

# Maize Monthly Research Report

## Contents

- ❖ Outlook and Review
- ❖ Rabi Crop Sowing Coverage
- ❖ First Advance Estimate of Rabi Production
- ❖ Domestic Trade
- ❖ International Corn Market Summary
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Maize Exports-Imports during December'19
- ❖ Maize Tender
- ❖ International Market Scenario
- ❖ CBOT Corn Future Prices
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison

February, 2020

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

Overall maize cash markets traded range bound during the month of January'20 compared to previous month but still higher than corresponding period last year. For the month of February'20, Agriwatch expects that maize could trade steady to range bound as arrivals of imported goods amid good production prospects for the upcoming rabi season could weigh on market sentiments.

**RABI CROP SOWING COVERAGE**

In India, maize has been sown in around 16.98 lakh hectares as of 31st Jan'20 for Rabi season 2019-20 which is higher than 14.78 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.28 lakh hectare which is higher than 1.16 lakh hectare during corresponding period last year while in Gujarat, it has been sown in around 1.33 lakh hectare which is higher than 0.97 lakh hectare during corresponding period last year. In Bihar, it has been sown in around 5.05 lakh hectare which is higher than 4.75 lakh hectare during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.48 lakh hectare which is lower than 1.99 lakh hectare during corresponding period last year.

**FIRST ADVANCE ESTIMATE OF RABI PRODUCTION**

As per 1st advanced estimates for 2019-20, Agriwatch expects maize production for this Rabi season at 6.55 MMT with the expected yield of 3.71 MT/ 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.

**INTERNATIONAL CORN MARKET SUMMARY**

Corn prices on CBOT fall by 3.25 USD/MT to 149.40 USD/MT for March'20 contract compared to last month. CBOT market could trade down on the concern about an economic hit to China as the coronavirus continued to spread. However, further price direction depends on the demand for U.S corn. USDA decreased its world corn ending stock estimates by 2.75 MMT to 297.81 MMT for 2019/20 compared to previous month due to increase in consumption estimates for 2019/20.

## INDIA MAIZE BALANCE SHEET

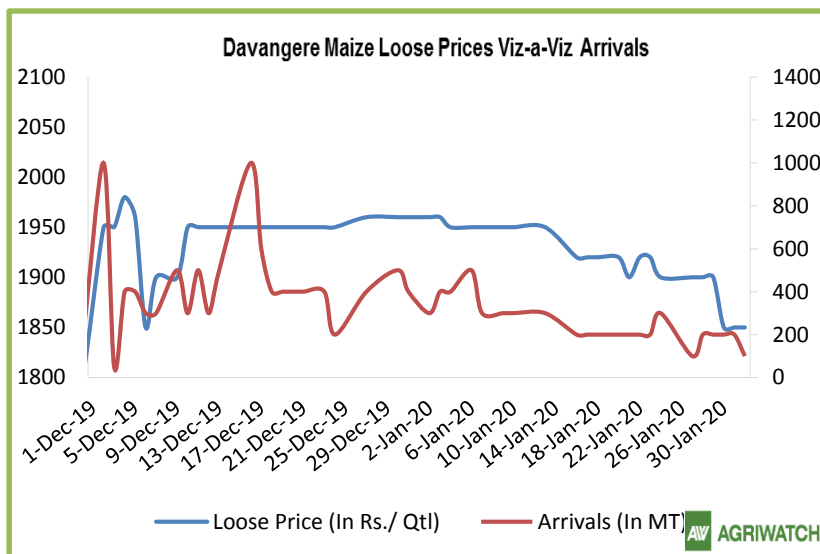
| Maize Year-(Oct-Sep)            | 2018-19E     | 2019-20F     |
|---------------------------------|--------------|--------------|
| Opening Stocks (MMT)            | 2.50         | 1.42         |
| Production (MMT)                | 22.72        | 24.76        |
| Imports (MMT)                   | 0.21         | 0.29         |
| <b>Total Supply (MMT)</b>       | <b>25.43</b> | <b>26.47</b> |
| Export (MMT)                    | 0.58         | 0.47         |
| Domestic Consumption (MMT)      | 23.43        | 24.43        |
| <b>Total Demand (MMT)</b>       | <b>24.01</b> | <b>24.90</b> |
| <b>Ending Stock (MMT)</b>       | <b>1.42</b>  | <b>1.57</b>  |
| <b>Monthly Use</b>              | <b>2.00</b>  | <b>2.08</b>  |
| <b>Stock to Use Ratio</b>       | <b>5.92%</b> | <b>6.31%</b> |
| <b>Stock to Month Use Ratio</b> | <b>71%</b>   | <b>76%</b>   |

- In 2019/20, season started from October; expected to begin with 1.42 MMT and end with 1.57 MMT.
- Total maize production in India could be around 24.76 MMT in 2019-20 against our yearly total demand of 24.90 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 24.90 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

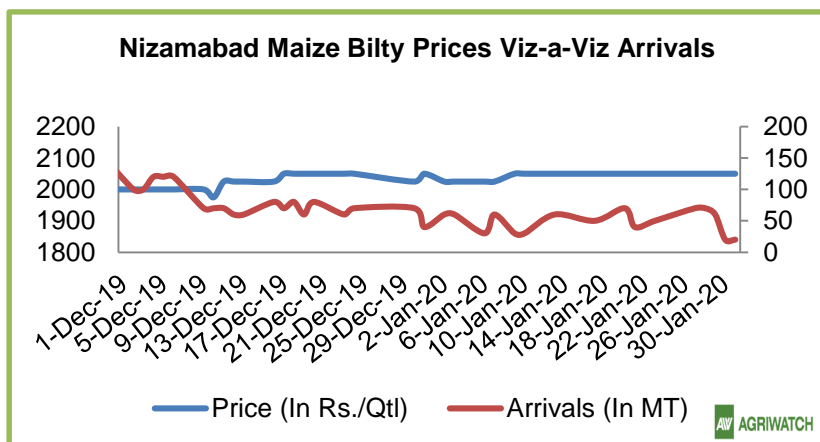
### Karnataka

In Davangere region of Karnataka, maize arrivals are still containing moisture up to 18% due to cold weather and fungus 3-4%. Maize is likely to trade steady to slightly weak amid sluggish demand of Tamilnadu feed makers as arrival of local produce has increased. Also, arrival of imported goods could also weigh on market sentiments. It could trade in a range of Rs. 1750-1900 per quintal (Loose Price) during the month of February'20.



### Telangana

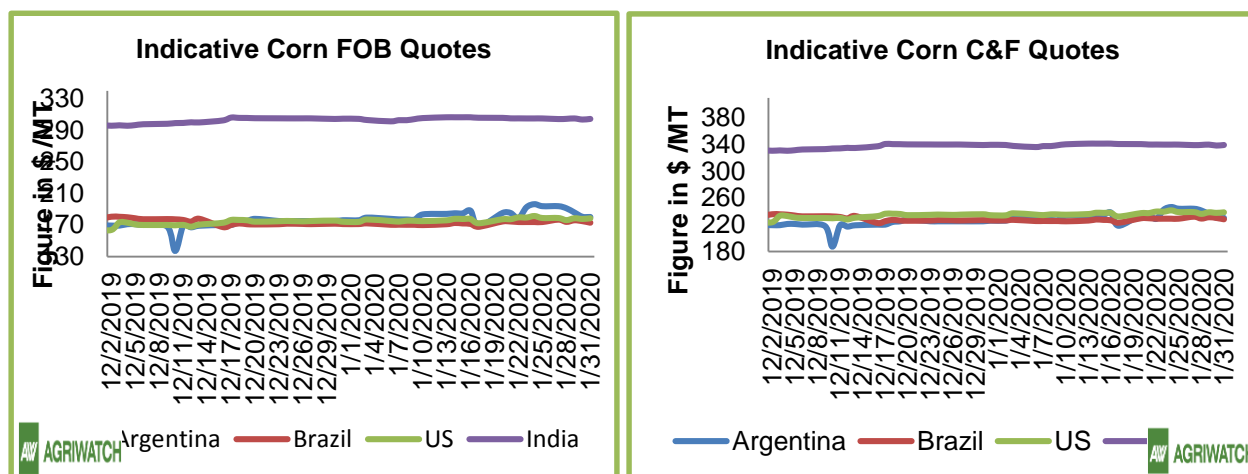
In Nizamabad, maize is moving towards Hyderabad at Rs. 2250 per quintal while it is being bought by local starch feed makers at Rs. 1900 per quintal. It could trade in a range of Rs. 1950-2100 per quintal (Bilty Price) during the month of February'20.



## DOMESTIC PRICE OUTLOOK:

Despite the regular feed makers demand, Agriwatch expects that maize could trade steady to range bound during the month of Feb'20 as arrivals of imported goods amid good production prospects for the upcoming rabi season could restrict the firmness of the market.

### ON THE EXPORT-IMPORT FRONT:



| Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 71.36) |           |        |        |        |
|--|-----------|--------|--------|--------|
| As on 31.01.2020   | Argentina | Brazil | US     | India  |
| <b>FOB</b>   | 180.12    | 173.00 | 178.46 | 304.44 |
| <b>C&amp;F</b>   | 230.12    | 228.00 | 238.46 | 339.44 |

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 184 \$/ MT.

### MAIZE IMPORTS DURING DECEMBER'19:

As per trade sources, India imported around 58,941 MT of maize for the month of December'19. Out of which, around 53,120 MT was imported from Ukraine for the Kandla port at an average value of \$200 USD/ MT while around 4,416 MT was imported from Myanmar for the Tuticorin, Chennai and Kolkata port at an average value of \$263.95 USD/ MT.

### MAIZE EXPORTS DURING DECEMBER'19:

As per trade sources, India exported around 85,730 MT of maize for the month of December'19 at an average FoB of \$323.64/ MT. Out of which, around 80,202 MT Indian maize was exported mainly to Nepal at an average FoB of \$322.32/MT; mainly through Raxaul followed by Sonauli ICD port.

### TENDER

As per media report, MMTC has made no purchase in an international tender for Non- GMO yellow corn for 1,75,000 MT for the shipment latest by 10th Feb 2020. Three consignment of 50,000 MT (+/-5%) each were sought for shipment at the Visakhapatnam, Tuticorin and Mangalore port and 25,000 MT (+/- 5%) at the Mumbai port. The lowest price offered was \$226.80 /MT c&f. The tender had closed on Jan. 14 and offers must remain valid up to Jan. 20.

As per trade sources, NAFED has issued an international tender to import up to 100,000 MT of Non- GMO corn; to be sourced from Ukraine for the shipment between 1st Feb'20 to 10th Feb'20. Around 50,000 MT is sought for shipment to the Mangalore port and rest to the Tuticorin port at around \$227/ MT.

## INTERNATIONAL MARKET SCENARIO:

U.S corn exports reached 10.51 MMT in the 2019-20 marketing year. At 0.68 MMT (for the period 17th January- 23rd January, 2020) US corn exports were up 74 percent from the previous week and 44 percent from the prior 4-week average; mainly for the destinations like Mexico (277,600 MT), Colombia (242,300 MT), Japan (88,400 MT), Taiwan (21,300 MT), and Nicaragua (20,900 MT).

USDA decreased its world corn ending stock estimates by 2.75 MMT to 297.81 MMT for 2019/20 compared to previous month due to increase in consumption estimates for 2019/20. Corn ending stock estimates for U.S also decreased by 0.46 MMT to 48.07 MMT for 2019/20 due to increase in consumption estimates which could lead to corn prices at CBOT market while for Ukraine, it slightly increased its corn ending stock estimates by 0.05 MMT to 0.86 MMT compared to previous month estimates. For Argentina, it kept unchanged its corn ending stock estimates compared to previous month while for Brazil, it decreased its corn ending stock estimates by 0.5 MMT to 4.58 MMT due to increase in exports estimates compared to previous month estimates.

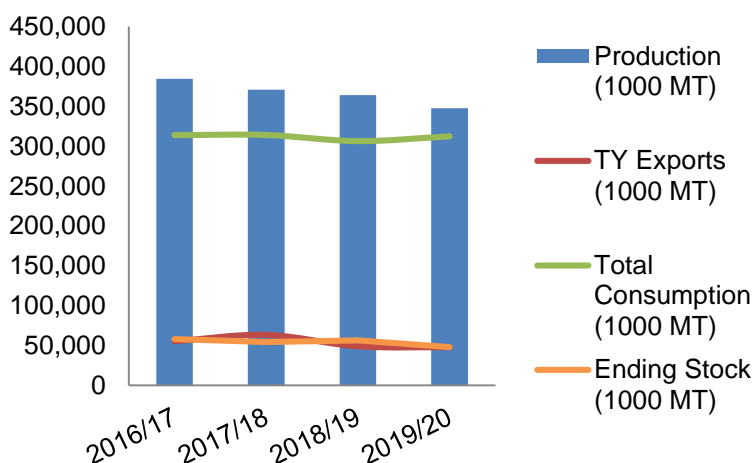
However, IGC increased its forecast for 2019/20 global corn production by 8 MMT to 1111 MMT compared to previous forecast; driven by upward revision for U.S and China. Forecast for global corn ending stock was also up by 4 MMT to 283 MMT compared to last forecast for 2019/20 which could weigh on international corn market.

Republic Korea imported total 1200.29 Thousand MT of corn; out of which 524.64 Thousand MT imported from Brazil and 398.03 Thousand MT imported from Argentina during December'19.

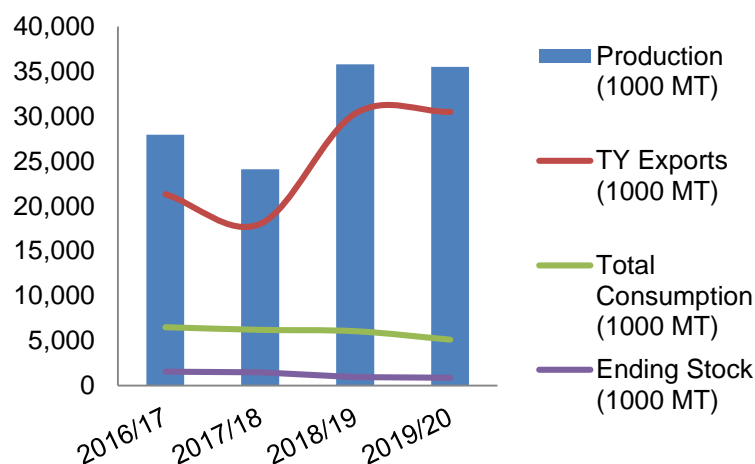
Turkey imported total 304.46 Thousand MT of corn; out of which 112.66 Thousand MT imported from Ukraine and 111.87 Thousand MT imported from Russian Federation during December'19.

Brazil imported total 187.39 Thousand MT of corn; out of which 187.21 Thousand MT from Paraguay during December'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 | 31/01/2020 | 31/12/2019 | Change |
| Corn CBOT Prices                                 | Mar-20         | 149.40     | 152.65     | -3.25  |
|  | May-20         | 151.47     | 155.41     | -3.94  |
|  | July-20        | 153.34     | 157.87     | -4.53  |
|  | Sep-20         | 152.45     | 157.87     | -5.42  |
|  | Dec-20         | 153.73     | 158.46     | -4.73  |

**INTERNATIONAL CORN OUTLOOK:**

Corn prices on CBOT fall by 3.25 USD/MT to 149.40 USD/MT for March'20 contract compared to last month. CBOT market could trade down on the concern about an economic hit to China as the coronavirus continued to spread. However, further price direction depends on the demand for U.S corn.

**Monthly Spot Price Comparison**

| Month-wise Average prices of Maize at various markets |          |          |          |                           |                          |
|---|----------|----------|----------|---------------------------|--------------------------|
| Market  | 2020-Jan | 2019-Dec | 2019-Jan | % Change from Prev. Month | % Change from Prev. Year |
| Delhi   | 2152     | 2200     | 1934     | -2.18                     | 11.27                    |
| Davangere   | 1921     | 1944     | 1822     | -1.18                     | 5.43                     |
| Shimoga   | 1890     | 1861     | 1814     | 1.56                      | 4.19                     |
| Bagalkot  | 1871     | 1981     | 1831     | -5.55                     | 2.18                     |
| Gadag   | 1911     | 1917     | 1762     | -0.31                     | 8.46                     |
| Nizamabad (Bilty Price)                               | 2044     | 2024     | 1846     | 0.99                      | 10.73                    |
| Khanna  | 2057     | 2070     | 1913     | -0.63                     | 7.53                     |
| Sangli (NCDEX Quality)                                | 2001     | 2048     | 1937     | -2.29                     | 3.30                     |
| Gulabghat(NCDEX Quality)                              | 2346     | 2348     | 1934     | -0.09                     | 21.30                    |
| Naugachia   | NA       | 2160     | NA       | -                         | -                        |
| Erode (NCDEX Quality)                                 | 2008     | 2084     | 1978     | -3.65                     | 1.52                     |

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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
 © 2020 Indian Agribusiness Systems Ltd.