Bi-Weekly Maize Price Outlook and Strategy
Decision enabling market analysis & price outlook

Report for week beginning 5Jun 2017

Nizamabad Maize Price Outlook Summary

<table>
<thead>
<tr>
<th>26 May 2017</th>
<th>NCDEX Maize Rabi June’17 INR/Qntl</th>
<th>Nizamabad Maize Spot INR/Qntl</th>
<th>Karimnagar Maize Spot INR/Qntl</th>
<th>Davangere Maize Spot INR/Qntl</th>
<th>Indian Maize FOB Kakinada Port USD/MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Prices Change</td>
<td>1300</td>
<td>1515</td>
<td>1520</td>
<td>1610</td>
<td>246</td>
</tr>
<tr>
<td>13.00</td>
<td>-17</td>
<td>-5.00</td>
<td>-15</td>
<td>-1.0</td>
<td></td>
</tr>
</tbody>
</table>

Critical Price drivers

- Rabi harvesting will be done till 2nd week on June (around 90% completed)
- Normal monsoon forecast may lead to increase sowing
- Buying is likely to witness from local consumers
- Demand will be improving after the shower from poultry

Price Outlook Summary

Prices are likely to consolidate in the broader range of INR 1490 to 1550 in the coming 3 to 4 weeks.

Direction

- 0 to 1 Month: Mixed
- 0 to 2 Months: Mixed

Price Range

- 1490 to 1550
- 1490 to 1600

Nizamabad Maize Spot Procurement Strategy for spot month*

<table>
<thead>
<tr>
<th>Pricing Window</th>
<th>Start</th>
<th>End</th>
<th>Avg Till Date</th>
<th>Already Priced</th>
<th>Weighted Average Price</th>
<th>Quantity</th>
<th>Yet to be Priced (Remaining quantity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Position</td>
<td>01 Apr 2017</td>
<td>31 May 2017</td>
<td>1524</td>
<td>1518</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Strategy Review

April’17 buying requirements were priced at INR 1481 against the window average of INR 1457.

Closed Positions Audit

<table>
<thead>
<tr>
<th>Market</th>
<th>Period</th>
<th>Procurement savings % (Bettering the market average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nizamabad Maize Spot INR/Qntl</td>
<td>2003 to Till Date Apr 2017</td>
<td>2.34% -1.65%</td>
</tr>
</tbody>
</table>

Fundamental Analysis:

- Across the major growing regions, key trading centers traded sideways during last fortnight due to subdued participations of traders amid limited market activities across the country.
- Moreover, ample supply were reported in major markets across the country as increment of production estimates had created the selling pressure on farmers as well as stockists, it led to decline the prices.
- At Nizamabad, maize prices has settled at INR 1,519/quintal, increased by INR 04/quintal compared to previous fortnight close.

Weather:

- During last fortnight, shower was seen in certain parts of maize growing regions in Bihar, but in a negligible quantity of maize crop got affected in the region.
- Across the country, around 90% maize rabi harvesting has been completed, and remaining is likely to complete till second week of June, and majority of crops field availability witness in Bihar due to delay season.
- A sharp surge in acreages under Indian food grains has leading to improve production from ongoing rabi season; it may lead to keep the pressure on prices on medium term.
- According to Trans Graph forecast, the area under maize cultivation is likely to stand around 78 - 80 lakh hectares for the kharif season 2017-18.

Indian Scenario:

* Please contact Engagement manager for forward / long term buying strategies

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During previous fortnight, the key maize market Nizamabad has traded in very narrow range of INR 1,515 – 1,533 per quintal and concluded the prices in green territory with small recovery in prices.

The stability was witnessed during last fortnight due to subdued participations of major players from both supply and demand side.

On supply front, supply is likely to improve in Bihar as almost 90% harvesting has been completed and remaining will be completing till mid of June, it may keep the prices under pressure.

Likewise, in Maharashtra and Telangana, harvesting will be done till 1st week on June which may lead to keep the prices on depress mode for the short time.

The 3rd advanced estimates by Ministry of Agriculture of India indicates, maize production is likely to stand at 26.14 million tons for the year 2016-17, it seems higher by 15.8% compared to previous year 2015-16; whereas rabi crop production is likely to be up by around 7% against same season last year this may create supply pressure in major markets and weigh down the prices for short term.

As per IMD forecast, India is likely to receive normal monsoon this year and expected 96% rainfall over the next 4 months, this may prompt maize farmers to sow more acreages under maize cultivation on healthy crop prospect during upcoming kharif season.

Above dynamic may prompt stockists and big farmers to offload their inventory on expectations of bearish trend in coming days, the same may increase the supply and pressurize the prices moving ahead.

In addition, major market players are likely to focus towards upcoming kharif season where forecast indicates normal monsoon this year (2017). By considering this factor, if prices would be trading at existing level then there will be possibilities for increments in area under maize cultivation due to normal rainfall and on expectations of better return; this may have negative impact on prices for medium to long term.

On demand front, demand is likely to be bearish note from bulk consumers as they have already made a bulk purchase during the month of April and further they will be inactive in the market, this may have negative impact on prices.

However, buying is likely to features from local consumers by hand to mouth buying; this may raise the demand and restrict the steep price fall.

The demand is likely to improve from poultry industry during medium term as they will be replacing chicks, once the temperature cools down. This may lead to increase the demand and have positive impact on prices.

On exports front, the major Indian maize consumers are looking inactive in market for purchasing as Indian prices are hovering at higher level compared to other exporting nations, this may have negative impact on prices for short term.

Moving ahead, domestic maize prices likely to trade in the range with negative bias as supply is likely to increase from rabi growing regions and demand will be on bearish mode for short term which may keep the prices sideways.

Global Scenario:

The CME corn futures for July’17 delivery witnessed a volatile movement during previous fortnight and concluded the last session at 374 cents/bushels, declined by around 1% compared to previous fortnight close.

The bearishness was witnessed at international platform due to higher supply from Brazil which proves competitive for corn exports amid planting improvement in US.

As per government of Brazil, for the second crop total corn area is likely to stand at 11.7 million hectares, it seems around 10.8% higher compared to same period last year; it may increase the production and have negative impact on prices for medium term.

The recent crop progress reports by USDA indicates, around 84% corn planting has been done in US, which is similar to last year but 1% lower than last 5 years average (as on 22nd May’17), this may lead to have positive impact on prices for short term.

The major US corn consumer Mexico has declined their purchase from US and the country is importing from Brazil, this may lead to decline the prices for short term.

The South Africa is likely to get record corn harvest this year as favorable rainfall has boosted the yield and the production is likely to stand at around 15.6 million tons, higher by around 86% against previous year same period, it may lead to decline the country’s corn import and have negative impact on international prices.

According to International Grain Council, global corn production is estimated to stand at 1,059 million tons for the crop year 2016-17 as forecasted production is increase from Brazil, Argentina and South Africa from last year, thus may keep global corn prices under pressure in medium term.
However, rising global feed and industrial consumption on y-o-y basis and expected decline in 2017-18 global corn production may curb steep price fall.

**Technical Outlook: Nizamabad Maize Spot INR/Qntl**

- Maize Nizamabad Spot prices after striking upper boundary of parallel channel has turned neutral and is consolidating for past few weeks.
- Momentum indicators RSI (9) is turning lower and hence lower consolidation is expected in the coming weeks also.
- On downside, INR 1500 zone shall act as a strong support. Prices are likely to hold this level and attempt a test of INR 1550 and higher in the subsequent weeks.
- However, on the higher side strong resistance is expected around INR 1600 which happens to be 38.6% retracement level for the swing 1931 to 1420.
- Price failing to sustain above INR 1450 can extend the weakness further lower towards 1400.

Concisely, prices are likely to consolidate in the broader range of INR 1490 to 1550 in the coming 3 to 4 weeks.
**Mini Charts**

**Maize Spread (Spot-Future) in INR per Qtl**

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**Maize Spread Jun17 – Jul17**

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**Maize Spread Jul17 – Aug17**

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**Maize Spread Aug17 – Sep17**

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**INR Vs .USD**

<table>
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<th>Date</th>
<th>29-Mar</th>
<th>29-Apr</th>
<th>29-May</th>
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