Contents:

AGRIWATCH

Summary

Soybean and soy meal surged on supportive buying supported by gains in the international soy market during the week under review.

Heavy rains in the Argentina's key soy growing belt in addition to the rains in second half of December raised the crop development concern which eventually remained bullish for the bean.

Further, good overseas buying support in soy meal of Indian origin from the beginning of new marketing season remained bullish for the soybean and meal.

Rise in the domestic planted area under rapeseed-mustard crop and developing crop under good condition remained bearish for the seed. Area coverage under rapeseed-mustard, largest rabi oilseed crop, alone is above 10% higher compared to the previous season.

Lower demand in rapeseed-mustard from solvent extractors due to weak demand in the rapeseed oil has pressurized the market ahead new marketing season.

The rapeseed-mustard is expected to feature range bound movement with weak bias ahead of new marketing season, higher acreage this season coupled with higher *kharif* oilseeds production. Besides, soybean will remain under supply pressure in near-term.

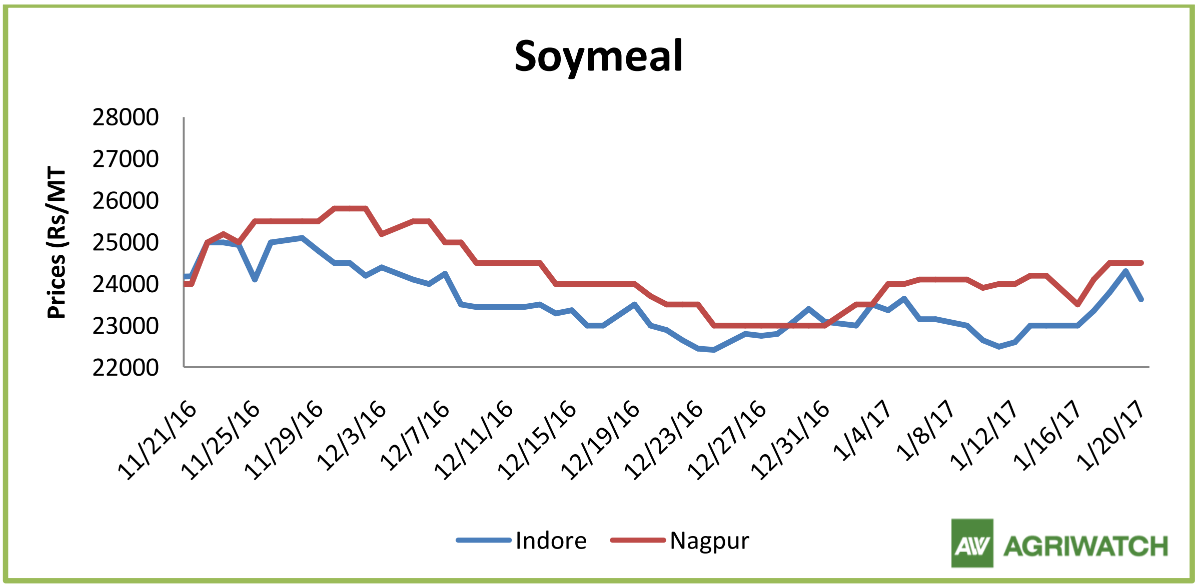
Overall maize cash markets traded steady to firm during the week due to stockiest demand. However, it is expected to trade range bound in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize steady at Rs. 1500 per quintal while starch feed makers quoted it firm by Rs. 5 per quintal to Rs. 1530 per quintal compared to last week.

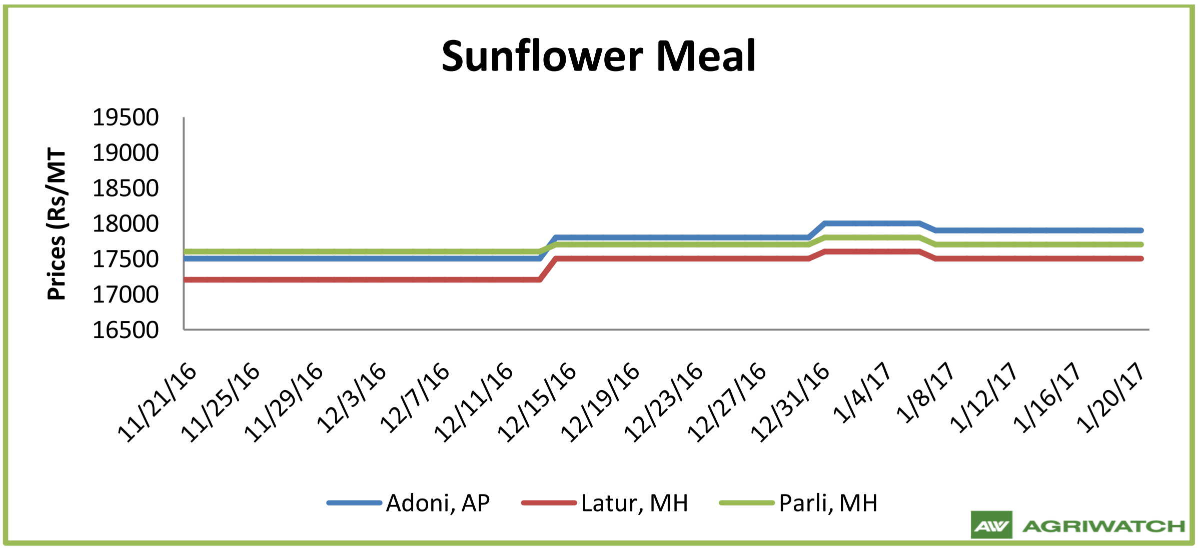
In India, maize has been sown in around 15.71 lakh hectares as on 20th January'17 which is higher than 14.22 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.69 lakh hectares which is higher than 2.11 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.47 lakh hectares which is higher than 4.36 lakh hectare covered during corresponding period last year. However, in Tamil Nadu, it has been sown in around 1.66 lakh hectare which is lower than 1.93 lakh hectare covered during corresponding period last year.

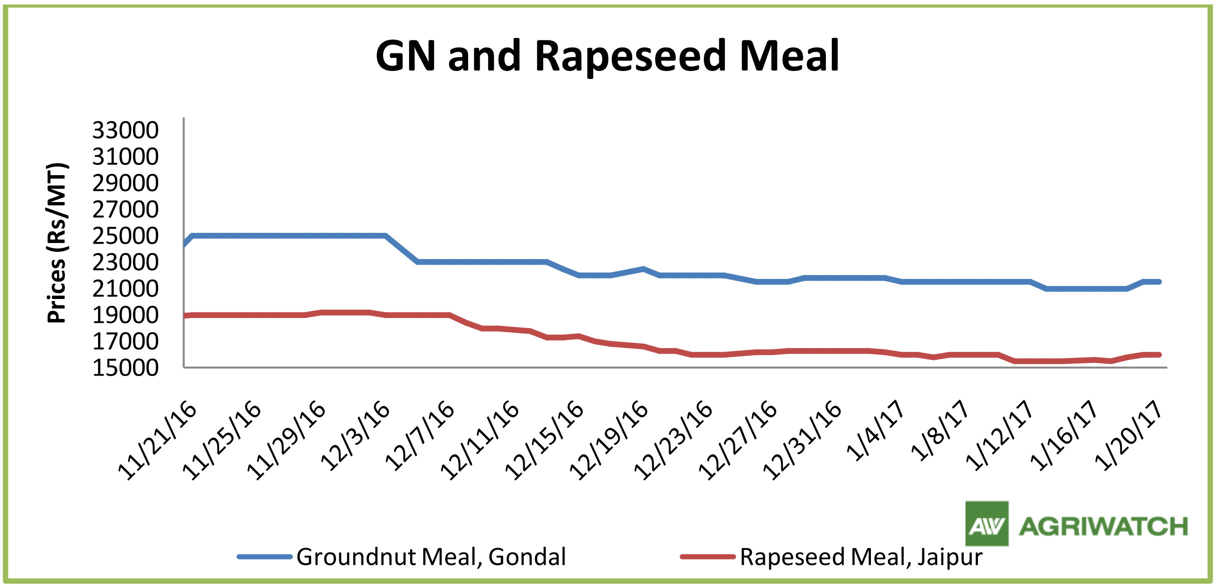
As per trade sources, in A.P and Telengana region, maize crop area is likely to increase by 20% while in Bihar, it could be almost same compared to last year.

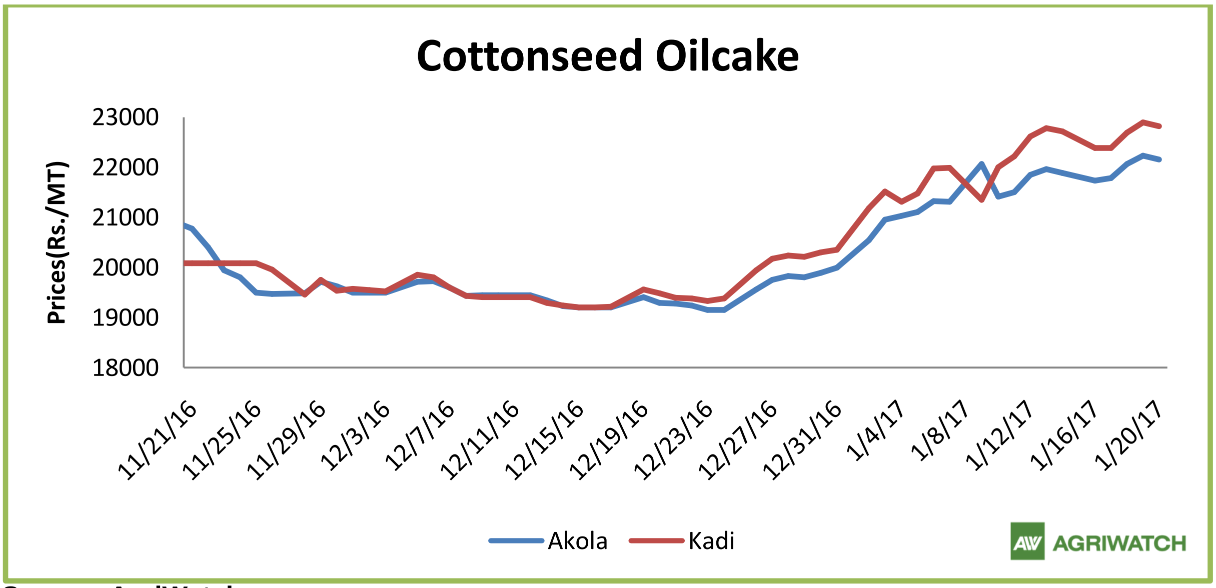
All India weekly average prices increased by 2.17 percent to Rs. 2060.35 per quintal during the week ended 23rd January 2017. Wheat average price were ruling at Rs 2016.64 per quintal during 09-15th January 2017. As compared to prices in the week 16-23rd January 2016, the prices are firm by 18.19 percent. Prices are expected to remain range bound to slightly firm in coming days.

Trend – Raw Material, Feed









Source: AgriWatch

Soybean

The domestic soybean surged supported by the rally in the international benchmark during the week. But the gains were trimmed with the fall in the international benchmark on profit taking and farmer selling toward the end of the week.

Besides, surge in the overseas demand in soy meal of Indian origin in recent months remained supportive for the bean.

However, the domestic soy meal demand remained dull and the Indian soy meal and soy oil prices are consistently facing stiff price competition with the South America, hence the soybean prices are continuously under pressure.

Weak domestic soy meal demand is attributed to the fall in the poultry demand in recent months.

The *rabi* oilseeds planting is higher by 7% this season after increased *kharif* oilseeds production has limited the gains.

Besides, 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 after higher production compared to the corresponding period last year.

Currently, about 1.10 – 1.40 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.35 – 0.50 lakh bags during the corresponding period last year.

International:

The CBOT soybean extended gains and set a 6-month high on heavy rains in the key Argentina's soybean growing belt leading flood, raising production concern, forecast of lower than expected US soybean production and weaker US dollar.

The CBOT soybean posted gains, March contract soybean prices witnessed high at US $ 10.80/bushel and finally settled at US $ 10.67/bushel compared to US $ 10.46/bushel last week.

More than 97% of the 19.3 million hectares which Buenos Aires Exchange expects to be planted with soybean has been sown by now. But heavy rains in addition to the strong storm have raised the crop development concern; the event may negatively affect the yield potential.

The Rosario Grain Exchange has slashed the Argentina's soybean production forecast to 52.9 million tonnes from its earlier forecast of 54.4 million tonnes.

European Union's 2016/17 soybean imports, by Jan. 2017, have fallen by 3% to 7.2 million tonnes from 7.45 million tonnes registered at the corresponding period last year.

Besides, the EU 2016/17 soy meal imports, by Jan. 2017, are down by 15% at 10 million tonnes from 11.8 million previous year.

Global soybean outturn in 2016/17 is seen at 334 million tonnes, down from a previous projection of 336 million but still a record high, reported in IGC.

Soy meal

The domestic soy meal posted gains in association with soybean pushed by strength in the international soy complex, during the week under review.

Further, improved overseas soy meal demand in recent week remained supportive for the Indian soy meal.

India has registered the surge of about 736% of soy meal exports in December 2017, y-o-y.

But as discussed above weak domestic soy meal demand from poultry remained pressuring factor for domestic soy meal prices.

The Indian soy meal exporters continues to offer 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.

Soy meal witnessed gains in the international market and March CBOT soy meal settled at US $ 348.7 per short ton compared to US $ 333.9 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs 23,000 – 24,300/MT compared to Rs 22,500 – 23,150/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,100/MT and 23,800/MT respectively compared to Rs 23,625/MT in Indore and Rs 24,250/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard fell on expectation of higher seed production after planting rose by 11% this season compared to the last season.

In the recent government update on rabi crop planting, India's rapeseed-mustard sowing is reported up by 10.4% at 70.08 lha compared to 63.48 lha during the corresponding period of last year.

The RM seed crop is in good condition and it is under pod formation stage across the key growing belts in various states. There are no reports of crop loss or damage in any key growing belt.

The seed prices, during the week, at benchmark, Jaipur was quoted lower between Rs. 4,260 – 4,355 per quintal compared to Rs. 4,790 – 4,805 per quintal witnessed in the corresponding periods last year.

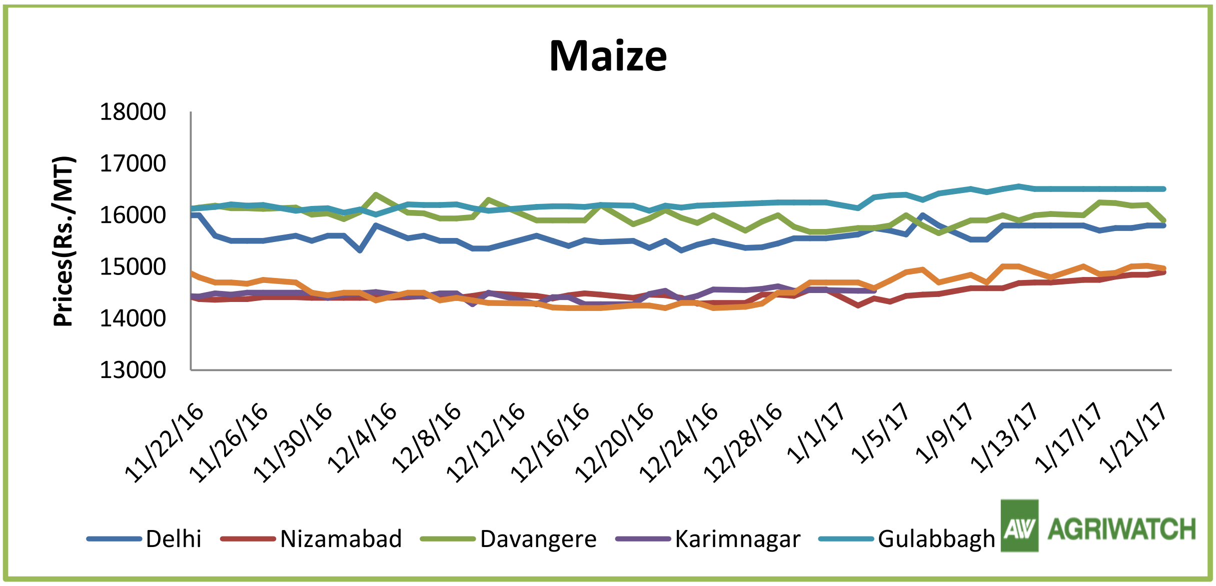
The all India daily arrivals of the seed continued to ease and were reported between 0.70– 0.80 lakh bags and are lower compared to 0.55– 0.70 lakh bags during the corresponding period last year.

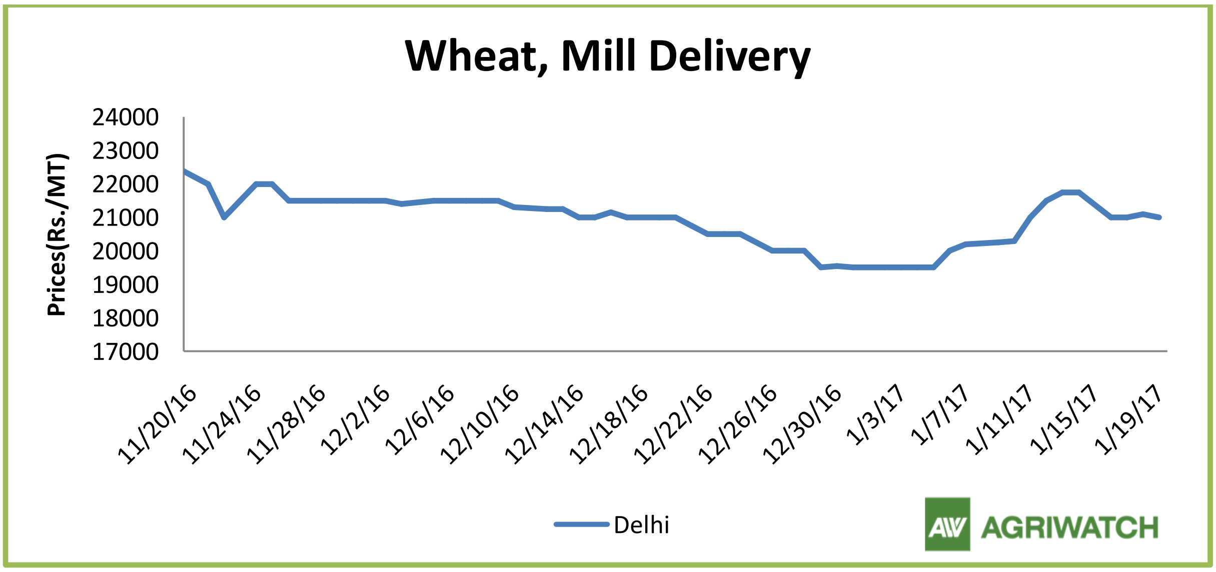
The Final Settlement Price of Rapeseed-mustard contract at NCDEX stood at 4339.75/Qtl while the April contract closed at 3935/Qtl on 20 Jan. 2017.

India's palm oil imports have fallen m-o-m but the buying is still strong due to competitive price pressuring the mustard oil and subsequently the rapeseed-mustard prices.

Malaysia's January 1-20 palm oil exports rose 20.8 percent to 733,002 tons compared to 606,937 tons in the corresponding period last month. Top buyers were European Union at 141,845 tons (129,445 tons), China at 113,050 tons (125,627 tons), India at 58,550 tons (65,525 tons), United States at 21,750 tons (14,075 tons) and Pakistan at 14,000 tons (14,150 tons). Values in brackets are figures of corresponding period last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia Palm Oil Board (MPOB).


Maize
18000
17000
16000
15000
14000
13000
Prices(Rs./MT)
11/22/16
11/26/16
11/30/16
12/4/16
12/8/16
12/12/16
12/16/16
12/20/16
12/24/16
12/28/16
1/1/17
1/5/17
1/9/17
1/13/17
1/17/17
1/21/17
Delhi
Nizamabad
Davangere
Karimnagar
Gulabbagh
AGRIWATCH


Wheat, Mill Delivery
24000
23000
22000
21000
20000
19000
18000
17000
Prices(Rs./MT)
11/20/16
11/24/16
11/28/16
12/2/16
12/6/16
12/10/16
12/14/16
12/18/16
12/22/16
12/26/16
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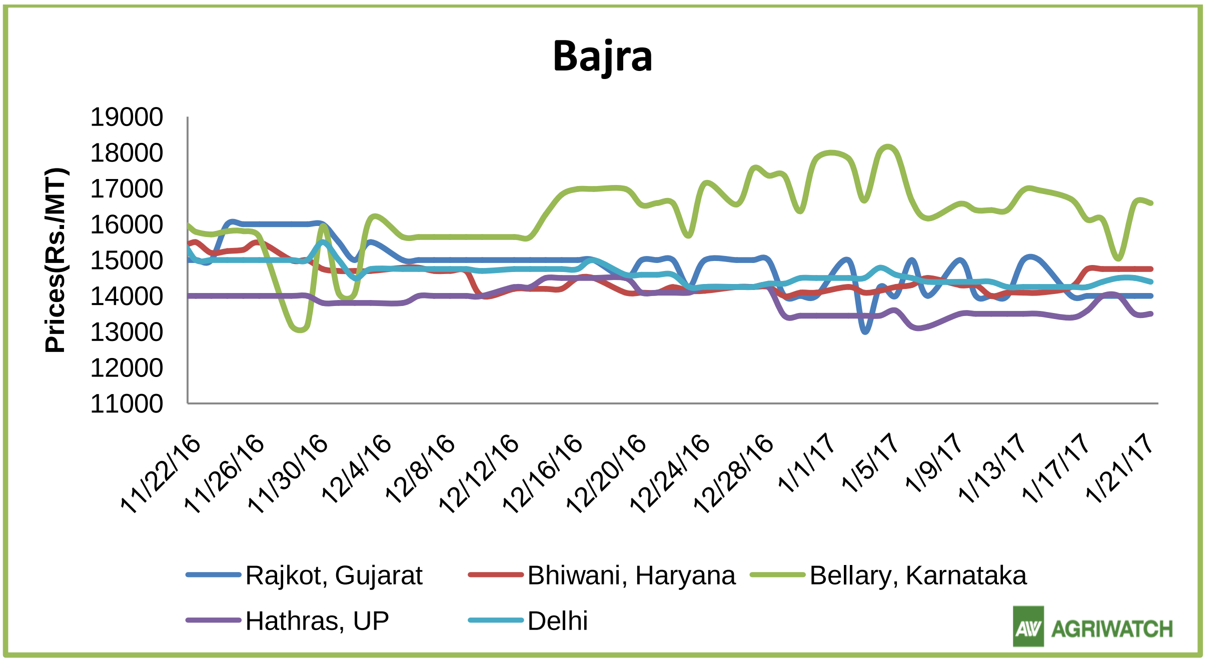
1/3/17
1/7/17
1/11/17
1/15/17
1/19/17
Delhi
AGRIWATCH



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 and Telengana region, maize crop area is likely to increase by 20%.

Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1600 per quintal, 1680 per quintal respectively. It is likely to trade range bound in the near term.

As per USDA, U.S corn exports reached 17.93 MMT in the2016-17 marketing year. At 0.93 MMT (for the period 6th January –12th January, 2017) exports were up 34 percent from the previous week and 21 percent from the prior 4-week average. The primary destinations were Mexico (190,800 MT), South Korea (186,600 MT), Japan (161,600 MT), Saudi Arabia (86,300 MT), and Colombia (68,500 MT).

Preliminary data of Japanese government shows that Japan's use of corn in animal feed production remained unchanged at 45.8% in the November’16 compared to same month last year.

The IGC raised its forecast for the 2016/17 global corn production by 3 MMT to 1045 MMT compared to previous forecast and 73 MMT compared to last year. Forecast for global corn ending stock was also raised by 1 MMT to 225 MMT compared to last forecast and 16 MMT compared to last year.

All India weekly average prices increased by 2.17 percent to Rs. 2060.35 per quintal during the week ended 23rd January 2017. Wheat average price were ruling at Rs 2016.64 per quintal during 09-15th January 2017. As compared to prices in the week 16-23rd January 2016, the prices are firm by 18.19 percent. Prices are expected to remain range bound to slightly firm in coming days.

As per latest update, area sown until 20 January'17 is 313.14 lakh hectares compared to 291.97 lakh hectares in the previous Rabi season. The area is higher by around 7.25 percent compared to last year for the same date. Among major states the area is down in Himachal Pradesh and Jammu & Kashmir, 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 304.05 lakh hectares.

As per latest update, India is expected to receive around 1MMT of wheat in January'17. This will include delayed shipments from last year as well as shipments that were booked for this month only. This may lead to congestion at Indian ports. Around 700,000 tonnes is expected from Ukraine and the remaining from Australia for the month. Furthermore Indian crop has entered crucial stages and any further deals will depend on how the crop shapes up. As of now, not many new deals are being signed.

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 2nd 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.

As per latest update, FCI has sold around 83000 tonnes of wheat in the first week of January. For the year 2016-17, FCI has sold around 37.3 lakh tonnes of wheat until last week of December. Of this total quantity around 32 lakh tonnes has been purchased by millers and the remaining quantity by state governments. Government has increased its release in OMSS but it is still lower compared to last year.

Indian FoB quote is hovering around $299.24 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $181.8, $183.3, $183.67, $182.9 and $173.4 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 firm in the coming week.

Global wheat market is expected to trade from steady to slightly weak as USDA has revised wheat projections up by 1.3 MMT due to large increases in Argentina and Russia. Forecast for EU wheat harvest has been revised down due to severe cold in eastern EU. However the reduced forecast of 143.5 MMT is still higher compared to last year. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina has witnessed substantial increase in area sowed and is expecting to produce 15.7 MMT this season. 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. Steady to slightly weak market is expected in short to medium term.

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

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	20-Jan-17	13-Jan-17	Parity To
Indore (MP)	23625	23000	Gujarat, MP
Kota	24250	23700	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24500	24400	Mumbai, Maharashtra
Nagpur (42/46)	24500	24200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23800	23800	Andhra, AP, Kar ,TN
Latur	24100	24100	-
Sangli	24500	24500	Local and South
Sholapur	24400	24400	Local and South
Akola	24100	24000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	24000	24100	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	23900	23500	-

Soy DOC at Port:

Centers	Port Price	
	19-Jan-17	12-Jan-17
Kandla (FOR) (INR/MT)	25500	24500
Kandla (FAS) (USD/MT)	375	360

International Soy DOC			
Argentina FOB USD/MT	**19-Jan-17**	**12-Jan-17**	**Change**
Soybean Pellets	370	351	19
Soybean Cake Flour	370	351	19
Soya Meal	378	359	19
Soy Expellers	378	359	19
Sunflower (DOC) Rates	**Ex-factory rates (Rs/ton)**		
Centers	**20-Jan-17**	**13-Jan-17**	**Change**
Adoni	17900	17900	Unch
Khamgaon	NA	NA	-
Parli	17700	17700	Unch
Latur	17500	17500	Unch

Groundnut Meal (Rs/MT)	**20-Jan-17**	**13-Jan-17**	**Change**
Basis 45%, Saurashtra	21300	21000	**300**
Basis 40%, Saurashtra	19800	19500	**300**
GN Cake, Gondal	21500	21000	**500**
Mustard DOC/Meal	**20-Jan-17**	**13-Jan-17**	**Change**
Jaipur (Plant delivery)	16000	15500	**500**
Kandla (FOR Rs/MT)	16000	15800	**200**
Sri Ganganagar	1960	1905	**55**

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	19-Jan-17	12-Jan-17	19-Dec-16	19-Jan-16	19-Jan-15
Delhi	Red	1600	1570	1575	1650	1450
Davangere	Loose	1530	1530	NA	NA	NA
Nizamabad	Bilty	1460	1450	1450	1520	1270
Ahmadabad	Feed	1500	1500	1450	1560	1400
	Starch	1530	1525	1450	1600	1425

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	191.44	183.55	173.68	251.20
Cost and Freight	241.44	238.55	233.68	286.20

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	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						
Commodity	**State**	**Variety**	**Centre**	**19-Jan-17**	**12-Jan-17**	**Change**
Bajra	Karnataka	Hybrid	Bellary	1613	1639	-26
		Hybrid	Bangalore	2050	1900	150
Jowar	Karnataka	White	Bangalore	2400	2500	-100
		White	Bellary	1992	1990	2
Maize	Karnataka	Yellow	Davangere	1500	1490	10
	Andhra Pradesh	Yellow	Nizamabad	1370	1370	Unch
Rice	Haryana	IR8	Karnal	2900	2900	Unch
		Parmal Raw	Karnal	3500	2900	600
Soy meal	Madhya Pradesh	DOC	Indore	2362	2300	62
	Maharashtra	DOC	Sangli	2450	2450	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1790	1790	Unch
	Maharashtra	Ex-factory	Latur	1750	1750	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1600	1550	50
Groundnut Meal	Gujarat	GN Cake	Gondal	2150	2100	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2282	2278	4
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2216	2196	20
Note: Prices Rs./Qtl						