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Summary

Soybean, soy meal and rapeseed-mustard extended losses in association on need based buying during the week in review.

Poor domestic soy meal demand, higher bean production this season, weak international soybean market remained bearish factors for the domestic soy complex.

The meal prices continued to remain lower keeping soy meal prices attractive for the foreign buyers.

Demand for soy meal of Indian origin has surged in recent months, mainly to the South East Asian country.

Further, expectation of higher rapeseed-mustard production this season after rise in the planted acreage in the same and nearing the end of marketing season remained bearish for seed.

The domestic rapeseed-mustard crop is under pod formation stage and the crop is in good condition.

Further area coverage under other rabi oilseed crop is also up by over 6% 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.

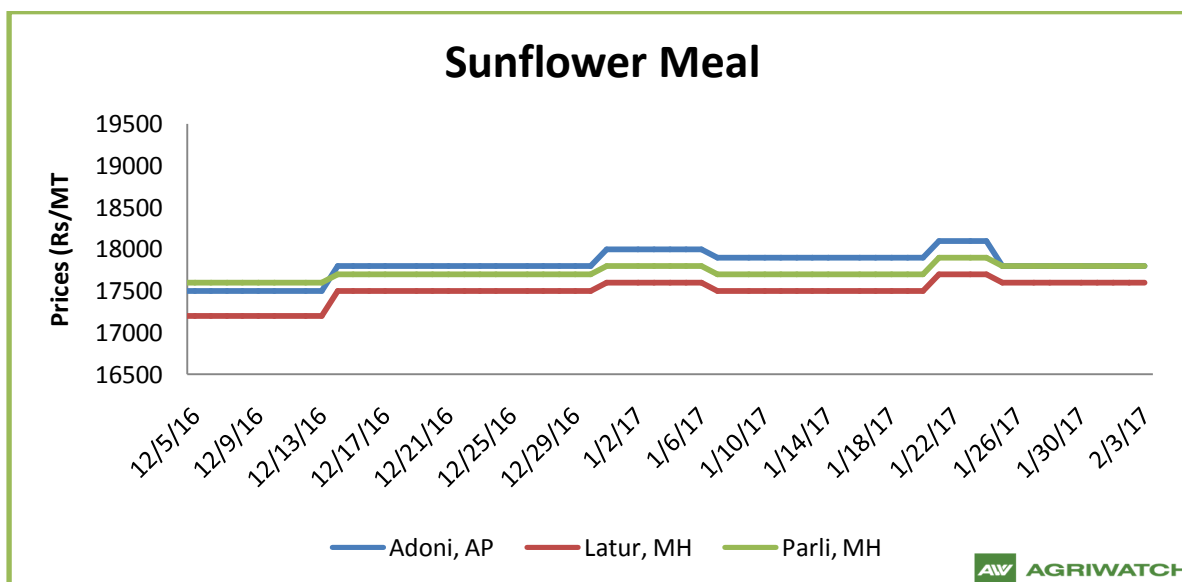
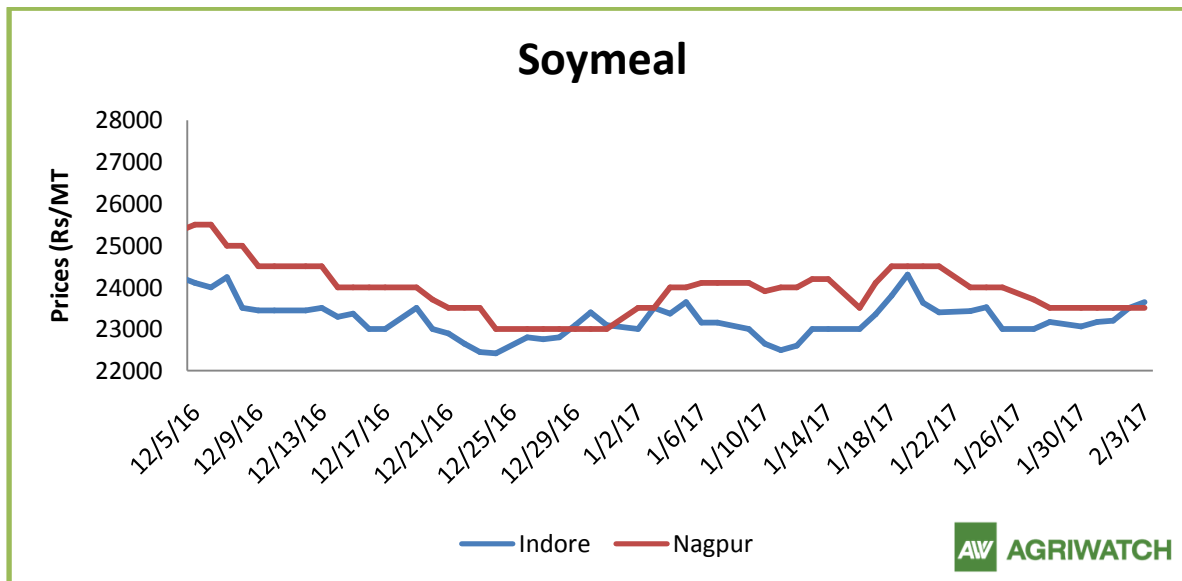
Overall maize cash markets traded steady to slightly firm during the week due to high feed makers demand and is expected to trade steady in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize steady at Rs. 1550 per quintal while starch feed makers quoted it firm by Rs. 10 per quintal to Rs. 1570 per quintal compared to last week.

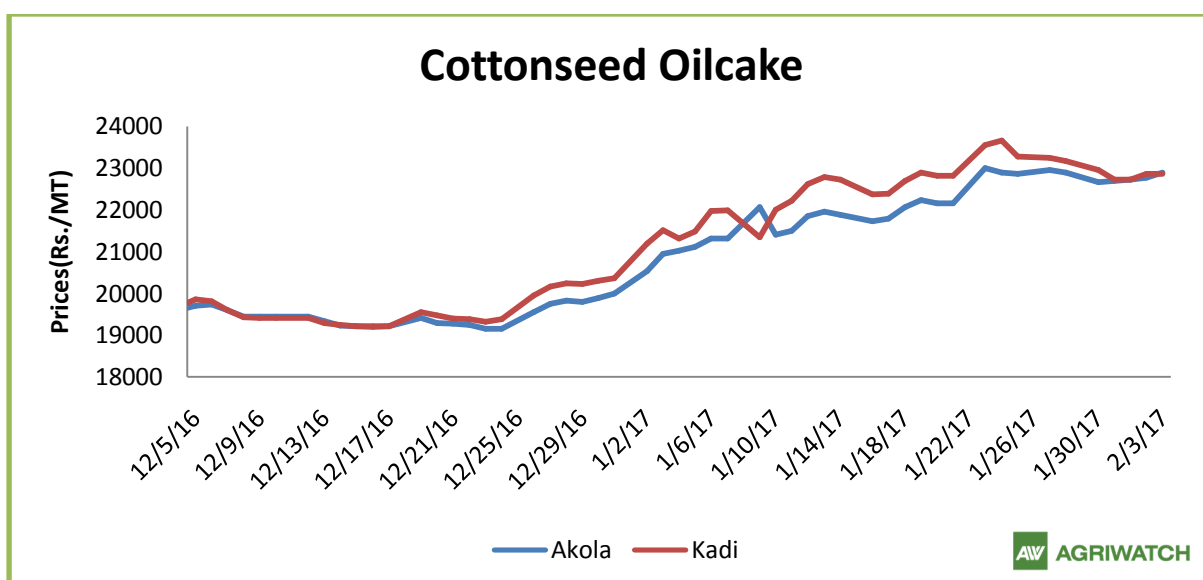
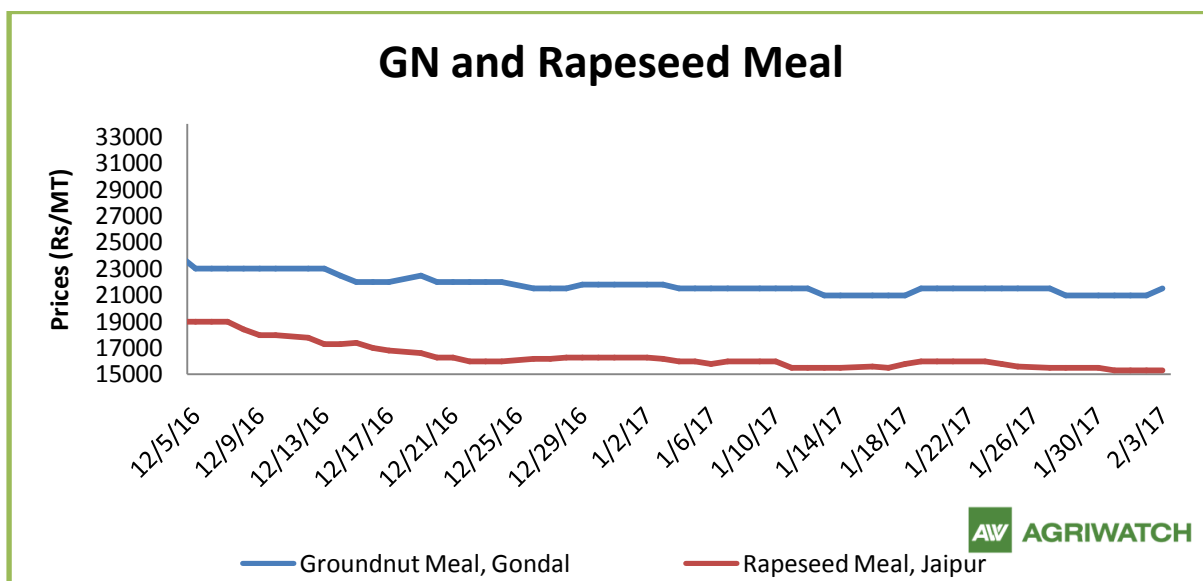
In India, maize has been sown in around 16.5 lakh hectares as on 3rd February'17 which is higher than 15.07 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in around 2.77 lakh hectares which is higher than 2.13 lakh hectare covered during corresponding period 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 1.74 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, crop arrivals are expected at month end.

All India weekly average prices decreased by 8.11 percent to Rs. 1961.4 per quintal during the week ended 08th February 2017. Wheat average price were ruling at Rs 2134.53 per quintal during 24-31 January 2017. As compared to prices in the week 01-08 February 2016, the prices are firm by 12.44 percent. Prices are expected to remain range bound to slightly weak in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soy bean declined, pressured by higher supplies after improved domestic soybean production and weak international soybean market on record global supplies.

Currently, the bean supplies are almost double compared to the corresponding period last year.

Further, limited buying by the solvent extractors is featured to cater to the overseas and domestic meal demand.

Soy oil and meal are already available at attractive price in the international market. The imported soy oil is cheaper compared to the domestic. Hence soy meal export obligation is the only concern for the solvent extractors at this point.

The soy meal exporters continued to offer meal prices at the attractive prices to the foreign buyers mainly to keep the exports window open for some more time on bearish domestic supply scenario this season.

Our meal prices must compete with the South American prices, where supplies and crushing are expected to peak in a month with bean harvesting in full swing. This will consequently negatively affecting our soy meal exports.

Further, the domestic soy meal demand continued to remain dull due to weak domestic poultry buying.

The *rabi* oilseeds planting is higher by 6% this season after increased *kharif* oilseeds production remained pressurizing factor.

Currently, about 0.55 – 1.25 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.40 – 0.50 lakh bags during the corresponding period last year.

International:

The CBOT soybean has declined on long liquidation and improving South American crop prospects after forecast of favorable clear weather for crop development in Brazil and Argentina.

The CBOT soybean declined and the March contract soybean prices ended at US \$ 10.27/bushel and compared to US \$ 10.49/bushel last week.

Heavy rains in Argentina has already lead to the crop losses in Argentina, but better crop prospects in Brazil on higher yield potential has offset the losses in Argentina.

Several agencies have raised Brazil's 2016/17 soybean production and estimates are between 103 - 107 million tonnes.

Safras and Mercado has projected its Brazil's 2016/17 soybean production estimated at record 107.1 million tonnes up 10.2% from previous season.

The rise in production is attributed to favorable weather which has boosted the yield potential mainly in Midwest and Southeast.

The harvest in Mato Grosso is expected to stand at 30.06 million tonnes, 9% above previous season. In the state of Parana it is expected 17.8 million tonnes, up 7%. In Rio Grande do Sul, the harvest is likely to reach 16.5 million tonnes, up 1% from 2015/16.

Informa Economics has raised its Brazil's 2016/17 soybean crop and kept Argentina's production estimate unchanged.

In the monthly report Informa has raised

Brazil's 2016/17 soybean to 106.5 million tonnes, up 105 million in its previous estimate in December.

It has kept the Argentina's 2016/17 soybean production unchanged at 55.0 million tonnes.

INTL FC Stone has raised its Brazil's 2016/17 soybean production estimate to 104.1 million tonnes which is up from 102.8 million estimated in the January.

Better yield is attributed to the higher production estimate. The consultancy has not reduced the planted area estimate while increased the productivity to 3.1 tonnes per hectares compared to 3.06 tonnes per hectares in January.

The lined up vessels at the Brazilian ports suggests that about 4.39 million tonnes of soy is expected to be shipped to the foreign buyers which is about 97% more than the corresponding period last year, data released by shipping agency Wilson Sons compiled by Reuters.

Dry weather has improved Argentina's 2016/17 soybean crop development. This is despite recent flood. The overall Argentine crop is in good condition.

European Union's 2016/17 soybean imports, by 31 Jan. 2017, have fallen by 6% to 7.6 million tonnes from 8.1 million tonnes registered at the corresponding period last year.

Besides, the EU 2016/17 soy meal imports, by 31 Jan. 2017, are down by 14% at 10.7 million tonnes from 12.4 million previous year.

The gains in the CBOT soybean was limited on the estimated record Brazilian soybean production and improving weather in Argentina after heavy rains previously.

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Soy meal

The domestic soy meal remained under pressure in a bid to keep the prices attractive for foreign buyers by solvent extractors.

Further, the domestic soy meal demand continued to remain weak on feeble demand in the poultry.

However, better overseas soy meal demand in recent weeks limited the losses. India has reportedly exported 2 lakh tonnes of soy meal in January while Brazil has exported 1.39 million tonnes of soy meal during the same period. Detailed export figure will be discussed in the next weekly.

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 fall in the international market and the March CBOT soy meal settled at US \$ 331 per short ton compared to US \$ 343 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted at Rs23,056 – 23,650/MT compared to Rs23,000 – 23,525/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs23,400/MT compared to Rs23,650/MT in Indore and Rs24,400/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard fell on fog end with feeble buying by the solvent extractors. Expectation of higher 2016/17 domestic rapeseed-mustard production after higher planted area under the seed remained pressurizing factor.

The mustard seed crop is in healthy condition and in pod formation stage across the key producing belt. Considering the weather and crop health, there are fair chances of increase in the yield potential in rapeseed-mustard crop.

In the recent government update on rabi crop planting, India's rapeseed-mustard sowing is reported up by 9.3% at 70.56 lha compared to 64.53 lha during the corresponding period of last year.

India is expected to produce around 7.0 million tonnes of rapeseed-mustard in 2016/17 with an average yield of about 1000 kg/ha compared to 5.8 million in 2015/16.

The seed prices, during the week, at benchmark, Jaipur was quoted between Rs. 4,155 – 4,190 per quintal compared to Rs. 4,150 – 4,245 per quintal witnessed in the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.60– 0.65 lakh bags and are lower compared to 1.15- 1.50 lakh bags during the corresponding period last year.

At NCDEX the April contract is trading around 3860/Qtl while the seed prices in the May contract is hovering around 3900/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.

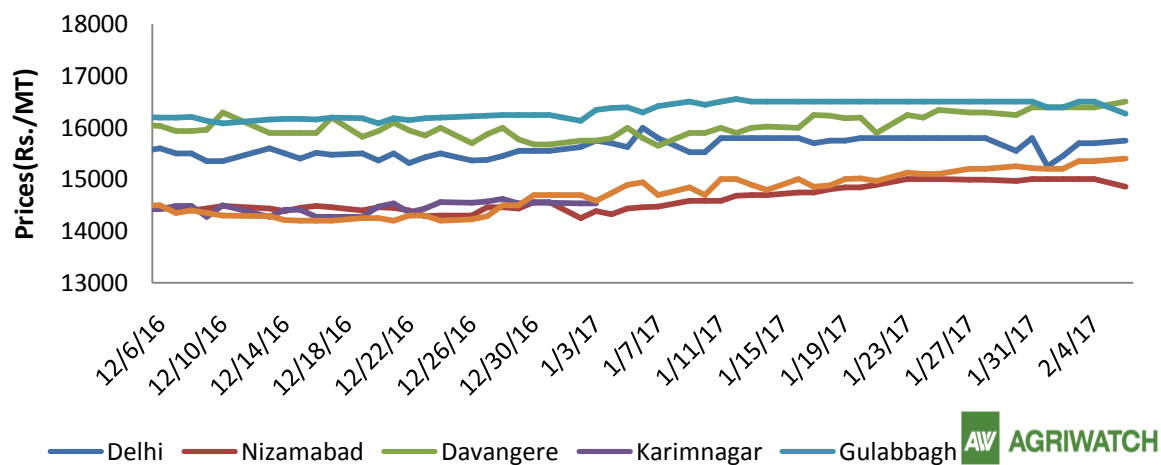
Malaysia's January palm oil exports rose 4.3 percent to 1,157,288 tons compared to 1,109,606 tons in December 2016. Top buyers were European Union at 213,950 tons (257,808 tons), China at 145,510 tons (176,477 tons), India at 140,550 tons (154,525 tons), United States at 50,350 tons (43,620 tons) and Pakistan at 31,500 tons (46,150 tons). Values in brackets are figures of December 2016, reported cargo surveyor Societe Generale de Surveillance (SGS).

Indonesia's December 2016 palm and palm kernel oil exports fell 5.6 percent to 2.68 MMT from 2.84 MMT in November 2016. Exports rose 6.8 percent from December 2015 when exports were 2.51 MMT. Exports in November 2016 rose 17.8 percent compared to October 2016. Exports in October 2016 were 2.41 MMT, said Indonesia Palm Oil Association.

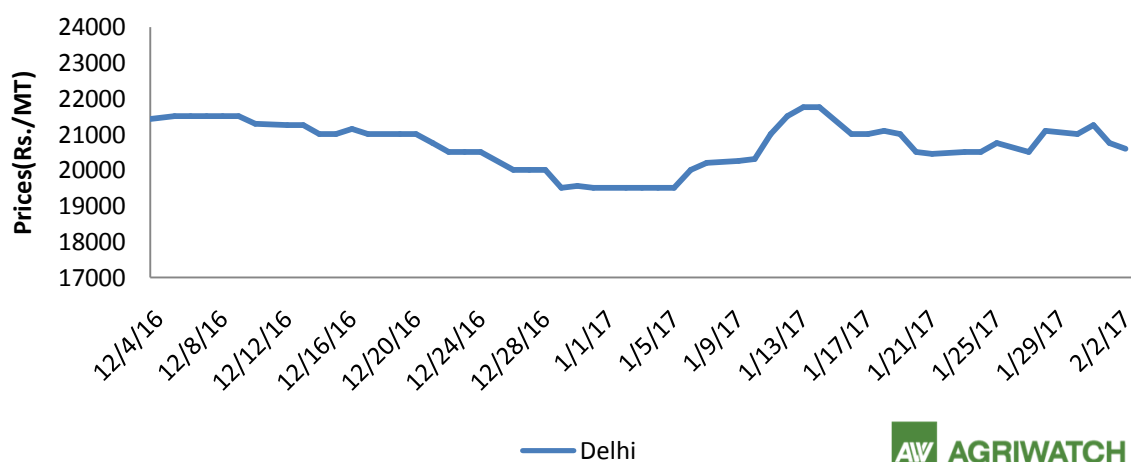
According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.

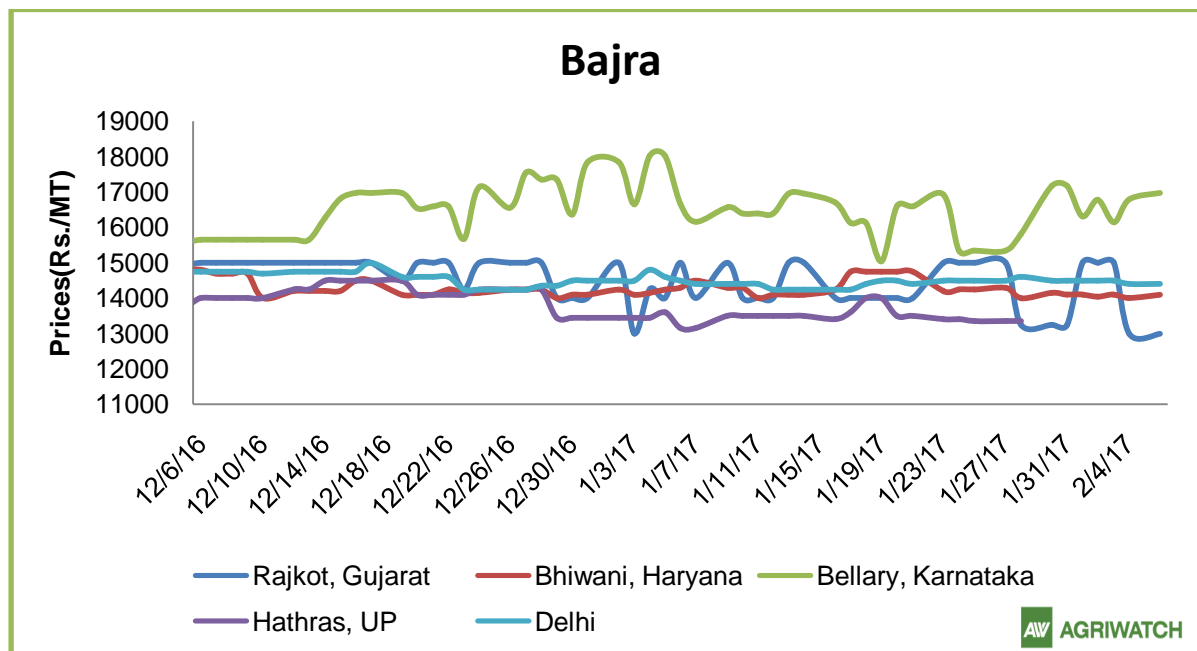
Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board, said the Malaysia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

Maize



Wheat, Mill Delivery





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, crop arrivals are expected at month end.

Maize sourced from Davangere moved towards Bangalore and Nammakal at Rs. 1720 per quintal, 1760 per quintal respectively. It is likely to trade steady in the near term.

As per USDA, U.S corn exports reached 19.67 MMT in the 2016-17 marketing year. At 0.76 MMT (for the period 20th January –26th January, 2017) exports were down 22 percent from the previous week and 5 percent from the prior 4-week average. The primary destinations were Mexico (151,000 MT), Japan (132,200 MT), Malaysia (69,700 MT), South Korea (58,000 MT), and Colombia (56,800 MT).

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According to latest update, area sown until 03 February'17 is 317.81 lakh hectares compared to 297.25 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 given its preliminary production estimate of 94.7 MMT for 2017-18. Carryout is expected to be around 12.18 MMT. Availability would be 107.18 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT.

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 3.41 lakh tonnes of wheat in the first four weeks of January and around 4.25 lakh tonnes in December. In the first three weeks around 2.63 Lakh tonnes of wheat was sold and the remaining 78000 tonnes was sold in the fourth week. For the year 2016-17, FCI has sold around 40.76 lakh tonnes of wheat until last week of January. Of this total quantity around 34.43 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.

Indian FoB quote is hovering around \$287.04 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.6, \$185.1, \$182.5, \$190.87 and \$170.8 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)		
	3-Feb-17	27-Jan-17	Parity To
Indore (MP)	23650	23000	Gujarat, MP
Kota	24400	23900	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	23800	24000	Mumbai, Maharashtra
Nagpur (42/46)	23500	23700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23400	23400	Andhra, AP, Kar, TN
Latur	23400	23400	-
Sangli	24000	24000	Local and South
Sholapur	23800	23500	Local and South
Akola	23500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	22600	23000	-

Soy DOC at Port:

Centers	Port Price	
	2-Feb-17	26-Jan-17
Kandla (FOR) (INR/MT)	25600	25100
Kandla (FAS) (USD/MT)	378	368

International Soy DOC			
Argentina FOB USD/MT	2-Feb-17	26-Jan-17	Change
Soybean Pellets	353	364	-11
Soybean Cake Flour	353	364	-11
Soya Meal	361	372	-11
Soy Expellers	361	372	-11
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	3-Feb-17	27-Jan-17	Change
Adoni	17800	17800	Unch
Khamgaon	NA	NA	-
Parli	17800	17800	Unch
Latur	17600	17600	Unch

Groundnut Meal (Rs/MT)	3-Feb-17	27-Jan-17	Change
Basis 45%, Saurashtra	20500	21300	-800
Basis 40%, Saurashtra	19000	19800	-800
GN Cake, Gondal	21500	21500	Unch
Mustard DOC/Meal	3-Feb-17	27-Jan-17	Change
Jaipur (Plant delivery)	15300	15500	-200
Kandla (FOR Rs/MT)	15300	15500	-200
Sri Ganganagar	1860	1905	-45

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	2-Feb-17	26-Jan-17	2-Jan-17	2-Feb-16	2-Feb-15
Delhi	Red	1600	1600	1575	1625	1430
Davangere	Local Delivered	1600	1570	NA	NA	NA
Nizamabad	Bilty	1500	1510	1450	1500	1260
Ahmadabad	Feed	1550	1550	1525	1580	1315
	Starch	1570	1560	1550	1625	1350

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	188.29	150.55	172.10	259.61
Cost and Freight	238.29	205.55	232.10	294.61

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						
Commodity	State	Variety	Centre	2-Feb-17	25-Jan-17	Change
Bajra	Karnataka	Hybrid	Bellary	1631	1177	454
		Hybrid	Bangalore	2100	2100	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1970	1978	-8
Maize	Karnataka	Yellow	Davanger e	1520	1550	-30
	Andhra Pradesh	Yellow	Nizamaba d	1430	1430	Unch
Rice	Haryana	IR8	Karnal	2900	2800	100
		Parmal Raw	Karnal	3600	3400	200
Soy meal	Madhya Pradesh	DOC	Indore	2365	2300	65
	Maharashtra	DOC	Sangli	2400	2400	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1780	1780	Unch
	Maharashtra	Ex-factory	Latur	1760	1760	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1530	1550	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2150	2150	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2287	2325	-38
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2290	2295	-5
Note: Prices Rs./Qtl						

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