



# Maize Weekly Research Report

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## EXECUTIVE SUMMARY

### DOMESTIC MAIZE MARKET SUMMARY

With increasing price in domestic cash market and artificially created tight supply, Government may allow corn import once again to curb the firm trend in the market. However, it may be conditional like non GM corn. There is still uncertainty over availability of non-gm crop in global market. There is a problem in Brazil at production front regarding non gm crop.

Meanwhile, PEC has received offer from one firm to buy/import 50,000 yellow corn. The lowest offer was \$254.55 /MT c&f for shipment to the Adani Tuna terminal in the port of Kandla followed by \$255.30 /MT c&f for shipment to other terminals in Kandla submitted by the same trading house.

India exported 5372 MT maize during the week ended 19<sup>th</sup> Jun'16 against 4500 MT previous week ending 12<sup>th</sup> Jun'16.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 150 per quintal to Rs. 1850 per quintal. Starch feed makers quoted it firm by Rs. 100 per quintal at Rs.1800 per quintal compared to last week.

### RECOMMENDATION:

Weekly Call - : Market participants are advised to go long in Maize for August contract above 1680 levels for a target of 1712 and 1728 with a stop loss at 1661 on closing basis. In Davangere cash market, maize (loose) prices are likely to trade at Rs.1740-1750 per quintal for the week.

### INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 14.17 USD/MT to 154.72 USD/MT for July contracts on positive U.S crop condition. Besides, Britain's vote to leave the European Union sparked a broad sell-off across commodity markets.

In U.S, 75% crop of corn is in good to excellent condition.

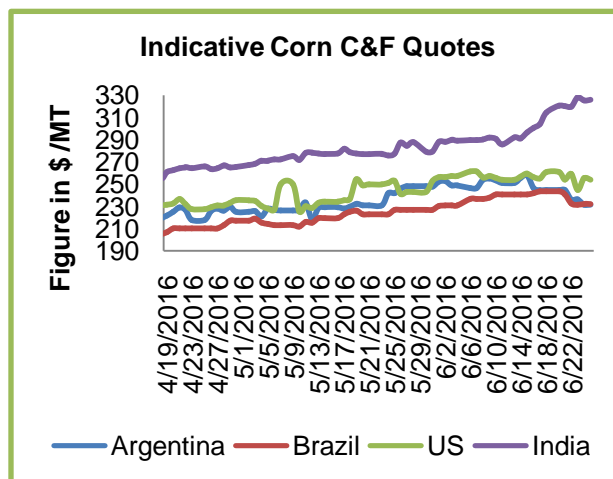
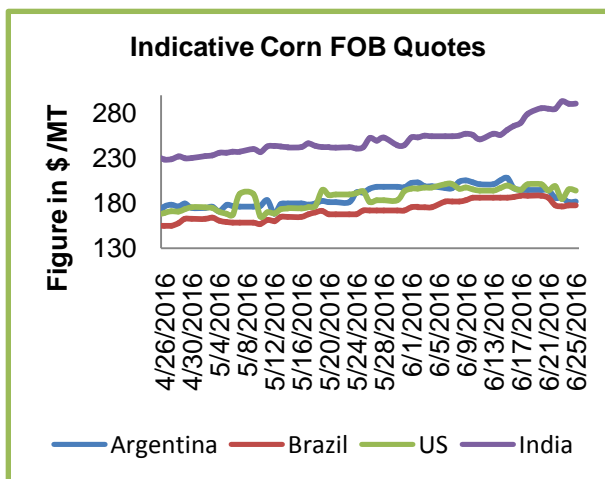
At 1.20 MMT (for the period 10<sup>th</sup> Jun- 16<sup>th</sup> Jun, 2016) exports were down 20 percent from the previous week, but up 6 percent from the prior 4-week average.

AW MAIZE INDEX:



The Agriwatch Cereals Commodities Index up 2.32% during the week ended Jun 25, 2016 compared to previous week. The base for the Index and all sub-Indices is 2014 (= 100). Detailed charts and index computation methodology can be viewed on the ET website and on Agriwatch.com.

## EXPORT PARITY TREND



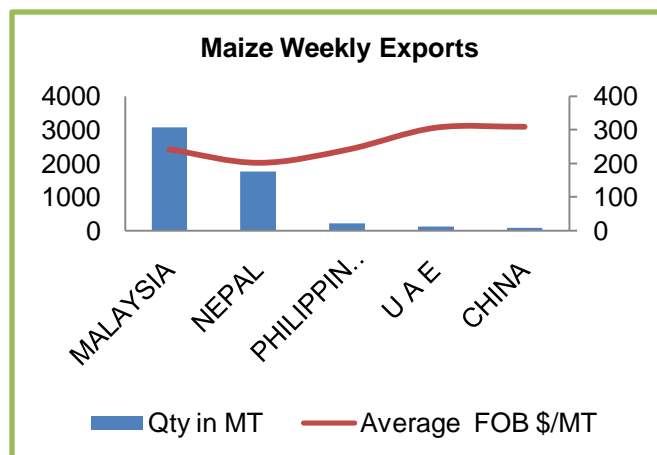
### Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.89)

As on 18.06.2016	Argentina	Brazil	US	India
FOB	181.69	177.37	194.13	290.76
Cost and Freight (C&F)	231.69	232.37	254.13	325.76

As depicted by the above data, there is no parity for Indian maize as gap of prices between India and other exporting countries is wide. More import is possible in new M.Y if prices get firmer.

## EXPORT BREAK UP BY MAJOR COUNTRIES

- As per IBIS data, India exported 5372 MT maize during the week ended 19<sup>th</sup> Jun'16 against 4500 MT previous week ending 12<sup>th</sup> Jun'16. Maize has been exported at an average FoB of \$225.72/MT. Indian maize is exported mainly to Malaysia followed by Nepal mainly through Kolkata Sea followed by Raxaul LCS.



BUSINESS FROM VARIOUS SOURCING CENTERS DURING THE SEASON TILL DATE:

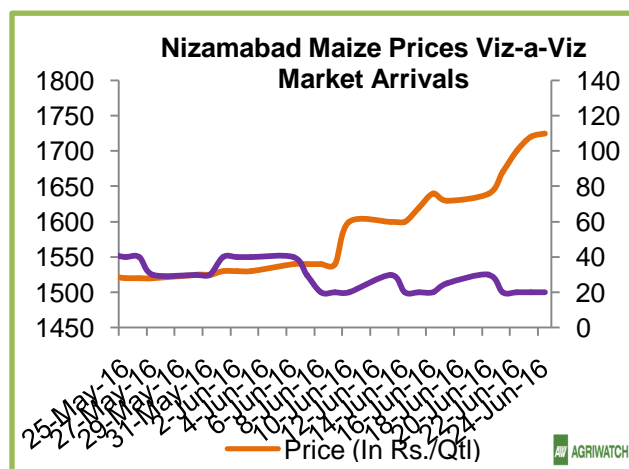
Destination	By Road (Rs/MT)	By Rake (Rs/MT)
<b>Bangalore</b>	19000 (Davangere Origin)	N.A
<b>Namakkal</b>	19000 (Davangere Origin)	N.A
<b>Chitradurga</b>	18500 (Davangere Origin)	N.A
<b>Sangli</b>	19000 (Davangere Origin)	N.A
<b>Chennai</b>	19000 (Davangere Origin)	N.A

CURRENT MARKET DYNAMICS:

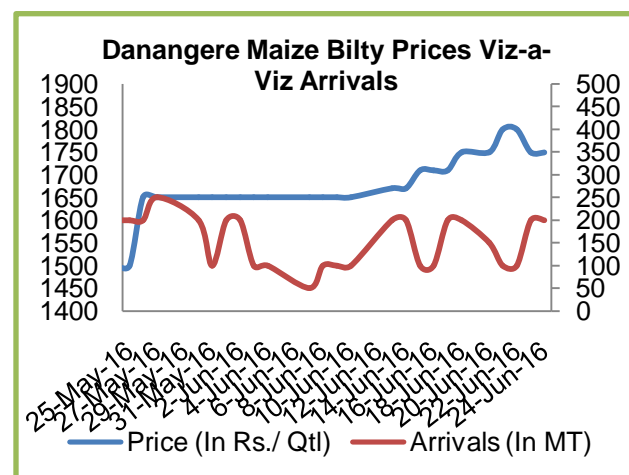
During the week under review, overall firm sentiments witnessed in most of the major spot markets of maize. The various key spot markets dynamics are as under:

ANDHRA PRADESH:

- In A.P, maize is likely to trade steady to slightly firm amid high demand and low supply. In Nizamabad; stock of maize could be around 20000 MT which was 35000 MT compared to last year.


KARNATAKA:

- Maize sourced from Davangere moved towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1900 per quintal, 1900 per quintal, 1850 per quintal, Rs. 1900 per quintal, and Rs. 1900 per quintal respectively. Market is expected to trade firm in the near term due to high demand.



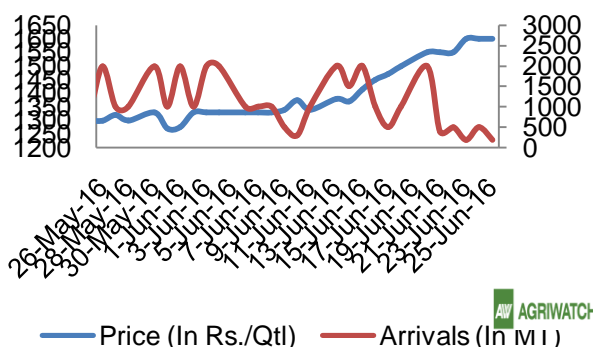
## BIHAR:

In Bihar, maize is expected to trade steady to slightly firm as it is already being traded at higher level.

## DOMESTIC MAIZE OUTLOOK:

Maize cash market is likely to trade slightly firm in the near term amid high demand and low supply in the market.

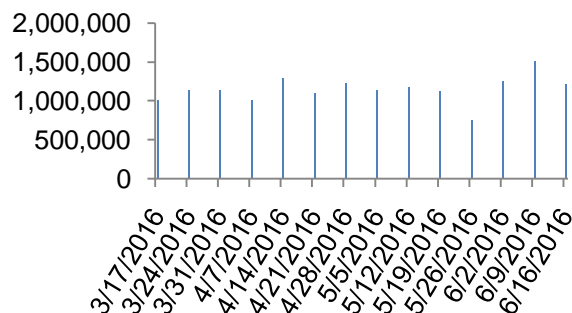
**Gulabgh Maize Prices Viz-a-Viz Market Arrivals**



## INTERNATIONALS MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS

- As per USDA, U.S corn exports reached 32.67 MMT in the 2016-17 marketing year. At 1.20 MMT (for the period 10<sup>th</sup> Jun- 16<sup>th</sup> Jun, 2016) exports were down 20 percent from the previous week, but up 6 percent from the prior 4-week average. The primary destinations were Japan (285,300 MT), Mexico (278,500 MT), Saudi Arabia (140,400 MT), Taiwan (79,000 MT), South Korea (65,300 MT), Israel (64,600 MT), and Venezuela (59,400 MT).
- Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 46.5% in the April'16 from 45.1% during the same month last year as users' reliance on sorghum and barley decreased.
- In U.S, 75% crop of corn is in good to excellent condition unchanged from the last week.

**US Corn Weekly Exports (2015-16) in Metric Tons**



## INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 14.17 USD/MT to 154.72 USD/MT for July contracts on positive U.S crop condition. Besides, Britain's vote to leave the European Union sparked a broad sell-off across commodity markets.

**FUTURES MARKET ANALYSIS: NCDEX MAIZE:**

**(Aug Contract Weekly Chart)**

- Candlestick depicts firmness in the market.
- RSI is moving in overbought zone.
- Prices closed above 9 and 18 days EMAs.
- Increase in prices with higher volume and OI indicates long build up.
- Strategy: Buy above 1680 for target 1712 and 1728 in the near term.

**Strategy: Buy**
**Maize NCDEX (Aug)**

Support & Resistance				
S2	S1	PCP	R1	R2
1537	1610	1683	1733	1783

### DAVANGERE MARKET ANALYSIS: MAIZE



In Davangere cash market, maize (loose) prices are likely to trade at Rs.1740-1750 per quintal for the week.

### ANNEXURE

#### MAIZE SPOT MARKET PRICES (Rs. /QUINTAL)

Market	Grade	23-Jun-16	16-Jun-16	23-May-16	23-Jun-15	23-Jun-14
Gulabbagh	Bilty	1600	1450	1250	1100	1100
Delhi	Red	1675	1600	1460	1220	1170
Davangere	Bilty	1750	1710	1500	1350	1300
Shimoga	Bilty	1675	NA	1630	1310	1310
Ranebennur	Bilty	1670	1635	1640	1350	1400
Bagalkot	Hybrid/Local	1508	1550	1510	1395	1240
Gadag	Local	1404	1650	1329	1129	1210
Nizamabad	Bilty	1720	1640	1500	1275	1240
Khanna	Bilty	1610	1575	1485	1260	1180
Sangli	Bilty	1870	1760	1630	1490	1420
Ahmadabad	Feed	1800	1675	1550	1340	1340
	Starch	1750	1680	1570	1340	1340



Maize CBOT Weekly Futures Price Listing (USD/Ton)				
	Contract Month	6/22/2016	6/15/2016	Change
Corn CBOT Prices	Jul-16	154.72	168.89	-14.17
	Sep-16	156.78	170.86	-14.08
	Dec-16	159.05	173.02	-13.97
	Mar-17	161.71	174.99	-13.28
	May-17	163.08	175.98	-12.90

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