

Maize Monthly Research Report

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

Overall maize cash markets traded firm except Delhi and Khanna market during the month of June'19 compared to previous month but higher compared to corresponding period last year. For the month of July'19; it is expected to trade steady to firm despite the fact that government has allowed imports as new crop would start from mid of October so due to that gap amid high feed makers demand market would trade high.

In Ahmedabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 3.17 % to Rs. 2076 per quintal while Starch feed makers quoted it down by 3.02 % to Rs. 2086 per quintal compared to last month.

The Government has given its approval to increase the MSP of Maize by Rs. 60 per quintal to Rs. 1760 per quintal for kharif season of 2019-20.

As per media report, MMTC, Indian state-run trading company, has postponed for the seventh time a deadline for offer submissions in an international tender to import yellow corn, this time to June 27.

As per trade sources, during the month of June'19; Vessel (OCEAN GLORY) with 33,000.00 tonnes of corn discharged at Kandla port.

India has allowed 1 lakh ton Non- GM maize import on 15 % duty for actual users. MMTC and NAFED each were allowed to import 50,000 tonnes of corn for poultry firms during the financial year 2019-20; starting from April 1.

KHARIF SOWING COVERAGE

In India, maize has been sown in around 11.26 lakh hectares as on 28th June'19 which is lower than 12.17 lakh hectare covered during corresponding period last year. In Telangana, it has been sown in 0.15 lakh hectare which is lower than 0.52 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 1.37 lakh hectare which is lower than 4.28 lakh hectare covered during corresponding period last year. In A.P, maize has been sown in around 0.03 lakh hectares as on 28th June'19 which is lower than 0.15 lakh hectare covered during corresponding period last year. Maize crops are at sowing to vegetative stage.

As per trade sources, In Karnataka, farmers are likely to shift from cotton, groundnut, tur and sugarcane to maize. As maize traded higher than MSP and it is Photo-insensitive crop; farmers are likely to sow more maize during kharif season. In Maharashtra, M.P, Rajasthan and A.P; some crop area of soybean could shift towards maize.

DOMESTIC TRADE

From the trade point of view, In Nizamabad, maize is moving towards Hyderabad at Rs. 2400-2425 per quintal. In Gulabghat region of Bihar, maize (Bilty) is trading at Rs.2200 per quintal. Bangalore, Nammakal, Chitradurga, Pune and Mysore feed makers' demand has shifted towards Bihar.

RECOMMENDATION:

Market participants are advised to go long in Maize for July contract near 2130 level for a target of 2200 and 2235 with a stop loss at 2088 on closing basis.

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INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 5.90 USD/MT to 162.20 USD/MT for July'19 contract compared to last month as USDA pegged U.S. planted acres above than trade expectations despite rains and flooding this spring.

At 0.696 MMT (for the period 14th June- 20th Jun, 2019) US corn exports were up 9 percent from the previous week but down 31 percent from the previous 4-week average; mainly for the destination like Japan (241,900 MT), Mexico (197,200 MT), Colombia (63,800 MT), China (61,600 MT), and Costa Rica (30,300 MT).

In U.S, corn has been emerged 94% as of 30th June, 2019 which is lower by 6% compared to previous year and last 5 year average period. 56% crop of Corn is in good to excellent condition which is same compared to previous week.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2018-19E	2019-20F
Opening Stocks (MMT)	2.50	1.42
Production (MMT)	22.72	25.68
Imports (MMT)	0.18	0.03
Total Supply (MMT)	25.40	27.13
Export (MMT)	0.55	0.50
Domestic Consumption (MMT)	23.43	24.80
Total Demand (MMT)	23.98	25.30
Ending Stock (MMT)	1.42	1.83
Monthly Use	2.00	2.11
Stock to Use Ratio	0.06	0.07
Stock to Month Use Ratio	0.71	0.87

- In 2019/20, season starting from October; expected to begin with 1.42 MMT and end with 1.83 MMT.
- Total maize production in India could be around 25.68 MMT in 2019-20 against our yearly total demand of 25.30 MMT.
- With carryout of 1.42 MMT total availability goes up to 27.13 MMT in 2019/20.
- Total demand including domestic and export could be around 25.30 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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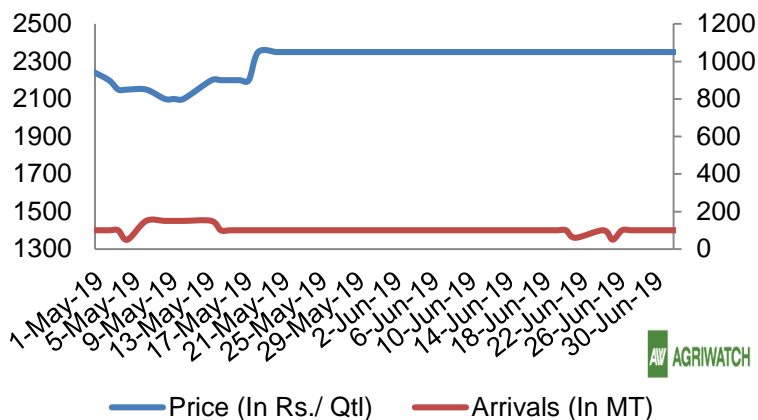
STATE - WISE MARKET DYNAMICS

Karnataka

In Karnataka region, maize is likely to trade steady to firm in the near term. It could trade in a range of Rs. 2320-2420 per quintal during the month of July'19.

In Karnataka, farmers are likely to shift from cotton, groundnut, tur and sugarcane to maize. As maize traded higher than MSP and it is Photo-insensitive crop; farmers are likely to sow more maize during kharif season.

Davangere Maize Bilty Prices Viz-a-Viz Arrivals

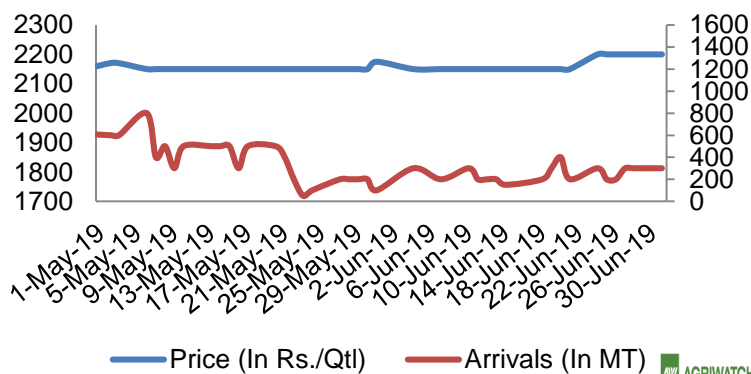


Telangana

In Nizamabad region, maize is likely to trade steady to firm as arrival pressure has reduced. Maize is moving towards Hyderabad at Rs. 2400-2425 per quintal. Pune feed makers demand has shifted towards Bihar.

Maize (Bilty) is likely to trade in a range of Rs. 2250-2450 per quintal during the month of July'19.

Nizamabad Maize Bilty Prices



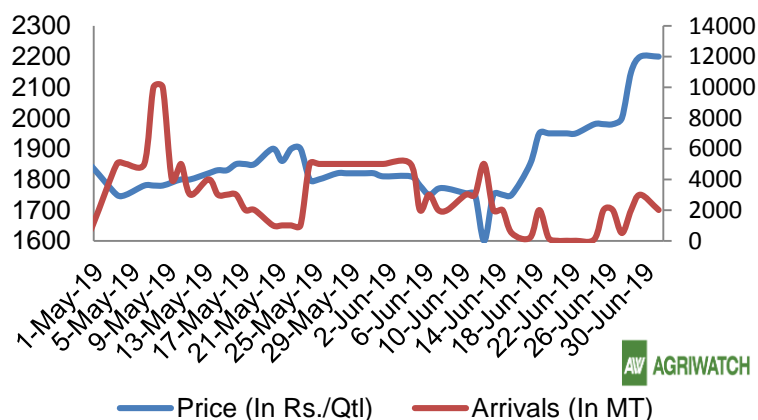
Bihar

In Bihar, maize is likely to trade steady to firm for the month of July'19. In Gulabgh, maize could trade in a range of Rs. 2150-2350 per quintal.

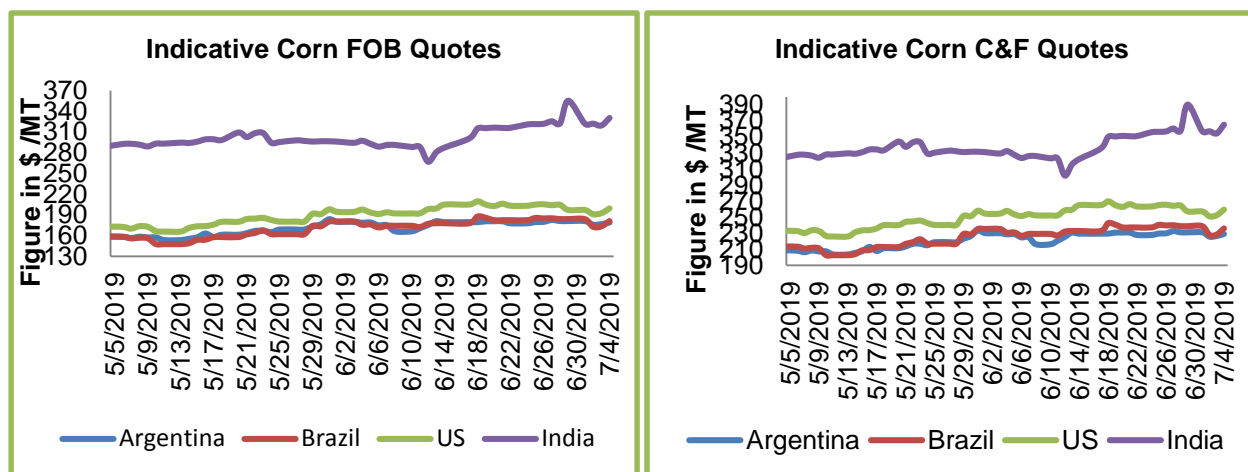
DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade steady to firm during the month of July'19 as arrival pressure has reduced. Besides, feed makers' demand could also support to maize prices.

Gulabgh Maize Prices Viz-a-Viz Market Arrivals



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ON THE EXPORT-IMPORT FRONT:


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 68.82)				
As on 04.07.2019	Argentina	Brazil	US	India
FOB	179.23	181.30	199.50	330.35
C&F	229.23	236.30	259.50	365.35

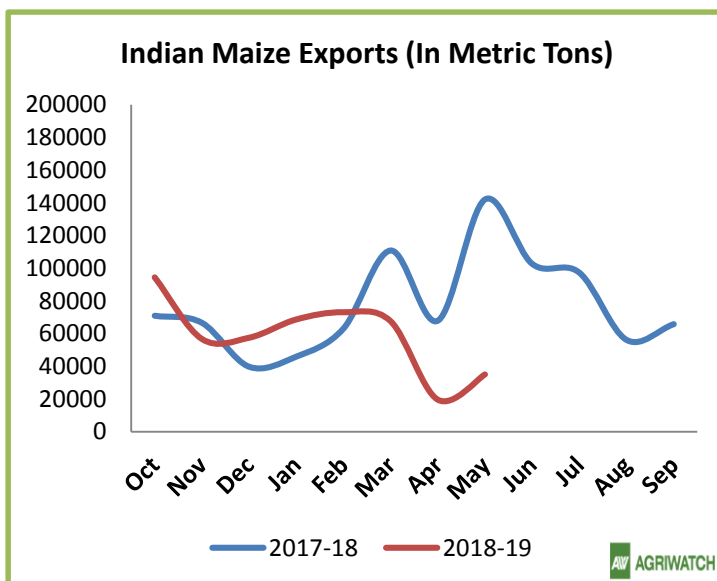
As depicted by the above data, there is no export parity for Indian maize as gap of prices between India and other exporting countries has broadened.

MAIZE EXPORTS 2017/18 VS. 2018/19:

As per trade source, India exported 4,72,527 MT of maize during Oct- May'19 which is lower around 22.15% compared to corresponding period last year.

MAIZE EXPORTS DURING MAY'19:

As per trade sources, India exported around 35,016 MT of maize for the month of May'19 at an average FoB of \$288.95/MT. Indian maize is exported mainly to Nepal mainly through Raxaul followed by Jogbani ICD and Sonauli ICD port.



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



- Candlestick depicts upward trend in the market.
- Prices closed above 9 and 18 days EMAs.
- However, RSI is moving up in overbought region which might take correction.
- Strategy: Buy near 2130 and target1 and target2 would be 2200 and 2235.

Support & Resistance

S2	S1	PCP	R1	R2
1647	1893	2138	2260	2383

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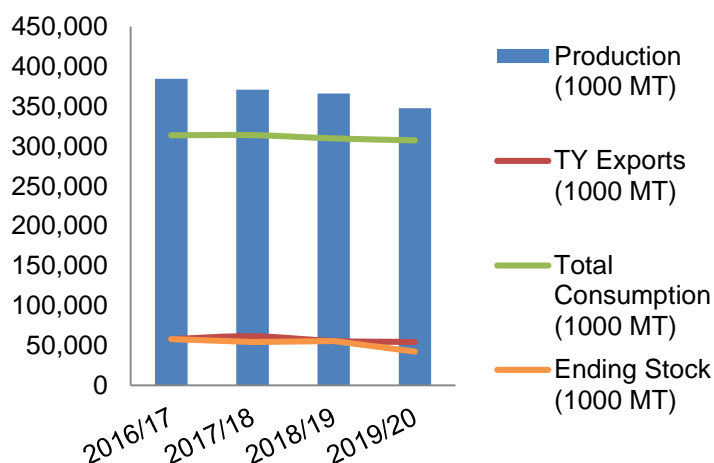
INTERNATIONAL MARKET SCENARIO:

U.S corn exports reached 42.60 MMT in the 2018-19 marketing year. At 0.696 MMT (for the period 14th June- 20th Jun, 2019) US corn exports were up 9 percent from the previous week but down 31 percent from the previous 4-week average; mainly for the destination like Japan (241,900 MT), Mexico (197,200 MT), Colombia (63,800 MT), China (61,600 MT), and Costa Rica (30,300 MT).

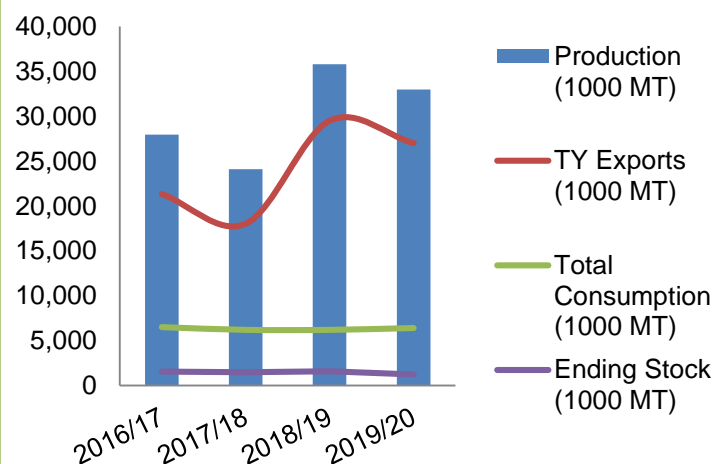
USDA decreased its world corn ending stock estimates by 24.19 MMT to 290.52 MMT for 2019/20 compared to previous month due to decrease in production estimates for 2019/20. Corn ending stock estimates for U.S also down due to fall in production estimates while for Ukraine, it kept unchanged its corn ending stock estimates at 1.22 MMT compared to previous month but lower by 0.38 MMT compared to last year estimates.

In U.S, corn has been emerged 94% as of 30th June, 2019 which is lower by 6% compared to previous year and last 5 year average period. 56% crop of Corn is in good to excellent condition which is same compared to previous week.

U.S Production, Consumption, Export & Ending Stock Scenario



Ukraine Production, Consumption ,Export & Ending Stock Scenario



CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	30/06/2019	31/05/2019	Change
Corn CBOT Prices	Jul-19	162.20	168.10	-5.90
	Sep-19	163.58	171.65	-8.07
	Dec-19	166.33	174.7	-8.37
	Mar-20	169.97	177.75	-7.78
	May-20	171.65	178.24	-6.59

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INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 5.90 USD/MT to 162.20 USD/MT for July'19 contract compared to last month as USDA pegged U.S. planted acres above than trade expectations despite rains and flooding this spring.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-June	2019-May	2018-June	% Change from Prev. Month	% Change from Prev. Year
Delhi	1956	2041	1274	-4.16	53.53
Davangere (Bilty Price)	2350	2252	1300	4.35	80.77
Shimoga	2275	2190	1406	3.88	61.81
Bagalkot	2147	2116	1299	1.47	65.28
Gadag	2085	2102	1203	-0.81	73.32
Nizamabad	1966	1965	1300	0.05	51.23
Khanna	1862	1971	1175	-5.53	58.47
Sangli (NCDEX Quality)	2376	2297	NA	3.44	-
Gulabbagh(NCDEX Quality)	1852	1816	1129	1.98	64.04
Naugachia	1767	1759	1063	0.45	66.23
Erode (NCDEX Quality)	2392	2335	1448	2.44	65.19

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

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