

Maize Monthly Research Report

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OUTLOOK AND REVIEW:

DOMESTIC MAIZE MARKET SUMMARY

Maize cash markets showed a mixed trend during the month of September'20 compared to previous month and was weak compared to corresponding period last year, due to sluggish feed makers demand. For the month of October'20, Agriwatch expects that maize would trade steady to slightly weak despite export demand from Bangladeshi and Nepalese feed makers, especially if the Government releases subsidized maize to poultry feed makers before the new crop arrivals in the coming weeks.

MAIZE TRADE SCENARIO

In Bihar, maize is being traded at Rs. 1350-1400 per quintal (Bilty Price). It is being delivered to Kolkata at Rs.1450-1500 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs.1500 per quintal; sourced from Nizamabad region. It is also moving towards Bengaluru and Nammakal at Rs. 1500 and Rs. 1550 per quintal respectively; sourced from Davangere region of Karnataka.

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

In India, maize has been sown in 83.27 lakh hectares as of 25th Sep'20, 111.43% of normal area and above than last year area of 82.44 lakh hectares. Around 9.30-9.79 lakh hectares of maize has been harvested as of 25th Sep'20. In Maharashtra, it has been sown in 8.81 lakh hectares as of 18th Sep'20; higher than 8.66 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.34 lakh hectares as of 18th Sep'20; higher than 8.82 lakh hectares compared to corresponding period last year. However, in M.P., maize has been sown in 15.38 lakh hectares as of 18th Sep'20; lower than 15.42 lakh hectares compared to corresponding period last year.

In Visakhapatnam, Vizianagaram, Guntur, Anantapuram, Kurnool, Chittoor, Krishna and YSR Kadapa districts of Andhra Pradesh, around 6750 hectares area of maize has been affected by fall-armyworm; out of which 4972 hectares has been treated. As per trade sources, in M.P. region, there could be 4-5% crop loss due to heavy rains three weeks ago. In M.P, around 7% and in Gujarat, around 3-4% crop quality has been affected by recent rains.

In M.P. and Karnataka, new crop arrivals have started, which are lower in quantity and contain moisture of upto 30%. In Warangal region also, new crop arrivals are poor in quantity and contains moisture upto 15%. Some grains are dented and small in size.

FIRST ESTIMATE OF KHARIF PRODUCTION

The 1st Advance Estimates of kharif production of maize for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 22nd September, 2020. It has pegged maize production at 19.88 MMT against set target of 22 MMT for 2020-21. However, Agriwatch's first estimate for the maize production in 2020-21 Kharif season is 18.33 MMT with average yield of 2.20 MT/hectare.

State	Production (In MMT)
Karnataka	3.67
Madhya Pradesh	2.84
Maharashtra	2.15
Rajasthan	1.57
Uttar Pradesh	1.21

INTERNATIONAL CORN MARKET SUMMARY

Corn on CBOT rose by 8.37 USD/MT to 149.21 USD/MT for Dec'20 contract compared to previous month. Expectation of new crop arrivals pressure in coming weeks would weigh on CBOT corn.

USDA decreased its world corn ending stock estimates by 10.67 MMT to 306.79 MMT for 2020/21 along with a decrease in production estimates which would support to global corn market.

In U.S., 61% crop of corn is in good to excellent condition as of 27th September'20, same percentage points from last week. 15% of crop has been harvested as of 27th September'20, up 5 percentage points from corresponding period last year.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2019-20E	2020-21F
Opening Stocks (MMT)	1.42	3.67
Production (MMT)	25.38	24.48
Imports (MMT)	0.33	0.02
Total Supply (MMT)	27.13	28.17
Export (MMT)	0.84	0.93
Domestic Consumption (MMT)	22.62	20.95
Total Demand (MMT)	23.46	21.88
Ending Stock (MMT)	3.67	6.29
Monthly Use	1.96	1.82
Stock to Use Ratio	15.62%	28.73%

- The 2020/21 season beginning October 2020, will likely start with an opening stock of 3.67 MMT and is expected to end in September 2021 with 6.29 MMT.
- Total maize production in India is estimated at around 24.48 MMT in 2020-21 against our total annual demand including exports, of 21.88 MMT, owing to the fall in demand everywhere.
- ***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***

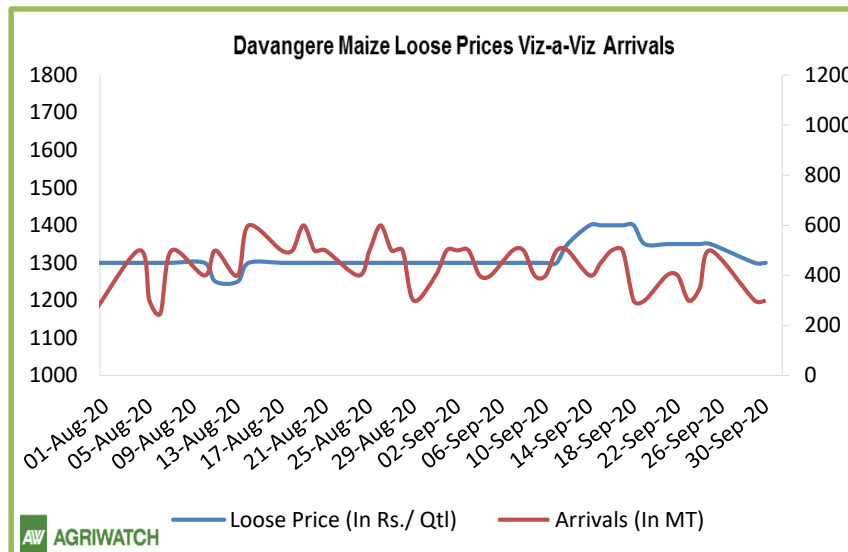
STATE - WISE MARKET DYNAMICS

Karnataka

In Karnataka, maize is likely to trade steady to slightly weak in near term. Expectation of new crop arrivals in coming weeks would weigh on market sentiments.

Agriwatch production estimates for Karnataka is at 3.67 MMT; higher than 2.98 MMT compared to last year.

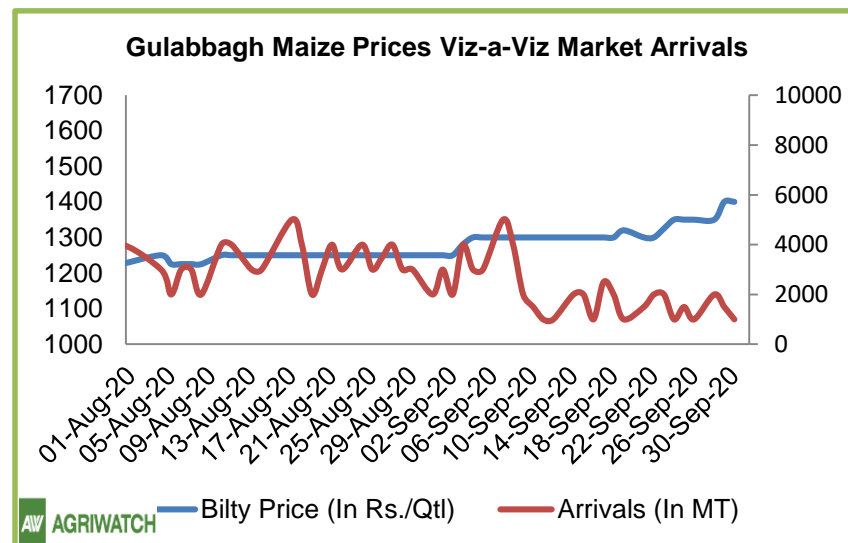
Agriwatch expects that maize would trade in a range of Rs. 1250-1350 per quintal (loose price) during the month of October'20 amid sluggish feed makers demand.



Gulabbagh

In Bihar, maize is being traded at Rs. 1350-1400 per quintal (Bilty Price). It is expected that maize would trade steady to slightly firm in near term due to decrease in arrival pressure.

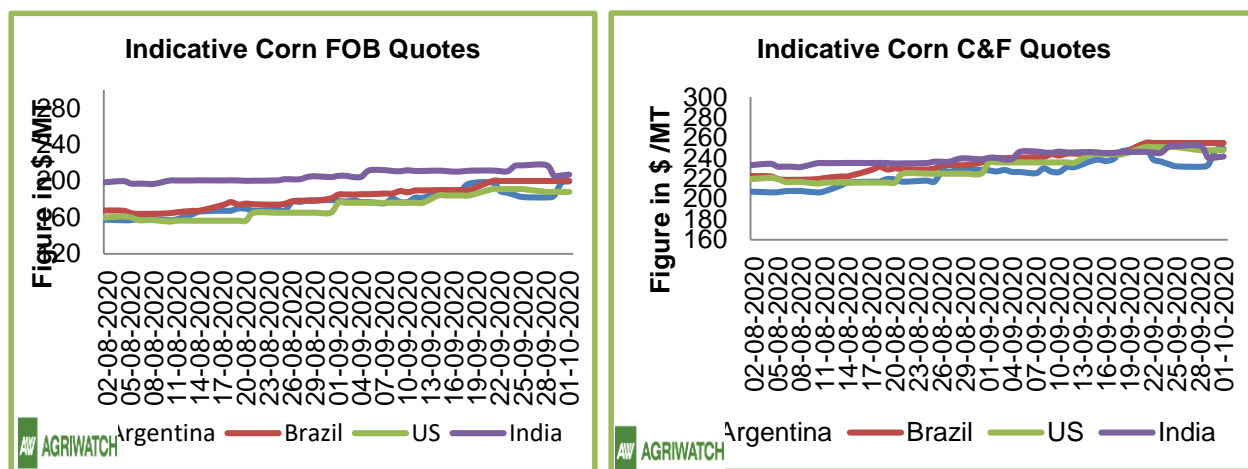
Agriwatch expects that maize would trade in a range of Rs. 1350-1470 per quintal (Bilty Price) during the month of October'20.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that maize would trade steady to slightly weak during the month of October'20 on the expectation of new crop arrivals in coming weeks.

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 73.72)				
As on 01.10.2020	Argentina	Brazil	US	India
FOB	199.41	200.00	188.00	206.86
C&F	249.41	255.00	248.00	241.86

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 AUGUST'20:

As per trade sources, India exported around 2,35,436 MT of maize in the month of Aug'20 at an average FoB of \$182.24/ MT, out of which, 1,65,704 MT was exported to Bangladesh at an average FoB of \$190.18/MT and around 65,160 MT was exported to Nepal at an average FoB of \$177.46/MT. Data for September is not yet available.

MAIZE IMPORTS DURING AUGUST'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 negligible imports. But it could limit the upside in the long run.

INTERNATIONAL MARKET SCENARIO:

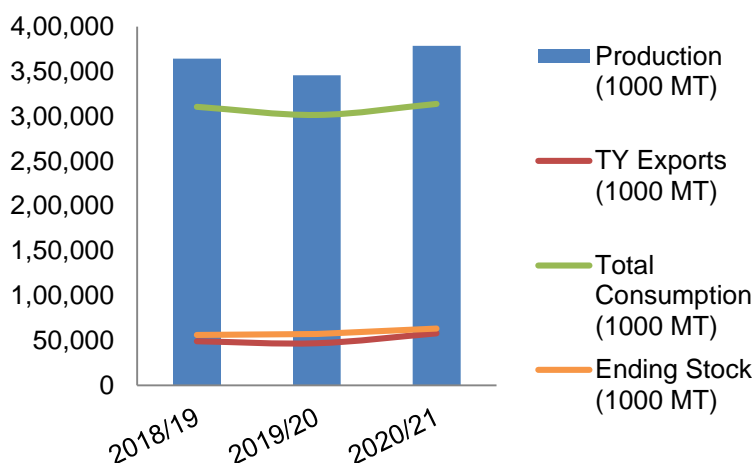
U.S corn exports have reached 2.74 MMT in the 2020-21 marketing year. At 0.75 MMT (for the period 18th Sep - 24th Sep, 2020) US corn exports were down 11.24 percent from the previous week; mainly for the destinations like China (269,900 MT), Mexico (230,100 MT), Japan (139,800 MT), South Korea (65,100 MT), and Canada (21,800 MT). Agriwatch expects that decrease in export demand for U.S corn and new crop arrivals in coming weeks would weigh on CBOT corn.

In U.S, 61% crop of corn is in good to excellent condition as of 27th September'20, same percentage points from last week. 15% of crop has been harvested as of 27th September'20, up 5 percentage points from corresponding period last year.

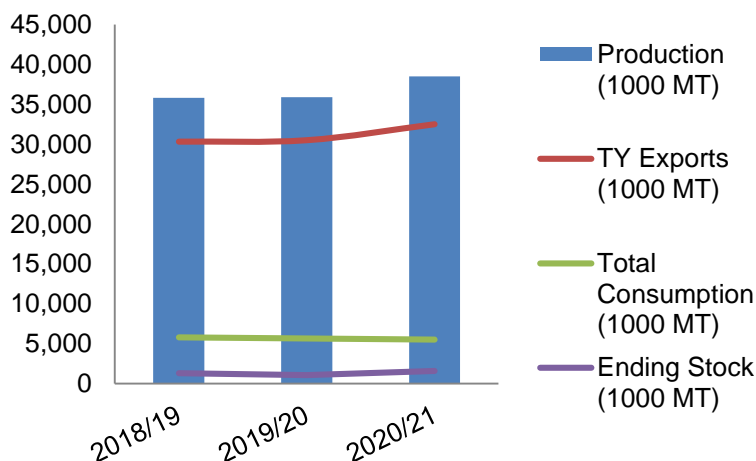
In its September report, USDA decreased its world corn ending stock estimates by 10.67 MMT to 306.79 MMT for 2020/21 along with a decrease in production estimates which would support to global corn market.

USDA also revised the ending stock estimates for U.S, down by 6.44 MMT to 63.57 MMT for 2020/21 compared to last month estimates due to decrease 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.

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



Ukraine Production, Consumption ,Export & Ending Stock Scenario



CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	30/09/2020	31/08/2020	Change
Corn CBOT Prices	Dec-20	149.21	140.84	8.37
	Mar-21	152.85	144.68	8.17
	May-21	154.91	147.24	7.67
	July-21	156.39	148.81	7.58
	Sep-21	152.85	-	-

INTERNATIONAL CORN OUTLOOK:

Corn on CBOT rose by 8.37 USD/MT to 149.21 USD/MT for Dec'20 contract compared to previous month. Expectation of new crop arrivals pressure in coming weeks would weigh on CBOT corn.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2020-September	2020-August	2019-September	% Change from Prev. Month	% Change from Prev. Year
Delhi	1290	1246	2118	3.53	-39.09
Davangere (Bilty Prices)	1385	1345	2348	2.97	-41.01
Shimoga	1339	1339	2453	Unch	-45.41
Bagalkot	1203	1253	1993	-3.99	-39.64
Gadag	1107	1235	1953	-10.36	-43.32
Nizamabad	1300	1300	2135	Unch	-39.11
Khanna	1148	1135	1922	1.15	-40.27
Sangli (NCDEX Quality)	1460	1442	2551	1.25	-42.77
Gulabgh (NCDEX Quality)	1335	1247	2117	7.06	-36.94
Naugachia	1243	1198	2087	3.76	-40.44
Erode (NCDEX Quality)	1556	1526	2542	1.97	-38.79

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

October, 2020

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