

# Maize Weekly Research Report

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**EXECUTIVE SUMMARY****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded weak during the week on the expectation of arrival of imported goods during the month of February. However, it is likely to trade steady to range bound in near term amid regular feed makers demand.

In Davangere region of Karnataka, maize arrivals are still containing moisture up to 16% due to cold weather and fungus 3-4%. Expectation of increase in arrival in Tamilnadu, could keep pressure on market sentiments. Sources revealed that stock of maize in Telangana could be around 15,000 MT which was around 50,000 MT during corresponding period last year.

**RABI CROP SOWING COVERAGE**

In India, maize has been sown in around 16.47 lakh hectares as of 24th Jan'20 for Rabi season 2019-20 which is higher than 14.23 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.19 lakh hectare which is higher than 1.16 lakh hectare during corresponding period last year while in Gujarat, it has been sown in around 1.32 lakh hectare which is higher than 0.97 lakh hectare during corresponding period last year. In Bihar, it has been sown in around 4.94 lakh hectare which is higher than 4.58 lakh hectare during corresponding period last year. However, in Tamilnadu, it has been sown in around 1.48 lakh hectare which is lower than 2.05 lakh hectare during corresponding period last year.

**TRADE SCENARIO**

From the trade point of view, in Nizamabad, maize is moving towards Hyderabad at Rs. 2,250-2300 per quintal while it is being bought by local starch feed makers at Rs. 1920 per quintal. Bangalore feed makers are buying maize at Rs. 1950-2000 per quintal; sourced from Davangere. Meanwhile, local stockists are buying maize at Rs. 1910 per quintal (Factory Delivery).

**VESSEL POSITION**

As per trade sources, Vessel (INCE FORTUNE) at berth with 53,120.00 tonnes of corn has discharged at Kandla port on 23 December, 2019.

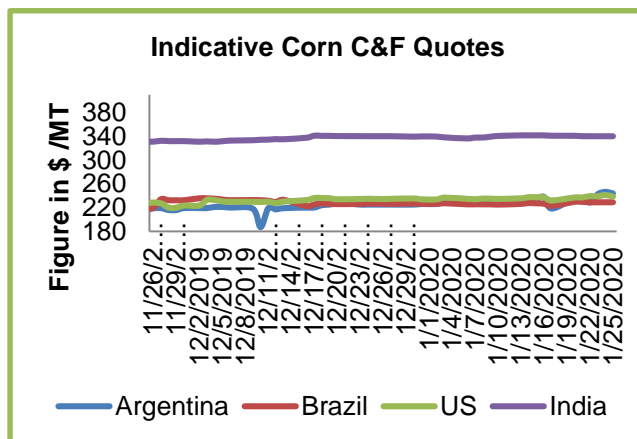
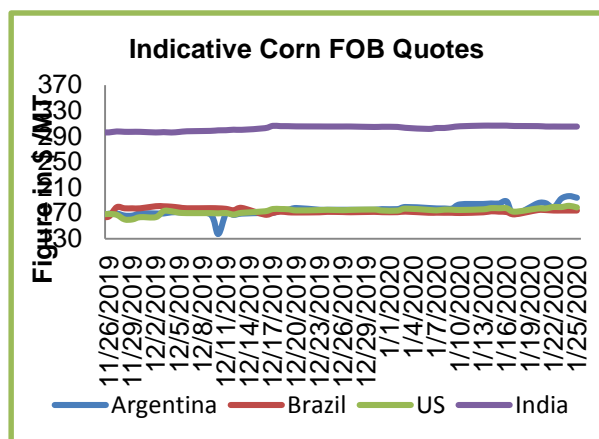
**TENDER**

As per media report, MMTC has issued import tender volume for Non- GMO yellow corn from 50,000 MT to 1,75,000 MT for the shipment latest by 10th Feb 2020. Three consignment of 50,000 MT (+/-5%) each is sought for shipment at the Visakhapatnam, Tuticorin and Mangalore port and 25,000 MT (+/-5%) at the Mumbai port. The lowest price offered was \$226.80 /MT c&f. The tender had closed on Jan. 14 and offers must remain valid up to Jan. 20.

**INTERNATIONAL CORN MARKET SUMMARY**

Corn on CBOT fall by 0.79 USD/MT to 152.45 USD/MT for March'20 contract compared to previous week due to decrease in export demand for U.S corn. Further, price direction depends on the export demand for U.S corn. At 0.39 MMT (for the period 10th January- 16th January, 2020) US corn exports were down 28 percent from the previous week and 15 percent from the prior 4-week average. Meanwhile, IGC increased its forecast for 2019/20 global corn production by 8 MMT to 1111 MMT compared to previous forecast; driven by upward revision for U.S and China.

### EXPORT PARITY TREND



| Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 71.33) |           |        |        |        |
|--|-----------|--------|--------|--------|
| As on 25.01.2020   | Argentina | Brazil | US     | India  |
| FOB  | 193.80    | 173.90 | 178.83 | 305.04 |
| C&F  | 243.80    | 228.90 | 238.83 | 340.04 |

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 FOB of Ukraine is \$186 USD/ MT.

### EXPORTS FOR THE MONTH OF DECEMBER'19

As per trade sources, India exported around 85,730 MT of maize for the month of December'19 at an average FoB of \$323.64/ MT. Out of which, around 80,202 MT Indian maize was exported mainly to Nepal at an average FoB of \$322.32/MT; mainly through Raxaul followed by Sonauli ICD port.

### IMPORTS FOR THE MONTH OF DECEMBER'19

As per trade sources, India imported around 58,941 MT of maize for the month of December'19. Out of which, around 53,120 MT was imported from Ukraine for the Kandla port at an average value of \$200 USD/ MT while around 4,416 MT was imported from Myanmar for the Tuticorin, Chennai and Kolkata port at an average value of \$263.95 USD/ MT.

### SECOND ADVANCE ESTIMATE OF KHARIF PRODUCTION

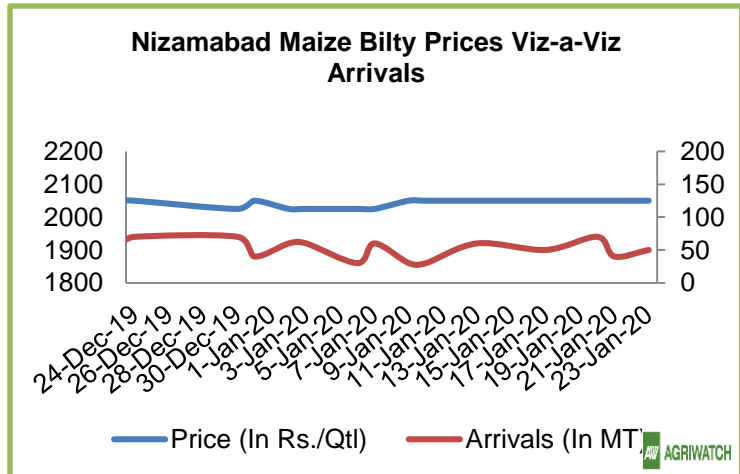
As per 2nd advanced estimates for 2019-20, Agriwatch expects maize production for this Kharif season at 18.34 MMT with the expected yield of 2209.37 kg/ hectare.

CURRENT MARKET DYNAMICS:

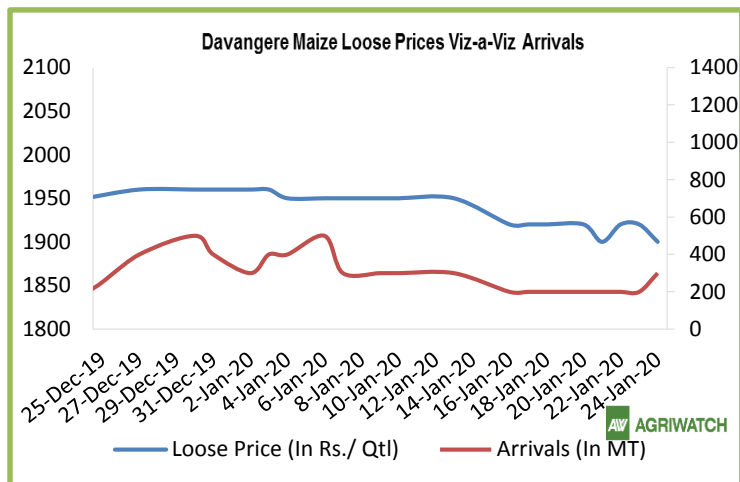
During the week under review, weak sentiments witnessed in most of the major spot markets of maize. The various key spot markets dynamics are as under:

TELANGANA:

- In Nizamabad, maize is moving towards Hyderabad at Rs. 2,250-2300 per quintal while it is being bought by local starch feed makers at Rs. 1920 per quintal. Sources revealed that stock of maize in Telangana could be around 15,000 MT which was around 50,000 MT during corresponding period last year.

KARNATAKA:

- In Davangere region of Karnataka, maize arrivals are still containing moisture up to 16% due to cold weather and fungus 3-4%. Bangalore feed makers are buying maize at Rs. 1950-2000 per quintal; sourced from Davangere. Meanwhile, local stockists are buying maize at Rs. 1910 per quintal (Factory Delivery).

DOMESTIC MAIZE OUTLOOK:

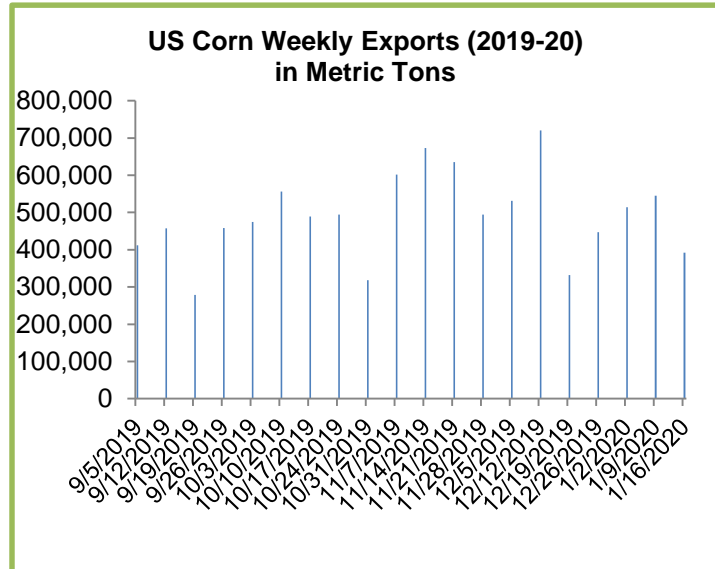
Prices of maize are likely to be steady to range bound amid regular feed maker's demand.

**INTERNATIONAL MARKET HIGHLIGHT:**

As per USDA, U.S corn exports reached 9.83 MMT in the 2019-20 marketing year. At 0.39 MMT (for the period 10th January- 16th January, 2020) US corn exports were down 28 percent from the previous week and 15 percent from the prior 4-week average; mainly for the destinations like Mexico (161,200 MT), Colombia (120,500 MT), Japan (66,200 MT), Canada (21,200 MT), and Jamaica (7,100 MT).

IGC increased its forecast for 2019/20 global corn production by 8 MMT to 1111 MMT compared to previous forecast; driven by upward revision for U.S and China. Forecast for global corn ending stock was also up by 4 MMT to 283 MMT compared to last forecast for 2019/20 which could weigh on international corn market.

As per media report, China, S. Korea, Bangladesh are buying corn from Ukraine for the month of February; could lead to Ukrainian corn prices.

**PREVIOUS UPDATES:**

USDA decreased its world corn ending stock estimates by 2.75 MMT to 297.81 MMT for 2019/20 compared to previous month due to increase in consumption estimates for 2019/20. Corn ending stock estimates for U.S also decreased by 0.46 MMT to 48.07 MMT for 2019/20 due to increase in consumption estimates which could lead to corn prices at CBOT market while for Ukraine, it slightly increased its corn ending stock estimates by 0.05 MMT to 0.86 MMT compared to previous month estimates. For Argentina, it kept unchanged its corn ending stock estimates compared to previous month while for Brazil, it decreased its corn ending stock estimates by 0.5 MMT to 4.58 MMT due to increase in exports estimates compared to previous month estimates.

In Brazil, corn demand for livestock likely to be less due to Asian Swine Fever (ASF), but may be compensated by the demand from corn ethanol. Earlier, Brazil was expected to import 1.1 MMT of corn for its domestic use and ethanol production.

Reduced area under corn in Argentina amid increased export tax from 7% to 12% likely to keep CBOT corn market at higher side.

**INTERNATIONAL CORN OUTLOOK:**

Corn on CBOT fall by 0.79 USD/MT to 152.45 USD/MT for March'20 contract compared to previous week due to decrease in export demand for U.S corn. Further, price direction depends on the export demand for U.S corn.

ANNEXUREMAIZE SPOT MARKET PRICES (RS. /QUINTAL)

| Maize(Corn)Weekly Prices: |                     |           |           |           |           |           |
|---------------------------|---------------------|-----------|-----------|-----------|-----------|-----------|
| Market                    | Grade               | 24-Jan-20 | 17-Jan-20 | 24-Dec-19 | 24-Jan-19 | 24-Jan-18 |
| Naugachia                 | Bilty               | NA        | NA        | 2500      | 2025      | NA        |
| Delhi                     | Hybrid Maize (U.P.) | 2100      | 2200      | 2225      | 2050      | 1325      |
| Davangere                 | Loose               | 1900      | 1920      | 1950      | 1930      | 1230      |
| Shimoga                   | Bilty               | 1880      | 1900      | 1950      | 1880      | 1300      |
| Ranebennur                | Bilty               | 1900      | 1910      | 2100      | 1925      | 1200      |
| Bagalkot                  | Hybrid/Local        | 1800      | 1925      | 2080      | 1876      | 1146      |
| Gadag                     | Local               | 1795      | 1835      | 1945      | 1805      | 1109      |
| Nizamabad                 | Bilty               | 2050      | 2050      | 2050      | 1850      | 1340      |
| Khanna                    | Bilty               | 2020      | 2000      | 2150      | 1940      | 1290      |
| Sangli                    | Feed                | 1931      | 2020      | 2118      | 1980      | NA        |
| Ahmedabad                 | Feed                | 1900      | 2000      | NR        | 2060      | 1300      |
|                           | Starch              | 1900      | 2040      | NR        | 2000      | 1350      |

| Maize CBOT Weekly Futures Price Listing (USD/Ton) |                |           |           |        |
|---|----------------|-----------|-----------|--------|
|   | Contract Month | 24-Jan-20 | 17-Jan-20 | Change |
| Corn CBOT Prices                                  | Mar-20         | 152.45    | 153.24    | -0.79  |
|   | May-20         | 154.62    | 155.6     | -0.98  |
|   | July-20        | 156.59    | 157.87    | -1.28  |
|   | Sep-20         | 155.8     | 157.57    | -1.77  |
|   | Dec-20         | 156.78    | 158.56    | -1.78  |

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