

Maize Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Domestic Trade
- ❖ Recommendations
- ❖ International Corn Market Summary
- ❖ India Maize Balance Sheet
- ❖ State Wise Market Dynamics
- ❖ Domestic Price Outlook
- ❖ On The Export-Import Front
- ❖ Maize Exports during Feb'19
- ❖ Future Market Analysis
- ❖ International Market Scenario
- ❖ CBOT Corn Future Prices
- ❖ International Corn Outlook
- ❖ Monthly Spot Price Comparison

1st April, 2019**OUTLOOK AND REVIEW:****DOMESTIC MAIZE MARKET SUMMARY**

Overall maize cash markets traded mixed during the month of Mar'19 compared to previous month but higher compared to corresponding period last year. At one side, scarcity of goods, delay in imports and low Rabi crop projection amid high feed makers demand kept firmness intact while on the other sides; stock released by Telangana government and expectation of new crop arrival put pressure to control the firmness.

At the start of April month, DGFT has allowed 1 lakh ton maize import on 15% duty for actual users. There would be no import for trade purpose right now. Notably, feed industries were allowed to import 5 lakh MT under TRQ. As per Indian import policy, India can import only non GMO maize so options to import corn from other countries like (Europe, Ukraine and Russia) are limited. As per current Ukraine FOB that is around 174-175\$ / MT; maize to south India could be delivered at around Rs. 18,200 / MT.

Although import quantity of maize is less but market could react on this. Also, arrival of rabi crop could also put little bit pressure but despite the import and new crop arrival; maize prices would not fall drastically during the month of April'19 and trade above MSP due to domestic feed makers demand. Arrival pressure could be seen during the month of May'19.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) down by 0.14 % to Rs. 2180 per quintal while Starch feed makers quoted it down by 1.66 % to Rs. 2127 per quintal compared to last month.

ALL INDIA RABI CROP PRODUCTION:

All India Rabi maize production is estimated by Agriwatch at 5.67 MMT for the year 2018/19.

DOMESTIC TRADE

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 2150 per quintal. Meanwhile, maize is moving towards Bengaluru at Rs. 2250 per quintal, Namakkal at Rs. 2300 per quintal, Chitradurga at Rs. 2100 per quintal, Chennai at Rs. 2300 per quintal, Sangali at Rs. 2150 per quintal and Ranebennur at Rs. 2100 per quintal (Delivered price); sourced from Davangere. In Gulabgh region of Bihar, new maize arrival contains moisture up to 16% and is trading at Rs.2100-2150 per quintal. Forward contract has been made at Rs.2100-2300 per quintal for Gujarat. Punjab and U.P feed makers are also demanding for Bihar corn. As per trade source, in Godavari district, new crop quality is good and being delivered to Vijayawada at Rs. 1930-1950 per quintal.

RECOMMENDATION:

Market participants are advised to go long in Maize for May contract near 1800 level for a target of 1876 and 1914 with a stop loss at 1755 on closing basis.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT fall by 5.61 USD/MT to 140.35 USD/MT for May contract compared to last month as USDA estimated U.S. stocks and spring plantings above than trade expectations. Further, price direction depends on demand for U.S corn which is expected to be lower due to high competition from South America.

1st April, 2019

INDIA MAIZE BALANCE SHEET

Maize Year-(Oct-Sep)	2017-18E	2018-19F
Opening Stocks (MMT)	3.04	2.50
Production (MMT)	23.05	22.72
Farmer's Release (MMT)	19.88	21.79
Govt. Procurement (MMT)	0.06	0.06
Pvt. Trade Release (MMT)	19.82	21.72
Seed Retention (MMT)	0.26	0.26
Imports (MMT)	0.03	0.10
Total Supply (MMT)	26.12	25.32
Export (MMT)	0.93	0.44
Domestic Consumption (MMT)	22.69	23.43
Total Demand (MMT)	23.62	23.87
Ending Stock (MMT)	2.50	1.45

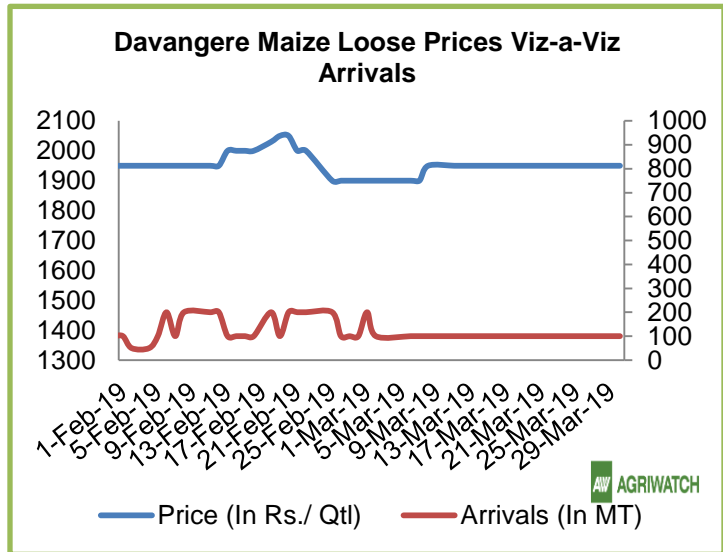
- In 2018/19, season started from October; expected to begin with 2.50 MMT and end with 1.45 MMT.
 - Total maize production in India could be around 22.72 MMT in 2018-19 against our yearly total demand of 23.87 MMT.
 - **Rabi maize production is estimated at 5.67 MMT for the year 2018/19.**
 - With carryout of 2.50 MMT total availability goes up to 25.32 MMT in 2018/19.
 - Total demand including domestic and export could be around 23.87 MMT.
 - ***As ending stock is being lower compared to last year due to fall in production and increase in domestic consumption; supporting to Indian maize prices.***
- ***E= AW Estimates, F=AW Forecast***

STATE - WISE MARKET DYNAMICS

Karnataka

In Karnataka region, Despite the new crop arrivals from Haveri and Ranebennur region; maize is likely to trade steady to slightly firm in near term due to demand of Tamilnadu and Bengaluru feed makers. It is likely to trade in a range of Rs. 1950-2050 per quintal during the month of April'19.

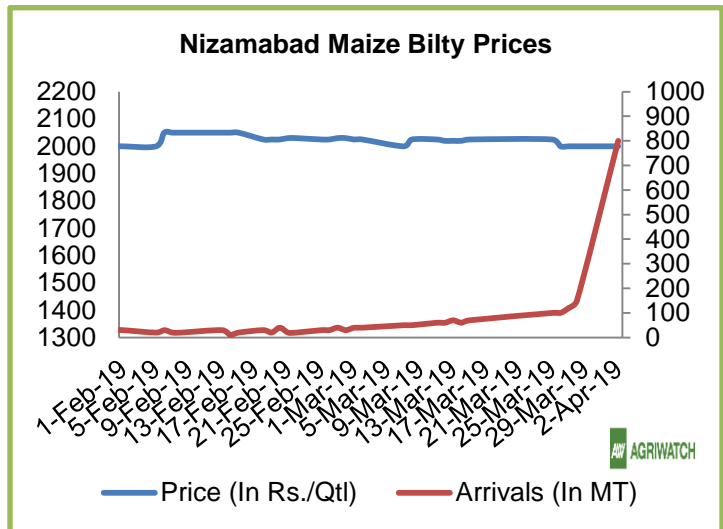
In Davangere region of Karnataka, maize is moving towards Bengaluru at Rs. 2250 per quintal, Namakkalat Rs. 2300 per quintal, Chitradurga at Rs. 2100 per quintal, Chennai at Rs. 2300 per quintal, Sangali at Rs. 2150 per quintal and Ranebennur at Rs. 2100 per quintal (Delivered price); sourced from Davangere.



Telangana

In Nizamabad region, maize is likely to trade steady to range bound in the near term despite new crop arrival pressure as demand of Hyderabad and Pune feed makers supporting to the market. As per trade source, in Godavari district, new crop quality is good and being delivered to Vijayawada at Rs. 1930-1950 per quintal while in Tenali district of A.P, crop arrivals are likely to start soon.

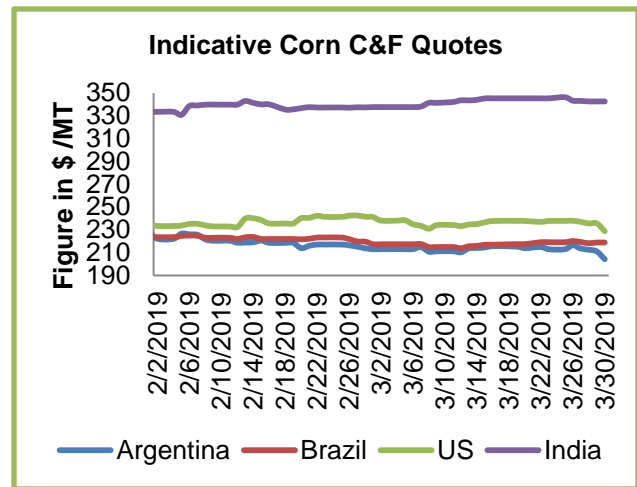
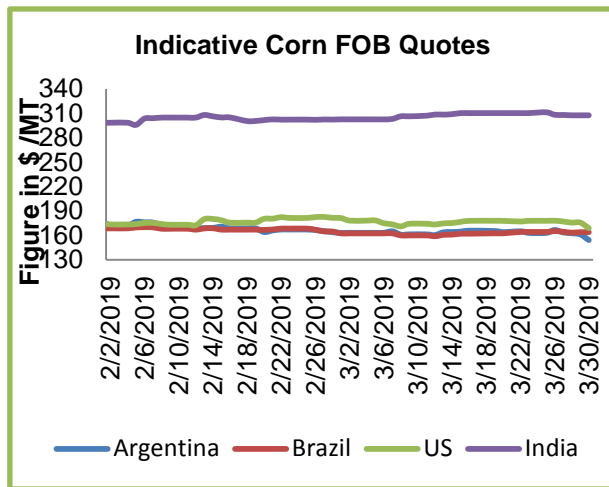
In Nizamabad, maize is moving to Hyderabad at Rs. 2150 per quintal.



DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade steady to range bound during the month of April'19 despite expectation of new crop arrival and import relaxation.

ON THE EXPORT-IMPORT FRONT:



Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 70.97)				
As on 30.03.2019	Argentina	Brazil	US	India
FOB	154.13	163.80	168.73	307.54
C&F	204.13	218.80	228.73	342.54

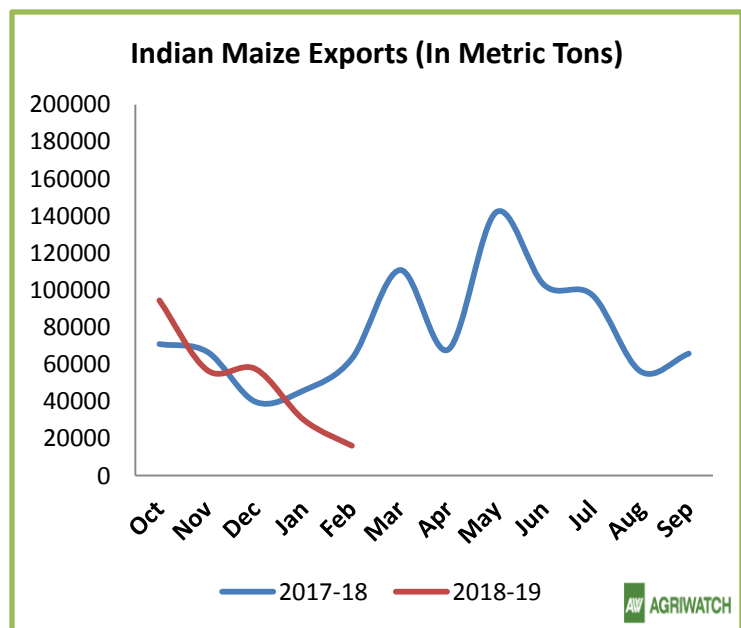
As depicted by the above data, there is no export parity for Indian maize as gap of prices between India and other exporting countries has broadened.

MAIZE EXPORTS 2017/18 vs. 2018/19:

As per trade source, India exported 2,54,765 MT of maize during Oct- Feb'19 which is lower around 11% compared to corresponding period last year.

MAIZE EXPORTS DURING FEBRUARY'19:

As per trade sources, India exported 16,114 MT of maize for the month of February'19 at an average FoB of \$301.69/ MT. Indian maize is exported mainly to Nepal mainly through Jogbani ICD followed by Raxaul and Sonauli ICD port.



1st April, 2019

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



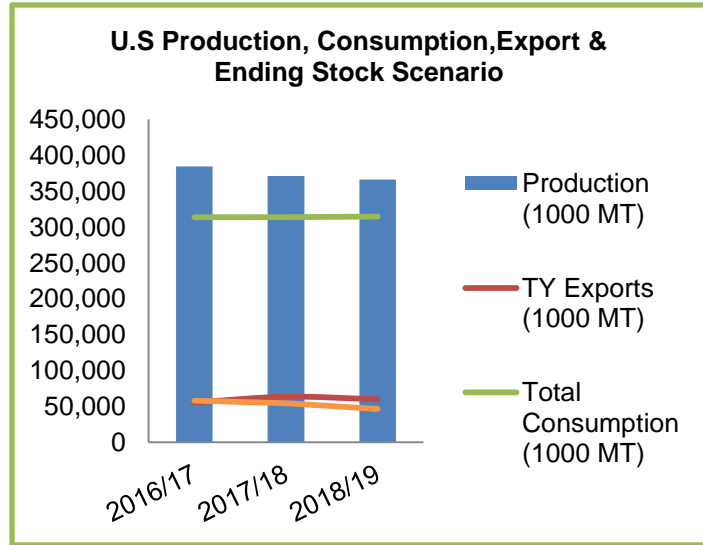
- Candlestick depicts firm situation in the market.
- Prices closed above 9 days EMAs.
- Increase in prices with higher OI indicates to long build up.
- However, RSI is moving up in overbought zone which might take correction in the short run.
- Strategy: Buy near 1800 and target1 and target2 would be 1876 and 1914.

Support & Resistance				
S2	S1	PCP	R1	R2
1483	1626	1769	1917	1943

INTERNATIONAL MARKET SCENARIO:

IGC increased its global corn production forecast for 2019/20 by 10 MMT to 1124 MMT compared to previous year; driven by upward projection for United States, China and Brazil partially offset by declines in the European Union and Ukraine. However, forecast for global corn ending stock was down by 39 MMT to 266 MMT compared to 2018/19 on the expectation of record demand.

U.S corn exports reached 30.04 MMT in the 2018-19 marketing year. At 1.26 MMT (for the period 22nd Mar- 28th Mar, 2019) US corn exports were up 32 percent from the previous week and 55 percent from the previous 4-week average; mainly for the destination like Mexico (397,000 MT), Japan (180,400 MT), Colombia (163,700 MT), Peru (145,600 MT), and South Korea (72,500 MT).



USDA increased its corn ending stock estimates for U.S by 2.54 MMT to 46.62 MMT for 2018/19 compared to last month forecast as it decreased its consumption and export estimates for 2018/19.

CBOT CORN FUTURE PRICES

Maize CBOT Monthly Futures Price Listing (\$/MT)				
	Contract Month	30/03/2019	28/02/2019	Change
Corn CBOT Prices	May-19	140.35	145.96	-5.61
	Jul-19	144.19	149.4	-5.21
	Sep-19	147.63	151.67	-4.04
	Dec-19	151.47	154.32	-2.85
	Mar-20	156.29	-	-

INTERNATIONAL CORN OUTLOOK:

Corn prices on CBOT fall by 5.61 USD/MT to 140.35 USD/MT for May contract compared to last month as USDA estimated U.S. stocks and spring plantings above than trade expectations. Further, price direction depends on demand for U.S corn which is expected to be lower due to high competition from South America.

Monthly Spot Price Comparison

Month-wise Average prices of Maize at various markets					
Market	2019-March	2019-Feb	2018-March	% Change from Prev. Month	% Change from Prev. Year
Delhi	2191	2185	1360	0.27	61.10
Davangere	1940	1967	1190	-1.37	63.03
Shimoga	2009	1999	1329	0.50	51.17
Bagalkot	1952	1936	1120	0.83	74.29
Gadag	1739	1898	1069	-8.38	62.68
Nizamabad	1917	1932	1287	-0.78	48.95
Khanna	2065	2104	1293	-1.85	59.71
Sangli (NCDEX Quality)	2128	2118	NA	0.47	-
Gulabghat (NCDEX Quality)	2043	2064	1252	-1.02	63.18
Naugachia	1942	2035	NA	-4.57	-
Erode (NCDEX Quality)	2171	2137	NA	1.59	-

- All are monthly average of loose prices

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2019 Indian Agribusiness Systems Ltd.