

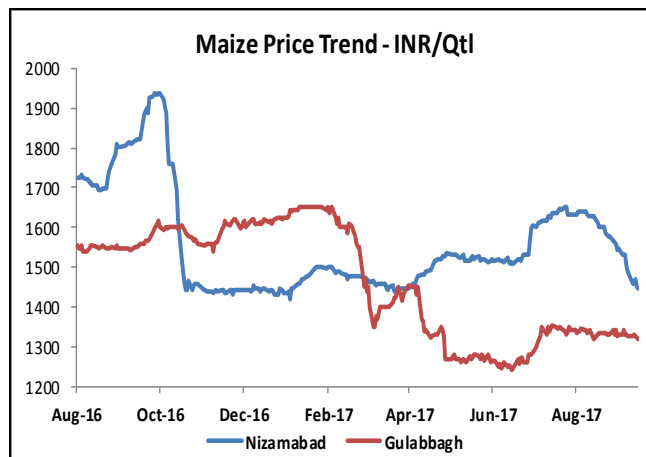


Maize Market Synopsis

Range Bound

Maize prices in Nizamabad are trading at INR 1,444/qtl. Prices are expected to trade in the range b/w INR 1,400/qtl to INR 1,460/qtl in coming month.

- Stocks across the value chain as on 1st Sep 2017 reported second highest in last 12 years at 30.99 Lakh MT.
- Arrivals of summer crop reported lower in UP and Bihar, whereas arrivals of new (Kharif) crop in Telangana are gaining pace.
- Stockists who are carrying stocks from previous season, are expected to liquidate before the end of Sep 2017 in south India.
- Weakness in South Indian Maize prices has narrowed the import parity. Exports continue to remain in disparity despite weakness in prices. Strong rupee is also hurting.
- Maize demand from end users remains restricted as most of the large players are carrying ample stocks. Large players would enter the market from 1st week of Oct. However, active trade will only emerge post Diwali.
- Broiler and Egg margins improved in South India, whereas Broiler margins in North India were negative.
- "Price Deficit Finance Scheme" by MP govt. would increase the supply in open market which would keep prices under pressure. However, lower production and commencement of govt. procurement in Telangana would limit the price fall.
- Recently released WASDE report has increased the Ukrainian corn exportable surplus to the global market.
- Maize prices in Gulabghat corrected lower in line with EAR forecast, however market failed to recover thereafter as expected by EAR.



Balance Sheet

Indian Maize Balance Sheet-Lakh MT								
	1st Oct to 31st Aug			(Oct-Sept)-Annual				
	15-16	16-17E	Change	15-16	16-17E	17-18F	15-16 vs 16-17	16-17 vs 17-18
Beginning Stocks	5.74	2.92	-49%	5.74	2.92	14.28	-49%	388.9%
Beginning Stocks with Govt	-	-		-	-	-		
Production/Supply	180.64	218.26	20.8%	181.32	219.05	209.09	20.8%	-4.5%
IMPORT	1.95	1.19		2.05	0.70	2.10	-65.7%	198.5%
Total Supply	188.33	222.37	18.1%	189.12	222.67	225.46	17.7%	1.3%
Dom Demand	165.61	186.41	12.6%	181.14	203.71	213.99	12.5%	5.0%
EXPORT	4.87	4.48	-8%	5.06	4.68	4.14	-7%	-11.6%
Total Demand	170.48	190.89	12.0%	186.20	208.39	218.12	11.9%	4.7%
Stocks with Govt	-	0.29		-	-	-		
C/O Free Market	17.85	31.19	74.8%	2.92	14.28	7.34	389%	-48.6%
Total C/O	17.85	31.48	76.4%	2.92	14.28	7.34	389%	-48.6%
Total Stocks to Use Ratio (SUR)	10.5%	16.5%		1.57%	6.85%	3.37%		
SUR Free Market	10.5%	16.3%		1.57%	6.85%	3.37%		

Source: EAR & Govt Estimates



Supply

Improved production and continued slower export demand during MY 2016-17 has resulted in higher carryover stocks of Maize. Beginning stocks of Maize across India as on 1st Sep 2017 is estimated around 30.99 Lakh MT (which is second highest in last 12 years) against 17.85 Lakh MT of last year same period stocks. We had around 33.13 Lakh MT of stocks during Sep 2014, record production in 2013-14 was the reason for higher stocks that year. Of the total stocks, around 70% to 75% of the stocks is with end users and rest is with stockists. According to sources, stockists are carrying around 0.2 Lakh MT of stocks in Telangana and 0.6-0.7 Lakh MT of stocks in Andhra Pradesh. Bihar hoarders are having stocks of around 4.0 to 4.5 Lakh MT. Stocks with MH and KA traders is estimated around 0.5 - 0.7 Lakh MT and 0.6 to 0.9 Lakh MT respectively.

Arrivals of old crop in South India are almost negligible, whereas arrivals in Uttar Pradesh and Bihar are active. Daily arrivals in Kasganj are pegged around 400-500 MT and arrivals in Gulabghat are pegged around 700-800 MT per day. Arrivals from UP would slow down significantly and new crop will start arriving from 4th week of Sep 2017.

New crop has started arriving in Telangana. Arrivals in Nizamabad, Warangal and Karimnagar are reported around 50-60 MT, 40 MT and 25-30 MT respectively. The crop which is arriving is of 90-95 days duration and it is inter cropped with Turmeric. New crop is having high moisture and fungus infestation. Prices of new Maize in Nizamabad are trading in the range b/w INR 1,150-1,300/mtl. Below MSP trade has forced Telangana government to advance its purchase date. In Nizamabad it has started MSP procurement from 14th Sep 2017 and in rest of the markets it would start from 1st week of October 2017.

Sowing and weather

Weather has been the major factor in price movement since the release of last monthly report. Rainfall over south and central India was reported vigorous. Active rainfall in the growing region has helped to revive the crop to some extent which was reeling under severe water stress. However, considerable amount of crop has already been damaged in Maharashtra and Karnataka.

Maize sowing progress as on 8th Sep, 17 (Lakh ha)				
State	Season Normal	2017-18	2016-17	% Devn
Karnataka	11.83	11.11	12.61	-11.9%
Rajasthan	9.38	9.02	9.62	-6.2%
Madhya Pradesh	9.61	13.17	12.63	4.3%
Uttar Pradesh	6.77	7.26	7.81	-7.0%
Maharashtra	7.52	9.12	9.20	-0.9%
Telangana	4.74	4.49	5.79	-22.5%
Gujarat	3.38	3.06	3.24	-5.6%
Bihar	2.70	4.10	4.33	-5.3%
Others	17.41	18.10	17.56	3.1%
Total	73.34	79.43	82.79	-4.1%

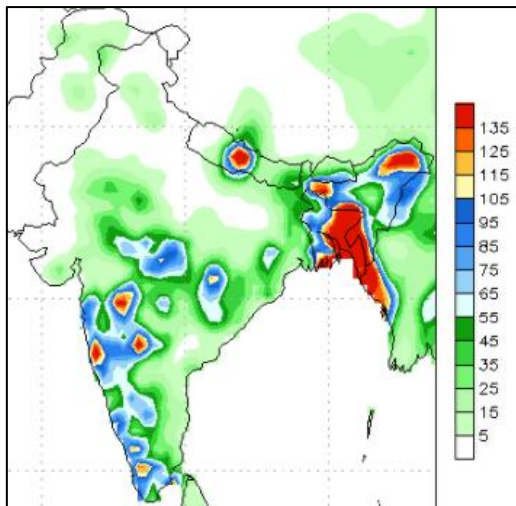
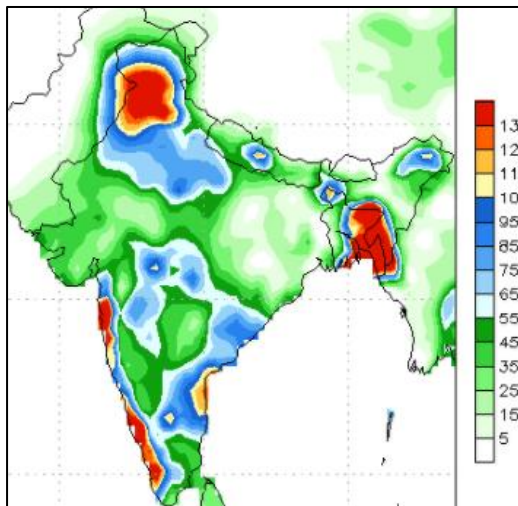
Source: MoA

Maize sowing so far is completed on 79.43 lakh ha as compared to 82.79 lakh ha of last year, down by 4.1%. Except Madhya Pradesh all other major states witnessed lower acreages. Sowing over the country is completed, but data reporting would continue until Sept end. Maize crop over the country is at cob initiation to cob filling to maturity stage. Rainfall during past few days of Maize growing regions of Maharashtra, Karnataka, Madhya Pradesh and Rajasthan has revived crop condition. The recent rainfall would help to fill cob/ seed setting.

Crop Tour Update - Maharashtra

- ✓ Dry spell from sowing until mid Aug has affected the crop growth in productive stages.
- ✓ Currently crop is in cob filling to maturity stage.
- ✓ Crop is weak and cobs are small in size as compared to last year.
- ✓ Crop in Nasik, Aurangabad, Jalgaon, Jalna, Beed and Buldhana is average to good.

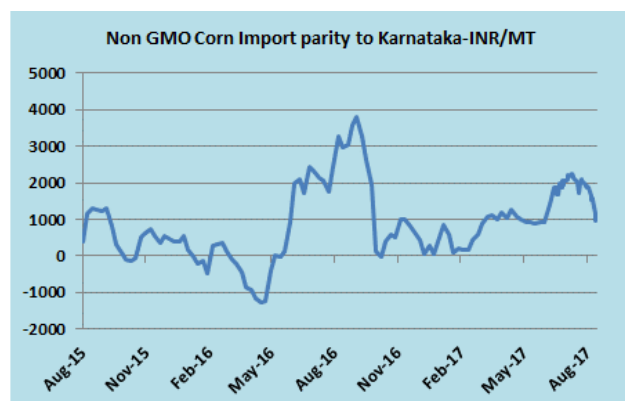
EAR might revise Kharif Maize production estimation for 2017-18 from the existing production numbers of 13.4 million tons which was projected during last month. Production numbers will be clearer after completion of crop tour report.

Accumulated Rainfall: 7th Sep -13th Sep 17Rainfall Forecast: 21st Sep- 27th Sep 17

*Source: CPC-NCEP-NOAA. EAR does not subscribe to the political map given here

Weather department expects heavy rainfall over major Maize growing belts b/w 21st to 27th Sep 2017. Higher rainfall during maturity and harvesting stage would delay the harvesting.

Maize Imports



Weakness of Maize prices in Davangere and steady Ukrainian corn FOB prices has narrowed the imports parity significantly. Currently import parity to Belgaum plant is pegged around INR 975/MT against INR 2,157/MT of parity observed during last month. However, Maize imports are restricted in India. Even if restriction was to be removed, India will have choice of importing only from Ukraine due to the condition of non-GM Maize.

FOB prices in Ukraine are trading at USD 171/MT (for immediate purchase) almost at similar levels of last month. Exports quotes for November delivery are hovering around

USD 160-161/MT against USD 163/MT offered during last month.

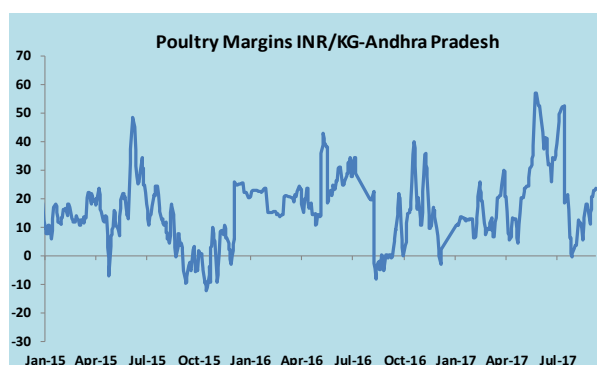
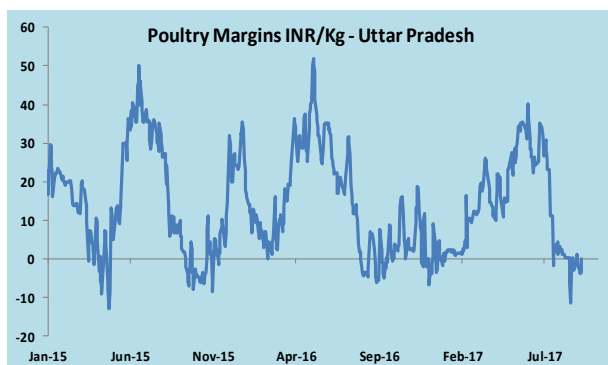
Looking at current SnD, it is likely that industry players would pressurize government to allow the imports. But it is unlikely to happen soon, as the government would prefer higher price realisation for the farmers. EAR expects imports could potentially commence from December 2017 onwards.

Supply Synopsis

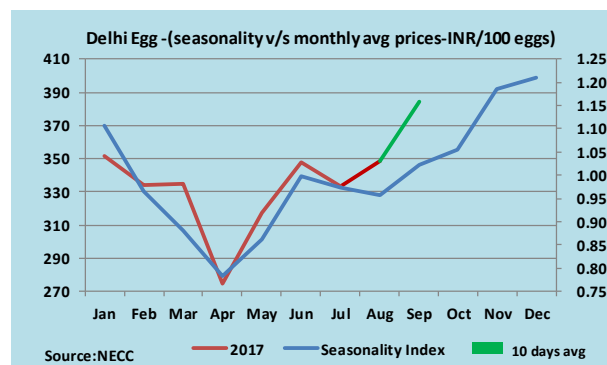
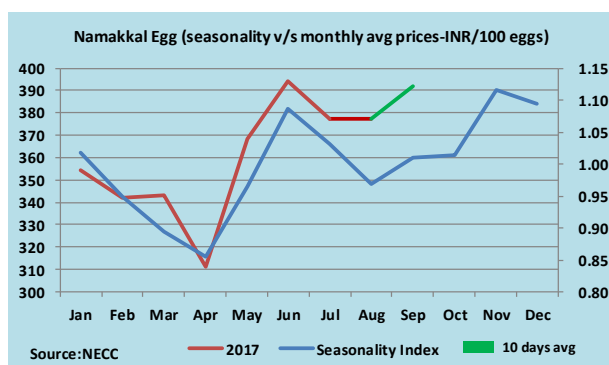
- ✓ Maize farm arrivals in the month of Sep 2017 are estimated to be around 0.7 to 1.0 Lakh MT against 0.69 Lakh MT of last year same time arrivals. Old crop arrivals are active in UP and Bihar. New crop has started arriving in Nizamabad, Warangal and Karimnagar.
- ✓ Total supplies for the month of Sep are pegged at 31.78 Lakh MT against 18.63 Lakh MT of supplies observed during same month previous year.

- ✓ Beginning stocks as on 1st Oct 2017 are estimated at 14.28 Lakh MT, second highest in last 12 years.

Demand



Rise in soy meal prices by near 5% over last month has increased the feed cost by 1.3% in UP (Lucknow). Rise in feed cost and steady broiler sale prices has resulted to broiler margins turning negative over last month in Uttar Pradesh. Higher Broiler supplies has led to prices to remain in a small range in North India. *However, broiler margins in south India have increased significantly with fall in feed cost and rise in broiler prices. Weakness in Maize prices by 9.4% over last month aided cheaper feed cost. Broiler prices in Hyderabad have increased by 18% m/m.*



Rise in Egg prices and cheaper m/m feed cost has improved the layer margins in south India. Layer margins in North India have improved as well but rise in feed cost has capped potential margins. Egg prices across India are following the price seasonality. Demand for Egg would continue to remain higher and same would improve the layer margins. Maize buying by poultry industry is lower as they are having ample stocks. Buying is expected to pick up from 1st week of October in Telangana.

Maize products industry has got some relief with upcoming festive season demand after getting shock in terms of demonetization and GST which had impacted on demand. Stocks of Maize products like LG, Starch and DMH etc reported higher across India. Export demand is poor with export disparity as international players are able supply at much cheaper rate due to cheaper raw material (corn) prices. Prices of LG and Starch are trading around INR 21.0/KG and INR 20.5/Kg respectively in Karnataka plants.

Demand Synopsis

- ✓ Maize demand for the month of Sep 2017 is estimated at 17.50 Lakh MT which is much higher than the demand observed during Sep 2016.
- ✓ Total demand for 4th Quarter (July-Sep) is pegged at 53.74 Lakh MT against 48.95 Lakh MT of last year same quarter demand.



- ✓ Consumption of raw Maize by dairy farmers in Karnataka and other regions would continue to stay higher in Sep 2017 as well.

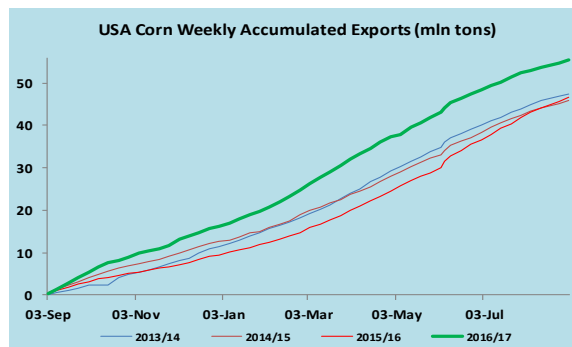
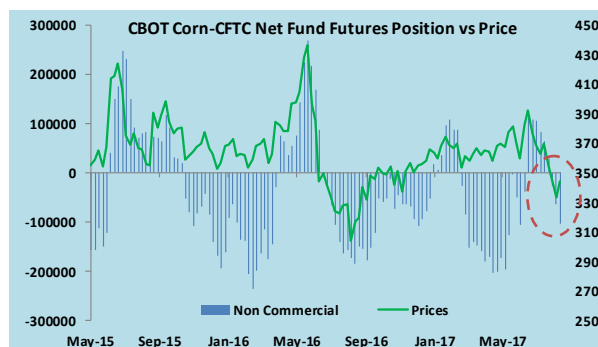
Industry updates

Sanstar in Dhule with 500 MT per day capacity and 1,000 MT expandable capacity and Gujarat Ambuja in Chalisgaon with 400 MT per day and 1,000 MT expandable capacity and Shri Gluco Biols in Mysore with 400 MT per day capacity are expected start Maize processing from MY 2017-18. All three plants together could consume around 3.5-4 Lakh MT of Maize per annum.

Price Deficit Finance Scheme-MP

- ✓ MP govt. is conducting pilot project of price deficit finance scheme for Kharif 2017. In this scheme government would pay farmers price difference of MSP and modal price collected from agmarknet.nic.in from Karnataka, Maharashtra and MP.
- ✓ First, farmers have to register themselves with govt. portal with details like Aadhaar no, Bank Details and crop details. Registration has started from 11th Sep and it would be open till 11th Oct.
- ✓ The farmer who sells crop b/w 16th Oct to 15th Dec would avail this benefit. Farmer can produce their sales receipt to co-operative society. After verification of sales receipt the differential price against MSP will be transferred directly to farmers account.
- ✓ MP since last few years was the major Maize procuring states. Around 8 to 10 Lakh MT of Maize procurement was registered.
- ✓ With prevailing scheme, around 8 to 10 lakh MT of cargo would left in open market which would pressurise prices to trade lower.

International Market



Corn exports in the MY 2016-17 from USA are concluded at 55.40 million tons against 46.67 million tons of 2015-16 exports. Exports for 2016-17 are pegged highest in a decade. Argentina continues to supply cheapest corn tracking excess supplies. Corn planting for upcoming season in Argentina is expected to be at record. Exports prices in USA and Brazil are trading almost at similar level. Farmer holding in Brazil has supported the prices to trade higher over last month. Most of the countries in Northern Hemisphere are entering in to harvesting mode which would increase the supply and keep prices under pressure, whereas countries in southern hemisphere are in lean season.

In recently released wasde report, USDA has upgraded the US and Argentinian corn production by 0.8 and 2.0 million tons respectively for 2017-18 MY, whereas it has downsized European Union and Ukrainian production by 0.6 and 1.0 million tons respectively. Dry weather in Ukraine and Europe has prompted wasde to reduce the production in these countries. World corn production is pegged at 1032.6 million tons against 1033.5 million tons forecasted during August wasde report for MY 2017-18. Brazil, Argentina and Ukraine put together are expected to increase exports surplus by 2 million tons over previous forecast. Ending stocks with Brazil are revised lower towards 9.1 million tons against 10.1



million tons of Aug'17 forecast. United States is expected to carry higher corn stocks. USDA in its Sep'17 report has kept ending stocks in US for 2017-18 around 59.3 million tons against 57.7 million tons of Aug'17 forecast.

Global corn SUR is pegged at 19.15% against 18.93% forecasted during August'17 for MY 2017-18 and 21.45% of 2016-17 SUR. USA SUR is improved over previous month but it stays lower than last year. Managed funds have turned to net short against net long positions observed during last month. Managed funds are net short of -103,898 lots against 28,885 lots net long observed during last month.

Outlook

Sep/Oct: Maize prices in Gulababagh would trade in the range b/w INR 1,400 to INR 1,460/qtl from the current market price of INR 1,444/qtl for the coming month. Absence of buyers would pressurise prices to trade lower, however Telangana government procurement at MSP would limit the price fall.

Q4(Sep-Oct): Prices of Maize in Gulbabagh would trade higher towards INR 1,400/qtl. Limited supplies in North India and lower than expected supplies in south India would support the prices. During the season, Maize prices in Nizamabad are unlikely to fall below INR 1,400/qtl despite higher ending stocks due to dry weather and Telangana government support. However, we believe that prices might dip below MSP in various pockets as has happened in previous seasons. Identification as well as downside to prices in these centers will become clearer as the clarity on final crop emerges.



Latest World Corn Demand And Supply: USDA

2017/18Sep

In million tons

	2013/14	2014/15	2015/16	2016/17	2017/18 Aug	2017/18S ep	Change M/m	%Change Y/y
Top Five Producing Countries								
United States	351.3	361.1	345.5	384.8	359.5	360.3	0.8	-6.4%
China	218.5	215.6	224.6	219.6	215.0	215.0	-	-2.1%
Brazil	80.0	85.0	67.0	98.5	95.0	95.0	-	-3.6%
European Union	64.9	75.7	58.7	61.3	60.0	59.4	-0.6	-3.1%
Ukraine	30.9	28.5	23.3	28.0	28.5	27.5	-1.0	-1.8%
World Total	995.4	1,020.0	969.6	1,071.2	1,033.5	1,032.6	-0.8	-3.6%
Top Five Importing Countries								
Japan	15.1	14.7	15.2	15.0	15.0	15.0	-	0.0%
Mexico	10.9	11.3	14.0	14.5	15.5	15.5	-	6.9%
Korea South	10.4	10.2	10.1	9.8	10.2	10.2	-	4.1%
Egypt	8.7	7.8	8.8	9.0	10.0	10.0	-	11.1%
European Union	16.0	8.9	13.8	14.0	16.0	16.0	-	14.3%
World Total	130.8	128.4	144.9	144.5	152.2	152.3	0.10	5.4%
Top Five Exporting Countries								
United States	50.7	46.8	51.2	55.5	47.0	47.0	0.00	-15.3%
Brazil	22.0	21.9	35.4	20.5	35.0	36.0	1.00	75.6%
Ukraine	20.0	19.7	16.6	21.5	21.5	22.0	0.50	2.3%
Argentina	12.8	18.4	21.7	26.0	27.5	28.0	0.50	7.7%
Russia	4.2	3.2	4.7	5.5	6.5	6.0	-0.50	9.1%
World Total	130.8	128.4	144.9	144.5	152.2	152.3	0.10	5.4%
Top Five Consuming Countries								
United States	293.0	301.8	298.8	312.3	316.2	315.0	-1.271	0.9%
China	208.0	202.0	217.5	232.0	238.0	238.0	0	2.6%
European Union	76.8	77.9	73.5	73.5	74.9	74.5	-0.4	1.4%
Brazil	55.0	57.0	57.5	60.5	61.5	61.5	0	1.7%
Mexico	31.7	34.6	37.3	39.9	40.7	41.0	0.3	2.8%
World Total	954.2	984.6	965.4	1,058.1	1,061.2	1,057.1	-4.091	-0.1%
Top Five Countries High Ending Stocks								
China	81.3	100.5	110.8	101.3	81.3	81.3	0.00	-19.8%
United States	31.3	44.0	44.1	59.7	57.7	59.3	1.56	-0.7%
European Union	6.9	9.6	6.7	6.5	5.9	5.9	-0.08	-9.5%
Iran	4.5	5.7	6.1	6.3	5.7	5.7	0.00	-8.9%
Brazil	14.0	7.8	6.8	9.3	10.1	9.1	-1.00	-2.2%
World Total	174.2	209.6	213.9	227.0	200.9	202.5	1.60	-10.8%
Select Countries Stock To Use Ratio								
China	39.10%	49.74%	50.93%	43.65%	34.14%	34.14%		
United States	10.68%	14.57%	14.77%	19.11%	18.26%	18.83%		
European Union	8.97%	12.36%	9.11%	8.81%	7.93%	7.87%		
Brazil	25.40%	13.76%	11.77%	15.32%	16.37%	14.75%		
World Total	18.26%	21.29%	22.15%	21.45%	18.93%	19.15%		



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