

Maize Monthly Research Report

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

Overall maize cash markets traded weak except Davangere and Gadag during the month of May'19 compared to previous month due to crop arrival pressure but higher compared to corresponding period last year. For the month of June'19; we expect that in Bihar region, despite the new crop arrival pressure; maize could trade steady to range bound due to high feed makers' demand. In Davangere region, it is likely to trade steady despite Nammakal feed makers shifted towards Bihar. However, in Nizamabad region, it is likely to trade steady to slightly firm as arrival pressure has reduced.

In Ahmedabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 6.94 % to Rs. 2144 per quintal while Starch feed makers quoted it down by 6.96 % to Rs. 2151 per quintal compared to last month.

As per media report, MMTC, Indian state-run trading company, has postponed for the fourth time a deadline for offer submissions in an international tender to import yellow corn, this time to June 12. It was for at least 20,000 tonnes. The MMTC is asking for offers of corn for the shipment between 15th July and 15th Aug. Previous shipment period was 1st July and 31st July.

As per trade sources, Vessel (OCEAN GLORY) with 33,000.00 tonnes of corn and Vessel (INCE HAMBURG) with 27225.00 tonnes of corn has discharged at Kandla port.

In Karnataka, farmers are likely to shift from sugarcane to maize as this is short term crop and requires less water in comparison to sugarcane. As maize traded higher than MSP; farmers are likely to sow more maize during kharif season.

DOMESTIC TRADE

From the trade point of view, maize is moving towards Bangalore at Rs. 2400-2500 per quintal (Delivered price); sourced from Davangere. In Gulabghat region of Bihar, maize (Bilty) is trading at Rs.1820 per quintal. Maize is moving towards M.P at Rs. 1950 per quintal, Haryana at Rs. 2100 per quintal and U.P at Rs. 1900 per quintal; sourced from Bihar. Hyderabad and Nammakal feed makers demand has shifted towards Bihar.

RECOMMENDATION:

Market participants are advised to go short in Maize for June contract below 1890 level for a target of 1830 and 1800 with a stop loss at 1926 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 25.39 USD/MT to 168.10 USD/MT for July'19 contract compared to last month on the concern that more of the crop may go unplanted this year due to waterlogged fields.

At 1.72 MMT (for the period 17th May- 23rd May, 2019) US corn exports were up 96 percent from the previous week and 57 percent from the previous 4-week average; mainly for the destination like Japan (931,300 MT, including 591,500 MT late reporting), Mexico (245,900 MT), Colombia (219,700 MT), South Korea (61,500 MT), and Saudi Arabia (59,400 MT).

IGC decreased its global corn production forecast for 2019/20 by 7 MMT to 1118 MMT compared to previous month forecast; driven by a diminished outlook for the U.S. crop. Despite the fall in production estimates; forecast for global corn ending stock was increased by 9 MMT to 284 MMT for 2019/20 due to fall in consumption estimates; mainly in U.S and China.

1st June, 2019

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2018-19E	2019-20F
Opening Stocks (MMT)	2.50	1.39
Production (MMT)	22.72	25.43
Farmer's Release (MMT)	21.79	22.14
Govt. Procurement (MMT)	0.06	0.06
Pvt. Trade Release (MMT)	21.72	22.08
Seed Retention (MMT)	0.26	0.26
Imports (MMT)	0.13	0.03
Total Supply (MMT)	25.35	26.85
Export (MMT)	0.53	0.50
Domestic Consumption (MMT)	23.43	24.78
Total Demand (MMT)	23.96	25.28
Ending Stock (MMT)	1.39	1.57

- In 2019/20, season starting from October; expected to begin with 1.39 MMT and end with 1.57 MMT.
 - Total maize production in India could be around 25.43 MMT in 2019-20 against our yearly total demand of 25.28 MMT.
 - With carryout of 1.39 MMT total availability goes up to 26.85 MMT in 2019/20.
 - Total demand including domestic and export could be around 25.28 MMT.
 - ***As ending stock is being lower in 2018-19 due to fall in production; supporting to Indian maize prices.***
- ***E= AW Estimates, F=AW Forecast***

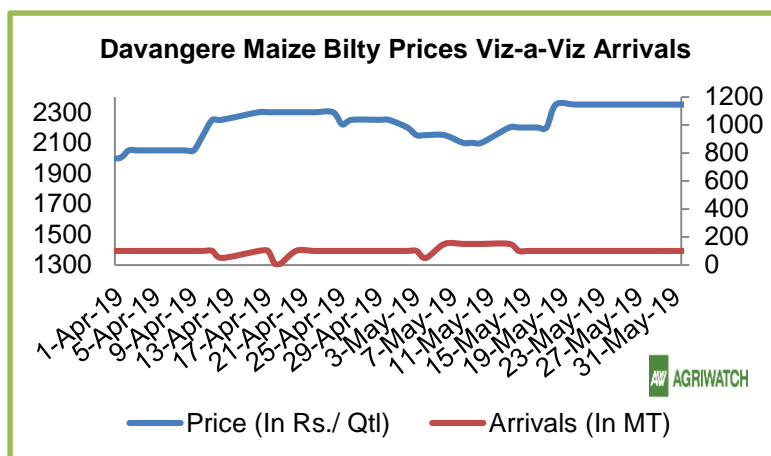
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STATE - WISE MARKET DYNAMICS

Karnataka

In Karnataka region, maize is likely to trade steady despite Nammakal feed makers shifted towards Bihar. It is likely to trade in a range of Rs. 2300-2400 per quintal during the month of Jun'19.

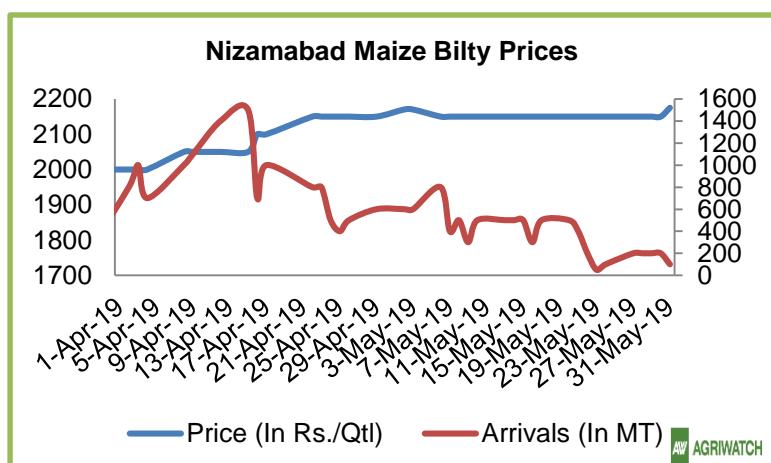
In Davangere region of Karnataka, maize is moving towards Bangalore at Rs. 2400-2500 per quintal (Delivered price); sourced from Davangere. Nammakal feed makers' demand has shifted towards Bihar.



Telangana

In Nizamabad region, maize is likely to trade steady to slightly firm as arrival pressure has reduced. Pune and Hyderabad feed makers demand has shifted towards Bihar.

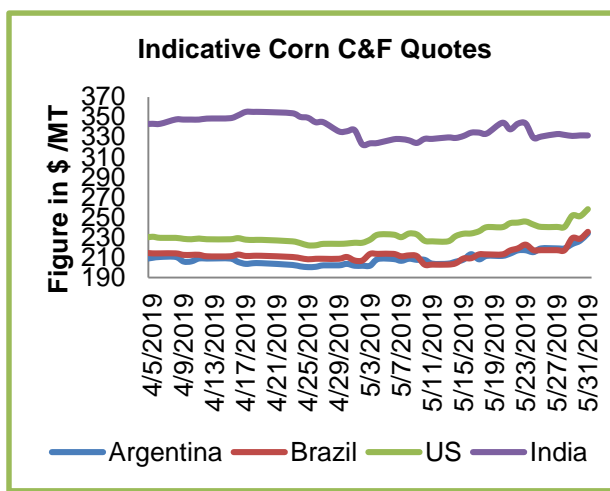
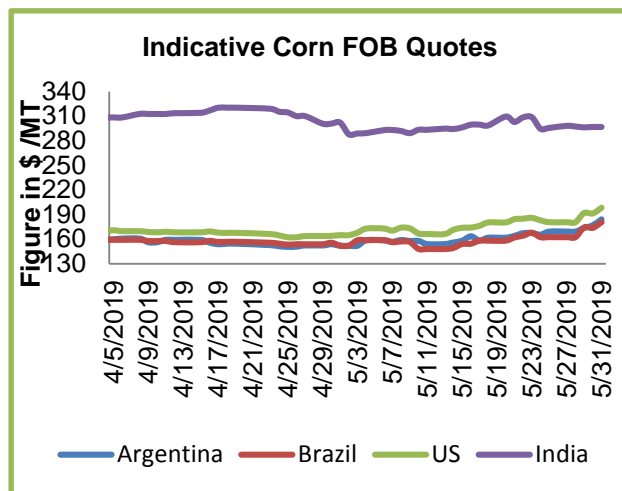
Maize (Bilty) is likely to trade in a range of Rs. 2150-2350 per quintal during the month of Jun'19.



DOMESTIC PRICE OUTLOOK:

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

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 69.80)				
As on 31.05.2019	Argentina	Brazil	US	India
FOB	183.96	180.60	198.12	296.55
C&F	233.96	235.60	258.12	331.55

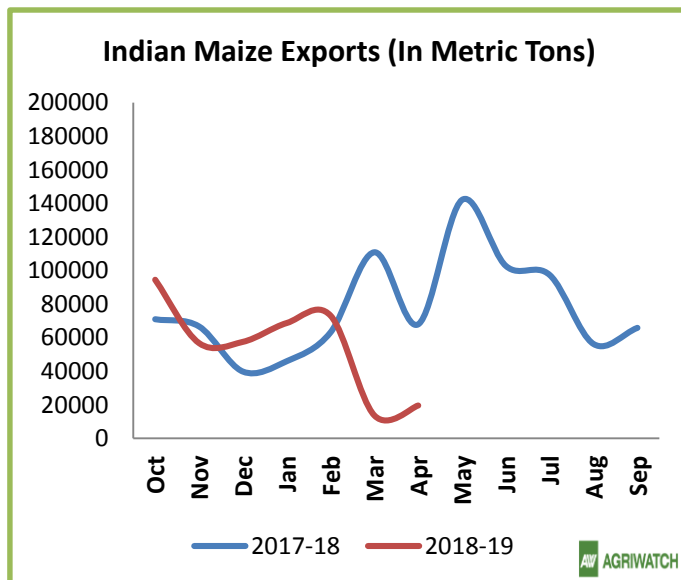
As depicted by the above data, there is no export parity for Indian maize as gap of prices between India and other exporting countries has broadened.

MAIZE EXPORTS 2017/18 vs. 2018/19:

As per trade source, India exported 3,83,525 MT of maize during Oct- Apr'19 which is lower around 17.51% compared to corresponding period last year.

MAIZE EXPORTS DURING APRIL '19:

As per trade sources, India exported 19,552 MT of maize for the month of April'19 at an average FoB of \$324.81/ MT. Indian maize is exported mainly to Nepal mainly through Sonauli ICD followed by Raxaul and Jogbani ICD port.



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FUTURES MARKET ANALYSIS: NCDEX MAIZE JUNE CONTRACT (CONTINUOUS WEEKLY CHART)



- Candlestick depicts down situation in the market.
- Prices closed below 9 days EMAs.
- RSI is moving down in neutral zone.
- Strategy: Sell below 1890 and target1 and target2 would be 1830 and 1800.

Support & Resistance

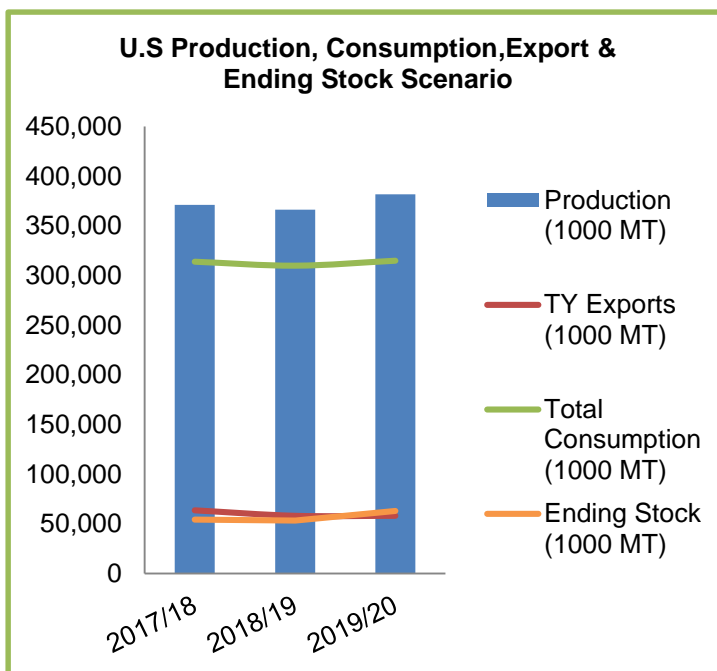
S2	S1	PCP	R1	R2
1724	1800	1889	1983	2077

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INTERNATIONAL MARKET SCENARIO:

IGC decreased its global corn production forecast for 2019/20 by 7 MMT to 1118 MMT compared to previous month forecast; driven by a diminished outlook for the U.S. crop. Despite the fall in production estimates; forecast for global corn ending stock was increased by 9 MMT to 284 MMT for 2019/20 due to fall in consumption estimates; mainly in U.S and China.

U.S corn exports reached 39.60 MMT in the 2018-19 marketing year. At 1.72 MMT (for the period 17th May- 23rd May, 2019) US corn exports were up 96 percent from the previous week and 57 percent from the previous 4-week average; mainly for the destination like Japan (931,300 MT, including 591,500 MT late reporting), Mexico (245,900 MT), Colombia (219,700 MT), South Korea (61,500 MT), and Saudi Arabia (59,400 MT).



USDA decreased its world corn ending stock estimates by 11.23 MMT to 314.71 MMT for 2019/20 compared to last year due to increase in exports and domestic consumption estimates for 2019/20.

In U.S, corn planting has been 58% as of 26th May, 2019, which is lower by 22% compared to previous year and last 5 year average period. It has been emerged 32% as of 26th May, 2019 which is lower by 37% compared to previous day.

Argentina's corn harvest for the 2019/20 season likely to surpass the record production of 56 million tonnes for the current 2018/19 season due to expansion of the planting area amid a global price spike and favorable weather conditions.

Brazil's corn production this year will be the highest on record, commodities consultancy AgRural forecast. The country's total corn production is expected to reach a record 99.2 million tonnes in the 2018/19 season, AgRural said, a sharp rise from the earlier season, when production fell to 80.7 million tonnes because of a drought.

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CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	31/05/2019	30/04/2019	Change
Corn CBOT Prices	Jul-19	168.1	142.71	25.39
	Sep-19	171.65	145.86	25.79
	Dec-19	174.7	149.99	24.71
	Mar-20	177.75	155.9	21.85
	May-20	178.24	-	-

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 25.39 USD/MT to 168.10 USD/MT for July'19 contract compared to last month on the concern that more of the crop may go unplanted this year due to waterlogged fields.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-May	2019-April	2018-May	% Change from Prev. Month	% Change from Prev. Year
Delhi	2041	2246	1336	-9.13	52.77
Davangere (Bilty Price)	2252	2193	1241	2.69	81.47
Shimoga	2190	2213	1386	-1.04	58.01
Bagalkot	2116	2131	1242	-0.70	70.37
Gadag	2102	2049	1171	2.59	79.50
Nizamabad	1965	1958	1300	0.36	51.15
Khanna	1971	2178	1310	-9.50	50.46
Sangli (NCDEX Quality)	2297	2332	NA	-1.50	-
Gulabghat (NCDEX Quality)	1816	2071	1158	-12.31	56.82
Naugachia	1759	1925	1102	-8.62	59.62
Erode (NCDEX Quality)	2335	2360	1463	-1.06	59.60

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

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