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Summary

Steady sentiments were witnessed in domestic soybean and meal on flat demand while rapeseed-mustard posted gains on supportive buying in the cash market

No fresh domestic demand in soy witnessed during the period. Further, the strength in the international soybean restricted any sharp fall in the domestic soybean and meal.

India's soybean planting is underway and it is picking up the pace with the monsoon rains in the key growing belt. Rains in West Madhya Pradesh is reportedly normal, it is deficient in Vadarbha, Marathwada and excess in East Rajasthan.

However, the overall monsoon is forecast to be normal.

As discussed, earlier the domestic soybean planting intention for 2017 has fallen due to the lower remuneration in the crop to the farmers and the area could shift to cotton and urad.

Higher South American soy supplies and rise in US soybean planting intention for 2017 is limiting the gains in the cash markets.

Attractive price offer for soy meal by South America and strength in INR against USD is yet another factor limiting the gains.

The rapeseed-mustard prices, at benchmark Jaipur, have slightly gains but they are still near the MSP (Rs. 3700/Qtl) after good harvest by India this year. The seed supplies are still higher than the corresponding period last year.

The rapeseed-mustard prices continued to be under higher supply pressure and it will further weigh on the prices, in near to medium-term.

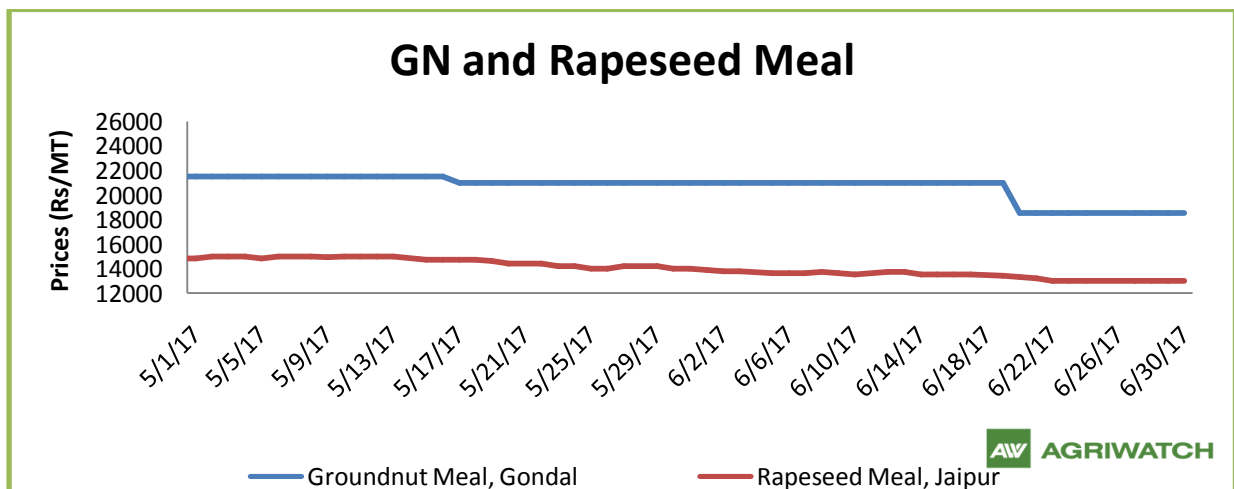
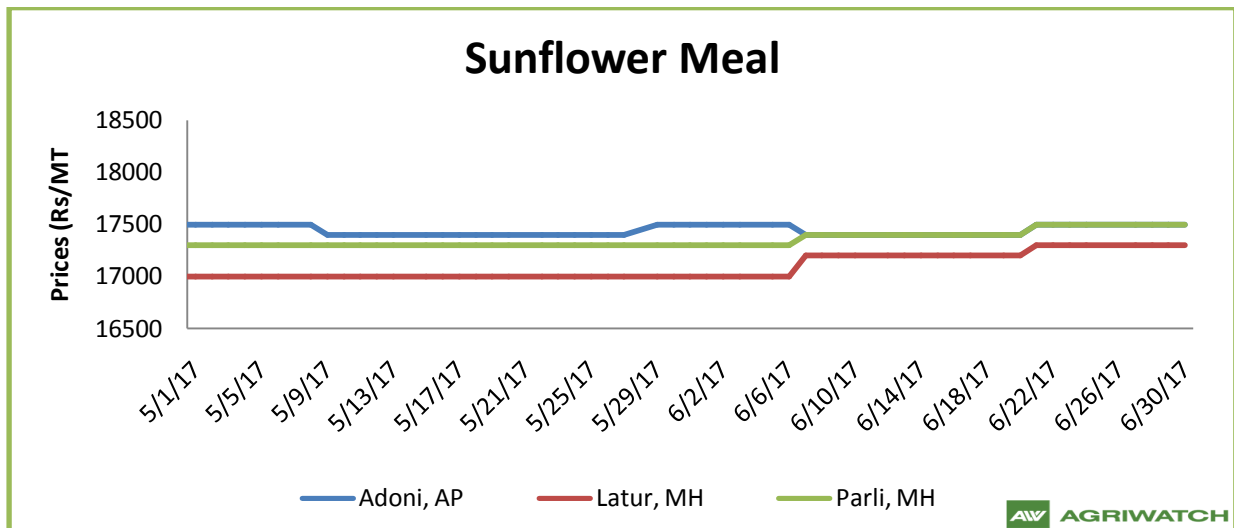
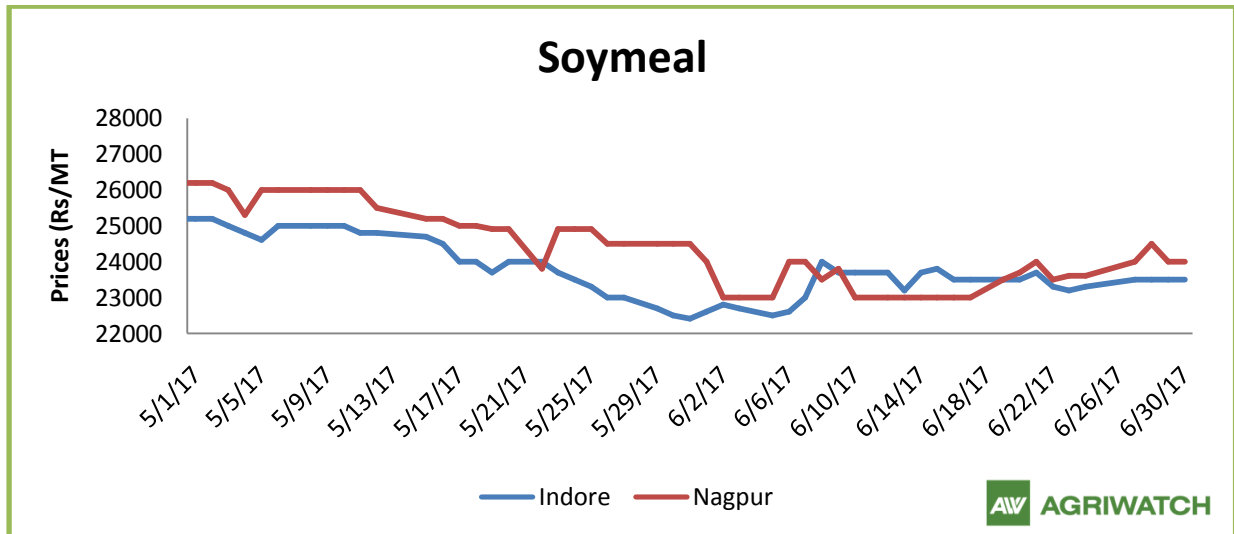
Overall maize cash markets traded steady to slightly firm during the week and are expected to trade steady in the near term. However, in Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 10 per quintal to Rs. 1480 per quintal while starch feed makers quoted it down by Rs. 20 per quintal to Rs. 1480 per quintal compared to last week.

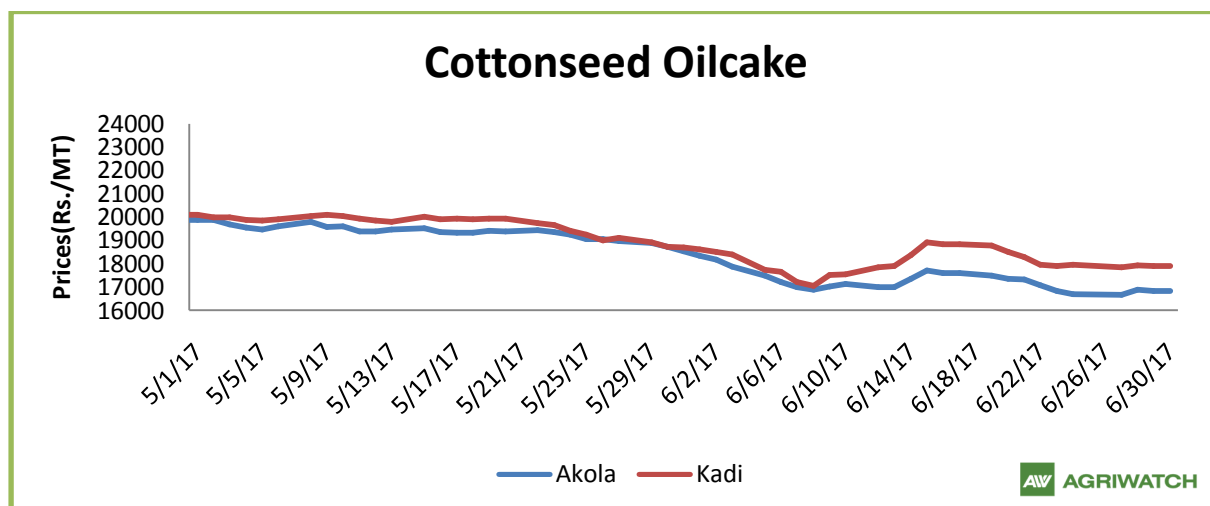
In India, maize has been sown in around 20.32 lakh hectares as of 30th June'17 which is lower than 1.52 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 2.94 lakh hectare which is lower than 2.51 lakh hectare covered during corresponding period last year while in U.P; it has been sown in 1.52 lakh hectare which is lower than 1.55 lakh hectare covered during corresponding period last year. However, in Maharashtra, it has been sown in 2.08 lakh hectares which is higher than 1.72 lakh hectares covered during corresponding period last year and in M.P, it has been sown in 2.93 lakh hectares which is higher than 1.53 lakh hectares covered during corresponding period last year.

In Gulabgh, new crop of maize traded firm by Rs. 40 per quintal to Rs. 1280 per quintal (Bilty) compared to last week. It is likely to trade steady to slightly firm in near term.

All India weekly average prices decreased by 9.47 percent to Rs. 1675.21 per quintal during the week ended 30th June 2017. Wheat average price were ruling at Rs 1850.5 per quintal during 16-23 June 2017. As compared to prices in the week 24th -30th June 2016, the prices are weak by 5.57 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 steady to slightly firm tone on supportive buying by the solvent extractors, expected fall in domestic soybean planting this season and strength in the international soybean, during the week under review.

However, higher soy oil imports at competitive prices remained bearish for domestic soybean.

The domestic soybean planting is underway and currently it is lagging from the corresponding period last year. The soybean cultivators are cautious in planting the bean this year, as they couldn't get the considerable remuneration for their produce this season.

The domestic bean prices are 5 year low and we feel the prices are not expected to recover soon on record global supply pressure.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 1,40,000 bags compared to 2,70,000 bags reported in the previous week. The fall in supplies is due to the closure of cash markets on Eid Ul Fitr and ahead the rollover GST.

The surge of monsoon has weakened in last couple of weeks in the key soybean growing belt, but forecast of improved rainfall in July could push the planting pace in soybean.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is reportedly normal to higher rains.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 28.06.2017) has reported India's actual rainfall at 147.8 mm against the normal 148mm and departure stands at 0% till 28 June 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +12%, actual rains is reported at 103.5 mm vs 92.2 mm normal till 28 June 2017 by IMD. Vidarbha reported the departure of -11%, actual rains 135 mm vs 152.3 mm normal. Marathwada reported the departure of +37% with actual rains of 181.3 mm vs 132.5 mm, East Rajasthan reported a departure of +29% with actual rains 65.9 mm vs 51.2 mm normal.

Forecast of normal seasonal/monsoon this season is expected to boost the soybean production.

The area coverage under soybean, as on 30th June, is reported down -19.2% at 15.29 lakh hectares compared to 18.92 lakh hectares at the same period last year.

The total sown area under *kharif* oilseeds, as on 30th June, is lower compared to the previous year's level which is down by 8.7% at 25.9 lakh hectares compared to 28.36 lakh hectares during the corresponding period last year.

India's total area under soybean in 2016 was 114.78 lakh hectares which was lower by 1.4% from 2015.

We expect India's area under soybean in 2017 to be lower than 2016 with the fall in planting intention due to the lower remuneration for the crop to the farmers. The farmers are cautious in planting early this season and some are likely to shift to cotton or pulses which will eventually reduce the planted area under soybean this year.

Higher domestic soybean production which subsequently improved soy meal production outlook will continue to pressure the bean. Slack in domestic soy meal offtake due to weak poultry demand and cheap soy oil imports continued to remain limiting factor.

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 edged-up on technical buying and position-squaring ahead USDA's quarterly inventory and acreage report. Further, spillover strength from wheat remained supportive too.

At CBOT, the soybean, in the most active August contract, ended higher at US \$ 9.47/bushel compared to US \$ 9.08/bushel last week.

Both, the US soybean stocks and acreage figures were reported lower than the trade expectations in the report released by USDA on Friday.

It has been reported that the US soybeans stored in all positions on June 1, 2017 totaled 963 million bushels, up 11 percent from June 1, 2016.

On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.

Indicated disappearance for the March - May 2017 quarter totaled 775 million bushels, up 18 percent from the same period a year earlier.

The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) estimated a record high 89.5 million acres of soybeans planted in the United States for 2017, up 7 percent from last year.

Further, US soybean area for harvest is estimated at a record high 88.7 million acres, if realized, up 7 percent from 2016.

As reported on 25 June, the US soybean planting is complete.

Soybeans emergence are reported at 94% which is at par with the corresponding period last year and also up from 5 year average of 91%.

Soybeans blooming are reported at 9% which is up from 8% from the corresponding period last year and also up from the 5 year average of 7%.

About 66% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

Above has once again raised Brazil's 2016/17 soybean production projection to 113.2 million tonnes which is up from the previous forecast of 112.5 million tonnes.

Brazil's soybean exports projection for the year increased to 63 million tonnes from 61.7 million tonnes estimated earlier and the soybean processing is forecast at 41 million tonnes.

Soy meal

Steady to slightly weak tone witnessed in soy meal on steady domestic demand and higher global supply pressure at attractive price in the international market.

Forecast of normal monsoon is expected to boost the poultry demand with the fall in weather temperature, which is likely to boost the domestic meal demand. The monsoon is expected to grip the whole country by the first week of July.

The domestic meal demand was sluggish in recent weeks as poultry demand reduces during summer and the feed intake volume by birds decline as well during the hot weather.

However, competitive price offer by South America for soy meal has already witnessed reduction in the international meal demand from India.

Significantly lower domestic soy meal price, this season, have obviously lend support to India's soy meal exports in previous months.

Currently, the domestic meal prices are lower compared to the corresponding period last year.

Strength in INR against USD in recent months and improved seasonal South American soy supplies still continues to be concern for meal exports from India.

The forward booking for soy meal has fallen with competitive price offers by South America.

Soy meal fell in international market, during the week, the July CBOT soy meal settled at US \$ 304.4per short ton compared to US \$ 293.6 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs23,300 – 23,500/MT compared to Rs23,200 – 23,700/MT compared to previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs24,200/MT and 24,700/MT respectively compared to Rs23,500/MT in Indore and Rs23,600/MT in Kota.

The soy meal exports from Brazil and Argentina is at full swing after the good harvest of beans.

Brazil's May'17 soy meal exports fell to 15.5% and stood at 1.63 million tonnes compared to 1.93 million during the corresponding period last year but it is up by 22.5% from 1.33 million tonnes in April'17.

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

Rapeseed - Mustard Seed

The domestic rapeseed-mustard edged-up on supportive buying in the cash market during the week under review.

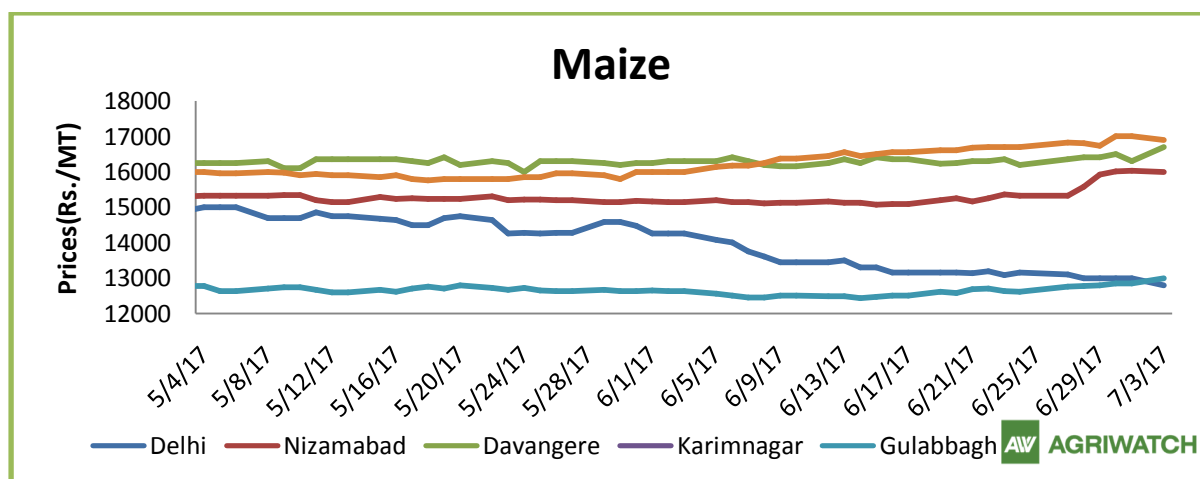
There is a continued good demand in the seed by the solvent extractors and the stockists, but higher domestic production and eventually increase in supplies continued to weighed on the seed prices.

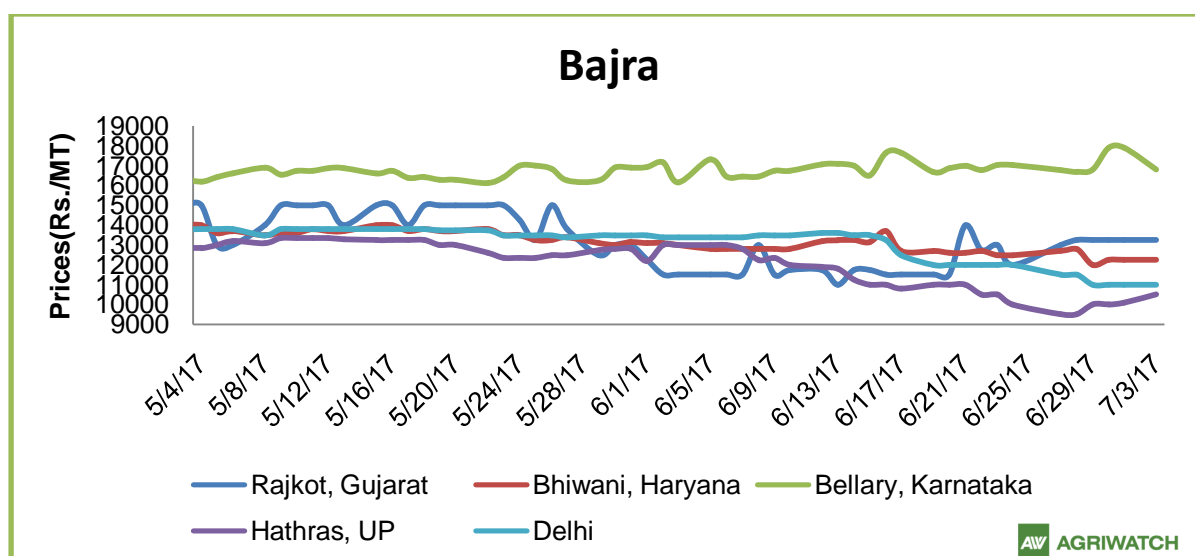
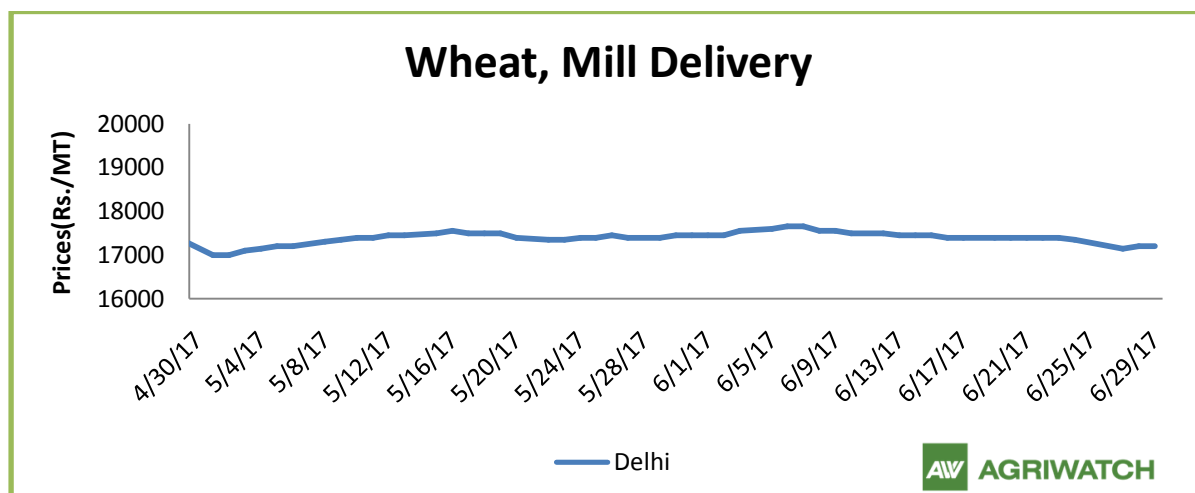
The all India seed supplies were reported between 1.50– 1.70 lakh bags in a day compared to around 1.70 – 2.0 bags a day, previous week. The supplies were 1.35 – 1.40 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot and were quoted at around Rs3,670– 3,725 a quintal compared to Rs4,820– 4,850a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at July contract ended higherat 3605/Qtl compared to 3503/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports and Malaysian palm oil. India's edible oil imports increased in May.





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. 1550 per quintal compared to last week and is likely to trade steady in the near term. As per trade sources, soybean crop area is likely to shift towards maize. It is moving towards Hyderabad at Rs. 1650 per quintal. Stock of maize could be around 70,000 quintal which was 100,000 quintal during corresponding period of last year.

In Davangere, Maize (loose) traded steady at Rs. 1580-1600 per quintal compared to last week. Maize could trade steady in the near term amid sluggish demand. As per trade source, due to low rainfall, farmers have sown maize only in 10-15% area.

As per USDA, U.S corn exports reached 46.30 MMT in the 2016-17 marketing year. At 1.02 MMT (for the period 16th June –22nd June, 2017) exports were down 16 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were Mexico (384,700 MT), Japan (199,200 MT), South Korea (197,100 MT), China (59,100 MT), and Colombia (52,800 MT).

IGC raised its forecast for the 2016/17 global corn production by 4 MMT to 1069 MMT compared to previous forecast. However, it decreased its forecast for 2017/18 global corn production by 1 MMT to 1025 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was up

by 2 MMT to 199 MMT compared to last forecast for 2017/18 due to increase in carryover stock forecast for 2016/17.

In U.S, 4% crop of corn is at silking stage as of 25th June, 2017, lower by 1% compared to last year and last 5 year average period. 67% crop of corn is in good to excellent condition, same compared to last week.

South Korea's Korea Corn Processing Industry Association purchased about 60,000 MT of corn likely to be sourced from South America from trading group Midstar at about \$177.50 per MT c&f including surcharge for additional port unloading for arrival around Oct. 15.

All India weekly average prices decreased by 9.47 percent to Rs. 1675.21 per quintal during the week ended 30th June 2017. Wheat average price were ruling at Rs 1850.5 per quintal during 16-23 June 2017. As compared to prices in the week 24th -30th June 2016, the prices are weak by 5.57 percent. Prices are expected to remain range bound to slightly weak in coming days.

In the first month (June) of southwest monsoon, India witnessed 4 percent excess rains. A surplus of 5 percent and 50 percent was recorded in Central/South India and Northwest India respectively in terms of rain. However a deficiency of around 17 percent was seen in East and Northeast region. As of now southwest monsoon has hit Delhi-NCR and western disturbance persists over Jammu & Kashmir. Furthermore a cyclonic circulation is building over East Uttar Pradesh, Bihar, Northwest Bengal and coast of Odhisa.

Government agencies have started procurement since 15th March'17. Until 30th June'17 government has procured around 307.98 lakh tonnes of wheat. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 117.05 lakh tonnes from Punjab, 36.99 lakh tonnes from Uttar Pradesh, 12.43 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttrakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government was able to procure only 229 lakh tonnes due to lower production.

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.

As per latest update under GST, loose and unbranded wheat will not attract any duty whereas a duty of 5% will be applicable on packed wheat sold under a brand name. Same is the case with flour and maida.

India has extended exemption for crop fumigation by six month to 30th December 2017. Prior to this, India has stated that after 30th June 2017 the country would accept cargoes that are fumigated with methyl bromide at the port of origin. However this extension of six months comes with a cost as cargoes need to be fumigated at port of destination in India at five times the normal cost of fumigation. This will add up to \$ 11.18 per tonne for container shipment. Methyl bromide has been banned or restricted in many countries due to its unfriendly atmospheric properties.

Indian FoB quote is hovering around \$261.89 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$176.2, \$177.70, Euro 167.25, \$189.62 and \$217.91 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 firm as unfavorable weather is threatening upcoming crop in US, Black sea, Canada and EU. Wheat crop in France and Spain are likely to be damaged by an upcoming heat wave whereas Germany, Poland and UK are likely to benefit from rain. All this has led EU to revise its production forecast down by 1.1 MMT to 141.6 MMT. Russian spring wheat planting has reached 12.8 million hectares (94.6% of the planned area) and total production for spring and winter season combined is likely to be 63 MMT in 2017 compared to 73.3 MMT in 2016. Production in US is likely to be around 49.5 MMT compared to last year's 62.8 MMT due to fall in area sowed. 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. 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 firm market is expected in short to medium term.

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

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	23-Jun-17	23-Jun-17	Parity To
Indore (MP)	23500	23200	Gujarat, MP
Kota	23600	23300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24400	24400	Mumbai, Maharashtra
Nagpur (42/46)	24000	23600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24700	24700	Andhra, AP, Kar, TN
Latur	24200	24200	-
Sangli	25000	24900	Local and South
Sholapur	24800	24400	Local and South
Akola	23500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	24400	24400	Andhra, Chattisgarh, Orissa, Jharkhand, WB

Bundi	24000	23300	-
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Soy DOC at Port

Centers	Port Price	
	29-Jun-17	22-Jun-17
Kandla (FOR) (INR/MT)	25500	25200
Kandla (FAS) (USD/MT)	396	391

International Soy DOC			
Argentina FOB USD/MT	29-Jun-17	22-Jun-17	Change
Soybean Pellets	298	294	4
Soybean Cake Flour	298	294	4
Soya Meal	306	302	4
Soy Expellers	306	302	4
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	30-Jun-17	23-Jun-17	Change
Adoni	17500	17500	Unch
Khamgaon	NA	NA	-
Parli	17500	17500	Unch
Latur	17300	17300	Unch

Groundnut Meal (Rs/MT)	30-Jun-17	23-Jun-17	Change
Basis 45%, Saurashtra	18300	18300	Unch
Basis 40%, Saurashtra	15500	15500	Unch
GN Cake, Gondal	18500	18500	Unch

Mustard DOC/Meal	30-Jun-17	23-Jun-17	Change
Jaipur (Plant delivery)	13000	13000	Unch
Kandla (FOR Rs/MT)	13600	13500	100
Sri Ganganagar	1600	1585	15

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	29-Jun-17	22-Jun-17	30-May-17	29-Jun-16	29-Jun-15
Delhi	Red (Bihar)	1280	1300	1425	1650	1220

Davangere	Loose	1600	1600	1600	1800	1350
Nizamabad	Bilty	1550	1540	1520	1760	1300
Ahmadabad	Feed	1480	1490	1510	1800	1350
	Starch	1480	1500	1530	1800	1360

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	144.29	142.85	161.60	249.13
Cost and Freight	194.29	197.85	221.60	284.13

Soy Meal Exports (In MT):

Month	2013	2014	2015	2016	2017
Jan	620133	364444	103934	7707	155160
Feb	577589	183551	64515	1127	207977
Mar	320265	232176	46670	430.1	107059
Apr	100311	75884	18017	12295	124374
May	97546	8226	14046	10400	48159
Jun	213564	2636	2098	17930	
Jul	107038	6682	928	12270	
Aug	183555	2778	768	10615	
Sep	173381	868	6886	12210	
Oct	182724	29071	4237	31390	
Nov	503269	110806	8909	97750	
Dec	451314	193832	5667	241250	
Total	3512217	1210954	276674	455374.1	642729

Feed Ingredient Prices at a Glance

Commodity	State	Variety	Centre	29-Jun-17	22-Jun-17	Change
Bajra	Karnataka	Hybrid	Bellary	1670	1701	-31
		Hybrid	Bangalore	1900	2025	-125
Jowar	Karnataka	White	Bangalore	2800	2800	Unch
		White	Bellary	1666	1621	45
Maize	Karnataka	Yellow	Davangere	1600	1600	Unch
	Andhra Pradesh	Yellow	Nizamabad	NA	1460	-
Rice	Haryana	IR8	Karnal	2400	2400	Unch

		Parmal Raw	Karnal	3150	3100	50
Soy meal	Madhya Pradesh	DOC	Indore	2350	2320	30
	Maharashtra	DOC	Sangli	2500	2490	10
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1750	1750	Unch
	Maharashtra	Ex-factory	Latur	1730	1730	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1300	1300	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	1850	1850	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1790	1791	-1
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1684	1685	-1
Note: Prices Rs./Qtl						

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