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Summary

Soybean witnessed positive tone during the week amid festive demand and lower arrivals in the mandis. Most of the mandis remained closed following the festival of 'Ganesh Chaturthi'. Lower soybean acreage till date added to the positive tone of the market.

Till date monsoon has been normal in the country. However the distribution of rainfall has been erratic with some regions receiving excess and certain regions receiving deficit rainfall. This is affecting the crop development and will affect yield of the current season.

However recent rains in Maharashtra and Madhya Pradesh during the week will prove to be beneficial for the crop in the coming days. The recent hike in import duty on edible oils will lend some support to the market in the near –term.

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.

Bearish supply and demand data for soybean in the USDA's August monthly report will limit gains weigh on the market.

The rapeseed-mustard prices continued positive tone amid good festive demand and lower arrivals in the markets.

The rapeseed-mustard prices will remain under overall higher supply pressure. However the recent hike in import duty on edible oils will continue to support the market.

Overall maize cash markets traded mixed during the week. It is expected to increase poultry feed makers demand soon which could support market to gain. Davangere market was closed during last week as there is an issue that trader must release farmers' payment within same day. Meanwhile, in Gulabghat, arrivals were disrupted due to flood. Besides, In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 1.03% to Rs. 1468 per quintal (weekly average price) while starch feed makers quoted it firm by 2.63 % to Rs. 1444 per quintal compared to last week average price. In Nizamabad, maize (bilty) could trade slightly down in a range of Rs. 1550-1600 per quintal in the near term amid sluggish demand. As per trade a source, maize area is likely to be same compared to last year. Stock of maize could be around 35,000 quintals which was same during corresponding period of last year.

In India, maize has been sown in around 77.99 lakh hectares as of 25th August'17 which is lower than 82.91 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.14 lakh hectare which is lower than 12.50 lakh hectare covered during corresponding period last year and in U.P; it has been sown in 7.26 lakh hectare which is lower than 7.81 lakh hectare covered during corresponding period last year.

However, in M.P, it has been sown in 13.17 lakh hectares which is higher than 12.63 lakh hectares covered during corresponding period last year while in Maharashtra, it has been sown in 9.01 lakh hectares which is higher than 9.09 lakh hectares covered during corresponding period last year.

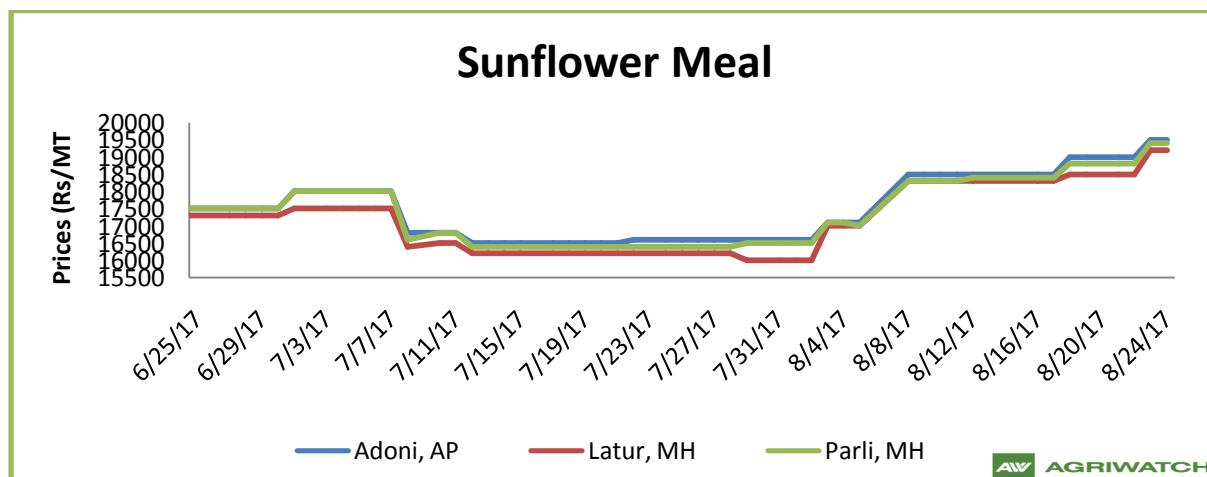
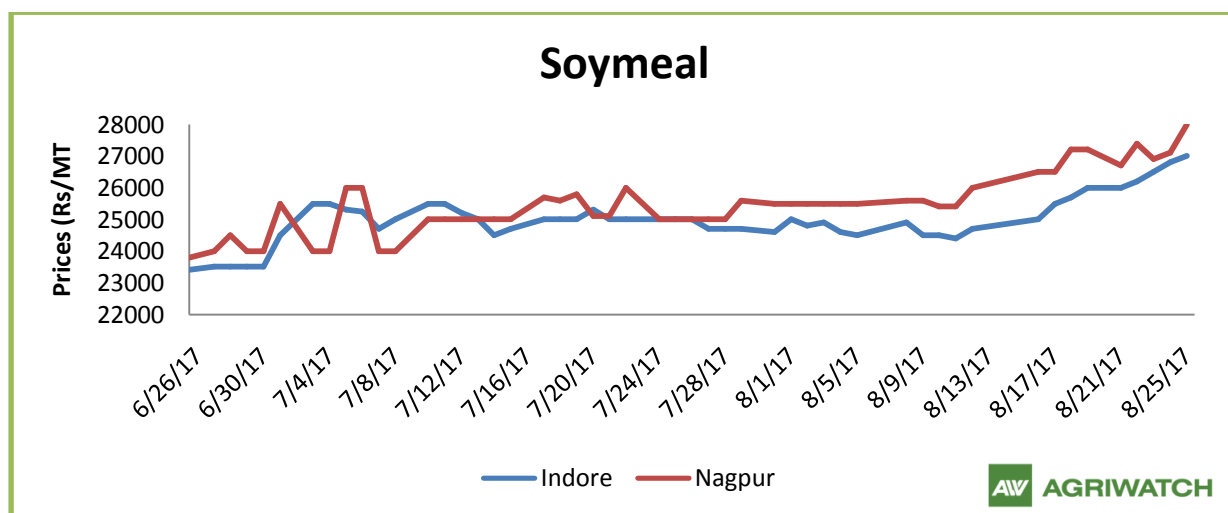
As per trade source, In Karnataka, around 15-20% area of cotton and 10% area of moong dal has shifted towards maize. However, in 70% rain fed area, 20% area is likely to shift towards jowar and sunflower. Meanwhile, in Maharashtra, 20% area of cotton has shifted towards maize.

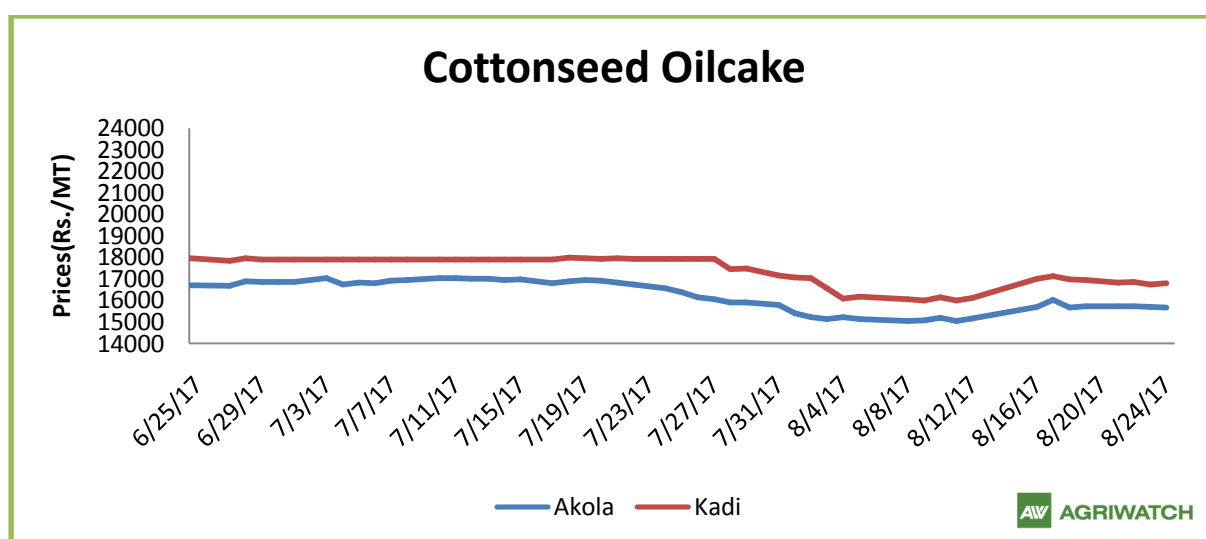
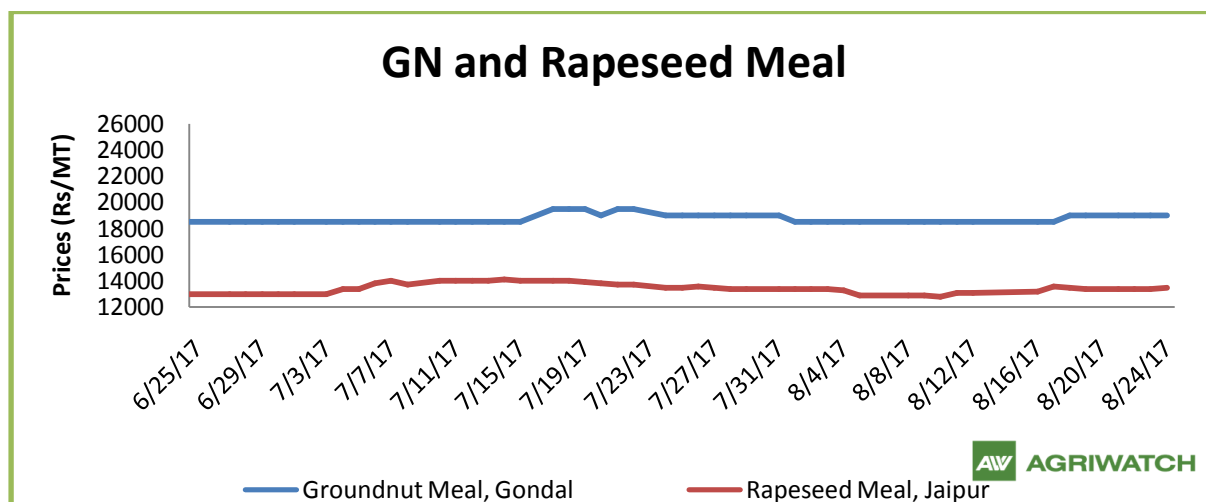
IGC decreased its forecast for 2017/18 global corn production by 3 MMT to 1017 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was down by 1 MMT to 196 MMT compared to last forecast for 2017/18 due to decrease in production estimates for 2017/18.

At 0.72 MMT (for the period 11th August –17th August, 2017) U.S corn exports were up 4 percent from the previous week, but down 21 percent from the prior 4-week average.

In U.S, 76% crop of corn is at dough stage as of 20th August, 2017, lower by 7% compared to last year and 1% from last 5 year average period.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

The domestic soybean continued positive tone amid good festival demand and lower arrivals. Lower soybean acreage till date added to the positive tone of the market. Arrivals were lower as most of the mandis remained closed for 'Ganesh Chaturthi'. Recent rains in certain growing regions of Maharashtra and Madhya Pradesh will prove beneficial for the crop.

According to a field survey conducted by the SOPA officials during the period 14th to 20th August, 2017 in soybean growing regions, overall, germination is satisfactory. In some areas, re-sowing had to be done amid an extended dry spell. It is estimated that area under soybean may decrease by about 6.4% to 102.59 lakh hectare over last year's area estimate of SOPA. Over all condition of the Soybean crop in most of the areas is normal. In some parts of Madhya Pradesh and Maharashtra, where light soil exists, soybean crop has already been damaged due to moisture stress, which may affect the overall productivity adversely in these areas. There is not much change in the area in Maharashtra and Rajasthan.

The extended dry spell caused attack of some pests and insects in some areas. Attack of white grub larva was seen in some districts of Madhya Pradesh. During the last two days of the survey, rains were reported in certain areas of Madhya Pradesh, Maharashtra and Rajasthan, which will support the crop development in the coming days.

The domestic bean prices are at 5 year low and we feel the prices are not expected to recover soon on record global supply pressure. The recent gains are likely to be for short –term.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 155,000 bags compared to 200,000 bags reported in the previous week. Arrivals have increased as the mandis have opened after the festivals of 'Rakhi' and 'Janamastami'.

The Southwest Monsoon has been unusually weak in August till 20th. According to IMD officials, the Southwest Monsoon has entered into an active phase and in the next 10-12 days things will improve in a big way, especially over those parts which have received less rains. This should be beneficial for the crop in the growing regions of west Madhya Pradesh, Marathwada and Vidarbha.

India's rainfall deficit for the June-September monsoon season has widened to 6 percent as on 23rd August, 2017 the highest since the season's start on June 1, data according to India Meteorological Department

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 23.08.2017) has reported India's actual rainfall at 619.3 mm against the normal 655.6 mm and departure stands at -6% till 23 August 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -22%, actual rains is reported at 495.2 mm vs 633.6 mm normal till 16 August 2017 by IMD. Vidarbha reported the departure of -28%, actual rains 518.3 mm vs 720.1 mm normal. Marathwada reported the departure of -11% with actual rains of 417.9 mm vs 468.80 mm, East Rajasthan reported a departure of -1% with actual rains 460.2 mm vs 467.2 mm normal.

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

The area coverage under soybean, as on 25th August, is reported down 7.27% at 104.88 lakh hectares compared to 113.11 lakh hectares at the same period last year.

The total sown area under *khari* oilseeds, as on 25th August, is lower compared to the previous year's level which is down by 8.07% at 164.24 lakh hectares compared to 178.66 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 have shifted to cotton or pulses which will eventually reduce the planted area under soybean this year.

Lower acreage along with fear of lower yields in the current season due to erratic rains in the growing regions will continue to be the supporting factor. Further progress of rainfall, which is important for

crop development will give direction to the market in the near –term. 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 lower than expected yields in a recent field tour.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.45/bushel compared to US \$ 9.38/bushel last week.

According to NOPA, 144.718 million bushels soybean was crushed in July 2017 compared to 138.074 million bushels previous month. It is above analyst's expectation of 143.004 million bushels. Soy meal exports during the month increased to 596,767 tons compared to 562,684 tons in June and 579,417 tons a year earlier.

In the weekly USDA crop progress report released on 21 August; Soybeans blooming are reported at 97% which is down from 98% during the corresponding period last year and same as the 5 year average of 93%.

Soybean crop setting pods are reported at 87% which is down from 88% during the corresponding period last year and up from the 5 year average of 85%.

About 60% 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 continued positive tone following good demand in the cash market and support from other legs of the complex.

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

Monsoon has given 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 in medium -term.

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 July 2017 is 0.98 lakh tons compared to 0.29 lakh tons in July 2016 showing an increase of 235% over the same period of last year.

On a financial year basis, the export during April'2017 to July'2017 stands at 6.38 lakh tons as compared to 4.13 lakh tons in the same period of previous year showing an increase of 54%.

During current oil year, (October – September), total exports during October 2016 to July 2017 is 16.46 lakh tons as against 3.48 lakh tons during the same period last year, showing an increase by 373%, 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 \$ 300.00 per short ton compared to US \$ 300.50 per short ton last week.

According to latest USDA weekly export sales report, net sales of 95,000 MT for 2016/2017 were up 28 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Canada (31,800 MT), Japan (26,500 MT), Venezuela (22,000 MT), Malaysia (9,500 MT), and Israel (8,500 MT). Reductions were reported for El Salvador (20,100 MT), unknown destinations (11,500 MT), and Colombia (2,000 MT). For 2017/2018, net sales of 247,200 MT were reported primarily for Spain (80,000 MT), unknown destinations (36,500 MT), Ecuador (30,000 MT), El Salvador (22,000 MT), and Colombia (17,700 MT). Exports of 145,600 MT were down 4 percent from the previous week and 9 percent from the prior 4-week average.

The domestic soy meal prices at Indore, were quoted at Rs 26,000 – 27,000/MT compared to Rs. 24,700/MT -25,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs 29,500/MT and 27,500/MT respectively compared to Rs 26,700/MT in Indore and Rs 27,400/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed firm tone during the week amid continuation of good buying support and overall positive tone in the global edible oils market.

The hike in import duty on edible oils will lend some support to the market in the near –term. According to Ministry of Finance, Government of India in Notification no 71/2017-Customs, dated August 11, 2017, import duty on crude palm oil have been hiked from 7.5 percent to 15 percent and refined palm oil to 25 percent from 15 percent. Crude edible oils other than crude palm oil import duty are hiked to 17.5 percent from 12.5 percent. All other refined oils will be taxed at 25 percent from current 20 percent.

Decision of hike in import duty has been taken to protect the interest of farmers and encourage domestic crushing industry. However, this decision falls short of industry demand for differential between crude and refined edible oils import duty at 15 percent or more, whereas government has only provided the duty differential at 7.5-10 percent.

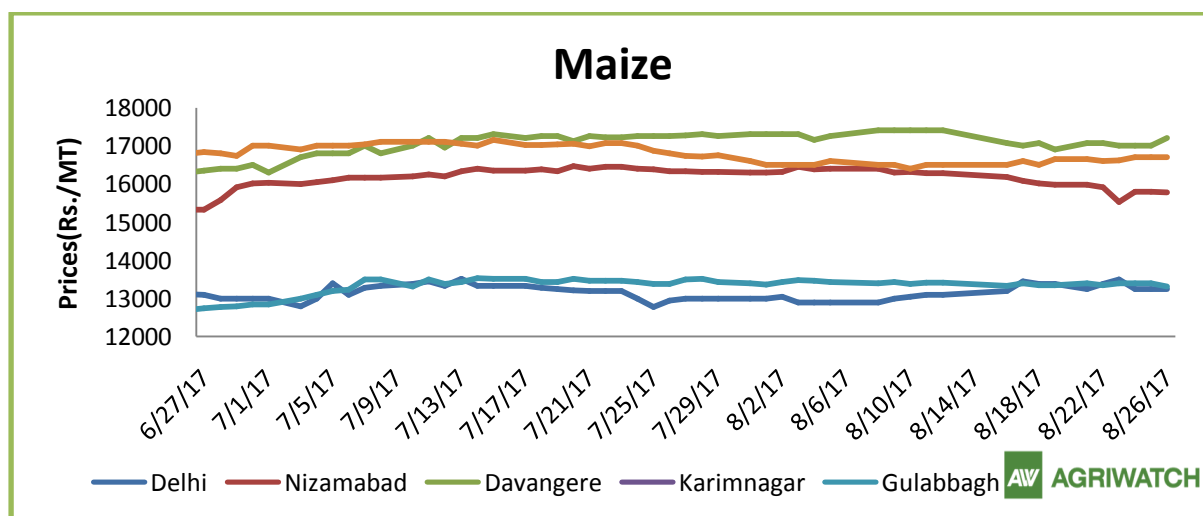
However higher domestic production and eventually increase in the seed supplies will limit gains in the coming days.

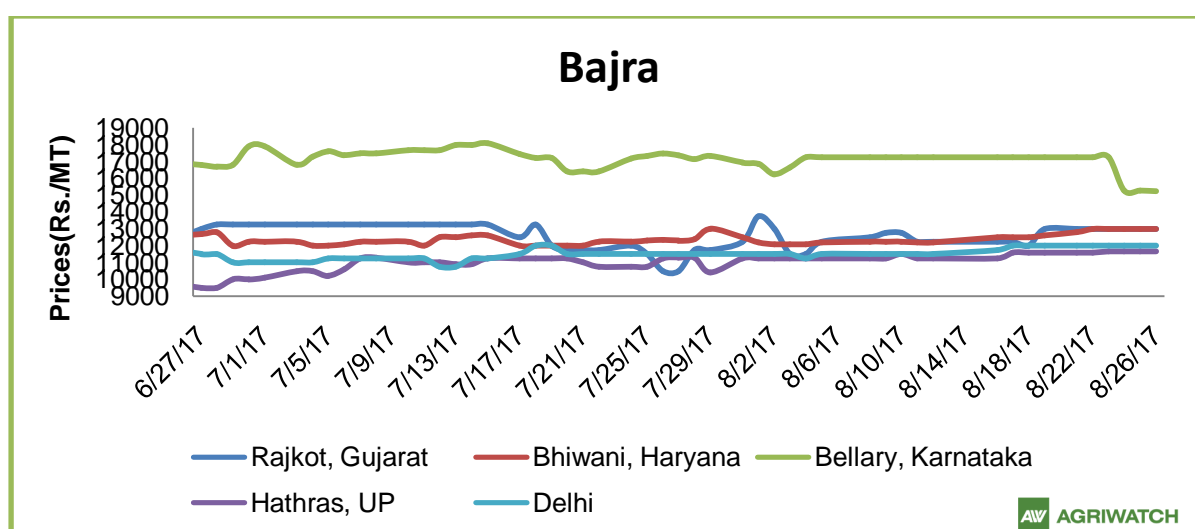
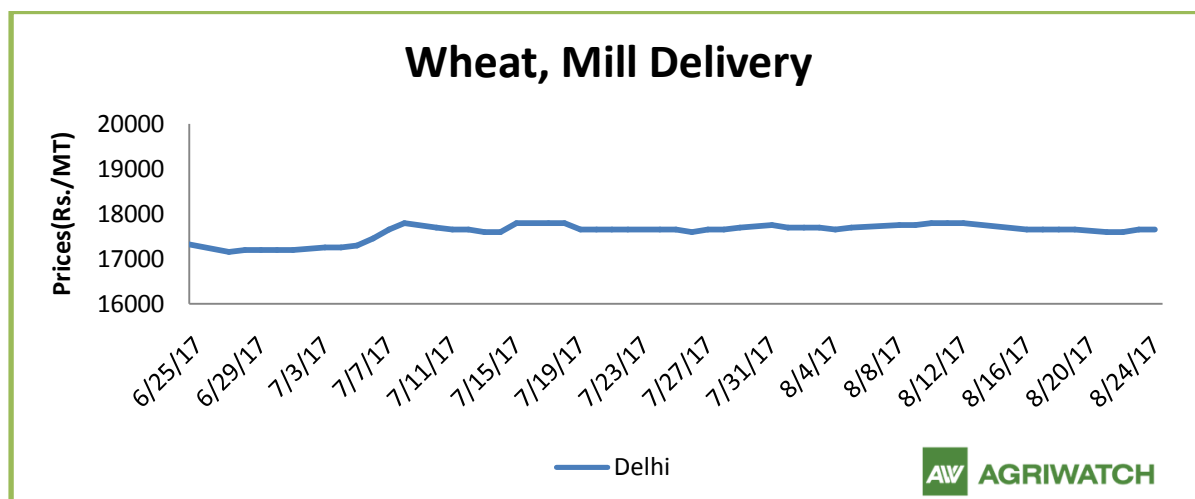
The all India seed supplies were reported between 0.90 – 1.50 lakh bags in a day compared to around 1.15 – 1.40 bags a day, previous week. The supplies were 0.70 – 0.80 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,880 – 3,925 a quintal compared to Rs 4,945 – 5,080 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at September contract ended higher at 3864/Qtl compared to 3783/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 Gulabbagh, maize traded down by Rs. 10 per quintal to Rs. 1310 per quintal (Bilty) compared to last week. Arrivals are disrupted due to flood. Maize could trade steady despite sluggish demand.

Davangere market was closed during last week as there is an issue that traders must release farmers' payment within same day. In Karnataka, stock of maize could be around 3,00,000 MT which was 4,50,000 MT during corresponding period last year.

As per USDA, U.S corn exports reached 53.71 MMT in the 2017-18 marketing year. At 0.72 MMT (for the period 11th August –17th August, 2017) exports were up 4 percent from the previous week, but down 21 percent from the prior 4-week average. The primary destinations were Mexico (278,100 MT), Japan (152,000 MT), Peru (100,300 MT), Colombia (73,200 MT), and Costa Rica (47,600 MT).

In U.S, 76% crop of corn is at dough stage as of 20th August, 2017, lower by 7% compared to last year and 1% from last 5 year average period. 29% crop of corn has dented, lower by 8% compared to last year and 6% from last 5 year average period. 62% crop of corn is in good to excellent condition, same compared to last week.

Korea Corn Processing Industry Association of South Korea purchased about 55,000 MT of corn at about \$190.87 per MT c&f for arrival around Nov. 30. Corn can be sourced from global origins.

MFIG, feed industry procurement association of Taiwan, purchased about 130,000 MT of corn in two 65,000 MT consignments; likely to be sourced from Brazil. The first consignment was bought at a premium of 114.60 U.S. cents c&f over the Chicago December 2017 corn contract for shipment between Oct. 11 and Oct. 30 if it was sourced from Brazil, Argentina or the U.S. Gulf. The second consignment was bought at a premium of 105.68 U.S. cents c&f over the Chicago March 2018 corn contract; sought from Brazil for shipment between Nov. 2 and Nov. 21.

Major Feedmill Group of South Korea purchased about 60,000 MT of corn from trading house C.J. International at about \$184.60 per MT c&f plus a \$1.20 per MT surcharge for additional port unloading for arrival around Dec. 5 in a single consignment.

IGC raised its forecast for the 2016/17 global corn production by 1 MMT to 1073 MMT compared to previous forecast. However, IGC decreased its forecast for 2017/18 global corn production by 3 MMT to 1017 MMT compared to previous forecast. Meanwhile, forecast for global corn ending stock was down by 1 MMT to 196 MMT compared to last forecast for 2017/18 due to decrease in production estimates for 2017/18.

Corn prices on CBOT fall by 4.13 USD/MT to 134.64 USD/MT compared to last week for September contract. Rain forecast for Midwest U.S corn could weigh on market sentiments.

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)		
	25-Aug-17	18-Aug-17	Parity To
Indore (MP)	27000	25700	Gujarat, MP
Kota	26800	25800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28500	27300	Mumbai, Maharashtra
Nagpur (42/46)	28000	27200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	27500	26900	Andhra, AP, Kar, TN
Latur	29300	26900	-
Sangli	28000	27300	Local and South
Sholapur	29200	27200	Local and South
Akola	27500	26500	Andhra, Chattisgarh, Orissa, Jharkhand, WB

Hingoli	27200	27000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	26500	26000	-

Soy DOC at Port

Centers	Port Price	
	24-Aug-17	17-Aug-17
Kandla (FOR) (INR/MT)	28000	26300
Kandla (FAS) (USD/MT)	437	410

International Soy DOC			
Argentina FOB USD/MT	24-Aug-17	17-Aug-17	Change
Soybean Pellets	310	304	6
Soybean Cake Flour	310	304	6
Soya Meal	318	312	6
Soy Expellers	318	312	6
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	25-Aug-17	18-Aug-17	Change
Adoni	19500	19000	500
Khamgaon	NA	NA	-
Parli	19400	18800	600
Latur	19200	18500	700

Groundnut Meal (Rs/MT)	25-Aug-17	18-Aug-17	Change
Basis 45%, Saurashtra	19000	18500	500
Basis 40%, Saurashtra	17000	16500	500
GN Cake, Gondal	19000	19000	Unch

Mustard DOC/Meal	25-Aug-17	18-Aug-17	Change
Jaipur (Plant delivery)	13500	13500	Unch
Kandla (FOR Rs/MT)	14000	14200	-200
Sri Ganganagar	1640	1620	20

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	24-Aug-17	17-Aug-17	24-Jul-17	24-Aug-16	24-Aug-15
Delhi	Hybrid(U.P)	1325	1350	1325	1575	1450
Davangere	Loose	Closed	Closed	NA	1750	1450
Nizamabad	Bilty	NA	NA	1640	1700	1500
Ahmadabad	Feed	1460	1440	1490	1790	1625
	Starch	1430	1400	1425	1740	1600

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	141.93	149.40	153.46	253.83
Cost and Freight	191.93	204.40	213.46	288.83

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	24-Aug-17	17-Aug-17	Change
Bajra	Karnataka	Hybrid	Bellary	1527	NA	-
		Hybrid	Bangalore	1950	1950	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1563	NA	-

Maize	Karnataka	Yellow	Davanger e	Closed	Closed	-
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	2400	2400	Unch
		Parmal Raw	Karnal	3100	3000	100
Soy meal	Madhya Pradesh	DOC	Indore	2700	2570	130
	Maharashtra	DOC	Sangli	2800	2730	70
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1950	1900	50
	Maharashtra	Ex-factory	Latur	1920	1850	70
Mustard	Rajasthan	Plant delivery	Jaipur	1350	1350	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	1900	1900	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1678	1698	-20
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1565	1566	-1
Note: Prices Rs./Qtl						

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