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Summary

Soybean fell on slack in demand while soy meal and rapeseed-mustard posted gains on supportive buying and renewed demand during the week in review.

Demand for soybean especially for seeding is almost over or may last for another one week.

Progressive *kharif* oilseeds planting with the adequate soil moisture after the onset of monsoon, in most of the major oilseeds growing belts, remained bearish for soybean.

India's soybean planting is in full swing with the monsoon rains in the key growing belt. Rains in West Madhya Pradesh, Vidarbha, Marathwadais reportedly normal while it is excess in East Rajasthan.

The overall monsoon is forecast to be normal.

We expect the domestic 2017 soybean planting lower compared to the previous year due to the lower remuneration in the crop to the farmers and the area is much likely to shift to cotton and urad.

Besides, higher South American soy supplies and rise in US soybean planting intention for 2017 is limiting any sharp gains in the cash markets.

Again, 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 witnessed some gains in recent days with the falling supplies and better demand by the solvent extractors.

However, the rapeseed-mustard prices will remain under overall higher supply pressure and it will further weigh on the prices, in near to medium-term.

Overall maize cash markets traded steady to firm during the week and are expected to trade steady to firm in the near term. However, in Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 5 per quintal to Rs. 1475 per quintal while starch feed makers quoted it down by Rs. 10 per quintal to Rs. 1470 per quintal compared to last week.

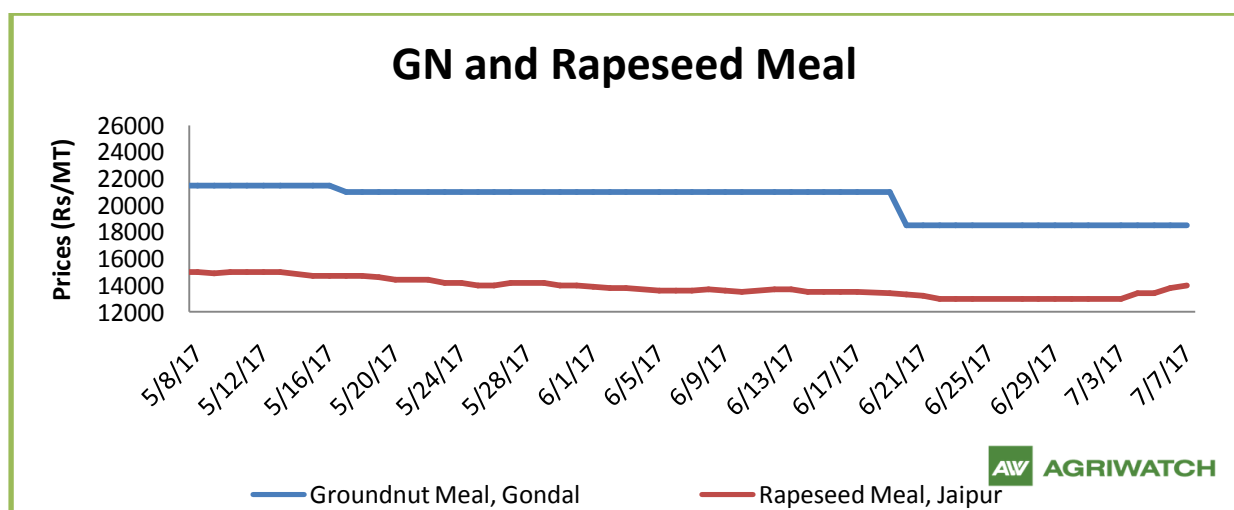
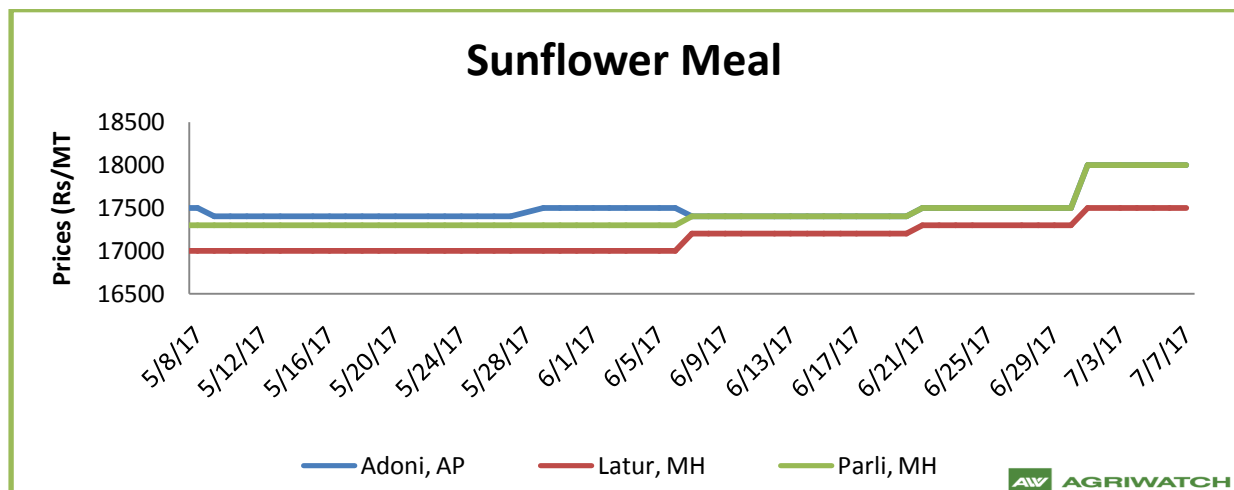
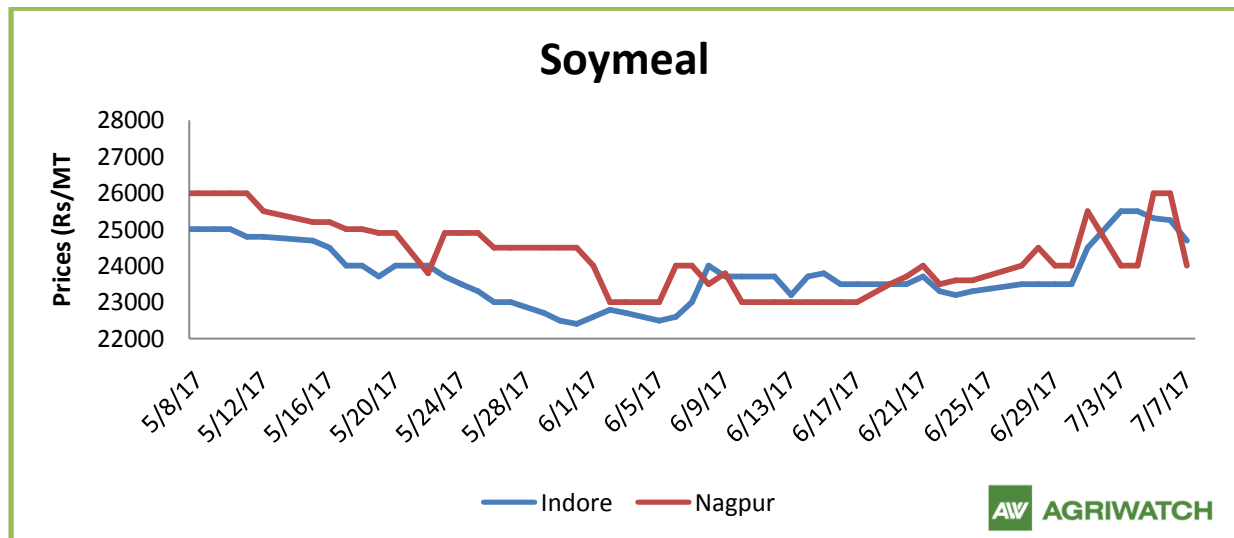
In India, maize has been sown in around 41.49 lakh hectares as of 7th July'17 which is higher than 41.23 lakh hectare covered during corresponding period last year. In Maharashtra, it has been sown in 3.95 lakh hectares which is higher than 2.20 lakh hectares covered during corresponding period last year and in M.P, it has been sown in 8.64 lakh hectares which is higher than 5.52 lakh hectares covered during corresponding period last year.

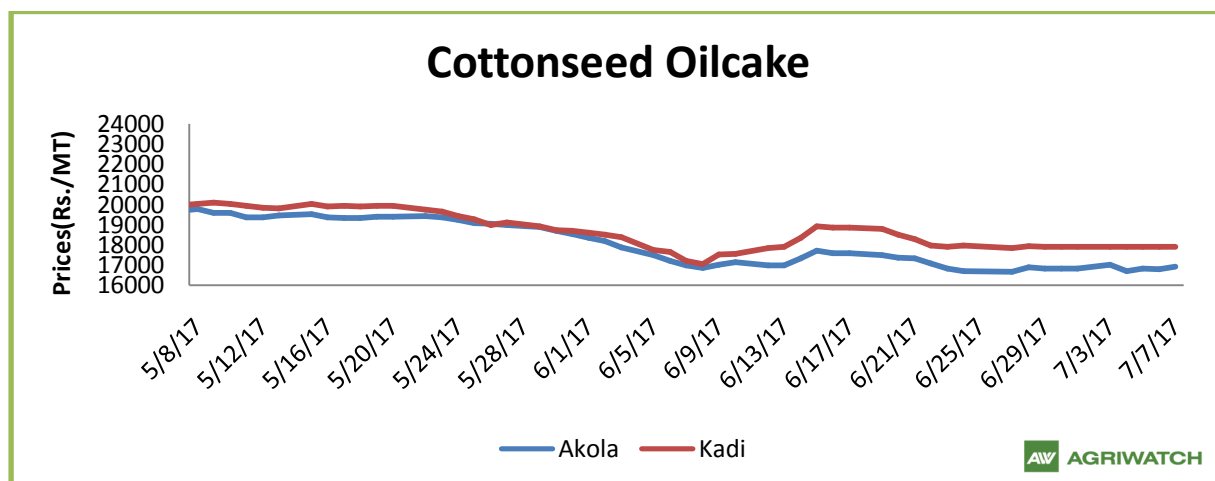
However, In Karnataka, it has been sown in 4.62 lakh hectare which is lower than 7.97 lakh hectare covered during corresponding period last year while in U.P; it has been sown in 3.02 lakh hectare which is lower than 4.48 lakh hectare covered during corresponding period last year.

In Gulabgh, new crop of maize traded firm by Rs. 90 per quintal to Rs. 1370 per quintal (Bilty) compared to last week. It is likely to trade steady to slightly firm in near term.

All India weekly average prices increased by 6.66 percent to Rs. 1786.77 per quintal during the week ended 08th July 2017. Wheat average price were ruling at Rs 1675.21 per quintal during 24-30 June 2017. As compared to prices in the week 01st -08th July 2016, the prices are weak by 0.99 percent. Prices are expected to remain steady to firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean fell on feeble buying activity with domestic planting in full swing after the key growing states received adequate rains needed for soil moisture.

Further, higher soy oil imports at competitive prices and South America offering soy meal at attractive in the international market remained bearish for domestic soybean.

The domestic soybean planting is underway and currently it is ahead from the corresponding period last year.

Currently, 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 2,25,000 bags compared to 1,40,000 bags reported in the previous week. The supplies improved after cash mandi yards resumed their operation which were closed in protest of GST, the operations were closed by the mandi traders.

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.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 05.07.2017) has reported India's actual rainfall at 217.3 mm against the normal 206.7mm and departure stands at +5% till 05 July 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +3%, actual rains is reported at 144.8 mm vs 140.5 mm normal till 05 July 2017 by IMD. Vidarbha reported the departure of -11%, actual rains 192.4 mm vs 216.1mm normal. Marathwada reported the departure of +9% with actual rains of 185.9mm vs 170.3 mm, East Rajasthan reported a departure of +31% with actual rains 115mm vs 87.7 mm normal.

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

The area coverage under soybean, as on 07th July, is reported down +10% at 53.27lakh hectares compared to 48.56lakh hectares at the same period last year.

The total sown area under *kharif* oilseeds, as 07th July, is higher compared to the previous year's level which is up by 4.5% at 72.87 lakh hectares compared to 69.73 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 surged and it is at 3-month high buoyed by technical buying, short-covering and spillover support from wheat and corn.

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

Informa has projected US 2017 soybean production at 4.253 billion bushels with a productivity of 47.9 bushels per acre.

In the weekly USDA crop progress report released on 02 July; Soybeans emergence are reported at 98% which is at par with the corresponding period last year and also up from 5 year average of 95%.

Soybeans blooming are reported at 18% which is down from 20% from the corresponding period last year and up from the 5 year average of 17%.

About 64% of the soybean planted crop is under good to excellent condition which is down from 70% during the corresponding period last year.

The US soybean crop condition is below trade and market expectations.

Grains Exporters Association ANEC has projected Brazil's soybean exports at 61-62 million tonnes in 2017.

Brazil's has exported a record 45.5 million tonnes of soybean in the 1st half of the marketing season.

ANEC sees Brazil's July'17 soybean exports at 7 million tonnes.

Abiove 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.

EU 2016/17 season, that ended June 30, soybean imports fell by 4% compared to the corresponding period 2015/16. EU registered soybean imports of 13.9 million tonnes during the period.

EU soy meal imports during Jul. – Jun. 2016/17 were 18.1 million tonnes, down 11% from 20.3 million tonnes during the corresponding period last year.

Soy meal

The domestic meal prices surged on fresh demand and weak soybean supplies in previous weeks.

The monsoon has gripped almost whole country leading fall in the weather temperature by 5-8 degrees Celsius in recent days.

Monsoon will give respite to the poultry birds from heat waves and the feed intake is expected to improve which falls during summers.

Besides, we expect increase in the poultry demand with the fall in temperature, in coming days.

The domestic soybean planting is underway and forecast of normal monsoon should prove favourable for the bean production. But, the planted area under soybean is expected to fall this season.

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

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

India's soy meal exports and its other value added products (HS Code 2304 and 1208) during June 2017 is 0.64 lakh tons compared to 0.41 lakh tons in June 2016 showing an increase of 56% over the same period of last year.

On a financial year basis, the export during April'2017 to June'2017 stands at 3.41 lakh tons as compared to 0.90 lakh tons in the same period of previous year showing an increase of 278%.

During current oil year, (October – September), total exports during October 2016 to June 2017 is 15.19 lakh tons as against 3.19 lakh tons during the same period last year, showing an increase by 376%, reported by SOPA.

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 have reduced as compared to the previous month with competitive price offers by South America.

Soy meal fell in international market, during the week.

CBOT soy meal August contract settled at US \$ 330.7 per short ton compared to US \$ 306.2 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs24,500 – 25,500/MT compared to Rs23,300 – 23,500/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 Rs24,700/MT in Indore and Rs 25,000/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard extended previous week's gain on strong buying activity among solvent extractors.

The domestic crushing pace of the seed is considerably good; this is despite higher edible oil imports by India.

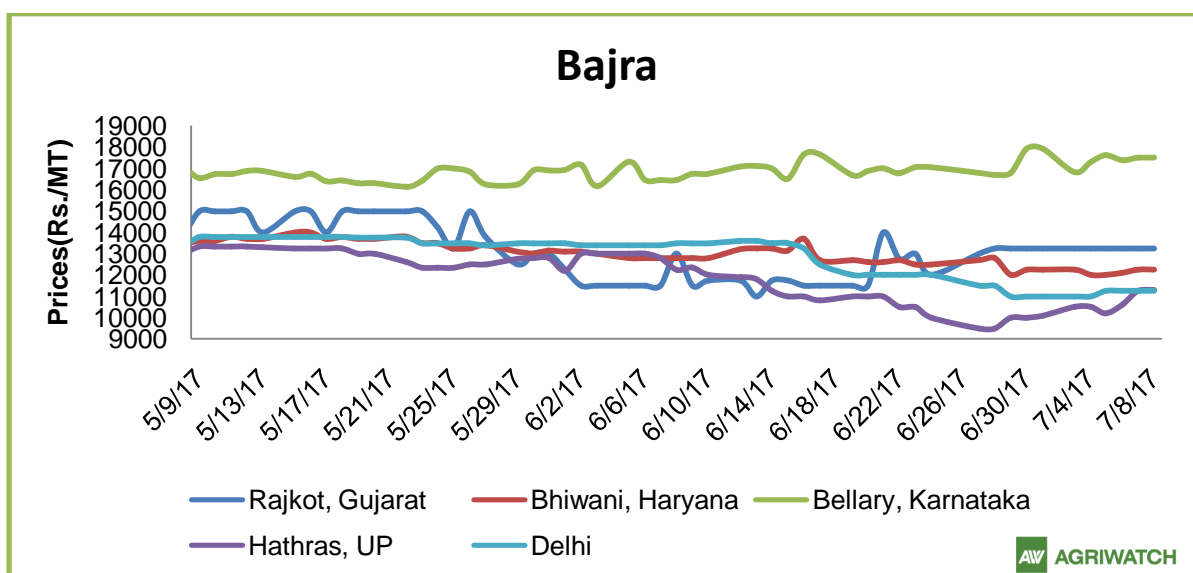
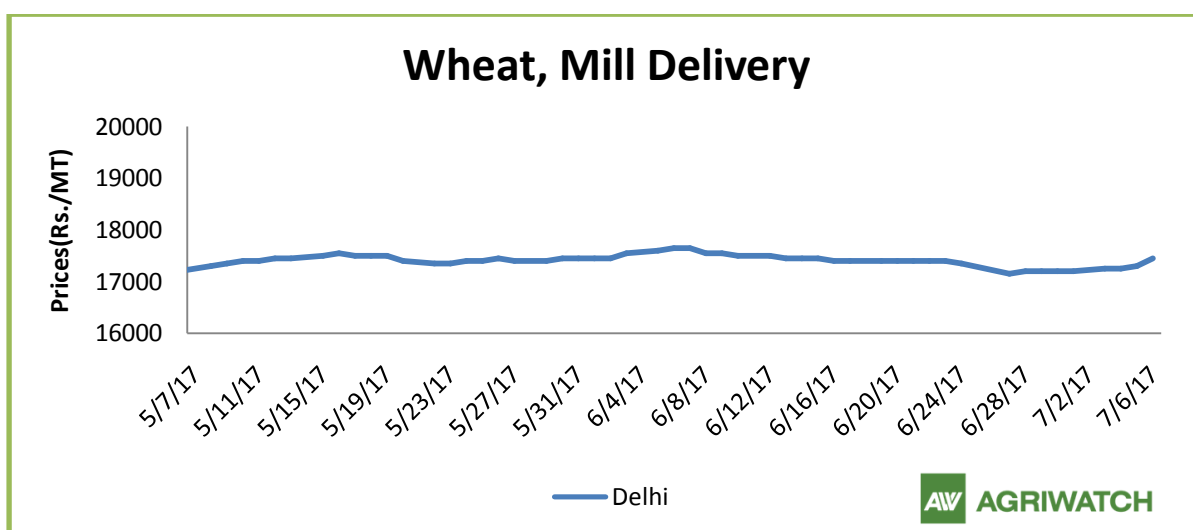
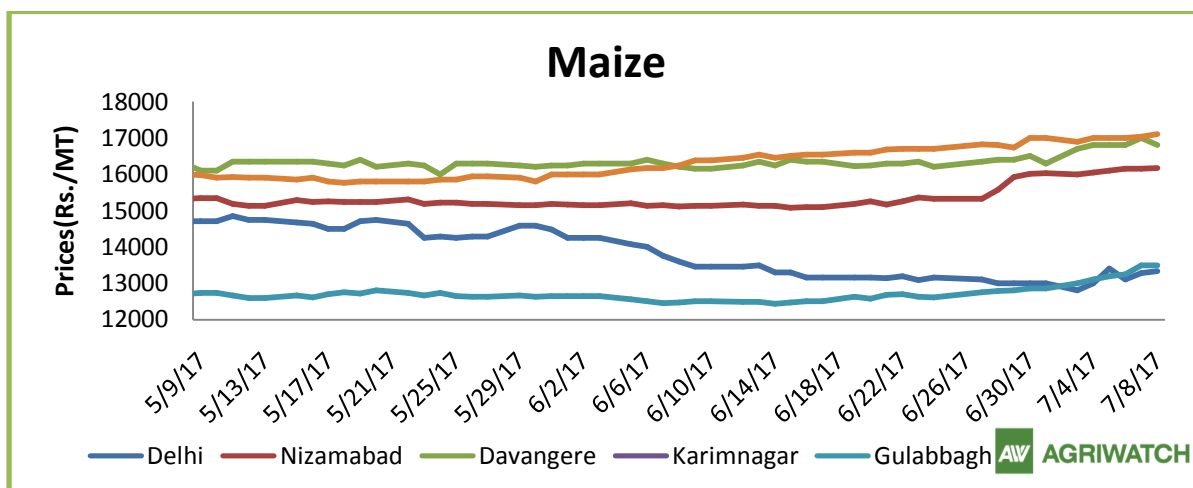
However, higher domestic production and eventually increase in the seed supplies continued to weighed on the seed prices.

The all India seed supplies were reported between 0.85– 1.6 lakh bags in a day compared to around 1.50 – 1.70 bags a day, previous week. The supplies were 1.0 – 1.30 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs3,715– 3,760 a quintal compared to Rs4,875– 4,935 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at August contract ended slightly higher at 3673/Qtl compared to 3651/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)

Nizamabad market was closed during the week due to GST issue. However, it could trade steady to firm in the near term. As per trade sources, soybean crop area is likely to shift towards maize. It is moving towards Hyderabad at Rs. 1680 per quintal. Stock of maize could be around 70,000 quintals which was 100,000 quintals during corresponding period of last year.

In Davangere, Maize (loose) traded firm by Rs. 100 per quintal to Rs. 1700 per quintal compared to last week. Maize could trade firm in the near term as traders are not selling their stock on the expectation of further rise.

As per USDA, U.S corn exports reached 47.41 MMT in the 2016-17 marketing year. At 1.10 MMT (for the period 23rd June –29th June, 2017) exports were up 9 percent from the previous week, but unchanged from the previous 4-week average. The primary destinations were Japan (313,100 MT), Mexico (248,200 MT), the Netherlands (135,100 MT), South Korea (124,700 MT), and Peru (70,800 MT).

In U.S, 10% crop of corn is at silking stage as of 2nd July, 2017, lower by 4% compared to last year and 3% from last 5 year average period. 68% crop of corn is in good to excellent condition, higher by 1% compared to last week.

All India weekly average prices increased by 6.66 percent to Rs. 1786.77 per quintal during the week ended 08th July 2017. Wheat average price were ruling at Rs 1675.21 per quintal during 24-30 June 2017. As compared to prices in the week 01st -08th July 2016, the prices are weak by 0.99 percent. Prices are expected to remain steady to firm in coming days.

Sellers are offering Ukrainian origin wheat with protein content of 11.5% for August delivery at Tuticorin port for CFR \$209 per tonne. Buyers are likely to buy at CFR \$206 per tonne. However, due to ample availability in the domestic market and good prospects for upcoming crop on account of better monsoon it is highly unlikely that any buying activities will take place.

As per data released France's custom department, there has been no export of soft wheat in the month of June to India. During July'16 to May'17 France has exported 107910 tonnes of soft wheat to India compared to zero tonnes a year ago during the same period.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. 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, 12.45 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttarakhand, 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.

PQ Department has extended the permission for MBR Fumigation at port of arrival for agri-commodities from Canada, USA and France. While the extension given to Canada is applicable on all

consignments with BL Date of Sept. 30th, 2017 or before; the extension given to USA and France is for all consignments with BL Date of Dec. 31st, 2017 or before.

Indian FoB quote is hovering around \$264.78 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$179.10, \$182.80, Euro 173.75, \$212.65 and \$235.93 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 firm in the coming week.

Global wheat market is expected to trade from steady to 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 firm market is expected in short to medium term.

Outlook: Feed prices are expected to trade steady as overall feed ingredients prices traded mixed 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	30-Jun-17	Parity To
Indore (MP)	24700	23500	Gujarat, MP
Kota	25000	23600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24400	24400	Mumbai, Maharashtra
Nagpur (42/46)	24000	24000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24700	24700	Andhra, AP, Kar, TN
Latur	24200	24200	-
Sangli	25000	25000	Local and South
Sholapur	24800	24800	Local and South
Akola	25500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB

Hingoli	24400	24400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	24800	24000	-

Soy DOC at Port

Centers	Port Price	
	6-Jul-17	29-Jun-17
Kandla (FOR) (INR/MT)	26000	25500
Kandla (FAS) (USD/MT)	401	396

International Soy DOC			
Argentina FOB USD/MT	6-Jul-17	29-Jun-17	Change
Soybean Pellets	316	298	18
Soybean Cake Flour	316	298	18
Soya Meal	324	306	18
Soy Expellers	324	306	18
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	7-Jul-17	30-Jun-17	Change
Adoni	18000	17500	500
Khamgaon	NA	NA	-
Parli	18000	17500	500
Latur	17500	17300	200

Groundnut Meal (Rs/MT)	7-Jul-17	30-Jun-17	Change
Basis 45%, Saurashtra	18700	18300	400
Basis 40%, Saurashtra	16500	15500	1000
GN Cake, Gondal	18500	18500	Unch

Mustard DOC/M Meal	7-Jul-17	30-Jun-17	Change
Jaipur (Plant delivery)	14000	13000	1000
Kandla (FOR Rs/MT)	14000	13600	400
Sri Ganganagar	1585	1600	-15

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	6-Jul-17	29-Jun-17	6-Jun-17	6-Jul-16	6-Jul-15
Delhi	Red (Bihar)	1300	1280	1420	1600	1250
Davangere	Loose	1700	1600	1600	1700	1400
Nizamabad	Bilty	NA	1550	1525	1720	1300
Ahmadabad	Feed	1475	1480	1450	1750	1365
	Starch	1470	1480	1500	1775	1390

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	144.88	161.80	161.10	255.50
Cost and Freight	194.88	216.80	221.10	290.50

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	6-Jul-17	29-Jun-17	Change
Bajra	Karnataka	Hybrid	Bellary	1762	1670	92
		Hybrid	Bangalore	1950	1900	50
Jowar	Karnataka	White	Bangalore	2600	2800	-200
		White	Bellary	1753	1666	87

Maize	Karnataka	Yellow	Davanger e	1700	1600	100
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	2500	2400	100
		Parmal Raw	Karnal	3100	3150	-50
Soy meal	Madhya Pradesh	DOC	Indore	2470	2350	120
	Maharashtra	DOC	Sangli	2500	2500	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1800	1750	50
	Maharashtra	Ex-factory	Latur	1750	1730	20
Mustard	Rajasthan	Plant delivery	Jaipur	1400	1300	100
Groundnut Meal	Gujarat	GN Cake	Gondal	1850	1850	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	Closed	1790	-
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1692	1684	8
Note: Prices Rs./Qtl						

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