

Maize Monthly Research Report

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1st July, 2018**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded mixed during the month of Jun'18 compared to previous month but lower than the corresponding period of last year, due to high carry forward stock. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 2.71 % to Rs. 1402 per quintal while Starch feed makers quoted it down by 0.50 % to Rs. 1389 per quintal compared to last month.

We are expecting that maize could trade mixed during the month of July'18. As on the one side, reduction in arrival pressure in Bihar and A.P amid Government decision to increase MSP of maize, by Rs. 275 per quintal to Rs. 1700 per quintal, is likely to support the market firmness. On the other hand, there is news circulating in the market that A.P government could publish tender of 3 lakh MT amid 15,000 MT offered by Telangana Government in tender, in the price range of Rs. 1201-1255 per quintal; likely to keep pressure on the prices of A.P and Karnataka market. In Bihar, there are further chances to reduce supply pressure in to the market as traders are expecting increase in the prices of maize in respect of Government decision to increase the minimum support price. In Davangere, maize is likely to trade steady to slightly weak as demand of feed makers of Tamilnadu has shifted towards Bihar and A.P as quality of maize in and around Davangere regions is not good.

At the demand side, maize is moving towards Punjab, Rajasthan and Gujarat at Rs. 1350 per quintal and to U.P at Rs. 1300 per quintal by truck; sourced from Naugachia region of Bihar. Maize is moving towards Nammakal, Erode and Tiruppur at Rs. 1365 per quintal by rake, sourced from Bihar. In Nizamabad, poultry feed makers are buying maize at Rs. 1325 per quintal while starch feed makers are buying at Rs. 1250 per quintal. Meanwhile, maize from Davangere region is moving to Bangalore at Rs. 1350-1420 per quintal, Nammakal at Rs. 1420-1450 per quintal and Chennai at Rs. 1450 per quintal.

As per trade sources, during the month of May'18, India exported 1,16,279 MT of maize for the month of May'18 at an average FoB of \$217.44/ MT. Indian maize is exported mainly to Bangladesh followed by Vietnam and Nepal mainly through Vizag Sea followed by Raxaul, JNPT and Tondiapet ICD.

KHARIF SOWING COVERAGE:

In India, maize has been sown in around 15.20 lakh hectares as of 29th June 2018 which is lower than 16.20 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 4.53 lakh hectare which is higher than 3.04 lakh hectare covered during corresponding period last year. As per trade sources, farmers in Karnataka are not likely to shift from maize despite low price realization, due to labour shortage as maize crop is less labour intensive. In Davangere region, maize sowing has done in around 90% maize sown area. In Haveri and Bagalkot region, maize area is likely to increase around 10%-15%. Mainly Cotton, Groundnut, Sunflower, Urad and Chana crops are expected to shift towards maize. While, in Telangana, around 10% maize sown area is likely to shift towards soybean.

RECOMMENDATION:

Market participants are advised to go long in Maize for August contract near 1172 levels for a target of 1222 and 1247 with a stop loss at 1142 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 19.58 USD/MT to 137.89 USD/MT for July contract compared to last month and are expected to trade down on the concern over rising trade tensions with key global commodities importers.

In U.S, Corn silking is at 17% as of 1st July, 2018, which is higher by 8% compared to corresponding period last year and 9% from the last 5 year average period.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2016-17E	2017-18F	Oct- Dec'17 F	Jan- Mar'18 F	Apr- Jun'18 F	Jul- Sep'18F
Opening Stocks (MMT)	2.22	3.04	3.04	6.64	3.27	4.13
Production (MMT)	23.84	21.93	12.53	3.13	5.02	1.25
Farmer's Release (MMT)	20.55	18.93	9.30	3.98	3.95	1.69
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04		
Pvt. Trade Release (MMT)	20.49	18.87	4.63	8.59	3.39	2.26
Seed Retention (MMT)	0.26	0.26	0.05		0.21	
Imports (MMT)	0.08	0.05	0.00	0.05	0.00	0.00
Total Supply (MMT)	26.14	25.02				
Quarterly Add On(MMT)			12.53	3.18	5.02	1.25
Export (MMT)	0.54	0.86	0.18	0.22	0.27	0.19
Domestic Consumption (MMT)	22.56	21.55	8.75	6.34	3.88	2.59
Total Demand (MMT)	23.10	22.41	8.93	6.56	4.15	2.78
Ending Stock (MMT)	3.04	2.61	6.64	3.27	4.13	2.61

- In 2017/18, season starting from October was expected to begin with 3.04 MMT and end with 2.61 MMT.
- Total maize production in India could be around 21.93 MMT in 2017-18 against our yearly total demand of 22.41 MMT.
- With carryout of 3.04 MMT total availability goes up to 25.02 MMT in 2017/18.
- Total demand including domestic and export could be around 22.41 MMT.

Consumption Break Up For 2017-18 F (Figures in MMT)	
Poultry & Cattle feed	14.20
Starch & Brewery	4.24
Human Consumption	1.78
Seed	0.26
Shortage & Wastage	0.64
Storage and Moisture Loss	0.43

- *E= AW Estimates, F=AW Forecast*

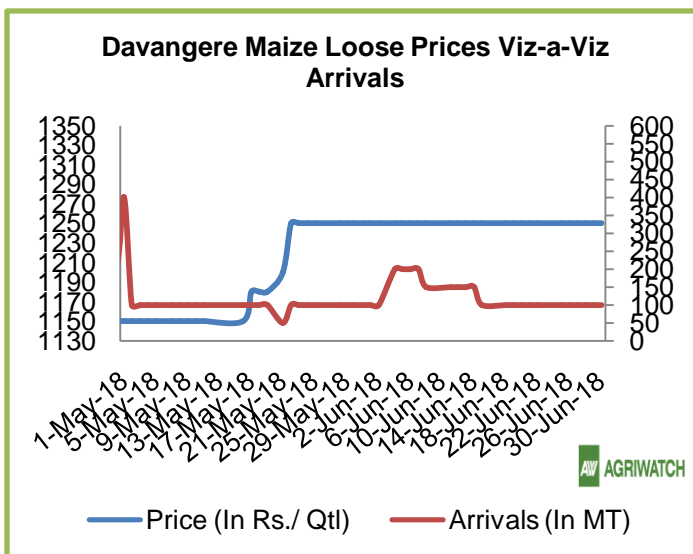
STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere, maize is likely to trade steady to slightly weak as demand of feed makers of Tamilnadu has shifted towards Bihar and A.P as quality of maize in and around Davangere regions is not good.

In Davangere, maize is likely to trade in a range of Rs. 1200-1250 per quintal (loose) during the month of July'18.

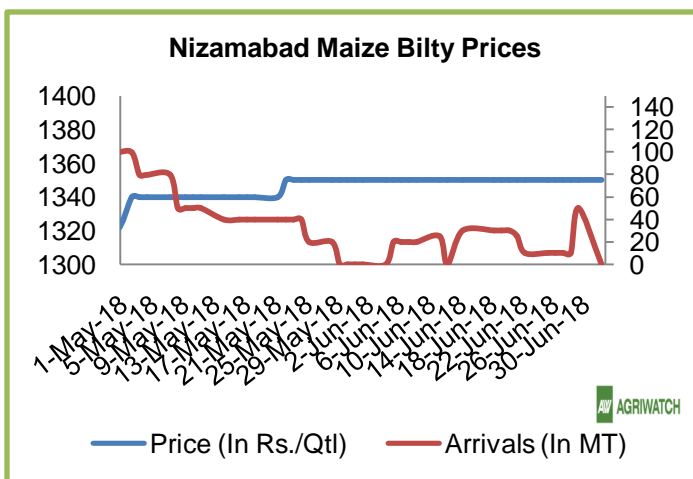
As per trade sources, maize from Davangere region is moving to Bangalore at Rs. 1350-1420per quintal, Nammakal at Rs. 1420-1450 per quintal and Chennai at Rs. 1450 per quintal.



In Davangere, stock of maize could be around 2 lakh bags which were 3 lakh bags during corresponding period last year.

Andhra Pradesh & Telangana

In Nizamabad, poultry feed makers are buying maize at Rs. 1325 per quintal while starch feed makers are buying at Rs. 1250 per quintal. As per trade sources, in Nizamabad, stock of maize could be around 25000 MT which is more or less same compared to corresponding period last year.

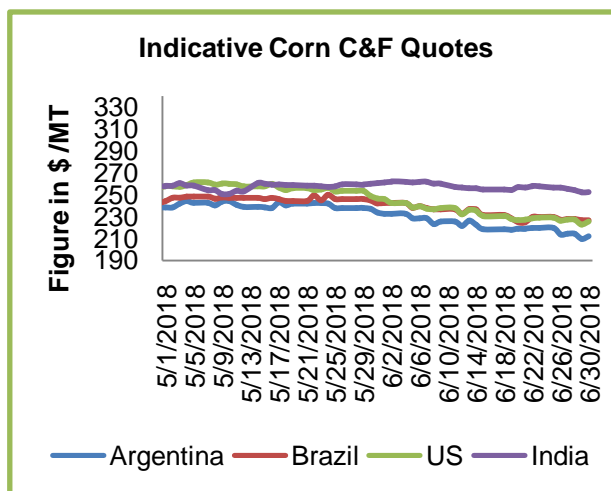
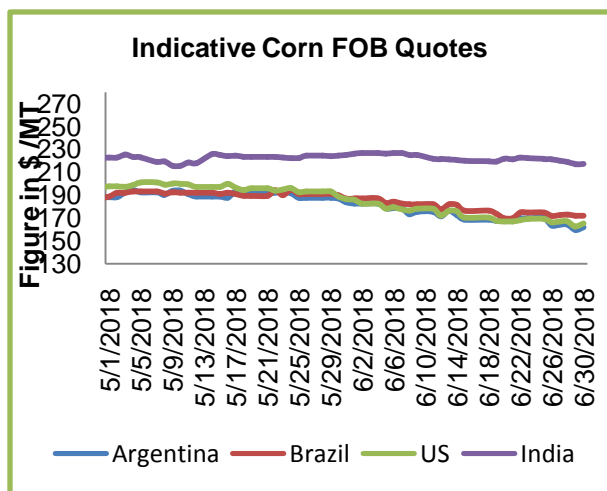


As per trade sources, A.P government could publish tender of 3 lakh MT which could keep pressure on the prices of A.P and Karnataka market. Agriwatch expects that maize could trade in a range of Rs. 1320-1370 per quintal (Bilty) during the month of July'18.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash markets could trade mixed during the month of July'18.

ON THE EXPORT-IMPORT FRONT:

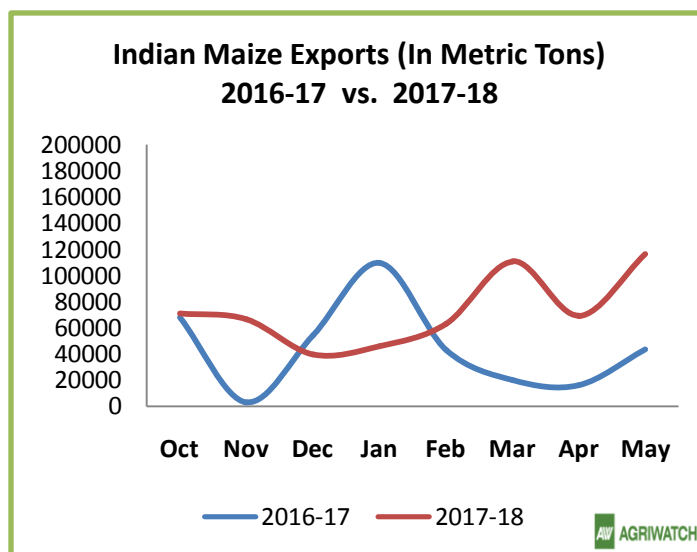


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 68.45)				
As on 30.06.2018	Argentina	Brazil	US	India
FOB	162.01	171.90	165.47	217.56
C&F	212.01	226.90	225.47	252.56

As depicted by the above data, there is parity for Indian maize as gap of prices between India and other exporting countries has narrowed down.

MAIZE EXPORTS 2016/17 vs. 2017-18:

As per trade source, India exported 5,82,486 MT of maize during Oct- May'18 which is higher by 62.98% compared to corresponding period last year.



MAIZE EXPORTS DURING MAY'18:

As per trade sources, during the month of May'18, India exported 1,16,279 MT of maize for the month of May'18 at an average FoB of \$217.44/ MT. Indian maize is exported mainly to Bangladesh followed by Vietnam and Nepal mainly through Vizag Sea followed by Raxaul, JNPT and Tondiapet ICD.

FUTURES MARKET ANALYSIS: NCDEX MAIZE AUGUST CONTRACT (WEEKLY CHART)



- Candlestick depicts firm situation in the market.
- RSI is moving up in neutral zone indicates firmness in the market.
- Prices closed above 9 days EMAs.
- Increase in prices with higher OI indicates long build up.
- Strategy: Buy near 1172 and target1 and target2 would be 1222 and 1247.

Support & Resistance				
S2	S1	PCP	R1	R2
1105	1139	1174	1264	1299

INTERNATIONAL MARKET SCENARIO:

GLOBAL

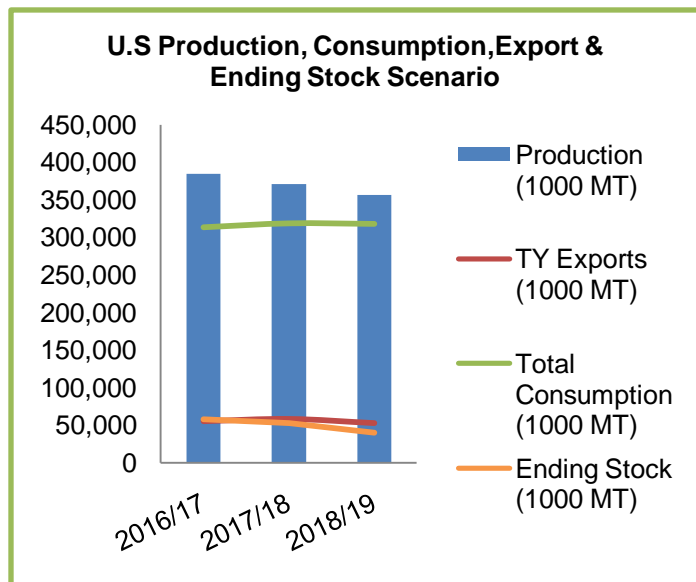
USDA decreased its global corn ending stocks estimates by 4.46 MMT to 154.69 MMT for 2018/19 compared to last month estimates due to decrease in production estimates by 3.65 MMT to 1052.42 MMT for 2018/19 compared to previous month estimates which could support the international corn market to gain.

Argentina corn ending stock forecast kept unchanged at 5.486 MMT for 2018/19 compared to last month forecast while Brazil corn ending stock forecasted down by 0.9 MMT to 8.72 MMT compared to last month estimates.

U.S.

Corn ending stock estimates for U.S decreased by 2.67 MMT to 40.07 MMT for 2018/19 compared to last year which could support the CBOT market to gain.

As per USDA, U.S corn exports reached 43.65 MMT in the 2017-18 marketing year. At 1.48 MMT (for the period 15th June- 21st Jun, 2018) US corn exports were down 16 percent from the previous week and 9 percent from the previous 4-week average. The destinations were primarily to South Korea (275,500 MT), Mexico (275,100 MT), Japan (237,800 MT), Taiwan (91,500 MT), and Tunisia (84,500 MT).



In U.S, Corn silking is at 17% as of 1st July, 2018, which is higher by 8% compared to corresponding period last year and 9% from the last 5 year average period. 76% of corn is in good to excellent condition, higher by 8% compared to corresponding period last year.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 19.58 USD/MT to 137.89 USD/MT for July contract compared to last month and are expected to trade down on the concern over rising trade tensions with key global commodities importers.

Monthly Spot Price Comparison

Month-wise Average Loose Prices of Maize at Various Markets					
Market	2018-June	2018-May	2017-June	% Change from Prev. Month	% Change from Prev. Year
Delhi	1269	1336	1343	-5.01	-5.51
Davangere	1250	1191	1600	4.95	-21.88
Shimoga	1406	1386	1601	1.44	-12.18
Bagalkot	1305	1242	1530	5.07	-14.71
Gadag	1237	1171	1370	5.64	-9.71
Nizamabad (Bilty)	1350	1344	1533	0.45	-11.94
Khanna	1175	1310	1216	-10.31	-3.37
Sangli	1307	1286	1607	1.63	-18.67
Gulabgh (Bilty)	1137	1164	1256	-2.32	-9.47
Naugachia	1063	1102	1199	-3.54	-11.34

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	6/29/2018	5/30/2018	Change
Corn CBOT Prices	July-18	137.89	157.47	-19.58
	Sep-18	141.53	161.02	-19.49
	Dec-18	146.15	164.95	-18.80
	Mar-19	150.09	168.30	-18.21
	May-19	152.75	170.07	-17.32

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