

Maize Monthly Research Report

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December, 2019

OUTLOOK AND REVIEW:-**DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded down during the month of November'19 compared to previous month due to start of new crop arrival in to the market but still higher than corresponding period last year. For the month of December'19, Agriwatch expects that arrival of imported goods amid domestic arrival could weigh on market sentiments. However, improvement in crop arrival quality amid feed makers demand could lead to maize prices.

KHARIF CROP ARRIVAL QUALITY

In Davangere region of Karnataka, maize arrivals are still containing moisture up to 19. In Nizamabad, maize arrivals are containing moisture up to 14%, fungus 5% and damaged grains around 5-7%. In A.P, arrivals are minimal in quantity. Vijayanagaram poultries are getting maize from Orissa while Krishna district and Prakasham district's poultries and distilleries are being supported by arrival from Khammam and Kurnool district. In Kurnool and khammam districts of A.P, maize arrivals are containing moisture up to 16%, back fungus 6-6.5% and green fungus slightly exist.

RABI CROP SOWING COVERAGE

In India, maize has been sown in around 6.30 lakh hectares as of 29th Nov'19 for Rabi season 2019-20 which is lower than 7.15 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 1.87 lakh hectare which is lower than 2.47 lakh hectare while in Tamilnadu, it has been sown in around 1.23 lakh hectare which is lower than 1.38 lakh hectare during corresponding period last year.

SECOND ADVANCE ESTIMATE OF KHARIF PRODUCTION

As per 2nd advanced estimates for 2019-20, Agriwatch expects maize production for this Kharif season at 18.34 MMT with the expected yield of 2209.37 kg/ hectare.

DOMESTIC TRADE

From the trade point of view, Maize is moving towards Hyderabad at Rs. 2,200 per quintal while it is being bought by local starch feed makers at Rs. 1820 per quintal. It is moving towards Namakkal at Rs. 2100 per quintal while Bangalore at Rs. 2000 per quintal; sourced from Davangere. Maize which is medium in size and fungus affected, being delivered to Tamilnadu at Rs. 2000 per quintal; sourced from Hassan and Mysore. Sources revealed that in Nandikotkur region of Kurnool district, around 1,20,000 MT of maize has been stocked.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 7.39 USD/MT to 146.15 USD/MT for December'19 contract compared to last month due to low export demand for U.S corn. However, China has lifted a nearly 5 year ban on imports of U.S. poultry meat, raising expectation for increase in demand for animal feed could lead to corn prices on CBOT. At 0.64 MMT (for the period 15th November- 21st November, 2019) US corn exports were down 6 percent from the previous week but up 22 percent from the prior 4-week average. In U.S, corn has harvested 89% as of 01st November, 2019 which is lower by 8% compared to last year.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2018-19E	2019-20F
Opening Stocks (MMT)	2.50	1.43
Production (MMT)	22.72	24.71
Imports (MMT)	0.21	0.25
Total Supply (MMT)	25.43	26.39
Export (MMT)	0.57	0.46
Domestic Consumption (MMT)	23.43	24.49
Total Demand (MMT)	24.00	24.95
Ending Stock (MMT)	1.43	1.44
Monthly Use	2.00	2.08
Stock to Use Ratio	5.96%	5.78%
Stock to Month Use Ratio	72%	69%

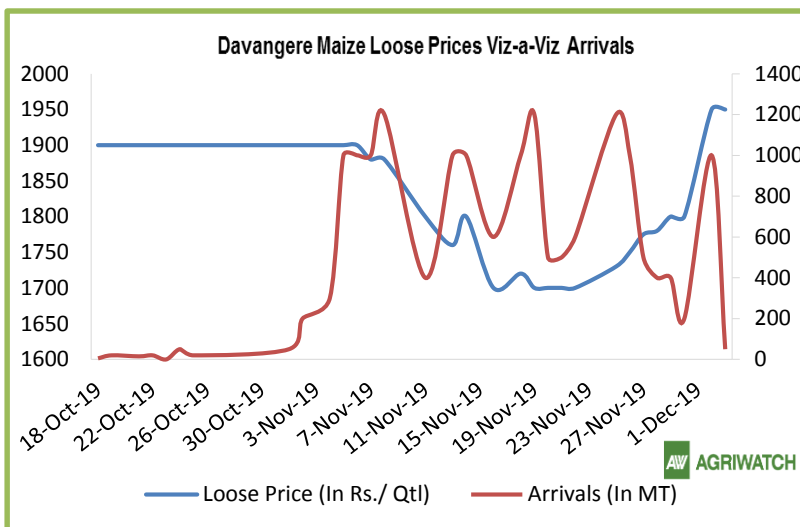
- In 2019/20, season started from October; expected to begin with 1.43 MMT and end with 1.44 MMT.
 - Total maize production in India could be around 24.71 MMT in 2019-20 against our yearly total demand of 24.95 MMT.
 - With carryout of 1.43 MMT total availability goes up to 26.39 MMT in 2019/20.
 - Total demand including domestic and export could be around 24.95 MMT.
 - ***As ending stock position likely to be less than 2018-19; Indian maize prices could take clue from that.***
- ***E= AW Estimates, F=AW Forecast***

STATE - WISE MARKET DYNAMICS

Karnataka

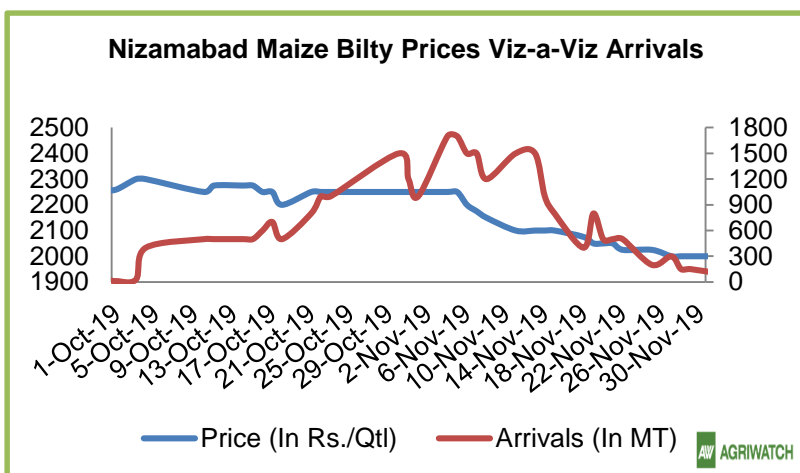
In Karnataka region, maize could trade steady to slightly weak during the month of December'19.

In Davangere region of Karnataka, maize arrivals are still containing moisture up to 19. It is moving towards Namakkal at Rs. 2100 per quintal while Bangalore at Rs. 2000 per quintal; sourced from Davangere. Sources revealed that maize which is medium in size and fungus affected, being delivered to Tamilnadu at Rs. 2000 per quintal for cattle feed; sourced from Hassan and Mysore.



Telangana

In Nizamabad, maize is trading weak due to arrival pressure. However, feed makers demand could support the market at lower level. Maize arrivals are containing moisture up to 14%, fungus 5% and damaged grains around 5-7%. Maize is moving towards Hyderabad at Rs. 2200 per quintal while it is being bought by local starch feed makers at Rs. 1820 per quintal. It could trade in a range of Rs. 1950-2150 per quintal (Bilty Price) during the month of December'19.

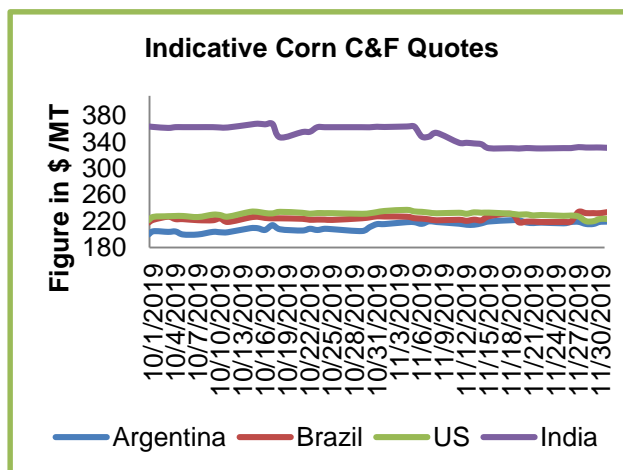
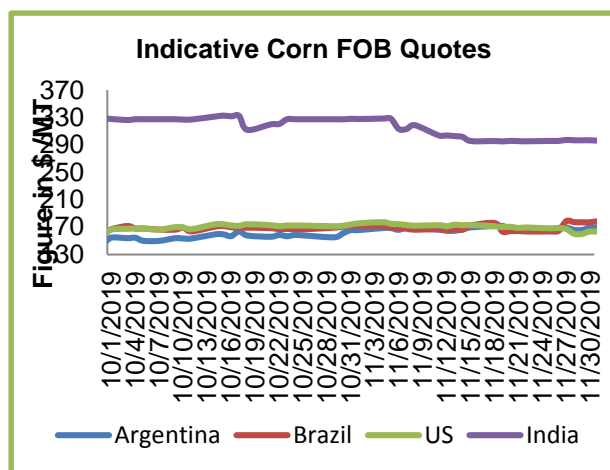


DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize could trade steady to slightly weak for the month of December'19 due to arrival pressure. However, feed makers demand could support the market at lower level.

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 71.74)				
As on 30.11.2019	Argentina	Brazil	US	India
FOB	169.19	177.30	163.68	296.82
C&F	219.19	232.30	223.68	331.82

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 IMPORTS DURING OCTOBER'19:

As per trade sources, India imported around 36,982 MT of maize for the month of October'19. Out of which, around 27,200 MT was imported from Ukraine for the Kandla port at an average value of \$197.50 USD/ MT. Meanwhile, around 9,782 MT was imported from Myanmar for the Chennai and Tuticorin port at an average value of \$263.18/ MT.

MAIZE EXPORTS DURING OCTOBER'19:

As per trade sources, India exported around 11,782 MT of maize for the month of October'19 at an average FoB of \$326.06/ MT. Out of which, around 9,820 MT Indian maize was exported mainly to Nepal mainly through Jogbani ICD followed by Nepalgunj road port.

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INTERNATIONAL MARKET SCENARIO:

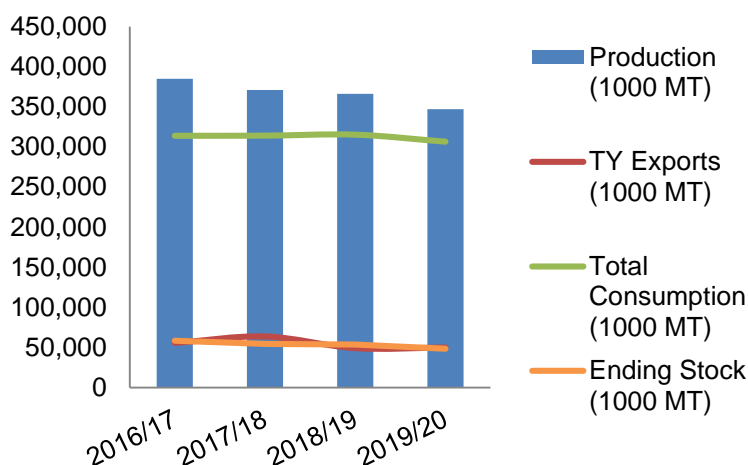
U.S corn exports reached 5.85 MMT in the 2019-20 marketing year. At 0.64 MMT (for the period 15th November-21st November, 2019) US corn exports were down 6 percent from the previous week but up 22 percent from the prior 4-week average; mainly for the destinations like Mexico (322,300 MT), Colombia (155,200 MT), Japan (76,700 MT), Guatemala (44,200 MT), and Jamaica (15,000 MT).

In U.S, Corn has harvested 89% as of 01st November, 2019 which is lower by 8% compared to last year.

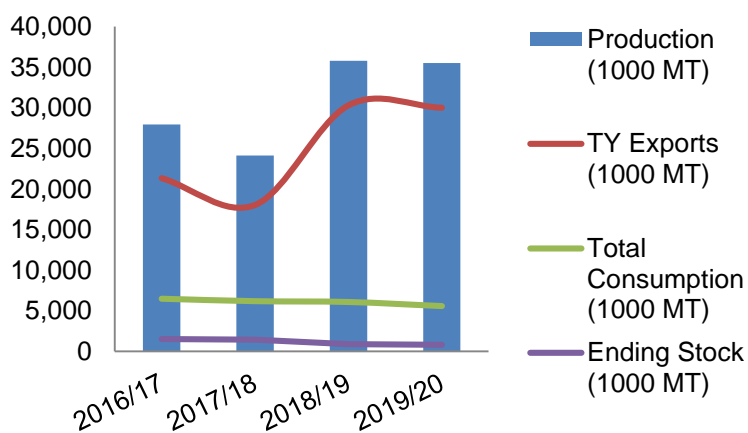
USDA decreased its world corn ending stock estimates by 6.59 MMT to 295.96 MMT for 2019/20 compared to previous month due to decrease in production estimates for 2019/20. Corn ending stock estimates for U.S also decreased by 0.47 MMT to 48.53 MMT for 2019/20 due to decrease in production estimates for 2019/20 while for Ukraine, it kept unchanged its corn ending stock estimates at 0.83 MMT compared to previous month estimates.

As per media report, Brazilian farmers could plant more than 18 million hectares of corn in the 2019/20 season due to high corn prices but depends on rains in February and March month.

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



Ukraine Production, Consumption, Export & Ending Stock Scenario



Republic Korea imported total 1046.42 Thousand MT of corn; out of which 632.78 Thousand MT imported from Brazil and 261.77 Thousand MT imported from Argentina during October'19.

Brazil imported total 217.26 Thousand MT of corn; out of which 217.16 Thousand MT from Paraguay during October'19.

China imported total 91.15 Thousand MT of corn; out of which 58.26 Thousand MT imported from USA and 18.39 Thousand MT imported from Lao People's Democratic Republic during October'19.

Bahrain imported total 6.09 Thousand MT of corn; out of which 6.06 Thousand MT imported from Argentina during October'19.

Paraguay imported total 3.54 Thousand MT of corn; out of which 3.25 Thousand MT imported from Brazil during October'19.

CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	29/11/2019	31/10/2019	Change
Corn CBOT Prices	Dec-19	146.15	153.54	-7.39
	Mar-20	150.09	156.98	-6.89
	May-20	151.86	159.34	-7.48
	July-20	153.63	161.41	-7.78
	Sep-20	152.75	158.26	-5.51

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 7.39 USD/MT to 146.15 USD/MT for December'19 contract compared to last month due to low export demand for U.S corn. However, China has lifted a nearly 5 year ban on imports of U.S. poultry meat, raising expectation for increase in demand for animal feed could lead to corn prices on CBOT.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-Nov	2019-Oct	2018-Nov	% Change from Prev. Month	% Change from Prev. Year
Delhi	2088	2146	1572	-2.70	32.82
Davangere	1794	1900	1481	-5.58	21.13
Shimoga	1740	2292	1449	-24.08	20.08
Bagalkot	1810	2077	1508	-12.86	20.03
Gadag	1745	2036	1463	-14.29	19.28
Nizamabad (Bilty Price)	2103	2259	1502	-6.91	40.01
Khanna	NA	2017	NA	-	-
Sangli (NCDEX Quality)	1916	2392	1568	-19.90	22.19
Gulabgh(NCDEX Quality)	2145	2132	1556	0.61	37.85
Naugachia	2083	2101	1524	-0.86	36.68
Erode (NCDEX Quality)	1993	2383	1667	-16.37	19.56

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

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