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## Summary

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Soybean and soy meal witnessed steady to slightly firm tone on consistent flat demand while rapeseed-mustard featured losses on increasing new crop supplies with harvesting in full swing, during the period under review.

The soybean arrivals have slightly fallen from the recent daily average and soy meal exports have recovered the lost ground as expected.

India's February soy meal exports witnessed a surge of 594% y-o-y which remained supportive to some extent. However, the meal and bean prices are still low with attractive soy meal exports price.

The domestic soy meal demand continued to be weak due to slack in poultry demand.

The rapeseed-mustard harvesting is in full swing, which has consequently increased the seed supplies in recent weeks at the key market centers.

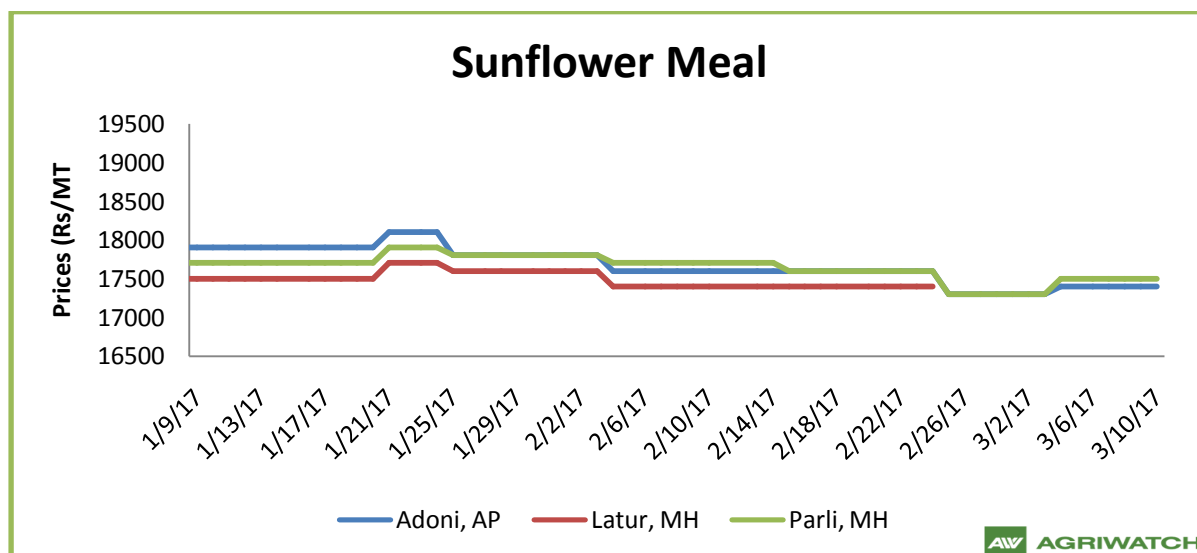
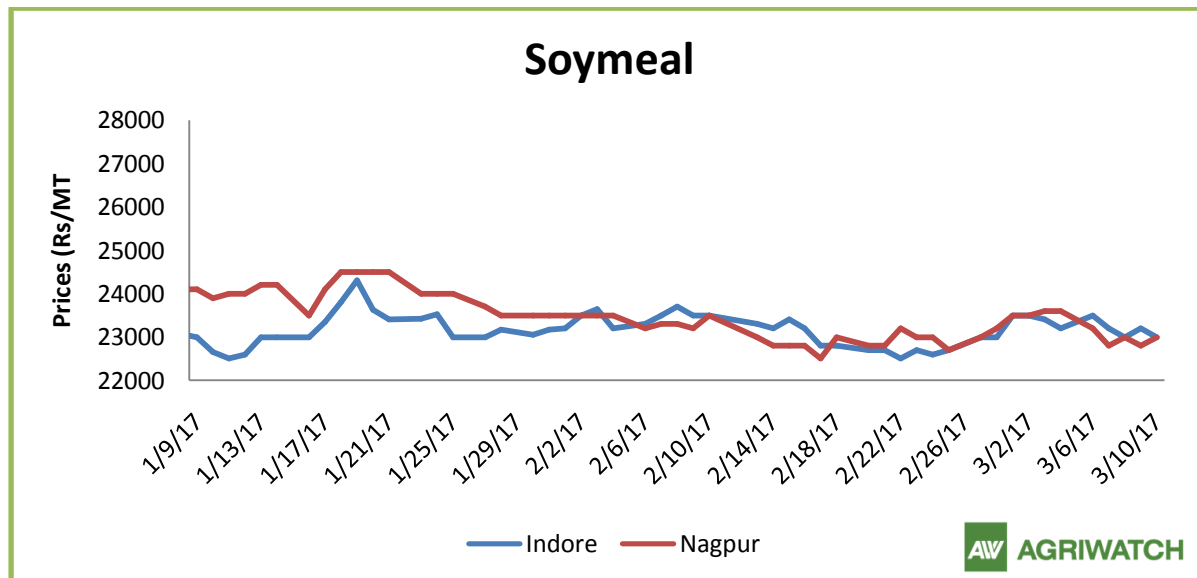
The rapeseed-mustard is to witness further fall on rising new crop supplies and higher production estimate this season. Besides, soybean will continue to remain under supply pressure in near-term.

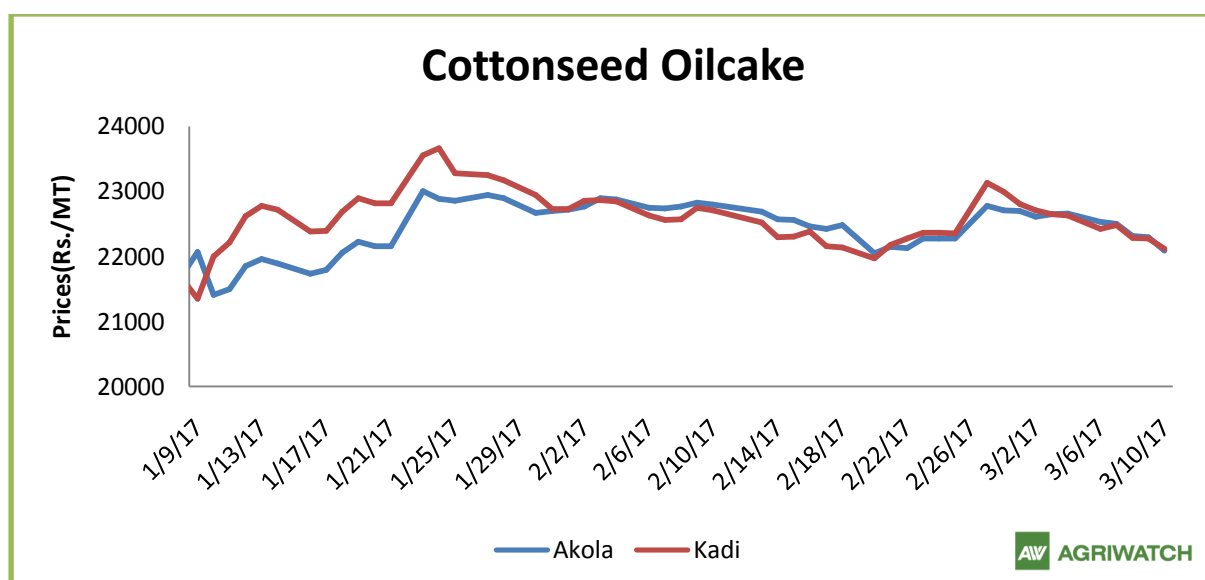
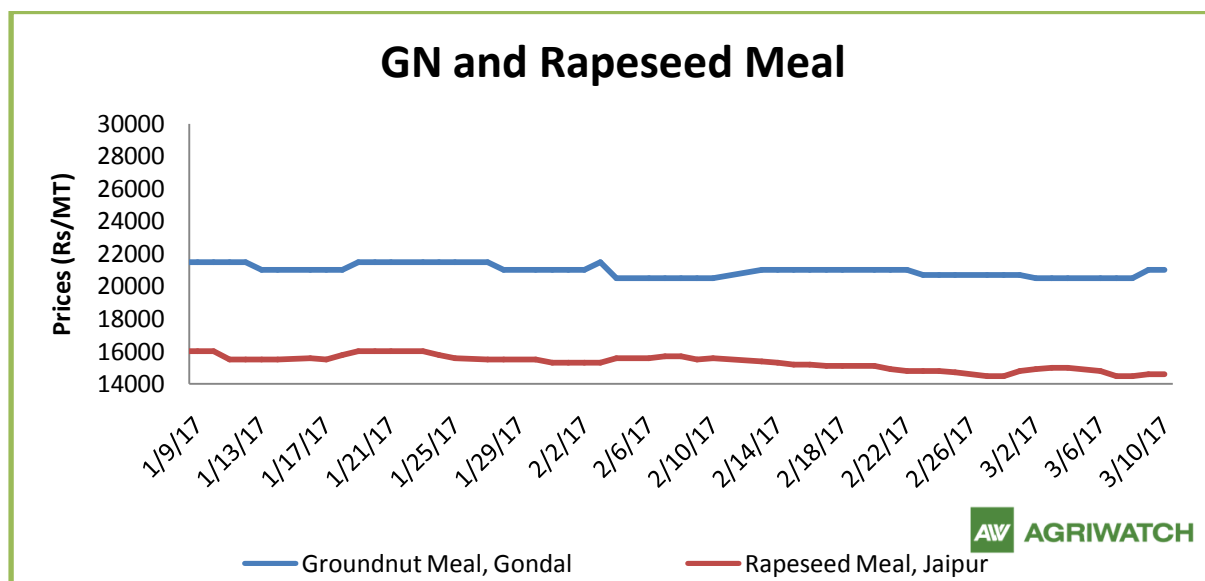
Maize cash markets traded mixed during the week and are expected to trade steady to weak in the near term due to new crop arrival pressure. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 40 per quintal to Rs. 1560 per quintal while starch feed makers quoted it firm by Rs. 100 per quintal to Rs. 1600 per quintal compared to last week.

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

All India weekly average prices increased by 1.48 percent to Rs. 1979.74 per quintal during the week ended 08th March 2017. Wheat average price were ruling at Rs 1950.91 per quintal during 24-28 February 2017. As compared to prices in the week 01-08 March 2016, the prices are firm by 17.80 percent. Prices are expected to remain range bound to slightly weak in coming days.

**Trend – Raw Material, Feed**





Source: AgriWatch

## Soybean

The domestic soybean remained almost flat on steady offtake in the cash market by solvent extractors to cater improved soy meal exports commitment and strength in the international soybean, during the week under review.

However, higher domestic production and better supplies of bean kept the lip on the gains.

Currently, about 0.60 – 1.10 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.15 – 0.32 lakh bags during the corresponding period last year.

Slack in domestic soy meal offtake due to weak poultry demand too remained limiting factor.

Besides, cheap soy oil imports remained bearish for the bean.

However, better soy meal exports from India could lend support to bean in coming days.

The crushers are still 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.

Currently, the bean prices are around the levels where they were at the time of harvest in October.

The rabi oilseeds has gained momentum and the oilseeds production is forecast to be higher.

***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 benchmark CBOT soybean posted gains on logistic constraints in Brazil due to heavy rains, prospects for rise in demand for soy based biodiesel after White House statement that no executive order was in the works on ethanol, during the week under review.

Around 3000 trucks and 11 ships are stranded on highway and port respectively as the rains have washed out roads disrupting trucks carrying soybean to key ports for exports.

However, forecast of record soybean crop in the Brazil and bumper global bean supplies along with technical selling limited the gains.

The CBOT soybean posted gains and the March contract soybean prices ended at US \$ 10.27/bushel compared to US \$ 10.11/bushel last week.

Brazil's 2016/17 soybean crop production is forecast at 105 million tonnes which is up from 95.4 million tonnes estimated in 2015/16 by Oil World.

Brazil is expected to export around 52.3 million tonnes during February/August 2017 against 47.8 million tonnes in the corresponding period last year.

Informa Economics has also raised its Brazil's 2016/17 soybean production estimate to 108 million tonnes from 106.5 million tonnes projected previously.

Informa has projected Argentina's 2016/17 soybean crop at 55.0 million tonnes.

EU soybean imports fell 1% by 28 February 2016/17 and registered imports of 8.8 million tonnes from 8.9 million acres during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.8 million tonnes, down 15% from 13.9 million tonnes during the corresponding period last year.

US 2017 soybean seeding is seen up at 88 million acres compared to 83.4 million in 2016 while corn area is reduced to 90 million acres from 94 million in 2016, projected by USDA.

Agroconsult has projected Brazil's 2016/17 soybean production at 107.8 million tonnes up from 105.3 million projected initially in February.

The agency has estimated Brazil's 2016/17 soy exports at 61.1 million tonnes.

Argentina's Agriculture Ministry has slashed its estimate for planted soybean to 19.45 million hectares from 19.8 million hectares estimated previously.

EU soybean imports fell 3% in 2016/17 season and registered imports of 8.4 million tonnes by Feb. 21 from 8.7 million acres during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.7 million tonnes, down 15% from 13.7 million tonnes during the corresponding period last year.

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 up from 160.176 million bushels in December 2016.

The US soyoil 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.

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

## Soy meal

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The domestic soy meal remained flat in tandem with soybean steady demand overseas meal demand. However, weak domestic offtake in meal due to slack in poultry demand remained limiting factor.

But, soy meal extended losses in the international market and the March CBOT soy meal settled at US \$ 325 per short ton compared to US \$ 328 per short ton last week.

As discussed earlier, India's soy meal exporters want to keep the meal prices attractive for the foreign buyers, in a bid to keep the exports window open and compete with the South American meal prices.

India's soy meal shipments have significantly improved this season after sluggish exports in last 3 seasons. We expect India's February exports figure higher than the corresponding period last year.

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 in recent days, but disruption in logistics due to heavy rains will prove supportive for India's soy meal exports. 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 594% after it registered a gain of 446% in January 2017.

The domestic soy meal prices at Indore, were quoted at Rs 23,000 – 23,500/MT compared to Rs 22,700 – 23,500/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 24,000/MT and 23,100/MT respectively compared to Rs 23,000/MT in Indore and Rs 23,300/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 949,615 tons in December 2016.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.7 million tonnes, down 15% from 13.7 million tonnes during the corresponding period last year.

## **Rapeseed - Mustard Seed**

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The domestic rapeseed-mustard extended losses as expected on strong new crop supplies, during the week in review.

The all India seed supplies surged to 4.40 – 5.5 lakh bags compared to around 1.85 – 3.85 bags in the previous week. The supplies were 1.0 – 3.5 lakh bags during the corresponding period last year.

The seed harvesting is in full swing in the key producing states of Rajasthan, UP and Madhya Pradesh. The supplies are likely to consistently increase further in coming days and it is expected to reach its peak in first half of April.

The standing mustard seed crop is mostly under maturity phase and there are no reports of crop damage yet due to adverse weather or disease yet.

The new crop seed is quoted around Rs 3,815 – 3,940 a quintal compared to Rs 4,050 - 4,195 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the April contract has improved and the seed is trading around 3844/Qtl compared to 3900/Qtl previous week.

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

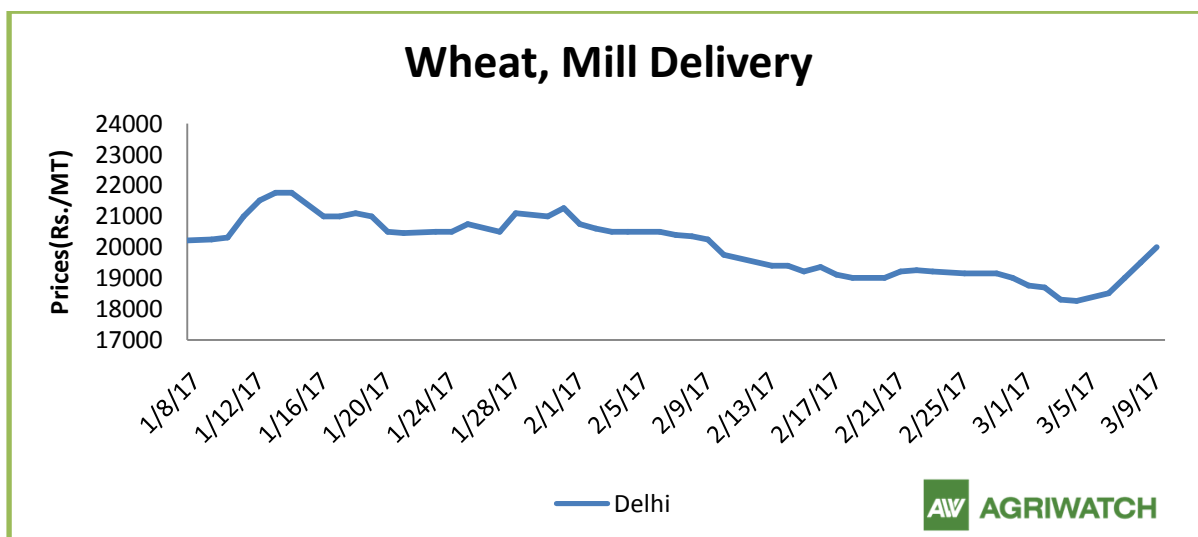
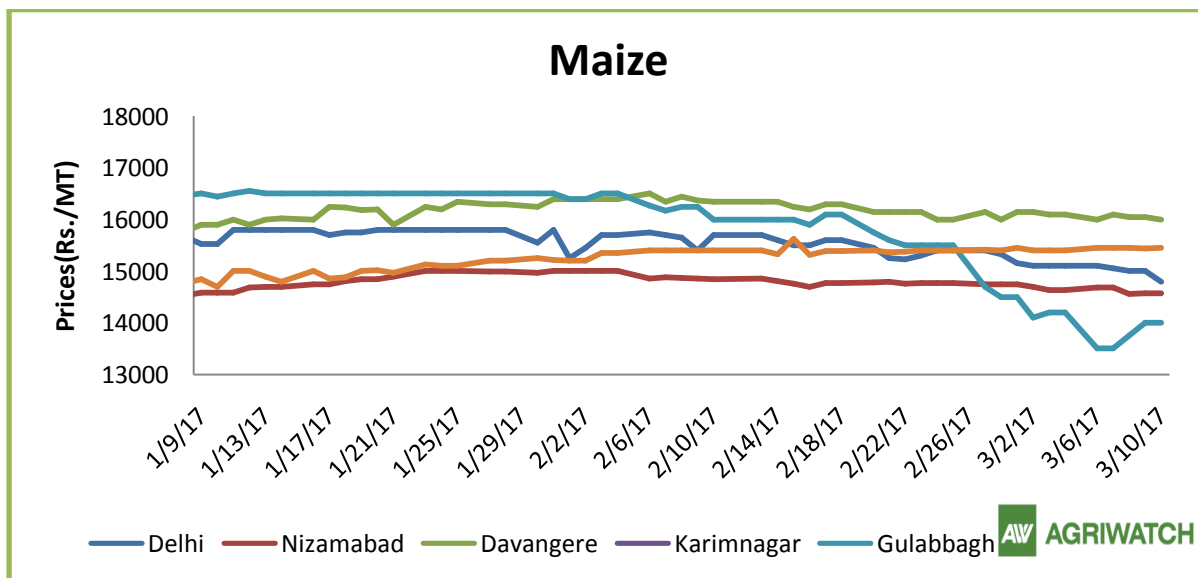
India's January edible oil imports fell 19.7 percent y-o-y to 10.08 lakh tons from 12.55 lakh tons in January 2016. Palm oil imports fell 11.5 percent y-o-y to 6.08 lakh tons y-o-y from 6.88 lakh tons in January 2016. CPO Imports fell 23 percent y-o-y to 4.08 lakh tons from 5.30 lakh tons in January 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).

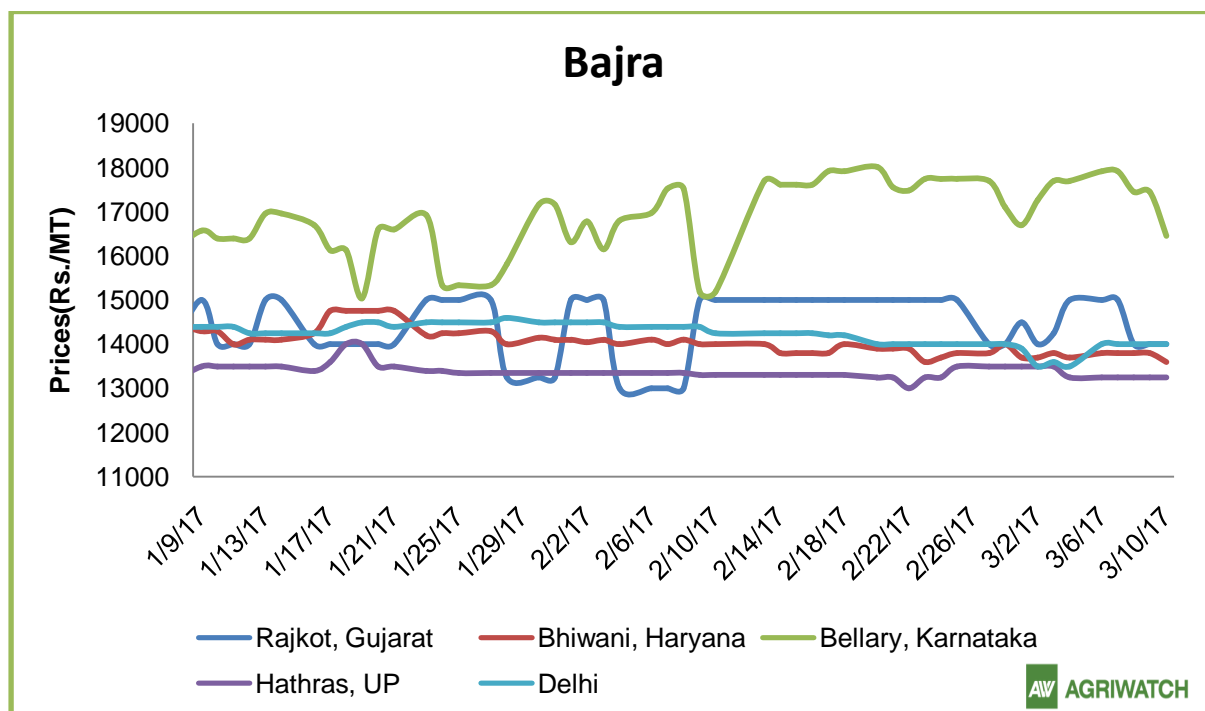
India's January edible oil stocks at ports and pipelines fell 6.6% m-o-m to 17.30 lakh tons from 18.45 lakh tons in December 2016. Stocks of edible oil at ports fell to 642,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 85,000 tons and 7,000 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 tons

Malaysia's February palm oil exports fell 12 percent to 1,018,604 tons compared to 1,157,288 tons last month. Top buyers were European Union at 195,090 tons (213,950 tons), China at 143,560 tons (145,510 tons), India at 139,790 tons (140,550 tons), United States at 70,030 tons (50,350 tons) and Pakistan at 24,000 tons (31,500 tons). Values in brackets are figures of 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 to slightly weak in the near term. Some quantity of new crop of maize arrived into the market, contains 20% moisture level.

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

As per USDA, U.S corn exports reached 26.20 MMT in the 2016-17 marketing year. At 1.45 MMT (for the period 24<sup>th</sup> February – 2<sup>nd</sup> March, 2017) exports were down 3 percent from the previous week, but up 15 percent from the prior 4-week average. The primary destinations were Japan (457,200 MT), Mexico (246,300 MT), South Korea (196,500 MT), Colombia (164,000 MT), and Saudi Arabia (113,100 MT).

USDA increased its world corn ending stock estimates by 3.116 MMT to 220.678 MMT for 2016/17 compared to last month due to increase in production estimate for Brazil and Argentina crop. Brazil crop production is increased by 5 MMT to 91.5 MMT while Argentina crop production is increased by 1 MMT to 37.5 MMT for 2016/17 compared to last month forecast.

USDA kept unchanged its corn ending stock estimates for U.S at 58.933 MMT for 2016/17 compared to last month.

South Korea's Korea Corn Processing Industry Association purchased about 60,000 MT of corn likely to be sourced from U.S at \$199.52 per MT c&f including surcharge for additional port unloading for arrival around May 25, with shipment around April 20 to May 10 from the U.S. Pacific North West coast or April 1-20 from the U.S. Gulf.

*All India weekly average prices increased by 1.48 percent to Rs. 1979.74 per quintal during the week ended 08th March 2017. Wheat average price were ruling at Rs 1950.91 per quintal during 24-28*

February 2017. As compared to prices in the week 01-08 March 2016, the prices are firm by 17.80 percent. Prices are expected to remain range bound to slightly weak in coming days.

Recent light rains and cooling temperature in day in major wheat growing belts are considered to be beneficial to the standing wheat crop, especially for Eastern UP and Bihar where wheat crop is passing through grain filling stages. If light rains occur in mid March once again, it would keep day temperature down and it would boost normal yield. However, if rains occur with hailstorm, it may affect crop at harvesting stages and at grain filling stages. It would be a price driving factor in coming weeks. As of now everything seems normal.

As per latest update, India is likely to import 25% import duty in order to restrict imports and provide favorable grounds for the upcoming crop. In the current MY 2016-17, more than 4 MMT of wheat has already been imported. Government has made it compulsory for wheat shipments to be fumigated in the exporter's country. India is expecting a good crop this year and government has set a procurement target of 33 MMT higher by 10% compared to last year.

As per latest update, wheat stock in central pool as on 1st Feb'17 stood at 11.52 MMT down by 16.16% compared to last month. This is the lowest quantity recorded in the last ten years. For the year 2016-17, FCI has sold around 43.31 lakh tonnes of wheat until third week of February. Of this total quantity around 36.80 lakh tonnes has been purchased by private trade and the remaining quantity by state governments. As per second advance estimate for 2016-17 wheat production is likely to be around 96.6 MMT and the procurement target has been fixed at 33 MMT higher by ten percent compared to last year.

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.

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.

**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)		
	10-Mar-17	03-Mar-17	Parity To
Indore (MP)	23000	23400	Gujarat, MP
Kota	23300	23500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24300	24500	Mumbai, Maharashtra
Nagpur (42/46)	23000	23600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23100	23600	Andhra, AP, Kar, TN
Latur	24000	24200	-
Sangli	24300	24200	Local and South
Sholapur	24100	24200	Local and South
Akola	23400	23400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23400	23900	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	23000	23500	-

### Soy DOC at Port:

Centers	Port Price	
	9-Mar-17	2-Mar-17
Kandla (FOR) (INR/MT)	24800	25000
Kandla (FAS) (USD/MT)	371	375

International Soy DOC			
Argentina FOB USD/MT	9-Mar-17	2-Mar-17	Change
Soybean Pellets	337	341	-4
Soybean Cake Flour	337	341	-4
Soya Meal	345	349	-4
Soy Expellers	345	349	-4
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	10-Mar-17	3-Mar-17	Change
Adoni	17400	17300	100
Khamgaon	NA	NA	-
Parli	17500	17300	200
Latur	NA	NA	-

<b>Groundnut Meal (Rs/MT)</b>	<b>10-Mar-17</b>	<b>3-Mar-17</b>	<b>Change</b>
Basis 45%, Saurashtra	19600	20200	-600
Basis 40%, Saurashtra	18100	18700	-600
GN Cake, Gondal	21000	20500	500
<b>Mustard DOC/Meal</b>	<b>10-Mar-17</b>	<b>3-Mar-17</b>	<b>Change</b>
Jaipur (Plant delivery)	14600	15000	-400
Kandla (FOR Rs/MT)	14600	15000	-400
Sri Ganganagar	1810	1825	-15

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

Market	Grade	9-Mar-17	2-Mar-17	9-Feb-17	8-Mar-16	9-Mar-15
Delhi	Red	1580	1580	1575	1680	1515
Davangere	Local Delivered	NA	NA	1620	NA	NA
Nizamabad	Bilty	1470	1470	1510	NA	NA
Ahmadabad	Feed	1560	1520	1520	1560	1390
	Starch	1600	1500	1550	1580	1440

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

	Argentina	Brazil	US	India (Bihar Origin)
<b>FOB</b>	164.76	145.17	165.40	259.52
<b>Cost and Freight</b>	214.76	200.17	225.40	294.52

#### 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>9-Mar-17</b>	<b>2-Mar-17</b>	<b>Change</b>
Bajra	Karnataka	Hybrid	Bellary	1745	1726	19
		Hybrid	Bangalore	2050	2100	-50
Jowar	Karnataka	White	Bangalore	2450	2550	-100
		White	Bellary	1871	1882	-11
Maize	Karnataka	Yellow	Davangere	1500	1500	Unch
	Andhra Pradesh	Yellow	Nizamabad	1430	1430	Unch
Rice	Haryana	IR8	Karnal	2900	2900	Unch
		Parmal Raw	Karnal	3250	3400	-150
Soy meal	Madhya Pradesh	DOC	Indore	2300	2340	-40
	Maharashtra	DOC	Sangli	2430	2420	10
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1740	1730	10
	Maharashtra	Ex-factory	Latur	NA	NA	-
Mustard	Rajasthan	Plant delivery	Jaipur	1460	1500	-40
Groundnut Meal	Gujarat	GN Cake	Gondal	2100	2050	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2209	2265	-56
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2212	2265	-53
<b>Note: Prices Rs./Qtl</b>						

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