs. 2200 per quintal, Sangali at Rs. 2100 per quintal and Ranebennur at Rs. 2100 per quintal (Delivered price); sourced from Davangere. In Gulabghat region of Bihar, maize (Bilty) is trading at Rs.1750 per quintal. Forward contract has been made at Rs.2050 per quintal for Gujarat. Maize is moving towards Punjab and Haryana at Rs. 2000 per quintal and U.P at Rs. 1900 per quintal; sourced from Bihar.

**RECOMMENDATION:**

Market participants are advised to go short in Maize for May contract near 1850 level for a target of 1828 and 1817 with a stop loss at 1863 on closing basis.

**INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT fall by 1.28 USD/MT to 139.07 USD/MT for May'19 contract compared to last month due to high U.S corn ending stock estimates. It is likely to trade firm on the concern over yield loss due to delay in spring planting on the forecasts for more rain throughout this week in U.S Midwest. However, competition from South America could weigh on market sentiments.

## INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2017-18E	2018-19F
Opening Stocks (MMT)	3.04	2.50
Production (MMT)	23.05	22.72
Farmer's Release (MMT)	19.88	21.79
Govt. Procurement (MMT)	0.06	0.06
Pvt. Trade Release (MMT)	19.82	21.72
Seed Retention (MMT)	0.26	0.26
Imports (MMT)	0.03	0.10
<b>Total Supply (MMT)</b>	26.12	25.32
Export (MMT)	0.93	0.47
Domestic Consumption (MMT)	22.69	23.43
<b>Total Demand (MMT)</b>	23.62	23.90
<b>Ending Stock (MMT)</b>	2.50	1.42

- In 2018/19, season started from October; expected to begin with 2.50 MMT and end with 1.42 MMT.
  - Total maize production in India could be around 22.72 MMT in 2018-19 against our yearly total demand of 23.90 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 25.32 MMT in 2018/19.
  - Total demand including domestic and export could be around 23.90 MMT.
  - ***As ending stock is being lower compared to last year due to fall in production and increase in domestic consumption; supporting to Indian maize prices.***
- ***E= AW Estimates, F=AW Forecast***

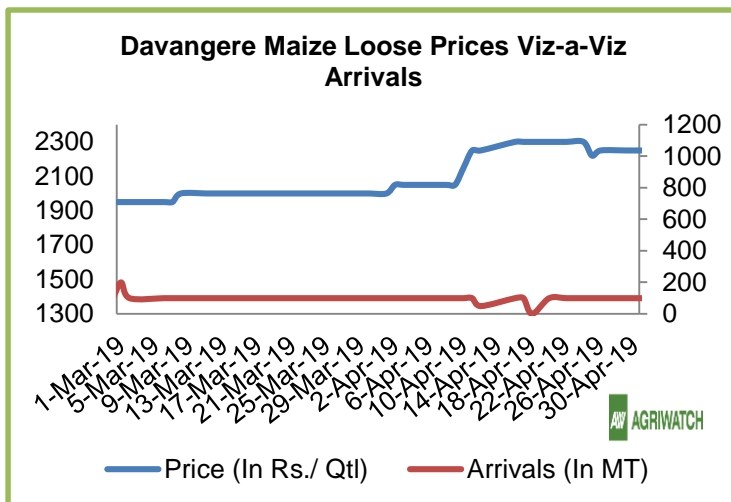
1<sup>st</sup> May, 2019

## STATE - WISE MARKET DYNAMICS

### Karnataka

In Karnataka region, maize is likely to trade steady to weak for the month of May'19 as arrival pressure in Bihar would also affect to Karnataka' maize market. It is likely to trade in a range of Rs. 1950-2200 per quintal during the month of May'19.

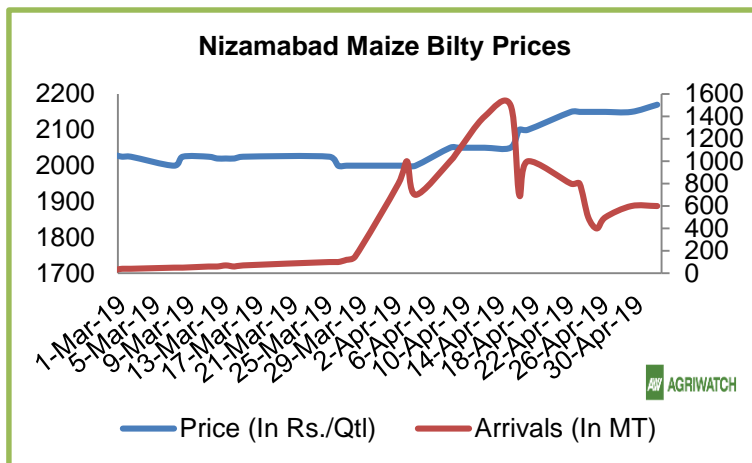
In Davangere region of Karnataka, maize is moving towards Bengaluru at Rs. 2100 per quintal, Namakkal at Rs. 2200 per quintal, Chitradurga at Rs. 2100-2150 per quintal, Chennai at Rs. 2200 per quintal, Sangali at Rs. 2100 per quintal and Ranebennur at Rs. 2100 per quintal (Delivered price); sourced from Davangere.



### Telangana

In Nizamabad region, maize is likely to trade steady to range bound in the near term despite new crop arrival pressure as demand of Hyderabad feed makers supporting to the market.

In Nizamabad, maize is moving towards Hyderabad at Rs. 2250 per quintal. Maize is likely to trade in a range of Rs. 2100-2200 per quintal during the month of May'19.

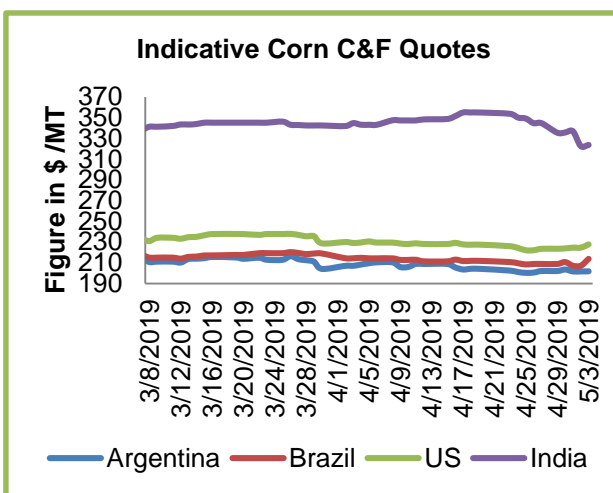
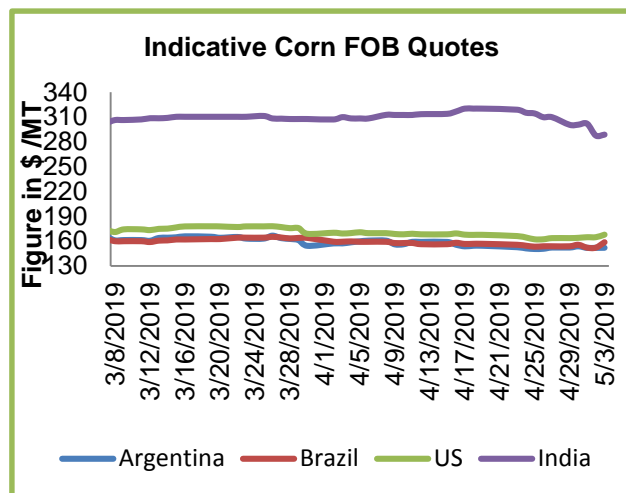


## DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade steady to slightly weak during the month of May'19 due to crop arrival pressure from Bihar but in a long run; it would trade firm amid high feed makers demand.

1<sup>st</sup> May, 2019

## ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 69.27)				
As on 03.05.2019	Argentina	Brazil	US	India
FOB	151.77	158.60	167.70	288.73
C&F	201.77	213.60	227.70	323.73

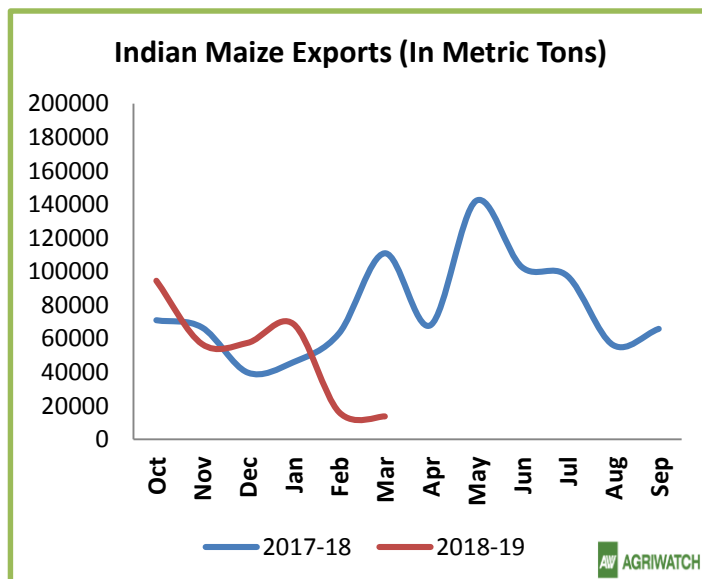
As depicted by the above data, there is no export parity for Indian maize as gap of prices between India and other exporting countries has broadened.

## MAIZE EXPORTS 2017/18 vs. 2018/19:

As per trade source, India exported 3,07,003 MT of maize during Oct- Mar'19 which is lower around 22.68% compared to corresponding period last year.

### MAIZE EXPORTS DURING MARCH'19:

As per trade sources, India exported 13,610 MT of maize for the month of March'19 at an average FoB of \$310.23/ MT. Indian maize is exported mainly to Nepal mainly through Raxaul followed by Jogbani ICD and Bhimnagar ICD port.



1<sup>st</sup> May, 2019

## FUTURES MARKET ANALYSIS: NCDEX MAIZE MAY CONTRACT (WEEKLY CHART)



- Candlestick depicts down situation in the market.
- Prices closed above 9 days EMAs.
- However, RSI is taking correction from overbought region.
- Decrease in prices with higher volume and OI indicates to short build up.
- Strategy: Sell near 1850 and target1 and target2 would be 1828 and 1817.

### Support & Resistance

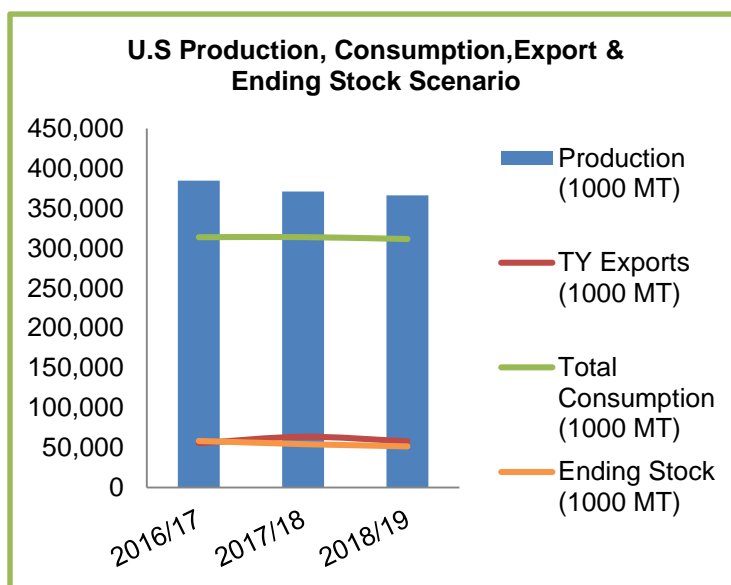
S2	S1	PCP	R1	R2
1787	1816	1845	1875	1905

1<sup>st</sup> May, 2019

### INTERNATIONAL MARKET SCENARIO:

IGC increased its global corn production forecast for 2019/20 by 1 MMT to 1125 MMT compared to previous month forecast; driven by upward projection for Argentina and Brazil. Forecast for global corn ending stock was also increased by 9 MMT to 275 MMT for 2019/20.

U.S corn exports reached 34.86 MMT in the 2018-19 marketing year. At 1.37 MMT (for the period 19th Apr- 25th Apr, 2019) US corn exports were up 9 percent from the previous week and 16 percent from the previous 4-week average; mainly for the destination like Japan (362,300 MT), South Korea (264,600 MT), Mexico (262,500 MT), Taiwan (90,000 MT), and Colombia (76,300 MT, including 21,900 MT late reporting).



USDA increased its corn ending stock estimates for U.S by 5.08 MMT to 51.70 MMT for 2018/19 compared to last month forecast as it decreased its consumption and export estimates for 2018/19.

USDA increased its world corn ending stock estimates by 5.49 MMT to 314.01 MMT for 2018/19 compared to last month forecast due to increase in production estimates for 2018/19.

In U.S, corn planting has been 15% as of 30th Apr, 2019, which is lower by 12% compared to last 5 year average period.

The Argentine government estimated its corn production at 55 MMT for 2018-19 which is higher than 43.46 MMT compared to last season harvest.

Black Sea corn was again purchased at about \$191 to \$193 per MT c&f for October/November shipment to East Asia/South East Asia.

### CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	30/04/2019	30/03/2019	Change
Corn CBOT Prices	May-19	139.07	140.35	-1.28
	Jul-19	142.71	144.19	-1.48
	Sep-19	145.86	147.63	-1.77
	Dec-19	149.99	151.47	-1.48
	Mar-20	155.9	156.29	-0.39

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### Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-April	2019-March	2018-April	% Change from Prev. Month	% Change from Prev. Year
Delhi	2246	2191	1442	2.51	55.76
Davangere (Bilty Price)	2193	1990	1245	10.20	76.14
Shimoga	2213	2009	1360	10.15	62.72
Bagalkot	2131	1952	1188	9.17	79.38
Gadag	2049	1739	1102	17.83	85.93
Nizamabad	1958	1917	1278	2.14	53.21
Khanna	2178	2065	1457	5.47	49.49
Sangli (NCDEX Quality)	2332	2128	NA	9.59	-
Gulabbagh(NCDEX Quality)	2071	2043	1286	1.37	61.04
Naugachia	1925	1942	1234	-0.88	56.00
Erode (NCDEX Quality)	2360	2171	NA	8.71	-

- Except Davangere; all market prices are monthly average of loose prices

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