



Maize Weekly Research Report

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EXECUTIVE SUMMARY

DOMESTIC MAIZE MARKET SUMMARY

Overall steady to slightly firm sentiments witnessed in major maize cash markets and are likely to trade steady to slightly firm in the near term too amid high demand from feed makers. However, new crop arrivals could weigh on market sentiments. Currently, in each state, prices are varying as per the quality parameter like moisture, percent of damaged grain and grain size which are all discounting factors; In Davangere region of Karnataka, arrival contains moisture up to 25% while in Nizamabad region of Telangana, it contains moisture up to 16% and around 10-12% grain is damaged and small in size. In A.P, arrival quality is medium as the grains are small in size, and contain up to 19% moisture that is the reason; traders of A.P are looking to buy the best quality material from Madhya Pradesh region. Besides, demand of industrial feed makers and stockists amid Government procurement in Telangana and Bhavantar Yojna in M.P, being supportive to maintain maize at steady to slightly firm level. In Karnataka, trade sources revealed that there is less chance of procurement by Government and the confirmation of that is expected after 20-30 days. In Telangana, government is actively procuring maize; hence arrivals in open markets are low. Most of the material arriving in open market is of low quality that falls outside the parameters fixed by the government for procurement.

In India, maize has been sown in around 1.43 lakh hectares as of 2nd November, 2018 which is higher than 1.36 lakh hectares during corresponding period last year.

TRADE SCENARIO

From the trade point of view, In Nizamabad, poultry feed makers are buying maize at Rs. 1500 per quintal while local starch feed makers are buying at Rs. 1380 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1550-1570 per quintal and Nammakal at Rs. 1610-1650 per quintal (Delivered price), sourced from Davangere. As per trade source, traders from Vijayawada region of A.P. are looking for the opportunity to buy it from M.P.

RECOMMENDATION:

Weekly Call - : Market participants are advised to go short in Maize for November contract near 1555 levels for a target of 1565 and 1570 with a stop loss at 1549 on closing basis. In Davangere cash market, maize (loose) prices are likely to trade at Rs. 1430-1460 per quintal for the week.

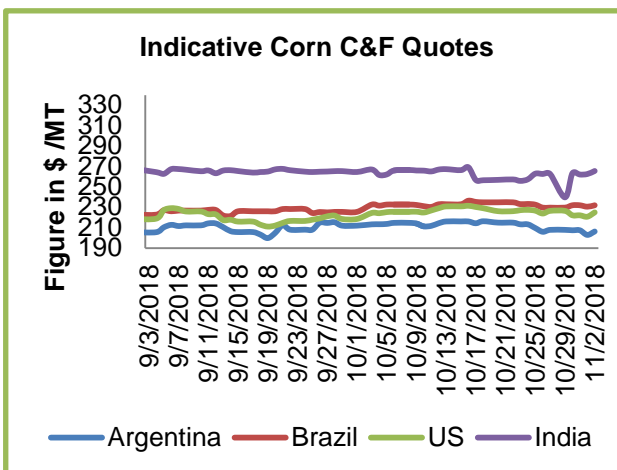
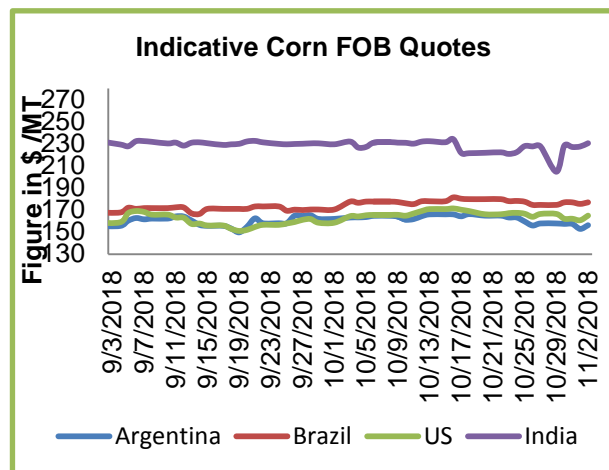
INTERNATIONAL CORN MARKET SUMMARY

Corn on CBOT fell by 0.40 USD/ MT to 144.38 USD/MT for December'18 contract compared to last week due to decrease in export demand for U.S corn.

At 0.76 MMT (for the period 19th October- 25th October, 2018) US corn exports were down by 38% from the previous week; mainly for the destinations like Mexico (309,500 MT), Japan (132,500 MT), Peru (86,400 MT), South Korea (73,800 MT), and Colombia (36,800 MT).

In U.S, 63% crop of corn has been harvested as of 28th October, 2018, which is higher by 11% compared to corresponding period last year but same as the last 5 year average period.

EXPORT PARITY TREND



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 72.87)				
As on 02.11.2018	Argentina	Brazil	US	India
FOB	156.20	176.90	164.90	230.51
C&F	206.20	231.90	224.90	265.51

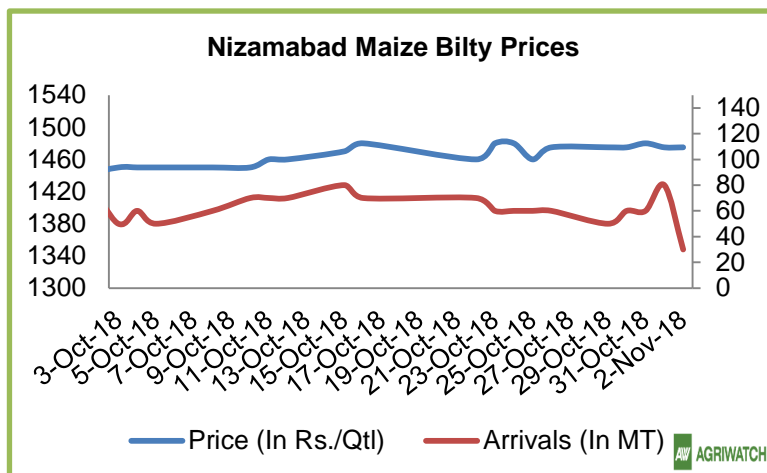
As depicted by the above data, there is no parity for Indian maize as gap of prices between India and other exporting countries has broadened.

CURRENT MARKET DYNAMICS:

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

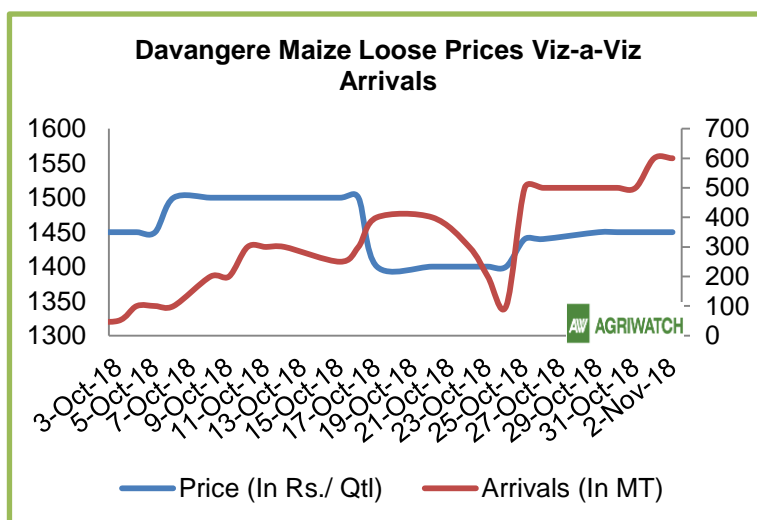
ANDHRA PRADESH & TELANGANA:

- In A.P, arrival quality is medium as the grains are small in size, and contain up to 19% moisture that is the reason; traders of A.P are looking to buy the best quality material from Madhya Pradesh region.
- In Telangana, government is actively procuring maize; hence arrivals in open markets are low. Most of the material arriving in open market is of low quality that falls outside the parameters fixed by the government for procurement.
- In Nizamabad region of Telangana, it contains moisture up to 16% and grain is damaged around 10-12% and small in size. Poultry feed makers are buying maize at Rs. 1500 per quintal while local starch feed makers are buying at Rs. 1380 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal.



KARNATAKA:

- In Davangere region of Karnataka, trade sources revealed that there is less chance of procurement by Government. The confirmation is expected after 20-30 days. It is likely to trade steady to slightly weak in the near term amid sluggish demand. Trade sources revealed that maize is moving towards Bangalore at Rs. 1550-1570 per quintal and Nammakal at Rs. 1610-1650 per quintal (Delivered price), sourced from Davangere.

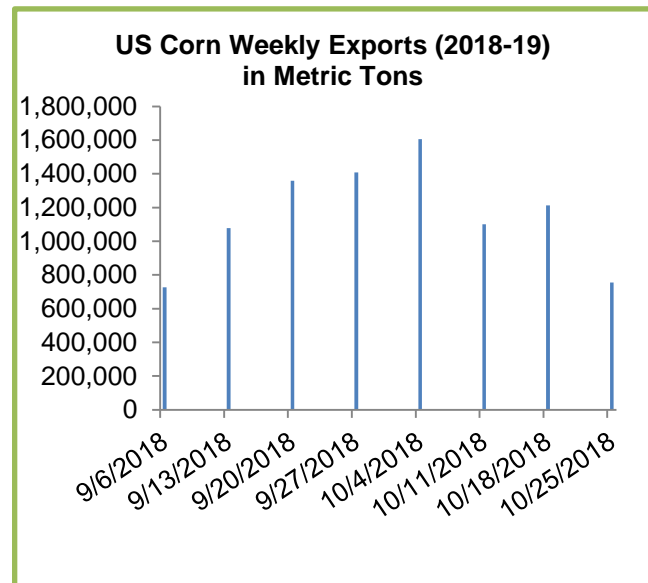


DOMESTIC MAIZE OUTLOOK:

Prices of standard quality maize are likely to be steady to slightly firm in the near term.

INTERNATIONALS MARKET: HIGHLIGHTS/CURRENT DEVELOPMENTS

- As per USDA, U.S corn exports reached 9.25 MMT in the 2018-19 marketing year. At 0.76 MMT (for the period 19th October- 25th October, 2018) US corn exports were down by 38% from the previous week; mainly for the destinations like to Mexico (309,500 MT), Japan (132,500 MT), Peru (86,400 MT), South Korea (73,800 MT), and Colombia (36,800 MT).
- In U.S, 63% crop of corn has been harvested as of 28th October, 2018, which is higher by 11% compared to corresponding period last year but same as the last 5 year average period.

**INTERNATIONAL CORN OUTLOOK:**

Corn on CBOT fall by 0.40 USD/ MT to 144.38 USD/MT for December'18 contract compared to last week due to decrease in export demand for U.S corn.

FUTURES MARKET ANALYSIS: NCDEX MAIZE:

(November Contract Weekly Chart)

- Candlestick depicts firm situation in the market.
- Prices closed above 9 days EMAs.
- Increase in prices with lower OI indicates to short covering.
- RSI is moving in overbought region which might take correction in the short run.
- Strategy: Buy near 1555 for target 1565 and 1570 in the near term.

Strategy: Buy
Maize NCDEX (November)

Support & Resistance				
S2	S1	PCP	R1	R2
1514	1537	1559	1571	1582

DAVANGERE MARKET ANALYSIS: MAIZE



In Davangere cash market, maize (loose) prices are likely to trade at Rs.1430-1460 per quintal for the week.

ANNEXURE

MAIZE SPOT MARKET PRICES (RS. /QUINTAL)

Maize(Corn)Weekly Prices:						
Market	Grade	1-Nov-18	25-Oct-18	1-Oct-18	1-Nov-17	1-Nov-16
Naugachia	Bilty	1475	1450	1325	1250	1500
Delhi	Hybrid Maize (U.P.)	1525	1500	1400	1310	Closed
Davangere	Loose Price	1450	1440	1450	1300	1420
Shimoga	Bilty	NA	1460	NA	1320	1450
Ranebennur	Bilty	NA	1600	NA	1250	1490
Bagalkot	Hybrid/Local	1436	1429	NA	1241	1371
Gadag	Local	1440	1395	NA	1290	1410
Nizamabad	Bilty	1475	1460	1440	1400	1450
Khanna	Bilty	NA	NA	1420	1300	1550
Sangli	Feed	1533	1523	1583	1330	1380
Ahmedabad	Feed	1525	1550	1550	1350	1400
	Starch	1550	1570	1500	1350	1375

Maize CBOT Weekly Futures Price Listing (USD/Ton)				
	Contract Month	1-Nov-18	25-Oct-18	Change
Corn CBOT Prices	Dec-18	144.38	144.78	-0.40
	Mar-19	149.11	149.60	-0.49
	May-19	152.26	152.75	-0.49
	Jul-19	154.62	155.01	-0.39
	Sep-19	155.11	155.90	-0.79

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