

Maize Monthly Research Report

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

Major maize cash markets traded firm during the month of December'18 compared to previous month and corresponding period last year due to scarcity of the good quality material amid high feed makers demand. In Ahmadabad region of Gujarat, poultry feed makers quoted maize (monthly average) firm by 10.07 % to Rs. 1803 per quintal while Starch feed makers quoted it firm by 10.96 % to Rs. 1853 per quintal compared to last month.

Agriwatch expecting that all India prices of good quality maize could trade firm for the month of Jan'19; due to high demand of industrial feed makers and stockists amid low stock availability of good quality material. However, it could trade steady to slightly weak if Government takes decision to allow maize imports and release their stock into the market.

DOMESTIC TRADE

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 1800-1850 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1850 per quintal, Nammakal at Rs. 1900 per quintal (Delivered price), and Chennai at Rs. 1920 per quintal; sourced from Davangere. In Bihar, maize is moving towards Kolkata at Rs. 1900 per quintal respectively.

RABI SOWING COVERAGE:

In India, Rabi maize has been sown in around 12.13 lakh hectares as of 28th December, 2018 which is lower than 13.64 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 4.27 lakh hectare which is almost equal to 4.31 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.76 lakh hectare which is lower than 0.88 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 0.90 lakh hectares which is lower than 1.57 lakh hectares during corresponding period last year. In Maharashtra, maize area is likely to shift towards sugarcane. In Gujarat, maize progressive area of Rabi 2018-19 is 0.80 lakh hectares which is lower than 0.87 lakh hectares during corresponding period last year. Current year sowing reported slowly due to lower rainfall. However, in Telangana, Maize sowing for the Rabi season as of 28th Dec'18 reported at 0.78 lakh hectares which is higher than 0.75 lakh hectares in the corresponding period last year. It is at vegetative stage. Nizambad, Kamareddy, Warangal (U) (R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. Trade sources revealed that in Nizamabad, around 10-15% crop is affected by fall army worm.

RECOMMENDATION:

Market participants are advised to wait in Maize for January contract as there is no trade volume on NCDEX platform.

INTERNATIONAL CORN MARKET SUMMARY

Corn prices on CBOT rose by 0.79 USD/MT to 147.63 USD/MT for March contract compared to last month. Crop boosting rains in South America, high ending stock estimates likely to put pressure on CBOT corn market. However, it could get support if demand of China and other importing countries increase for U.S corn.

USDA increased its global corn ending stocks estimates by 1.29 MMT to 308.80 MMT for 2018/19 compared to last month for 2018/19. Increase in global corn ending estimates likely to put pressure on international corn market.

INDIA MAIZE BALANCE SHEET

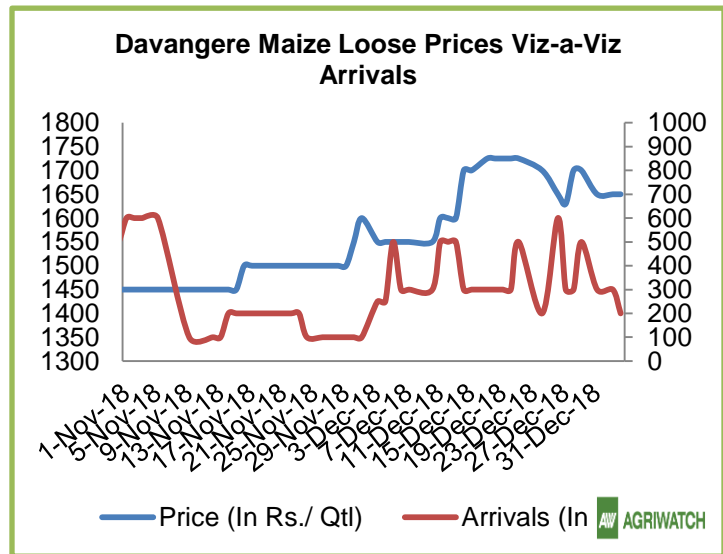
| Maize Year-(Oct-Sep) | 2017-18E | 2018-19F | Oct- Dec'18 F | Jan- Mar'19 F | Apr- Jun'19 F | July- Sep 19 F |
|------------------------------|-----------------|-----------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Opening Stocks (MMT) | 3.04 | 2.50 | 2.50 | 6.31 | 3.32 | 3.75 |
| 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) | 0.03 | 0.80 | 0.00 | 0.80 | 0.00 | 0.00 |
| Total Supply (MMT) | 26.12 | 26.62 | | | | |
| Quarterly Add On(MMT) | | | 13.64 | 4.21 | 5.02 | 1.25 |
| Export (MMT) | 0.93 | 0.90 | 0.18 | 0.22 | 0.31 | 0.19 |
| Domestic Consumption (MMT) | 22.69 | 23.76 | 9.65 | 6.99 | 4.28 | 2.85 |
| Total Demand (MMT) | 23.62 | 24.66 | 9.83 | 7.21 | 4.59 | 3.04 |
| Ending Stock (MMT) | 2.50 | 1.96 | 6.31 | 3.32 | 3.75 | 1.96 |

- In 2018/19, season started from October; expected to begin with 2.50 MMT and end with 1.96 MMT.
- Total maize production in India could be around 23.32 MMT in 2018-19 against our yearly total demand of 24.66 MMT.
- With carryout of 2.50 MMT total availability goes up to 26.62 MMT in 2018/19.
- Total demand including domestic and export could be around 24.66 MMT.
- ***As ending stock is being lower compared to last year due to increase in domestic consumption; supporting to Indian maize prices.***
- ***E= AW Estimates, F=AW Forecast***

STATE - WISE MARKET DYNAMICS

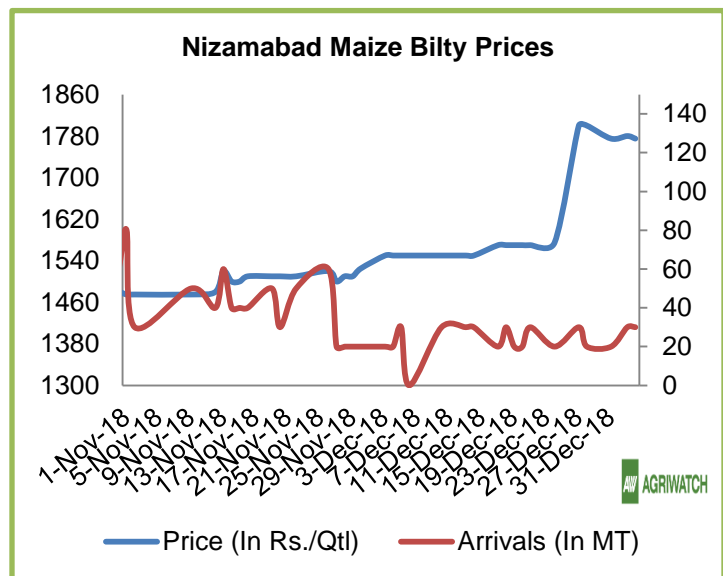
Karnataka

In Davangere region of Karnataka, maize is likely to trade firm on the expectation of increase in demand. Maize crop is small in size. Trade sources revealed that maize is moving towards Bangalore at Rs. 1850 per quintal, Nammakal at Rs. 1800-1850 per quintal and Chennai at Rs. 1920 per quintal (Delivered price), sourced from Davangere. As per trade source, around 10,000 MT of maize has been stocked by stockists. They are buying at Rs. 1750-1770 per quintal (Local Delivered Price).



Andhra Pradesh & Telangana

In Nizamabad, most of the material arriving in open market is of low quality; around 7-8% grain is damaged and small in size and contains moisture up to 14%. Nizamabad, Kamareddy, Medak, Warangal (U) (R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall armyworm. Trade sources revealed that in Nizamabad, around 10-15% crop is affected by fall army worm. Local starch makers are buying it at Rs. 1525 per quintal. Also, it is moving towards Hyderabad at Rs. 1800-1850 per quintal.



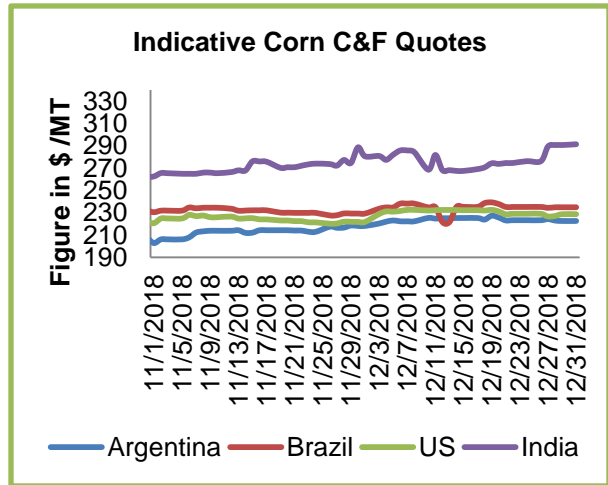
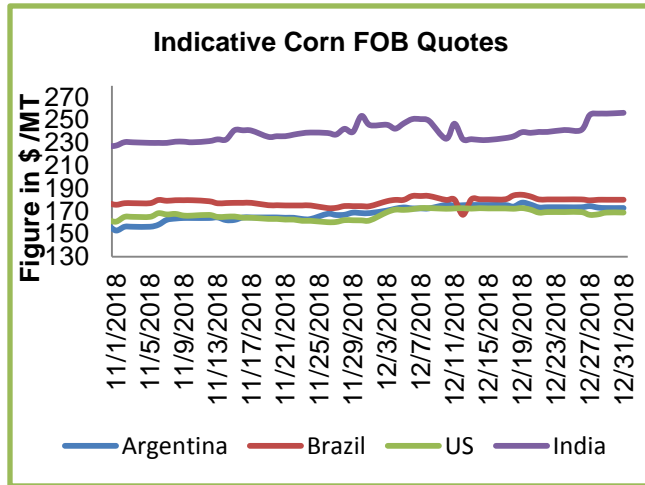
Trade sources revealed that around 850 MT has been released by Government at Rs. 1770 per quintal (Average Price). It is expected that firmness could be restricted due to Government release.

During the month, in Andhra Pradesh, due to scarcity of the good quality material and fresh demand of Tamilnadu feed makers lead to maize cash market. Further, price direction could depend on the Government decision to allow the maize imports and also depends on the stock release into the market

DOMESTIC PRICE OUTLOOK:

Agriwatch expects that good quality maize could trade steady to slightly firm during the month of January'19 amid industrial feed makers demand.

ON THE EXPORT-IMPORT FRONT:



| Indian C&F Rate to Thailand vs. other Countries (\$1= Rs. 69.79) | | | | |
|--|-----------|--------|--------|--------|
| As on 31.12.2018 | Argentina | Brazil | US | India |
| FOB | 172.64 | 179.90 | 168.70 | 256.29 |
| C&F | 222.64 | 234.90 | 228.70 | 291.29 |

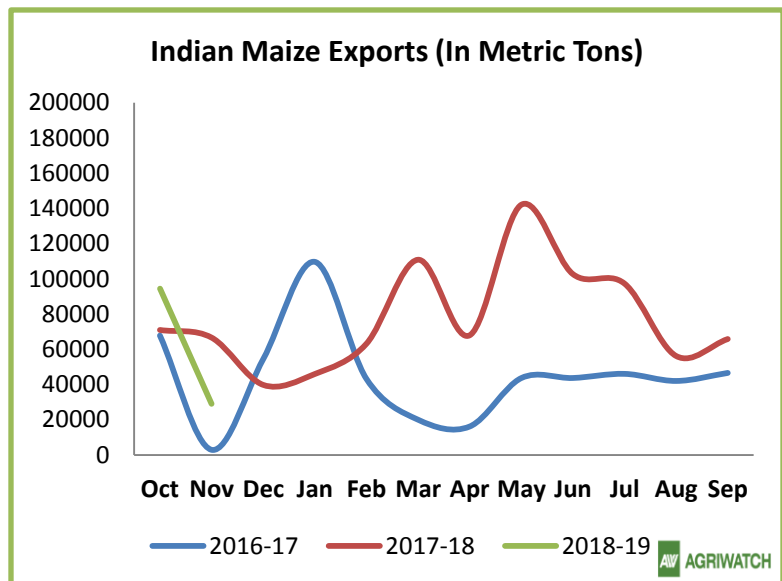
As depicted by the above data, there is no export parity for Indian maize as gap of prices between India and other exporting countries has broadened.

MAIZE EXPORTS 2016/17 vs. 2017/18 vs. 2018/19:

As per trade source, India exported 9,28,710 MT of maize during Oct-September'18 which is higher around 73.41% compared to corresponding period last year.

MAIZE EXPORTS DURING NOVEMBER'18:

As per trade sources, India exported 29,016 MT of maize for the month of November'18 at an average FoB of \$241.33/ MT. Indian maize is exported mainly to Nepal followed by Philippines, Sri Lanka and Qatar mainly through JNPT followed by Raxaul and Mundra port.



INTERNATIONAL MARKET SCENARIO:

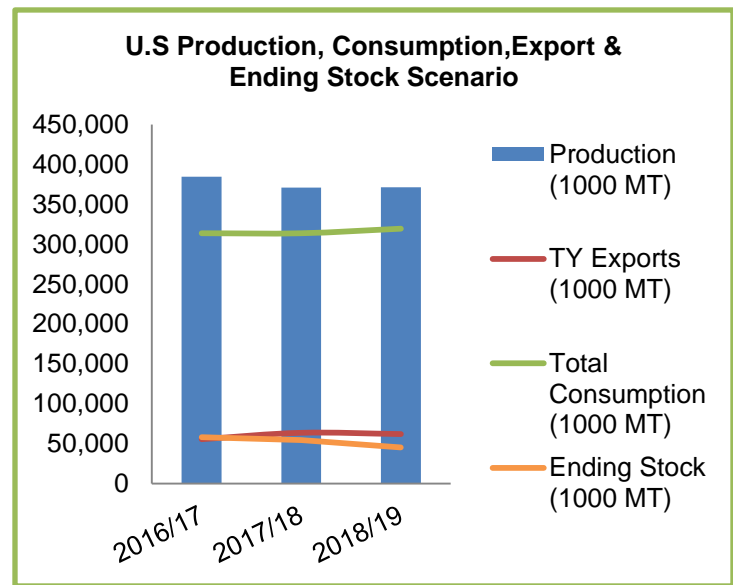
GLOBAL

USDA increased its global corn ending stocks estimates by 1.29 MMT to 308.80 MMT for 2018/19 compared to last month for 2018/19. Increase in global corn ending estimates likely to put pressure on international corn market.

Argentina corn ending stock forecast kept unchanged at 4.48 MMT for 2018/19 compared to last month forecast while Brazil corn ending stock forecast was decreased by 1.5 MMT to 9.02 MMT compared to last month estimates.

U.S.

USDA increased its corn ending stock estimates for U.S by 1.14 MMT to 45.25 MMT for 2018/19 compared to last month forecast as it decreased its consumption estimates by 1.27 MMT to 319.55 MMT for 2018/19.



CBOT CORN FUTURE PRICES

| Maize CBOT Monthly Futures Price Listing (\$/MT) | | | | |
|--|----------------|------------|------------|-------------|
| | Contract Month | 31/12/2018 | 30/11/2018 | Change |
| Corn CBOT Prices | Mar-19 | 147.63 | 146.84 | 0.79 |
| | May-19 | 150.78 | 149.8 | 0.98 |
| | Jul-19 | 153.83 | 152.36 | 1.47 |
| | Sep-19 | 154.91 | 153.63 | 1.28 |
| | Dec-19 | 156.49 | - | - |

INTERNATIONAL CORN OUTLOOK:

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Monthly Spot Price Comparison

| Month-wise Average prices of Maize at various markets | | | | | |
|---|---------------|---------------|---------------|---------------------------|--------------------------|
| Market | 2018-December | 2018-November | 2017-December | % Change from Prev. Month | % Change from Prev. Year |
| Delhi | 1793 | 1572 | 1320 | 14.06 | 35.83 |
| Davangere | 1635 | 1481 | 1281 | 10.40 | 27.63 |
| Shimoga | 1624 | 1450 | 1240 | 12.00 | 30.97 |
| Bagalkot | 1668 | 1508 | 1216 | 10.61 | 37.17 |
| Gadag | 1677 | 1464 | 1170 | 14.55 | 43.33 |
| Nizamabad | 1500 | 1399 | 1338 | 7.22 | 12.11 |
| Khanna | 1679 | 1550 | 1327 | 8.32 | 26.53 |
| Sangli (NCDEX Quality) | 1776 | 1569 | 1281 | 13.19 | 38.64 |
| Gulabgh (NCDEX Quality) | 1775 | 1556 | 1294 | 14.07 | 37.17 |
| Naugachia | 1741 | 1524 | 1217 | 14.24 | 43.06 |
| Erode (NCDEX Quality) | 1859 | 1667 | NA | 11.52 | - |

- All are monthly average of loose prices

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