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Summary

Soybean and soy meal posted gains on improved buying but rapeseed-mustard fell ahead new marketing season during the week under review.

Currently, the soybean supplies are higher compared to the corresponding period last year and improved production in the same remained limiting factor for the bean prices in recent months.

Better overseas meal demand remained slightly supportive for the domestic meal prices.

The soybean harvesting is gaining momentum in Brazil and the crop is under quality concern after heavy rains in some parts of Argentina as it is under development phase.

The rapeseed-mustard is under pressure after rise in the planted area under the seed which could eventually increase the seed production.

The crop is under flowering stage and there are no reports of crop damage at a large scale.

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

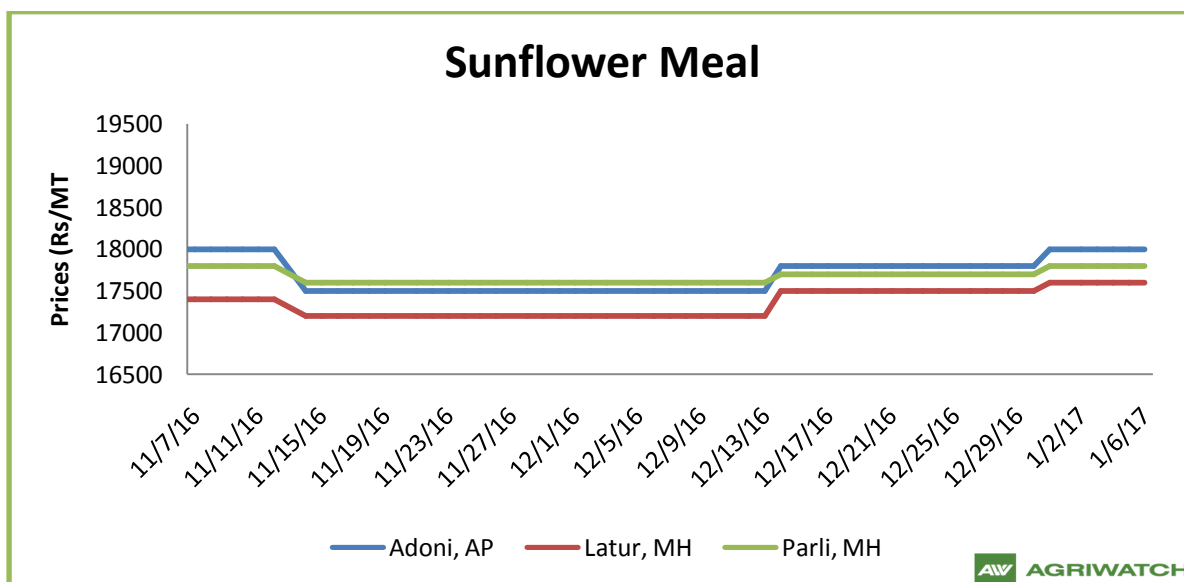
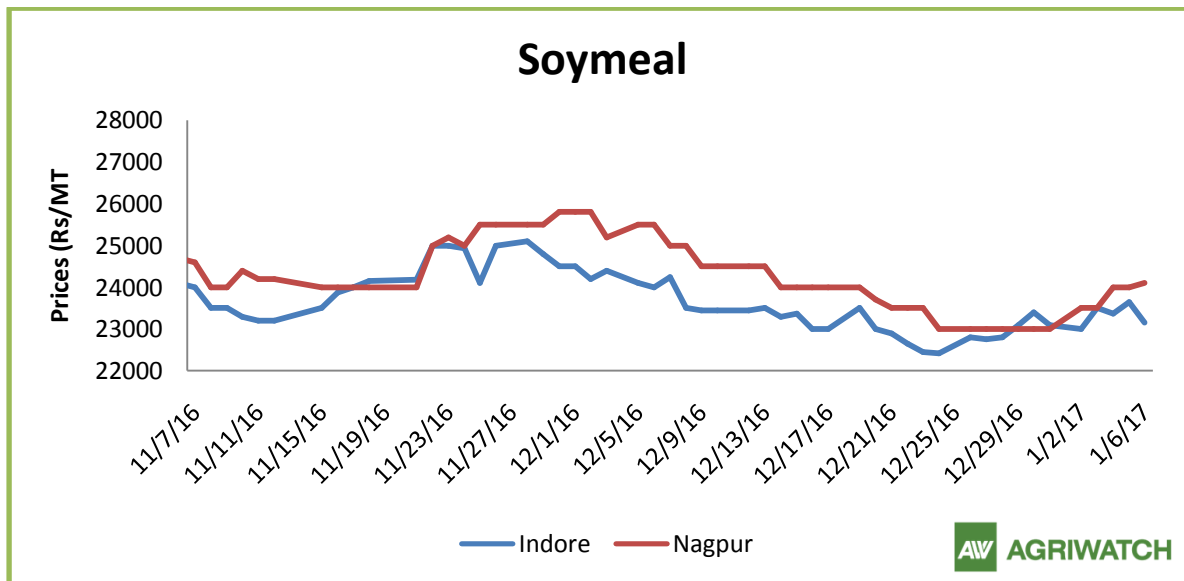
Overall maize cash markets traded steady to firm during the week and are expected to trade steady to slightly firm in the near term as stockiest are keen to buy at this time. In Ahmadabad region of Gujarat, poultry feed makers quoted maize steady at Rs. 1530 per quintal while starch feed makers quoted it firm by Rs. 15 per quintal to Rs. 1565 per quintal compared to last week.

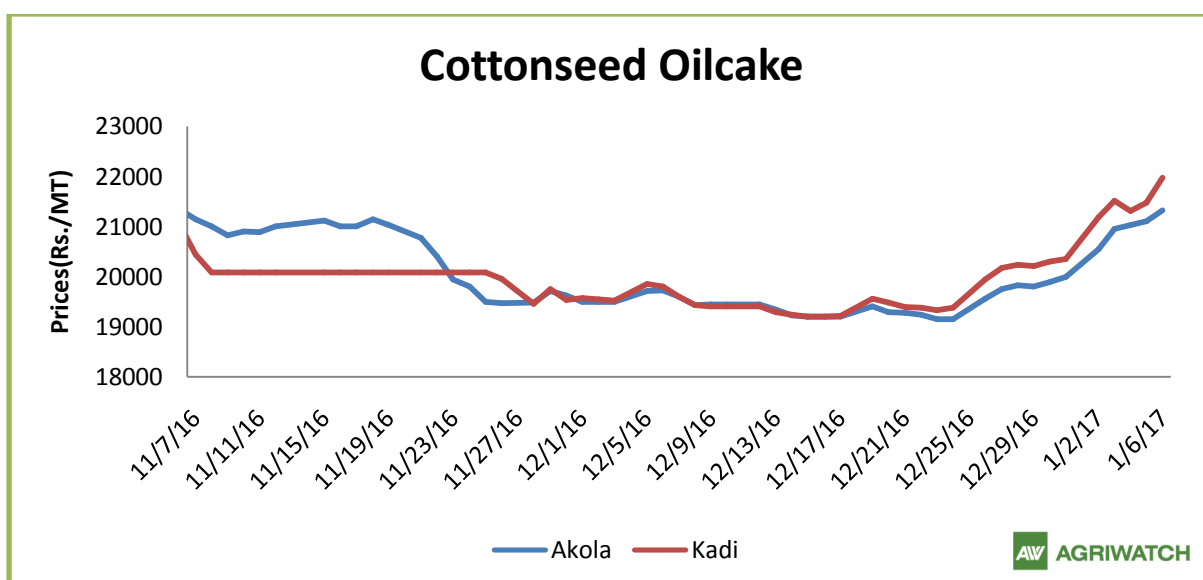
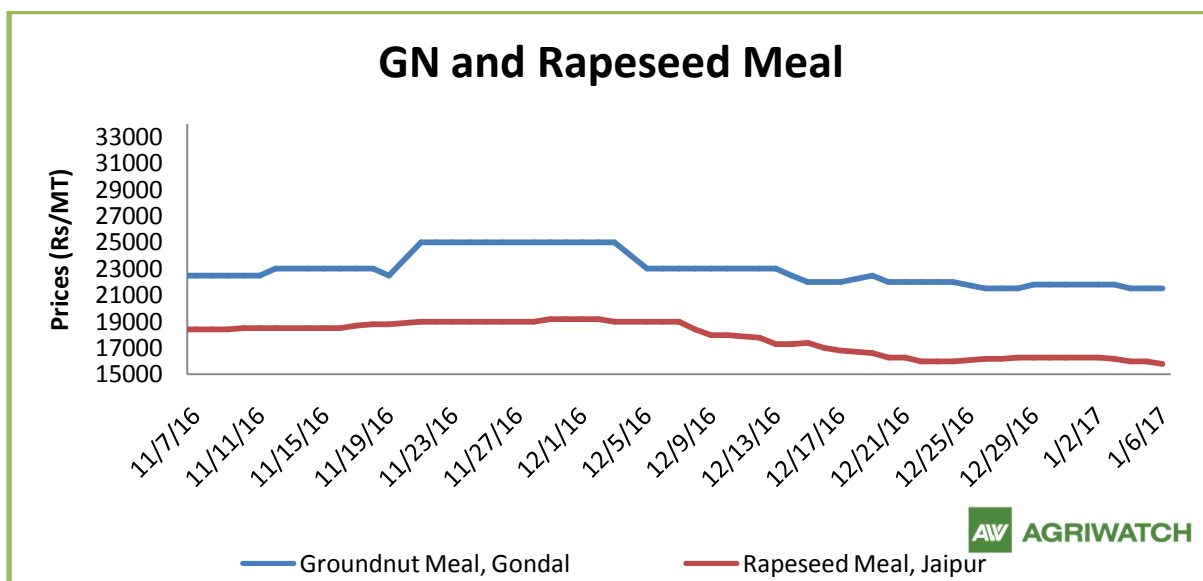
In India, maize has been sown in around 13.95 lakh hectares as on 6th January'17 which is higher than 12.87 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.28 lakh hectares which are higher than 2.03 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.66 lakh hectares which are lower than 1.89 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 4.29 lakh hectare covered during corresponding period last year.

As per trade sources, in A.P and Telengana region, maize crop area is likely to increase by 20% while in Bihar, it could be more or less same compared to last year. Agriwatch expect total maize crop area could be around 15 lakh hectares for the Rabi season during 2016/17.

All India weekly average prices decreased by 0.86 percent to Rs. 1997.45 per quintal during the week ended 08th January 2017. Wheat average price were ruling at Rs 2014.77 per quintal during 24-31st December 2016. As compared to prices in the week 01-08th January 2016, the prices are firm by 15.59 percent. Prices are expected to remain range bound to slightly weak in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean edged-up on better overseas meal demand and the soybean processors ready to quote slightly higher price to meet their demand from crushing and meet the exports commitment.

Besides, concern over planting, crop development in Argentina and harvesting in Brazil due to heavy rains over key soy growing belt in previous weeks remained supportive for the domestic bean market.

Need based buying is featured in the soybean by the solvent extractors, as the international exports price of soy meal and soy oil are still at the lower levels considering global oversupply.

The soy meal exporters continued to offer 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 still quoted lower from the normal price by the solvent extractors.

The soybean supplies at the cash market are still strong compared to the the corresponding period last year.

Currently, about 0.80 – 1.7 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.45 – 0.55 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 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 continued to be 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, Vippp (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 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 on profit taking, cooling down of the US soybean demand, sufficient stocks in hand with the exporters and the processors.

The CBOT soybean declined, January contract soybean prices witnessed high at US \$ 10.06/bushel and finally settled at US \$ 9.86/bushel compared to US \$ 9.96/bushel last week.

However, the losses were limited after heavy rains over the key soybean growing belt of Argentina which has hit the planting as well as the recently planted soybean which is under early crop development phase.

Rains in some parts of Brazil has hampered the soybean harvesting of 2016/17 crop and raised the quality concerns, logistics, deteriorate the quality of the bean just before harvesting leading to weakness in remained bullish for the international soybean.

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

Buenos Aires Grain Exchange has lowered its Argentina's 2016/17 soybean planting estimate to 19.3 million hectares from 19.6 million its previous forecast.

Fall in the area is attributed to the dry weather in Southeast Buenos Aires province.

Argentina's 2015/16 area under soybean was reported at 20.1 million hectares

European Union's 2016/17 soybean imports have fallen by 3% to 6.6 million tonnes from 6.85 million tonnes registered at the corresponding period last year.

Besides, the EU 2016/17 soy meal imports are down by 15% at 9.3 million tonnes from 10.9 million previous year.

Soy meal

The domestic soy meal rebound, after consecutive 4-weeks of fall, on improved overseas meal demand during the week under review.

However, the gains were limited due to the weak domestic meal demand in recent weeks.

However, the exporters are offering the soy meal at attractive prices to the foreign buyers to compete with the South American meal prices and keep the exports window open for some more time to utilize the expected higher meal supplies this season.

India is expected to produce 8 million tonnes of soy meal this season. Out of which 5 million tonnes 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 recover slightly 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 losses in the international market and January CBOT soy meal settled at US \$ 307.5 per short ton compared to US \$ 312.9 per short ton last week.

The domestic soy meal prices at Indore, improved and were quoted at Rs 23,000 – 23,650/MT compared to Rs 22,425 – 23,400/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 23,900/MT and 23,600/MT respectively compared to Rs 23,150/MT in Indore and Rs 23,900/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 – 23,650/MT during the week compared to Rs 32,800 – 33,300/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 continued downward movement on higher coverage area under the seed this season.

Improved area coverage will eventually increase in the production in the seed, if weather remains favourable during the crop development phase.

The RM seed crop is in the 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.

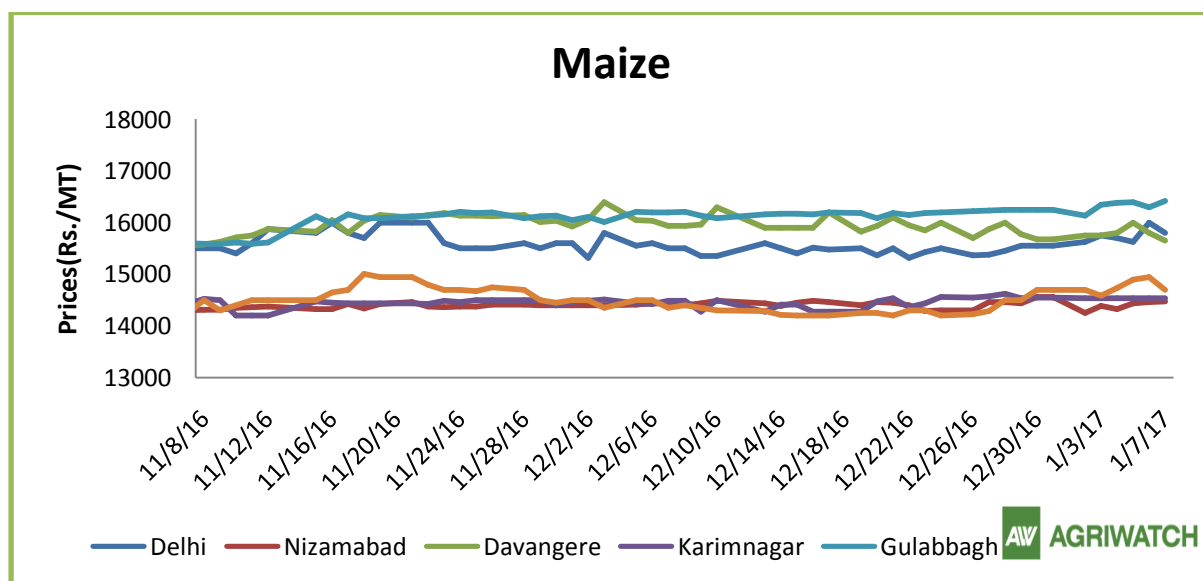
With exception in the district of Baran, Rajasthan, where there are incidence of pest attack in some pockets which may negatively affect the yield potential in the crop.

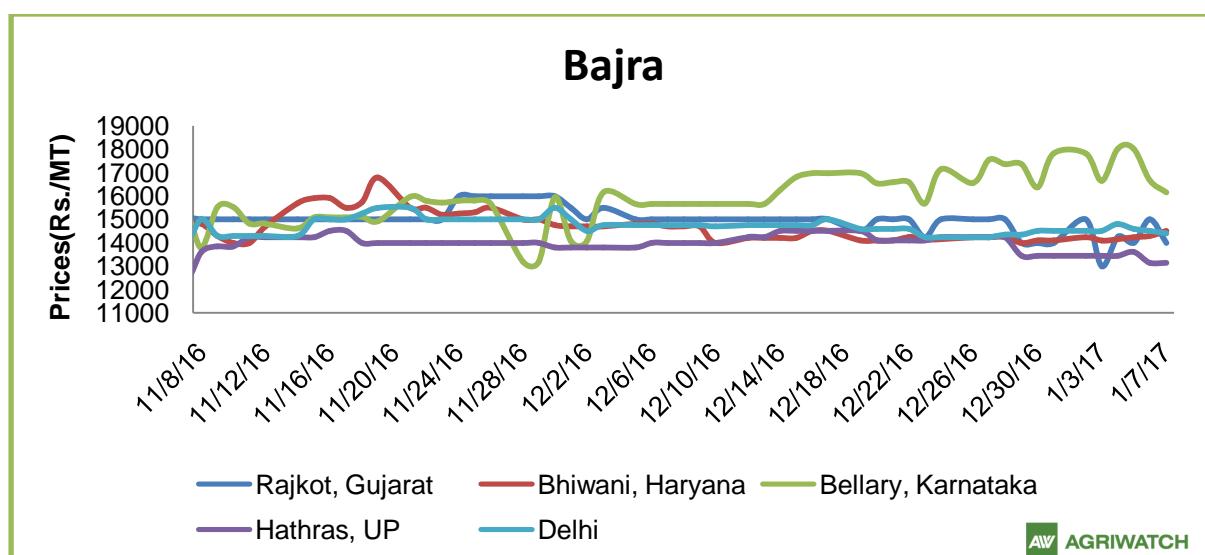
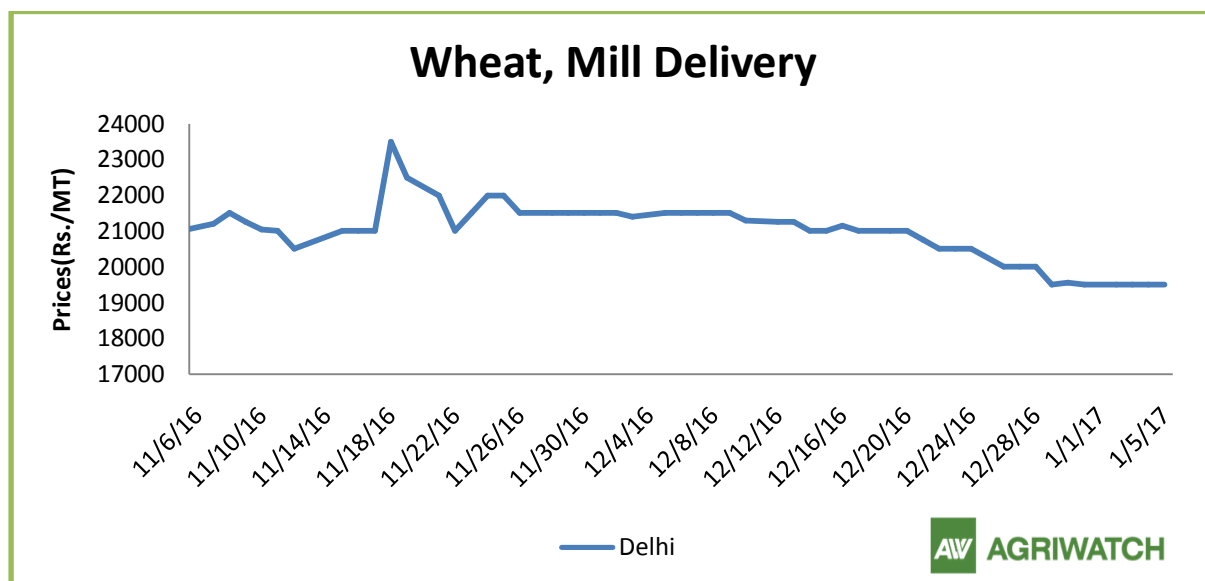
In the recent government update on rabi crop planting, India's rapeseed-mustard sowing is reported up by 11% at 69.53 lha compared to 62.76 lha during the corresponding period of last year.

The seed prices, during the week, at benchmark, Jaipur was quoted lower between Rs. 4,425 – 4,520 per quintal compared to Rs. 4,715 – 4,750 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 1.05 – 1.15 lakh bags during the corresponding period last year.

Malaysia's December palm oil exports fell 1.8 percent to 1,109,606 tons compared to 1,130,172 tons in the corresponding period last month. Top buyers were European Union at 257,808 tons (215,995 tons), China at 176,477 tons (215,655 tons), India at 154,525 tons (118,010 tons), Pakistan at 46,150 tons (22,000 tons) and United States at 43,620 tons (55,556 tons). Values in brackets are figures of corresponding period last month. Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).





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 16.31 MMT in the 2016-17 marketing year. At 0.60 MMT (for the period 23rd December –29th December, 2016) exports were down 39 percent from the previous week and from the prior 4-week average. The primary destinations were Mexico (147,900 MT), South Korea (126,700 MT), Peru (113,500 MT), Japan (98,400 MT), and Guatemala (40,900 MT).

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) | | |
|----------------|---------------------------|-----------|---|
| | 6-Jan-17 | 30-Dec-16 | Parity To |
| Indore (MP) | 23150 | 23400 | Gujarat, MP |
| Kota | 23900 | 24500 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna | 23800 | 23800 | Mumbai, Maharashtra |
| Nagpur (42/46) | 24100 | 23000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 23600 | 23500 | Andhra, AP, Kar, TN |
| Latur | 23900 | 23400 | - |
| Sangli | 24500 | 25000 | Local and South |
| Sholapur | 23800 | 23600 | Local and South |
| Akola | 23800 | 22700 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Hingoli | 23500 | 23500 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Bundi | 23900 | 23500 | - |

Soy DOC at Port:

| Centers | Port Price | |
|-----------------------|------------|-----------|
| | 5-Jan-17 | 29-Dec-16 |
| Kandla (FOR) (INR/MT) | 25000 | 25000 |
| Kandla (FAS) (USD/MT) | 369 | 367 |

| International Soy DOC | | | |
|---------------------------|----------|-----------|--------|
| Argentina FOB USD/MT | 5-Jan-17 | 29-Dec-16 | Change |
| Soybean Pellets | 339 | 337 | 2 |
| Soybean Cake Flour | 339 | 337 | 2 |
| Soya Meal | 347 | 345 | 2 |
| Soy Expellers | 347 | 345 | 2 |
| | | | |
| Sunflower (DOC) Rates | | | |
| Ex-factory rates (Rs/ton) | | | |
| Centers | 6-Jan-17 | 30-Dec-16 | Change |
| Adoni | 18000 | 17800 | 200 |
| Khamgaon | NA | NA | - |
| Parli | 17800 | 17700 | 100 |
| Latur | 17600 | 17500 | 100 |

| Groundnut Meal (Rs/MT) | 6-Jan-17 | 30-Dec-16 | Change |
|-------------------------------|-----------------|------------------|---------------|
| Basis 45%, Saurashtra | 21300 | 21300 | Unch |
| Basis 40%, Saurashtra | 19800 | 19800 | Unch |
| GN Cake, Gondal | 21500 | 21800 | -300 |
| | | | |
| Mustard DOC/Meal | 6-Jan-17 | 30-Dec-16 | Change |
| Jaipur (Plant delivery) | 15800 | 16300 | -500 |
| Kandla (FOR Rs/MT) | 16100 | 16300 | -200 |
| Sri Ganganagar | 2010 | 2055 | -45 |

Maize Spot Market Prices (Rs. /Quintal)

| Market | Grade | 5-Jan-17 | 29-Dec-16 | 6-Dec-16 | 5-Jan-16 | 5-Jan-15 |
|-----------|--------|----------|-----------|----------|----------|----------|
| Delhi | Red | 1580 | 1575 | 1575 | NA | 1430 |
| Davangere | Loose | 1470 | 1470 | 1450 | 1420 | 1080 |
| Nizamabad | Bilty | 1450 | 1470 | 1450 | 1520 | NA |
| Ahmadabad | Feed | 1530 | 1530 | 1410 | 1585 | 1400 |
| | Starch | 1565 | 1550 | 1525 | 1600 | 1380 |

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

| | Argentina | Brazil | US | India (Bihar Origin) |
|-------------------------|-----------|--------|--------|----------------------|
| FOB | 188.19 | 182.75 | 163.40 | 249.79 |
| Cost and Freight | 238.19 | 237.75 | 223.4 | 284.79 |

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 | |
| Total | 2668918 | 3512217 | 1210954 | 276674 | 25929.1 |

| Feed Ingredient Prices at a Glance | | | | | | |
|------------------------------------|----------------|----------------|---------------|-----------------|------------------|---------------|
| <u>Commodity</u> | <u>State</u> | <u>Variety</u> | <u>Centre</u> | <u>5-Jan-17</u> | <u>29-Dec-16</u> | <u>Change</u> |
| Bajra | Karnataka | Hybrid | Bellary | 1803 | 1736 | 67 |
| | | Hybrid | Bangalore | 1900 | 2075 | -175 |
| Jowar | Karnataka | White | Bangalore | 2500 | 2450 | 50 |
| | | White | Bellary | 1446 | 2181 | -735 |
| Maize | Karnataka | Yellow | Davanger e | 1470 | 1470 | Unch |
| | Andhra Pradesh | Yellow | Nizamaba d | 1370 | 1360 | 10 |
| Rice | Haryana | IR8 | Karnal | 3000 | 2900 | 100 |
| | | Parmal Raw | Karnal | 3000 | 2900 | 100 |
| Soy meal | Madhya Pradesh | DOC | Indore | 2315 | 2340 | -25 |
| | Maharashtra | DOC | Sangli | 2450 | 2500 | -50 |
| Sunflower Meal | Andhra Pradesh | Ex-factory | Adoni | 1800 | 1780 | 20 |
| | Maharashtra | Ex-factory | Latur | 1760 | 1750 | 10 |
| Mustard | Rajasthan | Plant delivery | Jaipur | 1580 | 1630 | -50 |
| Groundnut Meal | Gujarat | GN Cake | Gondal | 2150 | 2180 | -30 |
| Cottonseed Oil Cake | Gujarat | Ex- Mandi | Kadi | 2197 | 2030 | 167 |
| Cottonseed Oil Cake | Maharashtra | Ex- Mandi | Akola | 2132 | 1989 | 143 |
| Note: Prices Rs./Qtl | | | | | | |

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