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Summary

Soybean, rapeseed mustard and soy meal fell in tandem both domestic and bearish global factors. Indian government's decision to keep oilseeds taxable under 5% GST rate has pressurized the oils and fats market further, which were already reeling under pressure.

Further, appreciation of INR continued to put pressure on the soy meal exports as the scenario is making exports from India noncompetitive. However, India's soy meal exports are better despite appreciation of INR against US dollar, but future looks bleak.

This is when the global soy supplies rising with record Brazilian crop harvest along with the third largest producer, Argentina.

Continued fall of rapeseed-mustard to below MSP after good harvest by India this year remained a cause of concern for the farmers and the stockists. The seed supplies are still strong and higher than the corresponding period last year.

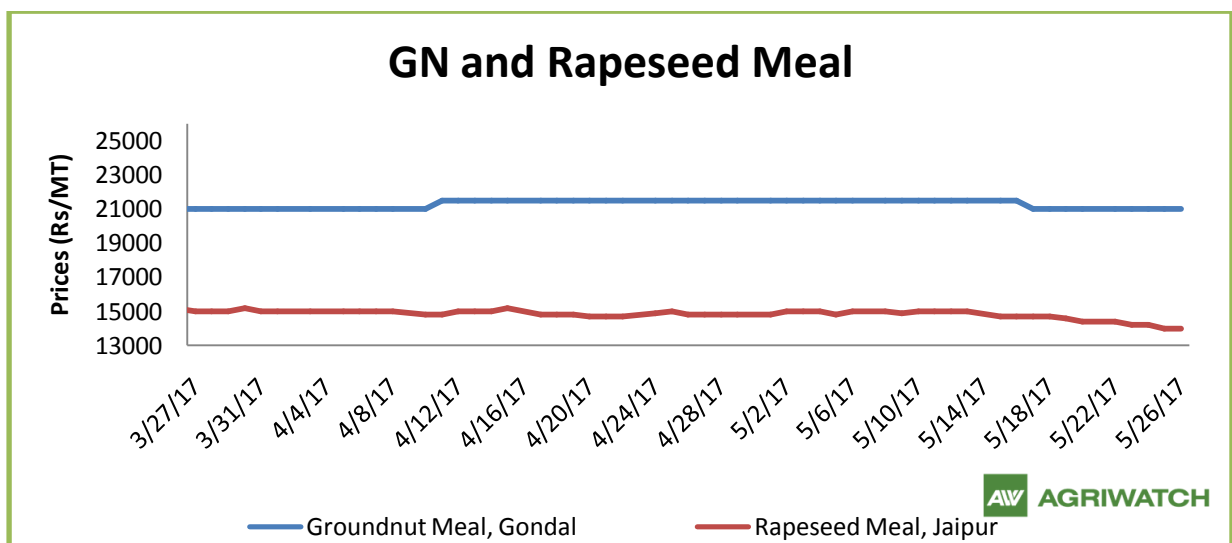
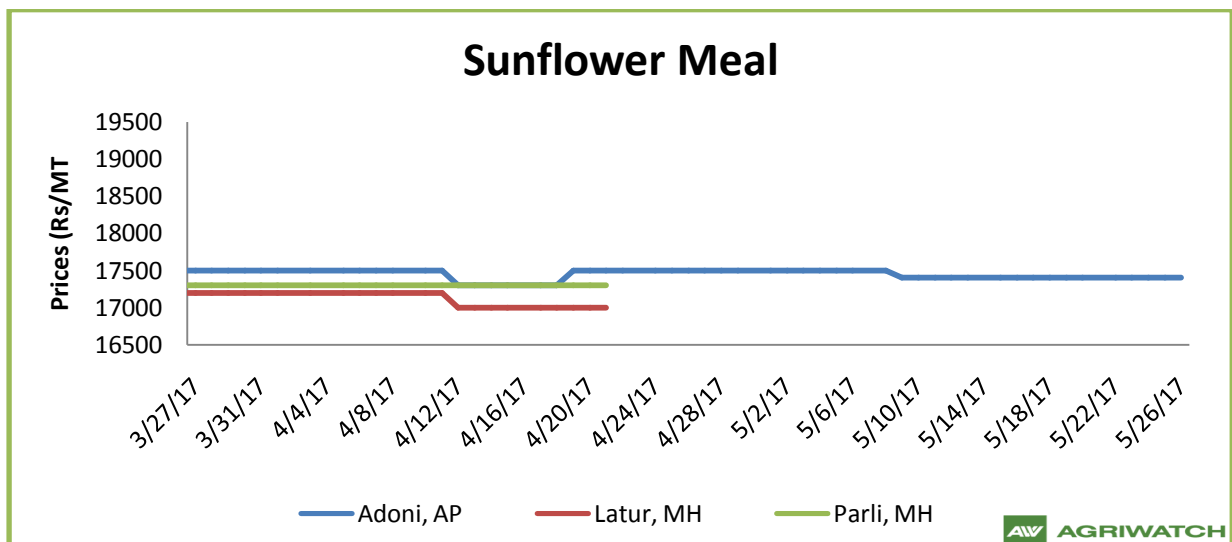
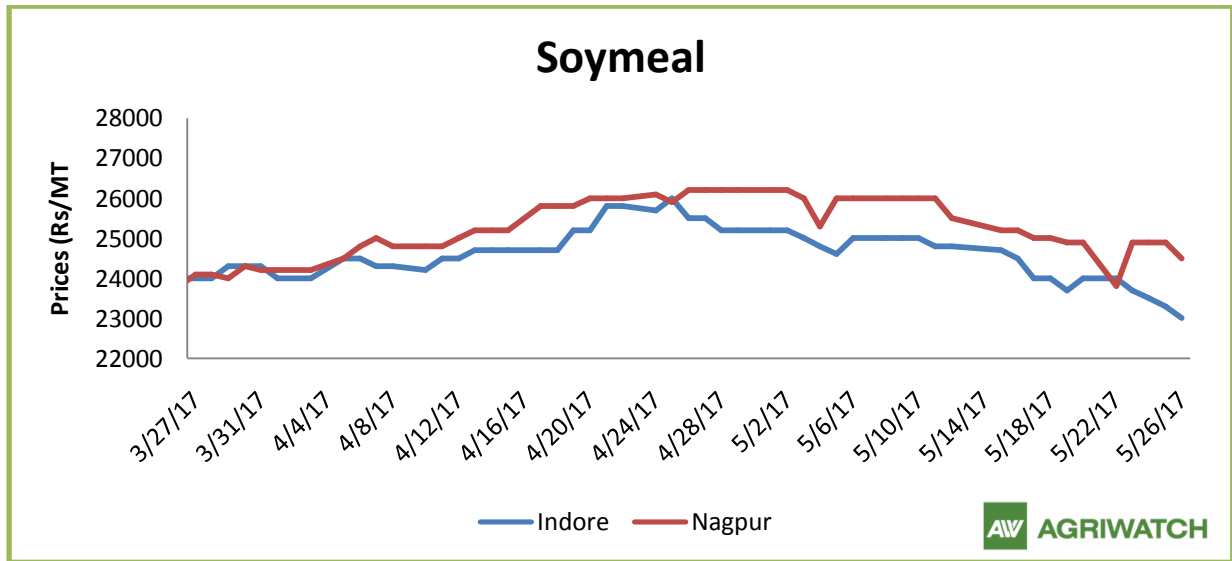
As discussed earlier, the rapeseed-mustard prices are susceptible to the supply pressure and will continue to remain under the pressure further, in near to medium-term.

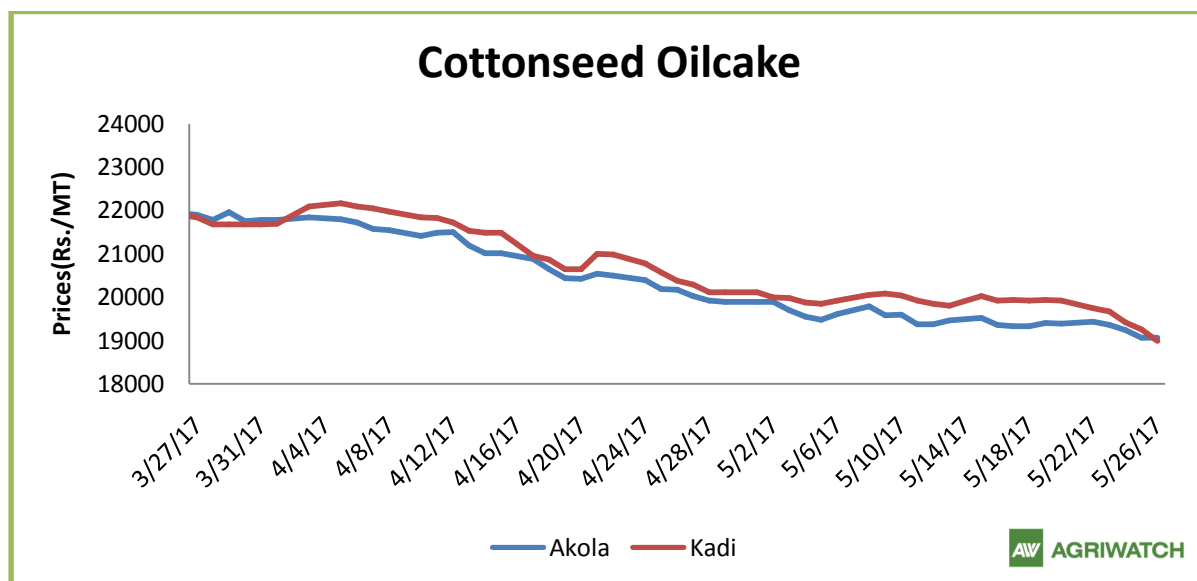
Overall maize cash markets traded mixed during the week and are expected to trade steady in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 30 per quintal to Rs. 1490 per quintal while starch feed makers quoted it firm by Rs. 25 per quintal to Rs. 1525 per quintal compared to last week.

In Gulabghat, new crop of maize traded down by Rs. 20 per quintal at Rs. 1250 per quintal (Bilty) compared to last week. It is likely to trade steady in near term.

All India weekly average prices decreased by 5.49 percent to Rs. 1783.96 per quintal during the week ended 23rd May 2017. Wheat average price were ruling at Rs 1887.57 per quintal during 09-15 May 2017. As compared to prices in the week 16-23 May 2016, the prices are firm by 2.97 percent. Prices are expected to remain range bound to slightly weak in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean plunged on government decision to keep oilseeds taxable under 5% GST rate. The fall is about 4% in last fortnight.

Besides, increase in supplies from South America after harvesting remained pressurizing factor for Indian bean, which was reeling under pressure with the beginning of the new marketing season.

Further, forecast of normal monsoon this year remained bearish for the bean. However, lower remuneration in soybean will remain discouraging factor for the cultivators.

The domestic oilseeds processors are consistently urging the government to increase the import duty on edible oils which has paved the way for cheap import of edible oils mainly from Argentina, Malaysia, Indonesia and Ukraine.

This in turn has hurt the oilseeds processing industry leading to lower crush margin and strengthening of INR against USD has led to the decline in revenues from the byproducts.

We expect the India's soy meal exports to 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.

Stronger INR against US dollar, huge South American soy supplies continued to remain weak factor as the Indian soy meal price has been out-priced in the international market in recent weeks.

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. However they are stronger y-o-y, about 15,000–60,000 bags of soybean have arrived in the cash markets of Madhya Pradesh in a day against 25,000 – 45,000 bags during the corresponding period last year.

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, AgrawalNeemuch, 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 international benchmark CBOT soybean fell to 13-month low on record-large soybean harvest in Brazil, weakness in real with farmers selling off their produce, technical selling and sharp fall in crude oil during the week under review.

Further, US soy inventories are still 11 years high said USDA, in its monthly supply and demand report.

At CBOT, the soybean, in the most active July contract, ended at US \$ 9.39/bushel compared to US \$ 9.53/bushel last week.

US soybean planting is 53% complete as on 21 May 2017 which is at par with the corresponding period last year, but up from 5 year average of 52%.

Soybean emergence is reported at 19% which is slightly less from 20% during the same period last year and also below from 5 year average of 21%.

U.S. April NOPA member soybean crush rose 9.0 percent to 139.134 million bushels from 153.060 million bushels in March 2017. Crush of soybean in April 2016 was 147.614 million bushels.

Production of soy oil in U.S. in April rose to 1.627 billion lbs from 1.789 billion lbs in March 2017.

Argentina's agriculture ministry has forecast the country's 2016/17 soybean production at 58 million tonnes. This was first monthly estimate by the government in 2016/17.

Abiove has estimated Brazil's 2016/17 soybean at 112.5, rise of 1.6% from its earlier estimate. It raised country's soybean export estimate by 2.3 percent to 61.7 MMT.

Safras& Mercadohave forecast Brazil's soybean export at 61 million tons in 2017/18 (Feb/Jan) which is 17% higher compared to 2016/17. The forecast is in line with Above estimates.

Safras has raised Brazil's 2016/17 soybean production estimate by 1.68% against previous month to 113.384 million tonnes which is 16.7% higher than the previous season.

The soybean production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10%to 105.1 million tonnes, said the agency.

Buenos Aires Grains Exchange has raised Argentina's 2016/17 soybean crop estimate to 57.5 million tonnesfrom 56.5 million tonnes estimated earlier. Higher soybean crop is due to high yields brought by wet weather.

Conab has raised Brazil's 2016/17 soybean crop estimate to 113 million tonnes up from 110.2 million tonnes estimated in its previous estimate. This is fifth raise in its estimate for 2016/17. Higher soybean crop is on rise in productivity by 18.4% and rise in planted area.

EU soybean imports fell 2% by 16 May 2017 and registered imports of 12.1 million tonnes from 17.7 million tonnes during the corresponding period last season.

EU soy meal imports during Jul. – Jun. 2016/17 season stood at 15.5 million tonnes, down 12% from 17.7 million tonnes during the corresponding period last year.

Soy meal

The domestic soy meal prices fell on increased supplies in the international oils and fats market and government's decision to impose GST on oilseeds.

Further, strength in INR against USD has rendered India's soy meal prices uncompetitive when seasonal South American soy supplies have risen in recent days.

Besides, the weak domestic soy meal demand from poultry and feed manufacturers due to summer season remained bearish for the meal.

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

The forward booking for soy meal are easing with competitive price offers by South America.

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

Soy meal fell in international market, during the week, the July CBOT soy meal settled at US \$ 304.7 per short ton compared to US \$ 307.0 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 Rs23,000 – 24,000/MT compared to Rs23,700 – 25,000/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs24,000/MT and 24,500/MT respectively compared to Rs23,000/MT in Indore and Rs22,500/MT in Kota.

Brazil's April soy meal exports fell 25% from the corresponding period last year. But it was up in April by 1.3% to 1.13 million tonnes compared to March. The shipments in the first four months of the marketing season are about 4% below previous year and equivalent to 2015.

Further, soybean exports is expected to rebound on record Brazil's 2016/17.

Rapeseed - Mustard Seed

The domestic rapeseed- mustard fell more than 2% compared to the previous week. This is after Indian government's decision to keep oilseeds taxable under 5% GST rate has pressurized the oils and fats market further, which were already reeling under pressure.

Besides, Genetic Engineering Appraisal Committee (GEAC) on 11 May recommended the release of genetically modified (GM) mustard hybrid DMH-11 for cultivation by farmers, remained bearish for the seed market.

However, those opposing GM crop technology have strongly protested for the release.

If the Ministry of Environment accepts the GEAC's recommendation, GM mustard would be the first food crop to be permitted for cultivation in India and the second GM crop to be approved after Bt cotton in 2002. The anti-GM activists fear it will give the way to the other GM releases.

Besides, higher domestic seed production, weakness in Malaysian palm oil after appreciation of Ringgit and rise in palm oil production last month – highest in six months remained limiting factors.

Further fall in the rival - soy oil in the international market too restricted the gains in the domestic rapeseed-mustard.

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 2.4– 2.67 lakh bags in a day compared to around 2.05– 2.60 bags a day, previous week. The supplies were 1.55 – 1.85 lakh bags a day during the corresponding period last year.

The seed prices at spot fell and was quoted at around Rs3,685– 3,800 a quintal compared to Rs4,455 – 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 ended at 3571/Qtl compared to 3682/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 April edible oil imports rose 7.1 percent y-o-y to 13.24 lakh tons from 12.36 lakh tons in April 2016. Palm oil imports in April rose 2.3 percent y-o-y to 7.52 lakh tons from 7.35 lakh tons in April 2016. CPO Imports rose 28 percent y-o-y to 5.11 lakh tons from 3.99 lakh tons in April 2016.

RBD palmolein imports fell 28.5 percent y-o-y to 2.32 lakh tons from 3.26 lakh tons in April 2016. Soy oil imports fell 12.36 percent y-o-y to 3.05 lakh tons from 3.48 lakh tons in April 2016. Sunflower oil imports rose 135 percent y-o-y to 2.35 lakh tons from 1.00 lakh ton in April 2016. Rapeseed (Canola) oil fell to 0.32 lakh tons in April compared to from 0.51 lakh tons in April 2016, according to Solvent Extractors Association (SEA).

India's April edible oil stocks at ports and pipelines rose 10.8 Percent m-o-m to 21.20 lakh tons from 19.13 lakh tons in March 2017. Stocks of edible oil at ports rose to 785,000 tons (CPO 210,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 210,000

tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,335,000 tons in pipelines (stocks at ports were 688,000 and in pipelines were at 1,225,000 tons in March 2017).

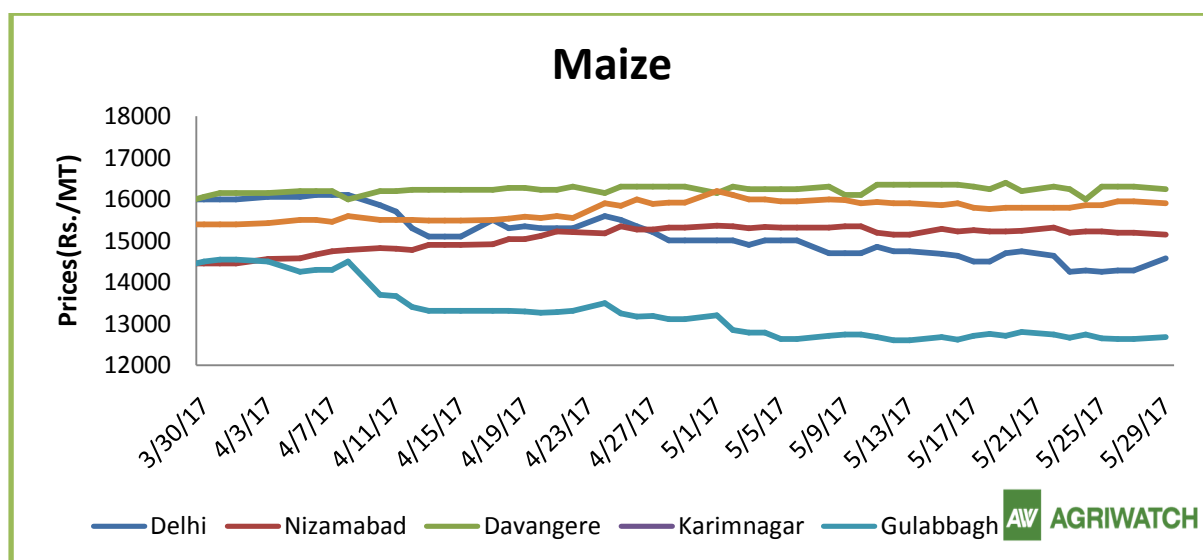
The total stock on 1st May, 2017 has increased 207,000 tons v/s 1st Apr., 2017. India is presently holding 39 days of edible oil requirement on 1st May, 2017 at 21.20 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons, according to Solvent Extractors Association (SEA).

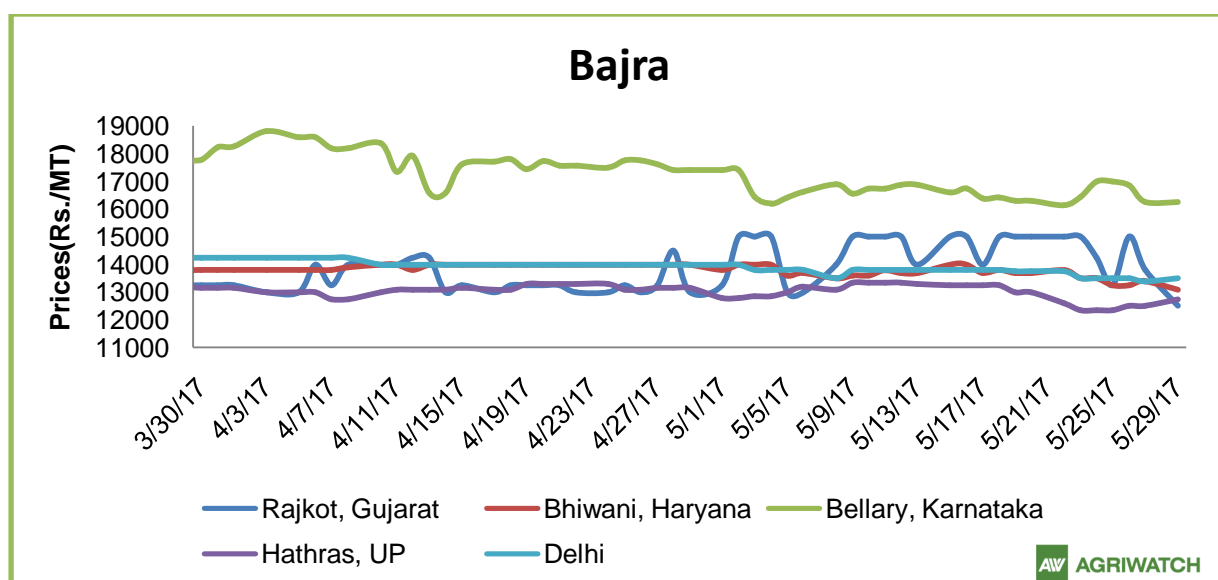
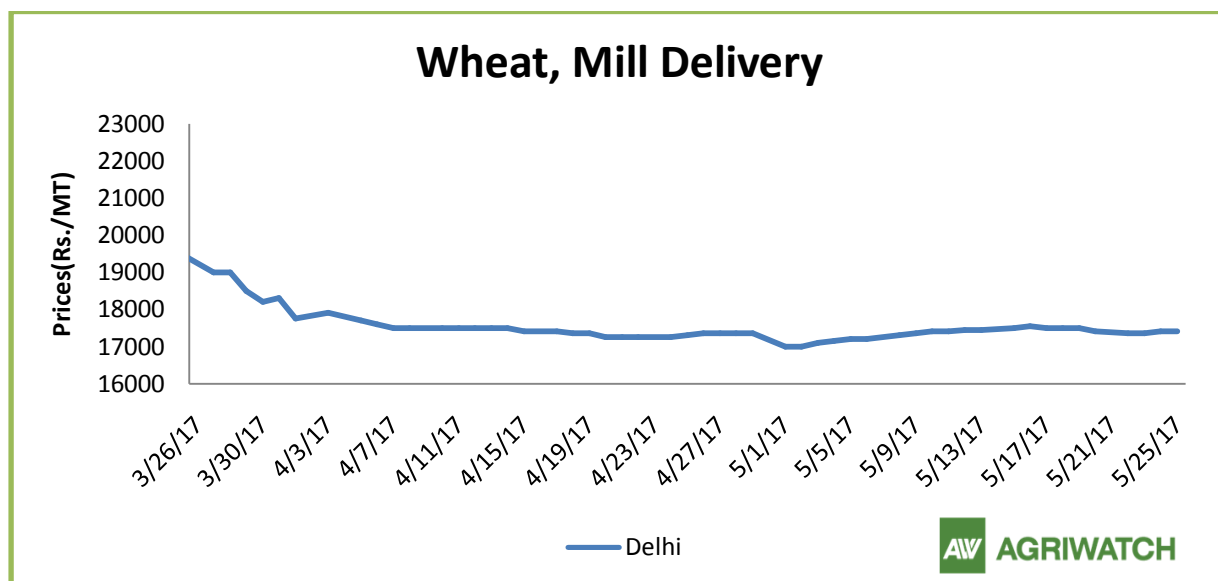
According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil end stocks rose 3.02 percent to 16 lakh tons compared to 15.53 lakh tons in March. Production of palm oil in April rose 5.74 percent to 15.48 lakh tons compared to 14.64 lakh tons in March. Exports rose 1.39 percent to 12.83 lakh tons compared to 12.65 lakh tons in March. Imports of palm oil in April fell 46.57 percent to 0.54 lakh tons compared to 1.02 lakh tons in March. Stocks came below market expectations on lower than expected rise in production.

Malaysia's May 1-25 palm oil exports rose 18.6 percent to 1,006,853 tons compared to 891,725 tons in corresponding period last month. Top buyers were European Union at 210,765 tons (245,993 tons), India at 172,485 tons (135,300 tons), China at 98,130 tons (127,450 tons), Pakistan at 41,000 tons (10,000 tons) and United States at 37,520 tons (40,155 tons). Values in brackets are figures of corresponding period last month, said a cargo surveyor Societe Generale de Surveillance.

Malaysia reduced June crude palm oil export duty to 6 percent from 7 percent in May. Tax is calculated at reference price of 2844.79 ringgit (\$657.53) 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).

Indonesia Palm Oil Association (GAPKI), Indonesia palm and palm kernel oil exports fell 2 percent to 2.47 MMT from 2.53 MMT in February. However, exports rose 42 percent compared to March 2016.





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

In Nizamabad, Maize (bilty) traded firm by Rs. 10 per quintal to Rs. 1520 per quintal compared to last week and is likely to trade steady in the near term.

In Davangere, Maize (loose) traded down by Rs. 60 per quintal to Rs. 1600 per quintal compared to last week. Maize could trade steady to slightly firm in the near term depends on weather conditions of Bihar.

As per USDA, U.S corn exports reached 40.53 MMT in the 2016-17 marketing year. At 1.05 MMT (for the period 12th May –18th May, 2017) exports were down 32 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were Japan (464,900 MT), Mexico (348,600 MT), Taiwan (70,300 MT), Bangladesh (52,900 MT), and Peru (42,500 MT).

IGC raised its forecast for the 2016/17 global corn production by 6 MMT to 1065 MMT compared to previous forecast. However, it kept unchanged its forecast for 2017/18 global corn production at 1026

MMT compared to previous forecast. Forecast for global corn ending stock was down by 10 MMT to 197 MMT compared to last forecast for 2017/18 due to increase in trade and consumption forecast.

Corn prices on CBOT fall by 0.10 USD/MT to 14615 USD/MT compared to last week for July contract and is likely to trade down amid low export demand for U.S corn.

All India weekly average prices decreased by 5.49 percent to Rs. 1783.96 per quintal during the week ended 23rd May 2017. Wheat average price were ruling at Rs 1887.57 per quintal during 09-15 May 2017. As compared to prices in the week 16-23 May 2016, the prices are firm by 2.97 percent. Prices are expected to remain range bound to slightly weak in coming days.

Government agencies have started procurement since 15th March'17 and as per update on 27th May'17 government has procured around 29.26 million tonnes of wheat. Government will continue its procurement in Madhya Pradesh until May 31, whereas procurement in Uttar Pradesh and Rajasthan is likely to continue until 15th June. In Rabi marketing season 2017-18 government has set procurement target of 33 MT. Government has achieved 88.66% of its procurement target. Last year government was able to procure only 22.9 million tonnes due to lower production.

Normal monsoon rains are expected now as adverse El Niño weather condition has weakened .After its likely onset on May 29-30, the southwest monsoon June may receive 164 mm, July-289 mm and Aug-269 mm rains. Chhattisgarh and Vidarbha were expected to get a good amount of pre-monsoon showers during June, where the usual onset date is late June or early July.

Government is likely to sell around 40 lakh tonnes of wheat in MY 2017-18 compared to 46 lakh tonnes in MY 2016-17. Due to low production in last two years, wheat stock in central pool dwindled to five year lows. As of now government is procuring intensively to replenish its stocks. Furthermore millers and traders are also not having any trouble in procuring this year due to ample availability.

As per market sources, India's wheat imports have slowed down due to good domestic crop. Furthermore around 1.8 million tonnes of imported wheat from Australia and Black sea region is lying unsold in port silos. For marketing year 2017-18 demand for imported wheat is likely to be low and India may import around 2-3 million tonnes.

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.

As per third advance estimate for 2016-17 wheat production is likely to be around 97.4 MMT which is higher compared to second advance estimate of 96.6 MMT issued in February 2017. Grain quality is better this year compared to last year and there are no issues relating to higher moisture and pest. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

Government has decided to impose no tax on food grains, oilseeds, fruits and vegetables under GST. Prior to this state government of Punjab and Haryana were levying heavy taxes on wheat which discouraged participation of private players. This step will ultimately lead to cheaper prices for the consumer and increase in demand from producer. Government is expecting a decrease of around 2% in inflation under GST.

Indian FoB quote is hovering around \$257.21 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$180, \$181.5, Euro 175.12, \$177.42 and \$196.87 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 is likely to harvest 63 MMT of wheat in 2017 compared to 73.3 MMT in 2016. Dryness in Spain and France, and late frost in Germany and Poland has led EU to revise its production forecast by 1.1 MMT to 142.7 MMT. Ukraine has sown around 95% (1.68 lakh hectares) of their target area for spring wheat. Australia is likely to produce 24 MMT in 2017 compared to 35 MMT 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 is good as rainfall was witnessed in South Great Plains. Argentina is expecting to harvest around 17.5 MMT in 2017-18 compared to 16.3 MMT in 2016-17.. 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 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

Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	26-May-17	19-May-17	Parity To
Indore (MP)	23000	23700	Gujarat, MP
Kota	22500	23400	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24200	24800	Mumbai, Maharashtra
Nagpur (42/46)	24500	24900	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24500	25000	Andhra, AP, Kar ,TN
Latur	24000	24500	-
Sangli	25500	26000	Local and South
Sholapur	24700	25200	Local and South
Akola	24200	24700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	24700	25200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	22900	23200	-

Soy DOC at Port

Centers	Port Price	
	25-May-17	18-May-17
Kandla (FOR) (INR/MT)	24800	25500

Kandla (FAS) (USD/MT)	384	396
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International Soy DOC

Argentina FOB USD/MT	25-May-17	18-May-17	Change
Soybean Pellets	310	310	Unch
Soybean Cake Flour	310	310	Unch
Soya Meal	318	318	Unch
Soy Expellers	318	318	Unch

Sunflower (DOC) Rates

Ex-factory rates (Rs/ton)			
Centers	26-May-17	19-May-17	Change
Adoni	17400	17400	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	NA	NA	-

Groundnut Meal (Rs/MT)

	26-May-17	19-May-17	Change
Basis 45%, Saurashtra	19300	19800	-500
Basis 40%, Saurashtra	17000	17500	-500
GN Cake, Gondal	21000	21000	Unch

Mustard DOC/Meal

	26-May-17	19-May-17	Change
Jaipur (Plant delivery)	14000	14600	-600
Kandla (FOR Rs/MT)	14800	15200	-400
Sri Ganganagar	1740	1795	-55

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	25-May-17	18-May-17	25-Apr-17	25-May-16	25-May-15
Delhi	Hybrid	1425	1425	NA	1460	1290
Davangere	Loose	1600	1660	NA	NA	NA
Nizamabad	Bilty	1520	1510	1480	1520	1270
Ahmadabad	Feed	1490	1460	1575	1550	1300
	Starch	1525	1500	1600	1550	1335

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	164.07	144.73	163.11	247.25
Cost and Freight	214.07	199.73	223.11	282.25

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
Total	2668918	3512217	1210954	276674	238683.1

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>25-May-17</u>	<u>18-May-17</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1700	1643	57
		Hybrid	Bangalore	1900	1900	Unch
Jowar	Karnataka	White	Bangalore	2250	2500	-250
		White	Bellary	1654	1745	-91
Maize	Karnataka	Yellow	Davangere	1600	1660	-60
	Andhra Pradesh	Yellow	Nizamabad	1450	1450	Unch
Rice	Haryana	IR8	Karnal	2500	2600	-100
		Parmal Raw	Karnal	3200	3300	-100
Soy meal	Madhya Pradesh	DOC	Indore	2300	2370	-70
	Maharashtra	DOC	Sangli	2550	2600	-50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1740	1740	Unch
	Maharashtra	Ex-factory	Latur	NA	NA	-
Mustard	Rajasthan	Plant	Jaipur	1400	1460	-60

		delivery				
Groundnut Meal	Gujarat	GN Cake	Gondal	2100	2100	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1899	1994	-95
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1906	1941	-35
Note: Prices Rs./Qtl						

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