

Maize Outlook – September 2020

Maize or corn (*Zea mays*) is cultivated globally being one of the most important cereal crops worldwide. As per USDA, U.S corn exports have reached 42.62 MMT in the 2019-20 marketing year. At 0.46 MMT (for the period 21st Aug - 27th Aug, 2020) US corn exports were down 51 percent from the previous week and 55 percent from the 4-week average; mainly for the destinations like Mexico (224,300 MT), China (137,200 MT), Jamaica (28,800 MT), Japan (22,100 MT), and Trinidad (16,700 MT). It expects that decrease in export demand for U.S corn would weigh on CBOT corn market. In U.S, 62% crop of corn is in good to excellent condition as of 30th August'20, down 2 percentage points from last week. 12% of crop has matured as of 30th August'20, up 7 percentage points from corresponding period last year.

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

	2018/19 (Estimated)	2019/20 (Forecast)	2020/21 (Projected)
Opening Stocks	342.6	324.2	300.1
Production	1129.2	1120.8	1166.5
Imports	164.6	171.8	177
Total Availability	1471.8	1445	1466.6
Food	127.3	129.7	130.9
Feed	674.9	684	703.5
Industrial	303.9	292.4	305.4
Others	41.5	38.8	38.6
Total Consumption	1147.6	1144.9	1178.4
Exports	164.6	171.8	177
Ending Stocks	324.2	300.1	288.2

Source: <https://www.igc.int/en/markets/marketinfo-sd.aspx>

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

	2018/19 (Estimated)	2019/20 (Forecast)
Opening Stocks	2.5	1.42
Production	22.72	28.64
Imports	0.21	0.32
Total Supply	25.43	30.38
Export	0.58	0.69
Domestic Consumption	23.43	22.62
Total Demand	24.01	23.31
Ending Stock	1.42	7.01
Monthly Use	2	1.94
Stock to Use Ratio	5.92%	16.37%

Source: www.agriwatch.com

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

Market	2020-August	2020-July	2019-August	% Change from Prev. Month	% Change from Prev. Year
Delhi	1246	1265	2153	-1.50	-42.13
Davangere (Bilty Prices)	1345	1403	2321	-4.13	-42.05
Shimoga	1339	1321	2494	1.36	-46.31
Bagalkot	1253	1334	2152	-6.07	-41.78
Gadag	1235	1336	NA	-7.56	-
Nizamabad	1286	1327	2140	1.09	-40.91
Khanna	1120	1146	1920	1.34	-41.28
Sangli (NCDEX Quality)	1484	1489	2534	-2.83	-43.78
Gulabgh (NCDEX Quality)	1235	1250	2155	0.97	-42.69
Naugachia	1139	1188	2096	5.18	-43.57
Erode (NCDEX Quality)	1563	1587	2610	-2.37	-41.62

Source: www.agriwatch.com

In India, kharif maize has been sown in around 81.41 lakh hectares (201.17 lakh acres) as on 04th September 2020, which is higher than 80.05 lakh hectares (197.81 lakh acres) covered during corresponding period of last year. Major maize growing states are Madhya Pradesh 15.38 lakh ha (38 lakh acres), Karnataka 13.61 lakh ha (33.63 lakh acres), Rajasthan 9.34 lakh ha (23.08 lakh acres), Maharashtra 8.75 lakh ha (21.62 lakh acres), Uttar Pradesh 7.41 lakh ha (18.31 lakh acres), Bihar 3.97 lakh ha (9.81 lakh acres), Himachal Pradesh 2.90 lakh ha (7.17 lakh acres), Jammu Kashmir 2.05 lakh ha (5.07 lakh acres) and Telangana 0.86 lakh ha (2.13 lakh acres).

In Telangana, it has been sown in 86593 hectares (2.13 lakh acres) as on 02th September 2020 which is lower than 3.69 lakh hectares (9.13 lakh acres) covered during corresponding period of last year. The major growing districts are Kamareddy 13143 ha (32478 acres), Mahabubabad 8961 ha (22142 acres), Nizamabad 8574 ha (21187 acres), Jagityal 11322 ha (27977 acres) and Rangareddy 8267 ha (20429 acres).

As per trade sources, India exported around 2,00,296 MT of maize in the month of July'20 at an average FoB of \$184/MT, out of which, 1,36,179 MT Indian maize was exported to Bangladesh at an average FoB of \$188.58/MT and around 59,037 MT was exported to Nepal at an average FoB of \$177.58/MT.

India has authorized imports of up to 5 lakh ton of Non-GM Maize (other than seed quality) at a concessional custom duty of 15% under TRQ Scheme for end users, in the current financial year 2020-21. At present, there is no import parity as maize is trading lower in the domestic

markets due to demand destruction from poultry feed industry on the fear of corona virus, hence there has been no imports. But it could limit the upside in the long run.

Table 4: Maize arrivals and prices in Choppadandi Market for the month of August 2020

Date	Arrival (Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
18	7	1,100	1,418	1,418
20	10	1,310	1,310	1,310
24	32	1,301	1,466	1,466
25	52	1,416	1,452	1,416
26	12	1,371	1,371	1,371
27	31	1,416	1,475	1,475

Source: <http://tsmarketing.in/>

Maize Price Outlook

Corn on CBOT rose by 12.80 USD/MT to 137.20 USD/MT for Sep'20 contract compared to previous month. Expectation of high corn production in U.S amid low export demand would weigh on CBOT corn market.

Maize cash markets showed mixed trend during the month of August'20 compared to previous month and was weak compared to corresponding period of last year, due to low quality arrivals amid limited trade activities. For the month of September'20, it expects that maize would trade steady and slightly firm due to decrease in arrivals from Bihar amid export demand from Bangladeshi and Nepalese feed makers. However, any Government release at subsidized rates to poultry feed makers and new crop arrivals at the end of September month would limit the gain.

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1275-1300 per quintal (Bilty Price). Maize is being delivered to Kolkata at

Rs.1400 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1475 per quintal; sourced from Nizamabad region.

In Karnataka, maize is likely to trade steady to range bound in near term amid limited feed makers' demand. Expectation of new crop arrival at the end of September month would also weigh on market sentiments. It expects that maize would trade in a range of Rs. 1220-1330 per quintal (loose price) during the month of September'20 amid sluggish feed makers demand.

In Telangana, maize crop is at cob formation to seed hardening stage. Decrease in acreage is mainly due to encouragement by Telangana Government, to shift towards other remunerative crops like cotton. Also, fall-armyworm and stem-borer in Kamareddy, Nizamabad, Jagtial, Mahabubabad and Nagarkurnool districts is below ETL. Decrease in acreage may support maize prices in the state. Also, MP region observe around 8-12% crop loss due to heavy rains. However, exact loss assessment can only be after the weather conditions improve. This potential crop loss could lead to increase in maize prices in near future.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that maize could trade in price range of Rs. 1380 - 1550 per quintal during the month of September, 2020.