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Summary

Soybean, meal and rapeseed-mustard fell in tandem on cautious buying and expected higher rabi oilseeds planting this season.

The solvent extractors are not keen in buying soybean at higher levels to keep the soy meal export prices competitive and keep the exports window open for some more time. India's 201/17 soybean production is higher compared to the previous season.

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

CBOT soybean has once has posted 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 stockists and solvent extractors.

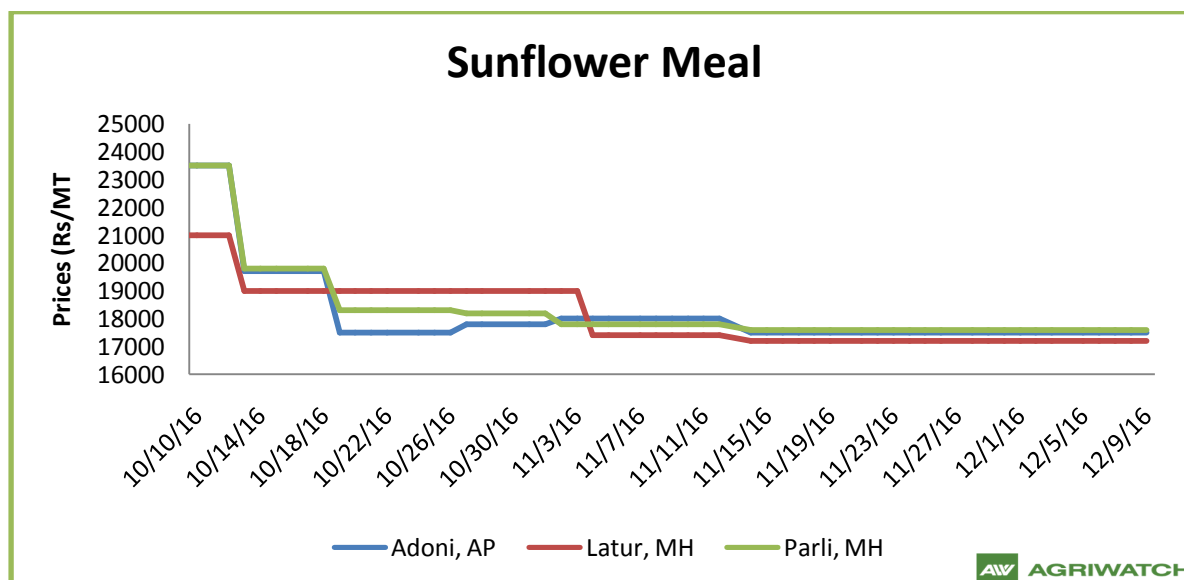
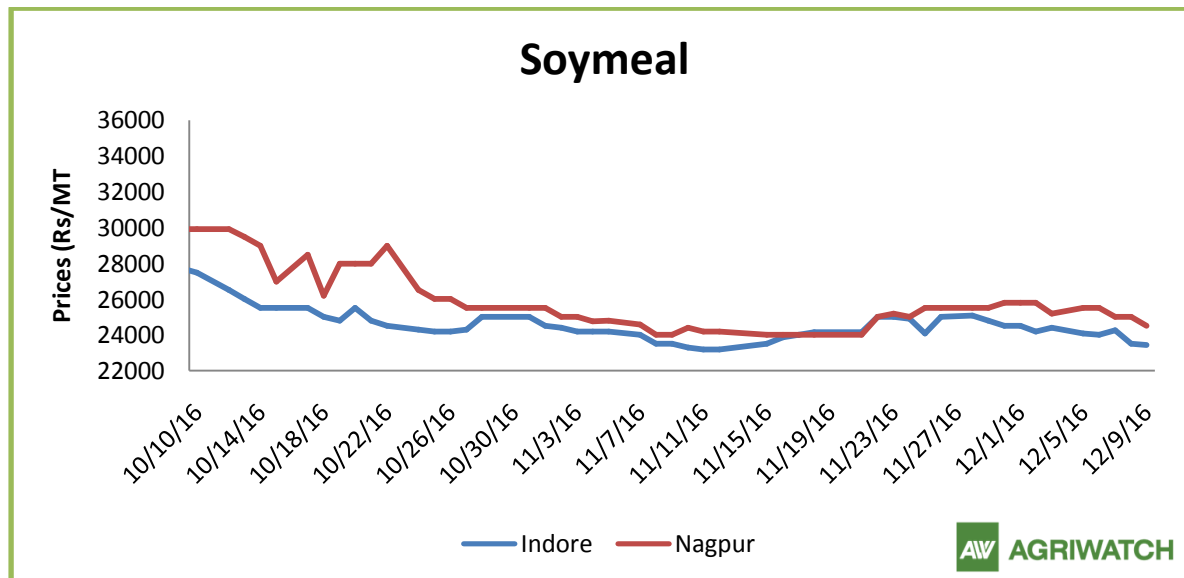
Further, the rapeseed-mustard is expected to edge-up on winter demand but rise in the *kharif* oilseeds production will limit the gains.

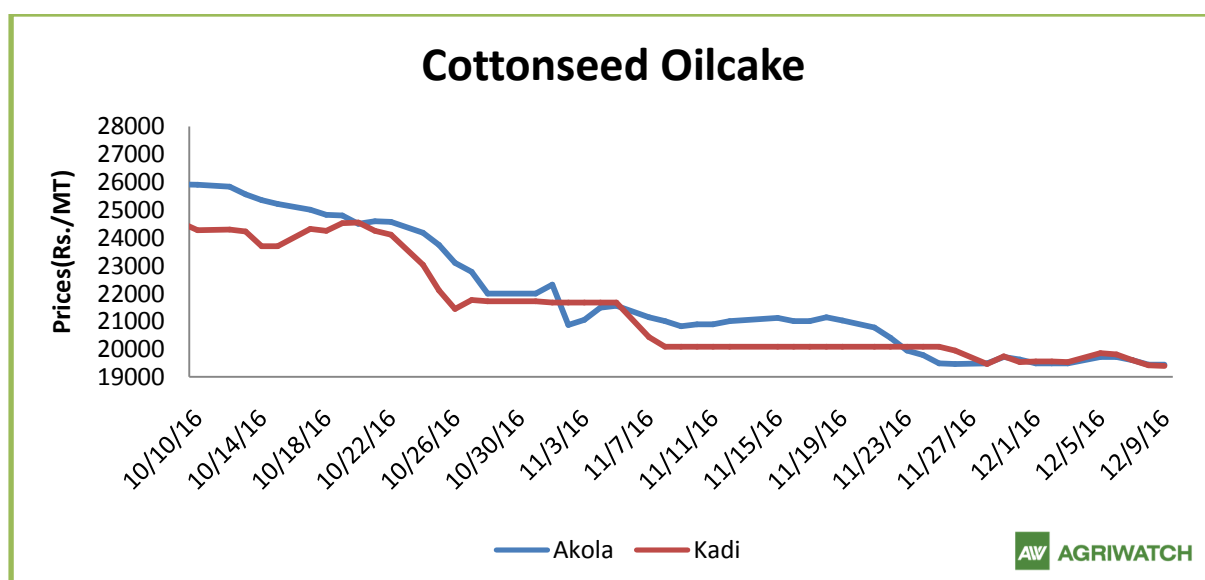
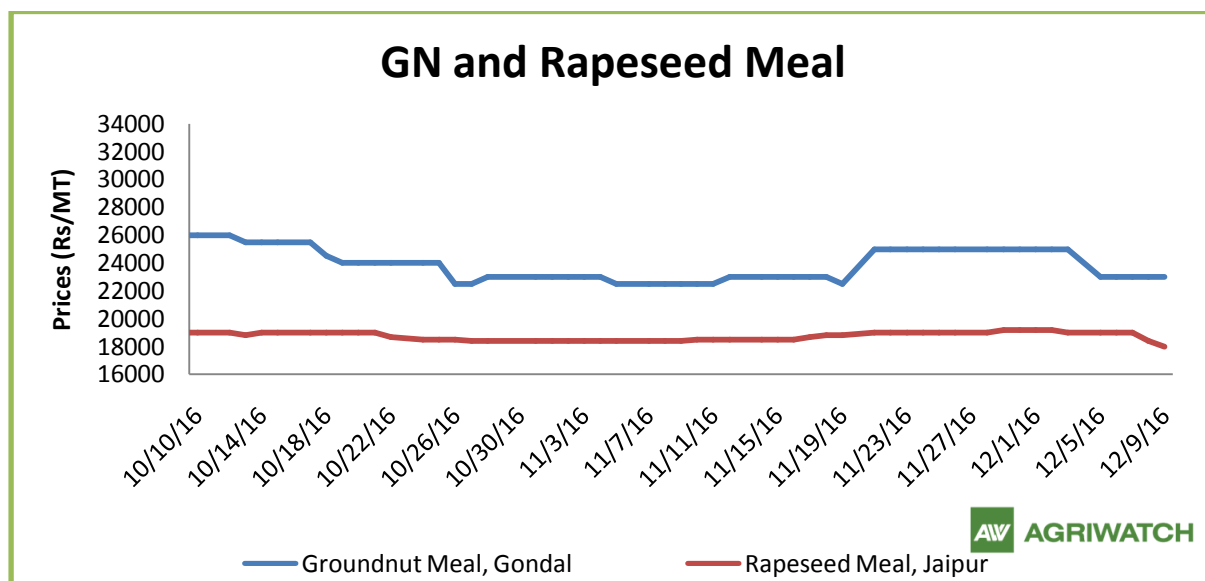
Overall maize cash markets traded almost steady during the week and are expected to trade range bound in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 30 per quintal to Rs. 1420 per quintal while starch feed makers quoted it firm by Rs. 25 per quintal to Rs. 1475 per quintal compared to last week.

In India, maize has been sown in around 8.99 lakh hectares as on 9th December'16 which is higher than 8.63 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 1.91 lakh hectares which are higher than 1.69 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.54 lakh hectares which are lower than 1.716 lakh hectare covered during corresponding period last year. In Bihar also, it has been sown in around 2.22 lakh hectares which is lower than 2.5 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.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean plummeted once again after successive two-weeks of gain, this is due to the cautious buying during the week under review.

The newly harvested Kharif oilseeds supplies are at full swing which continued to pressure the domestic oilseeds including soybean.

Reports of good planting pace in rabi oilseeds remained bearish for soybean.

The producers and the stockists are not reluctant to ease their stock at the current lower prices.

The oilseeds processors continued to cover their 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 limit the losses and rebound the market 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.

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 stockist. However, higher soybean production this season, weak soy meal export sales will limit the gains in soybean in near-term.

International:

The CBOT soybean edged-up on fresh strong demand for US soybean and gains in the international soy oil. China, the largest importer of soybean has placed huge order for 2017 deliveries.

However, the gains were limited due to the forecast of favourable weather condition in Argentina. Expected rains over the Argentine soybean growing belt boosted the hopes of higher production pressuring the international soybean during the week under review.

The CBOT soybean improved, January contract soybean prices posted high at US \$ 10.61/bushel and finally settled at US \$ 10.37/bushel compared to US \$ 10.27/bushel last week.

The South American soybean and product exports have improved with active selling by the producers of Brazil and Argentina after weakening of currencies which eventually lead to the South American soy prices competitive. This will shift the big buyer's demand to the region.

In the December USDA monthly demand and supply report the US soybean almost all the figures are kept unchanged including yield, production and harvested area.

The US soybean harvested area for 2016 stands at 83 million acres, yield 52.5 bushels per acre, production 4361million bushels, US crushings at 1930 million bushels and exports 2050 million bushels, all the figures are unchanged compared to the November USDA report.

Soy meal

The domestic soy meal fell in sync with soybean on expected higher soybean crushing followed by improved domestic soybean production.

However, improved forward bookings in soy meal and fresh demand from domestic poultry during winter will boost the soy meal prices in coming days.

But we feel, 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 \$ 317.4 per short ton compared to US \$ 310.7 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs 23,450 – 24,400/MT compared to Rs 24,200 – 25,100/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 24,700/MT and 24,800/MT respectively compared to Rs 23450/MT in Indore and Rs 24,200/MT in Kota.

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 23,450 – 24,400/MT during the week compared to Rs 32,200 – 33,000/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

The domestic rapeseed-mustard witnessed losses on expected higher acreage under the seed this season. However, gains in the BMD CPO limited the losses in the seed.

In the recent government update on rabi crop planting, India's the rapeseed-mustard sowing is reported up by 12% at 64.20 lha compared to 57.27 lha during the corresponding period of last year

The seed prices at benchmark, Jaipur was quoted between Rs. 4,715 – 4,855 per quintal and they are lower from Rs. 5,150 – 5,190 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.40 – 0.65 lakh bags and are lower compared to 1.0 – 1.05 lakh bags during the corresponding period last year.

China's edible vegetable oil imports rose 64.5 percent in November at 5.1 LT compared to 3.1 LT in October. Imports fell 12.1 percent to 5.8 in LT compared to November 2015. Year to date imports were lower 20.5 percent to 47.6 LT compared to corresponding period in 2015, said China General Administration of Customs (CNGOIC).

China's edible oil share mainly comprised of palm and soy oil, palm from Malaysia and Indonesia and soy oil from US and South America. Chinese participation in oils and fats market is considered to be influential for the market.

The market is waiting for India's November edible oil imports figure, 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).

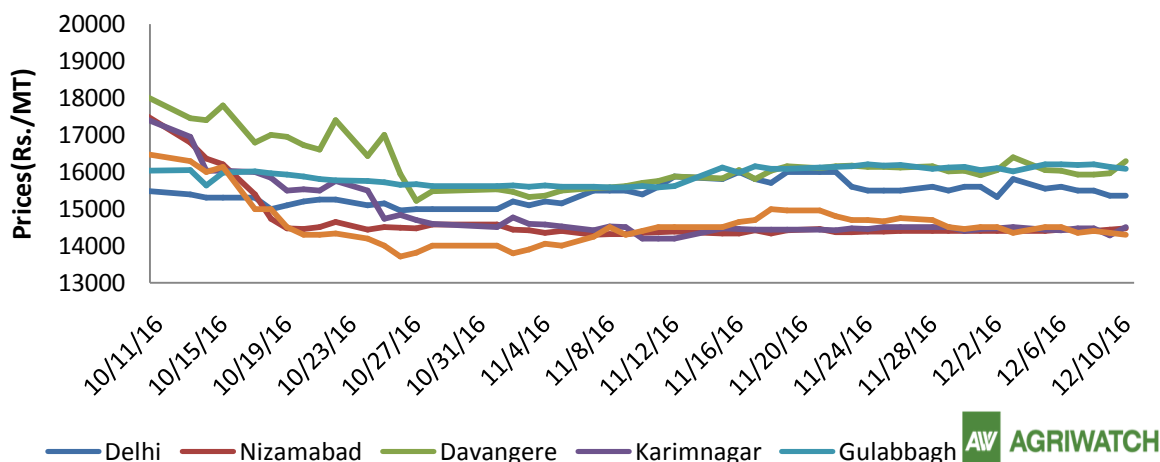
Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan 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.

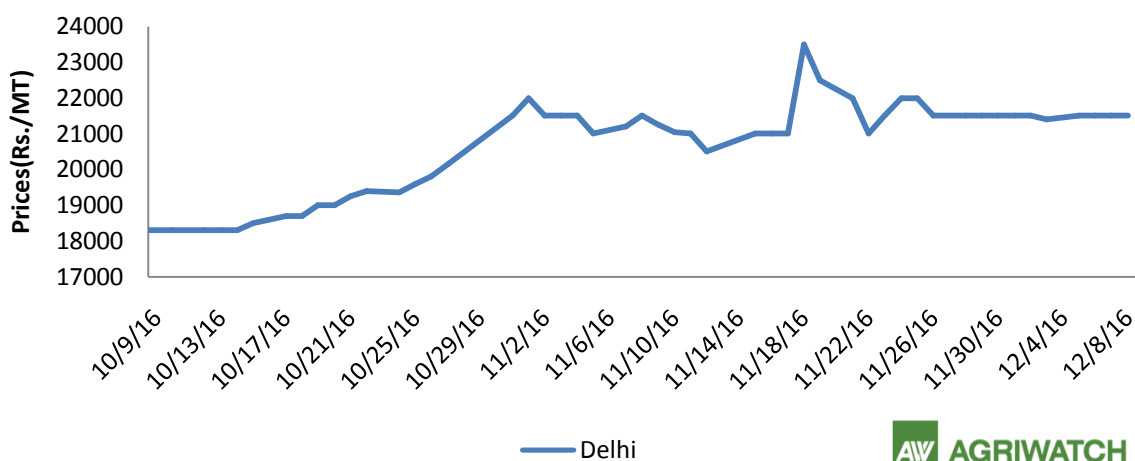
Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to in grow to 23-25 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.

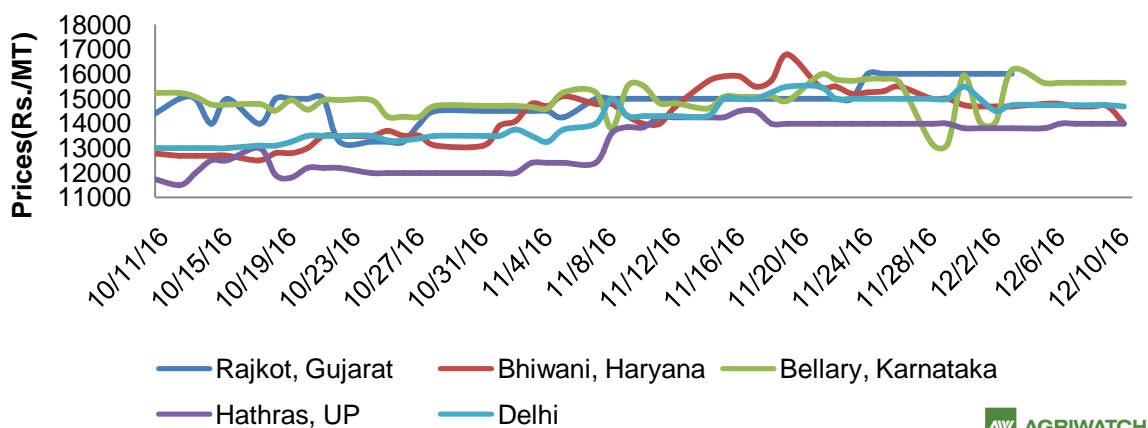
Maize



Wheat, Mill Delivery



Bajra



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 26th November'16 against 3652 MT previous week ending 20th 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 slightly firm in the near term. As per trade sources, in A.P, paddy and soybean 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 likely to trade slightly down as maize crop is hitting in Tamilnadu market from Maharashtra.

As per USDA, U.S corn exports reached 13.09 MMT in the 2016-17 marketing year. At 1.36 MMT (for the period 25th November – 1st December, 2016) exports were up 69 percent from the previous week and 94 percent from the prior 4-week average. The primary destinations were Japan (292,000 MT), Mexico (256,700 MT), Taiwan (214,000 MT), Saudi Arabia (182,000 MT), and Peru (72,800 MT).

USDA kept unchanged its corn ending stock estimates for U.S at 61.048 MMT for 2016/17 compared to last month.

USDA increased its world corn ending stock estimates by 4.59 MMT to 222.246 MMT for 2016/17 compared to last month.

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

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	9-Dec-16	2-Dec-16	Parity To
Indore (MP)	23450	24200	Gujarat, MP
Kota	24200	24500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24300	24300	Mumbai, Maharashtra
Nagpur (42/46)	24500	25800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24800	25200	Andhra, AP, Kar, TN
Latur	24700	25200	-
Sangli	25300	26300	Local and South
Sholapur	24300	24300	Local and South
Akola	24000	25200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	24800	25000	Andhra, Chattisgarh,

			Orrisa, Jharkhand, WB
Bundi	23000	25000	-

Soy DOC at Port:

Centers	Port Price	
	8-Dec-16	1-Dec-16
Kandla (FOR) (INR/MT)	25200	25500
Kandla (FAS) (USD/MT)	374	375

International Soy DOC			
Argentina FOB USD/MT	8-Dec-16	1-Dec-16	Change
Soybean Pellets	331	327	4
Soybean Cake Flour	331	327	4
Soya Meal	339	335	4
Soy Expellers	339	335	4
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	9-Dec-16	2-Dec-16	Change
Adoni	17500	17500	Unch
Khamgaon	NA	NA	-
Parli	17600	17600	Unch
Latur	17200	17200	Unch
Groundnut Meal (Rs/MT)	9-Dec-16	2-Dec-16	Change
Basis 45%, Saurashtra	22500	23000	-500
Basis 40%, Saurashtra	20500	21000	-500
GN Cake, Gondal	23000	25000	-2000
Mustard DOC/M Meal	9-Dec-16	2-Dec-16	Change
Jaipur (Plant delivery)	18000	19200	-1200
Kandla (FOR Rs/MT)	18500	19500	-1000
Sri Ganganagar	2235	2360	-125

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	8-Dec-16	1-Dec-16	8-Nov-16	8-Dec-15	8-Dec-14
Delhi	Red	1575	1600	1600	1640	1280
Davangere	Loose	1450	1450	1480	1460	1080
Nizamabad	Bilty	1450	1450	1450	1560	1225
Ahmadabad	Feed	1420	1450	1410	1625	1240
	Starch	1475	1450	1400	1625	1260

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	184.25	176.80	160.00	248.56
Cost and Freight	234.25	231.80	220.00	283.56

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	
Total	2668918	3512217	1210954	276674	19409.1

Feed Ingredient Prices at a Glance

Commodity	State	Variety	Centre	8-Dec-16	1-Dec-16	Change
Bajra	Karnataka	Hybrid	Bellary	1617	1595	22
		Hybrid	Bangalore	2500	2800	-300
Jowar	Karnataka	White	Bangalore	2500	2600	-100
		White	Bellary	1701	1750	-49

Maize	Karnataka	Yellow	Davangere	1450	1450	Unch
	Andhra Pradesh	Yellow	Nizamabad	1370	1350	20
Rice	Haryana	IR8	Karnal	2700	2600	100
		Parmal Raw	Karnal	2700	2600	100
Soy meal	Madhya Pradesh	DOC	Indore	2345	2420	-75
	Maharashtra	DOC	Sangli	2530	2630	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1750	1750	Unch
	Maharashtra	Ex-factory	Latur	1720	1720	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1800	1920	-120
Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2500	-200
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1941	1955	-14
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1945	1950	-5
Note: Prices Rs./Qtl						

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