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## Summary

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Soybean witnessed mild gains while soy meal remained almost flat on steady demand. However, rapeseed-mustard continued downtrend on rising new crop supplies, during the period under review.

The soybean supplies are falling while rapeseed-mustard arrivals are increasing week-on-week with harvesting across the key producing regions in full swing.

Soy meal exports have improved and are consistently higher year-on-year with rise in the supplies. India's February soy meal exports witnessed a surge of 594% y-o-y. Competitive exports prices in meal remained attractive for the foreign buyers. But the domestic meal demand is limited due to the slack in poultry demand.

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

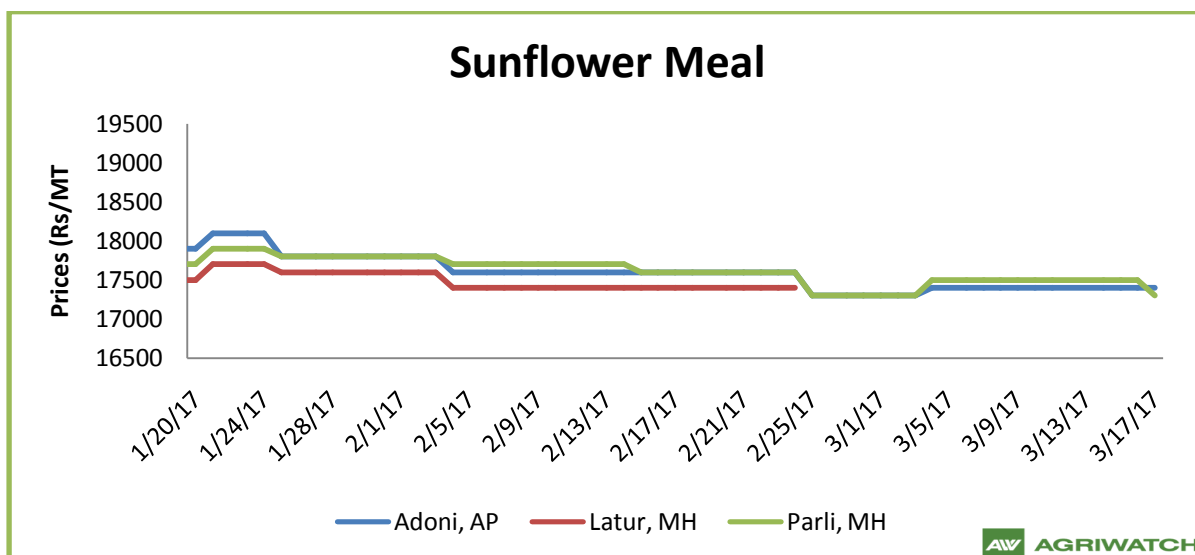
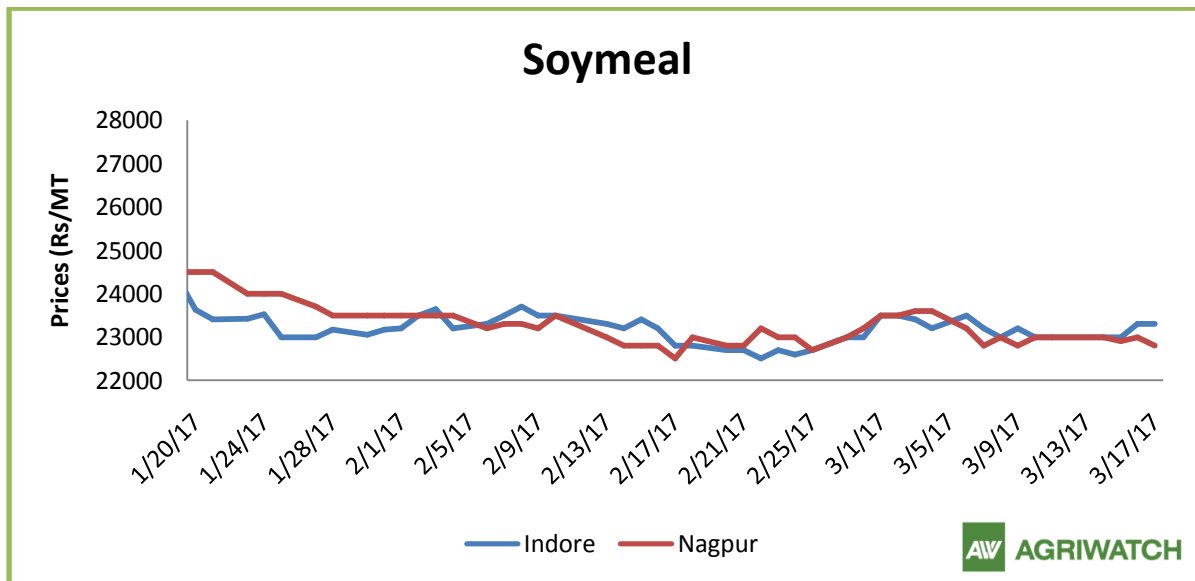
The rapeseed-mustard is to witness further fall on rising new crop supplies and higher production estimate this season. Besides, soybean and meal will continue to reel under supply pressure in near-term.

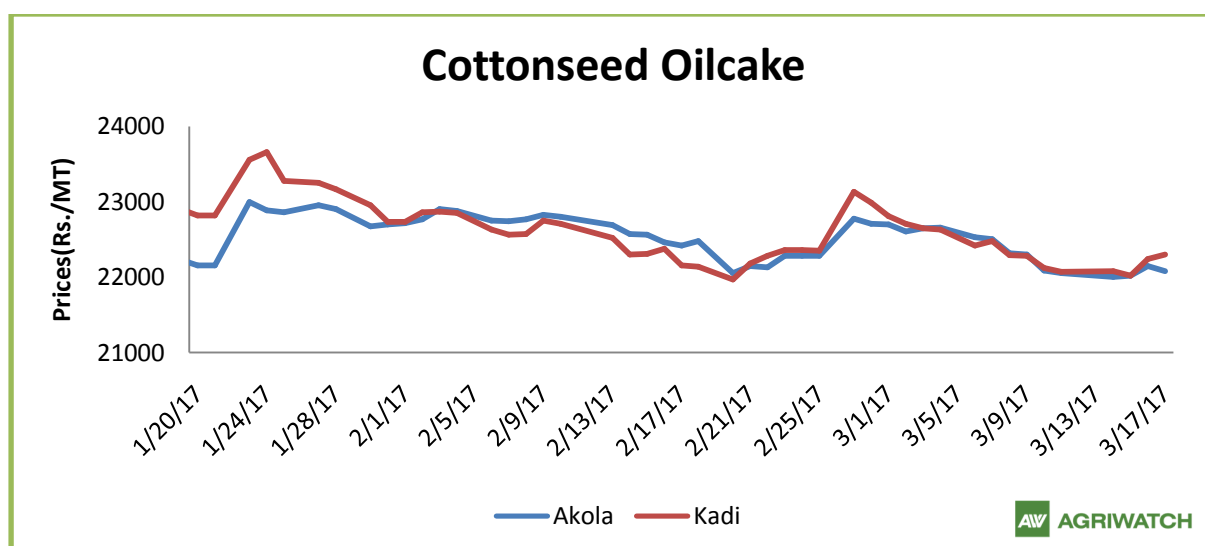
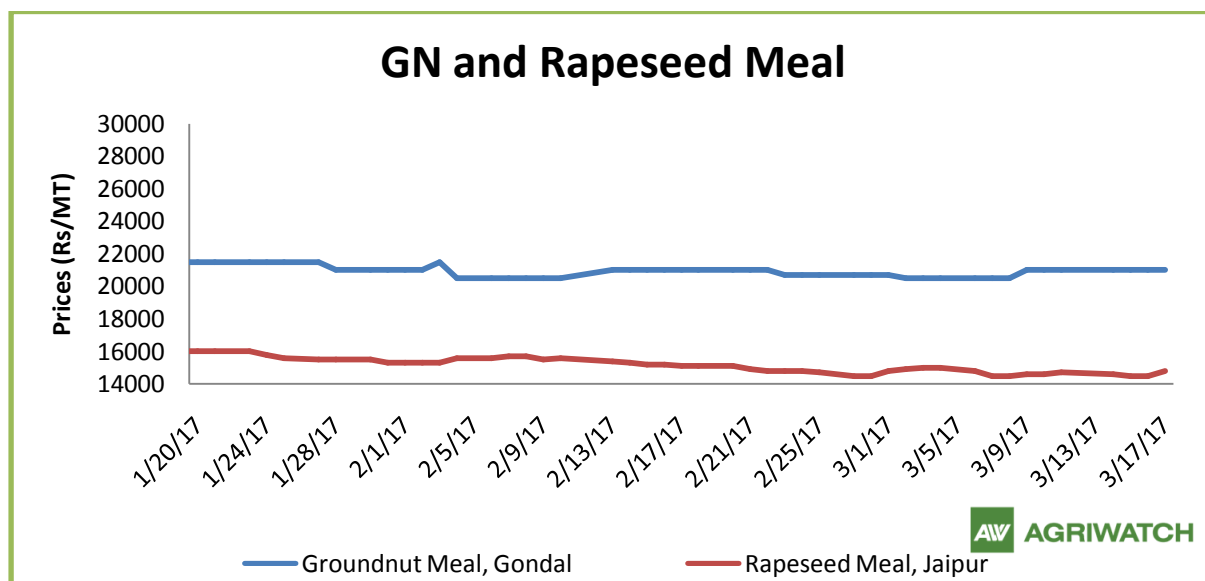
Overall maize cash markets traded steady to slightly weak during the week and are expected to trade steady to weak in the near term due to new crop arrival pressure. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 20 per quintal to Rs. 1540 per quintal while starch feed makers quoted it down by Rs. 40 per quintal to Rs. 1560 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 decreased by 4.13 percent to Rs. 1897.91 per quintal during the week ended 15th March 2017. Wheat average price were ruling at Rs 1979.74 per quintal during 01-08 March 2017. As compared to prices in the week 09-15 March 2016, the prices are firm by 15.02 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 consecutive second week on flat demand in the cash market by solvent extractors.

Appreciation of Indian Rupee against US dollar has rendered noncompetitiveness in soy meal exports from India and attracted higher edible oil imports have kept the lid on any gains in soybean.

India's soy meal exports have made commendable gains in recent months or with the beginning of new marketing season (Oct. – Sept.), which remained weak for more than past two seasons.

However, higher domestic production and better supplies of bean continued to remain bearish for soybean and meal.

Besides, slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports too remained limiting factor.

Further, the bean supplies have fallen in recent weeks. Currently, about 0.15 – 0.60 lakh bags of soybean are arriving in cash markets of Madhya Pradesh against 0.10 – 0.35 lakh bags during the corresponding period last year.

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 declined primarily on record 2016/17 South American soybean crop estimate forecast.

The CBOT soybean declined and the most active May contract witnessed the soybean prices ending at US \$ 10.0/bushel compared to US \$ 10.06/bushel last week.

Rising Brazil's soybean supplies in the market on harvesting in full swing and favourable weather after beneficial rains over Argentina's soybean region which will boost the country's soybean yield potential, proved bearish for international soybean.

US February soybean crushings are reported down from month-on-month and also year-on-year.

National Oilseed Processors Association (NOPA) reported that its members have processed 142.79 million bushels during February, down from 146.181 million bushels during the corresponding period last year and also down from 160.621 million bushels in January 2017.

US soy meal shipments in February stood at 73,8825 tons up from 68,6999 tons during the corresponding period last year but down from 89,1143 tons in January 2017.

The US soybean inventories of February 28 surged to 1.770 billion lbs from 1.792 billion lbs in February 2017 and also from 1.655 billion lbs at the end of January.

Allendale has projected US 2017 soybean seeding up to 88.825 million acres from 83.433 million in 2016. The diversion is from corn acreage which is estimated lower to 90.018 million acres in 2017 from 94.004 million in 2016. The agency has also reduced the wheat planting area.

If realized, Allendale's forecast for US soybean acreage would be highest on record.

Informa too has raised the US 2017 soybean planting projection to 88.7 million acres from 88.647 million acres estimated in January.

The agency has projected the US 2017/18 soybean production at 4.22 billion bushels with an average yield of 48.0 bushels per acre.

Rosario Stock Exchange has raised its Argentina's 2016/17 soybean production estimate at record 56 million tonnes up from 54.5 million tonnes projected in January.

EU soybean imports fell 4% by 14 March in 2016/17 season and registered imports of 9.15 million tonnes from 9.5 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 12.3 million tonnes, down 17% from 14.9 million tonnes during the corresponding period last year.

## Soy meal

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The domestic soy meal prices continued to remain almost flat consecutive second week on flat demand, during the week under review.

India's soy meal export sales are better with competitive prices, but appreciation of INR against USD may hit India's exports which recovered this season after almost 3 years.

Soy meal mostly witnessed side-ways movement in the international market, during the week, but finally posted some gains, the May CBOT soy meal settled at US \$ 328.9 per short ton compared to US \$ 328.7 per short ton last week.

Despite strength in INR against USD, India's soy meal exporters continued to keep the meal prices attractive for the foreign buyers, this is 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.

As expected, India's soy meal exports are up y-o-y. In February'17 soy meal exports surged 594% after it registered a gain of 446% in January 2017.

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 has hit the soy exports in recent days.

It remained supportive for India's soy meal exports. Argentina's soybean harvesting is expected to commence in a couple of weeks.

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

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 23,600/MT and 23,500/MT respectively compared to Rs 23,300/MT in Indore and Rs 23,500/MT in Kota.

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 previous losses as expected on strong new crop supplies during the week under review.

The all India seed supplies were reported at 2.25 – 5.25 lakh bags in a day compared to around 4.40 – 5.5 bags a day, previous week. The supplies were 5.45 – 6.10 lakh bags a day during the corresponding period last year.

A temporary fall in the supplies is evident due to the festival Holi, when harvesting lost some momentum

They are expected to increase further and peak in April.

The seed harvesting is in progress in the key producing states of Rajasthan, UP and Madhya Pradesh.

The yield of the seed is projected to be higher, at around 1000kg/ha, on the favourable weather.

The new crop seed is quoted around Rs 3,825 – 3,915 a quintal compared to Rs 4,050 - 4,205 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 3840/Qtl compared to 3844/Qtl previous week.

India's edible oil imports once again registered a m-o-m surge consistently falling in recent months.

India's February edible oil imports rose 15.9 percent y-o-y to 12.4 lakh tons from 10.66 lakh tons in February 2016. Palm oil imports rose 23.5 percent y-o-y to 7.35 lakh tons from 5.95 lakh tons in February 2016. CPO Imports rose 22 percent y-o-y to 4.98 lakh tons from 4.08 lakh tons in February 2016.

RBD palmolein imports rose 30.9 percent y-o-y to 2.33 lakh tons from 1.78 lakh tons in February 2016. Soy oil imports fell 31 percent y-o-y to 2.52 lakh tons from 3.66 lakh tons in February 2016. Sunflower oil imports rose 140 percent y-o-y to 2.09 lakh tons from 0.87 lakh ton in February 2016. Rapeseed (Canola) oil imports rose 118 percent y-o-y to 0.37 lakh tons from 0.17 lakh tons in February 2016, reported by Solvent Extractors Association (SEA).

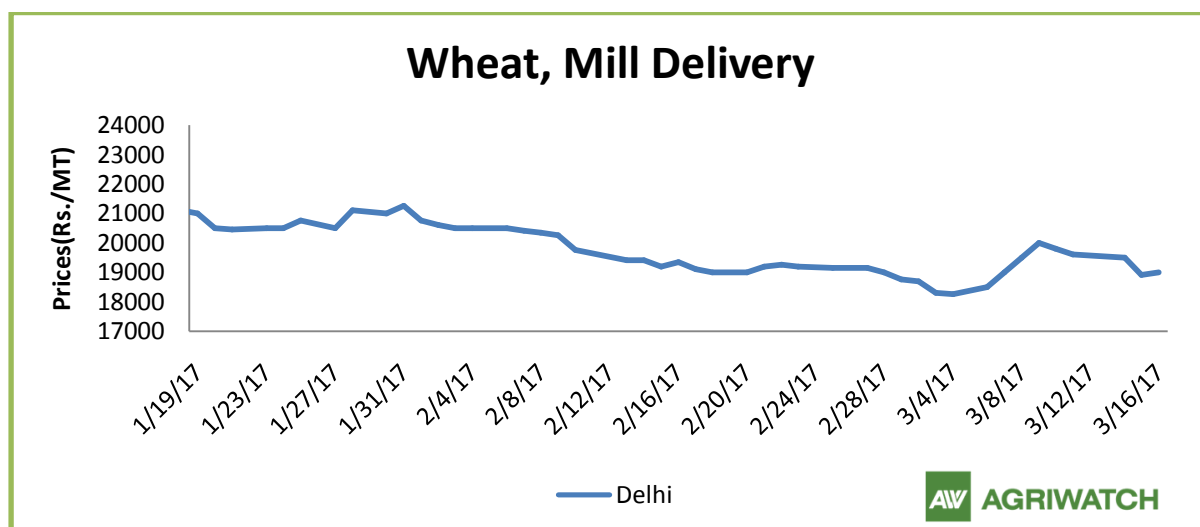
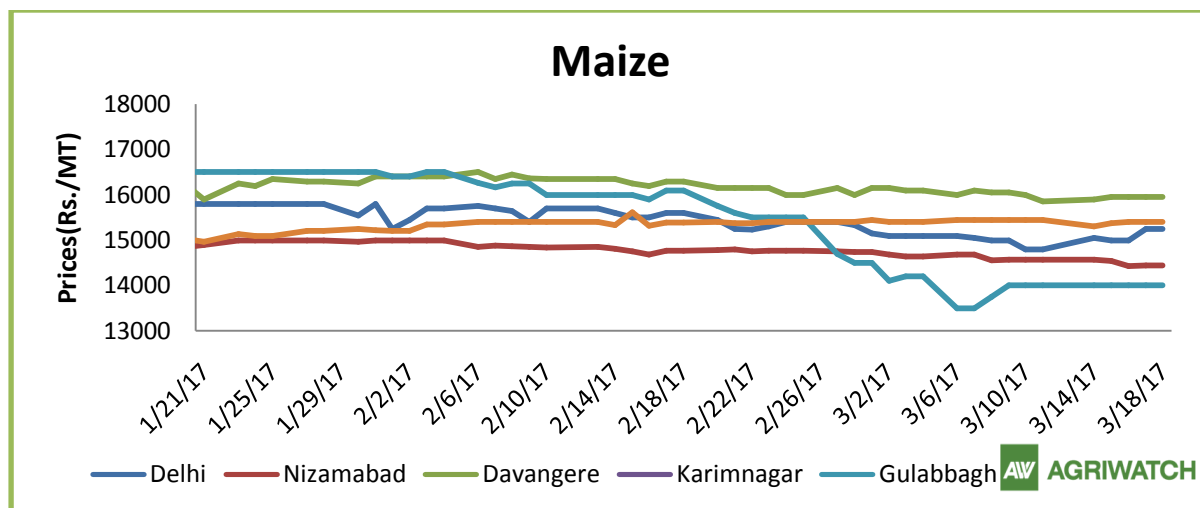
India's February edible oil stocks at ports and pipelines rose 13.6 m-o-m to 19.65 lakh tons from 17.30 lakh tons in January 2017. Stocks of edible oil at ports rose to 775,000 tons (CPO 290,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 130,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,190,000 tons in pipelines. (Stocks in pipelines were at 1,088,000 tons in January 2017). India is presently holding 36 days of edible oil requirement on 1st March, 2017 at 19.65 lakh tons compared to 32 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

Malaysia's March 1-15 palm oil exports fell 1.1 percent to 507,491 tons compared to 501,748 tons in corresponding period last month. Top buyers were European Union at 107,750 tons (45,700 tons), China at 83,740 tons (79,500 tons), India at 44,100 tons (58,290 tons), United States at 41,800 tons (37,130 tons) and Pakistan at 11,500 tons (24,000 tons). Values in brackets are figures of last month, reported cargo surveyor Societe Generale de Surveillance (SGS).

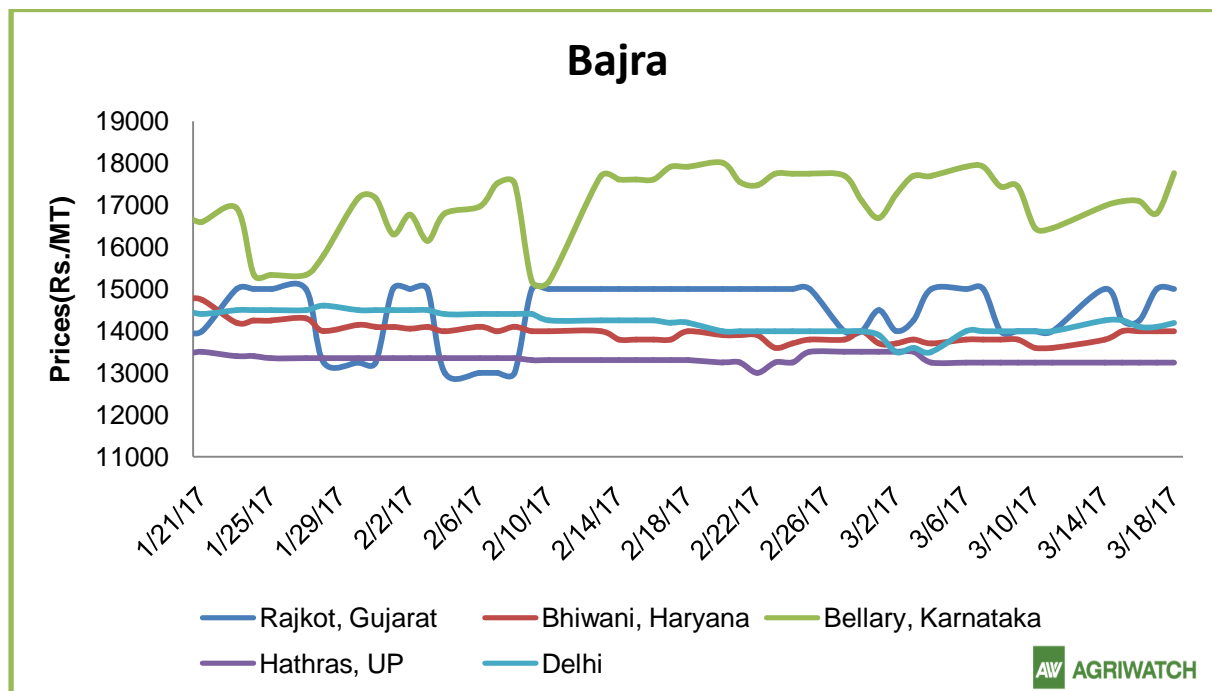
According to Indonesia Palm Oil Association (GAPKI), Indonesia January palm oil exports rose 30 percent to 2.72 MMT compared to 2.1 MMT in January 2016. Exports rose 1.5 percent m-o-m from December 2016, which was reported at 2.68 MMT. Rise in shipments were primarily due to higher exports to India and Africa.

Malaysia's February palm oil end stocks fell 5.32 percent to 14.59 lakh tons compared to 15.41 lakh tons in January. Production dropped 1.43 percent in February to 12.59 lakh tons compared to 12.79 lakh tons in January. Exports in January fell 13.97 percent to 11.07 lakh tons compared to January exports at 12.86 lakh tons. Imports in February fell 43.66 percent to 0.40 lakh tons compared to 0.72 lakh tons in January, reported by Malaysian Palm Oil Board.

China's imports of edible vegetable oil in February fell 25.5 percent to 4.1 lakh tons compared to 5.5 lakh tons in January. Imports rose 2.5 percent compared to last year which was at 4 lakh tons. Year to date imports of edible vegetable oil rose 2.6 percent to 9.6 lakh tons, figures by China's General Administration of Customs (CNGOIC).







**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 till the huge quantity of new crop arrived into the market. Some quantity of new crop of maize with 16% moisture content, traded at Rs.1400 per quintal (loose price).

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 27.79 MMT in the 2016-17 marketing year. At 1.58 MMT (for the period 3<sup>rd</sup> March –9<sup>th</sup> March, 2017) exports were up 9 percent from the previous week and 17 percent from the prior 4-week average. The primary destinations were Japan (485,200 MT), Colombia (267,000 MT), Mexico (231,100 MT), Taiwan (132,300 MT), and South Korea (132,200 MT).

Preliminary Japanese government data shows that Japan's use of corn in animal feed production fell by 0.2 % to 46.1% in the January'17 compared to same month last year as users' reliance on alternatives such as wheat and barley increased.

MFIG, maize industry procurement association of Taiwan, purchased about 65,000 MT of corn likely to be sourced from the United States at a premium of 119.11 U.S. cents c&f over the Chicago July corn contract. Shipment could be around April 18 to May 7 if sourced from the U.S. Gulf, Brazil or Argentina or it could be around May 3-22 if sourced from the U.S. Pacific North West coast or South Africa.

Due to tight supplies of high-quality corn in southern China, Chinese importers have booked around 195,000 MT of corn from the Pacific Northwest, U.S. at \$195 / MT (Delivered price) for the shipment in the late spring to early summer.

South Korea's Nonghyup Feed Inc. bought 199,000 MT of corn in three consignments. One consignment of 68,000 MT was purchased at \$188.93 per MT c&f plus a \$ 0.95 per MT surcharge for

additional port unloading for arrival around July 10. Another consignment of 65,000 MT was bought at a premium of \$1.15 c&f over the Chicago July corn contract plus a \$1.0 per MT surcharge for additional port unloading for arrival around July 20. Rest 66,000 MT was purchased in the third consignment at a premium of \$1.11 c&f over the Chicago July corn contract plus a \$1.0 per MT surcharge for additional port unloading for arrival around Aug. 1.

Korea Corn Processing Industry Association of South Korea also bought about 60,000 MT of corn to be sourced from optional origins at \$192.75 per MT c&f including surcharge for additional port unloading for arrival around June 10. (Source: Reuters)

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*Government agencies have started procurement in Madhya Pradesh, Rajasthan and Gujarat since 15th March'17. On first day of procurement, government agencies procured around 6570 tonnes of wheat at MSP. Of this quantity 6435 tonnes was procured from Madhya Pradesh and 135 tonnes from Gujarat. No quantity was procured from Rajasthan as arrivals are very low. Procurement in other states like Punjab, Haryana and Uttar Pradesh will start from 01st April'17. In Rabi marketing season 2017-18 government has set procurement target of 33 MMT.*

*As per latest update, wheat stock in central pool as on 1st March'17 stood at 9.429 MMT down by 18.19% compared to last month. This is the lowest quantity recorded in the last ten years. In the month of February around 3.40 lakh tonnes of wheat was sold. For the year 2016-17, government has sold around 44.91 lakh tonnes of wheat until first week of March. 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.*

*Wheat WPI has decreased from 250.3 in January to 247.7 in February-2017. Monthly wheat inflation has decreased by 1.04 percent in February-17 compared to January-17. As compared to February-16, wheat WPI has increased by around 8.36% and by 14.36% compared to February -2015.*

*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.*

*As per 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 corresponding date of last year. 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.*

*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 market sources, Government has sold around 75800 tonnes of wheat in the second week of March compared to 74000 tonnes in the first week of March. In the month of February around 3.40 lakh tonnes of wheat was sold. For the year 2016-17, government has sold around 44.91 lakh tonnes of wheat until first week of March.*

Indian FoB quote is hovering around \$256.8 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.5, \$188, \$170.2, \$183.58 and \$180.88 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. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina witnessed substantial increase in area sowed and has harvested around 18.3 MMT. 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. Australia is set to harvest record crop of around 34 MMT beating its previous record 29.9 MMT. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. 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-Mar-17	10-Mar-17	Parity To
Indore (MP)	23300	23000	Gujarat, MP
Kota	23500	23300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24000	24300	Mumbai, Maharashtra
Nagpur (42/46)	22800	23000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23500	23100	Andhra, AP, Kar, TN
Latur	23600	24000	-
Sangli	23700	24300	Local and South
Sholapur	23800	24100	Local and South
Akola	23400	23400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	23500	23400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	23000	23000	-

**Soy DOC at Port:**

Centers	Port Price	
	16-Mar-17	9-Mar-17
Kandla (FOR) (INR/MT)	25100-25200	24800
Kandla (FAS) (USD/MT)	383-385	371

International Soy DOC			
Argentina FOB USD/MT	16-Mar-17	9-Mar-17	Change
Soybean Pellets	341	337	4
Soybean Cake Flour	341	337	4
Soya Meal	349	345	4
Soy Expellers	349	345	4
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	17-Mar-17	10-Mar-17	Change
Adoni	17400	17400	Unch
Khamgaon	NA	NA	-
Parli	17300	17500	-200
Latur	17100	NA	-
Groundnut Meal (Rs/MT)	17-Mar-17	10-Mar-17	Change
Basis 45%, Saurashtra	19300	19600	-300
Basis 40%, Saurashtra	17800	18100	-300
GN Cake, Gondal	21000	21000	Unch
Mustard DOC/M Meal	17-Mar-17	10-Mar-17	Change
Jaipur (Plant delivery)	14800	14600	200
Kandla (FOR Rs/MT)	14800	14600	200
Sri Ganganagar	1810	1810	Unch

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

Market	Grade	16-Mar-17	9-Mar-17	16-Feb-17	16-Mar-16	16-Mar-15
Delhi	Red	1550	1580	1575	1725	1525
Davangere	Local Delivered	NA	NA	1560	NA	NA
Nizamabad	Bilty	1450	1470	1480	1400	NA
Ahmadabad	Feed	1540	1560	1540	1560	1450
	Starch	1560	1600	1540	1570	1450

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	165.35	147.09	163.19	270.35
Cost and Freight	215.35	202.09	223.19	305.35

**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	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>

Feed Ingredient Prices at a Glance						
<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>16-Mar-17</u>	<u>9-Mar-17</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1710	1745	-35
		Hybrid	Bangalore	2050	2050	Unch
Jowar	Karnataka	White	Bangalore	2450	2450	Unch
		White	Bellary	1779	1871	-92
Maize	Karnataka	Yellow	Davanger e	1490	1500	-10
	Andhra Pradesh	Yellow	Nizamaba d	1400	1430	-30
Rice	Haryana	IR8	Karnal	2950	2900	50
		Parmal Raw	Karnal	3900	3550	350
Soy meal	Madhya Pradesh	DOC	Indore	2330	2300	30
	Maharashtra	DOC	Sangli	2370	2430	-60
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1740	1740	Unch
	Maharashtra	Ex-factory	Latur	1710	NA	-
Mustard	Rajasthan	Plant delivery	Jaipur	1480	1460	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2100	2100	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2230	2209	21
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2208	2212	-4
<b>Note: Prices Rs./Qtl</b>						

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