

Maize Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Maize Trade Scenario
- ❖ State wise maize sowing coverage and crop condition for the Kharif 2020-21
- ❖ First Estimate of Kharif Production
- ❖ International Corn Market Summary
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Maize Exports-Imports during July'20
- ❖ International Market Scenario
- ❖ CBOT Corn Future Prices
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison

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

Maize cash markets showed mixed trend during the month of August'20 compared to previous month and was weak compared to corresponding period last year, due to low quality arrivals amid limited trade activities. For the month of September'20, Agriwatch expects that maize would trade steady and slightly firm due to decrease in arrivals from Bihar amid export demand from Bangladeshi and Nepalese feed makers. However, any Government release at subsidized rates to poultry feed makers and new crop arrivals at the end of September month would limit the gain.

MAIZE TRADE SCENARIO

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1275-1300 per quintal (Bilty Price). Maize is being delivered to Kolkata at Rs.1400 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1475 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 80.03 lakh hectares as of 28th Aug'20, 107.09% 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 74.73 lakh hectares but less than last year area of 82.44 lakh hectares. In Maharashtra, it has been sown in 8.68 lakh hectares; higher than 8.44 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.34 lakh hectares; higher than 8.82 lakh hectares compared to corresponding period last year. However, In M.P, maize has been sown in 15.36 lakh hectares as of 28th Aug'20; lower than 15.45 lakh hectares compared to corresponding period last year.

In A.P, maize has been sown in 0.89 lakh hectares as of 2nd Sep'20 which is higher than 0.85 lakh hectares of the corresponding period last year. Maize sown area is 95% to season normal and at Knee high to tasselling and cob formation stage. In Visakhapatnam, Vizianagaram, Guntur, Anantapuram, Kurnool, Chittoor, Krishna and YSR Kadapa districts of Andhra Pradesh, around 5516 hectares area of maize has been affected by fall-armyworm; out of which 4147 hectares has been treated. In Telangana, maize crop is at cob formation to seed hardening stage. Agriwatch trade sources revealed that decrease in acreage is mainly due to encouragement by Telangana Government, to shift towards other remunerative crops like cotton but that decrease is unlikely to be more than 25%. Also, fall-armyworm and stem-borer in Kamareddy, Nizamabad, Jagtial, Mahabubabad and Nagarkurnool districts is below ETL. Agriwatch expects that decrease in acreage would support to maize prices in the state.

Also, M.P region may see around 8-12% crop loss due to heavy rains. However, exact loss assessment can only be after the weather conditions improve. This potential crop loss could lead to increase in maize prices in near future.

FIRST ESTIMATE OF KHARIF PRODUCTION

Agriwatch's first estimate for the maize production in 2020-21 Kharif season is 18.26 MMT with average yield of 2.21 MT/ hectare.

INTERNATIONAL CORN MARKET SUMMARY

Corn on CBOT rose by 12.80 USD/MT to 137.20 USD/MT for Sep'20 contract compared to previous month. Expectation of high corn production in U.S amid low export demand would weigh on CBOT corn market.

USDA increased its world corn ending stock estimates by 2.42 MMT to 317.46 MMT for 2020/21 compared to last month due to increase in production estimates which would weigh on global corn market.

In U.S, 62% crop of corn is in good to excellent condition as of 30th August'20, down 2 percentage points from last week.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2019-20E	2020-21F
Opening Stocks (MMT)	1.42	3.82
Production (MMT)	25.38	24.41
Imports (MMT)	0.32	0.02
Total Supply (MMT)	27.13	28.25
Export (MMT)	0.69	0.93
Domestic Consumption (MMT)	22.62	20.94
Total Demand (MMT)	23.31	21.87
Ending Stock (MMT)	3.82	6.38
Monthly Use	1.94	1.82
Stock to Use Ratio	16.37%	29.15%

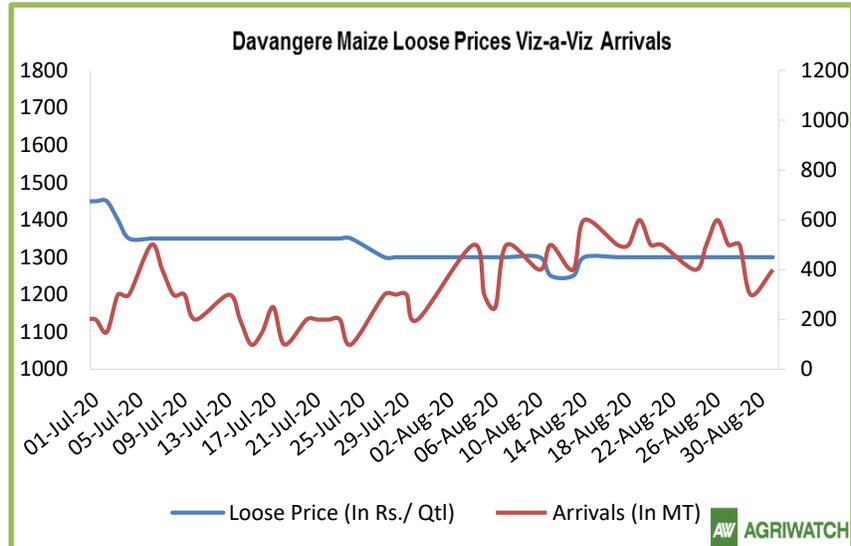
- The 2020/21 season beginning October 2020, start with opening stock of 3.82 MMT and is expected to end in September 2021 with 6.38 MMT.
- Total maize production in India is estimated at around 24.41 MMT in 2020-21 against our total annual demand of 21.87 MMT.
- Total availability for the Crop Year would be 28.25 MMT in 2020/21.
- Total demand including domestic and export could be lower at 21.87 MMT.
- ***As ending stock is expected to be significantly higher than in 2019-20; Indian maize prices would take clue from that and stay low.***
- *E= AW Estimates, F=AW Forecast*

STATE - WISE MARKET DYNAMICS

Karnataka

In Karnataka, maize is likely to trade steady to range bound in near term amid limited feed makers' demand. Expectation of new crop arrival at the end of September month would also weigh on market sentiments.

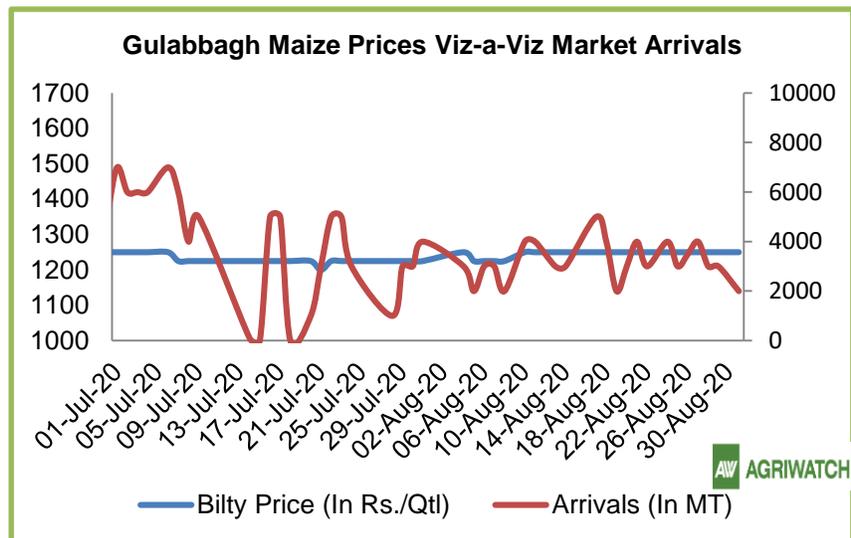
Agriwatch expects that maize would trade in a range of Rs. 1220-1330 per quintal (loose price) during the month of September'20 amid sluggish feed makers demand.



Gulabbagh

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1275-1300 per quintal (Bilty Price). It is expected that maize would trade steady to slightly firm in near term due to decrease in arrival pressure.

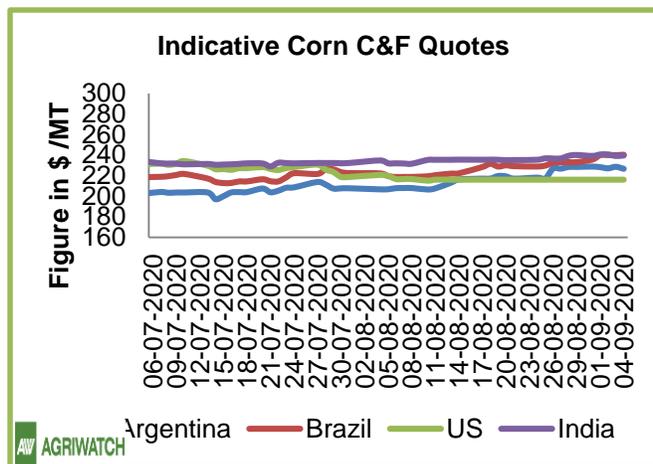
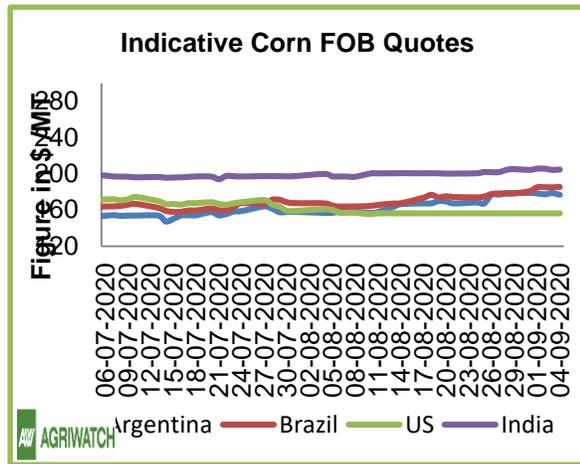
Agriwatch expects that maize would trade in a range of Rs. 1250-1380 per quintal (Bilty Price) during the month of September'20.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize would trade steady to slightly firm during the month of September'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. 73.31)				
As on 04.09.2020	Argentina	Brazil	US	India
FOB	176.67	185.50	NA	204.61
C&F	226.67	240.50	NA	239.61

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 JULY'20:

As per trade sources, India exported around 2,00,296 MT of maize in the month of July'20 at an average FoB of \$184/ MT, out of which, 1,36,179 MT Indian maize was exported to Bangladesh at an average FoB of \$188.58/MT and around 59,037 MT was exported to Nepal at an average FoB of \$177.58/MT.

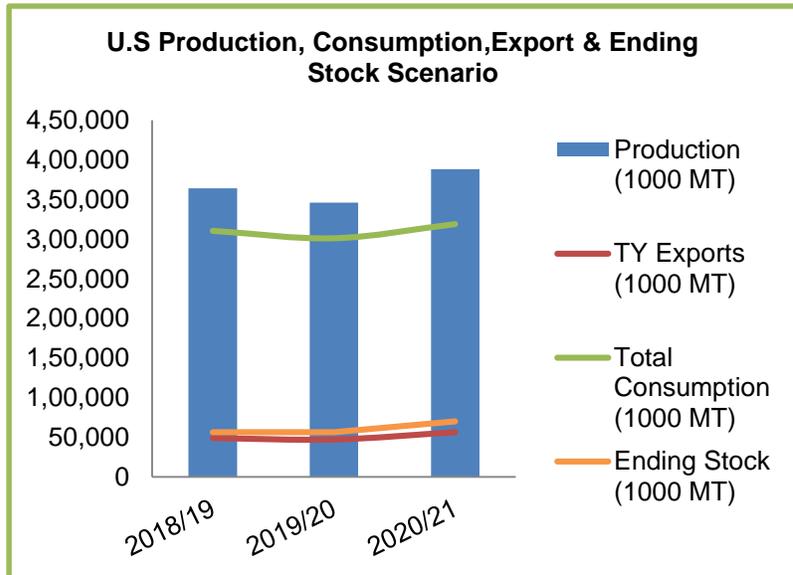
MAIZE IMPORTS DURING JULY'20:

India has authorized imports of upto 5 lakh ton of Non- GM Maize (other than seed quality) at a concessional custom duty of 15 % under TRQ Scheme for end users, in 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, hence there has been no imports. But it could limit the upside in the long run.

INTERNATIONAL MARKET SCENARIO:

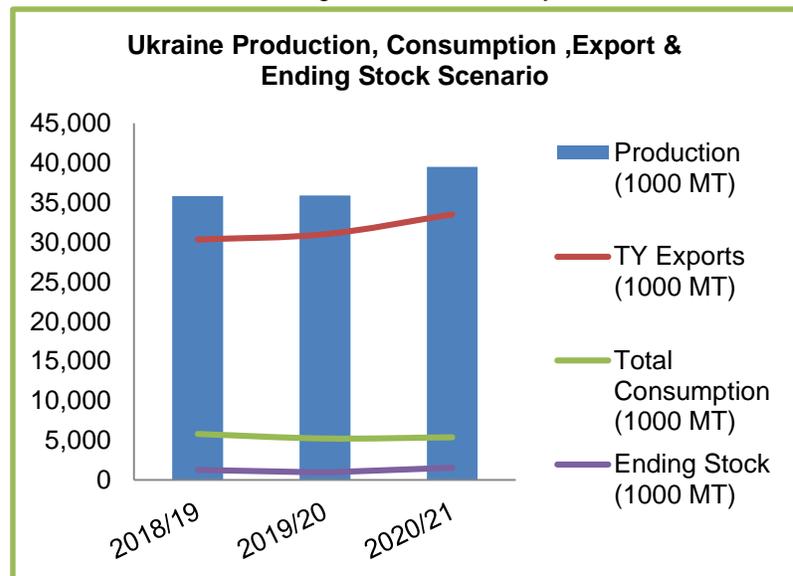
U.S corn exports have reached 42.62 MMT in the 2019-20 marketing year. At 0.46 MMT (for the period 21st Aug - 27th Aug, 2020) US corn exports were down 51 percent from the previous week and 55 percent from the 4-week average; mainly for the destinations like Mexico (224,300 MT), China (137,200 MT), Jamaica (28,800 MT), Japan (22,100 MT), and Trinidad (16,700 MT). Agriwatch expects that decrease in export demand for U.S corn would weigh on CBOT corn market.

In U.S, 62% crop of corn is in good to excellent condition as of 30th August'20, down 2 percentage points from last week. 12% of crop has matured as of 30th August'20, up 7 percentage points from corresponding period last year.



During the month of August, USDA increased its world corn ending stock estimates by 2.42 MMT to 317.46 MMT for 2020/21 compared to last month due to increase in production estimates which would weigh on global corn market.

USDA also revised the ending stock estimates for U.S, up by 2.75 MMT to 70.01 MMT for 2020/21 compared to last month estimates due to increase in production estimates while for Ukraine, Argentina and Brazil, it kept it unchanged at 1.56 MMT, 2.88 MMT and 7.99 MMT respectively compared to previous month estimates.



As per Trade Map organisation, Japan imported total 1316.64 Thousand MT of corn; out of which 1309.88 Thousand MT imported from USA during July'20.

Republic Korea imported total 1052.31 Thousand MT of corn; out of which 658.40 Thousand MT imported from USA and 209.19 Thousand MT imported from Argentina during July'20.

China imported total 913.06 Thousand MT of corn; out of which 773.82 Thousand MT imported from Ukraine during July'20.

Brazil imported total 44.39 Thousand MT of corn; out of which 44.34 Thousand MT imported from Paraguay during July'20.

Switzerland imported total 12.58 Thousand MT of corn; out of which 8.27 Thousand MT imported from France and 2.88 Thousand MT imported from Romania during July'20.

CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	31/08/2020	31/07/2020	Change
Corn CBOT Prices	Sep-20	137.20	124.40	12.80
	Dec-20	140.84	128.73	12.11
	Mar-21	144.68	133.16	11.52
	May-21	147.24	136.21	11.03
	July-21	148.81	138.67	10.14

INTERNATIONAL CORN OUTLOOK:

Corn on CBOT rose by 12.80 USD/MT to 137.20 USD/MT for Sep'20 contract compared to previous month. Expectation of high corn production in U.S amid low export demand would weigh on CBOT corn market.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2020-August	2020-July	2019-August	% Change from Prev. Month	% Change from Prev. Year
Delhi	1246	1265	2153	-1.50	-42.13
Davangere (Bilty Prices)	1345	1403	2321	-4.13	-42.05
Shimoga	1339	1321	2494	1.36	-46.31
Bagalkot	1253	1334	2152	-6.07	-41.78
Gadag	1235	1336	NA	-7.56	-
Nizamabad	1300	1286	2200	1.09	-40.91
Khanna	1135	1120	1933	1.34	-41.28
Sangli (NCDEX Quality)	1442	1484	2565	-2.83	-43.78
Gulabgh (NCDEX Quality)	1247	1235	2176	0.97	-42.69
Naugachia	1198	1139	2123	5.18	-43.57
Erode (NCDEX Quality)	1526	1563	2614	-2.37	-41.62

- All market prices except Davangere market 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.