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## Summary

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Soybean featured mild gains while soy meal and rapeseed-mustard fell on slack in demand in the cash market from processors during the period in review.

The bid prices for soybean were slightly higher from solvent extractors. However, the meal prices remained weak despite gains in the bean, this is primarily 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, improved overseas soy meal export demand remained supportive in recent weeks.

We feel the area covered under the rapeseed-mustard will be higher this season compared to the last one.

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.

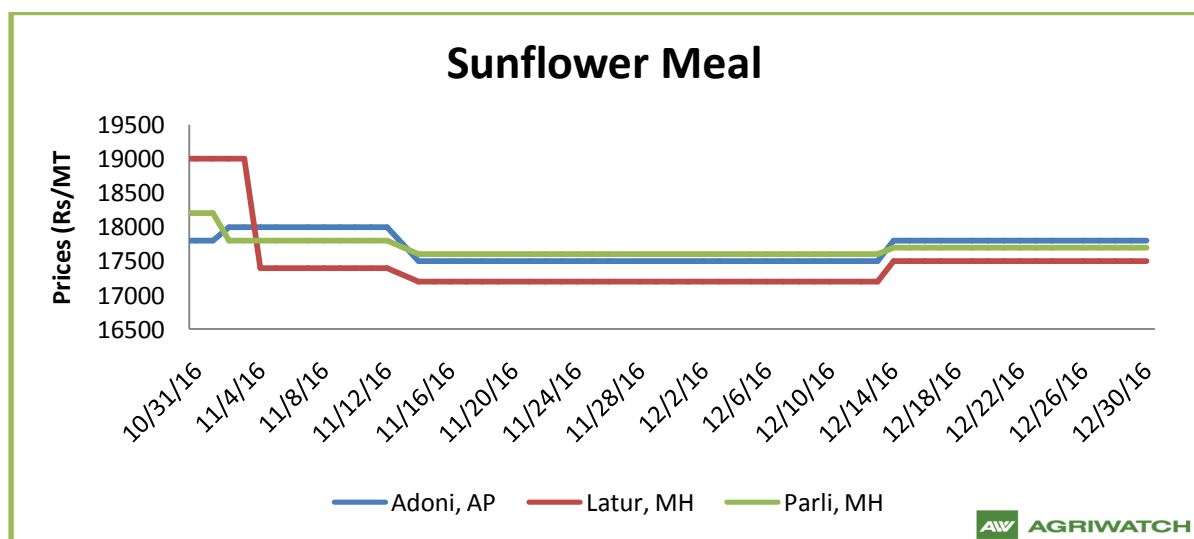
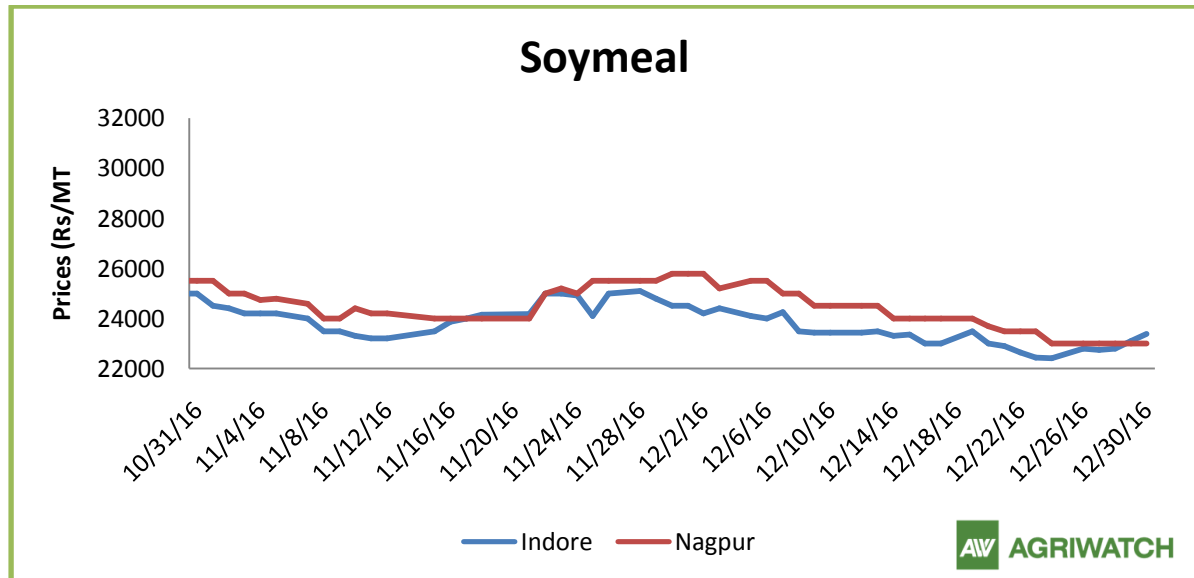
Overall maize cash markets traded steady to slightly firm during the week and are expected to trade steady to slightly firm in the near term too as stockiest are keen to buy at this time. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 50 per quintal to Rs. 1530 per quintal while starch feed makers quoted it firm by Rs. 30 per quintal to Rs. 1550 per quintal compared to last week.

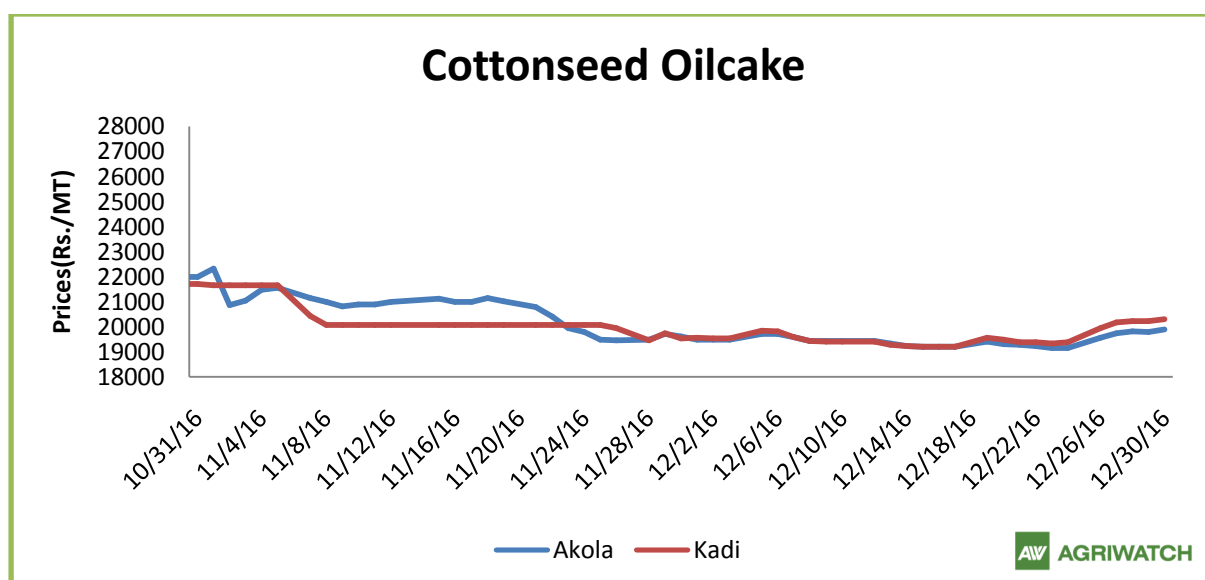
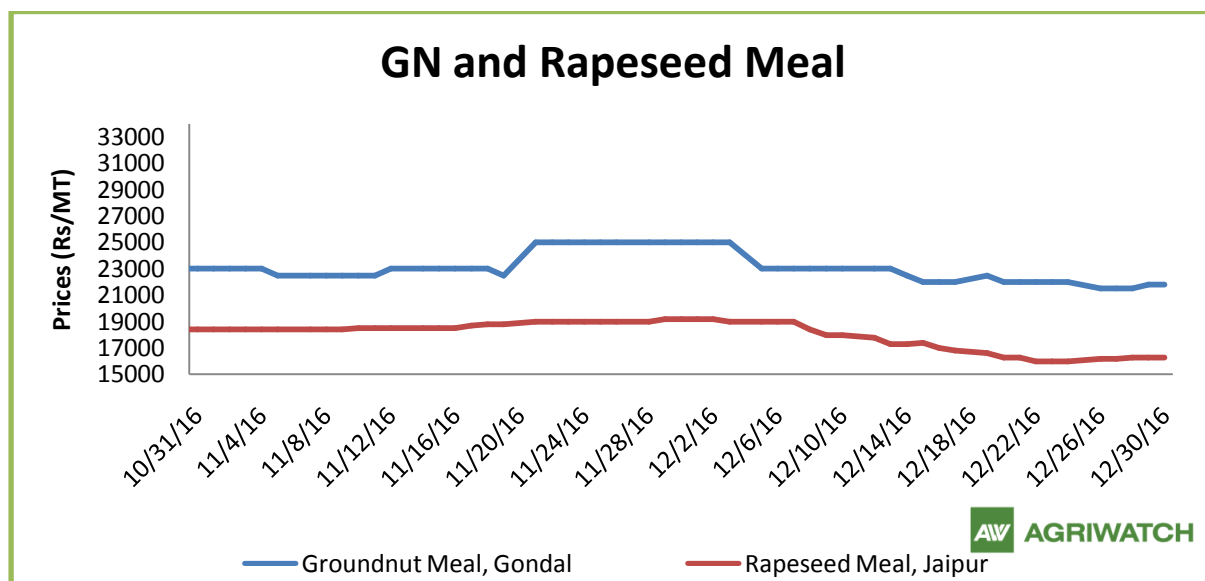
In India, maize has been sown in around 13.14 lakh hectares as on 30<sup>th</sup> December'16 which is higher than 12.27 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.18 lakh hectares which are higher than 1.997 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.58 lakh hectares which are lower than 1.76 lakh hectare covered during corresponding period last year. In Bihar also, it has been sown in around 4.27 lakh hectares which is lower than 4.28 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.

*All India weekly average prices decreased by 8.03 percent to Rs. 2014.77 per quintal during the week ended 31<sup>st</sup> December 2016. Wheat average price were ruling at Rs 2197.04 per quintal during 16-23rd December 2016. As compared to prices in the week 24-31st December 2015, the prices are firm by 14.20 percent. Prices are expected to remain range bound to slightly weak in coming days.*

**Trend – Raw Material, Feed**





Source: AgriWatch

## Soybean

The domestic soybean featured mild gains on buying support at slightly higher price from soybean processors. However, the gains were limited due to the weak domestic demand in soy meal.

The soy meal exporters are offering the meal at competitive price to the foreign buyers on bearish medium-term outlook. Hence to keep the meal prices lower the soybean prices are quoted low by the solvent extractors.

The soybean supplies at the cash market are gradually falling but they are still higher than the corresponding period last year.

Currently, about 1.15 – 1.3 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.45 – 0.65 lakh bags during the corresponding period last year.

Higher soybean supplies mean increase in crushing and eventually 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 lower 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.

The soybean supplies are higher not only in Madhya Pradesh but also in the key cash markets of 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 edged-up and closed the year up by 14%, first yearly rise since 2012 in the week under review.

However, the gains were limited due to technical selling and expected South American crop prospects.

The CBOT soybean edged-up, January contract soybean prices witnessed high at US \$ 10.18/bushel and finally settled at US \$ 9.96/bushel compared to US \$ 9.896/bushel last week.

Forecast of heavy rains in Brazil in January is expected to hamper the soybean harvesting of 2016/17 crop, hurdle the logistics, deteriorate the quality of the bean just before harvesting leading to weakness in remained bullish for the international soybean.

The recent rains over Brazil's key soybean growing region have proved beneficial to the 2016/17 soybean crop in Rio Grande do Sul.

Conab, the Brazil's government crop supply agency has forecast Brazil's 2016/17 soybean production at 102.45 million tonnes, up 7% from the last season.

Wide spread rains showers in Argentina's has boosted the soybean planting pace which was lagging the normal pace. By mid December Argentina's soybean planting were reported at 67% by Buenos Aires Grain Exchange.

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.

China's soybean imports reached 7.8 million tonnes in November 2016 which is up 6.1% year-on-year and 50.5% month-on-month.

China is estimated to import 86 million tonnes of soybean in 2016/17 season, which will be highest ever.

China's soybean imports stood at 74.2 million tonnes in the first eleven months of 2016, reported by the China's Customs.

## Soy meal

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The domestic soy meal witnessed fall for consecutive 4-weeks on higher domestic soybean production and eventually surplus soy meal supplies this season.

Further, the domestic soy meal demand is dull due to the weak demand in poultry demand followed by demonetization of high value currency in recent month by the government of India.

Besides, the exporters are offering the soy meal to the foreign buyers at the competitive price 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 weeks in soy meal have made the imports from India lucrative.

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.

Soy meal witnessed gains in the international market and January CBOT soy meal settled at US \$ 312.9 per short ton compared to US \$ 308.0 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs 22,425 – 23,400/MT compared to Rs 22,450 – 23,500/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 23,400/MT and 23,500/MT respectively compared to Rs 23,100/MT in Indore and Rs 24,300/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 22,425 – 23,400/MT during the week compared to Rs 33,000– 33,500/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 extended losses on feeble demand from the solvent extractors during the period under review.

Expected higher area coverage under rapeseed-mustard this season remained bearish for the seed.

The RM seed crop is under flowering stage in most of the key growing belts and the crop is considered to be in good health. There are no reports of crop loss or damage in any key growing belt.

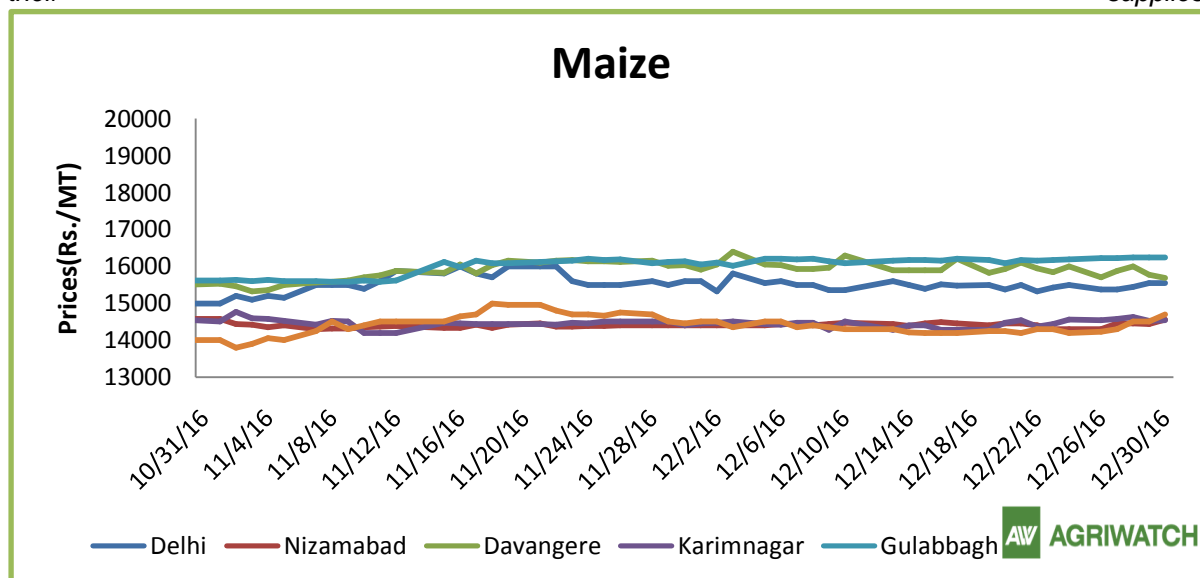
In the recent government update on rabi crop planting, India's the rapeseed-mustard sowing is reported up by 13% at 68.22 lha compared to 60.10 lha during the corresponding period of last year.

The seed prices, during the week, at benchmark, Jaipur was quoted lower between Rs. 4,400 – 4,525 per quintal compared to Rs. 4,815 – 5,030 per quintal witnessed in the corresponding periods last year.

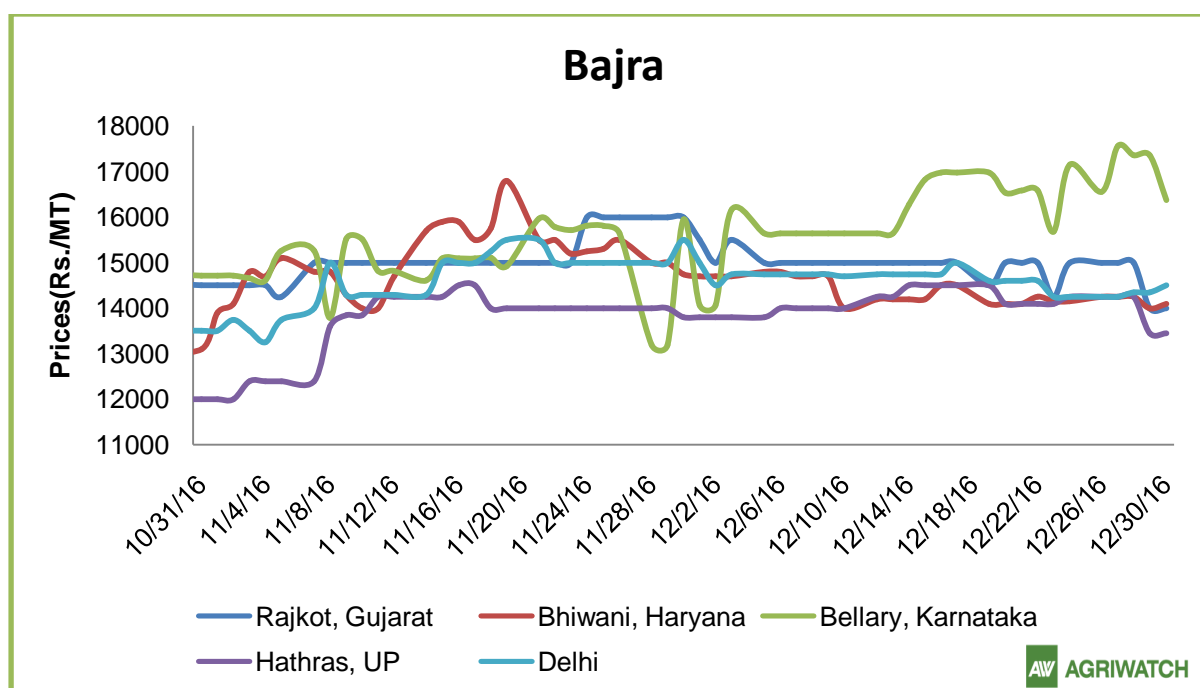
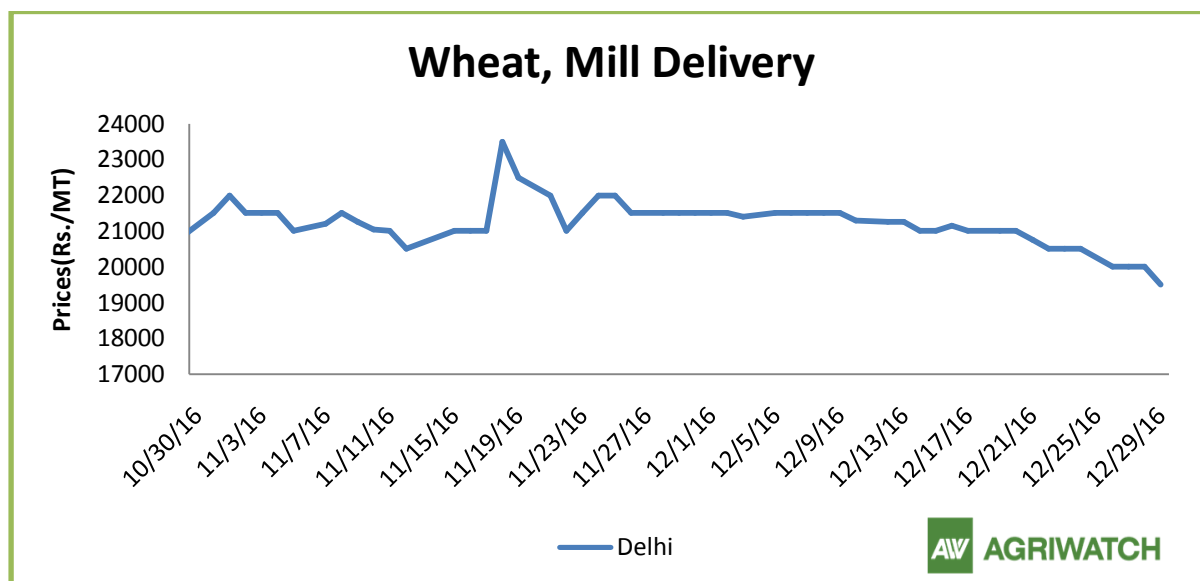
The all India daily arrivals of the seed continued to ease and were reported between 0.5 – 0.60 lakh bags and are lower compared to 0.65 – 0.95 lakh bags during the corresponding period last year.

Malaysia's December 1-25 palm oil exports fell 7.6 percent to 827,347 tons compared to 895,077 tons in the corresponding period last month. Top buyers were European Union at 204,375 tons (189,595 tons), China at 154,477 tons (170,155 tons), India at 103,525 tons (57,910 tons), United States at 36,925 tons (47,786 tons) and Pakistan at 14,150 tons (12,000 tons). Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

*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. 1570 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 15.70 MMT in the 2016-17 marketing year. At 0.99 MMT (for the period 16th December –22nd December, 2016) exports were up 27 percent from the previous week and 5 percent from the prior 4-week average. The primary destinations were Mexico (286,800

MT), South Korea (187,800 MT), Japan (179,800 MT), Peru (142,500 MT), and Colombia (42,000 MT).

All India weekly average prices decreased by 8.03 percent to Rs. 2014.77 per quintal during the week ended 31<sup>st</sup> December 2016. Wheat average price were ruling at Rs 2197.04 per quintal during 16-23rd December 2016. As compared to prices in the week 24-31st December 2015, the prices are firm by 14.20 percent. Prices are expected to remain range bound to slightly weak in coming days.

According to latest update, area sown until 30 December'16 is 292.39 lakh hectares compared to 271.46 lakh hectares in the previous Rabi season. Among major states the area is down in and Himachal Pradesh, Bihar and Chhattisgarh whereas Punjab, Haryana, Madhya Pradesh, Maharashtra have seen an increase in area compared to last year for the same date. The normal area is 304.05 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.

Food corporation of India has been selling wheat at Rs 1640 per qtl. In ongoing MY, FCI has sold 3.6 MT of wheat under OMSS to bulk buyers so far. In MY 16, it had sold 7.1 MT of wheat through OMSS while in the 2014-15, it had sold more than 4.2 mt of grain to bulk purchasers.

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.

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 93.50MMT.

To ease supply side and check price in the open market, FCI has revised its grain stocks norms for third quarter beginning in the month of October and January while rules for July and April have remained unchanged. Under the revised norms FCI needs to maintain wheat stocks of 19.5 million tonne (MT) and 13.8 MT on October 1 and January 1, respectively. Now it needs to maintain 1MMT less wheat. As on December 1, FCI had a wheat stock of 16.49 MT, against the buffer stocks norm of 13.8 MT required to be maintained on January 1. This implies that the corporation would be left with virtually no excess wheat stocks starting next year as it requires around 2.5 MT of grain monthly for Public Distribution System.

Indian FoB quote is hovering around \$279.66 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$181.9, \$183.4, \$176.4, \$172.73 and \$173.5 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. Argentina has witnessed substantial increase in area sowed and is expecting to produce 15.7 MMT this season. The two main producers of EU i.e. France and Germany have sown in 5.2 and 3.2 million hectares respectively. The crop conditions for both countries are good which may lead to an ample harvest under normal conditions. Australia is set to harvest record crop of around 32 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 31 MMT, largest in three years. In USA, government has kept its domestic wheat stockpiles same as last month i.e. 1.14 billion bushels. Steady to slightly weak market is expected in short to medium term.

**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)		
	30-Dec-16	23-Dec-16	Parity To
Indore (MP)	23400	22450	Gujarat, MP
Kota	24500	22900	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	23800	23800	Mumbai, Maharashtra
Nagpur (42/46)	23000	23500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23500	23500	Andhra, AP, Kar, TN
Latur	23400	23300	-
Sangli	25000	24200	Local and South
Sholapur	23600	23600	Local and South
Akola	22700	23300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	23500	22500	-

#### Soy DOC at Port:

Centers	Port Price	
	29-Dec-16	22-Dec-16
Kandla (FOR) (INR/MT)	25000	24400
Kandla (FAS) (USD/MT)	367	360

International Soy DOC			
Argentina FOB USD/MT	29-Dec-16	22-Dec-16	Change
Soybean Pellets	337	326	11
Soybean Cake Flour	337	326	11
Soya Meal	345	334	11

Soy Expellers	345	334	11
<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>30-Dec-16</b>	<b>23-Dec-16</b>	<b>Change</b>
Adoni	17800	17800	Unch
Khamgaon	NA	NA	-
Parli	17700	17700	Unch
Latur	17500	17500	Unch
<b>Groundnut Meal (Rs/MT)</b>	<b>30-Dec-16</b>	<b>23-Dec-16</b>	<b>Change</b>
Basis 45%, Saurashtra	21300	21300	Unch
Basis 40%, Saurashtra	19800	19800	Unch
GN Cake, Gondal	21800	22000	-200
<b>Mustard DOC/Meal</b>	<b>30-Dec-16</b>	<b>23-Dec-16</b>	<b>Change</b>
Jaipur (Plant delivery)	16300	16000	300
Kandla (FOR Rs/MT)	16300	16200	100
Sri Ganganagar	2055	2005	50

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

Market	Grade	29-Dec-16	22-Dec-16	29-Nov-16	29-Dec-15	29-Dec-14
Delhi	Red	1575	1560	1600	NA	NA
Davangere	Loose	1470	1470	1450	1420	1110
Nizamabad	Bilty	1470	1460	Closed	1540	NA
Ahmadabad	Feed	1530	1480	1420	1640	1350
	Starch	1550	1520	1450	1650	1340

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

	Argentina	Brazil	US	India (Bihar Origin)
<b>FOB</b>	181.00	179.05	160.55	250.19
<b>Cost and Freight</b>	231.00	234.05	220.55	285.19

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

<u>Month</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
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	3343
Oct	49840	182724	29071	4237	3177
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>25929.1</b>

Feed Ingredient Prices at a Glance						
<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>29-Dec-16</u>	<u>22-Dec-16</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1736	1659	77
		Hybrid	Bangalore	2075	2100	-25
Jowar	Karnataka	White	Bangalore	2450	2450	Unch
		White	Bellary	2181	1744	437
Maize	Karnataka	Yellow	Davanger e	1470	1470	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1360	1370	-10
Rice	Haryana	IR8	Karnal	2900	2650	250
		Parmal Raw	Karnal	2900	2850	50
Soy meal	Madhya Pradesh	DOC	Indore	2340	2245	95
	Maharashtra	DOC	Sangli	2500	2420	80
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1780	1780	Unch
	Maharashtra	Ex-factory	Latur	1750	1750	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1630	1600	30
Groundnut Meal	Gujarat	GN Cake	Gondal	2180	2200	-20
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2030	1933	97
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1989	1915	74
<b>Note: Prices Rs./Qtl</b>						

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