

Maize Monthly Research Report

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August, 2020

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

Maize cash markets traded down during the month of July'20 compared to previous month and compared to corresponding period last year, due to sluggish demand from poultry feed industry in the wake of coronavirus and crop arrivals pressure. For the month of August'20, Agriwatch expects that maize would trade steady to slightly firm due to decrease in arrivals from Bihar.

MAIZE TRADE SCENARIO

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1225 per quintal (Bilty Price). In U.P and Punjab, feed makers are buying maize at Rs.1250 per quintal and Rs.1350 per quintal respectively; sourced from Naugachia region of Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1450-1500 per quintal; sourced from Nizamabad region.

STATE WISE MAIZE SOWING COVERAGE AND CROP CONDITION FOR THE KHARIF 2020-21

In India, maize has been sown in 74.30 lakh hectares as of 31st July'20 which is higher than 72.58 lakh hectares of the corresponding period last year. Maize sown area is 99.5% of normal area. Agriwatch expects maize sown area at 82.24 lakh hectares for the Kharif season 2020-21 which is above than normal area of 74.7 lakh hectares but less than last year area of 82.44 lakh hectares. In M.P, maize has been sown in 14.84 lakh hectares as of 31st July'20; higher than 14.13 lakh hectares compared to corresponding period last year. In Maharashtra, it has been sown in 8.28 lakh hectares; higher than 7.36 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.00 lakh hectares; higher than 8.61 lakh hectares compared to corresponding period last year.

In A.P, maize sown area is 67% to season normal and at sowing to vegetative stage. In Visakhapatnam, Vizianagaram, Guntur, Anantapuram and Kurnool districts of Andhra Pradesh, around 2054 hectares area of maize has been affected by fall-armyworm; out of which 1221 hectares has been treated. In Telangana, maize sown area is 15% to season normal and at cob formation to seed hardening stage. In Vikarabad district of Telangana, maize crop has been infested by fall-armyworm. As per media news, nearby Aurangabad districts of Maharashtra, around 1 lakh hectares area of maize has been affected by Northern Leaf Blight disease and Physoderma brown spot fungus.

MAIZE PROCUREMENT AND AUCTION

As per AP Markfed, from the current rabi crop, 4,12,911 MT of maize has been procured by A.P government as of 13th July,2020. While, Telangana State Cooperative Marketing Federation (TS-Markfed) has procured maize about 6.94 lakh tonnes as of 25th May, 2020. As per trade sources, out of 9 lakh quintal target of maize procurement, around 4.5 lakh quintal of maize has been procured by Maharashtra government.

As per media sources, maize tender for 69,431 MT, issued by Telangana government, has been cancelled while auction of maize for 53,010.30 MT and 47,010.40 MT has been scheduled by Andhra Government for 12th-13th Aug, 2020 respectively.

PRELIMINARY ESTIMATE OF KHARIF PRODUCTION

As per preliminary estimates for 2020-21, Agriwatch expects maize production for this Kharif season at 18.44 MMT with the expected yield of 2.24 MT/ hectare.

INTERNATIONAL CORN MARKET SUMMARY

Corn on CBOT fall by 10.04 USD/MT to 124.40 USD/MT for Sep'20 contract compared to previous month due to decrease in demand for U.S corn. Expectation of increase in export demand in coming weeks for U.S corn would support to CBOT corn market. However, expectation of larger yield due to favorable weather conditions in U.S could limit the gain.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2018-19	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	0.55
Domestic Consumption (MMT)	23.43	22.62
Total Demand (MMT)	24.01	23.18
Ending Stock (MMT)	1.42	3.91
Monthly Use	2.00	1.93
Stock to Use Ratio	5.92%	16.85%

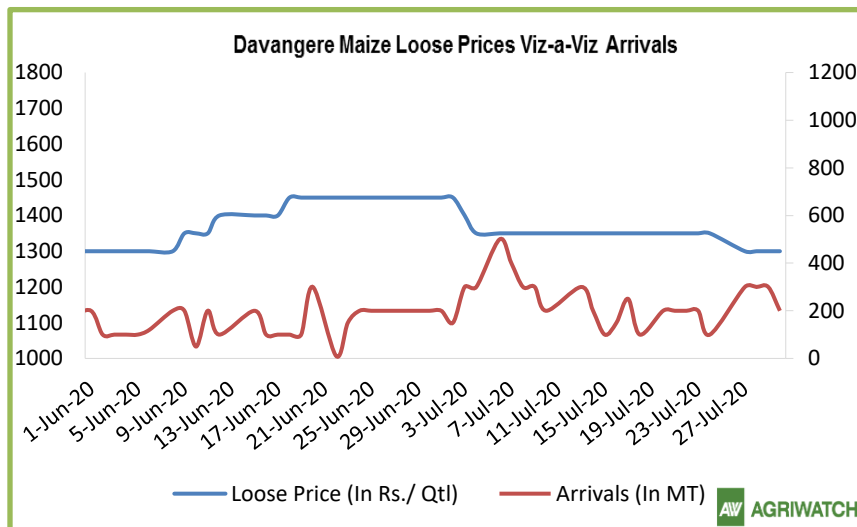
- In 2019/20, season started from October; has begun with 1.42 MMT and expected to end with 3.91 MMT.
- Total maize production in India could be around 25.38 MMT in 2019-20 against our yearly total demand of 23.18 MMT.
- With carryout of 1.42 MMT total availability goes up to 27.08 MMT in 2019/20.
- Total demand including domestic and export could be around 23.18 MMT.
- ***As ending stock position is being higher than 2018-19; Indian maize prices could take clue from that.***
- ***F=AW Forecast***

STATE - WISE MARKET DYNAMICS

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 prefer less labour intensive crops. It is likely to trade steady to range bound in near term amid limited demand and arrivals.

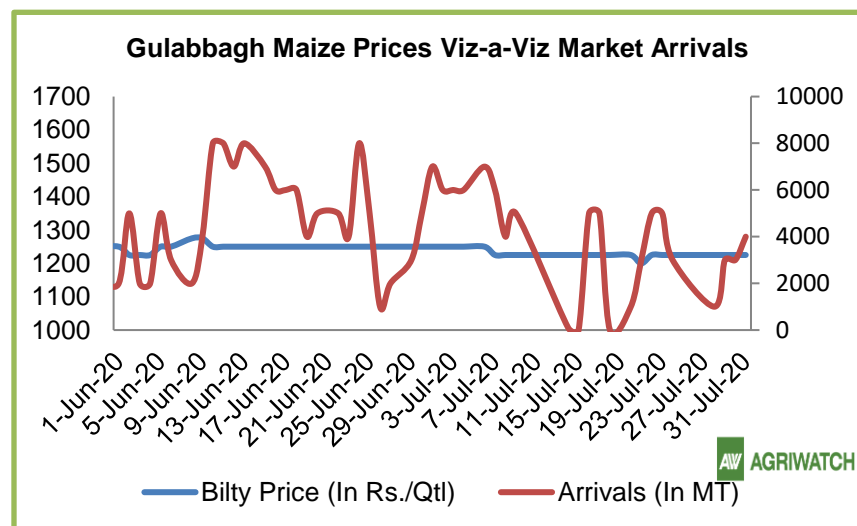
Agriwatch expects that maize would trade in a range of Rs. 1300-1400 per quintal (loose price) during the month of August'20 amid sluggish feed makers demand.



Gulabghagh

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1225 per quintal (Bilty Price). Heavy rains for last four weeks has affected the arrival quality. It is expected that maize would trade steady to slightly firm in near term.

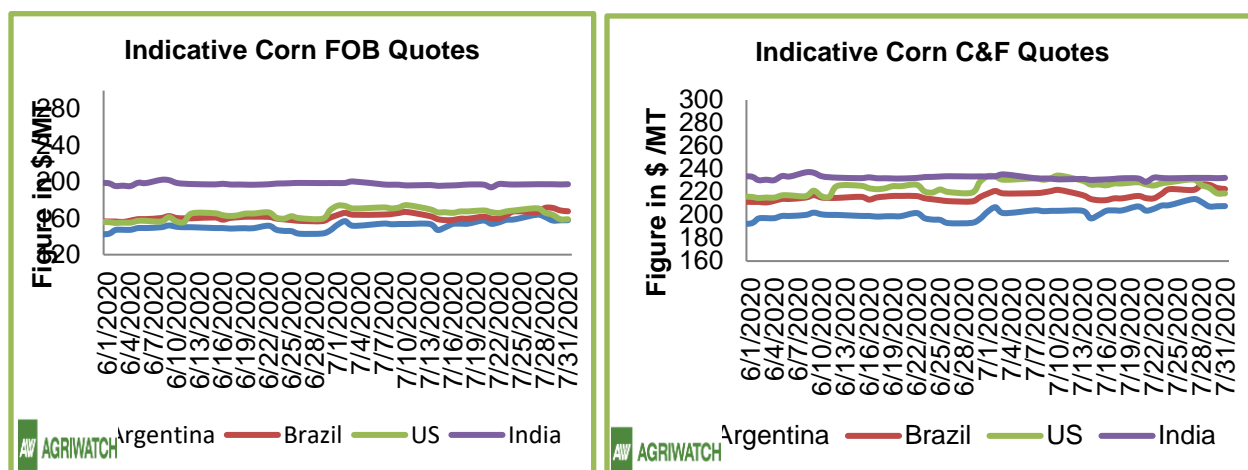
Agriwatch expects that maize would trade in a range of Rs. 1220-1340 per quintal during the month of August'20.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize would trade steady to slightly firm during the month of August'20 on the expectation of decrease in arrivals from Bihar.

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 74.77)				
As on 31.07.2020	Argentina	Brazil	US	India
FOB	157.78	167.60	158.82	197.28
C&F	207.78	222.60	218.82	232.28

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

MAIZE EXPORTS DURING JUNE'20:

As per trade sources, India exported around 1,12,867 MT of maize for the month of Jun'20 at an average FoB of \$187.79/ MT, out of which, 58,067 MT Indian maize was exported to Nepal at an average FoB of \$182.49/MT and around 49,406 MT was exported to Bangladesh at an average FoB of \$190.95/MT.

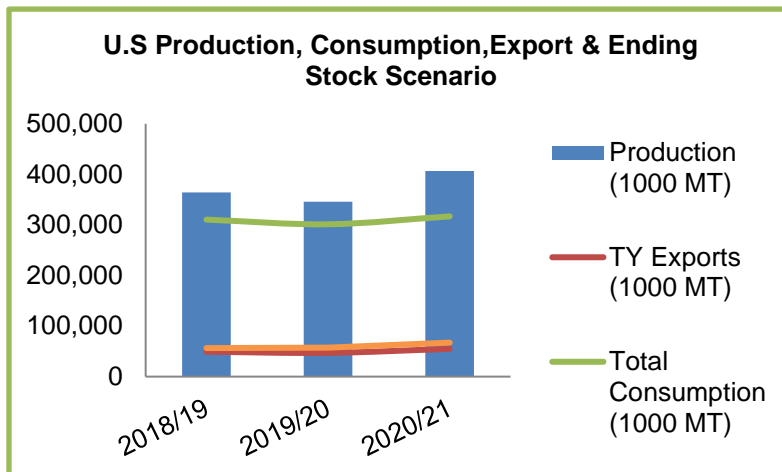
MAIZE IMPORTS DURING JUNE'20:

As per trade sources, imports for the month of June'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.

INTERNATIONAL MARKET SCENARIO:

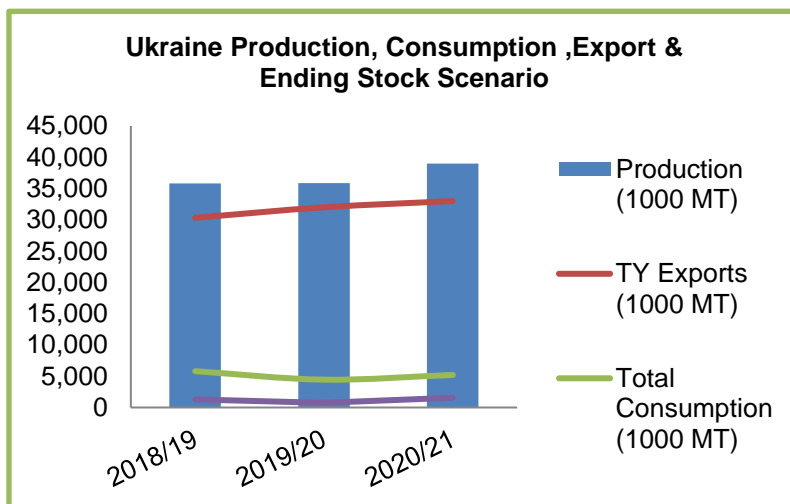
U.S corn exports has reached 38 MMT in the 2019-20 marketing year. At 0.97 MMT (for the period 17th-23rd July, 2020) US corn exports were down 8 percent from the previous week and 15 percent from the previous 4-week average; mainly for the destinations like Mexico (360,800 MT), Japan (355,100 MT), China (67,900 MT), Guatemala (66,500 MT), and Colombia (58,800 MT). Agriwatch expects that increase in export demand for U.S corn could give support to CBOT corn market.



In U.S, 72% crop of corn is in good to excellent condition as of 2nd August'20, same percentage points from last week. 92% crop of corn is in silking stage while 39% crop of corn is in dough stage as of 2nd August'20.

During the month of July, USDA decreased its world corn ending stock estimates by 22.83 MMT to 315.04 MMT for 2020/21 compared to last month due to decrease in production estimates which could support global corn market.

Corn ending stock estimates for U.S decreased by 17.15 MMT to 67.26 MMT for 2020/21 compared to last month estimates due to decrease in production 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 2.88 MMT compared to previous month while for Brazil, it increased its corn ending stock estimates by 1.10 MMT to 7.99 MMT compared to previous month estimates.



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.

China imported total 636.99 Thousand MT of corn; out of which 629.80 Thousand MT imported from Ukraine during May'20.

Spain imported total 422.05 Thousand MT of corn; out of which 218.32 Thousand MT imported from Ukraine and 116.70 Thousand MT imported from France during May'20.

Turkey imported total 273.49 Thousand MT of corn; out of which 124.34 Thousand MT imported from Russian Federation and 69.03 Thousand MT imported from Ukraine during May'20.

United Kingdom imported total 173.16 Thousand MT of corn; out of which 99.47 Thousand MT imported from Ukraine and 31.55 Thousand MT imported from Bulgaria during May'20.

CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	31/07/2020	30/06/2020	Change
Corn CBOT Prices	Sep-20	124.40	134.44	-10.04
	Dec-20	128.73	137.99	-9.26
	Mar-21	133.16	142.22	-9.06
	May-21	136.21	144.68	-8.47
	July-21	138.67	-	-

INTERNATIONAL CORN OUTLOOK:

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Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2020-July	2020-June	2019-July	% Change from Prev. Month	% Change from Prev. Year
Delhi	1265	1350	2083	-6.30	-39.27
Davangere (Bilty Prices)	1403	1435	2350	-2.23	-40.30
Shimoga	1321	1300	2549	1.62	-48.18
Bagalkot	1334	1344	2162	-0.74	-38.30
Gadag	1336	1425	2101	-6.25	-36.41
Nizamabad	1286	1327	2140	-3.09	-39.91
Khanna	1120	1146	1920	-2.27	-41.67
Sangli (NCDEX Quality)	1484	1489	2534	-0.34	-41.44
Gulabgh(NCDEX Quality)	1235	1250	2155	-1.20	-42.69
Naugachia	1139	1188	2096	-4.12	-45.66
Erode (NCDEX Quality)	1563	1587	2610	-1.51	-40.11

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

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