

# Maize Monthly Research Report

## Contents

- ❖ Outlook and Review
- ❖ Maize Trade Scenario
- ❖ State wise maize crop condition and arrival scenario 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 September'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 a mixed trend during the month of October'20 compared to previous month and was weak compared to corresponding period last year, due to low quality arrivals and sluggish feed makers demand. For the month of November'20, Agriwatch expects that maize would trade steady to slightly firm as demand for good quality material has increased. Procurement by Telangana, Madhya Pradesh, Karnataka, Maharashtra and Haryana governments would also support the market to trade firm going forward. However, crop arrival pressure in coming weeks could limit the gain.

### MAIZE TRADE SCENARIO

In Naugachia region of Bihar, Maize is being traded at Rs.1,450 per quintal (Bilty Price) and is being delivered to Uttar Pradesh and Kolkata at Rs.1,500 per quintal. In Gulabghat, it is being traded at Rs. 1600 per quintal (Bilty Price). Hyderabad poultry feed makers are buying Maize at Rs.1,500-1,550 per quintal; sourced from Nizamabad region. It is also moving towards Bengaluru, Nammakal and Sangli at Rs.1,500 and Rs.1,560-1,570 and Rs. 1,600 per quintal, respectively; all sourced from Davangere region of Karnataka.

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

In Nizamabad, new crop arrivals contain moisture of upto 22% and damaged upto 7% while in Warangal region, it contains damaged upto 20%. In Karnataka, crop arrivals contain moisture of upto 22%. In Maharashtra, it contains moisture of upto 20%.

In Visakhapatnam, Vizianagaram, Guntur, Anantapuram, Kurnool, Chittoor, Krishna and YSR Kadapa districts of Andhra Pradesh, around 5942 hectares area of Maize has been affected by fall-armyworm; out of which 4277 hectares has been treated.

### FIRST ESTIMATE OF KHARIF PRODUCTION

The 1st Advance Estimates of kharif production of maize for 2020-21 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 7.67 USD/MT to 156.88 USD/MT for December 2020 contract compared to previous month. Agriwatch expects that increase in export demand for U.S Corn in near term would support to CBOT Corn. However, new crop arrivals could limit the gain.

USDA decreased its World Maize ending stock estimates by 6.34 MMT to 300.45 MMT for 2020-21 based on a decrease in production estimates, which would support the global Maize market.

In U.S., 82% crop of Maize has been harvested as of November 01, 2020, up 33 percentage points from corresponding period last year.

### INDIA MAIZE BALANCE SHEET

| Maize Year-(Oct-Sep)       | 2019-20E      | 2020-21F      |
|----------------------------|---------------|---------------|
| Opening Stocks (MMT)       | 01.42         | 03.45         |
| Production (MMT)           | 25.38         | 24.48         |
| Imports (MMT)              | 00.34         | 00.02         |
| <b>Total Supply (MMT)</b>  | <b>27.14</b>  | <b>27.95</b>  |
| Export (MMT)               | 01.07         | 01.00         |
| Domestic Consumption (MMT) | 22.62         | 22.38         |
| <b>Total Demand (MMT)</b>  | <b>23.69</b>  | <b>23.38</b>  |
| <b>Ending Stock (MMT)</b>  | <b>03.45</b>  | <b>04.57</b>  |
| <b>Monthly Use</b>         | <b>01.97</b>  | <b>01.95</b>  |
| <b>Stock to Use Ratio</b>  | <b>14.54%</b> | <b>19.53%</b> |

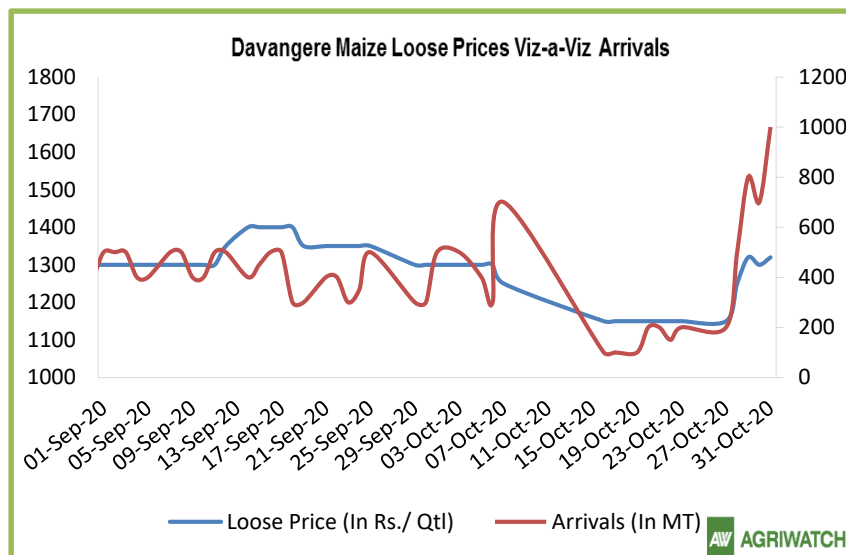
- The 2020-21 season beginning October 2020, start with an opening stock of 3.45 MMT and is expected to end in September 2021 with 4.57 MMT.
- Total Maize production in India is estimated at around 24.48 MMT in 2020-21 against our total annual demand including exports, of 23.38 MMT.
- ***As ending stock is expected to be significantly higher than in 2019-20; Indian Maize prices would take clue from that.***
- *E= AW Estimates, F=AW Forecast*

### STATE - WISE MARKET DYNAMICS

#### Karnataka

In Karnataka, maize is likely to trade steady to slightly firm in near term. However, expectation of increase in new crop arrivals in coming weeks would limit the gain. Agriwatch production estimates for Karnataka is at 3.67 MMT; higher than 2.98 MMT compared to last year.

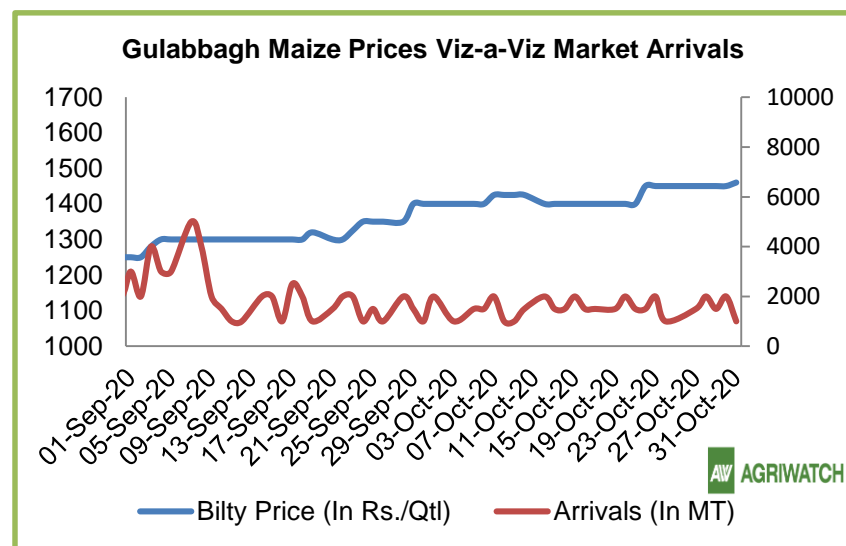
Agriwatch expects that maize would trade in a range of Rs. 1300-1550 per quintal (loose price) during the month of November'20.



#### Bihar

In Naugachia region of Bihar, Maize is being traded at Rs.1,450 per quintal (Bilty Price) and is being delivered to Uttar Pradesh and Kolkata at Rs.1,500 per quintal. In Gulabbagh, it is being traded at Rs. 1600 per quintal (Bilty Price). It is expected that maize would trade steady to slightly firm in near term due to decrease in arrival pressure.

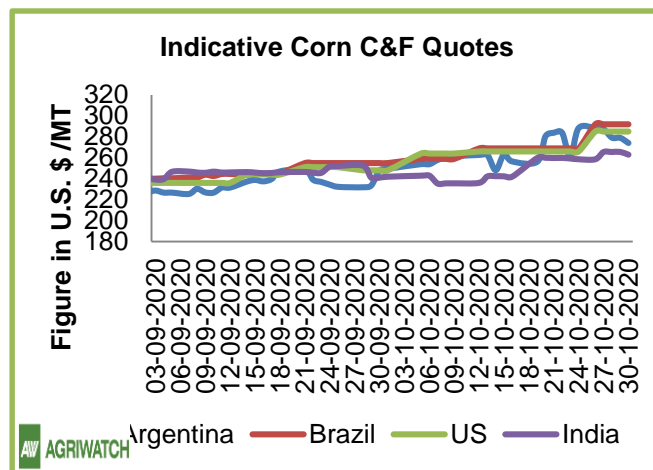
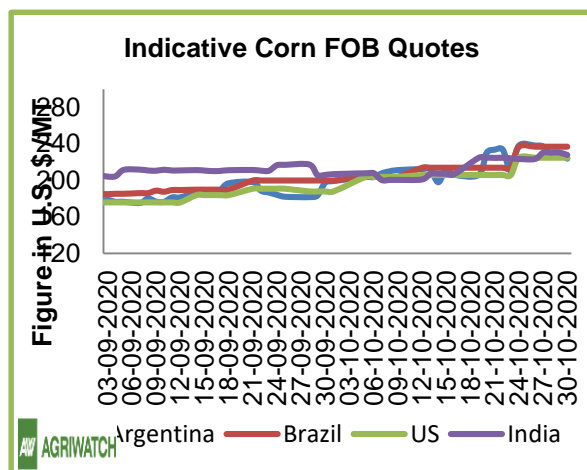
Agriwatch expects that maize in Gulabbagh would trade in a range of Rs. 1550-1700 per quintal (Bilty Price) during the month of November'20.



#### DOMESTIC PRICE OUTLOOK:

Agriwatch expects that Maize would trade steady to slightly firm during the month of November 2020 due to increase in feed makers and stockists demand. Government procurement would also support to the market. However, crop arrival pressure in coming weeks could limit the gain.

## ON THE EXPORT-IMPORT FRONT:



| Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 73.72) |           |        |        |        |
|--|-----------|--------|--------|--------|
| As on 30.10.2020   | Argentina | Brazil | US     | India  |
| FOB  | 224.00    | 237.00 | 225.00 | 227.88 |
| C&F  | 274.00    | 292.00 | 285.00 | 262.88 |

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 SEPTEMBER'20:

As per trade sources, India exported around 2,23,781 MT of maize in the month of September'20 at an average FoB of \$185.51/ MT, out of which, 1,67,774 MT was exported to Bangladesh at an average FoB of \$190.82/MT and around 52,112 MT was exported to Nepal at an average FoB of \$178.60/MT.

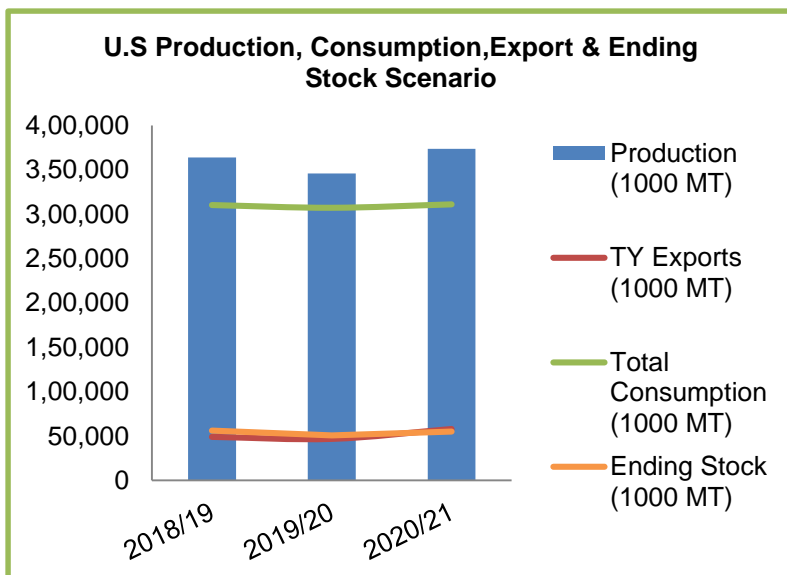
## MAIZE IMPORTS DURING SEPTEMBER'20:

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.

November, 2020

### INTERNATIONAL MARKET SCENARIO:

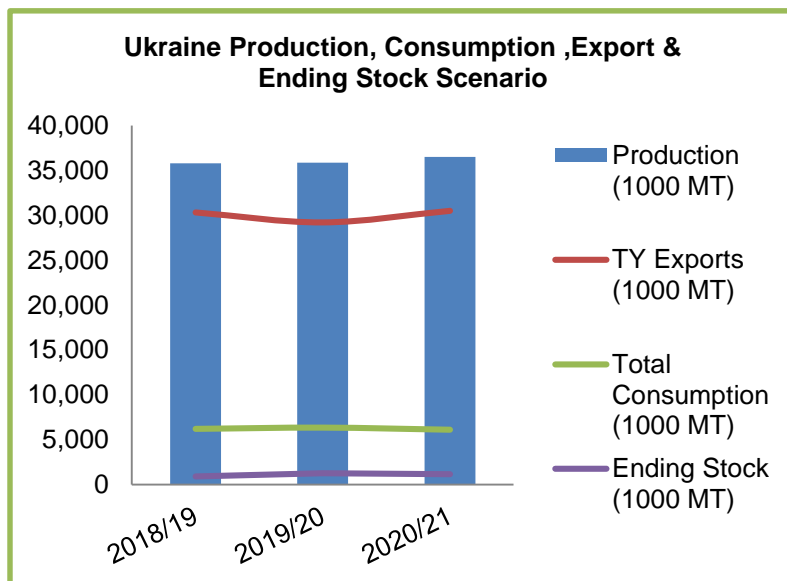
Maize exports from the US have reached 6.85 MMT in the 2020-21 marketing year. At 0.73 MMT (for the period October 23-29, 2020) U.S. Maize exports were down 1% from the previous week and 14 percent from the prior 4-week average; mainly for the destinations like China (330,300 MT), Mexico (208,600 MT), Colombia (101,100 MT), Honduras (28,100 MT), and Japan (23,600 MT). Agriwatch expects that increase in export demand for U.S corn in near term would support to CBOT corn. However, new crop arrivals could limit the gain.



In U.S., 82% crop of Maize has been harvested as of November 01, 2020, up 33 percentage points from corresponding period last year.

In its October 2020 report, USDA decreased its world Maize ending stock estimates by 6.34 MMT to 300.45 MMT for 2020-21 along with a decrease in production estimates which would support to global Maize market.

USDA also revised the ending stock estimates for U.S. and Ukraine, down by 8.53 MMT and 0.40 MMT respectively for 2020-21 compared to last month estimates due to decrease in production estimates while for Argentina and Brazil, it kept unchanged at 2.88 MMT and 7.99 MMT, respectively compared to previous month estimates.



### CBOT CORN FUTURE PRICES

| Maize CBOT Monthly Futures Price Listing (\$/MT) |                |            |            |        |
|--|----------------|------------|------------|--------|
|  | Contract Month | 30/10/2020 | 30/09/2020 | Change |
| Corn CBOT Prices                                 | Dec-20         | 156.88     | 149.21     | 7.67   |
|  | Mar-21         | 158.75     | 152.85     | 5.90   |
|  | May-21         | 159.84     | 154.91     | 4.93   |
|  | July-21        | 160.33     | 156.39     | 3.94   |
|  | Sep-21         | 152.45     | 152.85     | -0.40  |

### INTERNATIONAL CORN OUTLOOK:

Corn on CBOT rose by 7.67 USD/MT to 156.88 USD/MT for December 2020 contract compared to previous month. Agriwatch expects that increase in export demand for U.S Corn in near term would support to CBOT Corn. However, new crop arrivals could limit the gain.

### Monthly Spot Price Comparison

| Month-wise Average prices of Maize at various markets |              |                |              |                           |                          |
|---|--------------|----------------|--------------|---------------------------|--------------------------|
| Market  | 2020-October | 2020-September | 2019-October | % Change from Prev. Month | % Change from Prev. Year |
| Delhi   | 1342         | 1290           | 2146         | 4.03                      | -37.47                   |
| Davangere   | 1226         | 1335           | 1900         | -8.16                     | -35.47                   |
| Shimoga   | 1344         | 1339           | 2292         | 0.37                      | -41.36                   |
| Bagalkot  | 1267         | 1203           | 2077         | 5.32                      | -39.00                   |
| Gadag   | 1202         | 1107           | 2036         | 8.58                      | -40.96                   |
| Nizamabad   | 1300         | 1300           | 2103         | Unch                      | -38.18                   |
| Khanna  | 1123         | 1148           | 2017         | -2.18                     | -44.32                   |
| Sangli (NCDEX Quality)                                | 1446         | 1460           | 2392         | -0.96                     | -39.55                   |
| Gulabgh (NCDEX Quality)                               | 1442         | 1335           | 2132         | 8.01                      | -32.36                   |
| Naugachia   | 1332         | 1243           | 2101         | 7.16                      | -36.60                   |
| Erode (NCDEX Quality)                                 | 1503         | 1556           | 2383         | -3.41                     | -36.93                   |

- All market prices 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.