

Maize Monthly Research Report

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

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

MAIZE TRADE SCENARIO

In U.P, starch feed makers are buying maize at Rs.1350 per quintal; sourced from Naugachia region of Bihar while in Telangana, local starch feed makers are buying maize at Rs. 1300 per quintal while it is being delivered to Hyderabad at Rs.1450 per quintal.

STATE WISE MAIZE SOWING COVERAGE FOR THE KHARIF 2020-21

In India, maize has been sown in 45.59 lakh hectares as of 3rd July'20 which is higher than 23.38 lakh hectares of the corresponding period last year. In M.P, maize has been sown in 10.84 lakh hectares as of 3rd July'20; higher than 1.54 lakh hectares compared to corresponding period last year. In Maharashtra, it has been sown in 6.23 lakh hectares; higher than 0.48 lakh hectares compared to corresponding period last year. However, Maize acreage in Kharif 2020-21 may turn out more or less the same as that in Kharif 2019-20 even as farmers could prefer less labour intensive crops. Expectation of a good monsoon, the increase in MSP by Rs. 90 per quintal at Rs. 1850 per quintal for the Kharif season 2020-21 and the bonus offered by the Haryana government to switch from water guzzling paddy to maize are all good motivating factors for farmers to grow more maize this Kharif season. On the other hand, low prevailing market prices could be a major factor to shift towards more remunerative and high yield crops like pulses.

MAIZE PROCUREMENT

As per AP Markfed, from the current rabi crop, 3,80,933 MT of maize has been procured by A.P government as of 17th June,2020. While, Telangana State Cooperative Marketing Federation (TS-Markfed) has procured maize about 6.94 lakh tonnes as of 25th May,2020.

As per media sources, Maharashtra government has procurement target of 9 lakh quintals of maize till 15th July.

CURRENT HARVEST SITUATION

As per trade sources, in Telangana and Karnataka, harvesting of rabi crop of maize has been completed while in Bihar region, 90-95% of the maize crop has been harvested 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 6.00 USD/MT to 133.26 USD/MT for July'20 contract compared to previous month due to increase in demand for U.S corn. However, higher corn production prospects in U.S could limit the firmness. In U.S, 73% crop of corn is in good to excellent condition, up 1 percentage points from last week due to favourable weather in U.S Midwest.

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	0.28
Total Supply (MMT)	25.43	27.08
Export (MMT)	0.58	0.38
Domestic Consumption (MMT)	23.43	22.62
Total Demand (MMT)	24.01	23.00
Ending Stock (MMT)	1.42	4.08
Monthly Use	2.00	1.92
Stock to Use Ratio	5.92%	17.72%

- In 2019/20, season started from October; has begun with 1.42 MMT and expected to end with 4.08 MMT.
 - Total maize production in India could be around 25.38 MMT in 2019-20 against our yearly total demand of 23.00 MMT.
 - With carryout of 1.42 MMT total availability goes up to 27.08 MMT in 2019/20.
 - Total demand including domestic and export could be around 23.00 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***

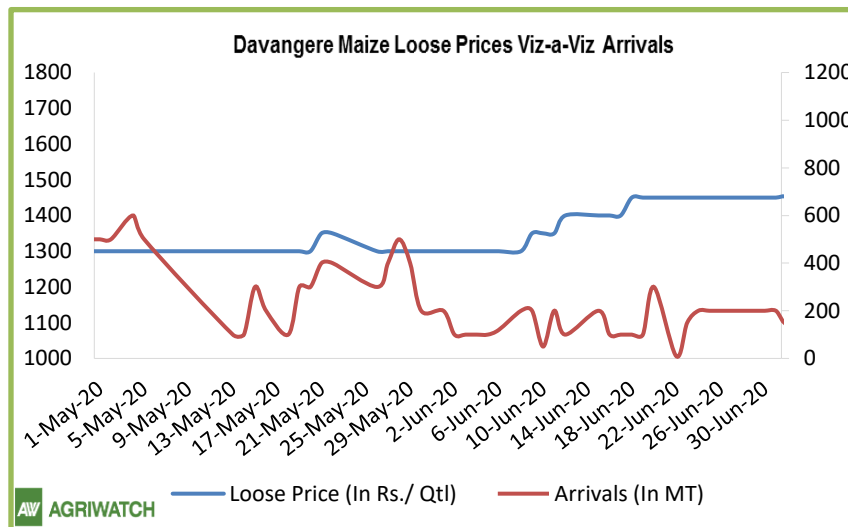
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STATE - WISE MARKET DYNAMICS

Karnataka

Maize is moving towards Bengaluru at Rs. 1600 per quintal (delivered price); sourced from Davangere region of Karnataka. In Karnataka, harvesting of rabi crop of maize has been completed while Kharif acreage is likely to be slightly higher than last year as farmers would prefer less labour intensive crops.

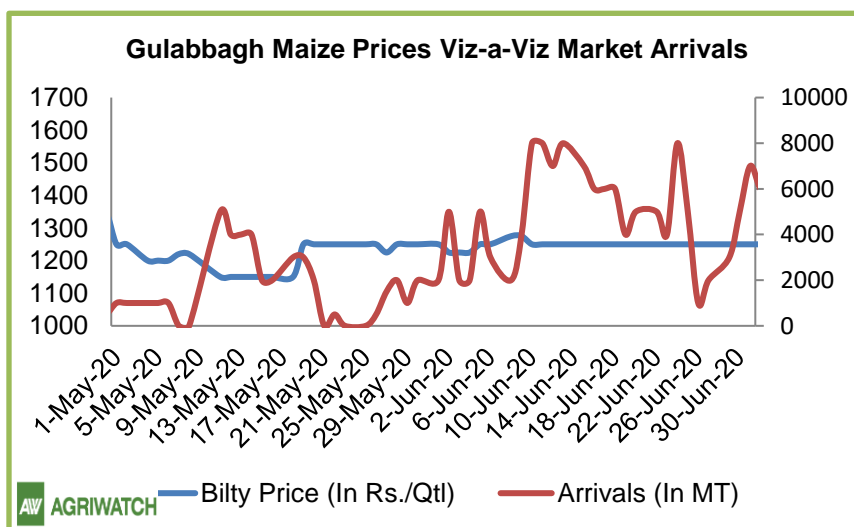
Agriwatch expects that maize would trade in a range of Rs. 1300-1480 per quintal (loose price) during the month of July'20 amid sluggish feed makers demand.



Gulabghagh

In Bihar, despite the local stockists' demand and export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1200-1250 per quintal (Bilty Price). Recent rains in Bihar has affected the arrival quality. It is expected that maize would trade steady to range bound in near term.

Agriwatch expects that maize would trade in a range of Rs. 1200-1330 per quintal during the month of July'20 amid limited demand and arrival.

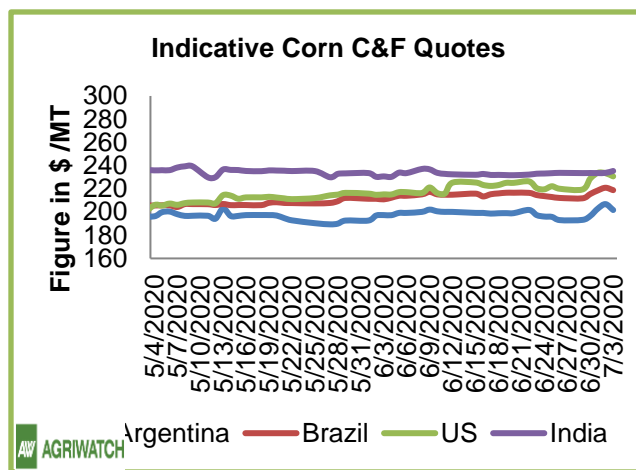
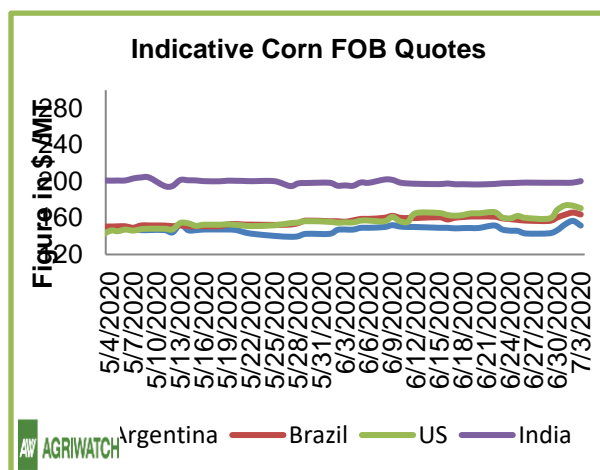


DOMESTIC PRICE OUTLOOK:

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

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ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 74.87)				
As on 03.07.2020	Argentina	Brazil	US	India
FOB	151.67	163.80	170.67	200.35
C&F	201.67	218.80	230.67	235.35

As depicted by the above data, there is parity for Indian maize as gap of prices between India and other exporting countries has narrowed.

MAIZE EXPORTS DURING MAY'20:

As per trade sources, India exported around 19,934 MT of maize for the month of May'20 at an average FoB of \$205.76/ MT. Out of which, around 15,364 MT Indian maize was exported mainly to Nepal at an average FoB of \$193.74/MT; mainly through Raxaul followed by Sonauli ICD, Jogbani ICD and Nepalgunj Road port.

MAIZE IMPORTS DURING MAY'20:

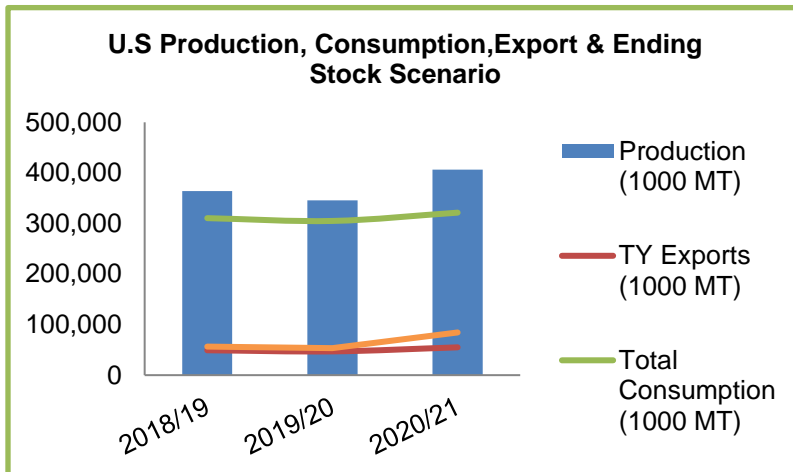
As per trade sources, Imports for the month of May'20 were nil due to low prevailing maize prices in Indian markets.

India has authorized imports of 5 lakh ton Non- GM Maize (other than seed quality) at a concessional custom duty of 15 % under TRQ Scheme for end users for the current financial year 2020-21. At present, there is no import parity as maize is trading lower in the domestic markets due to demand destruction from poultry feed industry on the fear of corona virus. But it could limit the firmness in long run.

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INTERNATIONAL MARKET SCENARIO:

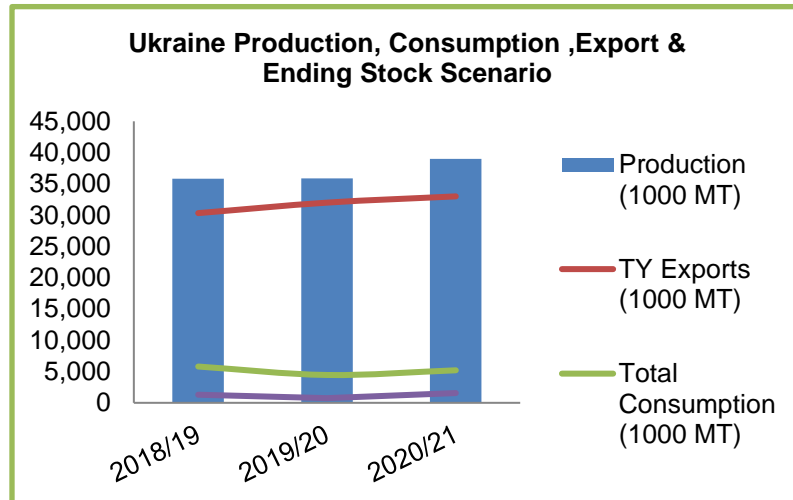
U.S corn exports has reached 33.88 MMT in the 2019-20 marketing year. At 1.44 MMT (for the period 19th June- 25th June, 2020) US corn exports were up 10 percent from the previous week and 21 percent from the previous 4-week average; mainly for the destinations like Japan (456,700 MT), Mexico (283,400 MT), South Korea (173,300 MT), China (144,300 MT), and Colombia (101,600 MT). Agriwatch expects that increase in export demand for U.S corn could give support to CBOT corn market.



In U.S, 73% crop of corn is in good to excellent condition, up 1 percentage points from last week due to favourable weather in U.S Midwest.

During the month of June, USDA decreased its world corn ending stock estimates by 1.75 MMT to 337.87 MMT for 2020/21 compared to last year due to increase in domestic consumption estimates which could support global corn market.

During the month of June, Corn ending stock estimates for U.S increased by 0.12 MMT to 84.41 MMT for 2020/21 compared to last month estimates while for Ukraine, it kept unchanged its corn ending stock estimates at 1.56 MMT for 2020/21. For Argentina, it decreased its corn ending stock estimates by 1.00 MMT to 3.88 MMT compared to previous month while for Brazil, it increased its corn ending stock estimates by 1.00 MMT to 6.89 MMT compared to previous month due to increase in production estimates.



Japan imported total 1346.04 Thousand MT of corn; out of which 1315.03 Thousand MT was imported from USA during May'20.

Republic Korea imported total 1035.39 Thousand MT of corn; out of which 466.91 Thousand MT imported from USA and 364.32 Thousand MT imported from Ukraine during May'20.

Switzerland imported total 20.81 Thousand MT of corn; out of which 8.76 Thousand MT imported from Romania and 7.93 Thousand MT imported from France during May'20.

Brazil imported total 8.86 Thousand MT of corn from from Paraguay during May'20.

Bahrain imported total 1.28 Thousand MT of corn; out of which 1.10 Thousand MT imported from Argentina during May'20.

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CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	30/06/2020	01/06/2020	Change
Corn CBOT Prices	Jul-20	133.26	127.26	6.00
	Sep-20	134.44	128.83	5.61
	Dec-20	137.99	132.18	5.81
	Mar-21	142.22	136.8	5.42
	May-21	144.68	139.36	5.32

INTERNATIONAL CORN OUTLOOK:

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Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2020-June	2020-May	2019-June	% Change from Prev. Month	% Change from Prev. Year
Delhi	1350	1382	1956	-2.32	-30.98
Davangere (Bilty Prices)	1435	1356	2350	5.83	-38.94
Shimoga	1300	1376	2275	-5.52	-42.86
Bagalkot	1344	1299	2147	3.46	-37.40
Gadag	1425	1349	2085	5.63	-31.65
Nizamabad	1327	NA	1966	-	-32.50
Khanna	1146	1327	1862	-13.64	-38.45
Sangli (NCDEX Quality)	1489	NA	2376	-	-37.33
Gulabghat(NCDEX Quality)	1250	1229	1852	1.71	-32.51
Naugachia	1188	1206	1767	-1.49	-32.77
Erode (NCDEX Quality)	1587	NA	2392	-	-33.65

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

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