

Maize Outlook – August 2020

Maize or corn (*Zea mays*) is cultivated globally being one of the most important cereal crops worldwide. As per USDA, U.S corn export has reached 38 MMT in the 2019-20 marketing year. At 0.97 MMT (for the period 17th - 23rd July, 2020) US corn exports were down 8 percent from the previous week and 15 percent from the previous 4-week average; mainly for the destinations like Mexico (360,800 MT), Japan (355,100 MT), China (67,900 MT), Guatemala (66,500 MT), and Colombia (58,800 MT). It expects that increase in export demand for U.S corn could give support to CBOT corn market. In U.S, 72% crop of corn is in good to excellent condition as of 2nd August'20.

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

	2018/19 (Estimated)	2019/20 (Forecast)	2020/21 (Projected)
Opening Stocks	342.4	323.9	300.1
Production	1129.0	1117.2	1164.0
Imports	164.6	171.8	175.5
Total Availability	1471.4	1441.1	1464.1
Food	127.6	129.3	130.5
Feed	674.9	681.3	699.7
Industrial	303.9	292.0	307.4
Others	41.2	38.4	38.7
Total Consumption	1147.5	1141.0	1176.3
Exports	164.6	171.8	175.5
Ending Stocks	323.9	300.1	287.8

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	28.98
Imports	0.21	0.28
Total Supply	25.43	30.68
Export	0.58	0.55
Domestic Consumption	23.43	22.62
Total Demand	24.01	23.00
Ending Stock	1.42	7.51
Monthly Use	2	1.93
Stock to Use Ratio	5.92%	16.85%

Source: www.agriwatch.com

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

Market	2020-July	2020-June	2019-July	% Change from Prev. Month	% Change from Prev. Year
Delhi	1265	1350	2083	-6.30	-39.27
Davangere (Bilty Prices)	1403	1435	2350	-2.23	-40.30
Shimoga	1321	1300	2549	1.62	-48.18
Bagalkot	1334	1344	2162	-0.74	-38.30
Gadag	1336	1425	2101	-6.25	-36.41
Nizamabad	1286	1327	2140	-3.09	-39.91
Khanna	1120	1146	1920	-2.27	-41.67
Sangli (NCDEX Quality)	1484	1489	2534	-0.34	-41.44
Gulabgh (NCDEX Quality)	1235	1250	2155	-1.20	-42.69
Naugachia	1139	1188	2096	-4.12	-45.66
Erode (NCDEX Quality)	1563	1587	2610	-1.51	-40.11

Source: www.agriwatch.com

In India, kharif maize has been sown in around 74.29 lakh hectares (183.57 lakh acres) as on 31st July 2020, which is higher than 72.58 lakh hectares (179.35 lakh acres) covered during corresponding period of last year. Major maize growing states are Madhya Pradesh 14.84 lakh ha (36.67 lakh acres), Karnataka 10.31 lakh ha (25.48 lakh acres), Rajasthan 9.04 lakh ha (22.34 lakh acres), Maharashtra 8.28 lakh ha (20.45 lakh acres), Uttar Pradesh 7.19 lakh ha (17.77 lakh acres), Bihar 3.78 lakh ha (9.34 lakh acres), Himachal Pradesh 2.90 lakh ha (7.17 lakh acres), Jammu Kashmir 2.04 lakh ha (5.04 lakh acres) and Telangana 0.70 lakh ha (1.73 lakh acres) as of 31st July 2020.

In Telangana, it has been sown in 70728 hectares (174773 acres) as on 05th August 2020 which is lower than 3.37 lakh hectares (8.33 lakh acres) covered during corresponding period of last year. The major growing districts are Kamareddy 11701 ha (28913 acres), Mahbubabad 7572 ha (18710 acres) Nizamabad 7359 ha (18185 acres), Jagityal 6636 ha (16399 acres) and Rangareddy 6758 ha (16700 acres).

As per trade sources, India exported around 1,12,867 MT of maize for the month of Jun'20 at an average FoB of \$187.79/ MT, out of which, 58,067 MT of Indian maize was exported to Nepal at an average FoB of \$182.49/MT and around 49,406 MT was exported to Bangladesh at an average FoB of \$190.95/MT.

India's imports for the month of June'20 were nil due to low prevailing maize prices in Indian markets. India has authorized imports of 5 lakh tons Non-GM Maize (other than seed quality) at a concessional custom duty of 15% under TRQ Scheme for end users for 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. But it could limit the firmness in long run.

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

Date	Arrival (Tonnes)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
3	6	1,352	1,582	1,582
4	62	1,486	1,571	1,556
6	26	1,482	1,601	1,601
7	11	1,446	1,555	1,446
9	43	1,491	1,605	1,551
13	25	1,326	1,472	1,467
16	7	1,346	1,346	1,346
21	42	1,461	1,461	1,461
27	30	1,256	1,485	1,485
30	15	1400	1400	1400

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

Maize Price Outlook

Corn on CBOT fall by 10.04 USD/MT to 124.40 USD/MT for Sep'20 contract compared to previous month due to decrease in demand for U.S corn. Expectation of increase in export demand in coming weeks for U.S corn would support CBOT corn market. However, expectation of larger yield due to favorable weather conditions in U.S could limit the gain.

Maize cash markets traded down during the month of July'20 compared to previous month and compared to corresponding period of last year, due to sluggish demand from poultry feed industry in the wake of corona virus and crop arrivals pressure. For the month of August'20, it expects that maize would trade steady to slightly firm due to decrease in arrivals from Bihar.

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1225 per quintal (Bilty Price). In U.P and Punjab, feed makers are buying maize at Rs.1250 per quintal and Rs.1350 per quintal respectively; sourced from Naugachia region of Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1450-1500 per quintal; sourced from Nizamabad region.

In Karnataka, harvesting of rabi crop of maize has been completed, and kharif acreage is likely to be slightly higher than last year as farmers prefer less labour intensive crops. It is likely to trade steady to range bound in near term amid limited demand and arrivals. It expects that maize would trade in a range of Rs. 1300-1400 per quintal (loose price) during the month of August'20 amid sluggish feed makers demand.

In Telangana, maize sown area is 15% to season normal and the crop is at cob formation to seed hardening stage. In Vikarabad district of Telangana, maize crop has been infested by fall-armyworm. As per media news, nearby Aurangabad districts of Maharashtra, around 1 lakh hectares area of maize has been affected by Northern Leaf Blight disease and *Physoderma* brown spot fungus.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that maize could trade in price range of Rs. 1350 - 1500 quintal during the month of August, 2020.