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Summary

Soybean noticed range –bound to weak tone on increase in arrivals in the mandis, lower soybean kharif acreage and spillover weakness from soy complex at CBOT.

Monsoon has been erratic during the recent days with some regions receiving excess and certain regions receiving deficit rainfall. This will affect the productivity of the crop during the season.

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.

Attractive price for soy meal by South America and positive tone in INR is limiting the gains in the cash market.

Rains in the U.S. Midwest and forecast of cooler temperatures in the coming days will add to the weak tone of the market.

The rapeseed-mustard prices continued weak tone amid increase in arrivals in the mandis and bearish tone of palm oil at BMD.

The rapeseed-mustard prices will remain under overall higher supply pressure and overall bearish scenario of edible oils and it will weigh on the prices, in near to medium-term.

Overall maize cash markets traded steady to slightly weak during the week due to low demand and are expected to trade range bound in the near term. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 2.50% to Rs. 1443 per quintal (weekly average price) while starch feed makers quoted it firm by 0.39 % to Rs. 1433 per quintal compared to last week average price.

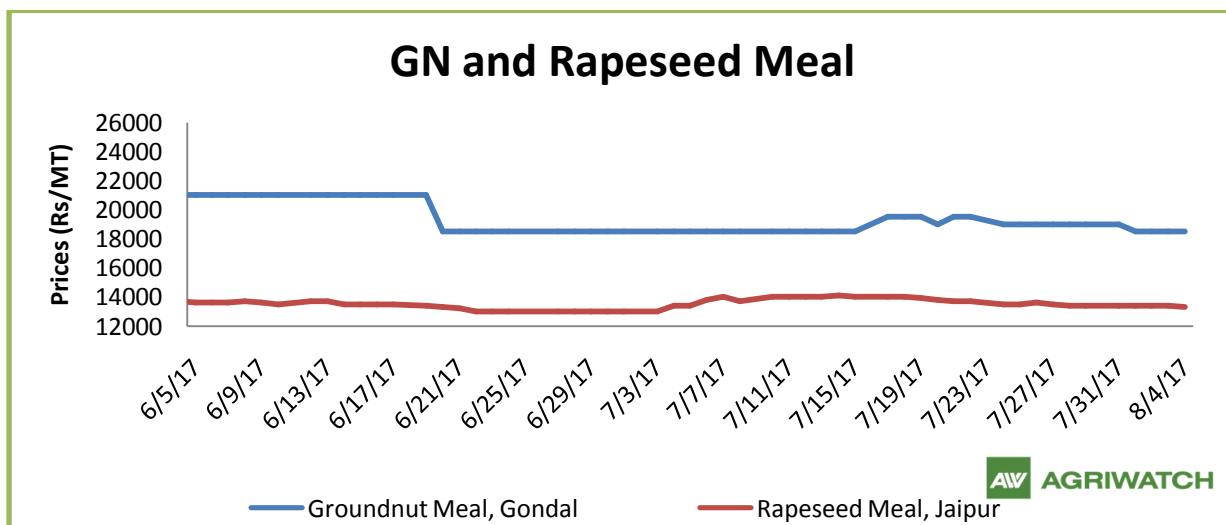
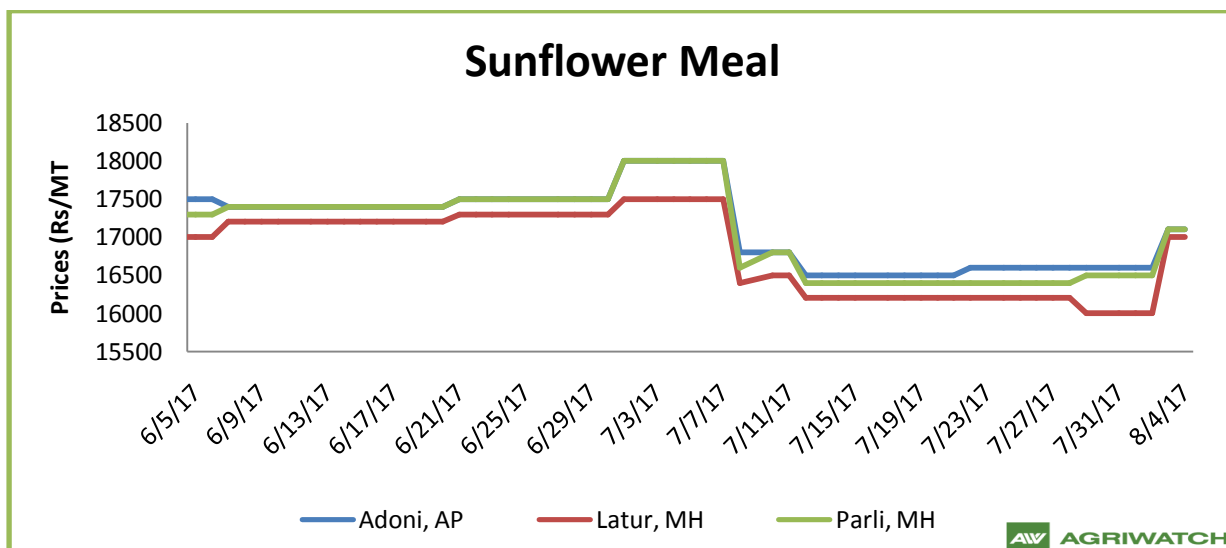
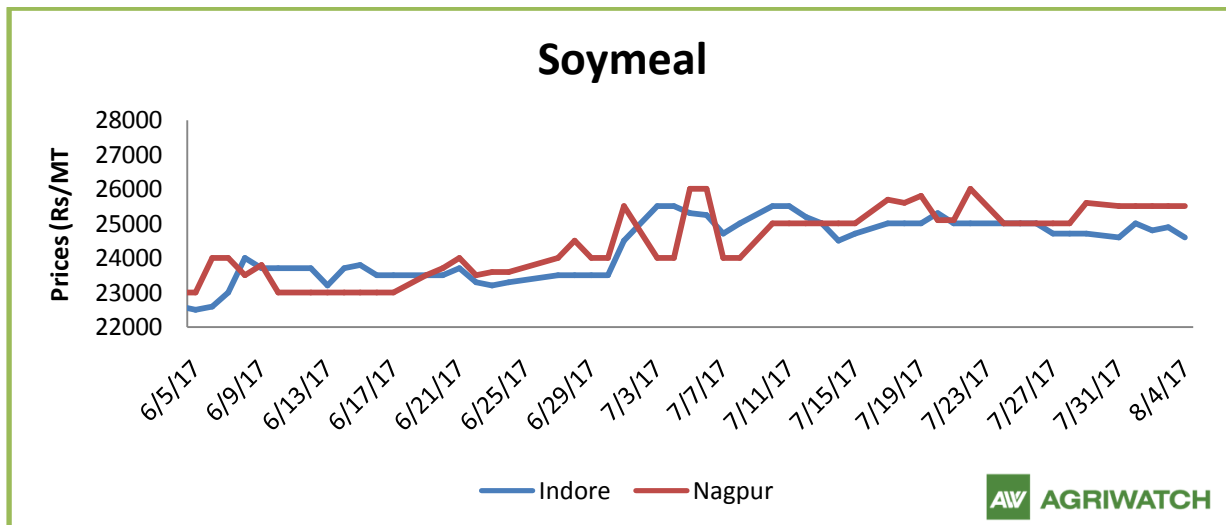
In India, maize has been sown in around 72.31 lakh hectares as of 4th August'17 which is lower than 76.97 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 8.34 lakh hectare which is lower than 11.47 lakh hectare covered during corresponding period last year while in Maharashtra, it has been sown in 7.88 lakh hectares which is lower than 8.03 lakh hectares covered during corresponding period last year

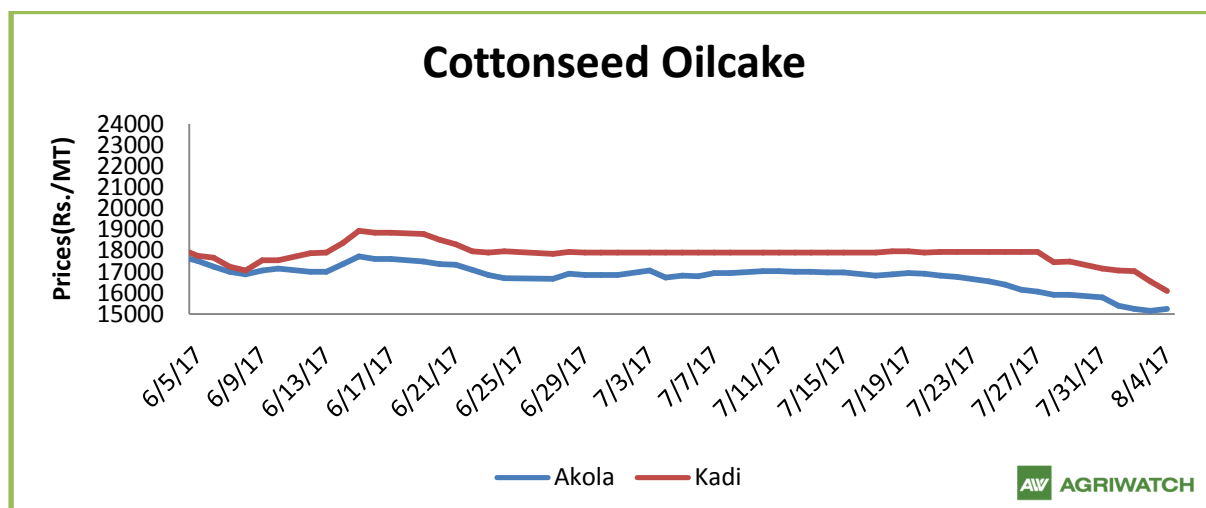
However, in M.P, it has been sown in 12.72 lakh hectares which is higher than 12.12 lakh hectares covered during corresponding period last year and in U.P; it has been sown in 6.76 lakh hectare which is higher than 6.74 lakh hectare covered during corresponding period last year.

In Gulabgh, maize traded steady at Rs. 1350 per quintal (Bilty) compared to last week. Despite huge demand from Tamil Nadu, maize is likely to trade range bound due to low availability of high quality variety. Besides, stock of maize is high than corresponding period of last year which also put pressure on market sentiments.

All India weekly average prices decreased by 6.53 percent to Rs. 1772.3 per quintal during the week ended 31st July 2017. Wheat average price were ruling at Rs 1896.14 per quintal during 16-23 July 2017. As compared to prices in the week 24-31 July 2016, the prices are weak by 1.20 percent. Prices are expected to remain steady to firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean noticed range –bound to weak tone on increase in arrivals, lower kharif acreage till date and spillover weakness from soy complex at CBOT. Overall bearish scenario in the global market and strength in INR vs. Dollar will add to the weak tone of the market in the coming days.

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. Recent rains will be beneficial for crop development in the coming 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 295,000 bags compared to 225,000 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.

This year 58 per cent of the country received normal rainfall and the remaining parts received excess or deficit rainfall. The uneven distribution of monsoon is likely to affect the production of soybean.

Marathwada has received 21 per cent lower rainfall and western Rajasthan has received 126 per cent more rainfall than normal.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 02.08.2017) has reported India's actual rainfall at 472.7 mm against the normal 471.8 mm and departure stands at 0% till 02 August 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has increased to normal by 2%, actual rains is reported at 417.6 mm vs 416.9 mm normal till 02 August 2017 by IMD. Vidarbha reported the departure of -20%, actual rains 400.9 mm vs 502.4 mm normal. Marathwada reported the departure of -23% with actual rains of 265.9 mm vs 343.2 mm, East Rajasthan reported a departure of 29% with actual rains 389.4 mm vs 301.4 mm normal.

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

The area coverage under soybean, as on 4th August, is reported down 10.39% at 98.97 lakh hectares compared to 110.45 lakh hectares at the same period last year.

The total sown area under *kharif* oilseeds, as on 4th August, is lower compared to the previous year's level which is down by 10.04% at 148.88 lakh hectares compared to 165.49 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 loss amid rains in U.S. Midwest regions and forecast of cooler temperatures in the coming days.

At CBOT, the soybean, in the most active November contract, ended lower at US \$ 9.57/bushel compared to US \$ 10.13/bushel last week.

According to Informa, U.S. 2017 soybean production is forecast at 4.196 billion bushels with a yield of 47.3 bushels per acre.

In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%.

Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%.

About 59% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

European Union soybean imports in the 2017/18 season that began on July 1 had reached 1.04 million tonnes by Aug. 1, down 29 percent from 1.45 million tonnes at the same stage last season according to official data sources.

In soy meal, cumulative EU imports so far in 2017/18 were 1.72 million tonnes, up 3 percent from 1.67 million a year ago.

Soy meal

The domestic meal prices witnessed mostly easy tone on slack in demand and spillover weakness from CBOT.

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

Monsoon has 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. However higher supplies in the domestic and international market is likely to negate good demand.

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. Till date sowing is lagging behind previous year.

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 some 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 declined in international market, during the week.

CBOT soy meal December contract settled at US \$ 309.40 per short ton compared to US \$ 328.50 per short ton last week.

According to USDA weekly report, Soybean meal export sales 87,100 metric tons were sharply up from the prior week and matched trade forecasts. Bangladesh, China and Canada were the main buyers. New-crop sales of 57,700 metric tons were up slightly from a week ago with Colombia, El Salvador and the Dominican Republic as the leading buyers.

The domestic soy meal prices at Indore, were quoted at Rs 24,600 – 25,000/MT compared to Rs 24,700 – 25,000/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed steady to firm tone and were quoted at Rs 26,200/MT and 26,400/MT respectively compared to Rs 24,600/MT in Indore and Rs 24,600/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard continued weak tone amid increase in arrivals and overall bearish tone of palm oil at BMD.

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

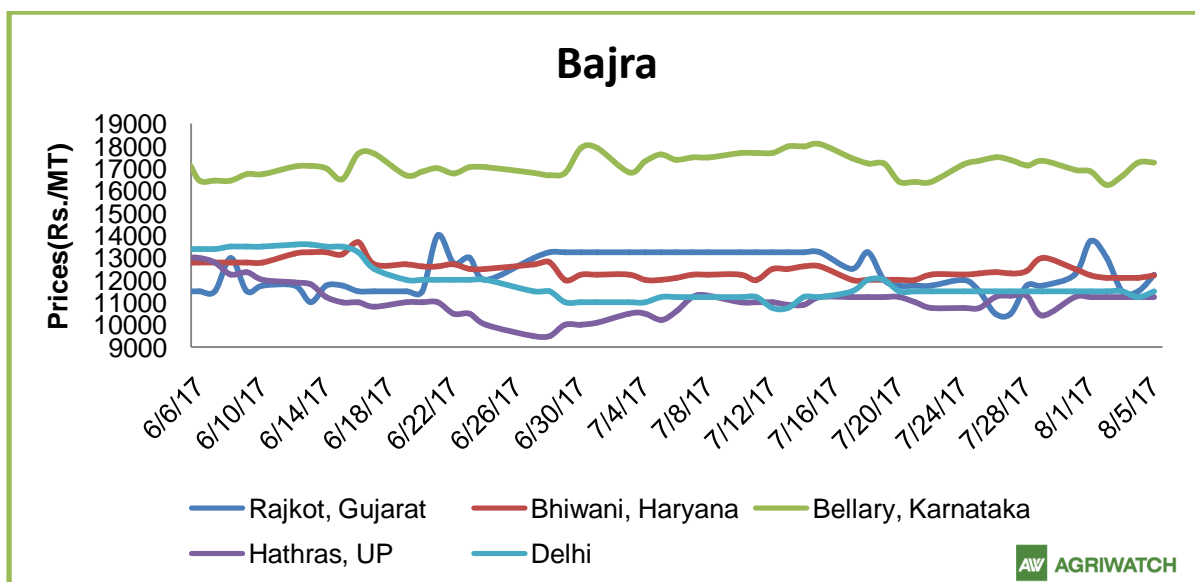
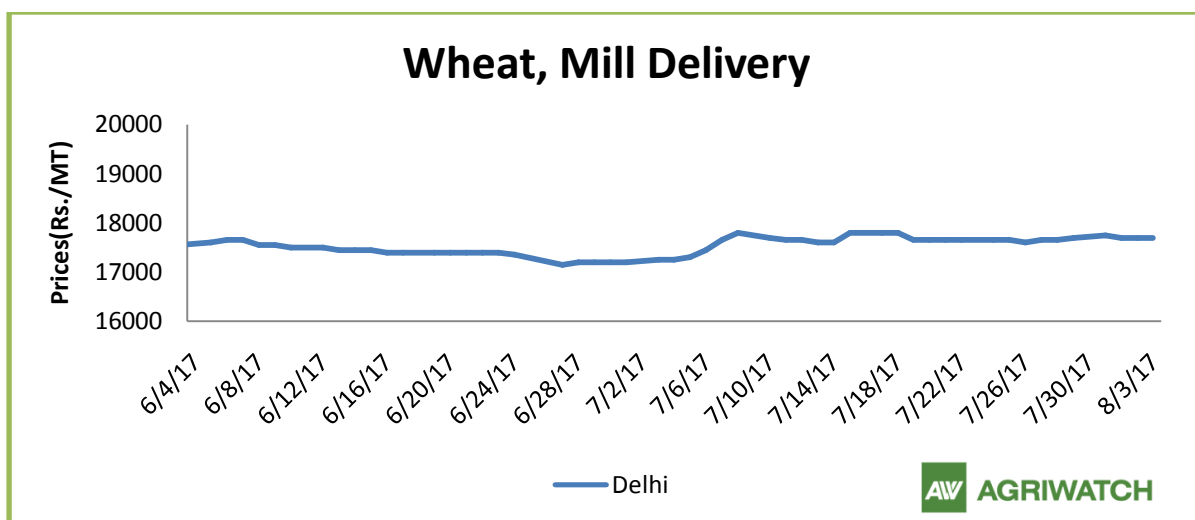
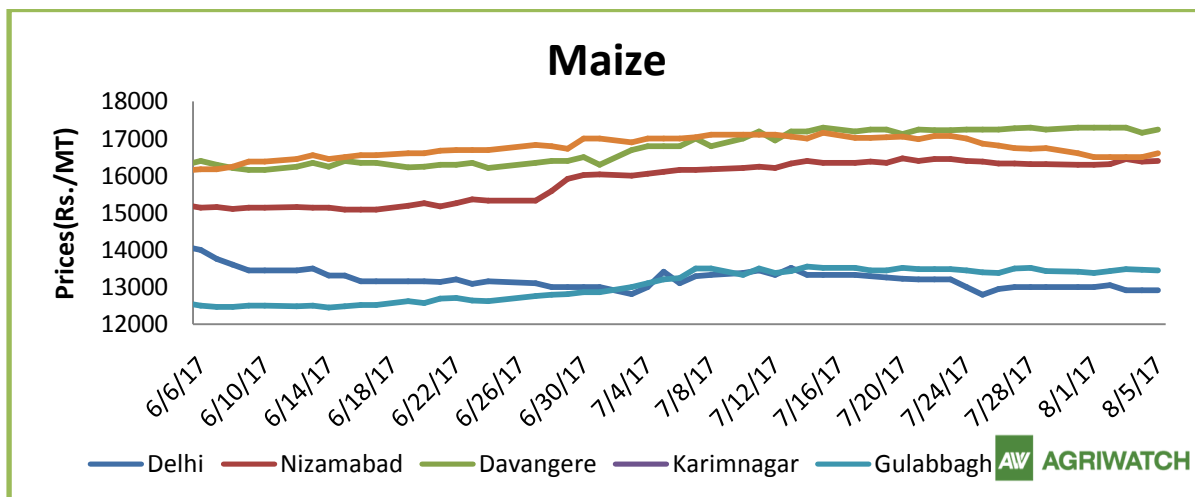
Higher domestic production and eventually increase in the seed supplies will add to the weak tone of the market in the coming days.

The all India seed supplies were reported between 1.05 – 1.35 lakh bags in a day compared to around 0.95 – 1.00 bags a day, previous week. The supplies were 0.60 – 0.75 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 3,850 – 3,880 a quintal compared to Rs 5,075 – 5,180 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at August contract ended lower at 3650/Qtl compared to 3696/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) quoted steady at Rs. 1650 per quintal compared to corresponding period last week. Maize (bilty) could trade firm in a range of Rs. 1650-1680 per quintal in the near term. As per trade a source, maize area is likely to be same compared to last year. It is moving towards Hyderabad at Rs. 1750 per quintal. Stock of maize could be around 45,000 quintals which was same during corresponding period of last year.

In Davangere, Maize (loose) traded down by Rs. 50 per quintal to Rs. 1650 per quintal compared to last week. It could trade in a range of Rs. 1620-1650 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 51.31 MMT in the 2017-18 marketing year. At 1.09 MMT (for the period 21st July –27th July, 2017) exports were up 22 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Mexico (263,600 MT), Japan (250,800 MT), Colombia (152,600 MT), South Korea (130,900 MT), and China (92,200 MT).

In U.S, 85% crop of corn is at silking stage as of 30th July, 2017, lower by 4% compared to last year but same from last 5 year average period. 23% crop of corn is at dough stage, lower by 5% compared to last year and 2% from last 5 year average period. 61% crop of corn is in good to excellent condition, down by 1% compared to last week.

Corn prices on CBOT fall by 3.06 USD/MT to 143.69 USD/MT compared to last week for September contract.

As per latest update, traders in India have signed deals in the last few weeks to buy around 300000 tonnes of Ukrainian wheat with a protein content of 11.5% for September-October delivery. Importers have paid \$210-217 per tonne cost and freight. More deals like these can be signed in the near future but as of now things have slowed down. India is likely to import 2-3 million tonnes of wheat in 2017-18. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

All India weekly average prices decreased by 6.53 percent to Rs. 1772.3 per quintal during the week ended 31st July 2017. Wheat average price were ruling at Rs 1896.14 per quintal during 16-23 July 2017. As compared to prices in the week 24-31 July 2016, the prices are weak by 1.20 percent. Prices are expected to remain steady to firm in coming days.

FCI will sell a total quantity 1099150 tonnes of wheat in different states through e-auction on 10th August at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 404700 tonnes is offered in Punjab followed by 214000 tonnes in Maharashtra, 173000 tonnes in Haryana, 60000 tonnes in West Bengal, 50000 tonnes in Odhisa, 48950 tonnes in M.P, 23000 tonnes in Gujarat, 21950 tonnes in Karnataka, 20000 tonnes in Rajasthan, 20000 tonnes in Tamil Nadu, 16000 tonnes in Delhi, 14750 tonnes in Kerala, 5000 tonnes in Uttar Pradesh, 7000 tonnes in Chandigarh, 5700 tonnes in J&k, 4600 tonnes in Uttarakhand, 1000 tonnes in Goa, 1500 tonnes in Himachal Pradesh, 1000 tonnes in Jharkhand, 3000 tonnes in Pondicherry, 2000 tonnes in each Bihar and Andhra Pradesh.

As per IMD, since the beginning of south-west monsoon the rains have been well distributed all over India except few areas in the south. The cumulative rainfall until Sunday (30th July) in the country has been around 102 percent of the LPA and it is expected to be 99% of LPA in August which has 29 percent share in the overall monsoon rains. Until 28th July around 75 percent of Kharif sowing is done and because of normal rainfall this year better crop can be expected under normal conditions.

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 offered 1104050 tonnes of wheat in OMSS for the month of June out of which only 115000 tonnes was sold. In the month of July only 32850 tonnes was sold against a total quantity of 3561562 tonnes offered in the first three tenders. Off take is low this year due to ample availability in the market.

Indian FoB quote is hovering around \$275.99 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.90, \$183.00, Euro 165.13, \$191.05 and \$219.51 per tonne respectively. There is little hope for recovery at export front this year however India is expected to import 2 to 3 million tonnes in MY 2017-18.

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 unfavourable weather is threatening upcoming crop in US, Black sea, Canada and EU. Rains in Germany and Britain have slowed down wheat harvest however harvest in France is progressing at a decent pace. All this has led EU to revise its production forecast down by around 1.0 MMT to 140.7 MMT. Russian has harvested 31.7 MMT of wheat until 28th July 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 is likely to harvest around 28.4 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17. Therefore, Steady to firm 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 Centers

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	4-Aug-17	28-Jul-17	Parity To
Indore (MP)	24600	24700	Gujarat, MP
Kota	24600	24500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	26200	26000	Mumbai, Maharashtra

Nagpur (42/46)	25500	25000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	26400	26200	Andhra, AP, Kar ,TN
Latur	26200	26200	-
Sangli	26300	26900	Local and South
Sholapur	26000	27000	Local and South
Akola	25500	24800	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	26400	26000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	25000	25000	-

Soy DOC at Port

Centers	Port Price	
	3-Aug-17	27-Jul-17
Kandla (FOR) (INR/MT)	26000	26500
Kandla (FAS) (USD/MT)	409	413

International Soy DOC			
Argentina FOB USD/MT	3-Aug-17	27-Jul-17	Change
Soybean Pellets	309	322	-13
Soybean Cake Flour	309	322	-13
Soya Meal	317	330	-13
Soy Expellers	317	330	-13
Sunflower (DOC) Rates			
Centers	Ex-factory rates (Rs/ton)		
	4-Aug-17	28-Jul-17	Change
Adoni	17100	16600	500
Khamgaon	NA	NA	-
Parli	17100	16500	600
Latur	17000	16000	1000

Groundnut Meal (Rs/MT)	4-Aug-17	28-Jul-17	Change
Basis 45%, Saurashtra	18500	18500	Unch
Basis 40%, Saurashtra	16500	17000	-500
GN Cake, Gondal	18500	19000	-500

Mustard DOC/Meal	4-Aug-17	28-Jul-17	Change
Jaipur (Plant delivery)	13300	13400	-100
Kandla (FOR Rs/MT)	13600	14000	-400
Sri Ganganagar	1575	1605	-30

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	3-Aug-17	27-Jul-17	4-Jul-17	3-Aug-16	3-Aug-15
Delhi	Hybrid(U.P)	1350	1300	1260	1600	1400
Davangere	Loose	1650	1700	1630	1700	1450
Nizamabad	Bilty	1650	1650	Closed	1750	1400
Ahmadabad	Feed	1450	Closed	1470	1770	1450
	Starch	1450	Closed	1470	1775	1470

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	149.41	152.20	162.00	263.20
Cost and Freight	199.41	207.20	222.00	298.20

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	3-Aug-17	27-Jul-17	Change
Bajra	Karnataka	Hybrid	Bellary	1625	1750	-125
		Hybrid	Bangalore	2150	2050	100
Jowar	Karnataka	White	Bangalore	2500	2500	Unch
		White	Bellary	1713	1883	-170
Maize	Karnataka	Yellow	Davanger e	1650	1700	-50
	Andhra Pradesh	Yellow	Nizamaba d	NA	NA	-
Rice	Haryana	IR8	Karnal	2400	2400	Unch
		Parmal Raw	Karnal	3000	3100	-100
Soy meal	Madhya Pradesh	DOC	Indore	2460	2470	-10
	Maharashtra	DOC	Sangli	2630	2680	-50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1710	1660	50
	Maharashtra	Ex-factory	Latur	1700	1600	100
Mustard	Rajasthan	Plant delivery	Jaipur	1330	1340	-10
Groundnut Meal	Gujarat	GN Cake	Gondal	1850	1900	-50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1608	1745	-137
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1522	1589	-67
Note: Prices Rs./Qtl						

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