

Maize Monthly Research Report

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January, 2020

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

Overall maize cash markets traded mixed during the month of December'19 compared to previous month but still higher than corresponding period last year. For the month of January'20, Agriwatch expects that maize could trade steady to range bound amid feed makers demand as arrival of imported goods could weigh on market sentiments.

KHARIF CROP ARRIVAL QUALITY

In Davangere region of Karnataka, maize arrivals are still containing moisture 18% due to cold weather and fungus 3-4%. Despite the fresh arrival in Tamilnadu, maize is likely to trade steady on the expectation of fresh stockists demand. In Nizamabad, maize arrivals are containing fungus 5% and damaged grains around 5-7%. Maize is likely to trade steady to range bound in the near term. In Kurnool and Khammam districts of A.P, grain size is small to medium and damaged grain up to 7%. Sources revealed that in Nandikotkur region of Kurnool district, around 1,20,000 MT of maize has been stocked. Out of which around 30,000 MT has been released.

RABI CROP SOWING COVERAGE

In India, maize has been sown in around 13.70 lakh hectares as of 03rd Jan'19 for Rabi season 2019-20 which is higher than 12.87 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 1.61 lakh hectare which is higher than 0.95 lakh hectare during corresponding period last year while in Gujarat, it has been sown in around 1.24 lakh hectare which is higher than 0.92 lakh hectare during corresponding period last year. However, In Bihar, it has been sown in around 4.30 lakh hectare which is lower than 4.47 lakh hectare while in Tamilnadu, it has been sown in around 1.42 lakh hectare which is lower than 1.90 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. 2,250 per quintal while it is being bought by local starch feed makers at Rs. 1900 per quintal. It is moving towards Namakkal at Rs. 2100 per quintal while Bangalore at Rs. 2050 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.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 2.56 USD/MT to 152.65 USD/MT for March'20 contract compared to last month and is likely to trade firm on the expectation of increase in demand for U.S corn. USDA increased its world corn ending stock estimates by 4.61 MMT to 300.56 MMT for 2019/20 compared to previous month due to increase in production estimates for 2019/20.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2018-19E	2019-20F
Opening Stocks (MMT)	2.50	1.42
Production (MMT)	22.72	24.78
Imports (MMT)	0.21	0.27
Total Supply (MMT)	25.43	26.47
Export (MMT)	0.58	0.44
Domestic Consumption (MMT)	23.43	24.43
Total Demand (MMT)	24.01	24.87
Ending Stock (MMT)	1.42	1.60
Monthly Use	2.00	2.07
Stock to Use Ratio	5.92%	6.44%
Stock to Month Use Ratio	71%	77%

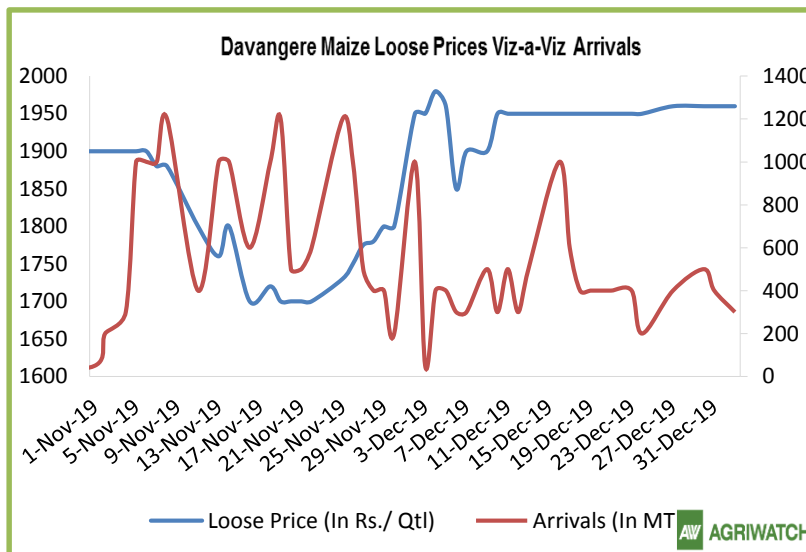
- In 2019/20, season started from October; expected to begin with 1.42 MMT and end with 1.60 MMT.
- Total maize production in India could be around 24.78 MMT in 2019-20 against our yearly total demand of 24.87 MMT.
- With carryout of 1.42 MMT total availability goes up to 26.47 MMT in 2019/20.
- Total demand including domestic and export could be around 24.87 MMT.
- ***As ending stock position likely to be similar than 2018-19; Indian maize prices could take clue from that.***
- ***E= AW Estimates, F=AW Forecast***

STATE - WISE MARKET DYNAMICS

Karnataka

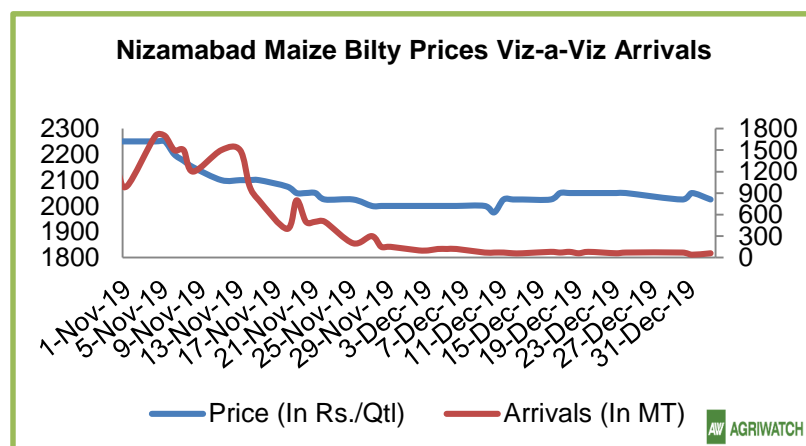
Despite the fresh arrival in Tamilnadu, maize could trade steady to slightly firm during the month of January'20 on the expectation of fresh stockists demand.

In Davangere region of Karnataka, maize arrivals are still containing moisture up to 18% due to cold weather and fungus 3-4%. It is moving towards Namakkal at Rs. 2100 per quintal while Bangalore at Rs. 2050 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

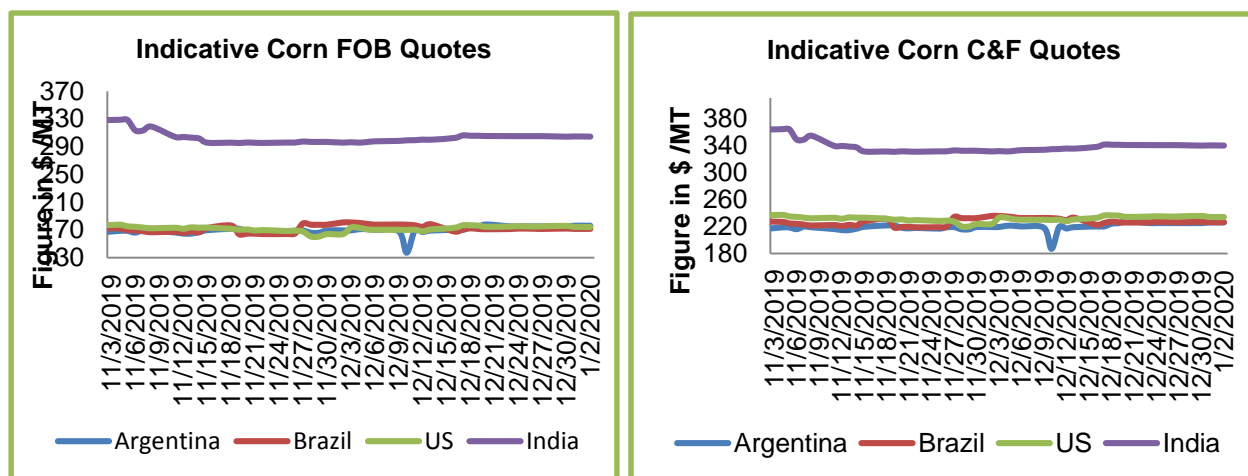
In Nizamabad, maize arrivals are containing fungus 5% and damaged grains around 5-7%. Maize is moving towards Hyderabad at Rs. 2250 per quintal while it is being bought by local starch feed makers at Rs. 1900 per quintal. It could trade in a range of Rs. 1950-2100 per quintal (Bilty Price) during the month of January'20.



DOMESTIC PRICE OUTLOOK:

Despite the expectation of low arrival amid feed makers demand, Agriwatch expects that maize could trade steady to range bound during the month of Jan'20 as further imports could restrict the firmness of the market.

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 71.68)				
As on 03.01.2020	Argentina	Brazil	US	India
FOB	179.33	172.20	177.00	303.08
C&F	229.33	227.20	237.00	338.08

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. Current Ukraine FOB is 178 \$/ MT.

MAIZE IMPORTS DURING NOVEMBER'19:

As per trade sources, India imported around 6,393 MT of maize for the month of November'19. Out of which, around 4,675 MT was imported from Myanmar for the Tuticorin port at an average value of \$268.15 USD/ MT and for the Chennai sea port at an average value of \$216.04 USD/ MT.

MAIZE EXPORTS DURING NOVEMBER'19:

As per trade sources, India exported around 40,720 MT of maize for the month of November'19 at an average FoB of \$319.80/ MT. Out of which, around 35,062 MT Indian maize was exported mainly to Nepal at an average FoB of \$316.88/MT; mainly through Jogbani ICD followed by Raxaul and Nepalgunj road port.

TENDER

As per media report, MMTC has issued an international tender to import up to 50,000 MT of Non-GMO corn for the shipment latest by 22nd Jan 2020 which would be at buyer's option. Around 25,000 MT (+/- 10%) is sought for shipment at the Vishakhapatnam port and 25,000 MT (+/- 5%) at the Kakinada port. The tender closed on 2nd January 2020 with offers having to remain valid up to 1730 hrs. IST on 9th Jan 2020.

VESSEL POSITION

As per trade sources, Vessel (INCE FORTUNE) at berth with 53,120.00 tonnes of corn was expected to discharge at Kandla port on 23 December, 2019.

INTERNATIONAL MARKET SCENARIO:

U.S corn exports reached 7.93 MMT in the 2019-20 marketing year. At 0.33 MMT (for the period 13th December-19th December, 2019) US corn exports were down 54 percent from the previous week and 44 percent from the prior 4-week average; mainly for the destinations like Mexico (154,600 MT), Japan (82,500 MT), Canada (21,800 MT), Panama (19,700 MT), and Colombia (16,300 MT).

USDA increased its world corn ending stock estimates by 4.61 MMT to 300.56 MMT for 2019/20 compared to previous month due to increase in production estimates for 2019/20.

Corn ending stock estimates for U.S kept unchanged at 48.53 MMT for 2019/20 while for Ukraine, it slightly decreased its corn ending stock estimates by 0.02 MMT to 0.81 MMT compared to previous month estimates. For Argentina and Brazil, it kept unchanged its corn ending stock estimates compared to previous month.

In Brazil, corn demand for livestock likely to be less due to Asian Swine Fever (ASF), but may be compensated by the demand from corn ethanol. Earlier, Brazil was expected to import 1.1 MMT of corn for its domestic use and ethanol production.

Reduced area under corn in Argentina amid increased export tax from 7% to 12% likely to keep CBOT corn market at higher side.

As per media news, China has renewed permission for imports of developed T25 corn from U.S.

Spain imported total 1443.09

Thousand MT of corn; out of which 762.34 Thousand MT imported from Brazil and 282.51 Thousand MT imported from Romania during October'19.

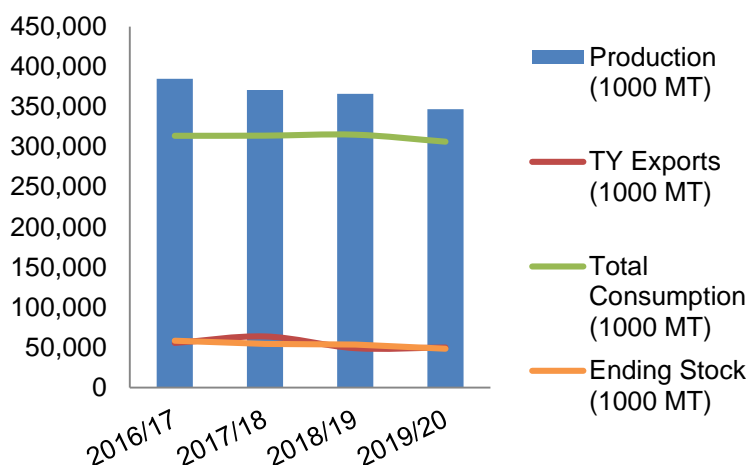
Republic Korea imported total 1046.42 Thousand MT of corn; out of which 632.78 Thousand MT imported from Brazil and 261.77 Thousand MT imported from Argentina during October'19.

United Kingdom imported total 237.38 Thousand MT of corn; out of which 42.50 Thousand MT imported from France and 35.15 Thousand MT imported from Bulgaria during October'19.

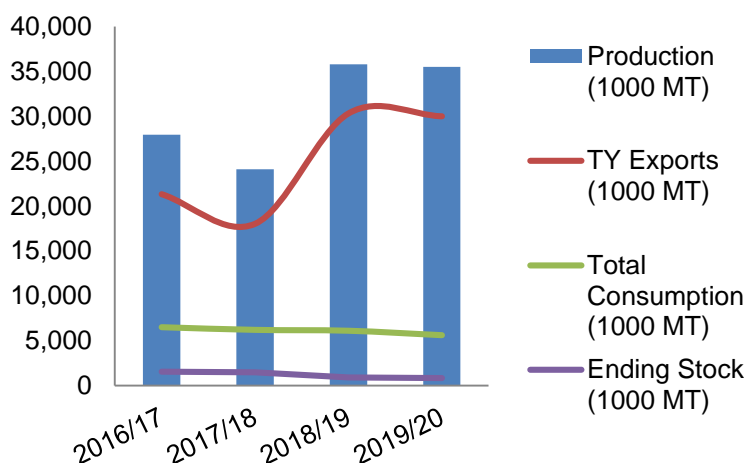
Chile imported total 232.14 Thousand MT of corn; out of which 196.08 Thousand MT imported from Argentina and 35.37 Thousand MT imported from Paraguay during October'19.

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

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	31/12/2019	29/11/2019	Change
Corn CBOT Prices	Mar-20	152.65	150.09	2.56
	May-20	155.41	151.86	3.55
	July-20	157.87	153.63	4.24
	Sep-20	157.87	152.75	5.12
	Dec-20	158.46	NA	-

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT rose by 2.56 USD/MT to 152.65 USD/MT for March'20 contract compared to last month and is likely to trade firm on the expectation of increase in demand for U.S corn.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-Dec	2019-Nov	2018-Dec	% Change from Prev. Month	% Change from Prev. Year
Delhi	2200	2088	1793	5.36	22.70
Davangere	1944	1794	1642	8.36	18.39
Shimoga	1861	1740	1624	6.95	14.59
Bagalkot	1981	1810	1668	9.45	18.76
Gadag	1917	1745	1677	9.86	14.31
Nizamabad (Bilty Price)	2024	2103	1603	-3.76	26.26
Khanna	2070	NA	1679	-	23.29
Sangli (NCDEX Quality)	2048	1916	1776	6.89	15.32
Gulabghat (NCDEX Quality)	2348	2145	1775	9.46	32.28
Naugachia	2160	2083	1741	3.70	24.07
Erode (NCDEX Quality)	2084	1993	1859	4.57	12.10

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

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