

Maize Outlook – January 2019

Maize or corn (*Zea mays*) is cultivated globally being one of the most important cereal crops worldwide. According to the USDA world agricultural supply and demand estimates report, December 2018 maize production was forecasted 1099.91 million tonnes in 2018-19. Among the countries United States of America was stood first in maize production with 371.52 million tonnes followed by China (256mt), Brazil (94.50 mt), European Union (59.50 mt), Argentina (42.50 mt) and India (26.50 mt). 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.

Table 1: International Grain Council's World Corn Projections (in million metric tonnes)

	2016-17 (Estimated)	2017-18 (Forecasted)	2018-19 (Projection)
Opening Stocks	287.4	330.4	305.3
Production	1087.0	1047.4	1073.4
Total Availability	1374.4	1377.8	1378.7
Imports	137.8	151.6	158.7
Food	119.3	121.6	124.2
Feed	603.3	618.9	644.0
Industrial	279.9	295.7	305.4
Other	41.5	36.3	38.9
Total Consumption	1044.0	1072.5	1112.4
Exports	137.8	151.6	158.7
Ending Stocks	330.4	305.3	266.3

Source: <https://igc.int/en/default.aspx>

Table 2: International Grain Council's Indian Corn Projections (in million metric tonnes)

	2016-17 (Estimated)	2017-18 (Forecasted)	2018-19 (Projection)
Opening Stocks	1.2	1.8	2.0
Production	25.9	28.7	26.5
Imports	0.1	-	0.1
Total Availability	27.2	30.6	28.6
Food	6.8	6.9	7.0
Feed	12.4	14.7	14.1
Industrial	4.5	4.7	4.7
Other	1.1	1.3	1.2
Total Consumption	24.9	27.6	27.0
Exports	0.5	0.9	0.5
Ending Stocks	1.8	2.0	1.2

Source: <https://igc.int/en/default.aspx>

India exported 29,016 MT of maize for the month of November 2018 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.

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 of last year. In Bihar, maize has been sown in around 4.27 lakh hectares followed by Karnataka (0.76 lakh hectares) and Gujarat (0.80 lakh hectares). Current year sowing reported low due to lower rainfall.

In Telangana, maize sowing for the rabi season as of 28th December 2018 reported at 0.78 lakh hectares which is higher than 0.75 lakh hectares in the corresponding period of last year. It is at vegetative stage. Nizamabad, Kamareddy, Warangal (Urban & Rural), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. In Nizamabad, around 10-15% crop is affected by fall army worm.

Table 3: Month-wise Average prices of Maize at various markets

Market	December 2018	November 2018	December 2017	% Change from Prev. Month	% Change from Prev. Year
Delhi	1793	1572	1320	14.06	35.83
Davangere	1635	1481	1281	10.4	27.63
Shimoga	1624	1450	1240	12	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	-

Source: www.agriwatch.com

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 sources, around 10,000 MT of maize has been stocked by stockists. They are buying at Rs. 1750-1770 per quintal (Local Delivered Price).

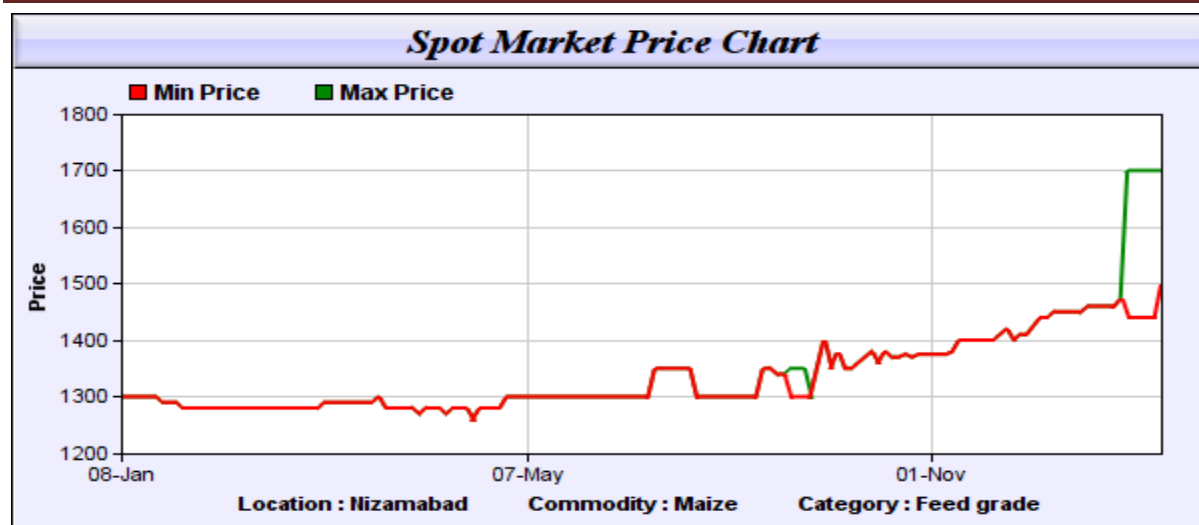


Fig. 1 Spot Market Price Chart of Maize at Nizamabad market

Table 4: Prices and Arrivals of Maize at Nagarkurnool Market in the Month of December 2018

Date	Arrivals (Quintals)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
3	16	1,428	1,428	1,428
18	43	1,660	1,662	1,660
19	81	1,670	1,670	1,670
20	380	1,611	1,699	1,692
21	267	1,529	1,714	1,712
22	92	1,690	1,735	1,735
24	207	1,718	1,749	1,747
27	524	1,707	1,789	1,789
29	99	1,050	1,787	1,787

Source: <http://agrimarketing.telangana.gov.in/indexnew.jsp>

Maize modal price at Nagarkurnool market ranged between Rs. 1428 – 1789 per quintal during December 2018. The central government has increased the minimum support price of maize for the year 2018-19 by 19.3% from Rs. 1425 to Rs. 1700 per quintal.

Maize Price Outlook

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.

Feed industry procurement association of Taiwan purchased up to 65,000 tons of corn at a premium of 156.5 U.S. cents c&f over the Chicago May 2019 corn contract, for the shipment between March 6 and March 25, 2019.

There would be shortage of good quality material after the end of December till the new rabi crop arrival expected in the month of March which is also expected to be less, due to low rainfall, less soil moisture and fall armyworm effect.

If government allows non GMO maize import of 1 million tons at zero duty to overcome a shortage in domestic market; maize prices could sustain from the end of month of January.

In Nizamabad, local starch makers are buying it at Rs. 1420 per quintal while poultry feed makers is buying at Rs. 1560 per quintal. Maize is moving to Hyderabad at Rs. 1650-1670 per quintal. Meanwhile, it is moving towards Bangalore and Sangali at Rs. 1850 per quintal each, Nammakal at Rs. 1900 per quintal and Chennai at Rs. 1920 per quintal (Delivered price), sourced from Davangere. As per trade information, Telangana government may release their stock in to the market during the month of January.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that maize could trade in a range of **Rs. 1450-1600** per quintal during the month of January, 2019.