

Contents:

- ❖ **Summary**
- ❖ **Trend – Raw Material, Feed**
- ❖ **Outlook**
- ❖ **Spreads**
- ❖ **Annexure– Prices**

Summary

Soybean and meal couldn't sustain the recent gains and once again failed on weak domestic demand and higher supply outlook.

Besides, the domestic soy meal and oil demand weakens with the onset of summer season. This is due to the fall in poultry and snack demand during summer.

The bean prices fell and have are once again in the price band of 2930 – 3060 levels which has eventually kept the soy meal and soy oil prices competitive.

India's soy meal exports are good despite appreciation of INR against US dollar, but strong supplies from South America and their competitive price for soy along with strength in the Indian Rupee will render India's meal exports non competitive in due course.

Further, rapeseed-mustard too fell on strong supplies after good production in the seed.

Rise in the oil recovery in the rapeseed-mustard by 2-3% across the key growing belt continued to remain bearish for the seed.

Rapeseed-mustard arrivals continued to be strong and it is continuously pressuring the seed market.

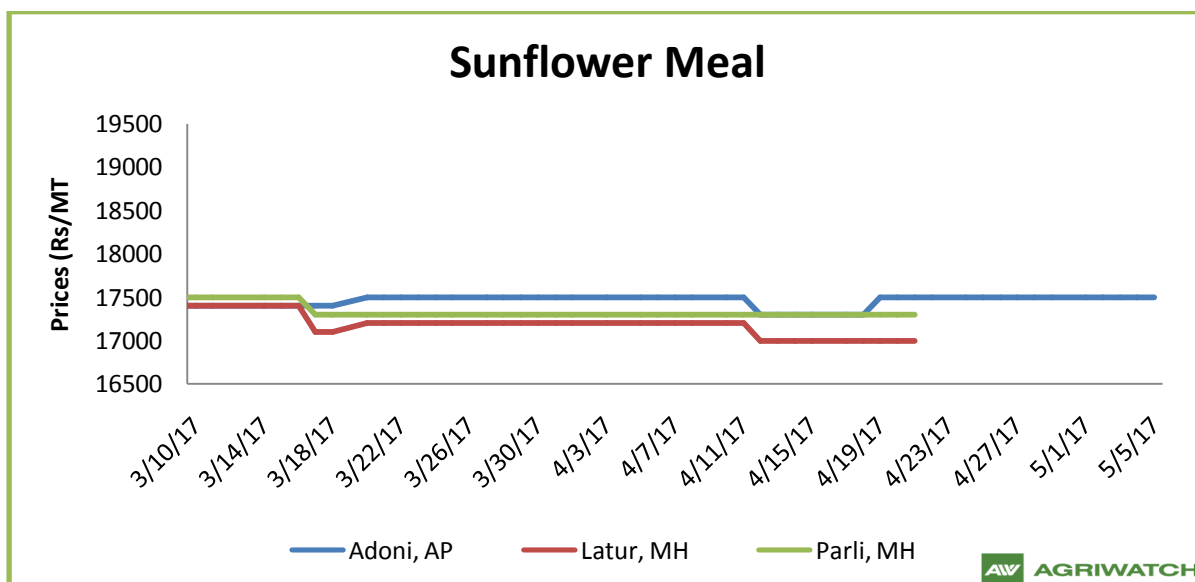
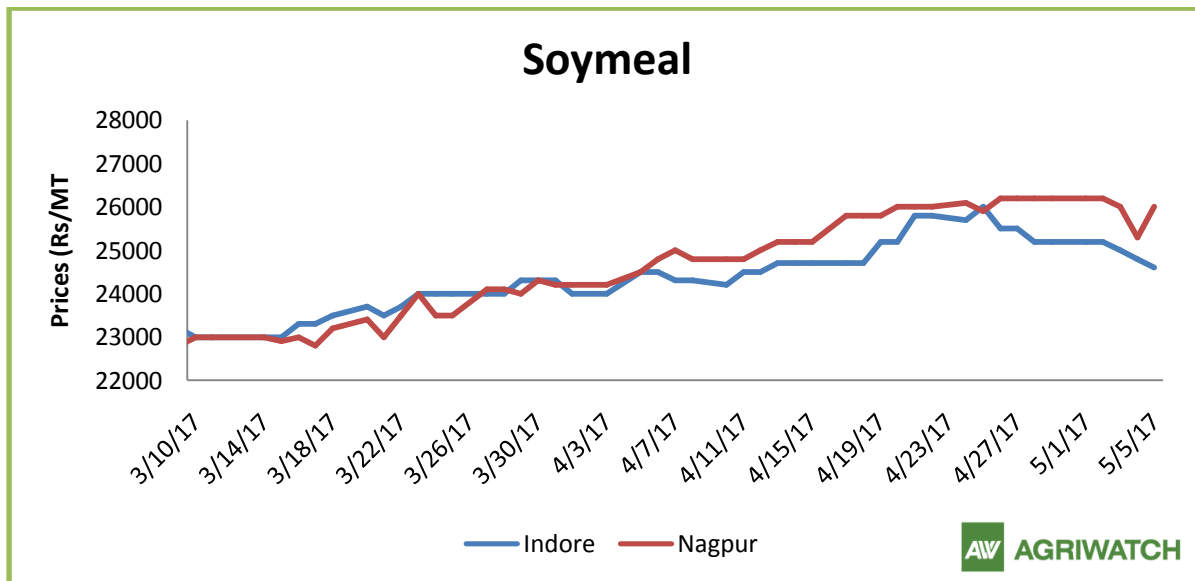
The rapeseed-mustard prices will continue to remain under pressure and they are expected to slightly move lower from current levels in near-term. Also, soybean and meal will continue to reel under supply pressure in near to medium-term.

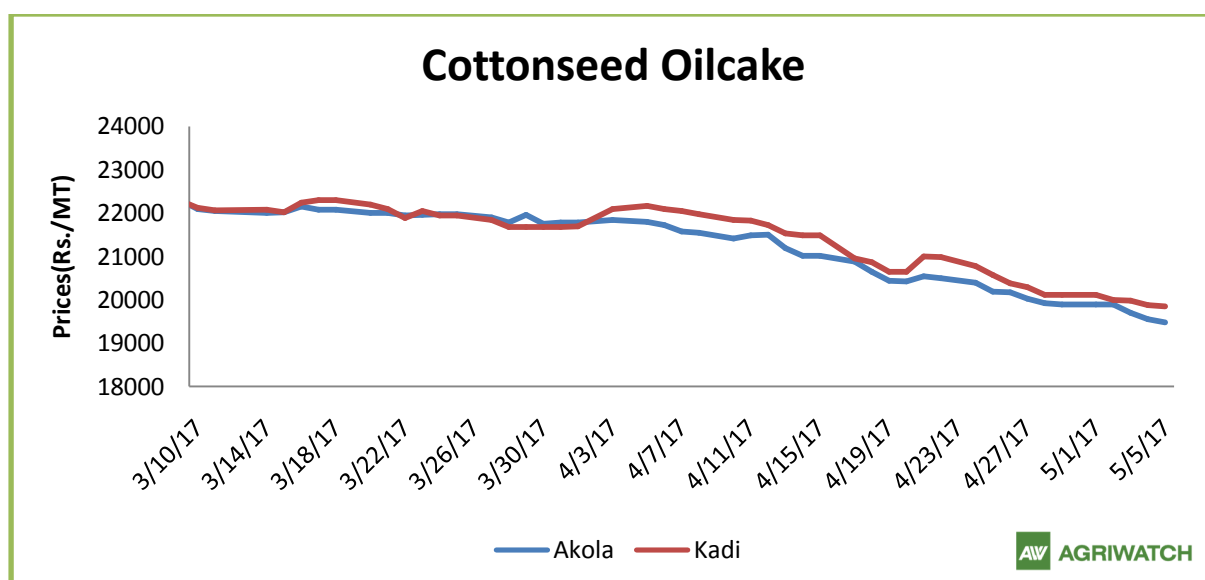
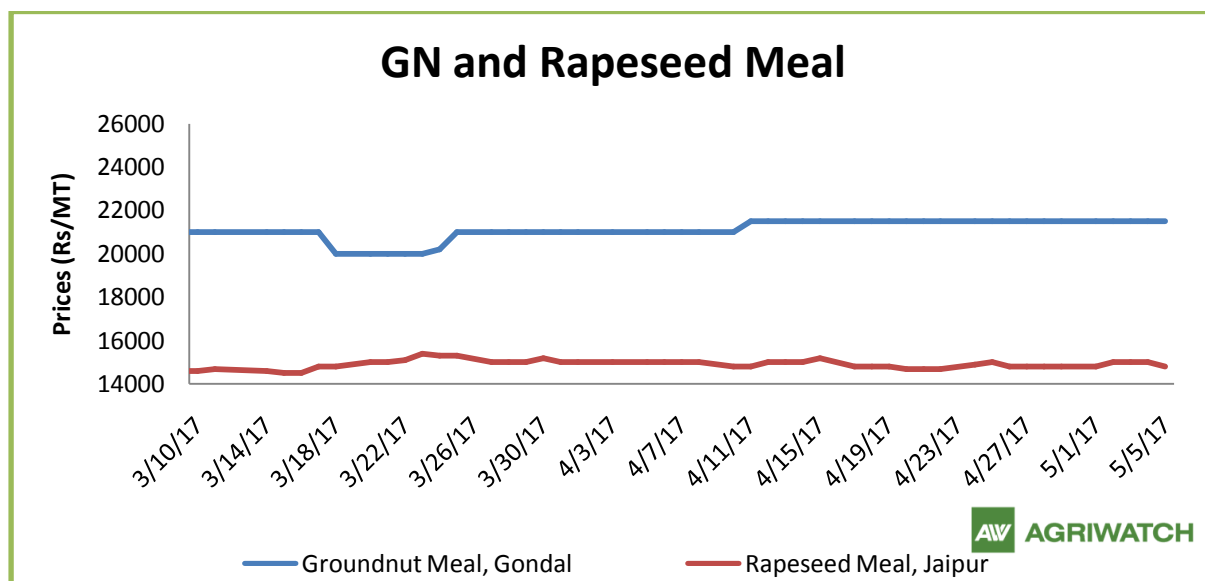
Overall maize cash markets traded steady to weak during the week and are expected to trade steady in the near term amid fresh demand and arrival pressure. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 15 per quintal to Rs. 1525 per quintal while starch feed makers quoted it down by Rs. 40 per quintal to Rs. 1530 per quintal compared to last week.

In Gulabbagh, new crop of maize traded down by Rs. 60 per quintal at Rs. 1280 per quintal (Bilty) compared to last week. Despite huge arrival pressure, it is likely to trade steady to slightly firm in near term on the expectation of stockiest demand at lower price level.

All India weekly average prices increased by 0.03 percent to Rs. 1829.75 per quintal during the week ended 08th May 2017. Wheat average price were ruling at Rs 1829.29 per quintal during 24-30 April 2017. As compared to prices in the week 01-08 May 2016, the prices are firm by 7.89 percent. Prices are expected to remain range bound to slightly weak in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean witnessed losses on higher supplies against the current demand by the solvent extractors, during the week under review.

As discussed, the volume of soy meal exports are expected ease in coming months. Seasonally India's soy meal exports are at high in volume during October thru February due to higher pace in crushing the bean.

Again stronger INR against US dollar continued to remain limiting factor as the Indian soy meal price has been out-priced in the international market with the rise of US \$ 20-30/ton.

Higher domestic soybean production subsequently improved soy meal production outlook will continue to limit the gains in bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports too remained limiting factor.

The bean supplies have fallen week-on-week. About 15,000 – 40,000 bags of soybean have arrived in the cash markets of Madhya Pradesh in a day against 12,000 – 35,000bags during the corresponding period last year.

CACP has raised the recommendation of MSP for soybean to Rs 2,850 a quintal for the 2017-18 season, an increase of Rs 75. That for groundnut is recommended to be maintained at Rs 4,220 a quintal.

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

The major buyers in Madhya Pradesh are as follows: AmritMandsaur, AmbikaJoara, Agrawal Soy Dewas, Agrawal Neemuch, Adani, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, 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, Sawariyaltarsi, Sitashri, Vippy (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

International:

The benchmark CBOT soybean edged-up on technical buying – short covering and flooding concern. Excessive rains in the US Midwest has curbed barge traffic carrying soybean to the ports.

At CBOT, the soybean, in the most active July contract, ended at US \$ 9.72/bushel compared to US \$ 9.56/bushel last week.

Brazil's soybean cultivators had sold about 50% of the record harvested 2016/17 crop by the first week of May'17.

The volume is below 5 year average of 65% sales and also below 67% sales in the corresponding period last year.

Brazilian soybean producers are reportedly holding their crop in anticipation of rise in the prices which are under severe pressure due to global glut and pressure in the benchmark CBOT soy.

FCStone has once again raised Brazil's 2016/17 soybean crop production estimate to 111.8 million tonnes from 111.55 million tonnes projected in April.

The agency has projected Brazil's 2016/17 soybean end stocks at 7.58 million tonnes against 1.48 million tonnes in 2015/16.

Informa Economics too has raised Brazil's 2016/17 soybean production projection to 113.0 million tonnes up from 111.0 million tonnes estimated last month.

The agency has slashed its Argentina's 2016/17 soybean crop estimate to 56.8 million tonnes from 57.5 million projected previously.

EU soybean imports fell 6% by 02 May 2017 and registered imports of 11.2 million tonnes from 11.9 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 14.6 million tonnes, down 14% from 16.9 million tonnes during the corresponding period last year.

Dry weather has led to the advancement of Argentina's soybean harvest to 55% advancing a slightly 16.8% points over the last seven days, said Buenos Aires Grains Exchange.

This translates to 30.6 million tonnes of total harvest to date.

Cordoba, Buenos Aires, Entre Rios and Santa Fe provinces have registered the fastest pace in harvesting.

The exchange has kept its Argentina's 2016/17 soybean production estimate unchanged at 56.5 million tonnes. The average productivity of the crop is estimated at 3.44 tonnes per hectares.

Soy meal

The domestic soy meal prices fell on strength in INR against USD which will hurt the export and weak domestic demand.

However, India's soy meal exports surged over 800% in April 2017, y-o-y.

The forward booking for soy meal is good while the domestic demand is weak due to demand from poultry industry.

Slack in seasonal domestic soy meal demand remained a limiting factor. The poultry demand falls during summers across the country subsequently reducing the soy meal demand for feed.

Despite some gains, the current domestic meal prices are lower compared to the corresponding period last year.

India's soy meal exports have made commendable gains right from the beginning of new marketing season, October, the shipments remained weak for last three seasons.

Soy meal fell in international market, during the week, the May CBOT soy meal settled at US \$ 311.7 per short ton compared to US \$ 309.6 per short ton last week.

Brazil's harvesting is almost complete and Argentina's soybean crop harvesting is in full swing and the global bean supplies are strong.

The domestic soy meal prices at Indore, were quoted at Rs25,200 – 26,000/MT compared to Rs25,200 – 26,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs26,300/MT and 25,800/MT respectively compared to Rs25,200/MT in Indore and Rs26,200/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard continued downtrend on strong supplies in the seed with rise in production this season.

Weakness in Malaysian palm oil on higher production outlook in coming months too remained bearish for the seed.

Reuters poll of planters reveal Malaysia's April palm oil production surged by about 9% to its highest in six months. Besides, stronger Ringgit too pressured the international palm oil market.

Fall in international palm oil and canola due to the steep fall in the rival - soy oil, the biggest edible oil traded in volume, globally too remained pressurizing factors for domestic rapeseed-mustard.

Higher domestic 2016/17 seed production and eventually strong supplies in the physical market yards of the key producing states remained bearish for the market.

Further, improved recovery in oil by 2-3% is witnessed this season, which is again bearish for the seed.

The all India seed supplies were reported between 1.25– 2.9 lakh bags in a day compared to around 2.25 – 4.45 bags a day, previous week. The supplies were 2.80 – 3.3 lakh bags a day during the corresponding period last year.

As expected the seed arrivals are gradually easing from its peak in the states of Rajasthan, Madhya Pradesh, Haryana, Punjab and Uttar Pradesh. The traders have partially switched to wheat trade.

The new crop seed fell and was quoted at around Rs3750 – 3820 a quintal compared to Rs4,400 – 4,520 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at June contract fell and was quoted at 3772/Qtl compared to 3800/Qtl previous week.

Agriwatch has projected India's 2016/17 rapeseed production at 7.0 million tonnes while Solvent Extractors of India has estimated the seed production at 7.2 million tonnes.

India's March edible oil imports fell 7 percent y-o-y to 10.93 lakh tons from 11.76 lakh tons in March 2016. Palm oil imports rose 5.9 percent y-o-y to 6.8 lakh tons from 6.42 lakh tons in March 2016. CPO Imports rose 5.8 percent y-o-y to 4.54 lakh tons from 4.29 lakh tons in March 2016.

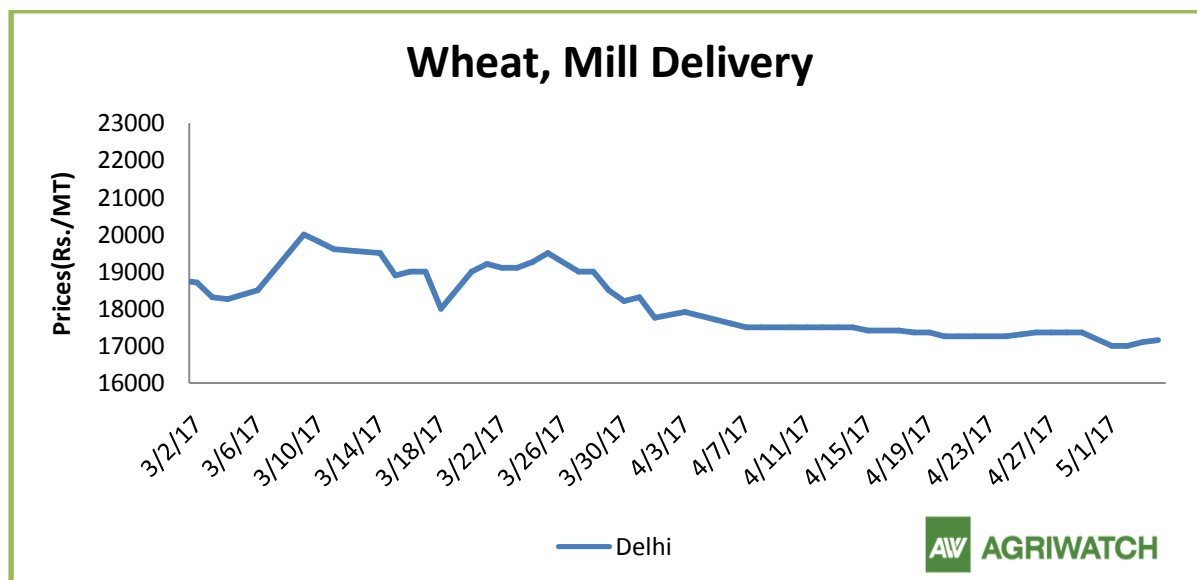
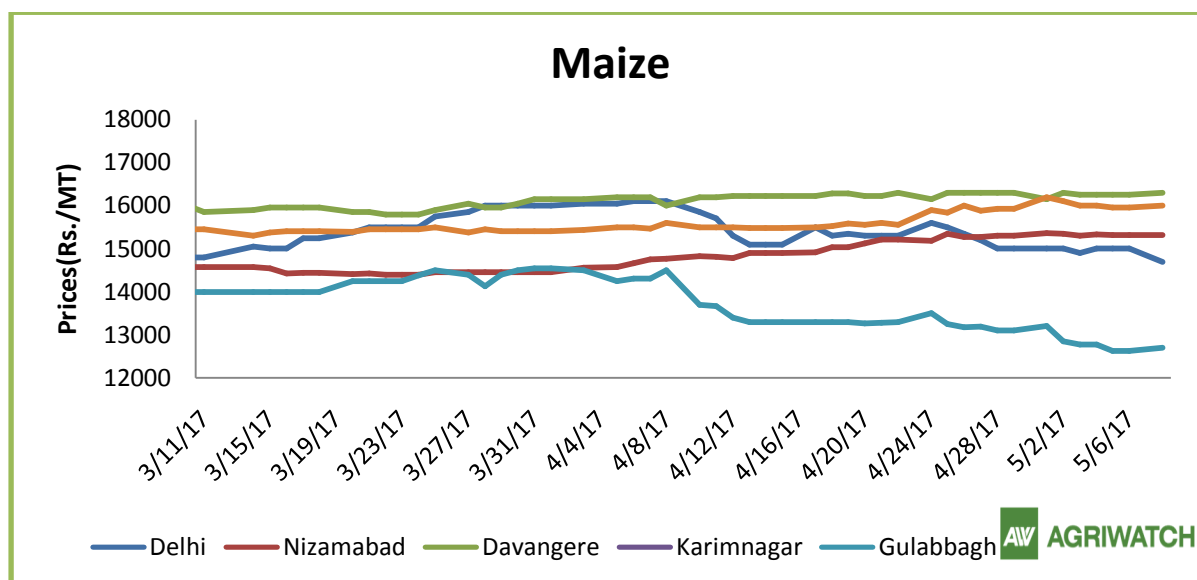
RBD palmolein imports rose 5.3 percent y-o-y to 2.19 lakh tons from 2.08 lakh tons in March 2016. Soy oil imports fell 28.6 percent y-o-y to 2.30 lakh tons from 3.21 lakh tons in March 2016. Sunflower oil imports fell 4.3 percent y-o-y to 1.77 lakh tons from 1.85 lakh ton in March 2016. Rapeseed (Canola) oil was zero in March compared to from 0.27 lakh tons in March 2016, reported by Solvent Extractors Association (SEA).

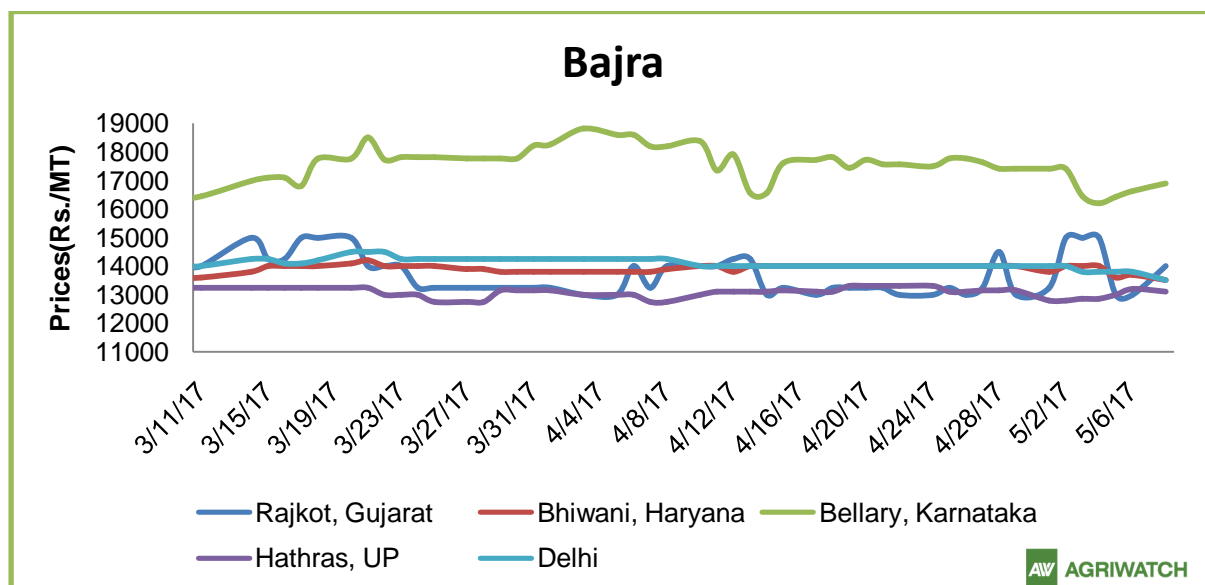
India's March edible oil stocks at ports and pipelines fell 1 Percent m-o-m to 19.13 lakh tons from 19.65 lakh tons in February 2017. Stocks of edible oil at ports rose to 688,000 tons (CPO 230,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 150,000 tons, Crude Sunflower Oil 155,000 tons and 3,000 tons of Rapeseed (Canola) Oil) and about 1,225,000 tons in pipelines (Stocks in pipelines were at 1,190,000 tons in February 2017). India is presently holding 35 days of edible oil requirement on 1st April, 2017 at 19.13 lakh tons compared to 36 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

Malaysia reduced May crude palm oil export duty to 7 percent from 7.5 percent in April. Tax is calculated at reference price of 3,008.09 ringgit (\$680.41) 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 April palm oil exports rose 4.3 percent to 1,135,340 tons compared to 1,088,677 tons in corresponding period last month. Top buyers were European Union at 278,643 tons (222,584 tons), China at 137,450 tons (114,990 tons), India at 175,300 tons (170,020 tons), United States 59,465 tons (54,120 tons) and Pakistan 37,000 tons (37,500 tons). Values in brackets are figures of corresponding period last month, said a cargo surveyor Societe Generale de Surveillance.

Indonesia has reduced April crude palm oil export duty to USD 3 per ton from USD 18 per ton in March. Reduction of export duty is due to fall in trigger prices, according to the trade ministry.





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

In Nizamabad, Maize (bilty) traded steady at Rs. 1500 per quintal compared to last week and is likely to trade steady in the near term. Maize is moving towards Hyderabad at Rs. 1560 per quintal (Delivered Price) sourced from Nizamabad.

In Davangere, Maize (loose) traded steady at Rs. 1580 per quintal compared to last week. Maize could trade steady to slightly weak in the near term on the expectation of loading from Bihar.

As per USDA, U.S corn exports reached 37.21 MMT in the 2016-17 marketing year. At 1.22 MMT (for the period 21st April –27th April, 2017) exports were down 11 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were Japan (390,900 MT), Mexico (229,500 MT), South Korea (189,000 MT), Peru (75,100 MT), and Saudi Arabia (73,600 MT).

In U.S 34% corn planting has been completed as of 30th April, 2017, lower by 9% compared to corresponding period of last year but same as last 5 year average period. 9% crop of corn has emerged; lower by 3% compared to last year but higher by 1% compared to last 5 year average period.

Taiwan's feed industry procurement association MFIG purchased about 65,000 MT of corn likely to be sourced from the Argentina at a premium of 82.19 U.S. cents c&f over the Chicago December 2017 corn contract. Shipment could be around July 26 to August 14.

All India weekly average prices increased by 0.03 percent to Rs. 1829.75 per quintal during the week ended 08th May 2017. Wheat average price were ruling at Rs 1829.29 per quintal during 24-30 April 2017. As compared to prices in the week 01-08 May 2016, the prices are firm by 7.89 percent. Prices are expected to remain range bound to slightly weak in coming days.

Government agencies have started procurement since 15th March'17. Until 05th May'17 government has procured around 258 lakh tonnes of wheat. Of the total quantity procured, around 54.08 lakh tonnes has been procured from Madhya Pradesh, 72.01 lakh tonnes from Haryana, 112.20 lakh tonnes from Punjab and 11.40 lakh tonnes from Uttar Pradesh. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 78.18% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

As per latest update, until 04th May around 72.17 lakh tonnes of wheat have arrived in Haryana. Traders and five government agencies have purchased 6834 tonnes and 72.10 lakh tonnes of wheat respectively. Of the total quantity procured by government agencies around 17.82 lakh tonnes has been procured by food, civil supplies and consumer affairs department, 25.90 lakh tonnes by HAFED, 8.50 lakh tonnes by FCI, 6.61 lakh tonnes by Haryana Agro Industries corporation and 13.26 lakh tonnes by Haryana warehousing corporation. Sirsa is the leading district with 10.29 lakh metric tonnes of arrival. Grain quality is better this year compared to last year and there are no issues relating to higher moisture and pest.

Wheat WPI has decreased from 247.7 in February to 238.8 in March-2017. Monthly wheat inflation has decreased by 3.59 percent in March-17 compared to February-17. As compared to March-16, wheat WPI has increased by around 4.65% and by 10.81% compared to February -2015.

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 production estimate of 93.5 MMT for 2017-18. Carryout is expected to be around 13.98 MMT. Availability would be 108.48 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT. Directorate of Economics & Statistics has maintained production figure at 93.50 MMT in fourth Adv estimate released on 2nd Aug-2016 against target of 94.75 for the year. Final figure is likely to be revised as per market expectation.

Indian FoB quote is hovering around \$258.27 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$180.42, \$181.92, \$164.58, \$178.75 and \$186.34 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.

Government may not increase import duty to 25% and keep it unchanged at 10% as it is expecting a production of 96.6 million tonnes. At prevailing duty of 10%, Indian flour millers are still importing wheat from Australia. Around 150000 tonnes of Australian wheat has been purchased for May shipment with a protein content of 9% at \$220-221 per tonne cost & freight.

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. Ukraine has sown around 93% (1.65 lakh hectares) of their target area for spring wheat. Australia is likely to produce 24 MMT in 2017 compared to 35MMT in 2016. The fall in production is mainly due to lower area compared to last year. US crop plantings are likely to fall in 2017 to 18.7 million hectares lowest since 1919. Overall crop condition in northern hemisphere is good as crop exits dormancy period. Argentina is expecting to harvest around 17.5 MMT in 2017-18 compared to 16.3 MMT in 2016-17. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. 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. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. Therefore, Steady to slightly weak market is expected in short to medium term.

Outlook: Feed prices are expected to trade steady to weak as overall feed ingredients prices traded weak during last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	5-May-17	17-Mar-17	Parity To
Indore (MP)	24600	25200	Gujarat, MP
Kota	24600	25200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	26200	26500	Mumbai, Maharashtra
Nagpur (42/46)	26000	26200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	25700	25800	Andhra, AP, Kar, TN
Latur	25800	26500	-
Sangli	26400	27000	Local and South
Sholapur	26000	26500	Local and South
Akola	25700	26000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	25700	26400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	24900	25300	-

Soy DOC at Port:

Centers	Port Price	
	4-May-17	27-Apr-17
Kandla (FOR) (INR/MT)	26200	26500
Kandla (FAS) (USD/MT)	408	413

International Soy DOC			
Argentina FOB USD/MT	4-May-17	27-Apr-17	Change
Soybean Pellets	324	314	10
Soybean Cake Flour	324	314	10
Soya Meal	332	322	10
Soy Expellers	332	322	10
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	5-May-17	28-Apr-17	Change
Adoni	17500	17500	Unch
Khamgaon	NA	NA	-

Parli	NA	NA	-
Latur	NA	NA	-
Groundnut Meal (Rs/MT)	5-May-17	28-Apr-17	Change
Basis 45%, Saurashtra	19600	19600	Unch
Basis 40%, Saurashtra	17800	17800	Unch
GN Cake, Gondal	21500	21500	Unch
Mustard DOC/Meal	5-May-17	28-Apr-17	Change
Jaipur (Plant delivery)	14800	14800	Unch
Kandla (FOR Rs/MT)	15800	15500	300
Sri Ganganagar	1845	1840	5

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	4-May-17	27-Apr-17	4-Apr-17	4-May-16	4-May-15
Delhi	Hybrid	1480	1500	1550	NA	NA
Davangere	Loose	1580	1580	NR	NA	NA
Nizamabad	Bilty	1500	Closed	1450	1440	NA
Ahmadabad	Feed	1525	1540	1515	1490	1350
	Starch	1530	1570	1535	1510	1350

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	155.61	142.68	155.12	252.89
Cost and Freight	205.61	197.68	215.12	287.89

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
Total	2668918	3512217	1210954	276674	238683.1

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	4-May-17	27-Apr-17	Change
Bajra	Karnataka	Hybrid	Bellary	1644	1763	-119
		Hybrid	Bangalore	1950	1950	Unch
Jowar	Karnataka	White	Bangalore	2300	2300	Unch
		White	Bellary	1786	1697	89
Maize	Karnataka	Yellow	Davanger e	1580	1580	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1450	1440	10
Rice	Haryana	IR8	Karnal	3000	3050	-50
		Parmal Raw	Karnal	3200	3200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2460	2520	-60
	Maharashtra	DOC	Sangli	2640	2700	-60
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1750	1750	Unch
	Maharashtra	Ex-factory	Latur	NA	NA	-
Mustard	Rajasthan	Plant delivery	Jaipur	1480	1480	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2150	2150	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1985	2011	-26
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1948	1992	-44
Note: Prices Rs./Qtl						

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>
 © 2017 Indian Agribusiness Systems Pvt. Ltd.