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Summary

Soybean, soy meal and rapeseed-mustard declined in association on slack in demand from solvent extractors during the week under review.

Higher bean supplies after good production this season and on bid to keep the soy meal prices attractive for the foreign buyers, the bean and prices continued to remain weak.

The soy meal demand of Indian origin has surged in recent weeks, mainly to the South East Asian country.

Need based buying in the oilseeds is featured across the key cash market of the country.

Further, expectation of higher rabi oilseeds production after higher planted acreage including rapeseed-mustard and groundnut remained bearish too.

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.

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.

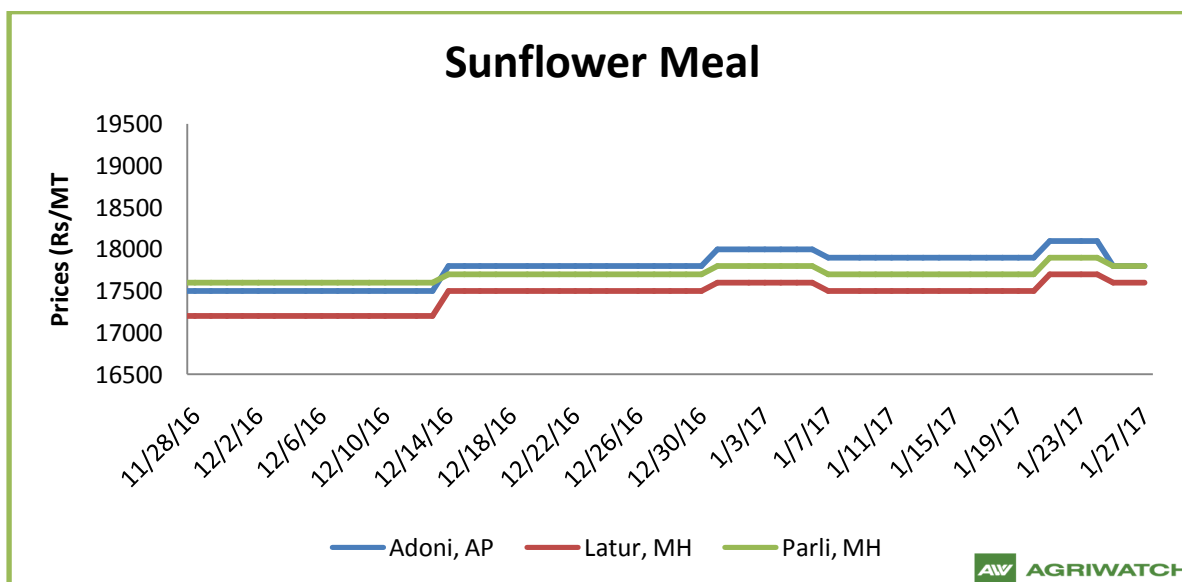
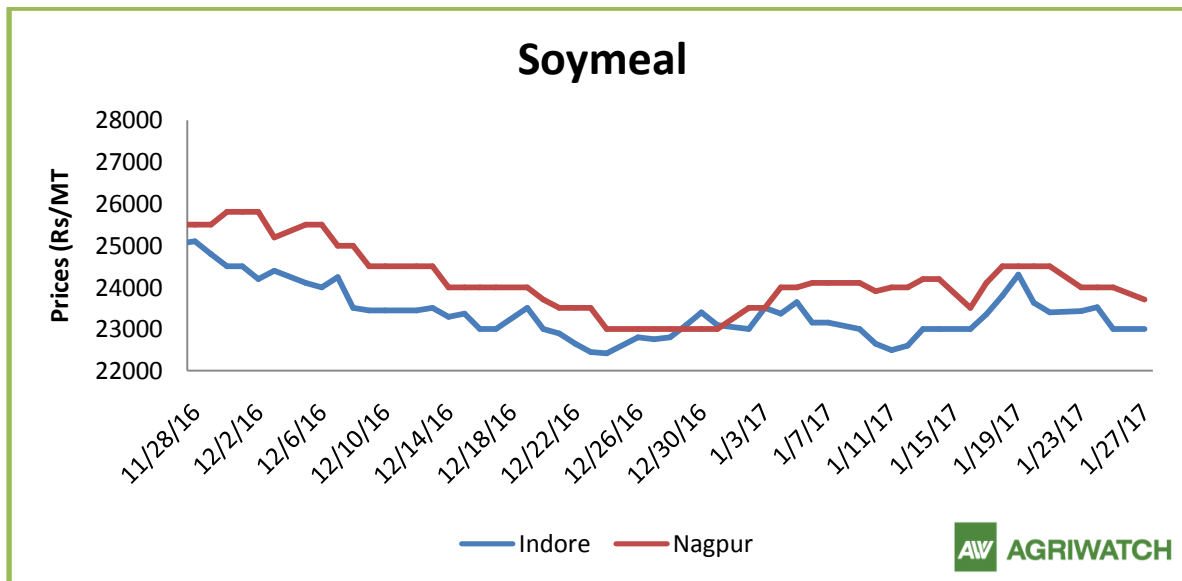
Overall maize cash markets traded firm during the week due to high feed makers demand and is expected to trade firm in the near term too. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 50 per quintal to Rs. 1550 per quintal while starch feed makers quoted it firm by Rs. 25 per quintal to Rs. 1575 per quintal compared to last week.

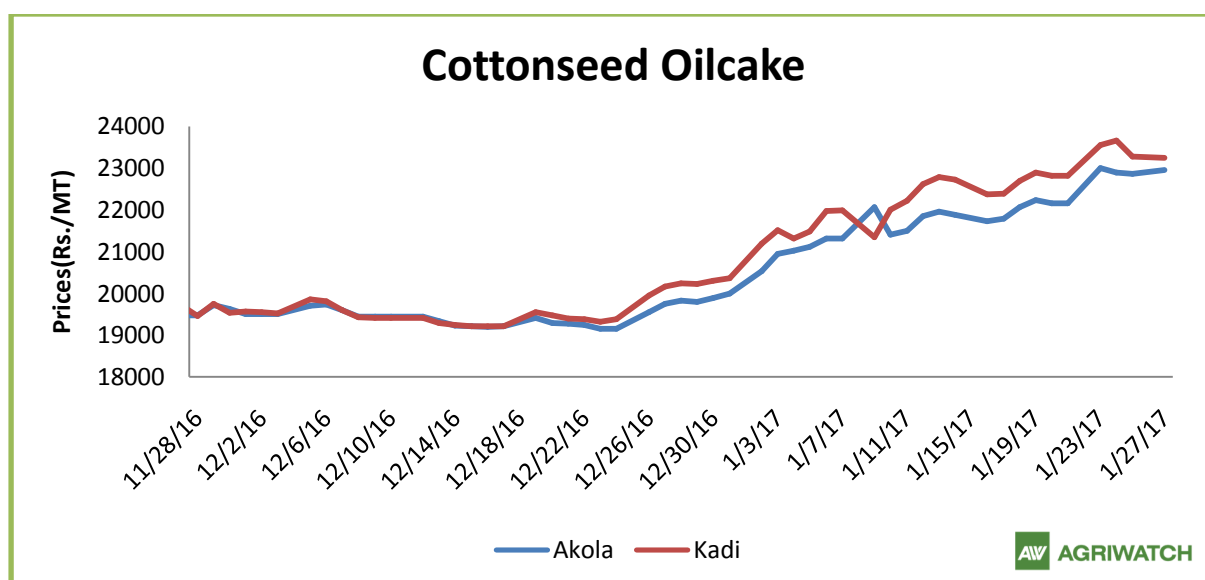
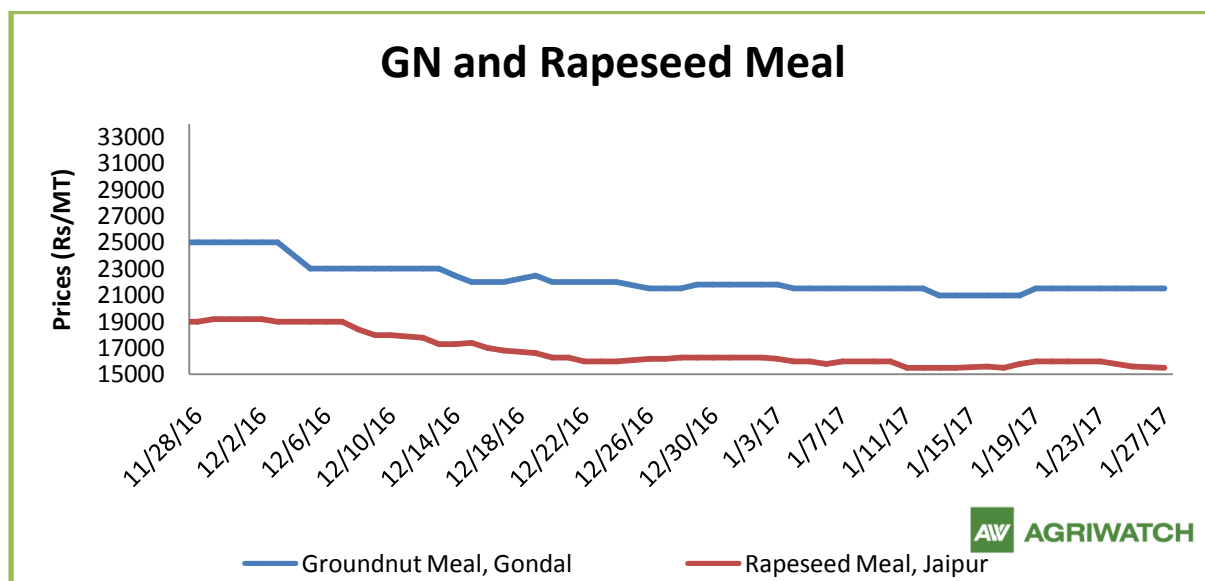
In India, maize has been sown in around 15.96 lakh hectares as on 27th January'17 which is higher than 14.49 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.73 lakh hectares which is higher than 2.12 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.48 lakh hectares which is higher than 4.38 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 3.60 percent to Rs. 2134.53 per quintal during the week ended 31st January 2017. Wheat average price were ruling at Rs 2060.35 per quintal during 16-23rd January 2017. As compared to prices in the week 24-31st January 2016, the prices are firm by 23.94 percent. Prices are expected to remain range bound to slightly firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean edged-lower on need based buying to meet the soy meal exports obligation at attractive price.

Besides, losses in soybean at the international benchmark remained bearish for the domestic bean too, during the period in review.

Further, the domestic soy meal demand continued to remain 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 0.7 – 1.25 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.20 – 0.60 lakh bags during the corresponding period last year.

International:

The CBOT soybean fell after it hit 6-month high previous week. The fall is attributed to the forecast of dry weather in Argentina where soybean crop was negatively affected in most of the parts of the country due to heavy rains during second half of December and mostly in January.

Besides, Brazil is expected to easily harvest above 100 million tonnes of soybean this season.

The CBOT soybean declined and the March contract soybean prices ended at US \$ 10.49/bushel and compared to US \$ 10.67/bushel last week.

Informa Economics has slashed its US 2017 soybean plantings to 88.647 million acres from 88.862 million acres projected in December.

This is after the rise in US 2017 corn planting projections to 90.489 million acres from 90.151 million acres in the previous month.

Heavy rains in Brazil's top producing state of Mato Grosso have hampered the harvesting, eventually the bean supplies, and raised the quality concern for the developing soybean crop.

Imea – the farmers institute said, soybean harvesting in Mato Grosso, where the harvesting first started, was 16.25% compared to 8.19% during the corresponding period last year.

The Imea was expecting it to be about 18% by now.

AgRural consultancy estimated that the 2016/17 Brazil soybean crop harvest reached 4.3% of the area up compared with 1.5% harvest in the same period last year and 1.2% in the five-year average.

Multiple agencies have cut the Argentina's 2016/17 soybean production forecast to 53 – 56 million tonnes. CRF has reduced the Argentina's 2016/17 soybean production projection to 56.1 million tonnes from 58 million projected earlier.

Heavy rains in addition to the strong storm have raised concerns over the crop development; 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 fell in tandem with soybean on weak international soybean market, during the week under review.

Weak domestic soy meal demand mainly from poultry sector remained bearish for the meal.

However, better overseas soy meal demand in recent weeks limited the losses.

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 continue 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 \$ 343 per short ton compared to US \$ 348.7 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs 23,000 – 23,525/MT compared to Rs 23,000 – 24,300/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 23,400/MT respectively compared to Rs 23,000/MT in Indore and Rs 23,900/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard fell on slack in demand from the solvent extractors after weak demand in mustard oil and lower soybean in the cash market.

Further, expectation of higher 2016/17 rapeseed-mustard production of India after rise in the planted area in the seed by over 10% remained bearish.

In the recent government update on rabi crop planting, India's rapeseed-mustard sowing is reported up by 9.3% at 70.54 lha compared to 64.51 lha during the corresponding period of last year.

Scattered rains over the key rapeseed-mustard growing belts, during the week, will help boost the yield potential in the seed.

India is expected to produce around 7.0 million tonnes of rapeseed-mustard in 2016/17 compared to 5.8 million in 2015/16.

The RM seed crop is in good condition and it is in 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. 4,250 – 4,360 per quintal compared to Rs. 4,150 – 4,750 per quintal witnessed in the corresponding periods last year.

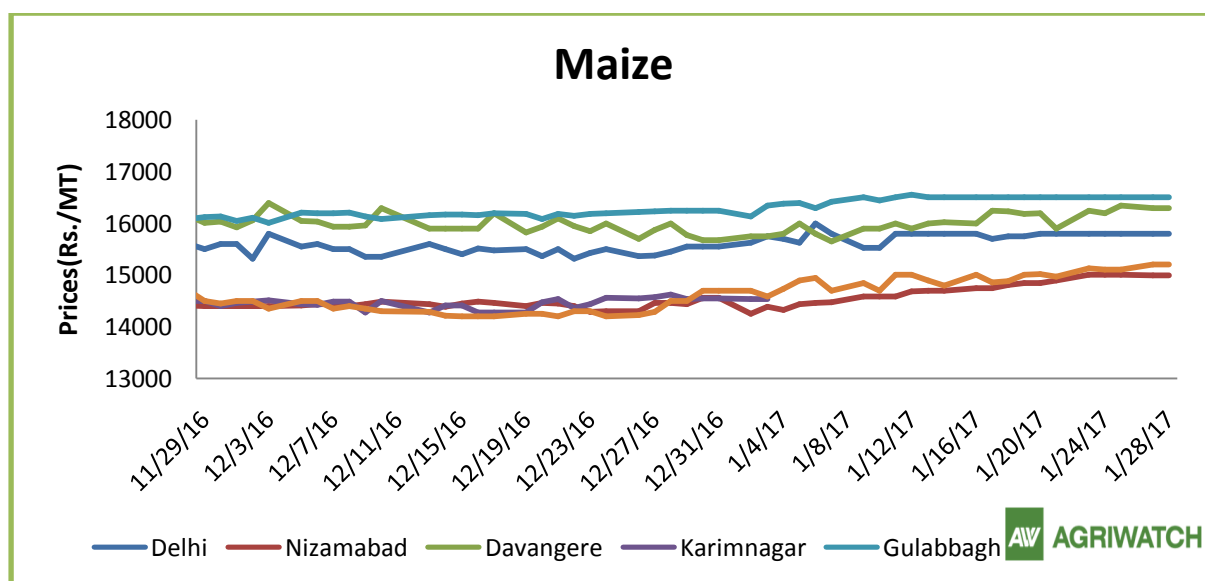
The all India daily arrivals of the seed continued to ease and were reported between 0.65– 0.75 lakh bags and are lower compared to 0.90– 1.15 lakh bags during the corresponding period last year.

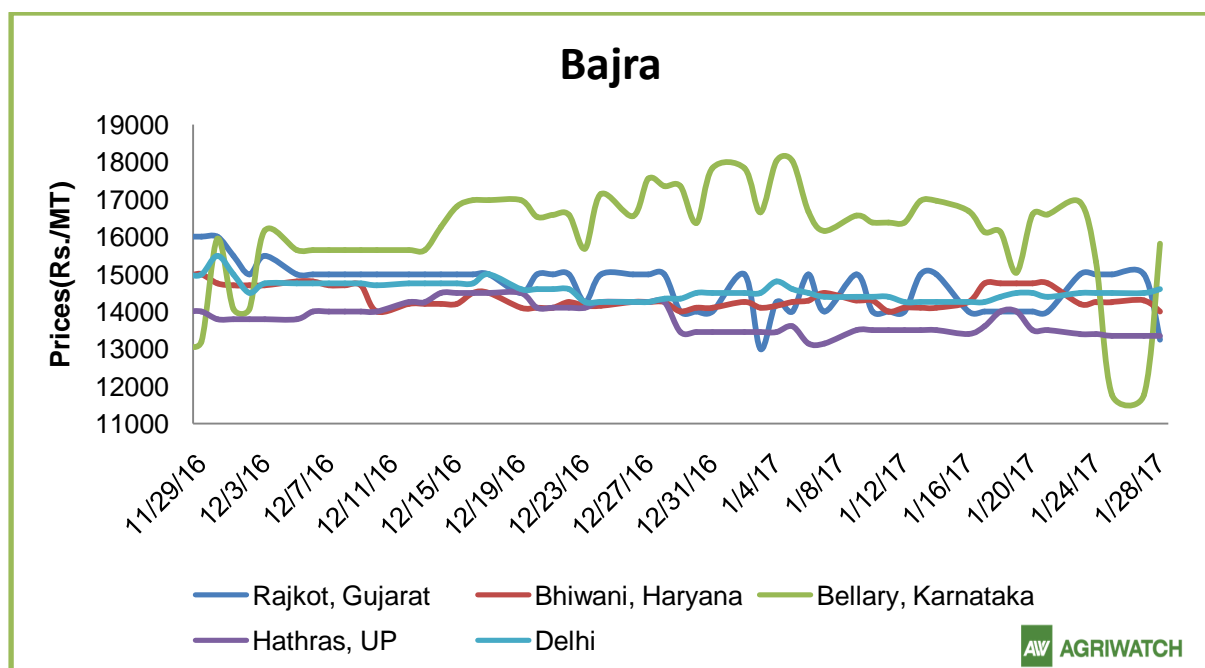
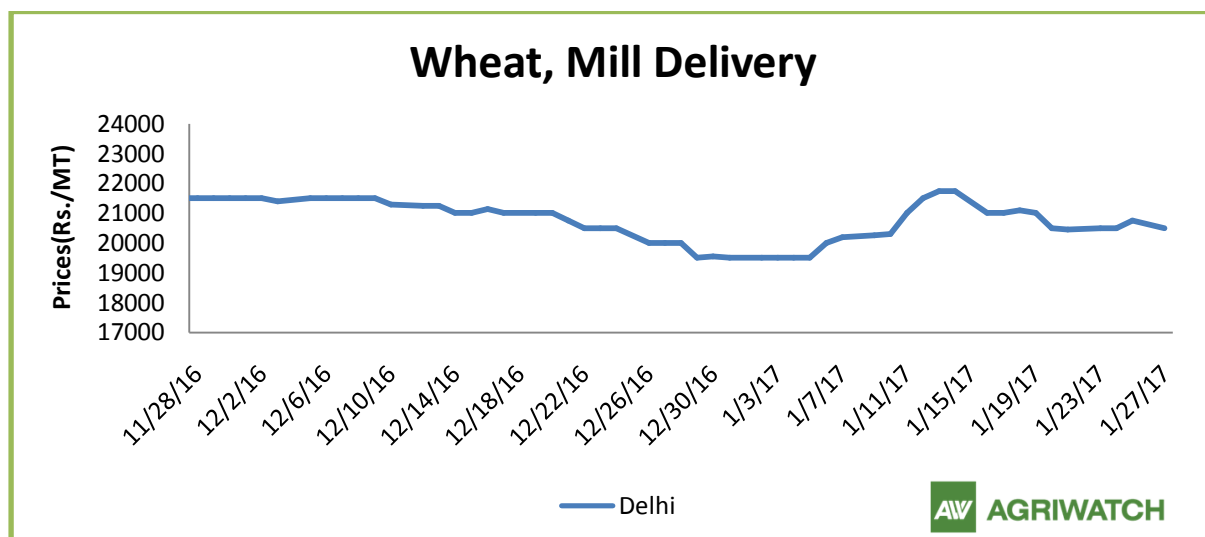
At NCDEX the April contract is trading around 3900/Qtl while the seed prices in the May contract is hovering around 3950/Qtl.

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 1-25 palm oil exports rose 9.3 percent to 904,257 tons compared to 827,347 tons in the corresponding period last month. Top buyers were European Union at 178,315 tons (204,375 tons), China at 145,510 tons (154,477 tons), India at 58,550 tons (103,525 tons), United States at 44,450 tons (36,925 tons) and Pakistan at 22,000 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).





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

In Nizamabad, maize is likely to trade firm 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. 1700 per quintal, 1800 per quintal respectively. It is likely to trade firm in the near term amid higher demand.

As per USDA, U.S corn exports reached 18.91 MMT in the 2016-17 marketing year. At 0.97 MMT (for the period 13th January –19th January, 2017) exports were up 6 percent from the previous week and 22 percent from the prior 4-week average. The primary destinations were Mexico (326,100 MT), Taiwan (154,000 MT), South Korea (143,500 MT), Colombia (86,900 MT), and Japan (57,100 MT).

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January 2017. As compared to prices in the week 24-31st January 2016, the prices are firm by 23.94 percent. Prices are expected to remain range bound to slightly firm in coming days.

According to latest update, area sown until 27 January'17 is 315.55 lakh hectares compared to 292.52 lakh hectares in the previous Rabi season. Among various states the area is down in Jammu & Kashmir and Karnataka, whereas Punjab, Haryana 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. Area is expected to be higher this year as government has increased MSP of wheat which has motivated farmers to sow more area.

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, a service tax of 4.5 percent will be levied on prepaid ocean freight. Around one million metric tonnes of wheat is expected to be imported in January. A group of importers believe that as most of the contracts are on Cost and Freight (C&F) basis or Cost, Insurance and Freight (CIF) basis, exporters are liable to pay the additional service tax whereas others believe that the service tax is marginal and can easily be absorbed by the importers provided the quantity traded is large.

Indian FoB quote is hovering around \$296.08 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.6, \$184.1, \$184.4, \$190.1 and \$173.8 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 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 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)		
	27-Jan-17	20-Jan-17	Parity To
Indore (MP)	23000	23625	Gujarat, MP
Kota	23900	24250	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24000	24500	Mumbai, Maharashtra
Nagpur (42/46)	23700	24500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23400	23800	Andhra, AP, Kar, TN
Latur	23400	24100	-
Sangli	24000	24500	Local and South
Sholapur	23500	24400	Local and South
Akola	23500	24100	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23500	24000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	23000	23900	-

Soy DOC at Port:

Centers	Port Price	
	26-Jan-17	19-Jan-17
Kandla (FOR) (INR/MT)	25100	25500
Kandla (FAS) (USD/MT)	368	375

International Soy DOC			
Argentina FOB USD/MT	26-Jan-17	19-Jan-17	Change
Soybean Pellets	364	370	-6
Soybean Cake Flour	364	370	-6
Soya Meal	372	378	-6
Soy Expellers	372	378	-6

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	27-Jan-17	20-Jan-17	Change
Adoni	17800	17900	-100
Khamgaon	NA	NA	-
Parli	17800	17700	100
Latur	17600	17500	100
Groundnut Meal (Rs/MT)	27-Jan-17	20-Jan-17	Change
Basis 45%, Saurashtra	21300	21300	Unch
Basis 40%, Saurashtra	19800	19800	Unch
GN Cake, Gondal	21500	21500	Unch
Mustard DOC/Meal	27-Jan-17	20-Jan-17	Change
Jaipur (Plant delivery)	15500	16000	-500
Kandla (FOR Rs/MT)	15500	16000	-500
Sri Ganganagar	1905	1960	-55

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	27-Jan-17	20-Jan-17	27-Dec-16	27-Jan-16	27-Jan-15
Delhi	Red	1600	1600	1550	1640	1450
Davangere	Local Delivered	1620	1550	NA	NA	NA
Nizamabad	Bilty	1510	1470	1450	1500	1270
Ahmadabad	Feed	1550	1500	1500	1580	1330
	Starch	1575	1550	1525	1600	1340

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	186.02	148.13	171.46	261.56
Cost and Freight	236.02	203.13	231.46	296.56

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	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>27-Jan-17</u>	<u>20-Jan-17</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1177	1613	-436
		Hybrid	Bangalore	2100	2050	50
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1978	1992	-14
Maize	Karnataka	Yellow	Davanger e	1550	1500	50
	Andhra Pradesh	Yellow	Nizamaba d	1430	1370	60
Rice	Haryana	IR8	Karnal	2800	2900	-100
		Parmal Raw	Karnal	3400	3500	-100
Soy meal	Madhya Pradesh	DOC	Indore	2300	2362	-62
	Maharashtra	DOC	Sangli	2400	2450	-50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1780	1790	-10
	Maharashtra	Ex-factory	Latur	1760	1750	10
Mustard	Rajasthan	Plant delivery	Jaipur	1550	1600	-50
Groundnut Meal	Gujarat	GN Cake	Gondal	2150	2150	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2325	2282	43
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2295	2216	79
Note: Prices Rs./Qtl						

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