

Maize Outlook – June 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 reached 29.01 MMT in 2019-20 marketing year. At 1.35 MMT (for the period 22nd to 28th May, 2020) US corn exports were up 27 percent from the previous week and 7 percent from the prior 4 week average; mainly for the destinations like Japan (447,900 MT), Mexico (233,300 MT), South Korea (206,800 MT) and Guatemala (60,800 MT). It expects that increase in export demand for U.S corn could support to CBOT corn prices. In U.S, corn plantings as on 31 May 2020 stand at 93%, up by 29 percentage points from same time last year. Rapid U.S planting progress is likely to put pressure on CBOT corn prices.

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

	2018/19 (Estimated)	2019/20 (Forecast)	2020/21 (Projected)
Opening Stocks	340.5	322.6	297.0
Production	1129.0	1118.3	1168.6
Imports	164.8	167.9	174.8
Total Availability	1469.5	1440.9	1465.7
Food	127.8	129.5	130.2
Industrial	303.9	293.6	310.2
Feed	675.3	682.1	698.0
Others	39.9	38.7	38.8
Total Consumption	1146.9	1143.9	1177.2
Exports	164.8	167.9	174.8
Ending Stocks	322.6	297.0	288.5

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	0.34
Total Supply	25.43	30.7
Export	0.58	0.47
Domestic Consumption	23.43	22.62
Total Demand	24.01	23.09
Ending Stock	1.42	7.65
Monthly Use	2	1.92
Stock to Use Ratio	5.92%	17.50%

Source: www.agriwatch.com

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

Market	2020-May	2020-Apr	2019-May	% Change from Prev. Month	% Change from Prev. Year
Delhi	1382	Closed	2041	-	-32.29
Davangere	1356	1394	2252	-2.73	-39.79
Shimoga	1376	1552	2190	-11.34	-37.17
Bagalkot	1290	1271	2116	2.2	-38.61
Gadag	1349	1420	2102	-5	-35.82
Nizamabad	NA	Closed	1965	-	-
Khanna	1327	Closed	1971	-	-32.67
Sangli (NCDEX Quality)	NA	Closed	2297	-	-
Gulabghat (NCDEX Quality)	1229	1397	1816	-12.03	-32.32
Naugachia	1206	Closed	1759	-	-31.44
Erode (NCDEX Quality)	NA	Closed	2335	-	-

Source: www.agriwatch.com

In India, rabi maize was sown in around 16.98 lakh hectares (41.95 lakh acres) as on 31st January 2020 which is higher than 14.78 lakh hectares (36.52 lakh acres) covered during corresponding period of last year. Major maize growing states are Bihar 5.05 lakh ha (12.47 lakh acres), Maharashtra 2.27 lakh ha (5.60 lakh acres), Tamil Nadu 1.48 lakh ha (3.65 lakh acres), West Bengal 1.12 lakh ha (2.76 lakh acres), Gujarat 1.32 lakh ha (3.26 lakh acres), Telangana (1.49 lakh ha (3.68 lakh acres) and Andhra Pradesh 1.67 lakh ha (4.12 lakh acres) as of 31st January 2020.

In Telangana, it has been sown in 2.53 lakh hectares (6.25 lakh acres) as on 25th May 2020 which is higher than 1.26 lakh hectares (3.11 lakh acres) covered during corresponding period of last year. Major growing districts of rabi maize are Warangal 0.44 lakh ha (1.10 lakh acres), khammam 0.36 lakh ha (0.91 lakh acres), Nirmal 0.33 lakh ha (0.83 lakh acres), Mehabubabad 0.17 lakh ha (0.42 lakh acres) and Warangal (Urban) 0.16 lakh ha (0.41 lakh acres).

As per trade sources, India exported around 19,713 MT of maize for the month of April'20 at an average FoB of \$242.71/ MT. Out of which, around 15,369 MT Indian maize was exported mainly to Nepal at an average FoB of \$244.36/MT; mainly through Raxaul followed by Jogbani ICD and Nepalgunj Road port. India imported around 268.5 MT of maize for the month of April'20. Out of this, around 193.5 MT was imported from Myanmar at Kolkata port (145.5 MT @ \$261.04 USD/MT) and Chennai port (48 MT @ \$249.98 USD/MT).

Corn on CBOT rose by 1.28 USD/MT to 127.26 USD/MT for July'20 contract compared to previous month due to increase in demand for U.S corn for ethanol. However, higher corn production prospects in U.S could limit the firmness.

Maize Price Outlook

Maize cash markets traded weak during the month of May'20 compared to previous month and corresponding period of last year due to sluggish demand from poultry feed industry in the wake of corona virus amid new crop arrivals. For the month of June'20, it expects that maize could trade steady to range bound amid limited demand and supply. In Bihar, maize is being traded in a range of Rs. 1225-1250 per quintal (Bilty Price) amid limited demand and arrival. Stockiest demand has come down as recent rains have impacted the arrival quality.

In Nizamabad, maize market remained officially closed from 21st March to 26th May, 2020 due to lockdown. After that, first trade was reported on 2 June 2020 at Rs. 1600 per quintal (Bilty Price). Farmers were not bringing their produce to the market, preferring to sell to the Government.

Telangana State Cooperative Marketing Federation (TS-MARKFED) has procured about 6.94 lakh tones of maize as of 25th May, 2020. As per AP MARKFED, from the current rabi crop, 2.75 lakh tonnes of maize has been procured by A.P government as of 25th May, 2020. The procurement is still ongoing.

Maize from Devangere region of Karnataka is moving towards Bangalore and Tamil Nadu at Rs. 1450 per quintal and Rs. 1550 per quintal (Delivered Price) respectively. As per trade sources, each maize grower in the Karnataka state is getting a cash relief of ₹5,000 to compensate the impact of low maize prices. As per media news, five cattle feed manufacturing plants of the Karnataka Cooperative Milk Producers' Federation Ltd. has started purchase of the produce at Rs.1760 per quintal from 12th May'20. The maximum quantity of purchase has been capped at 50 quintals from each farmer.

Maize acreage in Kharif 2020-21 may turn out to be higher than that in Kharif 2019-20 as farmers in Karnataka, Rajasthan, Maharashtra and Madhya Pradesh would prefer less labour intensive crops. Seed availability is expected to remain sufficient as transportation of agriculture related materials has become almost normal after the relaxations in lockdown.

Expectation of good monsoon amid proposed increase in MSP by Rs. 90 per quintal at Rs. 1850 per quintal for the Kharif season 2020-21; are all good motivating factors for farmers to grow more maize for this Kharif season. However, in Telangana, maize area is likely to shift towards more remunerative and high yield crops likes pulses.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that maize could trade in price range of Rs. 1350 - 1520 quintal during the month of June, 2020.