

Maize Monthly Research Report

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June, 2020

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

Maize cash markets traded weak during the month of May'20 compared to previous month and corresponding period last year due to sluggish demand from poultry feed industry in the wake of coronavirus amid new crop arrivals. For the month of June'20, Agriwatch expects that maize could trade steady to range bound amid limited demand and supply.

In Bihar, maize is being traded in a range of Rs. 1225-1250 per quintal (Bilty Price) amid limited demand and arrival. Stockists demand has come down as recent rains has impacted the arrival quality. It is expected that maize could trade steady to range bound in near term too amid limited demand and arrivals.

In Nizamabad, maize market remained officially closed from 21st March to 26th May, 2020 due to lockdown. After that, first trade was reported on 2 June 2020 at Rs. 1600 per quintal (Bilty Price) as farmers were not bringing their produce to the market, preferring to sell to the Government.

EXPECTATION OF MAIZE ACREAGE FOR THE KHARIF 2020-21

Maize acreage in Kharif 2020-21 may turn out to be higher than that in Kharif 2019-20 as farmers in Karnataka, Rajasthan, Maharashtra and Madhya Pradesh would prefer less labour intensive crops. Seed availability is expected to remain sufficient as transportation of agriculture related materials has become almost normal after the relaxations in lockdown. Expectation of good monsoon amid increase in MSP by Rs. 90 per quintal at Rs. 1850 per quintal for the Kharif season 2020-21 and reward offering by Haryana government from water guzzling paddy crops to maize; are all good motivating factors for farmers to grow more maize for this Kharif season. However, in Telangana, maize area likely to shift towards more remunerative and high yield crops like pulses. In SPSR Nellore, Chittoor and Anantapuram districts of A.P, and also in some districts of Karnataka, maize sowing has just started.

MAIZE PROCUREMENT

As per media sources, Telangana State Cooperative Marketing Federation (TS-Markfed) has procured maize about 6.94 lakh tonnes as of 25th May,2020; out of estimated production of 14.16 lakh tonnes (Agriwatch estimates). The decision of the agency to close purchasing operations on May 31 was unexpected, as the government had earlier said they would procure 100% of the production.

As per AP markfed, from the current rabi crop, 3,28,922 MT of maize has been procured by A.P government as of 04th June,2020.

CURRENT HARVEST SITUATION

As per trade sources, in Telangana, harvesting of rabi crop of maize has completed while in Bihar regions, maize crop has been harvested around at 60% and in Karnataka, maize crop has been harvested at 50% till date.

FINAL ESTIMATE OF RABI PRODUCTION

As per final estimates for 2019-20, Agriwatch expects maize production for this Rabi season at 7.16 MMT with the expected yield of 3.97 MT/ hectare.

INTERNATIONAL CORN MARKET SUMMARY

Corn on CBOT rose by 1.28 USD/MT to 127.26 USD/MT for July'20 contract compared to previous month due to increase in demand for U.S corn for ethanol. However, higher corn production prospects in U.S could limit the firmness. In U.S, corn plantings as on 31 May 2020 stand at 93%, up 29 percentage points from same time last year and up 4 percentage points from 5 year average.

INDIA MAIZE BALANCE SHEET

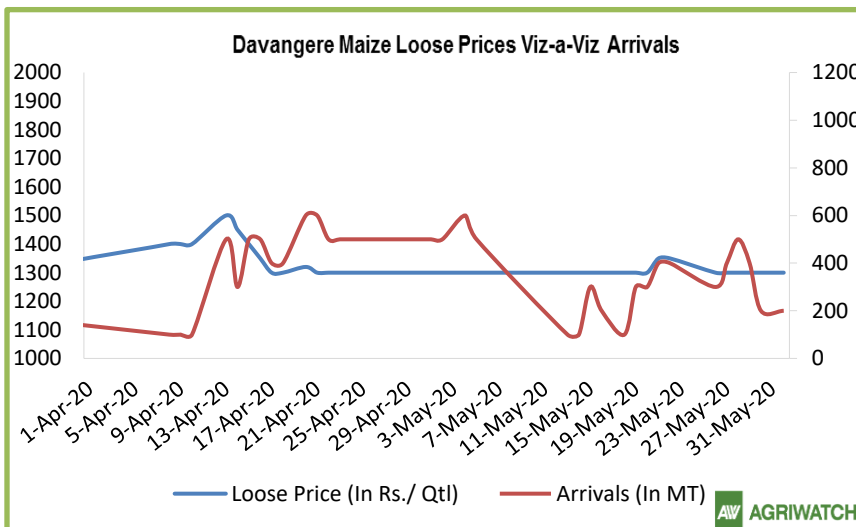
| Maize Year-(Oct-Sep) | 2018-19E | 2019-20F |
|----------------------------|--------------|---------------|
| Opening Stocks (MMT) | 2.50 | 1.42 |
| Production (MMT) | 22.72 | 25.38 |
| Imports (MMT) | 0.21 | 0.34 |
| Total Supply (MMT) | 25.43 | 27.13 |
| Export (MMT) | 0.58 | 0.47 |
| Domestic Consumption (MMT) | 23.43 | 22.62 |
| Total Demand (MMT) | 24.01 | 23.09 |
| Ending Stock (MMT) | 1.42 | 4.04 |
| Monthly Use | 2.00 | 1.92 |
| Stock to Use Ratio | 5.92% | 17.50% |

- In 2019/20, season started from October; has begun with 1.42 MMT and expected to end with 4.04 MMT.
 - Total maize production in India could be around 25.38 MMT in 2019-20 against our yearly total demand of 23.09 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 23.09 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

Maize is moving to Bengaluru and Tamil Nadu at Rs. 1450 per quintal and Rs. 1550 per quintal (delivered price) respectively; sourced from Davangere region of Karnataka. From last 2-3 days, supply is being disrupted due to rains. If rains continue, quality of grains could be impacted. As per media reports and also confirmed by trade sources, each maize grower in the Karnataka state is getting a cash relief of Rs.5,000 to compensate the impact of low maize prices.

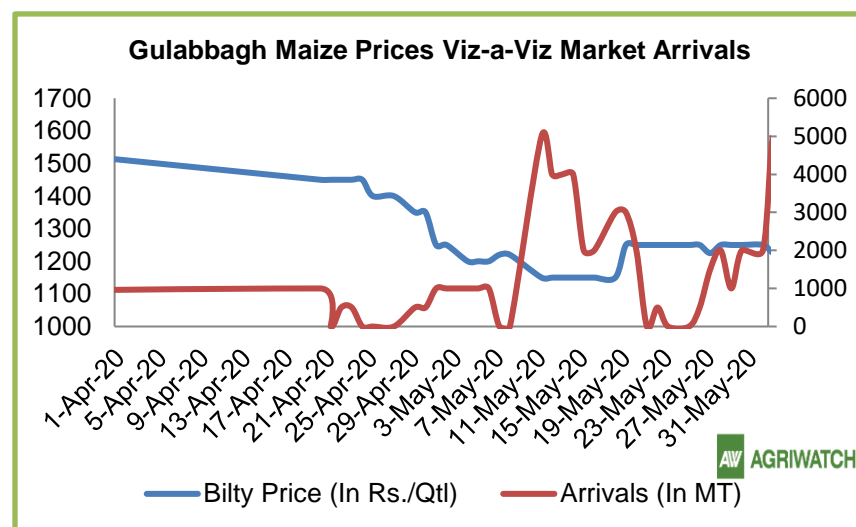


As per media news, the five cattle feed manufacturing plants of the Karnataka Cooperative Milk Producers' Federation Ltd. has started purchase of the produce at Rs.1,760 per quintal from 12th May'2020. The maximum quantity of purchase has been capped at 50 quintals from each farmer.

Gulabbagh

In Bihar, maize is being traded steady at Rs. 1250 per quintal (Bilty Price) amid limited demand and arrival. Stockists demand has come down as recent rains has impacted the arrival quality. It is expected that maize could trade steady to range bound in near term too amid limited demand and arrivals.

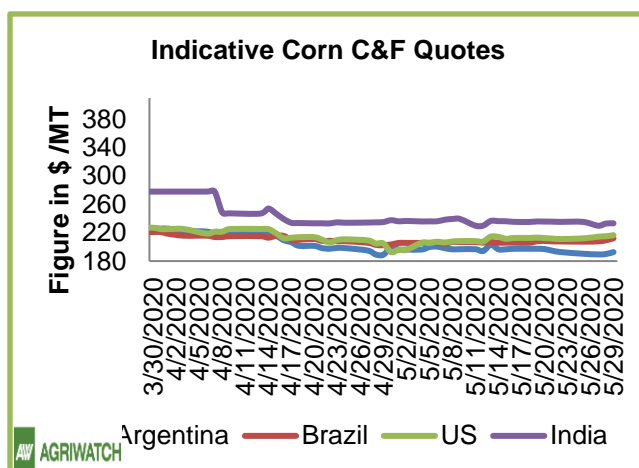
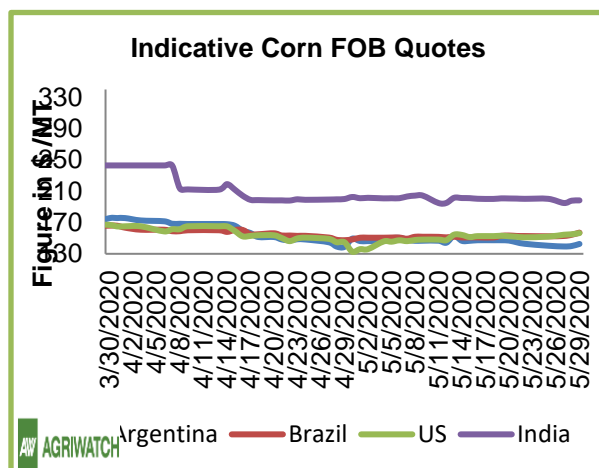
Any further fall is a good buying opportunity for stockists and importers. Agriwatch expects that maize could trade in a range of Rs. 1200-1350 per quintal during the month of Jun'20.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize could trade steady to range bound during the month of June'20 on the expectation of steady demand and arrivals.

ON THE EXPORT-IMPORT FRONT:



| Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 75.65) | | | | |
|--|-----------|--------|--------|--------|
| As on 29.05.2020 | Argentina | Brazil | US | India |
| FOB | 142.62 | 157.10 | 156.50 | 198.28 |
| C&F | 192.62 | 212.10 | 216.50 | 233.28 |

As depicted by the above data, there is parity for Indian maize as gap of prices between India and other exporting countries has narrowed. Current FOB of Ukraine is \$175 USD/ MT.

MAIZE IMPORTS DURING APRIL'20:

As per trade sources, India imported around 268.5 MT of maize for the month of April'20. Out of this, around 193.5 MT was imported from Myanmar at Kolkata port (145.5 MT @ \$261.04 USD/MT) and Chennai port (48 MT @ \$249.98 USD/MT).

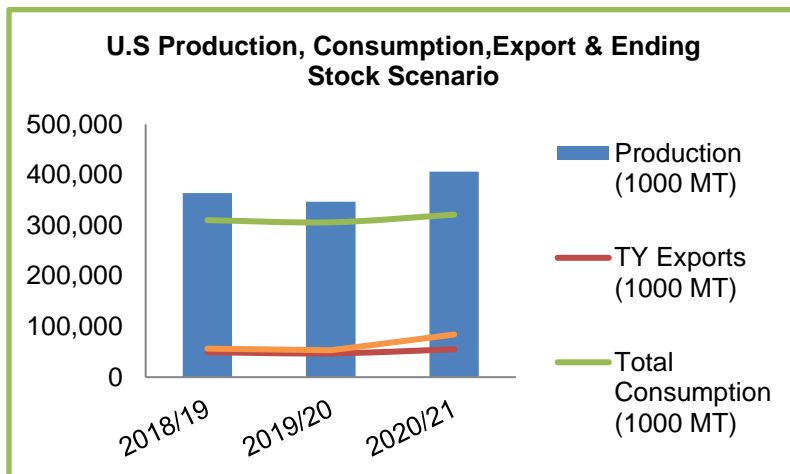
MAIZE EXPORTS DURING APRIL'20:

As per trade sources, India exported around 19,713 MT of maize for the month of April'20 at an average FoB of \$242.71/ MT. Out of which, around 15,369 MT Indian maize was exported mainly to Nepal at an average FoB of \$244.36/MT; mainly through Raxaul followed by Jogbani ICD and Nepalgunj Road port.

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INTERNATIONAL MARKET SCENARIO:

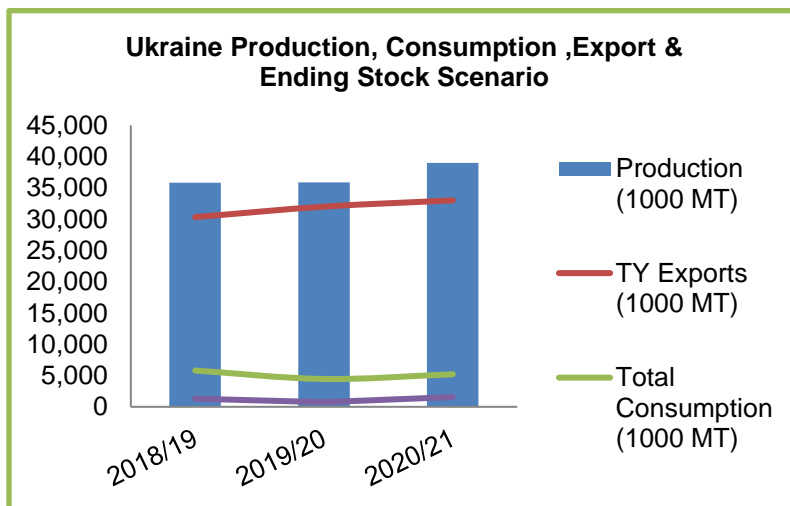
U.S corn exports reached 29.01 MMT in the 2019-20 marketing year. At 1.35 MMT (for the period 22nd-28th May, 2020) US corn exports were up 27 percent from the previous week and 7 percent from the prior 4-week average; mainly for the destinations like Japan (447,900 MT), Mexico (233,300 MT), South Korea (206,800 MT), Colombia (190,700 MT, late 12,000 MT – see below), and Guatemala (60,800 MT). Agriwatch expects that increase in export demand for U.S corn could support to CBOT corn prices.



In U.S, corn plantings as on 31 May 2020 stand at 93%, up 29 percentage points from same time last year and up 4 percentage points from 5 year average. Rapid U.S planting progress likely to put pressure on CBOT corn prices.

During the month of May, USDA increased its world corn ending stock estimates by 24.90 MMT to 339.62 MMT for 2020/21 compared to last year due to increase in production estimates; mainly in U.S, Brazil, Ukraine, Mexico, Canada and E.U for 2020/21 which could weigh on global corn market.

During the month of May, Corn ending stock estimates for U.S increased by 30.99 MMT to 84.29 MMT for 2020/21 compared to last year due to increase in production estimates while for Ukraine, it increased its corn ending stock estimates by 0.82 MMT to 1.56 MMT due to increase in production estimates for 2020/21. For Argentina, it increased its corn ending stock estimates by 0.51 MMT to 4.88 MMT compared to previous year while for Brazil, it increased its corn ending stock estimates by 1.5 MMT to 5.89 MMT compared to previous year.



IGC increased its global corn production forecast for 2020/21 by 11 MMT to 1169 MMT compared to previous month forecast. Forecast for global corn ending stock was also up by 7 MMT to 288 MMT for 2020/21 compared to last month forecast which could weigh on international corn market.

Republic Korea imported total 933.13 Thousand MT of corn; out of which 387.12 Thousand MT imported from Ukraine and 257.18 Thousand MT imported from USA during April'20.

China imported total 886.98 Thousand MT of corn; out of which 864.04 Thousand MT imported from Russian Federation during April'20.

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Turkey imported total 261.42 Thousand MT of corn; out of which 114.20 Thousand MT imported from Romania and 95.67 Thousand MT imported from Russian Federation during April'20.

Brazil imported total 93.45 Thousand MT of corn; out of which 69.30 Thousand MT imported from Argentina and 24.15 Thousand MT imported from Paraguay during April'20.

Norway imported total 16.25 Thousand MT of corn; out of which 15.52 Thousand MT from Poland and 0.57 Thousand MT imported from Ukraine during April'20.

CBOT CORN FUTURE PRICES

| Maize CBOT Monthly Futures Price Listing (\$/MT) | | | | |
|--|----------------|------------|------------|--------|
| | Contract Month | 01/06/2020 | 30/04/2020 | Change |
| Corn CBOT Prices | Jul-20 | 127.26 | 125.98 | 1.28 |
| | Sep-20 | 128.83 | 128.54 | 0.29 |
| | Dec-20 | 132.18 | 132.77 | -0.59 |
| | Mar-21 | 136.8 | 137.99 | -1.19 |
| | May-21 | 139.36 | - | - |

INTERNATIONAL CORN OUTLOOK:

Corn on CBOT rose by 1.28 USD/MT to 127.26 USD/MT for July'20 contract compared to previous month due to increase in demand for U.S corn for ethanol. However, higher corn production prospects in U.S could limit the firmness.

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Monthly Spot Price Comparison

| Month-wise Average prices of Maize at various markets | | | | | |
|---|----------|----------|----------|---------------------------|--------------------------|
| Market | 2020-May | 2020-Apr | 2019-May | % Change from Prev. Month | % Change from Prev. Year |
| Delhi | 1382 | Closed | 2041 | - | -32.29 |
| Davangere (Bilty Prices) | 1356 | 1394 | 2252 | -2.73 | -39.79 |
| Shimoga | 1376 | 1552 | 2190 | -11.34 | -37.17 |
| Bagalkot | 1299 | 1271 | 2116 | 2.20 | -38.61 |
| Gadag | 1349 | 1420 | 2102 | -5.00 | -35.82 |
| Nizamabad | NA | Closed | 1965 | - | - |
| Khanna | 1327 | Closed | 1971 | - | -32.67 |
| Sangli (NCDEX Quality) | NA | Closed | 2297 | - | - |
| Gulabghat (NCDEX Quality) | 1229 | 1397 | 1816 | -12.03 | -32.32 |
| Naugachia | 1206 | Closed | 1759 | - | -31.44 |
| Erode (NCDEX Quality) | NA | Closed | 2335 | - | - |

- All market prices except Davangere market are monthly average of loose prices

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