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## Summary

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Soybean, soy meal and rapeseed-mustard featured losses on slack in demand from oilseeds processors during the week in review.

Higher soybean supplies and commencement of new rapeseed-mustard arrivals in the key cash markets remained bearish for the oilseeds.

We expected higher 2016/17 rabi oilseeds production on favourable weather and rise in the planted area in major rabi oilseeds including rapeseed-mustard and groundnut.

Soy meal exports continued to post remarkable growth year-on-year on higher soy meal supply outlook after rise in India's 2016/17 soybean production.

The domestic rapeseed-mustard crop is under maturity phase and the harvesting has started in the fields with early planted crop. The new crop supplies have commenced in the key growing belts of Rajasthan, Uttar Pradesh and Madhya Pradesh.

The crop is under good condition and there are no reports of crop damage due to bad weather, disease or pest.

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 continue to remain under supply pressure in near-term.

Mixed sentiments witnessed in most of the cash markets of maize during the week and are expected to trade steady to weak in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 10 per quintal to Rs. 1540 per quintal while starch feed makers quoted it down by Rs. 20 per quintal to Rs. 1540 per quintal compared to last week.

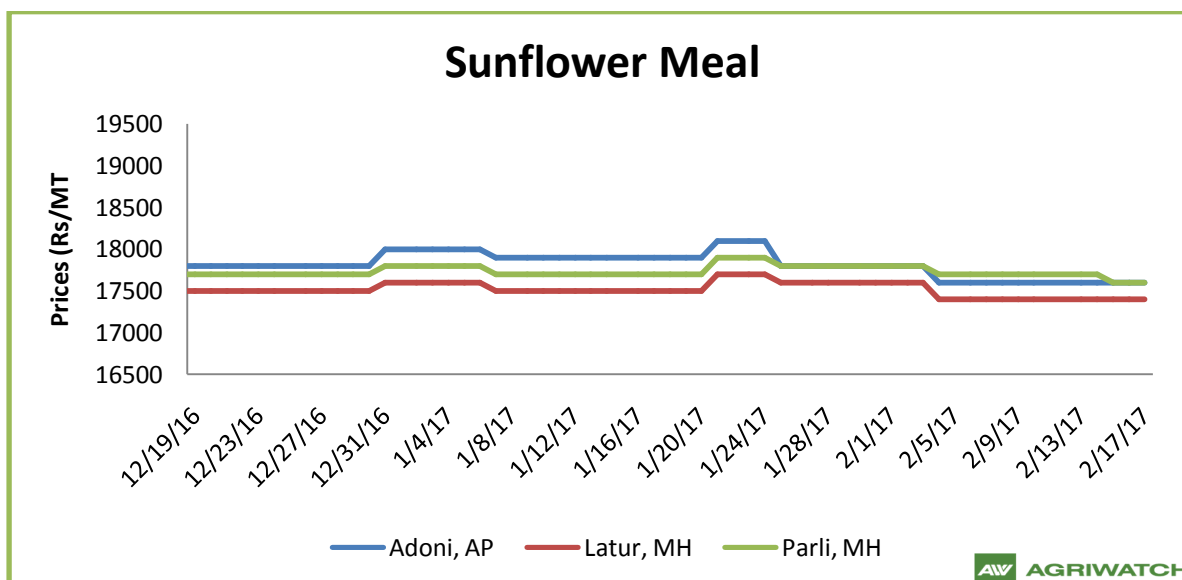
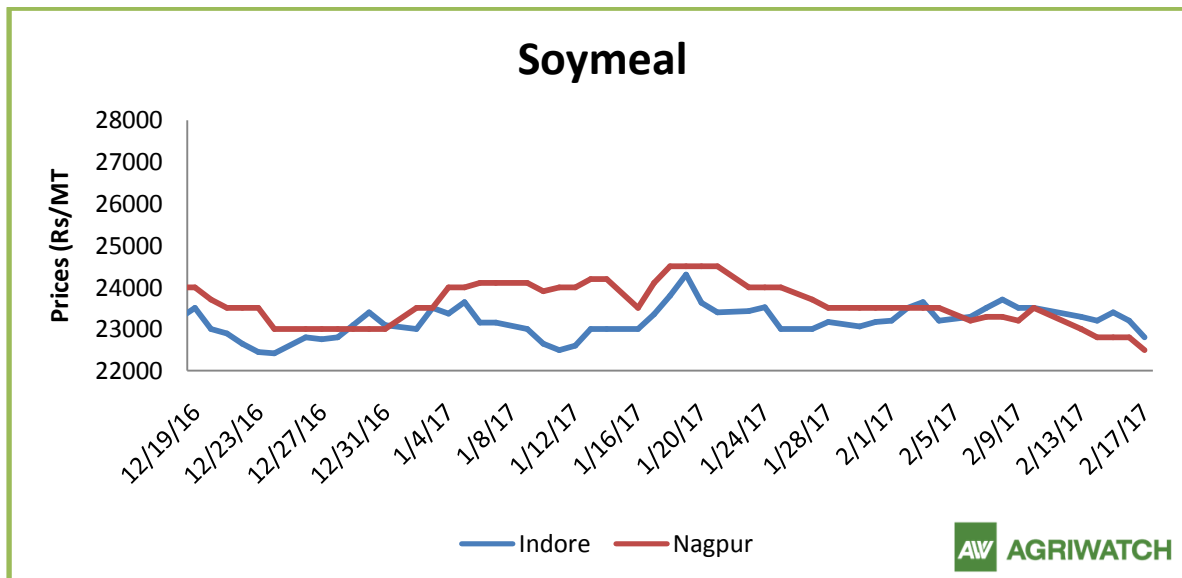
Overall maize crop conditions are favorable at this time. No loss reported till date. Agriwatch preliminary estimates maize Rabi production at around 6.24 MMT for 2016/17.

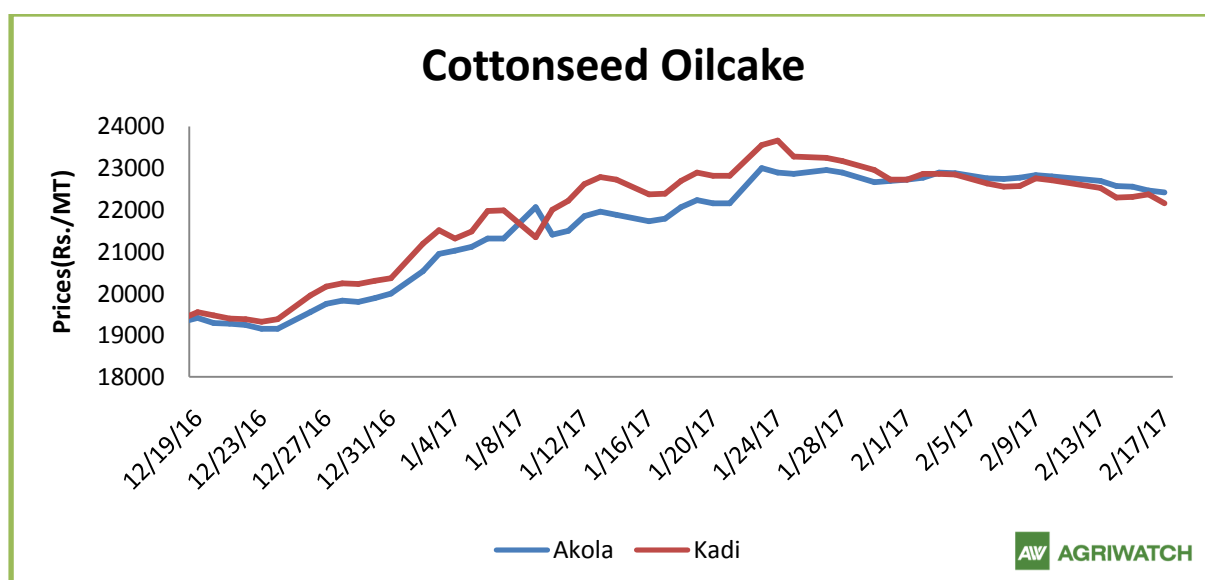
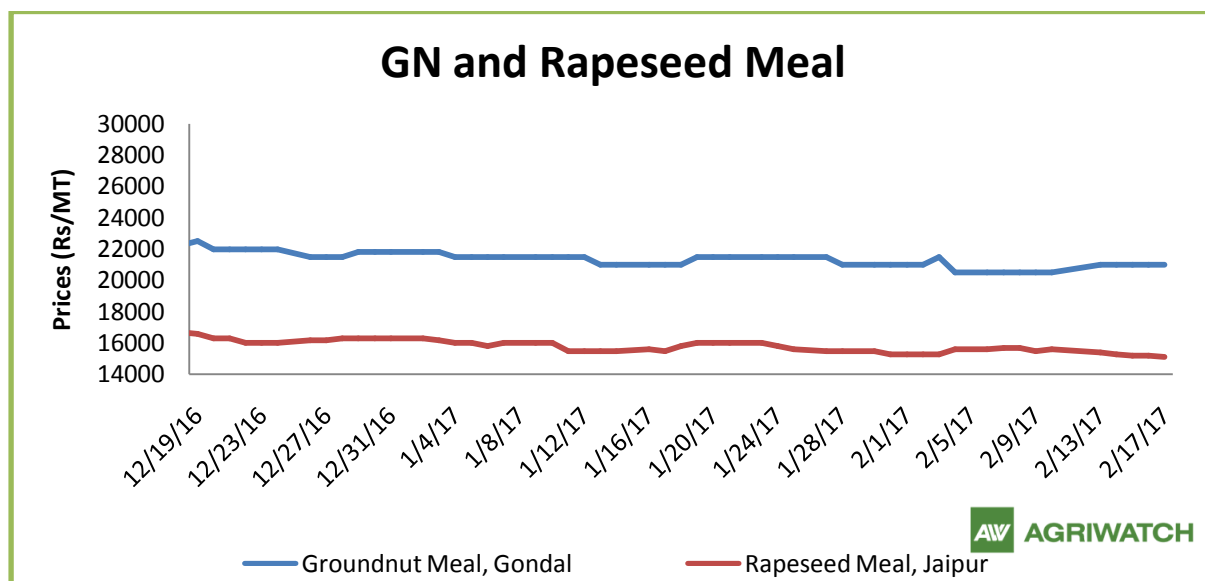
As per trade sources, in A.P and Telengana region, crop arrivals are expected around first week of March while in Bihar, it is expected to arrive in the month of April.

Parity for maize import starts emerging. Limited quantity of maize can be possible at current price level.

*All India weekly average prices increased by 0.65 percent to Rs. 1974.19 per quintal during the week ended 15th February 2017. Wheat average price were ruling at Rs 1961.4 per quintal during 01-08th February 2017. As compared to prices in the week 09-15 February 2016, the prices are firm by 13.44 percent. Prices are expected to remain range bound to slightly weak in coming days.*

**Trend – Raw Material, Feed**





Source: AgriWatch

## Soybean

The domestic soybean fell on lower demand from solvent extractors and higher supplies in bean during the week under review.

Currently, about 1.25 – 1.55 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.35 – 0.40 lakh bags during the corresponding period last year.

This shows the current supplies are 4 fold higher this season compared to the previous season.

Weak domestic soy meal demand and cheap soy oil imports remained bearish for the bean.

However, improved soy meal exports from India are expected to limit the losses in domestic bean.

But the crushers are not eager to quote higher for the bean in a bid to keep the meal prices attractive for the foreign buyers and keep the exports window open for some more time.

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

***The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, Agrawal Soy Dewas, 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 Overseas, Sawariya Itarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.***

#### **International:**

The CBOT soybean fell on expectation of record South American soybean crop, chart-based selling, advancing Brazil's soybean harvesting along with forecast of dry weather in Brazil.

The CBOT soybean declined and the March contract soybean prices ended at US \$ 10.32/bushel compared to US \$ 10.59/bushel last week.

US soybean crushers crushed higher than the market expectations in January, third highest January crush on record, said National Oilseed Processors Association.

NOPA reported that its members have processed 160.621 million bushels during January, up from 150.453 million bushels during the corresponding period last year and also up from 160.176 million bushels in December 2016.

The US soybean inventories of January 31 surged to 1.629 billion lbs from 1.582 billion lbs in January 2016 and also from 1.434 billion lbs at the end of December.

Brazil's 2016/17 soybean crop harvest has reached 26% of the total planted area by February 16. The figure is up 23% from the corresponding period last year and up 19% from last week estimated by AgRural.

The harvesting in Mato Grosso have reached 52% of the total state area and stands as a leader, but down from 44% last week due to rains which hampered the harvesting in the region.

AgRural consultancy has raised its Brazil's 2016/17 soybean production forecast on 3 Feb. 2017 to 105.4 million tonnes from 103.1 million tonnes projected previous month.

Brazil's 2016/17 soybean production is projected at 104.6 million tonnes against 101.7 million tonnes projected in December by Abiove.

Abiove has estimated Brazil's 2017 soy exports at 58.7 million tonnes compared to 58 million projected in December.

Brazil had exported 51.58 million tonnes of soybean in 2016 up from Abiove's December estimate of 51.7 million tonnes.

Rosario grains exchange has raised Argentina's 2016/17 soybean crop production estimate at 54.5 million tonnes up from its previous estimate of 52.9 million tonnes on improved yield potential, which has offset the decline in the planted area this season.

Argentina is forecast to harvest 54.8 million tonnes of soybean in 2016/17, said Buenos Aires Grains Exchange. The agency has raised the figure from its previous forecast of 53.5 million tonnes on improved weather in the country.

EU 2016/17 season soybean imports have reached 8.2 million tonnes by February 14. The volume is down 4% from 8.63 million tonnes at the corresponding period last season.

## Soy meal

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The domestic soy meal fell on higher supply outlook after increase in India's soybean production this season. However, improved overseas demand for soy meal of Indian origin limited the losses.

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

Further, soy meal witnessed fall in the international market and the March CBOT soy meal settled at US \$ 339 per short ton compared to US \$ 342 per short ton last week.

The meal exporters are keen in keeping the meal prices attractive for the foreign buyers and to keep the exports window open and compete with the South American meal prices, for some more time.

India's meal exports are expected to ease once the new crop crushing and exports picks up the pace in Argentina and Brazil.

Brazil's soybean crop harvesting is underway and it has gained momentum as discussed above. Argentina's soybean harvesting is expected to commence within a fortnight.

India's soy meal exports are up consistently y-o-y. In January'17 soy meal exports surged 446% after it registered a gain of 736% in December 2017.

The domestic soy meal prices at Indore, fell and were quoted at Rs 22,800 – 23,400/MT compared to Rs 23,200 – 23,700/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 23,500/MT and 23,200/MT respectively compared to Rs 22,800/MT in Indore and Rs 23,100/MT in Kota.

NOPA report reveals that the US soy meal shipments stood at 891,143 tons up from 686,493 tons during the corresponding period last year but down from 949615 tons in December 2016.

EU soy meal imports July – June 2016/17 season reached 11.3 million tonnes down 15% from 13.4 million during the corresponding period last year.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard witnessed season fall in the prices with new crop supplies gaining momentum, during the week under review.

The domestic rapeseed-mustard harvesting has commenced in the key growing states of Rajasthan, UP, Madhya Pradesh and Punjab and the new seed supplies are exerting pressure on the seed market.

The standing mustard seed crop is mostly under maturity phase and the harvesting is picking up the pace. We feel the new crop supplies will peak in the month of April when spot prices will test the lowest in the season.

The new crop seed is quoted around Rs 4,000 – 4,015 a quintal compared to Rs 4,460 – 4,570 a quintal during the corresponding period last year at the benchmark, Jaipur.

The all India seed supplies surged to 1.25 – 1.30 lakh bags compared to around 30,000 – 40,000 bags in the previous week.

India's final official figure 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.

At NCDEX - futures the April contract is trading around 3788/Qtl compared to 3818/Qtl previous week.

India's edible oil imports are consistently falling m-o-m on improved domestic oilseeds crushing.

India's January edible oil imports fell 19.7 percent y-o-y to 10.08 lakh tons from 12.55 lakh tons in January 2016. Palm oil imports fell 11.5 percent y-o-y to 6.08 lakh tons y-o-y from 6.88 lakh tons in January 2016. CPO Imports fell 23 percent y-o-y to 4.08 lakh tons from 5.30 lakh tons in January 2016. RBD palmolein imports rose 30.7 percent y-o-y to 1.97 lakh tons from 1.50 lakh tons in January 2016. Soy oil imports fell 62 percent y-o-y to 1.67 lakh tons from 4.41 lakh tons in January 2016. Sunflower oil imports rose 27.1 percent y-o-y to 2.15 lakh tons from 1.18 lakh ton in January 2016. Rapeseed (Canola) oil imports rose 134 percent y-o-y to 0.18 lakh tons from 0.07 lakh tons in January 2016, reported by Solvent Extractors Association (SEA).

India's January edible oil stocks at ports and pipelines fell 6.6% m-o-m to 17.30 lakh tons from 18.45 lakh tons in December 2016. Stocks of edible oil at ports fell to 642,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 85,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,088,000 tons in pipelines (stocks in pipelines were at 1,150,000 tons in December 2016). India is presently holding 32 days of edible oil requirement on 1st February, 2017 at 17.80 lakh tons compared to 34 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh ton.

Malaysia's February 1 – 15 palm oil exports fell 3.6 percent to 501,748 tons compared to 520,332 tons exported during Jan. 1 – 15. Top buyers were European Union at 45,700 tons (67015 tons), China at 79500 tons (82550 tons), Pakistan at 24,000 tons (14,000 tons), United States at 37,130 tons (18,750 tons) and India at 58,290 tons (50,300 tons). Values in brackets are figures of Jan. 1 – 15 reported cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia increased March crude palm oil export duty to 8 percent from 7.5 percent in February. Tax is calculated at reference price of 3,337.30 ringgit (\$748.95) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent, said Malaysia Palm Oil Board (MPOB).

Malaysia's palm oil stocks declined to their lowest volume in 5-months at the end of January 2017. The fall is attributed to fall in the production and rise in exports in 5-months.

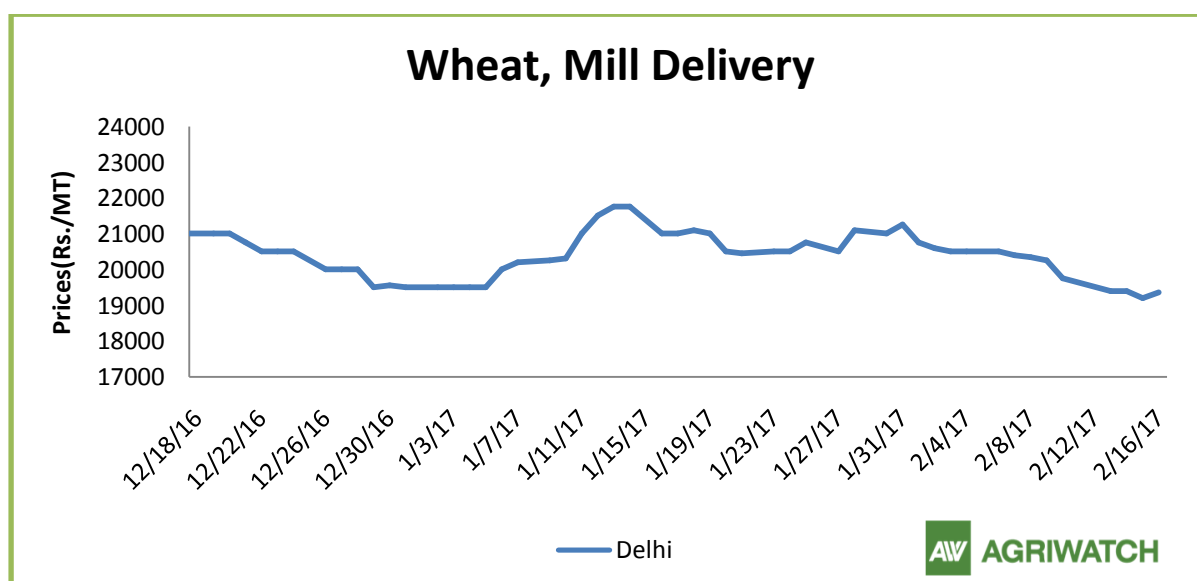
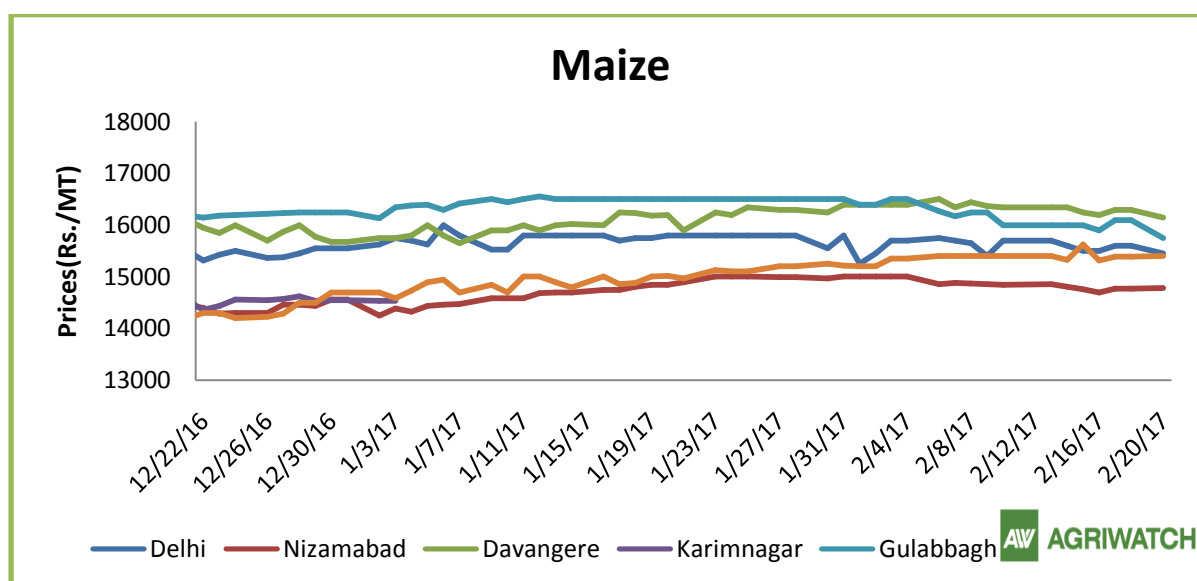
However, the inventories remained higher than the market/industry expectations.

The January palm oil inventories fell to 7.6% to 1.54 million tonnes, reportedly first month-on-month fall since August, reported by Malaysian Palm Oil Board (MPOB).

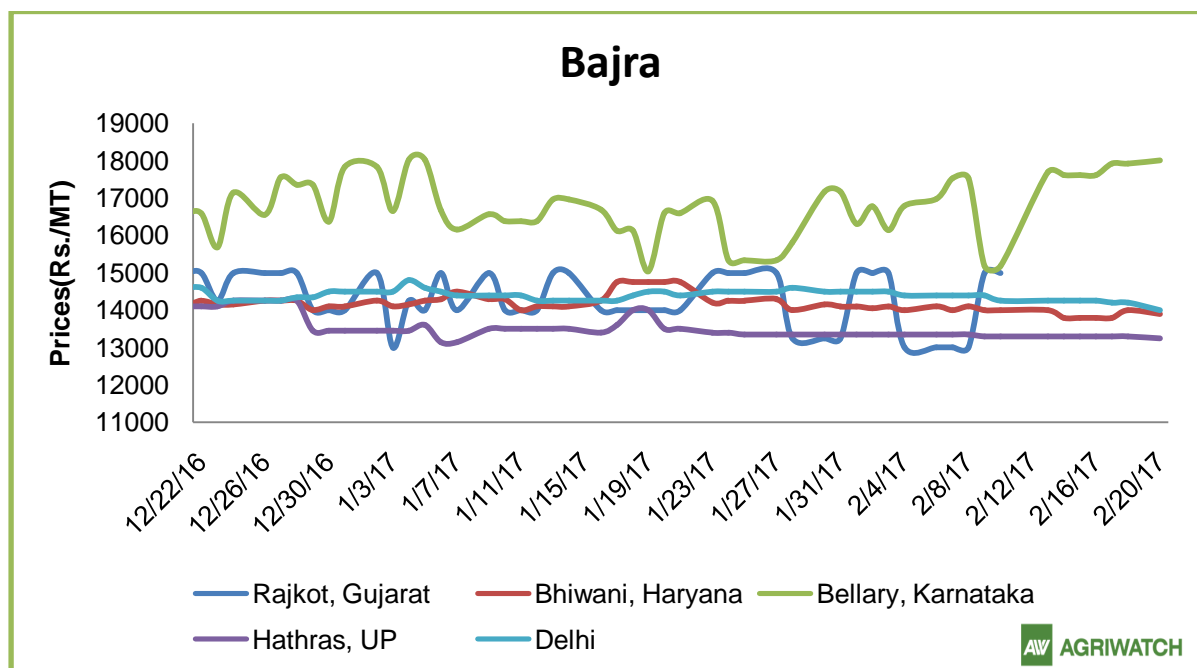
The fall in inventories supported the Malaysian palm oil prices at higher levels at BMD.

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).







**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 around first week of March.

It is likely to trade steady to slightly weak in the near term. Arrival pressure from Maharashtra limit the demand of Tamil Nadu' feed makers.

As per USDA, U.S corn exports reached 22.05 MMT in the 2016-17 marketing year. At 1.25 MMT (for the period 3<sup>rd</sup> February –9<sup>th</sup> February, 2017) exports were up 11 percent from the previous week and 32 percent from the prior 4-week average. The primary destinations were Japan (382,200 MT), Mexico (233,700 MT), Peru (154,600 MT), South Korea (72,500 MT), and Morocco (69,000 MT). All India weekly average prices increased by 0.65 percent to Rs. 1974.19 per quintal during the week ended 15<sup>th</sup> February 2017. Wheat average price were ruling at Rs 1961.4 per quintal during 01-08<sup>th</sup> February 2017. As compared to prices in the week 09-15 February 2016, the prices are firm by 13.44 percent. Prices are expected to remain range bound to slightly weak in coming days.

Government has fixed wheat procurement target at 33MMT for 2017-18. Of the total target around 11.5 MMT will be procured from Punjab, 8.5 MMT from Madhya Pradesh, 7.5 MMT from Haryana, 3MMT from Uttar Pradesh and 1.7 MMT from Rajasthan. Government target procurement for MY 2016-17 was 30.5 MMT against which it procured only 22.96 MMT. Wheat production target is kept at 96.5 MMT for 2016-17.

As per second advance estimate for 2016-17 wheat production is likely to be around 96.6 MMT which is higher compared to fourth advance estimate of 93.5 MMT issued in 2015-16. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

Wheat WPI has decreased slightly from 251.7 in December'16 to 250.3 in January-2017. Monthly wheat inflation has decreased by 0.55 percent in January-17 compared to December-16. As compared to January-16, wheat WPI has increased by around 9.49% and by 5.54% compared to January-2015.

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.

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.

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.

As per latest update, FCI has sold around 85 Thousand tonnes of wheat in the second week of February compared to 88 thousand tonnes in the first week. In January FCI has sold around 3.41 lakh tonnes and 4.25 lakh tonnes in December. For the year 2016-17, FCI has sold around 42.49 lakh tonnes of wheat until second week of February. Of this total quantity around 36.05 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.

Indian FoB quote is hovering around \$278.65 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.0, \$185.5, \$185.05, \$195.79 and \$178 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 in the market. 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 34 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 31 MMT, largest in three years. Increase in export demand from various countries is also providing support to prices of exporting countries. Therefore, 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)		
	17-Feb-17	10-Feb-17	Parity To
Indore (MP)	22800	23500	Gujarat, MP
Kota	23100	23500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24500	24700	Mumbai, Maharashtra
Nagpur (42/46)	22500	23500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23200	23400	Andhra, AP, Kar, TN
Latur	23500	23900	-
Sangli	24100	24000	Local and South
Sholapur	23900	24000	Local and South
Akola	23000	24000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23100	23600	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	22800	23300	-

### Soy DOC at Port:

Centers	Port Price	
	16-Feb-17	9-Feb-17
Kandla (FOR) (INR/MT)	24900	25600
Kandla (FAS) (USD/MT)	372	382

International Soy DOC			
Argentina FOB USD/MT	16-Feb-17	9-Feb-17	Change
Soybean Pellets	362	357	5
Soybean Cake Flour	362	357	5
Soya Meal	370	365	5
Soy Expellers	370	365	5
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	17-Feb-17	10-Feb-17	Change
Adoni	17600	17600	Unch
Khamgaon	NA	NA	-
Parli	17600	17700	-100
Latur	17400	17400	Unch

<b>Groundnut Meal (Rs/MT)</b>	<b>17-Feb-17</b>	<b>10-Feb-17</b>	<b>Change</b>
Basis 45%, Saurashtra	20000	20000	Unch
Basis 40%, Saurashtra	18500	18500	Unch
GN Cake, Gondal	21000	20500	500
<b>Mustard DOC/Meal</b>	<b>17-Feb-17</b>	<b>10-Feb-17</b>	<b>Change</b>
Jaipur (Plant delivery)	15100	15600	-500
Kandla (FOR Rs/MT)	15200	15700	-500
Sri Ganganagar	1835	1870	-35

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

Market	Grade	16-Feb-17	8-Feb-17	16-Jan-17	16-Feb-16	16-Feb-15
Delhi	Red	1575	1575	1575	1660	1425
Davangere	Local Delivered	1560	1620	1530	NA	NA
Nizamabad	Bilty	1480	1500	1450	1480	1270
Ahmadabad	Feed	1540	1550	1510	1550	1360
	Starch	1540	1560	1525	1560	1400

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

	Argentina	Brazil	US	India (Bihar Origin)
<b>FOB</b>	-	150.08	169.54	261.55
<b>Cost and Freight</b>	-	205.08	229.54	296.55

#### 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	51805
Dec	510698	451314	193832	5667	160949
<b>Total</b>	<b>2668918</b>	<b>3512217</b>	<b>1210954</b>	<b>276674</b>	<b>238683.1</b>

<b>Feed Ingredient Prices at a Glance</b>						
<b>Commodity</b>	<b>State</b>	<b>Variety</b>	<b>Centre</b>	<b>16-Feb-17</b>	<b>8-Feb-17</b>	<b>Change</b>
Bajra	Karnataka	Hybrid	Bellary	1762	1753	9
		Hybrid	Bangalore	2100	2100	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	2041	2044	-3
Maize	Karnataka	Yellow	Davanger e	1520	1540	-20
	Andhra Pradesh	Yellow	Nizamaba d	1430	1450	-20
Rice	Haryana	IR8	Karnal	2900	2800	100
		Parmal Raw	Karnal	3200	3400	-200
Soy meal	Madhya Pradesh	DOC	Indore	2280	2350	-70
	Maharashtra	DOC	Sangli	2410	2400	10
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1760	1760	Unch
	Maharashtra	Ex-factory	Latur	1740	1740	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1510	1560	-50
Groundnut Meal	Gujarat	GN Cake	Gondal	2100	2050	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2216	2271	-55
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2242	2280	-38
<b>Note: Prices Rs./Qtl</b>						

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