

# Maize Weekly Research Report

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## EXECUTIVE SUMMARY

### DOMESTIC MAIZE MARKET SUMMARY

Overall maize cash markets traded steady to weak during the week and is expected to trade range bound with weak bias in near term.

In India, maize has been sown in around 57.09 lakh hectares as on 15<sup>th</sup> July'16 which is higher than 50.82 lakh hectare covered during corresponding period last year. It is expected that maize sown area will increase due to favourable weather conditions.

In Karnataka, it has been sown in 8.75 lakh a hectare which is higher than last year's 7.02 lakh hectare covered during corresponding period last year while in Maharashtra; it has been down by 1.27 lakh hectares to 4.34 lakh hectares. In M.P, it has been up by 0.12 lakh hectares to 9.26 lakh hectares.

With a view to curtail uptrend in maize cash market and short supply due to lower production Govt. has allowed 5 lakh tons maize import in recent week. Agriwatch expects first consignment of 50000 tons to land at Indian port in the end of August month. The quantity may land in September. It may help market to remain stable in coming weeks. As per trade source, deal has been struck at around \$ 256/ MT on CiF basis. The origin of this consignment is China. Besides, State Trading Corporation of India Ltd. has floated a notice for Enrolment of actual users of Maize/Corn (Non-GMO) to be imported by STC under Tariff Rate Quota (TRQ). The last date for indicating the import quantities by actual users to STC is 21.07.2016. Interested parties may visit STC official website [www.stclimited.co.in](http://www.stclimited.co.in) for detailed information. PEC has also issued tender to buy and import 80,000 MT yellow corn (Non-GMO) closes on July 21 and offers must remain valid up to July 28.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 20 per quintal to Rs. 1730 per quintal. Starch feed makers quoted it down by Rs. 25 per quintal at Rs.1750 per quintal compared to last week.

### RECOMMENDATION:

Weekly Call - : Market participants are advised to go short in Maize for August contract near 1565 levels for a target of 1543 and 1532 with a stop loss at 1578 on closing basis. In Davangere cash market, maize (loose) prices are likely to trade at Rs.1700 per quintal for the week.

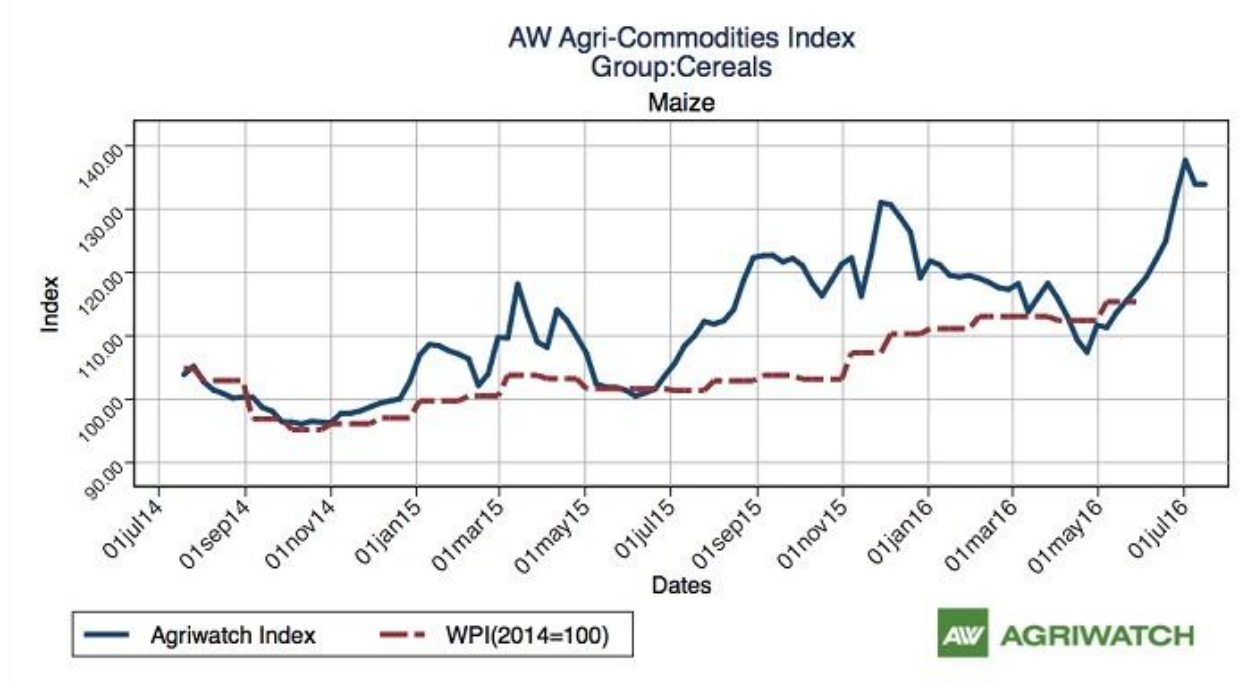
### INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 11.81 USD/MT to 143.11 USD/MT for July contracts as forecasts of hot and dry weather in the U.S. Midwest raised concerns about yield losses amid strong demand.

In U.S, 32% crop of corn is in the silking stage; higher by 9% from last year and 6% from last 5 year average period. 76% crop of corn is in good to excellent condition.

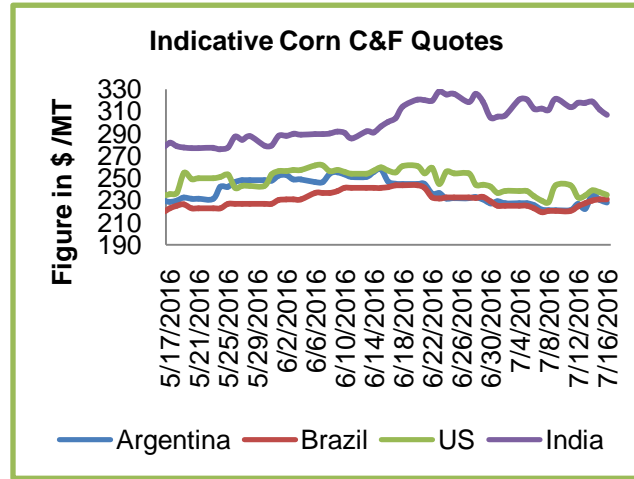
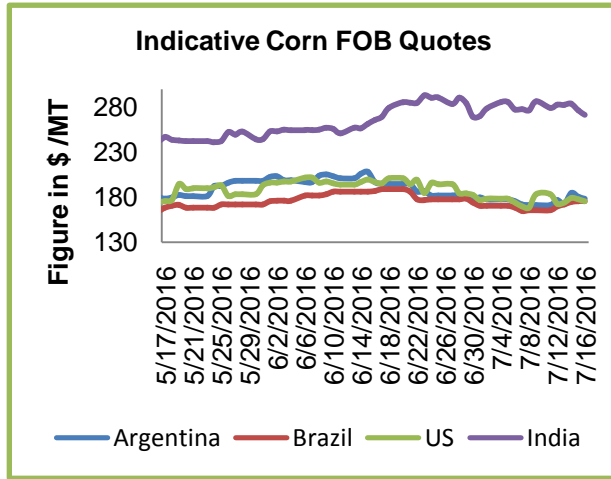
At 1.24 MMT (for the period 1<sup>st</sup> July- 7<sup>th</sup> July, 2016) exports were down 2 percent from the previous week and 9 percent from the prior 4-week average.

**AW MAIZE INDEX:**



The Agriwatch Cereals Commodities Index up 1.66% during the week ended July 16, 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**

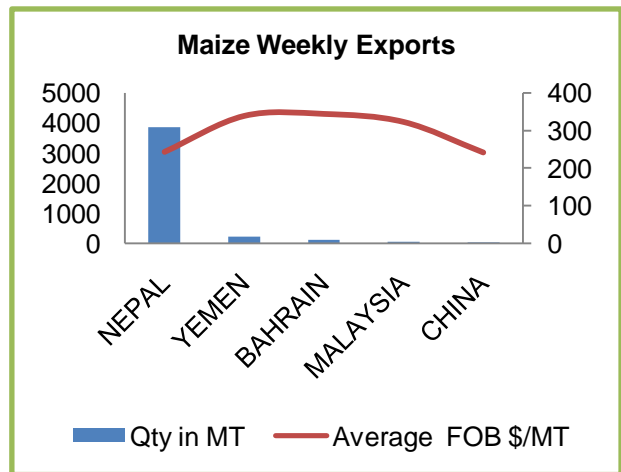


| Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 67.09) |           |        |        |        |
|--|-----------|--------|--------|--------|
| As on 16.07.2016   | Argentina | Brazil | US     | India  |
| FOB  | 178.05    | 175.53 | 174.90 | 271.65 |
| Cost and Freight (C&F)   | 228.05    | 230.53 | 234.90 | 306.65 |

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 4467 MT maize during the week ended 10<sup>th</sup> July'16 against 3432 MT previous week ending 3<sup>rd</sup> July'16. Maize has been exported at an average FoB of \$251.08 / MT. Indian maize is exported mainly to Nepal mainly through Raxul LCS.



BUSINESS FROM VARIOUS SOURCING CENTERS DURING THE SEASON TILL DATE:

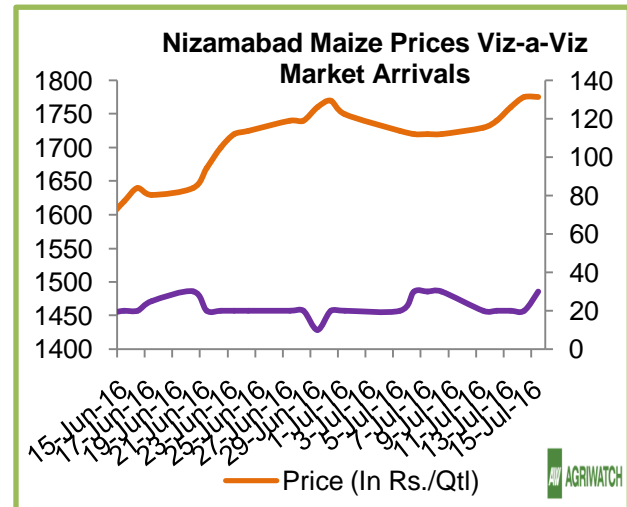
| Destination        | By Road (Rs/MT)             | By Rake (Rs/MT) |
|--------------------|-----------------------------|-----------------|
| <b>Bangalore</b>   | 18000<br>(Davangere Origin) | N.A             |
| <b>Namakkal</b>    | 18500<br>(Davangere Origin) | N.A             |
| <b>Chitradurga</b> | 17750<br>(Davangere Origin) | N.A             |
| <b>Sangli</b>      | 18000<br>(Davangere Origin) | N.A             |
| <b>Chennai</b>     | 18500<br>(Davangere Origin) | N.A             |

CURRENT MARKET DYNAMICS:

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

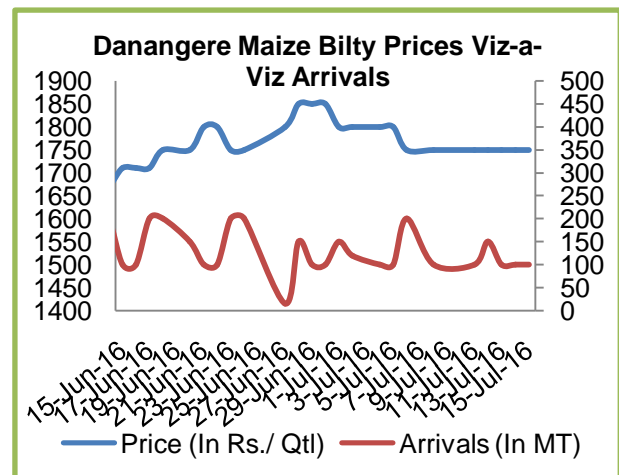
ANDHRA PRADESH:

- In A.P, maize is likely to trade slightly weak in the near term amid sluggish demand. In Nizamabad; stock of maize could be around 20000 MT which was 35000 MT last year. Area of maize is likely to increase due to shift from Soybean.



KARNATAKA:

- Maize sourced from Davangere moved towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1800 per quintal, 1850 per quintal, 1775 per quintal, Rs. 1800 per quintal, and Rs. 1850 per quintal respectively. Despite sluggish demand, market is expected to trade steady in the near term as farmers are not ready to sell their stock on the expectation of better price margin in future.



**BIHAR:**

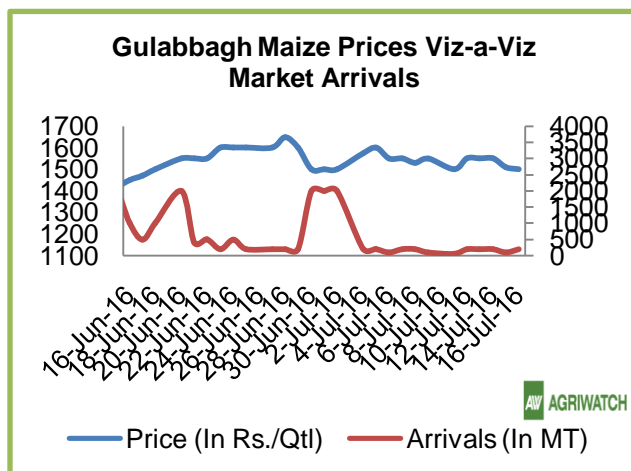
In Bihar, maize is expected to trade steady in the near term. Despite the low demand, traders are not interested to sell their stock at these levels.

**DOMESTIC MAIZE OUTLOOK:**

Maize cash market is likely to trade range bound with weak bias for the week.

**INTERNATIONALS MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS**

- As per USDA, U.S corn exports reached 36.68 MMT in the 2016-17 marketing year. At 1.24 MMT (for the period 1<sup>st</sup> July-7<sup>th</sup> July, 2016) exports were down 2 percent from the previous week and 9 percent from the prior 4-week average. The primary destinations were Japan (357,900 MT), Mexico (285,300 MT), South Korea (138,900 MT), Peru (88,200 MT), Morocco (64,500 MT), and Egypt (59,400 MT).
- In U.S, 32% crop of corn is in the silking stage; higher by 9% from last year and 6% from last 5 year average period. 76% crop of corn is in good to excellent condition.



**FUTURES MARKET ANALYSIS: NCDEX MAIZE:**



**(Aug Contract Weekly Chart)**

- Candlestick depicts down in the market.
- RSI is moving down in neutral zone.
- Prices closed below 9 and 18 days EMAs.
- Decrease in prices with higher OI indicates short build up.
- Strategy: Sell near 1565 for target 1543 and 1532 in the near term.

**Strategy: Sell**

**Maize NCDEX (Aug)**

| Support & Resistance |      |      |      |      |
|----------------------|------|------|------|------|
| S2                   | S1   | PCP  | R1   | R2   |
| 1516                 | 1530 | 1561 | 1577 | 1593 |

**DAVANGERE MARKET ANALYSIS: MAIZE**



In Davangere cash market, maize (loose) prices are likely to trade at Rs.1700 per quintal for the week.

**ANNEXURE**  
**MAIZE SPOT MARKET PRICES (Rs./QUINTAL)**

| Market     | Grade        | 14-Jul-16 | 7-Jul-16 | 14-Jun-16 | 14-Jul-15 | 14-Jul-14 |
|------------|--------------|-----------|----------|-----------|-----------|-----------|
| Gulabghagh | Bilty        | 1550      | 1550     | 1370      | 1260      | 1140      |
| Delhi      | Red          | 1570      | 1600     | 1550      | 1350      | 1200      |
| Davangere  | Bilty        | 1750      | Closed   | 1670      | 1430      | 1370      |
| Shimoga    | Bilty        | NA        | NA       | NA        | NA        | NA        |
| Ranebennur | Bilty        | NA        | NA       | 1640      | 1455      | 1455      |
| Bagalkot   | Hybrid/Local | 1600      | NA       | NA        | NA        | NA        |
| Gadag      | Local        | 1765      | NA       | 1506      | NA        | NA        |
| Nizamabad  | Bilty        | 1775      | Closed   | 1600      | 1300      | NA        |
| Khanna     | Bilty        | 1620      | 1625     | 1520      | 1230      | 1230      |
| Sangli     | Bilty        | 1875      | 1850     | 1760      | 1563      | 1470      |
| Ahmadabad  | Feed         | 1750      | 1750     | 1670      | 1470      | 1400      |
|            | Starch       | 1730      | 1775     | 1680      | 1450      | 1350      |



| Maize CBOT Weekly Futures Price Listing (USD/Ton) |                |           |          |        |
|---|----------------|-----------|----------|--------|
|   | Contract Month | 13-Jul-16 | 6-Jul-16 | Change |
| Corn CBOT Prices                                  | Jul-16         | 143.99    | 132.18   | 11.81  |
|   | Sep-16         | 142.51    | 134.44   | 8.07   |
|   | Dec-16         | 145.56    | 137.10   | 8.46   |
|   | Mar-17         | 148.52    | 140.84   | 7.68   |
|   | May-17         | 150.39    | 143.10   | 7.29   |

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