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Summary

Soybean noticed mixed tone amid heavy rains in the growing regions, firm tone at CBOT and rapeseed-mustard witnessed mostly positive tone on continuation of buying support during the week in review.

Demand for soybean especially for seeding is over.

Sowing operations were affected in the soybean growing regions of Madhya Pradesh and Rajasthan amid heavy rains during the last few days.

India's soybean planting is in full swing with the monsoon rains in the key growing belt. However the overall sowing progress is below previous year's level.

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 likely to cap gains.

The rapeseed-mustard prices continued mostly positive tone amid good buying interest in the domestic market and gains in palm oil at BMD.

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 mixed during the week. However, these are expected to trade steady to slightly weak in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 20 per quintal to Rs. 1470 per quintal while starch feed makers quoted it down by Rs. 70 per quintal to Rs. 1420 per quintal compared to last week.

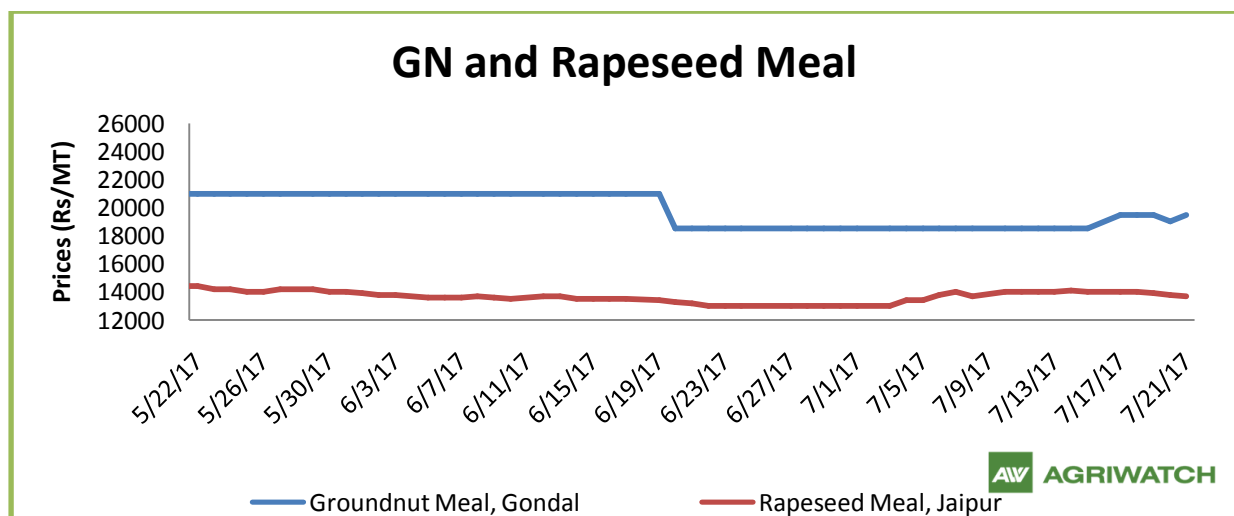
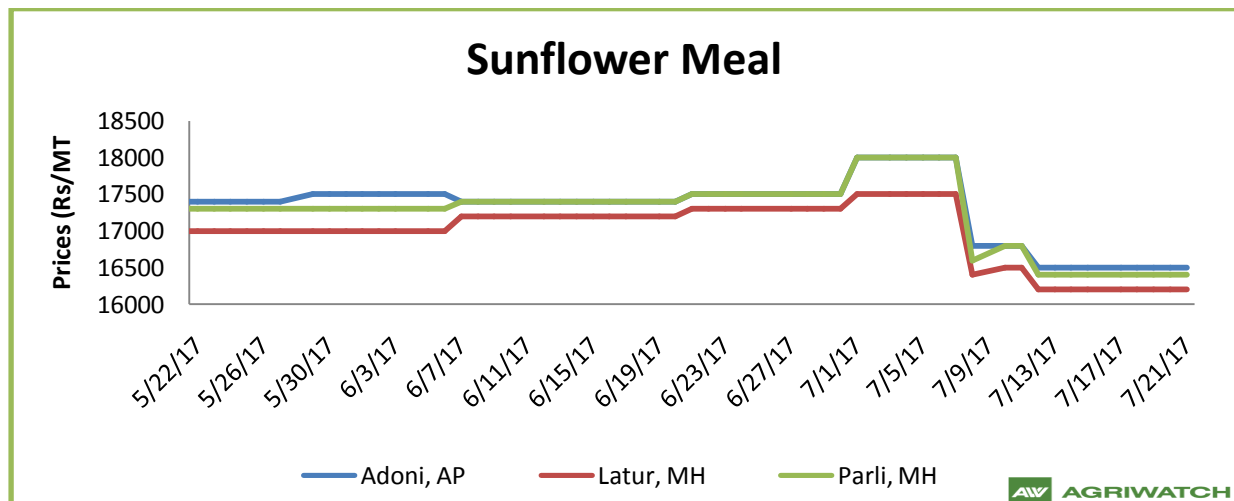
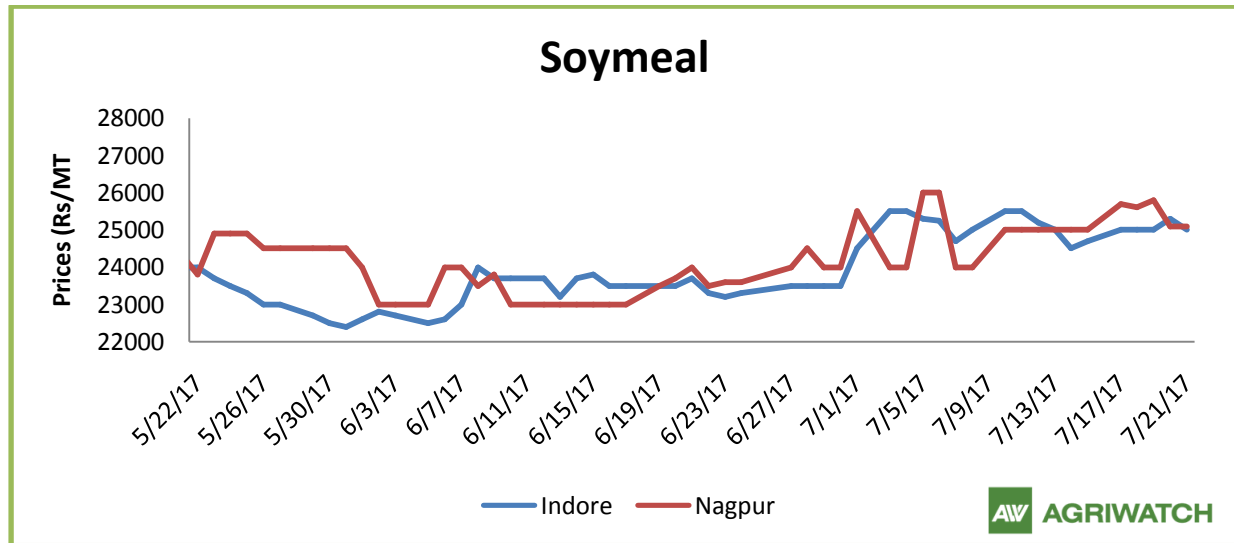
In India, maize has been sown in around 60.17 lakh hectares as of 21st July'17 which is lower than 68.17 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 6.22 lakh hectare which is lower than 10.12 lakh hectare covered during corresponding period last year while in U.P; it has been sown in 4.57 lakh hectare which is lower than 6.18 lakh hectare covered during corresponding period last year.

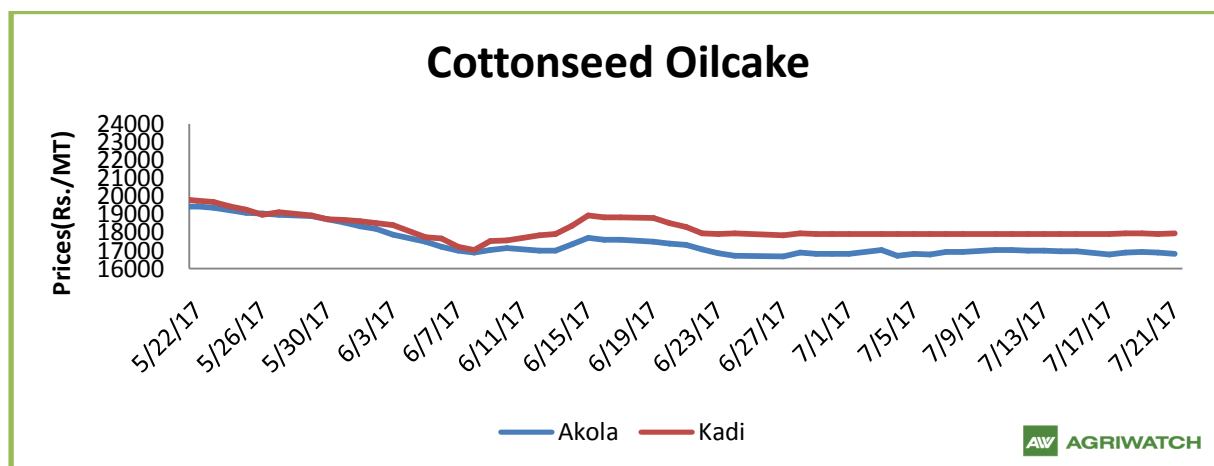
In Maharashtra, it has been sown in 6.21 lakh hectares which is lower than 6.34 lakh hectares covered during corresponding period last year and in M.P, it has been sown in 11.61 lakh hectares which is lower than 11.92 lakh hectares covered during corresponding period last year.

In Gulabghat, maize traded firm by Rs. 30 per quintal to Rs. 1350 per quintal (Bilty) compared to last week and is likely to trade steady in near term.

All India weekly average prices increased by 4.61 percent to Rs. 1896.14 per quintal during the week ended 23rd July 2017. Wheat average price were ruling at Rs 1812.64 per quintal during 09-15 July 2017. As compared to prices in the week 16th -23rd July 2016, the prices are firm by 5.55 percent. Prices are expected to remain steady to firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean witnessed mixed tone amid lack of demand in the cash market and heavy rains in the growing regions. Overall bearish scenario in the global market added to the weak tone of the market coupled with strength in INR vs. Dollar.

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. Moreover sowing operations have slowed down amid heavy rains in the growing regions during the week.

According to Soybean Processors Association (SOPA), India's soybean output is estimated at 11.49 million tonnes for the year 2016 -17. Overall availability of soybean for crushing and direct consumption stood at 11.93 million tonnes, taking into account a carryover stock of 441,000 tonnes. Around 8.5 million tonnes of the overall availability is estimated to be used for crushing. Farmers are likely to use 1.2 million tonnes for sowing in the ongoing kharif 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 2,75,000 bags compared to 2,60,000 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 seasonal monsoon rains have covered most of India and the amount of precipitation so far is within expectations according to IMD raising hopes for higher farm output.

Excessive rains have been reported in certain soybean growing regions of Madhya Pradesh and Rajasthan.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 19.07.2017) has reported India's actual rainfall at 343.4 mm against the normal 338.4 mm and departure stands at 1% till 19 July 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -2%, actual rains is reported at 262.7 mm vs 269.1 mm normal till 19 July 2017 by IMD. Vidarbha reported the departure of -6%, actual rains 335.5 mm vs 358.5 mm normal. Marathwada reported the departure of -1% with actual rains of 243.0 mm vs 245.6 mm, East Rajasthan reported a departure of -4% with actual rains 182.0 mm vs 189.2 mm normal.

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

The area coverage under soybean, as on 21st July, is reported down 17.76 % at 84.57 lakh hectares compared to 102.84 lakh hectares at the same period last year.

The total sown area under *kharif* oilseeds, as on 21st July, is lower compared to the previous year's level which is down by 14.69% at 123.55 lakh hectares compared to 144.75 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.

In Madhya Pradesh, the government has announced to procure soybean from farmers at Minimum Support Price.

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: Amrit Mandsaur, Ambika Joara, 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 international benchmark, CBOT soybean posted gains amid forecast of dry weather in certain growing regions and good demand.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 10.22/bushel compared to US \$ 10.01/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 17 July; Soybeans blooming are reported at 52% which is down from 56% from the corresponding period last year and up from the 5-year average of 51%.

Soybean crop setting pods are reported at 16% unchanged from corresponding period last year and also up from the 5-year average of 13%.

About 61% of the soybean planted crop is under good to excellent condition which is down from 71% 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.

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 witnessed mostly firm tone amid good demand from the poultry sector and spillover support from CBOT.

The monsoon has covered 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 continue to be concern for meal exports from India.

The forward booking for soy meal have reduced as compared to the previous months with competitive price offers by South America.

Soy meal rose in international market, during the week.

CBOT soy meal August contract settled at US \$ 329.7 per short ton compared to US \$ 323.7 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 25,000 – 25,300/MT compared to Rs 24,700 – 25,000/MT in previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed easy tone and were quoted at Rs 26,100/MT and 26,200/MT respectively compared to Rs 25,300/MT in Indore and Rs 25,300/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard continued positive tone amid good demand in the cash market and gains in palm oil at BMD.

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

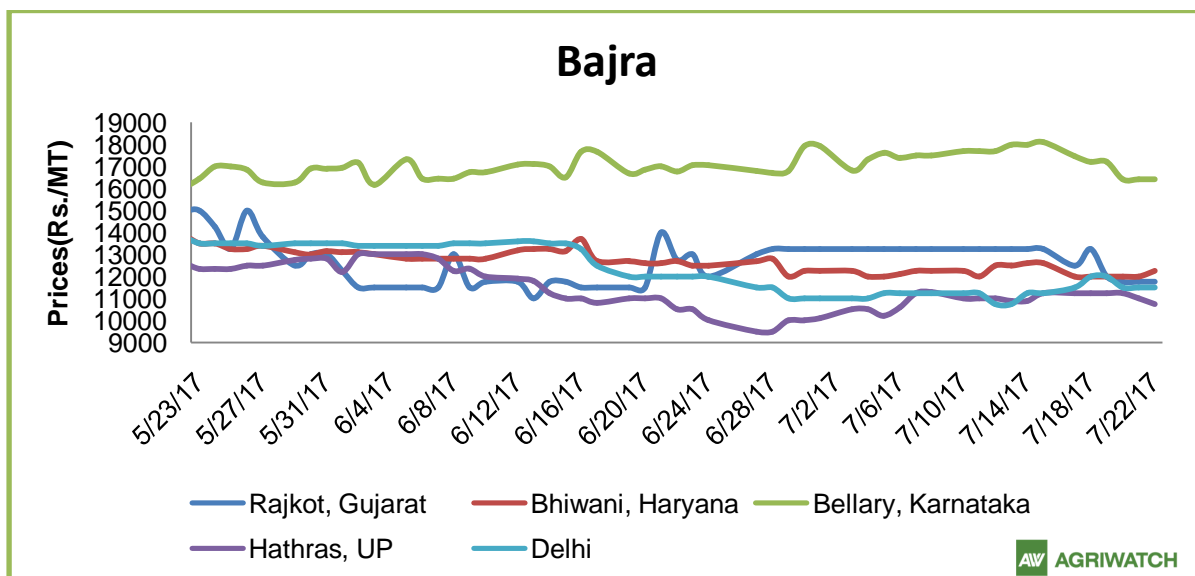
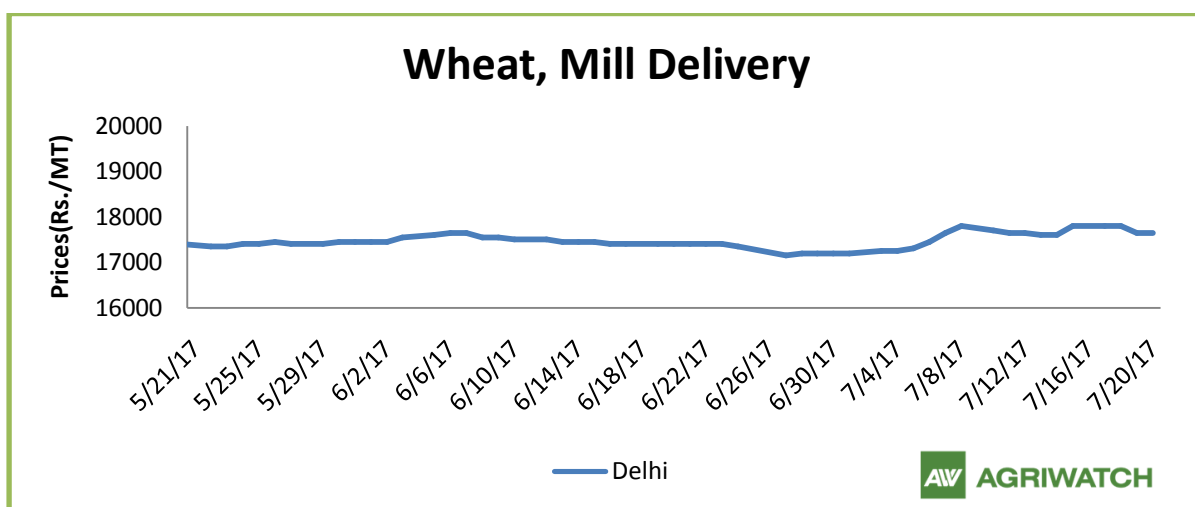
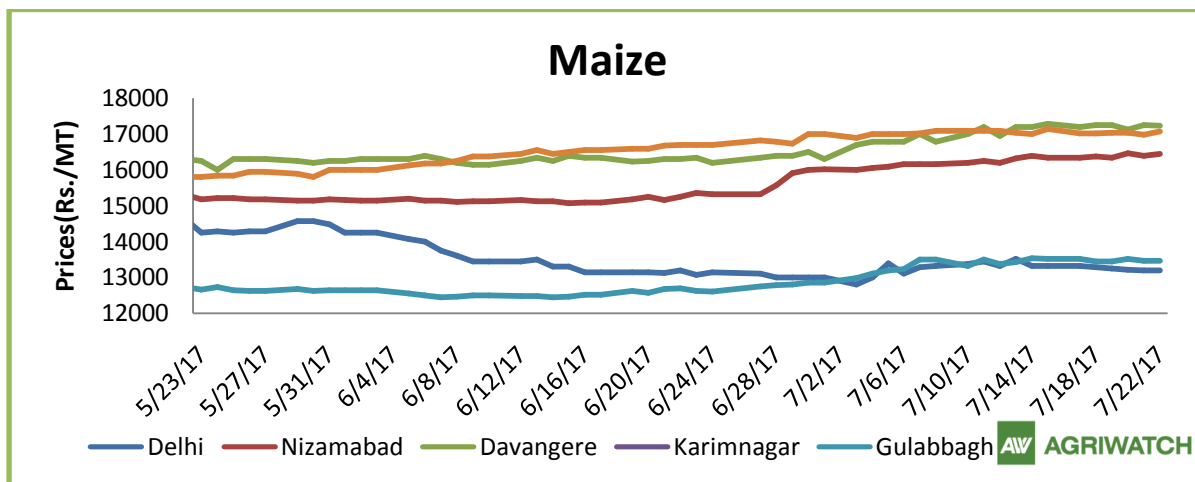
However, higher domestic production and eventually increase in the seed supplies will limit gains in the coming days.

The all India seed supplies were reported between 0.95 – 1.00 lakh bags in a day compared to around 1.00 – 1.30 bags a day, previous week. The supplies were 0.50 – 0.85 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,845 – 3,865 a quintal compared to Rs 5,130 – 5,170 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at August contract ended lower at 3678/Qtl compared to 3700/Qtl previous week.

The rapeseed-mustard prices are driven by India's edible oil imports, Chinese veg. oil demand and Malaysian palm oil. India's edible oil imports increased in June.



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

In Nizamabad, maize (bilty) could trade firm by Rs. 70 per quintal to Rs. 1700 per quintal in the near term. As per trade sources, maize area are likely to be same compared to last year. It is moving towards Hyderabad at Rs. 1740 per quintal. Stock of maize could be around 50,000 quintals which was same during corresponding period of last year.

In Davangere, Maize (loose) traded down by Rs. 30 per quintal to Rs. 1770 per quintal compared to last week. It could trade down by Rs. 20 per quintal to Rs. 1750 per quintal in the near term due to low demand. As per trade source, around 10% area of groundnut and cotton is likely to shift towards maize.

As per USDA, U.S corn exports reached 49.33 MMT in the 2016-17 marketing year. At 1.04 MMT (for the period 7th July –13th July, 2017) exports were up 18 percent from the previous week, but down 1 percent from the prior 4-week average. The primary destinations were Mexico (354,100 MT), Japan (300,600 MT), Peru (79,900 MT), South Korea (63,500 MT), and Costa Rica (62,500 MT).

In U.S, 40% crop of corn is at silking stage as of 16th July, 2017, lower by 13% compared to last year and 7% from last 5 year average period. 64% crop of corn is in good to excellent condition, down by 1% compared to last week.

India is likely to import between 3-4 million tonnes of wheat in 2017-18 despite good production this year due to cheaper availability in international market. As per market sources, India has imported around 1.4 lakh tonnes of Australian wheat in the month of June at Tuticorin port and around 2.8-3.0 lakh tonnes of wheat has already been contracted with Ukrainian suppliers. The major importers are south Indian mills as they find imported wheat cheaper compared to transporting it from North and central India.

As per IMD, India has received cumulative rainfall of 103% of the benchmark LPA. The northwest and central regions have received rainfall with 116% and 113% of the LPA respectively whereas the southern peninsula and east/north-east region have received rainfall with 91% and 90% of the LPA respectively. IMD has further forecasted that rainfall is likely to decrease between July 27 and August 02. The only regions suffering with deficient rains include Kerala, Parts of Karnataka and Tamil Nadu.

All India weekly average prices increased by 4.61 percent to Rs. 1896.14 per quintal during the week ended 23rd July 2017. Wheat average price were ruling at Rs 1812.64 per quintal during 09-15 July 2017. As compared to prices in the week 16th -23rd July 2016, the prices are firm by 5.55 percent. Prices are expected to remain steady to firm in coming days

As per latest update, India has exported 0.72 lakh tonnes of wheat in April-May 2017 compared to 1.09 lakh tonnes in April-May 2016. Whereas on the import front India has imported 2.18 lakh tonnes in April-May 2017 compared to 0.00 lakh tonnes in April-May 2016. Import is likely to be around 2-3 million tonnes in 2017-18 however, export will be lower due to higher domestic quotes compared to other major exporting countries.

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.

Since 29th June, FCI has offered a total quantity of 2170200 tonnes through various depots across India in OMSS until 20th July'17 at a reserve price of Rs. 1790 per quintal. The quantity bought through OMSS is lower this year compared to last year due to ample availability. In coming weeks the demand is likely to increase and buying activities in OMSS are likely to pick up. The next auction will be on 27th July'17.

Indian FoB quote is hovering around \$271.69 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.80, \$189.40, Euro 168.13, \$202.38 and \$229.83 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. Yield for Wheat in France and Spain have been revised downwards due to heat wave observed in the past month. All this has led EU to revise its production forecast down by around 1.0 MMT to 140.7 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 62 MMT in 2017 compared to 73.3 MMT in 2016. Production in US is likely to be around 47.8 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	14-Jul-17	Parity To
Indore (MP)	25000	24500	Gujarat, MP
Kota	24700	25200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	26100	26500	Mumbai, Maharashtra
Nagpur (42/46)	25100	25000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	26200	26200	Andhra, AP, Kar, TN
Latur	26100	25800	-
Sangli	26700	26200	Local and South

Sholapur	27000	27000	Local and South
Akola	24800	24800	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	26000	26000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	25000	25200	-

Soy DOC at Port

Centers	Port Price	
	20-Jul-17	13-Jul-17
Kandla (FOR) (INR/MT)	26000	27000
Kandla (FAS) (USD/MT)	404	419

International Soy DOC			
Argentina FOB USD/MT	20-Jul-17	13-Jul-17	Change
Soybean Pellets	328	314	14
Soybean Cake Flour	328	314	14
Soya Meal	336	322	14
Soy Expellers	336	322	14
Sunflower (DOC) Rates			
Centers	Ex-factory rates (Rs/ton)		
	21-Jul-17	14-Jul-17	Change
Adoni	16500	16500	Unch
Khamgaon	NA	NA	-
Parli	16400	16400	Unch
Latur	16200	16200	Unch

Groundnut Meal (Rs/MT)	21-Jul-17	14-Jul-17	Change
Basis 45%, Saurashtra	19200	19700	-500
Basis 40%, Saurashtra	17000	17300	-300
GN Cake, Gondal	19500	18500	1000

Mustard DOC/M meal	21-Jul-17	14-Jul-17	Change
Jaipur (Plant delivery)	13700	14100	-400
Kandla (FOR Rs/MT)	14500	14400	100
Sri Ganganagar	1640	1630	10

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	20-Jul-17	13-Jul-17	20-Jun-17	20-Jul-16	20-Jul-15
Delhi	Hybrid(U.P)	1325	1325	1300	1560	1400
Davangere	Loose	1770	1800	1600	1700	1430
Nizamabad	Bilty	1630	1585	1540	1780	1310
Ahmadabad	Feed	1470	1490	1480	1760	1450
	Starch	1420	1490	1490	1725	1400

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	149.31	159.1	165.28	264.92
Cost and Freight	199.31	214.10	225.28	299.92

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	20-Jul-17	13-Jul-17	Change
Bajra	Karnataka	Hybrid	Bellary	1722	1770	-48
		Hybrid	Bangalore	1950	1950	Unch
Jowar	Karnataka	White	Bangalore	2500	2400	100
		White	Bellary	1837	1759	78

Maize	Karnataka	Yellow	Davanger e	1770	1800	-30
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	2500	2500	Unch
		Parmal Raw	Karnal	3100	3100	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2500	2450	50
	Maharashtra	DOC	Sangli	2670	2620	50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1650	1650	Unch
	Maharashtra	Ex-factory	Latur	1620	1620	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1370	1410	-40
Groundnut Meal	Gujarat	GN Cake	Gondal	1950	1850	100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1794	Closed	-
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1681	1695	-14
Note: Prices Rs./Qtl						

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