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## Summary

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Soybean, meal and rapeseed-mustard extended gains on improved buying in the physical market and supportive international oils and fats markets, during the week under review.

The *kharif* oilseed supplies are strong after newly harvesting of soybean and groundnut seed. However, the soybean arrivals are gradually falling from its peak, tested in mid-October.

Solvent extractors and stockists are actively buying the newly harvested oilseeds to cover their stock.

Slight improvement in seasonal and overseas demand in soy meal remained supportive for soy meal. However, we rule out any sharp rise in the meal, in near-term.

The domestic rapeseed-mustard planting is reportedly ahead previous level and we feel India's area under rapeseed-mustard should increase by 3 – 5% this season.

CBOT soybean has extended gains on strong demand for US soybean and technical buying.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation of good *kharif* oilseeds demand from stockiest and solvent extractors.

Further, the rapeseed-mustard is expected to edge-up on winter demand but rise in the *kharif* oilseeds production will limit the gains.

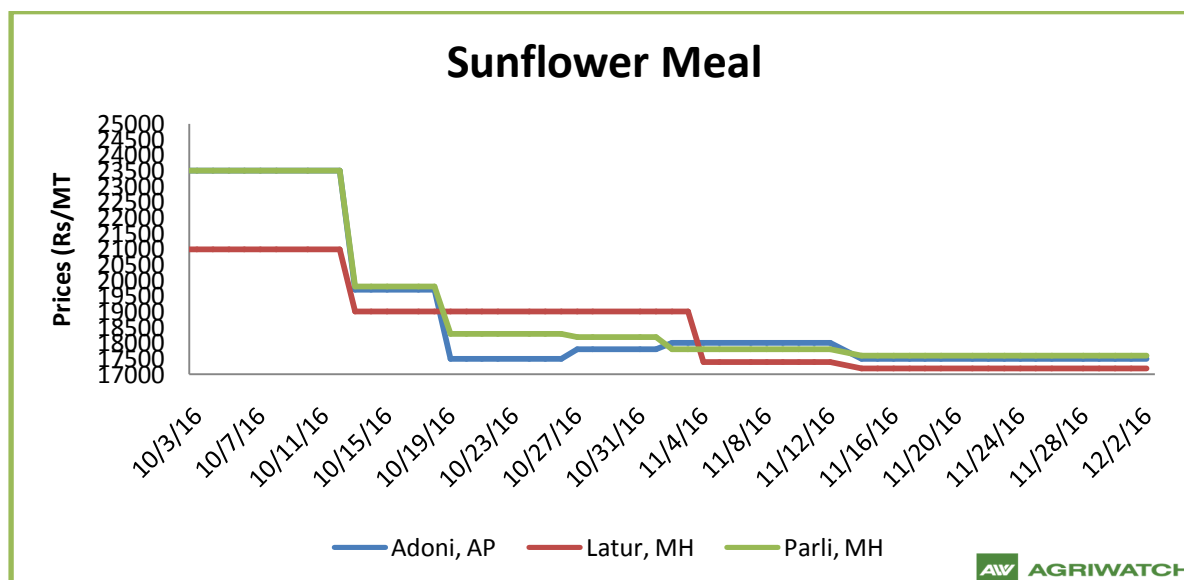
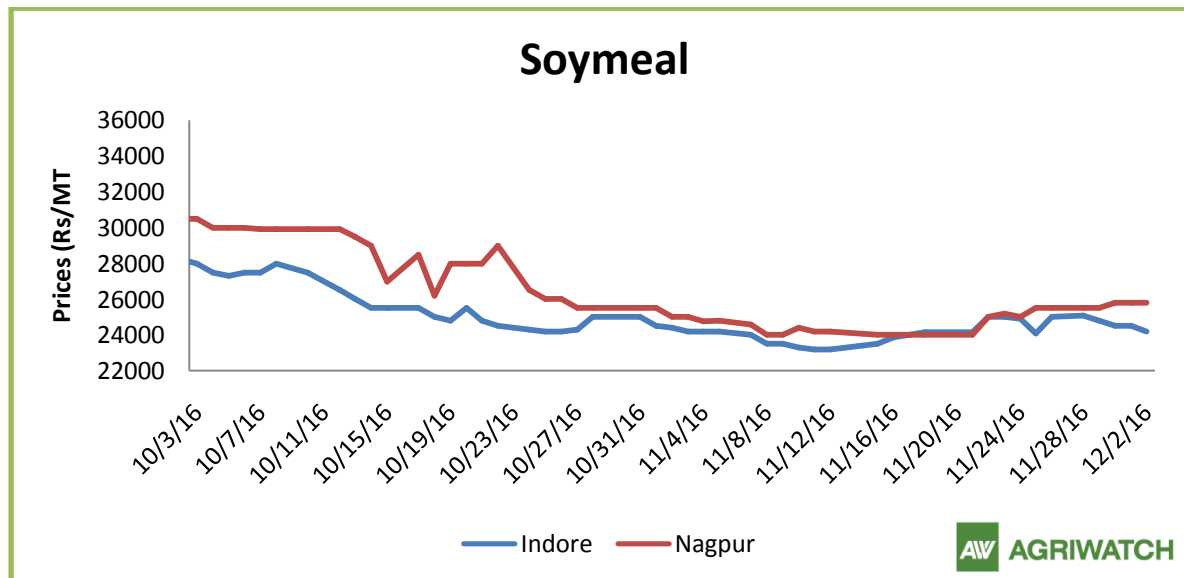
Overall maize cash markets traded almost steady during the week and are expected to trade steady in the near term too amid steady demand. Poultry and starch feed makers of Ahmadabad market, quoted maize steady at Rs. 1450 per quintal compared to last week.

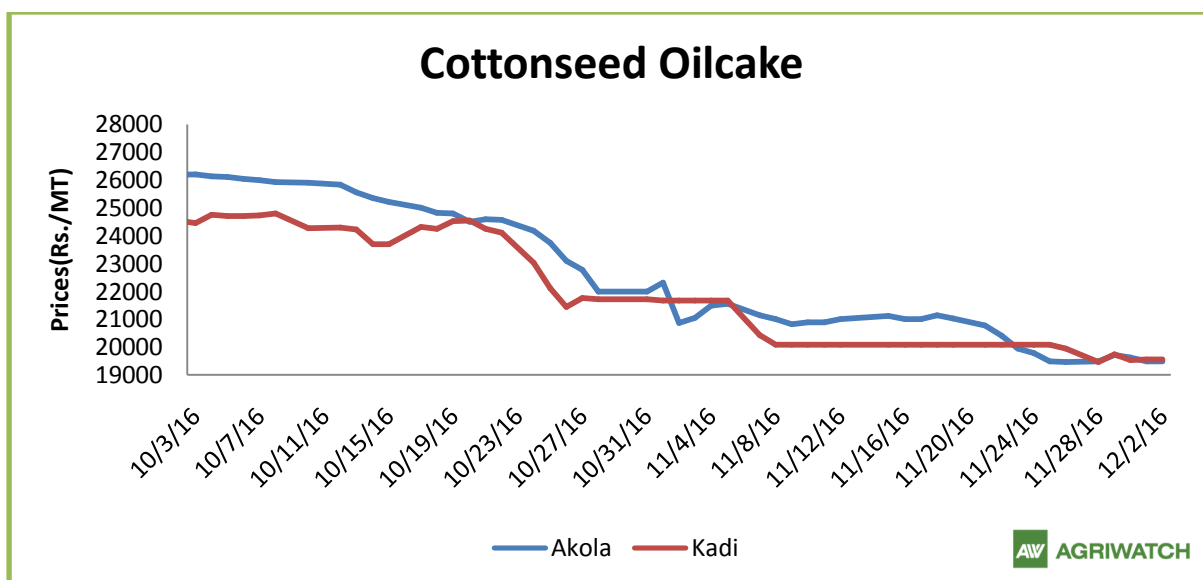
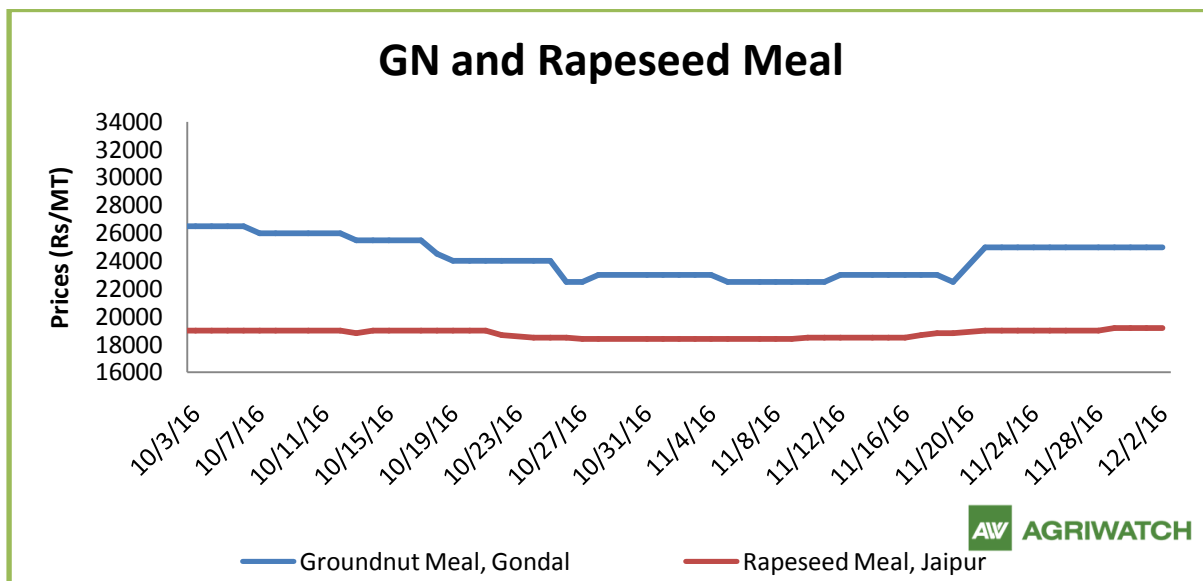
In India, maize has been sown in around 5.01 lakh hectares as on 25<sup>th</sup> November'16 which is lower than 5.63 lakh hectare covered during corresponding period last year. As per trade sources, in A.P, soybean and paddy crop area is likely to shift towards maize. In Bihar, maize crop area is likely to be same compared to last year.

As far as exports are concerned, India exported 4005 MT maize during the week ended 26<sup>th</sup> November'16 against 3652 MT previous week ending 20<sup>th</sup> November'16. Maize has been exported at an average FoB of \$ 258.65 / MT.

*All India weekly average prices increased by 2.41 percent to Rs. 2177.08 per quintal during the week ended 08th December 2016. Wheat average price were ruling at Rs 2125.88 per quintal during 24-30th November 2016. As compared to prices in the week 01-08th December 2015, the prices are firm by 27.50 percent. Prices are expected to remain range bound to slightly weak in coming days.*

**Trend – Raw Material, Feed**





Source: AgriWatch

## Soybean

The domestic soybean continued upward trend consecutive three weeks on good buying support in the cash market.

Further, recent gains in the international soybean which is currently ruling above US \$ 10/bushel remained supportive for the domestic market. However, fall in the CBOT soybean during the week limited the gains in the domestic soybean prices.

The oilseeds processors are covering their soybean stock for future with arrivals at good volume across the key market centers.

Expectation of rise in soy meal export coupled with the domestic seasonal meal demand will lend further support to the bean prices in near-term.

The soybean supplies have once again improved in Madhya Pradesh, Maharashtra and Rajasthan which fell in third and fourth week of November.

We feel the trade volume in the soybean at cash market will improve further to meet the fresh domestic and international demand in oils and fats.

The major buyers in Madhya Pradesh who resumed the trade during the week are as follows: Amrit Mandsaur, Ambika Joara, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, Divya Jyoti, G. Ambuja, Itarsi, Indian Soya, Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti, Sawariya Itarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

***The domestic soybean prices are likely to feature range-bound movement with firm bias on of fresh buying by the solvent extractors and stockists. However, higher soybean production this season, weak soy meal export sales will limit the gains in soybean in near-term.***

#### International:

The CBOT soybean fell from 4-1/2 month high on multiple factors during the week under review.

Expectation of fall in export demand for US soybean, favourable weather for soybean planting in Brazil and Argentina and end of month position squaring.

The CBOT soybean fell from 4-1/2 month high, January contract soybean prices fell to US \$ 10.12/bushel and finally settled at US \$ 10.27/bushel compared to US \$ 10.46/bushel last week.

Active selling by Brazil and Argentina after weakening of currencies has made South American soy prices competitive. This is expected to shift big buyers like China's demand to South America.

Argentina's soybean planting is 46% (9 million hectares) complete of the 19.6 million hectares projected to be planted with soybean in 2016/17.

The planting is lagging by 8.4% from the corresponding period last year. Further, the weather is favourable for the soybean after recent rainfall which has increased the soil moisture, reported by Buenos Aires Grains Exchange.

#### Soy meal

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The domestic soy meal extended gains in association with soybean with slight increase in overseas and seasonal domestic demand.

We expect the overseas and domestic demand to pick up further in coming days.

The poultry demand increases in winter, which boost the soy meal demand for poultry feed from feed manufactures and directly from poultry units.

However, the meal prices are unlikely to post sharp gains to keep the exports window open and for forward booking for some more time.

Higher domestic soybean production in 2016/17 will eventually increase the soybean crushing which will further increase the availability in soy meal this season.

We expect India's soy meal exports to slightly recover in the new season with higher 2016/17 soybean production leading to higher crushing eventually increasing the meal supplies.

Further, soy meal witnessed losses in the international market and January CBOT soy meal witnessed gains and settled at US \$ 313.5 per short ton compared to US \$ 323.1 per short ton last week.

The domestic soy meal prices at Indore, improved and was quoted at Rs 24,200 – 25,100/MT compared to Rs 24,100 – 25,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 25,200/MT compared to Rs 24,200/MT in Indore and Rs 24,500/MT in Kota. In a notable feature, the meal prices of the various centers of Maharashtra fell to the meal price of Indore.

***India's soy meal exports and its other value added products (HS Code 2304) during October 2016 stood at 19,139 tons compared to 42,104 tons in October 2015 showing a decrease of 54.5% over the corresponding period of last year.***

***On a financial year basis, the export during April'2016 to October'2016 is 94,871 tons as compared to 2,43,632 tons in the same period of previous year showing a decrease of 61%, as reported by SOPA.***

***Myanmar (3995.2 MT), Japan (3193.49 MT), Nepal (1945.43), Kenya (1653.36 MT) and USA (1306 MT) were the key buyers of Indian origin meal in October.***

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

*Indian meal prices must be highly competitive against the South American and China's meal prices to regain the lost markets it lost in previous seasons.*

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.*

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 24,200 – 25,100/MT during the week compared to Rs 33,200 – 33,700/MT during the corresponding period last year.

*The soy meal prices are likely to feature range-bound movement with firm-bias on likely fresh buying by the poultry and feed manufacturing industry. However, higher domestic and international soybean production will limit the gains market, in near-term.*

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard posted gains on better buying in the seed mainly by the oilseed processors to meet the fresh winter mustard oil demand.

Weak supplies due to lean season remained supportive for the prices at higher levels. However, the gains will be limited due to the strong newly harvested seasonal *kharif* oilseeds supplies.

Continued, gains in BMD CPO will remain positive for the domestic seed market. India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

The seed prices at benchmark, Jaipur was quoted between Rs. 4,830 – 4,905 per quintal and they are lower from Rs. 4,875 – 5,155 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.30 – 0.45 lakh bags and are lower compared to 1.0 – 1.15 lakh bags during the corresponding period last year.

The domestic rapeseed planting is reportedly up by 13.6% at 61.73 lha compared to 54.32 lha during the corresponding period of last year.

The market is waiting for India's November edible oil imports data, we are expecting imports to be lower year-on-year.

India's October edible oil imports fell 29.8 percent y-o-y to 11.58 lakh tons from 16.50 lakh tons in October 2015. Palm oil imports fell 33.8 percent y-o-y to 7.39 lakh tons y-o-y from 11.16 lakh tons in October 2015. CPO Imports fell 41.5 percent y-o-y to 5.14 lakh tons from 8.78 lakh tons in October 2015. RBD palmolein imports fell marginally y-o-y to 2.22 lakh tons from 2.28 lakh tons in October 2015. Soy oil imports rose 31.4 percent y-o-y to 2.78 lakh tons from 4.05 lakh tons in October 2015. Sunflower oil imports fell by 15 percent y-o-y to 0.99 lakh tons from 1.13 lakh ton in October 2015, reported by the Solvent Extractors Association (SEA).

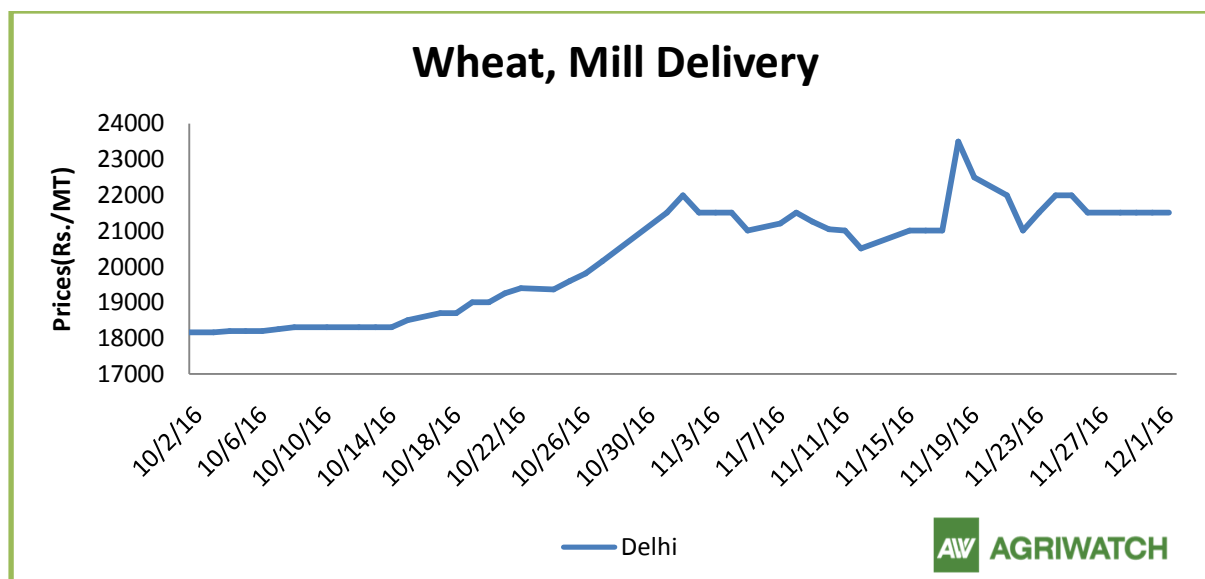
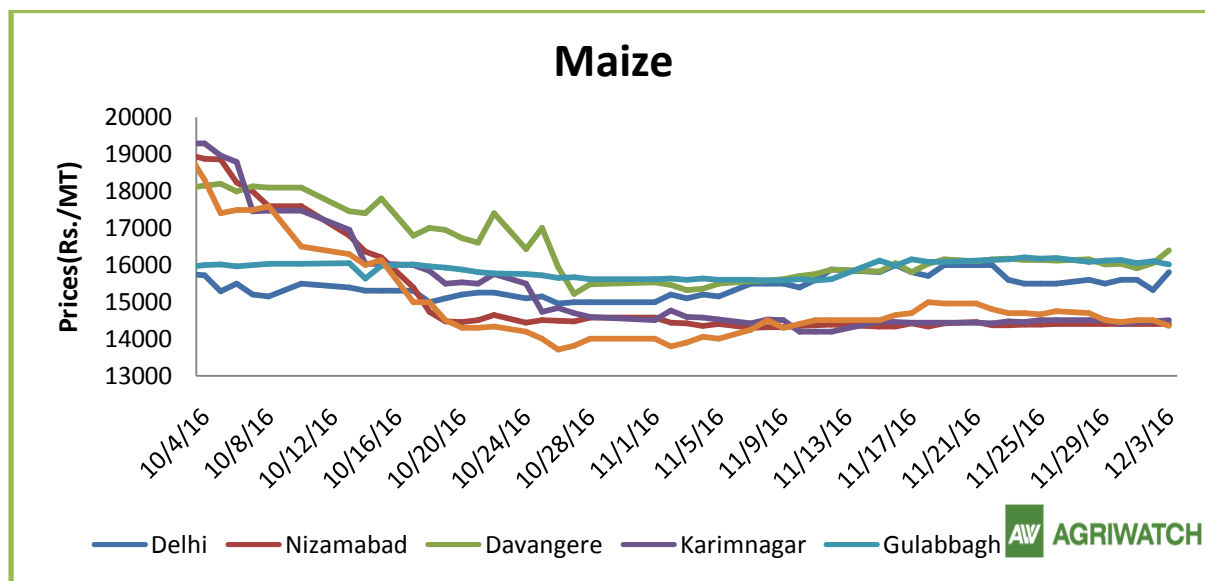
India's October edible oil stocks at ports and pipelines fell 7.4 m-o-m at 19.35 lakh tons from 20.9 lakh tons in September 2016. Stocks of edible oil at ports fell to 705,000 tons (CPO 210,000 tons, RBD Palmolein 95,000 tons, Degummed Soybean Oil 325,000 tons, Crude Sunflower Oil 55,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,230,000 tons in pipelines (stocks in pipelines were at 1,300,000 tons in September). India was holding 35 days of edible oil requirement on 1st November, 2016 at 19.35 lakh tons compared to 38 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, As per Solvent Extractors Association (SEA).

Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan at 22,000 tons (59,770 tons). Values in brackets are figures of last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

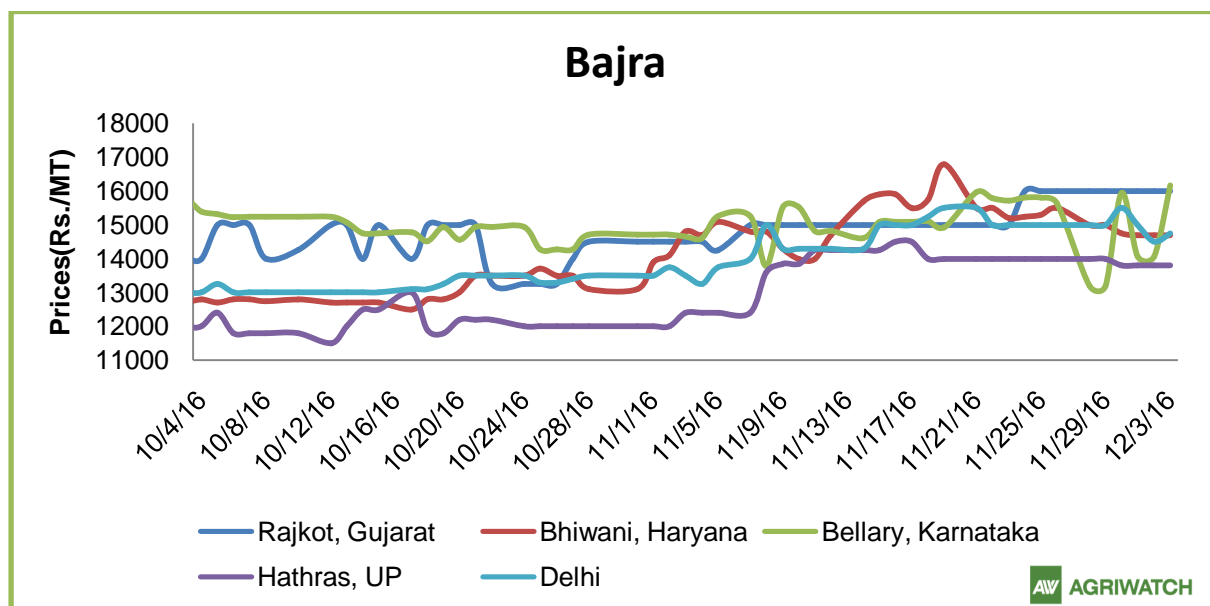
Malaysia's October palm oil end stocks rose 1.79 percent to 15.74 lakh tons compared to 15.46 lakh tons in September. Palm oil end stocks are much below market expectations. Production fell 2.17 percent to 16.78 lakh tons compared to 17.15 lakh tons in September, said MPOB.

Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia, said Indonesia Palm Oil Association (GAPKI).

*Outlook: The rapeseed-mustard is expected to witness gains on seasonal-winter demand in mustard oil and dwindling seed supplies.*







**Source: Agriwatch (Prices: Maize-Industrial/Feed Grade. Wheat-Mill Delivery: Narela Market, Delhi)**

As per IBIS data, India exported 4005 MT maize during the week ended 26<sup>th</sup> November'16 against 3652 MT previous week ending 20<sup>th</sup> November'16. Maize has been exported at an average FoB of \$ 258.65 / MT. Indian maize is exported mainly to Nepal followed by UAE through Raxaul LCS and JNPT Sea.

In Nizamabad, maize is likely to trade steady in the near term amid steady local feed makers demand. As per trade sources, in A.P, soybean and paddy crop area is likely to shift towards maize.

Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1570 per quintal, 1630 per quintal respectively. It is being traded slightly down as maize crop is hitting in Tamilnadu market from Maharashtra. However, it is likely to trade steady in the near term.

As per USDA, U.S corn exports reached 11.73 MMT in the 2016-17 marketing year. At 0.808 MMT (for the period 18th November – 24th November, 2016) exports were up 40 percent from the previous week and 12 percent from the prior 4-week average. The primary destinations were Mexico (186,700 MT), South Korea (141,900 MT), Japan (119,100 MT), Colombia (61,400 MT), and the Dominican Republic (53,300 MT).

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*In the last week, India imported around 130066 tonne wheat from Australia, Ukraine and France till 26th Nov-2016 at an average CIF of \$220.10 per tonne. Around 33901 tonne has been imported from Australia at an average CIF of \$238.61 per tonne, 94665 tonnes of Ukraine wheat at an average CIF of \$198.56 per tonne and a small quantity of 1500 tonnes has arrived from France at an average CIF of \$219.33 per tonne.*

*According to latest update, export of wheat has decreased compared to last week. In the week (21-26 November) the exports were around 294.625 metric tonnes compared to 1319.07 metric tonnes in the week 14-20 November. The said quantity was exported at an average FOB of \$366.49 per tonne and*

*the major destinations were Sri Lanka, USA, Somalia and UAE. Total export till 26th Nov-2016 since 4th April was registered around 29738.94 tonne. Export window remained restricted due to disparity.*

*According to latest update, area sown until 25 November'16 is 127.15 lakh hectares compared to 117.32 lakh hectares in the previous Rabi season. Among major states the area is down in Bihar, Chhattisgarh, Gujarat and Haryana, whereas Madhya Pradesh, Maharashtra, Punjab and Uttar Pradesh have seen an increase in area compared to last year for the same date. The normal area is 301.74 lakh hectares. Area is expected to be higher this year as government has increased MSP of wheat which may motivate farmers to sow more area.*

*Agriwatch has revised its wheat production estimate down from 89.28 to 87.20 MMT In end May-2016. Carryout for next year would decrease from 15.38 to 12.58 MMT. Availability would be lower at 104.58 MMT for the current year. Consumption would remain same as last year.*

*Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released Fourth Adv. Estimate for Rabi crop for 2015-16 on 2<sup>nd</sup> Aug-2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne for 2015-16 crop years. Now it has been revised down to 93.50 MMT.*

*As per the latest update, in order to keep the rising prices of wheat in check the government has decided to double the quantity from 7000 tonnes to 14000 tonnes to be sold in open market through auction in Delhi. Recently the government released one million tonnes of wheat for flour millers and other bulk users. Around 29000 tonnes of wheat has been sold by FCI in the first week of November in Delhi and its neighboring areas. Government is also expecting increase in flow of imported wheat due to reduced import duty from 25 to 10 percent, which would be enough for meeting the requirements of market and private sector.*

*The government has decided to increase the minimum support price of wheat by Rs 100 per quintal to Rs 1625 per quintal for 2016-17. The hike is around 6.6 percent higher compared to last year and 5.2 percent higher compared to 2015.*

*Indian FoB quote is hovering around \$315.77 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$181.5, \$183, \$177.65, \$174.59 and \$184.4 per tonne respectively. The latest consignments from Australia landed at Tuticorin (28901 T), Cochin port (1000 T) and Mangalore (4000 T) at CiF of \$239.42, \$243.6 and \$226.02 per tonne respectively. Around 1500 tonne and 94665 tonne of wheat have been imported from France and Ukraine respectively.*

*Wheat cash market is expected to trade steady to slightly weak in the coming week.*

*Global wheat market is expected to trade from steady to slightly weak as ample supplies are available despite crop loss in France. Australia is set to harvest record crop of around 31 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 30.5 MMT, largest in three years. In USA, fall in area sown and cold weather provided support to prices. Steady to slightly weak market is expected in short to medium term.*

**Outlook:** Feed prices are expected to trade slightly firm as feed ingredients prices traded steady to firm during last week.

## Annexure

### Oil Meal Prices at Key Spot Markets:

### Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	2-Dec-16	25-Nov-16	Parity To
Indore (MP)	24200	24150	Gujarat, MP
Kota	24500	25000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24300	24300	Mumbai, Maharashtra
Nagpur (42/46)	25800	24000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	25200	24000	Andhra, AP, Kar, TN
Latur	25200	24500	-
Sangli	26300	25100	Local and South
Sholapur	24300	24300	Local and South
Akola	25200	23700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	25000	25000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	25000	25400	-

### Soy DOC at Port:

Centers	Port Price	
	1-Dec-16	24-Nov-16
Kandla (FOR) (INR/MT)	NA	25500
Kandla (FAS) (USD/MT)	NA	375

International Soy DOC			
Argentina FOB USD/MT	24-Nov-16	16-Nov-16	Change
Soybean Pellets	327	339	-12
Soybean Cake Flour	327	339	-12
Soya Meal	335	347	-12
Soy Expellers	335	347	-12
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	25-Nov-16	18-Nov-16	Change
Adoni	17500	17500	Unch
Khamgaon	NA	NA	-
Parli	17600	17600	Unch
Latur	17200	17200	Unch

Groundnut Meal (Rs/MT)	25-Nov-16	18-Nov-16	Change
Basis 45%, Saurashtra	23000	23000	Unch
Basis 40%, Saurashtra	21000	21000	Unch
GN Cake, Gondal	25000	25000	Unch
Mustard DOC/Meal	25-Nov-16	18-Nov-16	Change
Jaipur (Plant delivery)	19200	19000	200
Kandla (FOR Rs/MT)	19500	19100	400
Sri Ganganagar	2360	2350	10

#### Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	1-Dec-16	24-Nov-16	1-Nov-16	1-Dec-15	1-Dec-14
Delhi	Red	1600	1625	1500	1670	1270
Davangere	Loose	1450	1480	1400	1460	1050
Nizamabad	Bilty	1450	1450	1440	1560	1225
Ahmadabad	Feed	1450	1450	1400	1610	1250
	Starch	1450	1450	1375	1630	1220

#### FOB, C&F – Maize at Various Destinations (USD/ton)

	Argentina	Brazil	US	India (Bihar Origin)
FOB	182.09	171.00	151.50	245.69
Cost and Freight	232.09	226.00	211.50	280.69

#### Soy Meal Exports (In MT):

Month	2012	2013	2014	2015	2016
Jan	474993	620133	364444	103934	7707
Feb	344240	577589	183551	64515	1127
Mar	460464	320265	232176	46670	430.1
Apr	313832	100311	75884	18017	1442
May	142588	97546	8226	14046	1015
Jun	180987	213564	2636	2098	2672
Jul	168341	107038	6682	928	3290
Aug	10005	183555	2778	768	1726
Sep	6525	173381	868	6886	

Oct	49840	182724	29071	4237	
Nov	517103	503269	110806	8909	
Dec	510698	451314	193832	5667	
<b>Total</b>	<b>2668918</b>	<b>3512217</b>	<b>1210954</b>	<b>276674</b>	<b>19409.1</b>

<b>Feed Ingredient Prices at a Glance</b>						
<b>Commodity</b>	<b>State</b>	<b>Variety</b>	<b>Centre</b>	<b>1-Dec-16</b>	<b>24-Nov-16</b>	<b>Change</b>
Bajra	Karnataka	Hybrid	Bellary	1595	1581	14
		Hybrid	Bangalore	2800	2250	550
Jowar	Karnataka	White	Bangalore	2600	2750	-150
		White	Bellary	1750	1688	62
Maize	Karnataka	Yellow	Davangere	1450	1480	-30
	Andhra Pradesh	Yellow	Nizamabad	1350	1350	Unch
Rice	Haryana	IR8	Karnal	2600	2500	100
		Parmal Raw	Karnal	2600	2400	200
Soy meal	Madhya Pradesh	DOC	Indore	2420	2410	10
	Maharashtra	DOC	Sangli	2630	2610	20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1750	1750	Unch
	Maharashtra	Ex-factory	Latur	1720	1720	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1920	1900	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2500	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1955	Closed	-
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1950	1950	Unch
<b>Note: Prices Rs./Qtl</b>						

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