

# Bi-Weekly Maize Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for week beginning 5Jun 2017

## Nizamabad Maize Price Outlook Summary

26 May 2017	NCDEX Maize Rabi June'17 INR/Qntl	Nizamabad Maize Spot INR/ Qntl	Karimnagar Maize Spot INR/ Qntl	Davangere Maize Spot INR/ Qntl	Indian Maize FOB Kakinada Port USD/MT
Closing Prices	1300	1515	1520	1610	246
Change	13.00	-17	-5.00	-15	-1.0

	Critical Price drivers	Price Direction
Fundamental Summary	Rabi harvesting will be done till 2 <sup>nd</sup> week on June (around 90% completed)	Downward
	Normal monsoon forecast may lead to increase sowing	Downward
	Buying is likely to witness from local consumers	Downward
	Demand will be improving after the shower from poultry	Upward
Price Outlook Summary	<b>Prices are likely to consolidate in the broader range of INR 1490 to 1550 in the coming 3 to 4 weeks.</b>	
Direction	<b>0 to 1 Month</b>	<b>0 to 2 Months</b>
	Mixed	Mixed
Price Range	1490 to 1550	1490 to 1600

## Nizamabad Maize Spot Procurement Strategy for spot month\*

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

## Strategy Review

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

## Closed Positions Audit

Market	Period	Procurement savings % (Bettering the market average)
Nizamabad Maize Spot INR/Qntl	2003 to Till Date	2.34%
	Apr 2017	-1.65%

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

## 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:

- ❖ 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 1<sup>st</sup> week on June which may lead to keep the prices on depress mode for the short time.
- ❖ The 3<sup>rd</sup> 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.

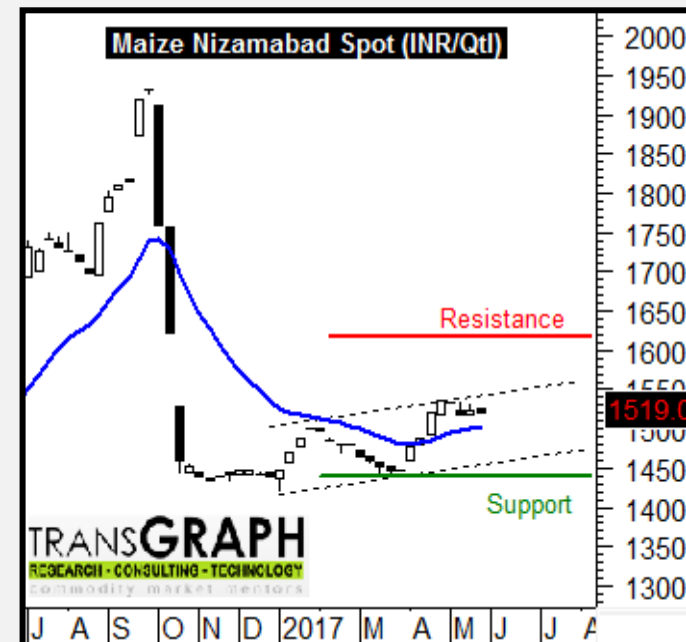
## Global Scenario:

- ❖ 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 medium 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 1450 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.**

Corn Export Origin and prices in \$/ton	5 <sup>th</sup> Jun'17	06 <sup>th</sup> May'17
Corn, FOB NOLA USA	USD 161/164	USD 160/163
Corn, FOB USA Pacific northwest	USD 172/174	USD 173/176
Corn, FOB Argentina port, upriver	USD 153/160	USD 153/158
Corn, FOB Brazil port	USD 159/163	USD 158/162
Corn, FOB Black Sea, 30,000+ m/t	USD 164/168	USD 169/173
Corn, FOB France	USD 190/195	USD 195/198

Exchange	Contract	5 Jun 2017				Change	Previous Close
		Open	High	Low	Close		
CME Corn	Jul'17	379.2	385	378.75	378.75	6.75	378.25
	Sep'17	381	385	380	384.62	4.12	380.5
NCDEX Maize INR/Qntl	Jun'17	1,300	1,308	1,290	1,292	13.00	1305
	Jul'17	1,310.	1,322	1,307	1,312	3.00	1315

Market	Commodity	5-Jun-17	15-May-17	Change	% Change
Davangere	Maize	16100	16250	-150	-0.92%
Karimnagar	Maize	15200	15250	-50	-0.33%
Nizamabad	Maize	15150	15167	-17	-0.11%
Delhi	Maize	13620	14675	-1055	-7.19%
Sangli	Maize	16350	15900	450	2.83%
Gulabgh	Maize	12500	12756	-256	-2.01%

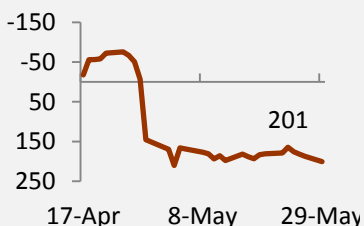
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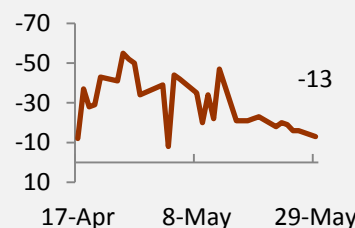


## Mini Charts

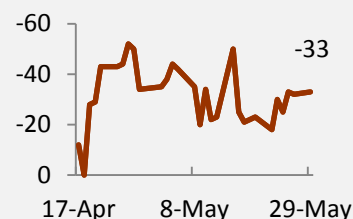
Maize Spread (Spot-Future) in INR per Qtl



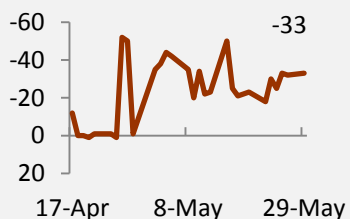
Maize Spread Jun17 – Jul17



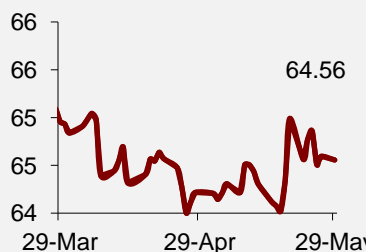
Maize Spread Jul17 – Aug17



Maize Spread Aug17 – Sep17



INR Vs .USD



## Market Prices

### Our Extensive coverage of Grains & Feedstock

Report	Coverage #	Price Outlook & Strategies
Daily NCDEX Maize Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.MAIZE.NCDEX
Daily NCDEX Guar Seed & Gum Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.GUARSEED.NCDEX, IN.GUARSEED.NCDEX
Weekly Guar Seed & Gum Price	NU, FA, WA, PI, TA, TS,	IN.GUARSEED.JODHPUR, IN.GUARGUM.JODHPUR

Outlook and Strategy	PO,MI, FF, MP, 2W	
Bi-weekly Maize Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.MZ.NIZAMABAD
Bi-weekly Wheat Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.WHEAT.DELHI
Bi-weekly Feed Grain Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.MZ.NIZAMABAD, IN.BJR.JAIPUR, IN.SORGM.JAIPUR, IN.BARLEY.JAIPUR, IN.BRICE.GANGAVATI
Bi-Weekly Poultry Feed Market Analysis and Price Outlook	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.SB.NCDEX, IN.SM.INDORE, IN.MZ.NIZAMABAD
# News Update NU, Fundamental Analysis FA, Balance Sheets BS, Weather Analysis WA, Policy Impact PI, Technical Analysis TA, Trading Strategies TS, Procurement Strategies PS, Price Outlook PO, Market Intelligence MI, Facts & Figures FF, Market Prices MP, Price Spreads PS, Forward Curves FC, Elliott Wave Analysis EWA, 5D, 2W, 6W, 2M, 4-6M		

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