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Summary

Soybean, meal and rapeseed-mustard continued downward move on slack in buying in the cash markets during the week under review.

The soybean and other kharif oilseed supplies are strong compared to the demand and the solvent extractors are not eager to buy the bean at the higher price to keep the soy meal export prices lower to compete with the South American meal prices and keep the exports window open for some more time.

Higher production of soybean has increased the availability of soy meal which needs to be exported to utilize the expected surplus with India.

However, overseas soy meal export demand remained supportive in recent weeks.

The domestic rapeseed-mustard planting intention for this season remained strong. We feel the area covered under the seed will be higher this season compared to the last on.

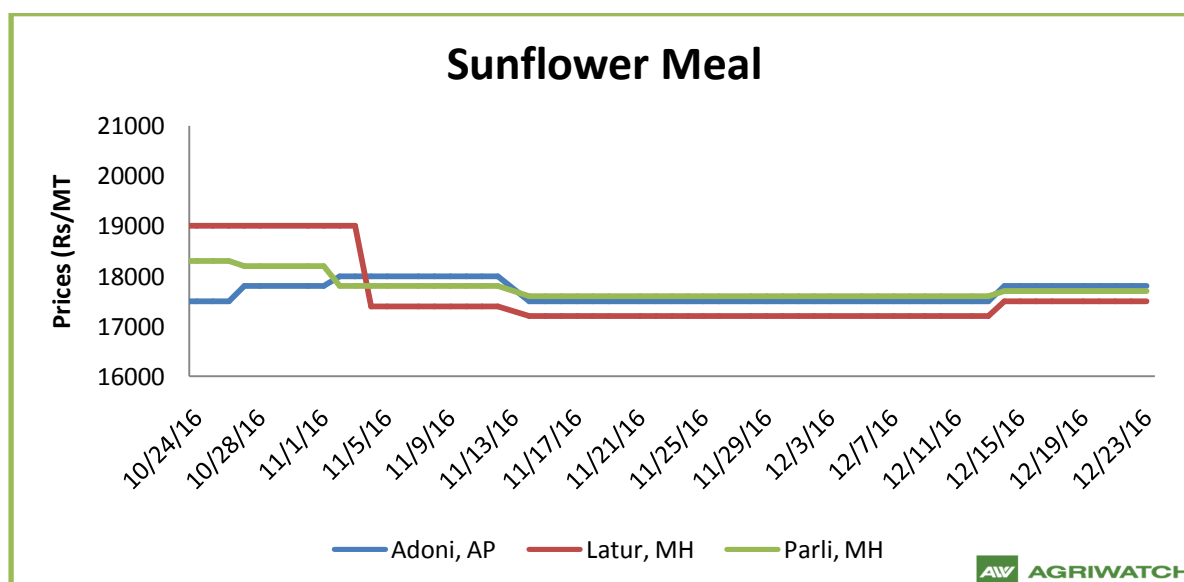
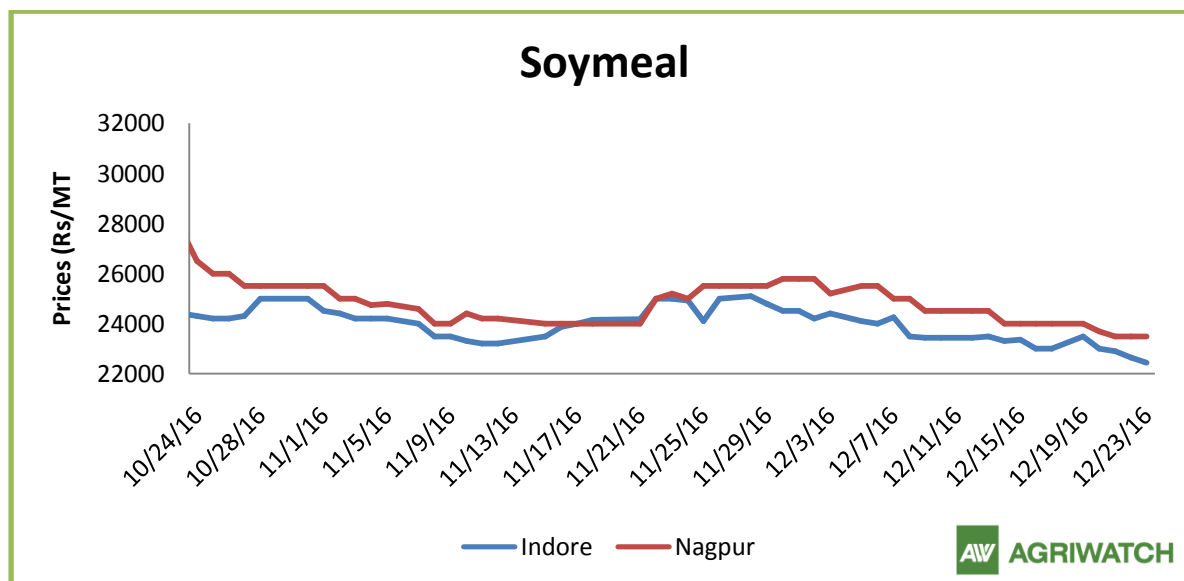
Further, the rapeseed-mustard is expected to feature range bound movement with weak bias on expectation on higher acreage this season coupled with higher kharif oilseeds production.

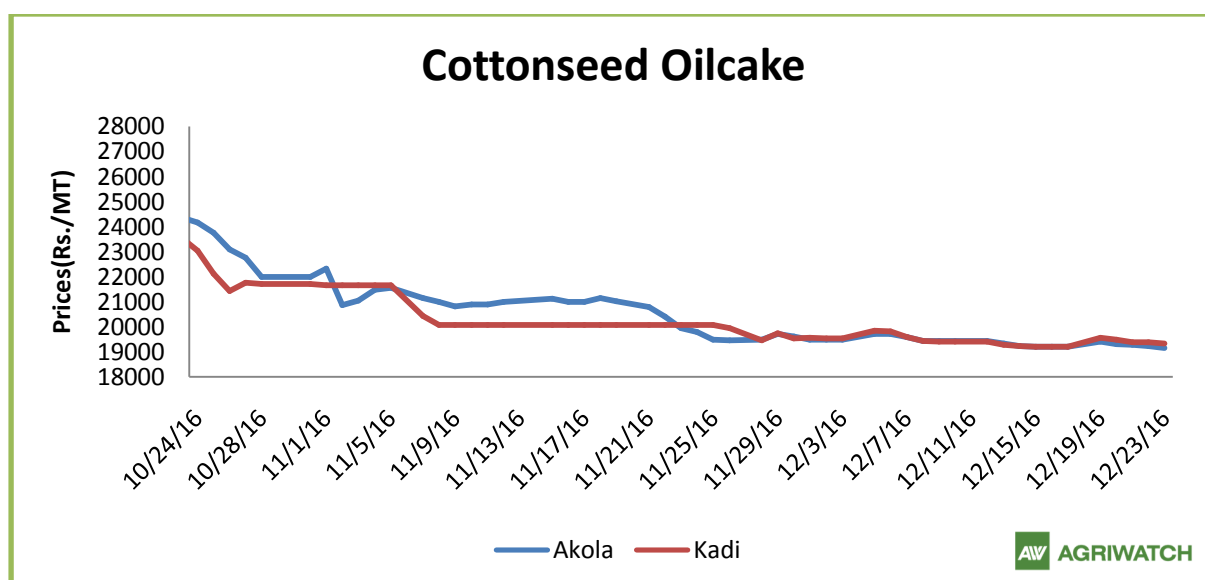
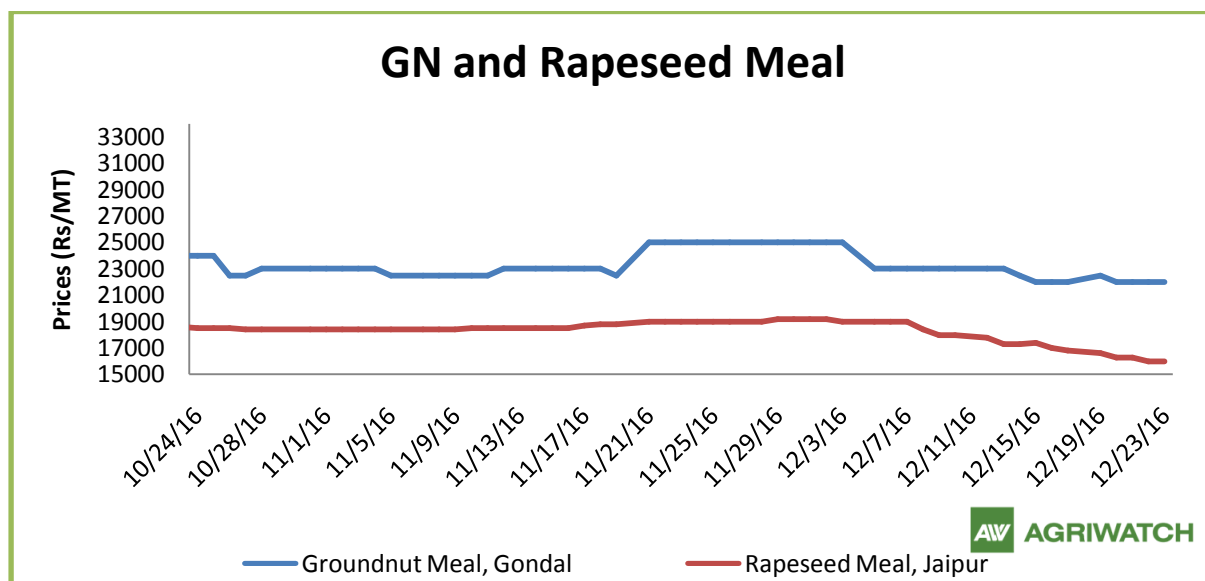
Overall maize cash markets traded steady to slightly firm during the week and are expected to trade steady to slightly firm in the near term too as stockiest are keen to buy at this time. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 35 per quintal to Rs. 1480 per quintal while starch feed makers quoted it firm by Rs. 30 per quintal to Rs. 1520 per quintal compared to last week.

In India, maize has been sown in around 12.21 lakh hectares as on 23rd December'16 which is higher than 11.42 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.07 lakh hectares which are higher than 1.997 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.55 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 3.96 lakh hectares which is lower than 4.12 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 could be 8-10% down compared to last year.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean plummeted on higher production and steady to weak demand from the soybean processors.

This is despite some improvement in the overseas demand in soy meal of Indian origin in recent weeks. Further, the domestic soybean demand is dull due to the weak demand in poultry and its products after demonatisation of high value currency in India.

Need based buying and lower quotes by the solvent extractors are featured in the bean as the international soy market is weak and our market has to compete with the South American soy market.

The lower domestic soy meal prices have increased the exports prospects in the same which is expected to recover this season, after 3-years of weak soy meal exports of Indian origin.

The oilseeds processors want the meal prices to be lower so that the soy meal exports window remains open for some more time, especially when India has produced higher soybean this season.

Higher soybean supplies mean increase in crushing and subsequently availability of more soy meal, which if not exported in time will lead to huge disparity in crushing. India's domestic soy meal consumption is around 5 million tonnes and the production is expected to be 8 million tonnes, the surplus 3 million needs to be exported for the good crush market during the season.

The oilseeds processors are not eager to quote the soybean prices high in fear of loss in meal exports.

The soybean supplies are still better in the key cash markets of Madhya Pradesh, Maharashtra and Rajasthan.

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

International:

The CBOT soybean extended previous losses and hit new 1-month low on rains in Argentina and Southern Brazil, which will improve the planting and crop prospect where the key soy growing region was reeling under moisture stress. This has lead to profit taking, end-of-year investment fund selling.

However, the fall was limited by steady Chinese buying which remained supportive for the international soy market to some extent.

The CBOT soybean eased, January contract soybean prices posted high at US \$ 10.39/bushel and finally settled at US \$ 9.89/bushel compared to US \$ 10.36/bushel last week.

Earlier in December dry weather in Argentina had raised the concern in planting and crop development, Argentina is the major soy meal exporter in the world. Argentina will receive beneficial rains during the week.

Argentina's 2016/17 area under soybean is forecast at 20.3 million hectares which is up from the previous forecast of 20.2 million hectares, by the agriculture ministry in the monthly crop progress report. There was a fear that Argentina will grow less soybean if the country don't receive the rains in time.

The soybean harvesting has commenced in the leading producing state Mato Grosso of Brazil, it is well ahead the normal period. This is because the farmers had planted the bean earlier owing to the favourable weather this season.

The harvesting will gain momentum in Brazil with the end of Christmas. By the end of January, the state will harvest about 7 million tonnes, 25% of the state soybean area vs 10 – 15% of the normal.

However, forecast of above normal rains in Brazil this week may risk to rust fungus in the soybean crop and hit the soybean yield.

Safras & Mercado has raised its Brazil's 2016/17 soybean production forecast to 106.1 million tonnes, up 9.2% above the 2015/16 season and 2.5% above its previous projection in October.

It has projected the country's area under soybean to 1.2% from last year's crop to 33.57 million hectares. The soybean yield is projected substantially higher at 3176 kg per hectares in compared to 2943 kg per hectares in the previous season's crop.

Soy meal

The domestic soy meal continued downtrend on higher domestic soybean production and likely higher surplus soy meal supplies after domestic consumption for the season.

The exporters are offering the soy meal export prices lower to compete with the South American meal prices and keep the exports window open for some more time so as to utilize the likely higher meal supplies this season.

India is expected to produce 8 million tonnes of soy meal this season. Out of which 5 million will be consumed domestically but another 3 million needs to be shipped to overseas, failing which will increase the disparity on crushing soybean.

India's forward booking for soy meal are better than the corresponding period last year, further sharp fall in the export prices in recent week in soy meal have made the exports easier.

The meal prices are unlikely to post sharp gains to keep the exports window open at least for the period when India's soybean crushing is at a higher pace for first 4 - 5 months (Oct-Feb) of the new marketing season.

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.

India's 2016/17 soy meal exports are expected to witness 3 year high and expected to jump 2 million tonnes from 2,61,051 exported last year, stated industry officials.

The exporters have contracted to ship around 500,000 tonnes soy meal for December-March delivery.

However, currently the domestic soy meal demand is sluggish due to weak demand from poultry owing to fall in poultry demand after demonetization.

Further, soy meal witnessed losses in the international market and January CBOT soy meal settled at US \$ 308. per short ton compared to US \$ 317.1 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs 22450 – 23,500/MT compared to Rs 23,000 – 23,500/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal continued downtrend and were quoted at Rs 23,300/MT and 23,500/MT respectively compared to Rs 22,425/MT in Indore and Rs 22,900/MT in Kota.

India's soy meal exports and its other value added products (HS Code 2304) during November 2016 is 61,003 tons compared to 29,801 tons in November 2015 showing an increase of 104% over the corresponding period of last year.

On a financial year basis, the export during April'2016 to November'2016 is 1,55,874 tons as compared to 2,73,433 tons in the corresponding period of previous year showing a decrease of 43%.

During current Oil year, (October – September), total exports during October 2016 to November, 2016 is 80,142 tons as against 71,905 tons last year, showing an increase by 11.45%, as reported by SOPA.

Japan (14542.5 MT), Myanmar (8083.546 MT), Sri Lanka (7435.076 MT), Thailand (6744.31 MT) and Kuwait (3262.56 MT) were the key buyers of Indian origin meal in November.

Recovery in exports is primarily due to drastic fall in the Indian soy meal prices making it price competitive to South America.

Indian meal prices need to 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 23,000 – 23,500/MT during the week compared to Rs 32,000– 32,500/MT during the corresponding period last year.

The USDA reported that U.S. soy meal export sales in the week ended Dec. 15 stood at 139,200 tonnes, the smallest total so far during the marketing season that started on October 1 but the volume remained within the analyst estimates.

China's soy meal futures jumped to a five-month high on expected crackdown by the environmental regulators on crushing plants in the China's largest crushing regions, leading to the supplies concern as inventories dwindle.

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 continued downward movement on expected higher planting and likely better production in the seed from previous season.

In the recent government update on rabi crop planting, India's the rapeseed-mustard sowing is reported up by 13% at 68.22 lha compared to 60.10 lha during the corresponding period of last year.

The seed prices, during the week, at benchmark, Jaipur was quoted lower between Rs. 4,400 – 4,665 per quintal compared to Rs. 4,950 – 5,050 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.5 – 0.55 lakh bags and are lower compared to 0.85 – 1.0 lakh bags during the corresponding period last year.

Higher rabi oilseeds planting and improved kharif oilseed production have has pressured the seed markets in recent days.

India's November edible oil imports fell 13.3 percent y-o-y to 11.56 lakh tons from 13.33 lakh tons in November 2015. Palm oil imports fell 8.5 percent y-o-y to 7.98 lakh tons y-o-y from 8.72 lakh tons in November 2015. CPO Imports fell 11.16 percent y-o-y to 5.57 lakh tons from 6.27 lakh tons in November 2015. RBD palmolein imports rose 3.9 percent y-o-y to 2.41 lakh tons from 2.32 lakh tons in November 2015.

Soy oil imports fell 36.2 percent y-o-y to 1.64 lakh tons from 2.57 lakh tons in November 2015. Sunflower oil imports fell 11.2 percent y-o-y to 1.58 lakh tons from 1.78 lakh ton in November 2015. Rapeseed (Canola) oil imports rose 21.9 percent y-o-y to 0.32 lakh tons from 0.25 lakh tons in November 2015, reported by the Solvent Extractors Association (SEA).

India's November edible oil stocks at ports and pipelines fell 7.4 m-o-m to 18.25 lakh tons from 19.35 lakh tons in October 2016. Stocks of edible oil at ports fell to 655,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 90,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,170,000 tons in pipelines (stocks in pipelines were at 1,230,000 tons in October). India is presently holding 33 days of edible oil requirement on 1st December, 2016 at 18.25 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, as per Solvent Extractors Association (SEA).

Malaysia's December 1-20 palm oil exports fell 16.9 percent to 606,937 tons compared to 730,257 tons last month. Top buyers were European Union at 129,445 tons (168,650 tons), China at 125,627 tons (130,350 tons), India at 65,525 tons (41,360 tons), Pakistan at 14,150 tons (12,000 tons) and United States at 14,075 tons (25,786 tons). Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

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, said China General Administration of Customs (CNGOIC).

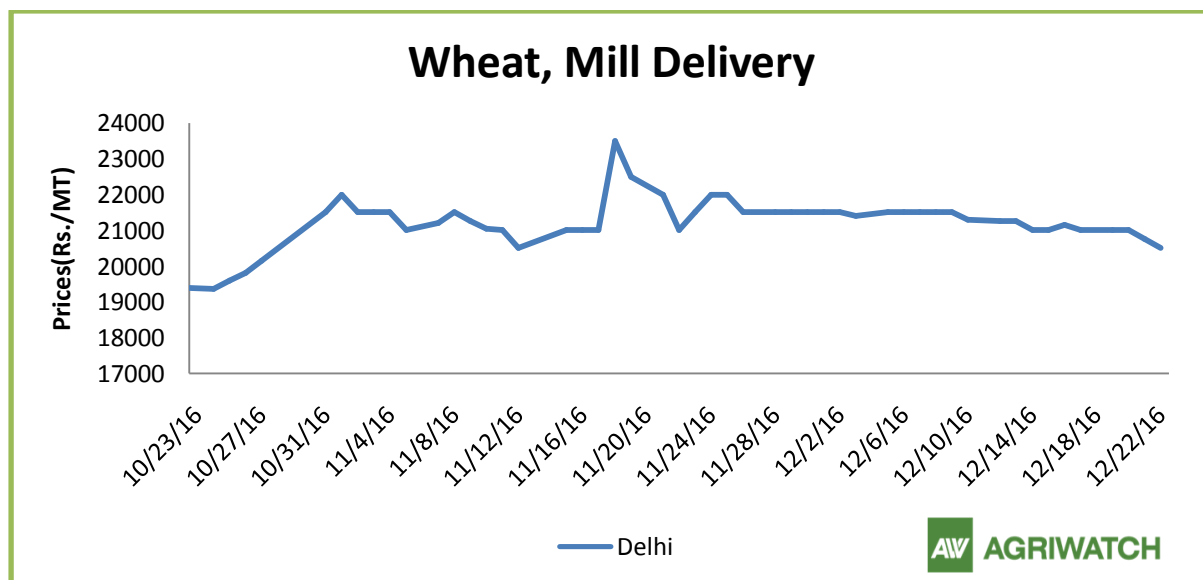
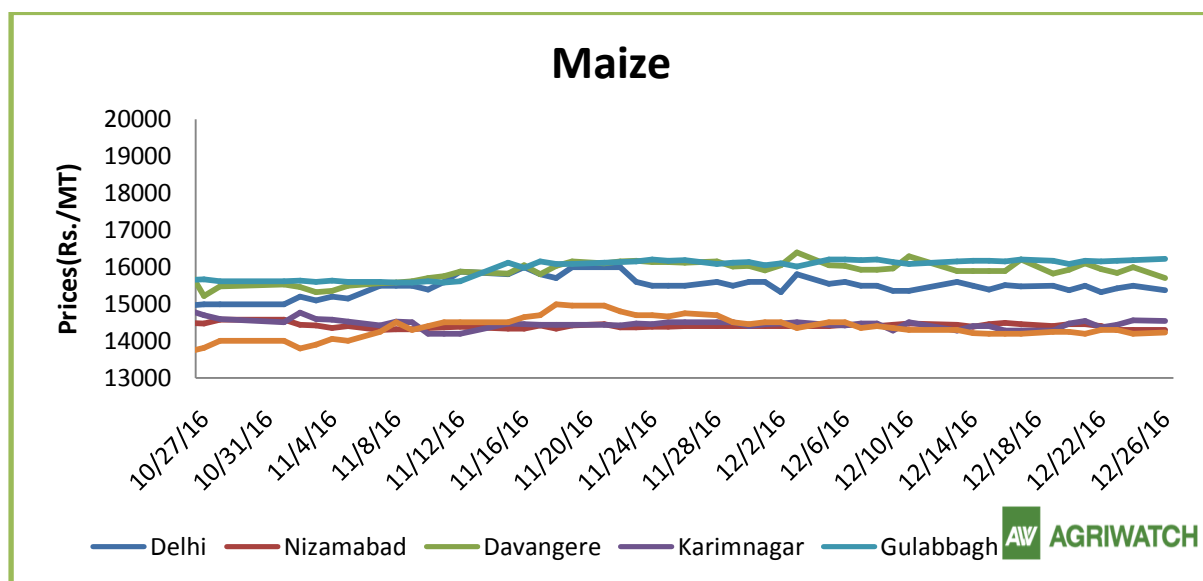
China's edible oil share mainly comprised of palm and soy oil, palm from Malaysia and Indonesia and soy oil from US and South America. Chinese participation in oils and fats market, is considered to be influential for the market.

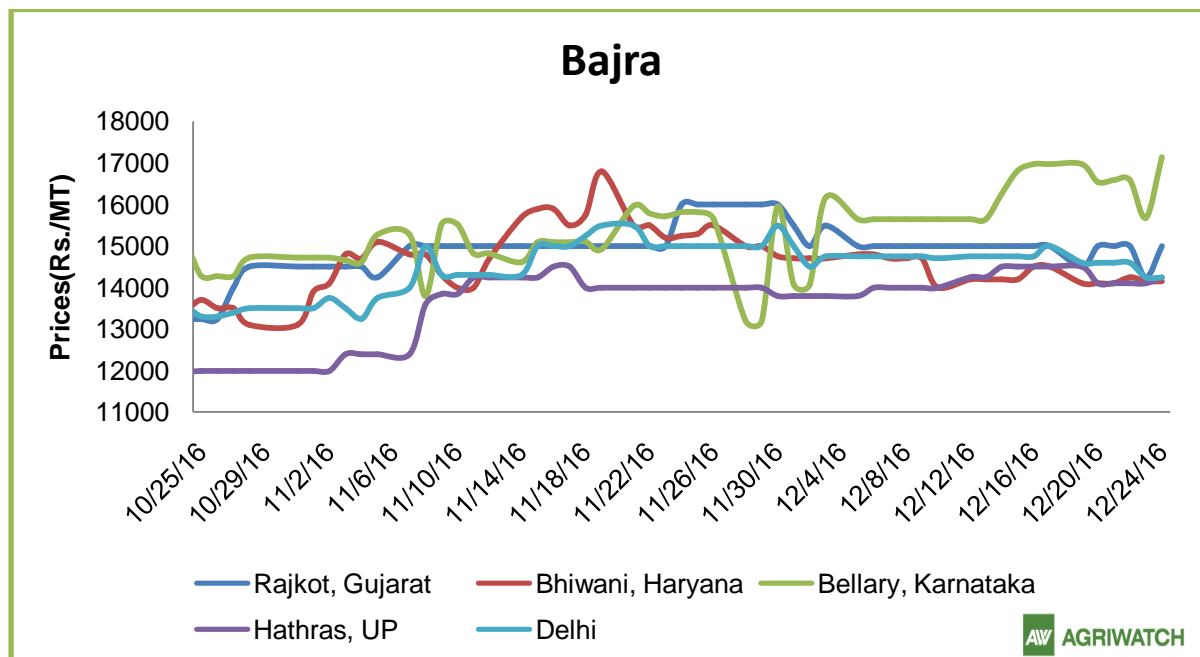
Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to in grow to 23-25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

According to Malaysia Palm Oil Board (MPOB), Malaysia increased crude palm oil export duty to 7 percent for January from 6 percent in December. Tax is calculated at reference price of 3,119.48 ringgit (\$696.62) per ton. Prices above 2,250 are taxed starting from 4.5 percent to a maximum of 8.5 percent.

India's rapeseed-mustard is driven by Malaysian palm oil, India's edible oil imports and Chinese vegoil demand.

Outlook: The rapeseed-mustard is expected to feature range-bound movement with weak-bias on likely higher domestic acreage under rapeseed-mustard and better kharif oilseeds production and their supplies





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

In Nizamabad, maize is likely to trade steady 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. 1540 per quintal, 1640 per quintal respectively. It is likely to trade steady to slightly firm on the expectation of stockiest demand.

As per USDA, U.S corn exports reached 14.71 MMT in the 2016-17 marketing year. At 0.78 MMT (for the period 2nd December – 8th December, 2016) exports were down 7 percent from the previous week and 13 percent from the prior 4-week average. The primary destinations were Japan (239,600 MT), Mexico (194,100 MT), Saudi Arabia (74,800 MT), Egypt (58,900 MT), and Chile (44,000 MT).

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 46% in the October'16 from 45.9% during the same month last year as users' reliance on alternatives such as Sorghum decreased.

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

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	23-Dec-16	16-Dec-16	Parity To
Indore (MP)	22450	23000	Gujarat, MP
Kota	22900	24000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	23800	24300	Mumbai, Maharashtra
Nagpur (42/46)	23500	24000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23500	24500	Andhra, AP, Kar, TN
Latur	23300	23800	-
Sangli	24200	23800	Local and South
Sholapur	23600	24300	Local and South
Akola	23300	24000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23500	24800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	22500	23200	-

Soy DOC at Port:

Centers	Port Price	
	22-Dec-16	15-Dec-16
Kandla (FOR) (INR/MT)	24400	25200
Kandla (FAS) (USD/MT)	360	372

International Soy DOC			
Argentina FOB USD/MT	22-Dec-16	15-Dec-16	Change
Soybean Pellets	326	324	2
Soybean Cake Flour	326	324	2
Soya Meal	334	332	2
Soy Expellers	334	332	2
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	23-Dec-16	16-Dec-16	Change
Adoni	17800	17800	Unch
Khamgaon	NA	NA	-
Parli	17700	17700	Unch
Latur	17500	17500	Unch

Groundnut Meal (Rs/MT)	23-Dec-16	16-Dec-16	Change
Basis 45%, Saurashtra	21300	21000	300
Basis 40%, Saurashtra	19800	20000	-200
GN Cake, Gondal	22000	22000	Unch
Mustard DOC/Meal	23-Dec-16	16-Dec-16	Change
Jaipur (Plant delivery)	16000	17000	-1000
Kandla (FOR Rs/MT)	16200	17200	-1000
Sri Ganganagar	2005	2135	-130

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	22-Dec-16	15-Dec-16	22-Nov-16	22-Dec-15	22-Dec-14
Delhi	Red	1560	1575	1625	1600	1290
Davangere	Loose	1470	1450	1480	1420	1100
Nizamabad	Bilty	1460	1440	1450	1540	1225
Ahmadabad	Feed	1480	1445	1500	1580	1270
	Starch	1520	1490	1500	1600	1275

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	180.02	178.05	159.57	250.34
Cost and Freight	230.02	233.05	219.57	285.34

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						
<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>22-Dec-16</u>	<u>15-Dec-16</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1659	1627	32
		Hybrid	Bangalore	2100	2200	-100
Jowar	Karnataka	White	Bangalore	2450	2400	50
		White	Bellary	1744	1643	101
Maize	Karnataka	Yellow	Davanger e	1470	1450	20
	Andhra Pradesh	Yellow	Nizamaba d	1370	1370	Unch
Rice	Haryana	IR8	Karnal	2650	2700	-50
		Parmal Raw	Karnal	2850	2700	150
Soy meal	Madhya Pradesh	DOC	Indore	2245	2300	-55
	Maharashtra	DOC	Sangli	2420	2380	40
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1780	1780	Unch
	Maharashtra	Ex-factory	Latur	1750	1750	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1600	1700	-100
Groundnut Meal	Gujarat	GN Cake	Gondal	2200	2200	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1933	1921	12
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1915	1920	-5
Note: Prices Rs./Qtl						

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