

Maize Monthly Research Report

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March, 2020

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

Maize cash markets traded weak during the month of February'20 compared to previous month and corresponding period last year as poultry farmers cut down animal feed purchases on the rumour on social media that chickens are a cause of the spread of coronavirus. For the month of March'20, Agriwatch expects that maize could trade steady to weak on the expectation of new crop amid imported goods arrival.

RABI CROP SOWING COVERAGE & CROP CONDITION

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 A.P, maize has been sown in around 1.85 lakh hectares as of 19th February'20 which is higher than 1.59 lakh hectare covered during corresponding period last year. Maize sown area is 101% to season normal and at vegetative to cob formation stage. In Krishna, Vizianagaram, Srikakulam, Prakasam, East Godavari, West Godavari, Guntur districts, 25,574 hectare of maize area is affected by Fall armyworm, stem borer, and Root rot; out of which, 25,025 hectare of maize area has treated. In Telangana, it has been sown in 1.86 lakh hectare as of 19th February'20 which is higher than 1.12 lakh hectare covered during corresponding period last year. Maize sown area is 124% to season normal and its sowing has completed. Maize crops are at tasselling to cob formation stage. Pest and Disease reported nil.

SECOND ADVANCE ESTIMATE OF RABI PRODUCTION

As per 2nd advanced estimates for 2019-20, Agriwatch expects maize production for this Rabi season at 6.81 MMT with the expected yield of 4.01 MT/ hectare.

DOMESTIC TRADE

From the trade point of view, Maize is moving towards Hyderabad at Rs. 2,000 per quintal while it is being bought by local starch feed makers at Rs. 1675 per quintal.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 5.12 USD/MT to 144.28 USD/MT for March'20 contract compared to last month on the expectation for robust U.S. plantings and on the concern over spread of coronavirus beyond China. However, further price direction depends on the demand and corn ending stock estimates for U.S.

INDIA MAIZE BALANCE SHEET

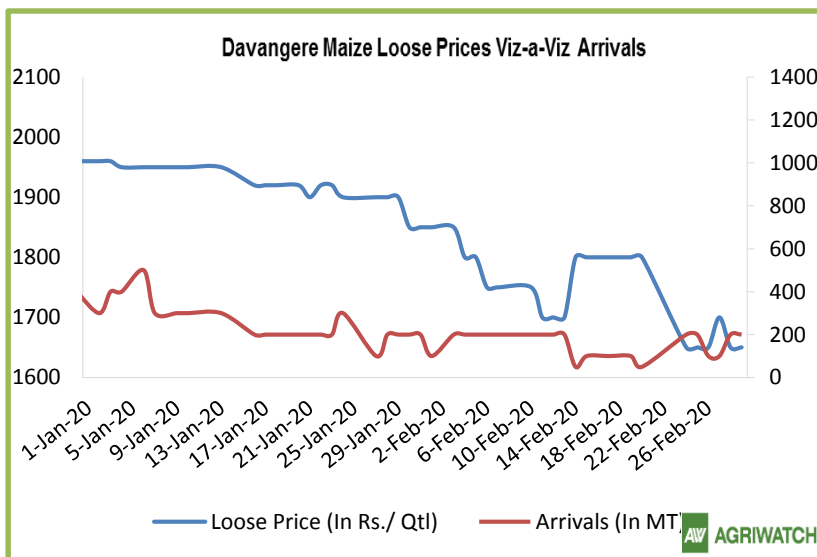
Maize Year-(Oct-Sep)	2018-19E	2019-20F
Opening Stocks (MMT)	2.50	1.42
Production (MMT)	22.72	25.02
Imports (MMT)	0.21	0.31
Total Supply (MMT)	25.43	26.76
Export (MMT)	0.58	0.47
Domestic Consumption (MMT)	23.43	24.14
Total Demand (MMT)	24.01	24.61
Ending Stock (MMT)	1.42	2.14
Monthly Use	2.00	2.05
Stock to Use Ratio	5.92%	8.71%

- In 2019/20, season started from October; has begun with 1.42 MMT and expected to end with 2.14 MMT.
 - Total maize production in India could be around 25.02 MMT in 2019-20 against our yearly total demand of 24.61 MMT.
 - With carryout of 1.42 MMT total availability goes up to 26.76 MMT in 2019/20.
 - Total demand including domestic and export could be around 24.61 MMT.
 - ***As ending stock position is being higher than 2018-19; Indian maize prices could take clue from that.***
- ***E= AW Estimates, F=AW Forecast***

STATE - WISE MARKET DYNAMICS

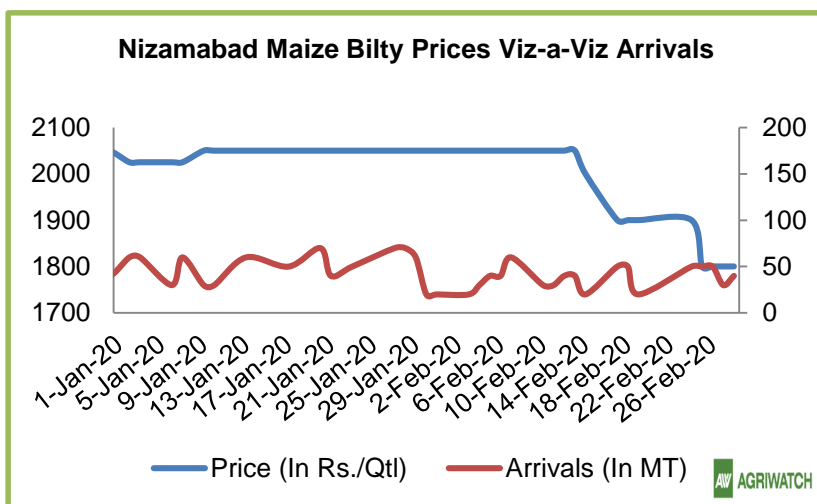
Karnataka

In Davangere region of Karnataka, maize arrivals are still containing fungus 10-20%. 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. 1700-1800 per quintal (Bilty Price) during the month of March'20.



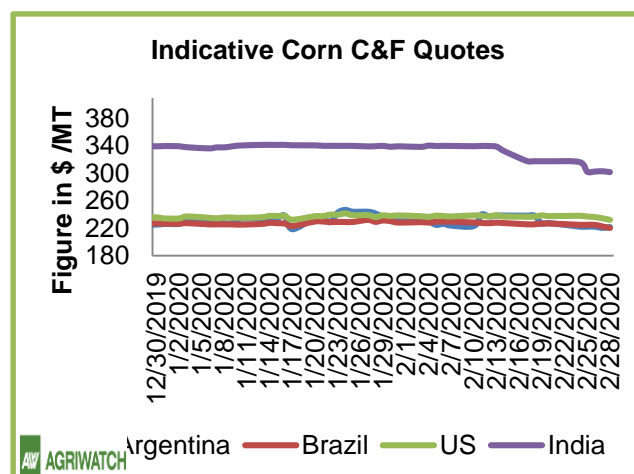
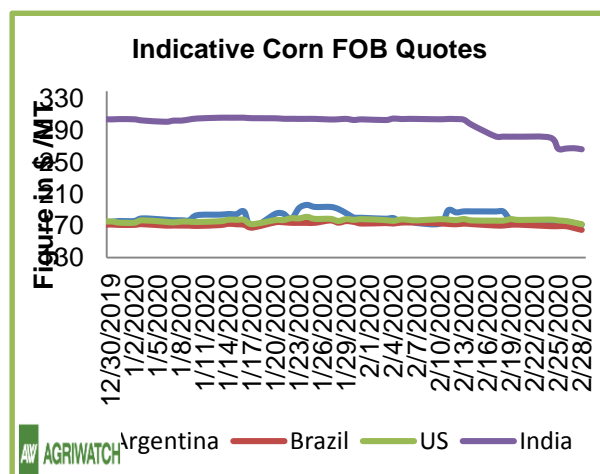
Telangana

In Nizamabad, maize is moving towards Hyderabad at Rs. 2000 per quintal while it is being bought by local starch feed makers at Rs. 1675 per quintal. It could trade steady to slightly weak in a range of Rs. 1800-2050 per quintal (Bilty Price) during the month of March'20, due to sluggish demand of bulk buyers on the expectation of new crop arrival in the coming weeks. Sources revealed that in Telangana, stock of maize could be around 5,000 MT which was 10,000 MT during corresponding period last year.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize could trade steady to slightly weak during the month of March'20 as arrivals of imported goods amid expectation of new crop arrivals could weigh on market sentiments.

ON THE EXPORT-IMPORT FRONT:


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 72.01)				
As on 28.02.2020	Argentina	Brazil	US	India
FOB	176.46	165.00	172.03	266.63
C&F	221.46	220.00	232.03	301.63

As depicted by the above data, there is no export parity for Indian maize as gap of prices of India and other exporting countries has broadened. Current Ukraine FOB is 174 \$/ MT.

MAIZE IMPORTS DURING JANUARY'20:

As per trade sources, India imported around 53,962 MT of maize for the month of January'20. Out of which, around 23,500 MT was imported from Ukraine for the Kandla port at an average value of \$199.31 USD/ MT while around 30,462 MT was imported from Myanmar for the Tuticorin, Kolkata, Chennai, Vizag and Mundra port at an average value of \$245.53 USD/ MT.

MAIZE EXPORTS DURING JANUARY'20:

As per trade sources, India exported around 47,080 MT of maize for the month of January'20 at an average FoB of \$333.71/ MT. Out of which, around 42,335 MT Indian maize was exported mainly to Nepal at an average FoB of \$331.08/MT; mainly through Raxaul followed by Sonauli ICD port.

TENDER

As per media report, MMTTC 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.

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.

VESSEL POSITION

As per trade sources, Vessel (TAN BINH) with 19,700 tonnes of corn, waiting for berth at Tuticorin port on 1st March, 2020.

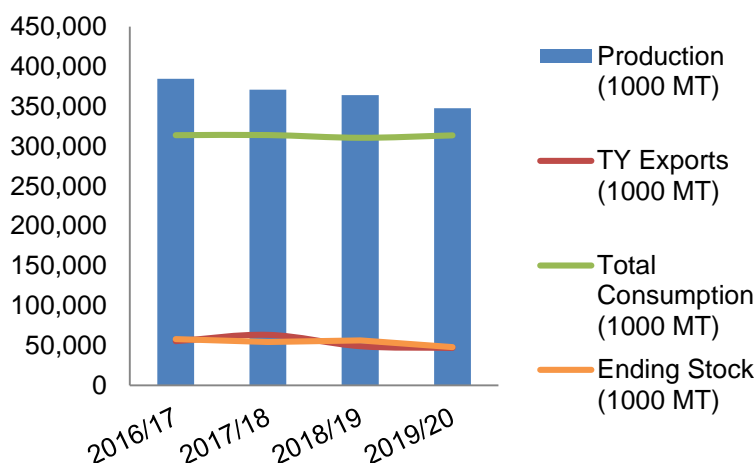
INTERNATIONAL MARKET SCENARIO:

U.S corn exports reached 13.50 MMT in the 2019-20 marketing year. At 0.84 MMT (for the period 14th January- 20th February, 2020) US corn exports were up 11 percent from the previous week and 20 percent from the prior 4-week average; mainly for the destinations like Mexico (278,700 MT), Colombia (224,700 MT), Japan (155,500 MT), Guatemala (62,200 MT), and Honduras (59,600 MT).

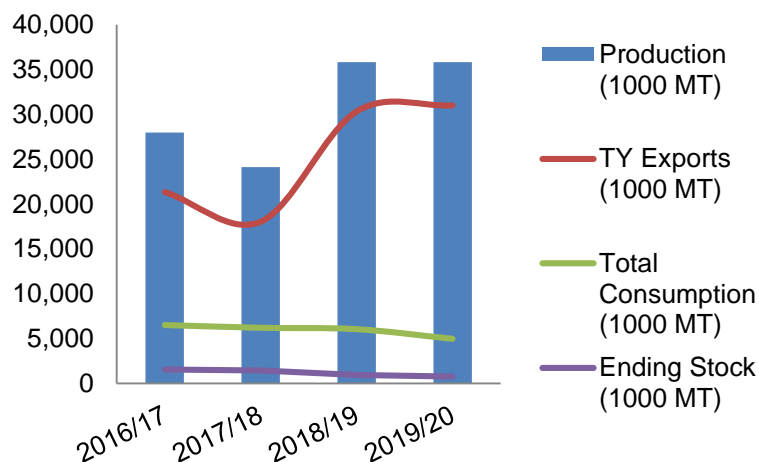
During the month of Feb, USDA decreased its world corn ending stock estimates by 0.97 MMT to 296.84 MMT for 2019/20 compared to previous month due to increase in consumption estimates for 2019/20. However, average world corn ending stock for the month of March is estimated at 297.25 MMT which could weigh on global corn market.

During the month of Feb, Corn ending stock estimates for U.S kept unchanged at 48.07 MMT for 2019/20 while for Ukraine, it decreased its corn ending stock estimates by 0.10 MMT to 0.76 MMT compared to previous month estimates due to increase in exports estimates for 2019/20. 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 0.3 MMT to 4.28 MMT due to increase in consumption estimates compared to previous month estimates.

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



Ukraine Production, Consumption ,Export & Ending Stock Scenario



However, IGC increased its forecast for 2019/20 global corn production by 1 MMT to 1112 MMT compared to previous forecast. Forecast for global corn ending stock was also up by 1 MMT to 284 MMT compared to last forecast for 2019/20 which could weigh on international corn market.

As per media report, China, S. Korea, Bangladesh are buying corn from Ukraine for the month of February; could lead to Ukrainian corn prices.

As per media report, In Ukraine, corn sowing area is likely to increase from 5 million hectare to 5.2 million hectare in 2020 compared to previous year.

Mozambique imported total 55,182.65 Thousand MT of corn; out of which 55,182.30 Thousand MT imported from South Africa during December'19.

March, 2020

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.

Spain imported total 909.72 Thousand MT of corn; out of which 696.57 Thousand MT imported from Ukraine and 82.56 Thousand MT imported from France during December'19.

Malaysia imported total 455.44 Thousand MT of corn; out of which 301.09 Thousand MT from Argentina during December'19.

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

CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	28/02/2020	31/01/2020	Change
Corn CBOT Prices	Mar-20	144.28	149.4	-5.12
	May-20	144.97	151.47	-6.50
	July-20	146.65	153.34	-6.69
	Sep-20	146.65	152.45	-5.80
	Dec-20	148.42	153.73	-5.31

INTERNATIONAL CORN OUTLOOK:

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Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2020-Feb	2020-Jan	2019-Feb	% Change from Prev. Month	% Change from Prev. Year
Delhi	1885	2152	2185	-12.41	-13.73
Davangere	1743	1921	1967	-9.27	-11.39
Shimoga	1748	1890	1999	-7.51	-12.56
Bagalkot	1709	1871	1936	-8.66	-11.73
Gadag	1710	1911	1898	-10.52	-9.91
Nizamabad	1858	1950	1932	-4.72	-3.83
Khanna	1860	2057	2104	-9.58	-11.60
Sangli (NCDEX Quality)	1807	2001	2118	-9.70	-14.68
Gulabghat (NCDEX Quality)	1997	2346	2064	-14.88	-3.25
Naugachia	NA	NA	2035	-	-
Erode (NCDEX Quality)	1852	2008	2137	-7.77	-13.34

- All market prices are monthly average of loose prices

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