

Maize Monthly Research Report

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

Overall maize cash markets traded firm during the month of September'18 compared to previous month and corresponding period last year. Feed makers' demand and increased minimum support price for new crop supported the market during the month of September. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 4.79 % to Rs. 1552 per quintal while Starch feed makers quoted it firm by 4.22 % to Rs. 1531 per quintal compared to last month.

Agriwatch expecting that all India prices of good quality maize could trade steady to slightly firm in the near term amid good feed makers demand. New crop arrival is likely to put little bit pressure on market sentiments. However, feed makers demand and Government procurement at new MSP might lend support going ahead. ***In Nizamabad, Government has started procurement of maize at new MSP.***

On the domestic demand front, maize is moving towards Haryana, Punjab at Rs. 1490 per quintal each while Rajasthan and U.P at Rs. 1500 and Rs. 1450 per quintal (Delivered price) respectively, sourced from Bihar. Meanwhile, In Nizamabad, poultry feed makers are buying maize at Rs. 1470 per quintal while local starch feed makers are buying at Rs. 1370 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal.

On the export front, trade sources revealed that India exported 28,941 MT of maize for the month of August'18 at an average FoB of \$201.63/ MT. Indian maize exported mainly to Nepal followed by Sri Lanka, Philippines and Qatar mainly through Raxaul followed by Kakinada, Mundra, JNPT and Kandla port.

KHARIF SOWING COVERAGE:

Across India, maize has been sown in 79.23 lakh hectares as on 20th September 2018 which is slightly lower than 79.28 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.60 lakh hectare which is higher than 11.31 lakh hectare covered during corresponding period last year. In M.P, it has been sown in 13.61 lakh hectares which is higher than 13.17 lakh hectares during corresponding period last year. In Rajasthan, it has been sown in 8.71 lakh hectares which is higher than 8.56 lakh hectare covered during corresponding period last year. However, In Maharashtra, it has been sown in 8.29 lakh hectares which is lower than 9.14 lakh hectares covered during corresponding period last year. In A.P, Maize is at pod development to pod maturity and harvesting stage. Current sowing stands at 104% to season normal. Yield is affected by 5% due to pest. In Telangana, maize has been sown in around 4.62 lakh hectares as on 26th September 2018 which is slightly higher than 4.51 lakh hectare covered during corresponding period last year. Maize is at grain hardening stage. Current sowing stands at 86% to season normal.

RECOMMENDATION:

Market participants are advised to go long in Maize for October contract near 1377 levels for a target of 1401 and 1413 with a stop loss at 1363 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 0.10 USD/MT to 140.25 USD/MT for December contract compared to last month due to increase in global corn ending stock estimates.

In U.S, 69% of corn is in good to excellent condition, same compared to last week but up by 6% compared to corresponding period last year. 26% crop of corn has been harvested, which is 10% higher compared to corresponding period last year.

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2017-18E	2018-19F	Oct-Dec'18 F	Jan-Mar'19 F	Apr-Jun'19 F	July-Sep 19 F
Opening Stocks (MMT)	3.04	2.57	2.57	6.38	2.64	3.07
Production (MMT)	23.05	23.32	13.64	3.41	5.02	1.25
Farmer's Release (MMT)	19.88	20.11	10.12	4.34	3.95	1.69
Govt. Procurement (MMT)	0.06	0.06	0.02	0.04		
Pvt. Trade Release (MMT)	19.82	20.05	5.04	9.36	3.39	2.26
Seed Retention (MMT)	0.26	0.26	0.05		0.21	
Imports (MMT)	0.05	0.05	-	0.05	-	-
Total Supply (MMT)	26.14	25.94				
Quarterly Add On(MMT)			13.64	3.46	5.02	1.25
Export (MMT)	0.88	0.88	0.18	0.22	0.31	0.17
Domestic Consumption (MMT)	22.69	23.76	9.65	6.99	4.28	2.85
Total Demand (MMT)	23.57	24.64	9.83	7.21	4.59	3.02
Ending Stock (MMT)	2.57	1.30	6.38	2.64	3.07	1.30

- In 2018/19, season starting from October is expected to begin with 2.57 MMT and end with 1.30 MMT.
 - Total maize production in India could be around 23.32 MMT in 2018-19 against our yearly total demand of 24.64 MMT.
 - **Agriwatch estimates first kharif production at 17.05 MMT for 2018-19.**
 - With carryout of 2.57 MMT total availability goes up to 25.94 MMT in 2018/19.
 - Total demand including domestic and export could be around 24.64 MMT.
 - **As ending stock is being lower compared to last year due to increase in domestic consumption. This is good for Indian maize prices.**
- **E= AW Estimates, F=AW Forecast**

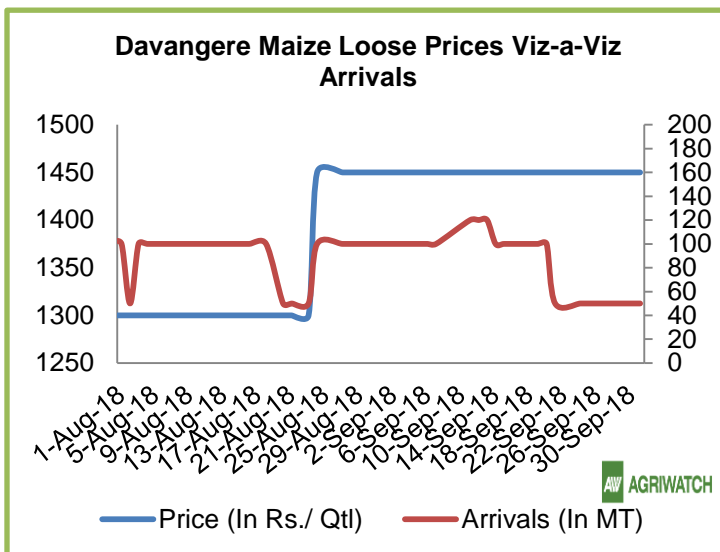
STATE - WISE MARKET DYNAMICS

Karnataka

In Davangere, maize is likely to trade steady to range bound and is likely to trade in a range of Rs. 1400-1480 per quintal (loose) during the month of October'18.

As per trade sources, in Davangere, stock of maize could be around 1 lakh quintal which was 3 lakh quintals compared to corresponding period last year.

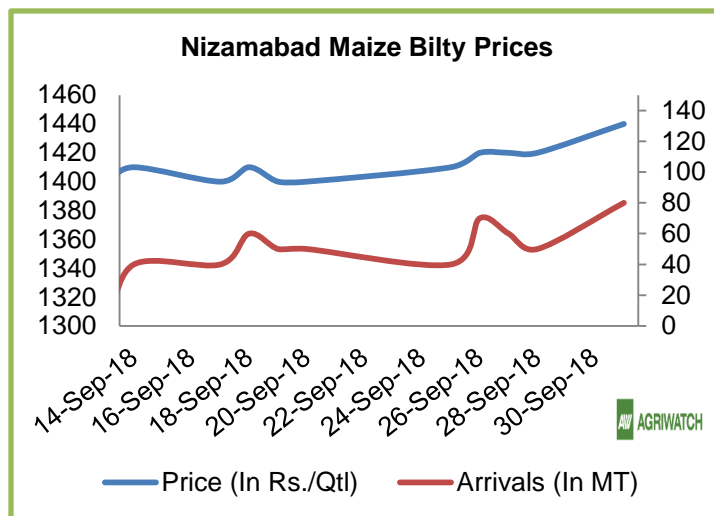
In Karnataka, small arrivals of new crop have started in Hassan, Mysore and Periyapatna and Davangere districts. The arrivals contain moisture up to 25%.



Telangana

In Nizamabad, poultry feed makers are buying maize at Rs. 1470 per quintal while local starch feed makers are buying at Rs. 1370 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal.

As per trade sources, In Nizamabad, new crop contain moisture up to 20%. In Nizamabad, stock of maize with private traders could be around 10,000 MT which is almost same compared to corresponding period last year.

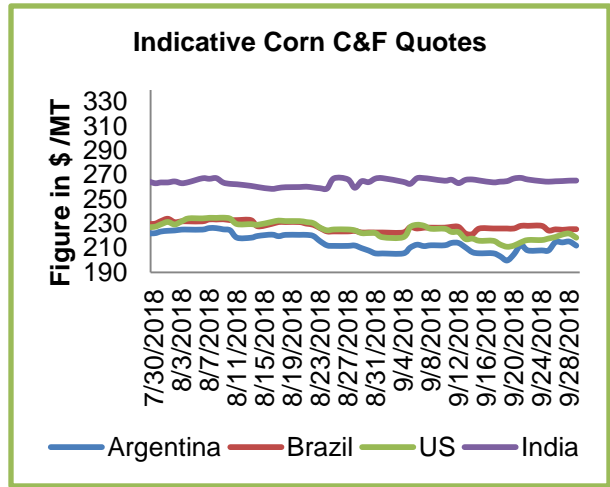
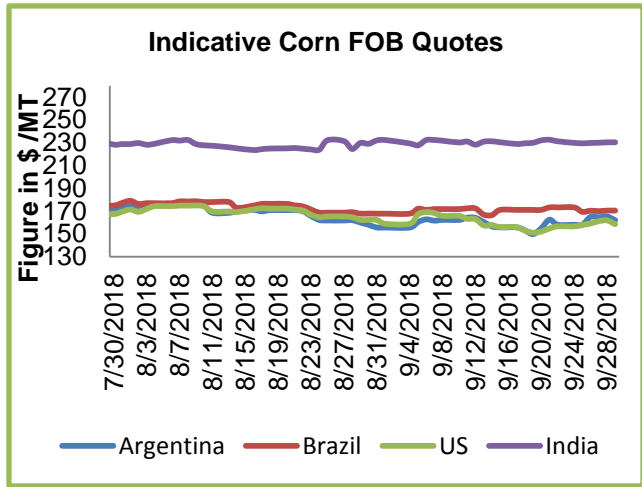


In Nizamabad, Government has started procurement of maize at new MSP.

DOMESTIC PRICE OUTLOOK:

Agriwatch expects maize cash markets could trade steady to firm during the month of October'18 amid feed makers demand and Government procurement at new MSP.

ON THE EXPORT-IMPORT FRONT:

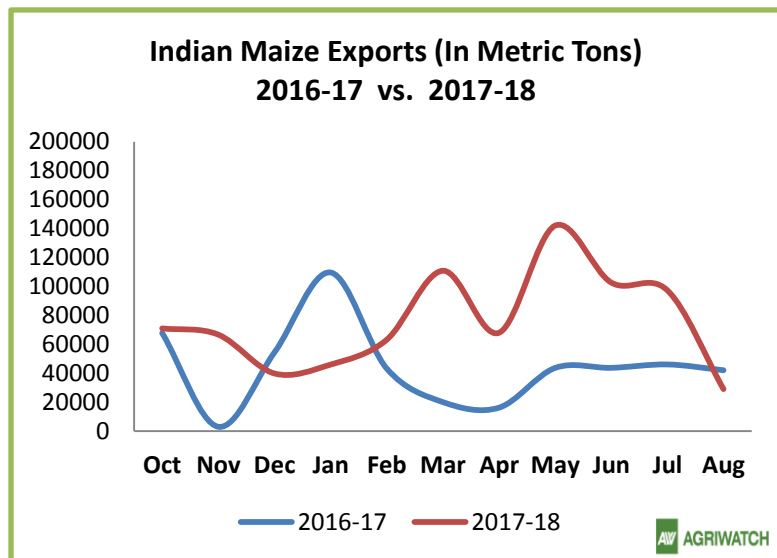


Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 72.53)				
As on 29.09.2018	Argentina	Brazil	US	India
FOB	161.91	170.40	158.44	230.39
C&F	211.91	225.40	218.44	265.39

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.

MAIZE EXPORTS 2016/17 vs. 2017-18:

As per trade source, India exported 8,35,746 MT of maize during Oct-August'18 which is higher by 70.90% compared to corresponding period last year.



MAIZE EXPORTS DURING AUGUST'18:

As per trade sources, India exported 28,941 MT of maize for the month of August'18 at an average FoB of \$201.63/ MT. Indian maize is exported mainly to Nepal followed by Sri Lanka, Philippines and Qatar mainly through Raxaul followed by Kakinada, Mundra, JNPT and Kandla port.

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



- Candlestick depicts firm situation in the market.
- RSI is moving up in overbought zone which might take correction in the short run.
- Prices closed above 9 days EMAs.
- Increase in prices with lower OI indicates to short covering.
- Strategy: Buy near 1377 and target1 and target2 would be 1401 and 1413.

Support & Resistance				
S2	S1	PCP	R1	R2
1340	1358	1365	1414	1431

INTERNATIONAL MARKET SCENARIO:

GLOBAL

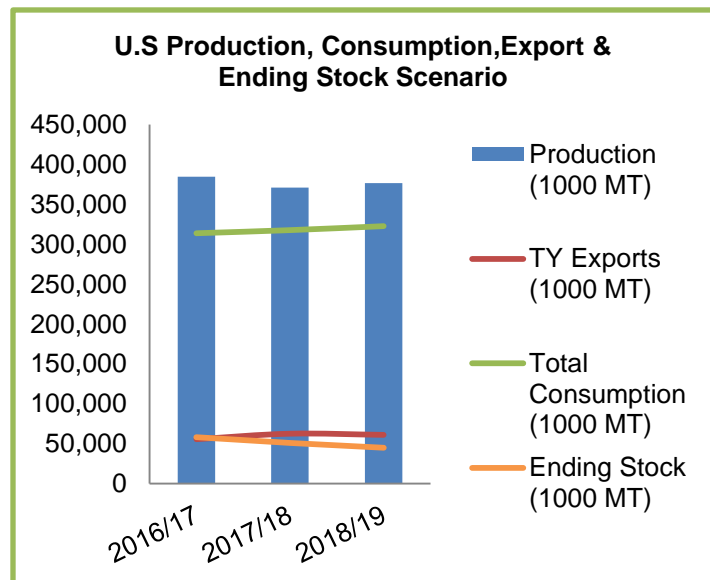
USDA increased its global corn ending stocks estimates by 1.54 MMT to 157.03 MMT for 2018/19 compared to last month due to increase in global corn production estimates by 7.95 MMT to 1069 MMT for 2018/19. Increase in global corn ending estimates likely to put pressure on international corn market.

Argentina corn ending stock forecast decreased by 1.51 MMT to 3.98 MMT for 2018/19 compared to last month forecast while Brazil corn ending stock forecasted up by 0.3 MMT to 10.52 MMT compared to last month estimates due to fall in export estimates.

U.S.

Corn ending stock estimates for U.S increased by 2.29 MMT to 45.06 MMT for 2018/19 compared to last month forecast due to increase in production estimates by 6.10 MMT to 376.62 MMT for 2018/19.

As per USDA, U.S corn exports reached 3.16 MMT in the 2018-19 marketing year. At 1.36 MMT (for the period 14th September- 20th September, 2018) US corn exports were up around 26% from the previous week; mainly for the destinations like Mexico (342,700 MT), Japan (272,500 MT), Egypt (163,500 MT), Taiwan (139,300 MT), and South Korea (129,700 MT).



In U.S, Crop of corn has matured 86% as of 30th September, 2018, which is higher by 20% compared to corresponding period last year. 69% of corn is in good to excellent condition, same compared to last week but up by 6% compared to corresponding period last year. 26% crop of corn has been harvested, which is 10% higher compared to corresponding period last year.

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 0.10 USD/MT to 140.25 USD/MT for December contract compared to last month due to increase in global corn ending stock estimates. However, it could trade up during the month of September on the expectation of increase in demand for U.S corn. However, expand in corn harvest is likely to put pressure on CBOT corn market.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2018-September	2018-August	2017-September	% Change from Prev. Month	% Change from Prev. Year
Delhi	1385	1373	1307	0.87	5.97
Davangere	1450	1341	1427	8.13	1.61
Shimoga	1452	1403	1401	3.49	3.64
Bagalkot	1379	1300	1336	6.08	3.22
Gadag	1188	1265	1018	-6.09	16.70
Nizamabad(Bilty Price)	1405	1326	1475	5.96	-4.75
Khanna	1275	1281	1191	-0.47	7.05
Sangli	1596	1558	1487	2.44	7.33
Gulabbagh(Bilty Price)	1340	1227	1294	9.21	3.55
Naugachia	1294	1190	1277	8.74	1.33

- All are monthly average of loose prices except Nizamabad and Gulabbagh Market

CBOT Corn Future Prices

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	9/28/2018	8/30/2018	Change
Corn CBOT Prices	Dec-18	140.25	140.35	-0.10
	Mar-19	144.88	145.37	-0.49
	May-19	147.93	148.42	-0.49
	Jul-19	150.09	150.78	-0.69
	Sep-19	151.57	-	-

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