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## Summary

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Soybean witnessed mixed tone during the week amid increase in arrivals, erratic rains in certain growing regions and new crop arrival in the mandis of Madhya Pradesh. Positive tone of soy complex at CBOT also lent some support to the market.

Soybean planting is almost over and new crop arrival has started. Deficit rainfall in the oilseed growing regions is likely to affect rabi sowing this season amid lack of sufficient moisture level. New crop arrival is reported in the Indore and Mhow mandis of Madhya Pradesh. Around 300 bags of the new crop arrival was reported in Indore mandi with moisture content of around 22 -25%.

The overall monsoon is forecast to be normal.

The monthly supply and demand report due to be released by USDA next week will give some direction to the market. The domestic 2017 soybean planting is lower compared to the previous year due to the lower remuneration in the crop to the farmers and the area has shifted to other crops like cotton and urad.

Attractive price for soy meal by South America and positive tone in INR is weighing on the market.

Unfavourable weather in the US Midwest growing regions will lent support to the market in the coming days. Lack of rains in the soybean growing regions of US Midwest will affect the development of soybean crop. Record imports of soybean by China are another positive factor for the market.

The rapeseed-mustard prices noticed mostly firm tone following good demand in the cash market and recovery in edible oils during the week.

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

Overall maize cash markets traded steady to weak during the week amid sluggish demand and is likely to trade steady to weak in near term amid new crop arrival pressure. In Nizamabad market, arrivals of new crop of maize has started which are lower in quantity and contains high moisture level i.e. 18%. It is being traded at Rs. 1350-1400 per quintal (loose price). Stock of maize could be around 3,000 MT which was 2,000 MT during corresponding period of last year.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 0.95% to Rs. 1463 per quintal (weekly average price) while starch feed makers quoted it down by 3.38 % to Rs. 1428 per quintal compared to last week average price.

In India, maize has been sown in around 78.66 lakh hectares as of 1<sup>st</sup> September'17 which is lower than 82.87 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.59 lakh hectare which is lower than 12.59 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 9.12 lakh hectares which is higher than 9.19 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.

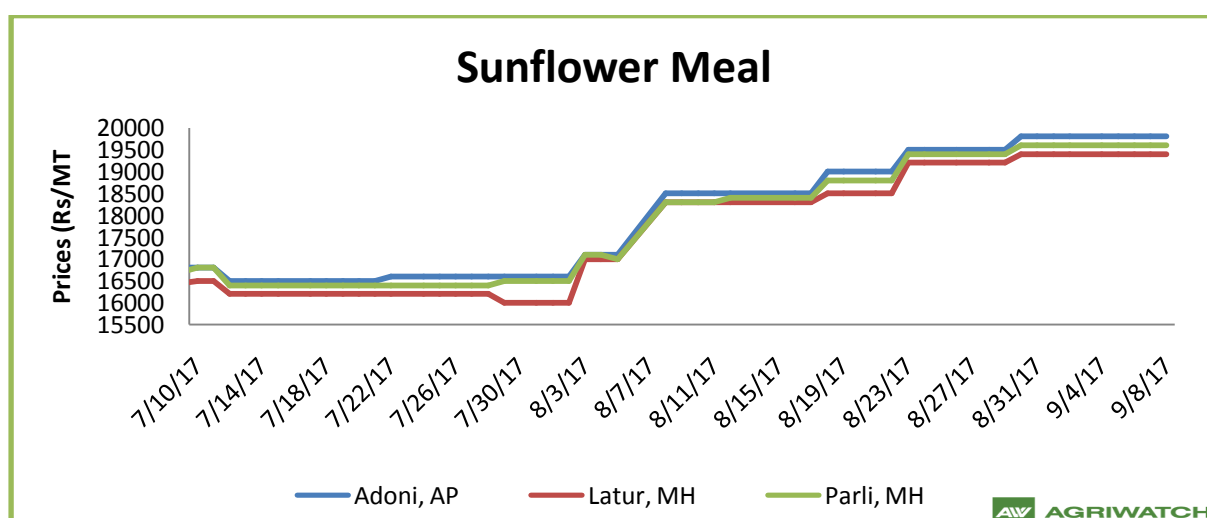
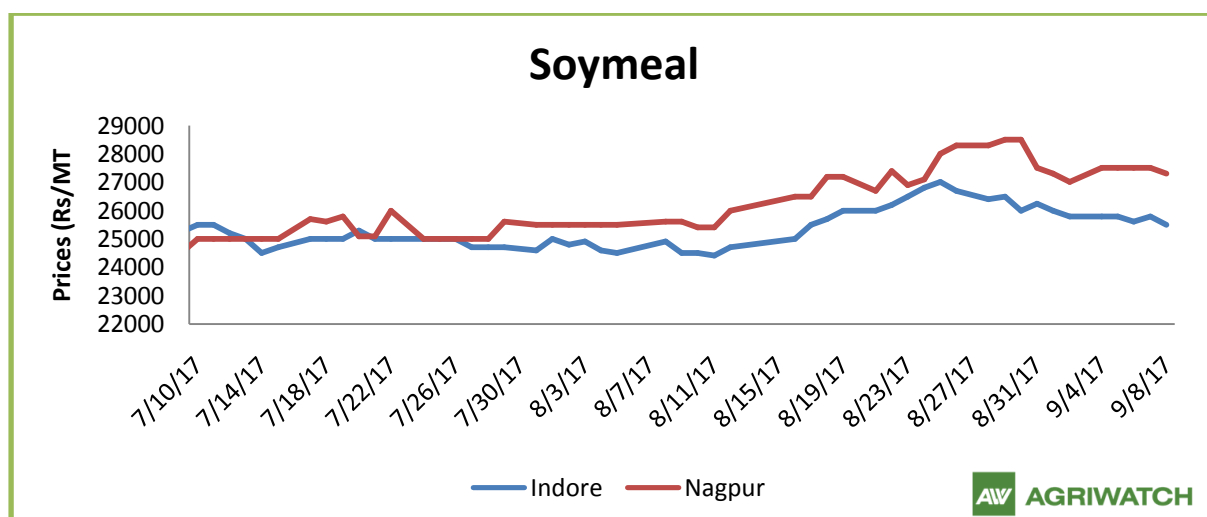
Crop yield is likely to be affected in some parts of Karnataka, Maharashtra, A.P and Telengana growing region of maize due to late start sowing as well as less rainfall during vegetative growth stage.

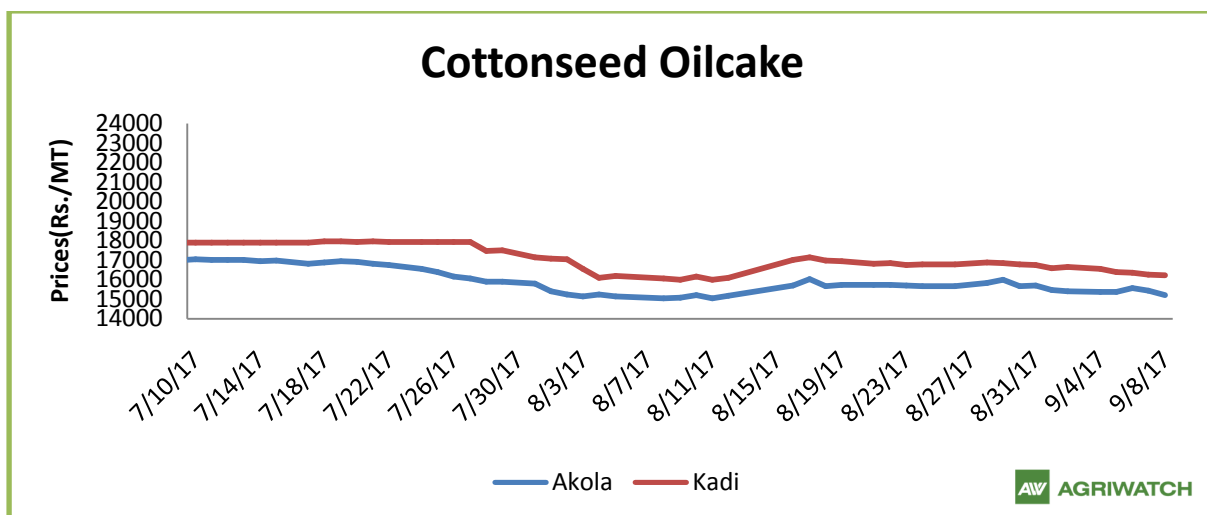
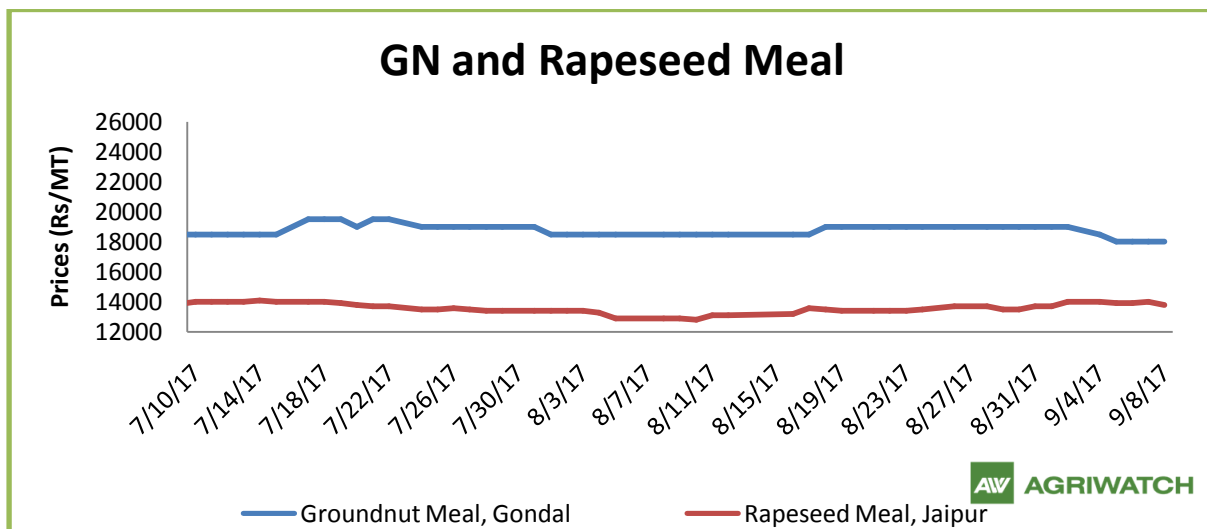
Corn prices on CBOT rose by 6.89 USD/MT to 136.61 USD/MT compared to last week for September contract.

At 0.69 MMT (for the period 24th August –31st August, 2017) U.S corn exports were down 29 percent from the previous week and 18 percent from the prior 4-week average.

All India weekly average prices decreased by 0.51 percent to Rs. 1799.86 per quintal during the week ended 08th September 2017. Wheat average price were ruling at Rs 1809.16 per quintal during 24-31 August 2017. As compared to prices in the week 01-08 September 2016, the prices are weak by 1.57 percent. Prices are expected to remain steady to weak in coming days.

## Trend – Raw Material, Feed





**Source: AgriWatch**

## Soybean

Soybean noticed mixed tone amid increase in arrival, erratic rain in the soybean growing regions and new crop arrival in limited quantity in the mandis of Madhya Pradesh. Positive tone of soy oil at CBOT also lent some support to the market.

Soybean planting is almost over and new crop arrival has started. Deficit rainfall in the oilseed growing regions is likely to affect rabi sowing this season amid lack of sufficient moisture level. New crop arrival is reported in the Indore and Mhow mandis of Madhya Pradesh. Around 300 bags of the new crop arrival was reported in Indore mandi with moisture content of around 22 -25%.

Madhya Pradesh Government has cleared scheme to compensate farmers for lower prices. Soybean is also covered under the scheme. The scheme will provide fair price to the farmers and will encourage them to grow more oilseeds and pulses. To avail this scheme, farmers will have to register themselves with mandis by sharing their Aadhaar, bank account and mobile numbers and details of crop cultivation.

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 355,000 bags compared to 225,000 bags reported in the previous week. Arrivals have increased as the mandis have opened after the festivals of 'Ganesh Chaturthi'.

The current southwest monsoon season from June 1 to September 6 has seen the state of Madhya Pradesh receive 24.7 per cent below-normal (long period average) rainfall. As many as 31 out of 51 districts have recorded deficient rainfall - shortfall in excess of 20 per cent - while being 10-20 per cent below-normal in 11 others. Significantly, the rainfall deficiency has been less in the Neemuch-Mandsaur-Ratlam belt.

The lack of rains is expected to impact the standing kharif crop and, moreover, could leave its imprint in the coming rabi planting season as well.

India's rainfall deficit for the June-September monsoon season has widened to 6 percent as on 23<sup>rd</sup> 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 30.08.2017) has reported India's actual rainfall at 720.4 mm against the normal 755.8 mm and departure stands at -5% till 06 September 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -22%, actual rains is reported at 594.94 mm vs 760.1 mm normal till 06 September 2017 by IMD. Vidarbha reported the departure of -28%, actual rains 606.31 mm vs 840.3 mm normal. Marathwada reported the departure of -11% with actual rains of 498.3 mm vs 559.60 mm, East Rajasthan reported a departure of -5% with actual rains 527.9 mm vs 554.3 mm normal.

Erratic monsoon this season till date is expected to affect the productivity of soybean.

The area coverage under soybean, as on 01 September, is reported down 7.17% at 105.18 lakh hectares compared to 113.30 lakh hectares at the same period last year.

The total sown area under *kharif* oilseeds, as on 01 September, is lower compared to the previous year's level which is down by 7.75% at 166.80 lakh hectares compared to 180.81 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 hurricane Irma coupled with dry weather in the US Midwest is likely to affect the development of soybean crop.

At CBOT, the soybean, in the most active November contract, ended higher at US \$ 9.62/bushel compared to US \$ 9.50/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 05 September; Soybeans dropping leaves are reported at 11% which is same as 11% during the corresponding period last year and down from the 5 year average of 12%.

Soybean crop setting pods are reported at 97% which is same as 97% during the corresponding period last year and up from the 5 year average of 96%.

About 61% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year.

European Union soybean imports in the 2017/18 season that began on July 1 had reached 2.05 million tonnes by Sep. 05, down 27 percent from 2.8 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 3.3 million tonnes, down 2 percent from 3.40 million tonnes a year ago.

#### **Soy meal**

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The domestic meal prices noticed mostly weak tone on lack –lustre demand in the cash market and weakness in 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.

Poultry demand should be good in the 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 almost over and erratic monsoon this season is likely to affect the productivity of soybean. The planted area under soybean is lower compared to previous 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 some support to India's soy meal exports in previous months.

***The export of Soybean meal and its other value added products (HS Code 2304 and 1208) during August 2017 is 0.50 lakh tons compared to 0.27 lakh tons in August 2016 showing an increase of 86% over the same period of last year.***

***On a financial year basis, the export during April'2017 to August'2017 is 5.57 lakh tons as compared to 1.47 lakh tons in the same period of previous year showing an increase of 280% according to data compiled by SOPA.***

***During current Oil year, (October – September), total exports during October 2016 to August 2017 is 17.35 lakh tons as against 3.75 lakh tons during the same period last year, showing an increase of 362.13%.***

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 increased in international market, during the week.

CBOT soy meal December contract settled at US \$ 305.20 per short ton compared to US \$ 298.80 per short ton last week.

The domestic soy meal prices at Indore, were quoted at Rs 25,500 – 26,000/MT compared to Rs. 26,000/MT -26,700/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed firm tone and were quoted at Rs 28,500/MT and 28,500/MT respectively compared to Rs 25,500/MT in Indore and Rs 25,600/MT in Kota.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard witnessed mostly firm tone during the week amid good demand in the cash market and likely lack of sufficient moisture for rabi sowing.

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.

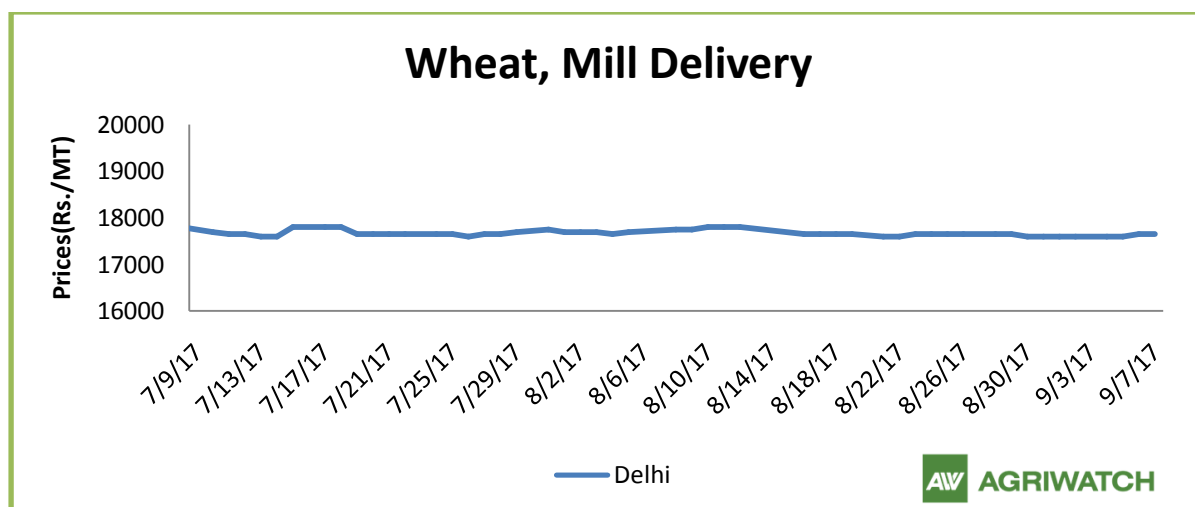
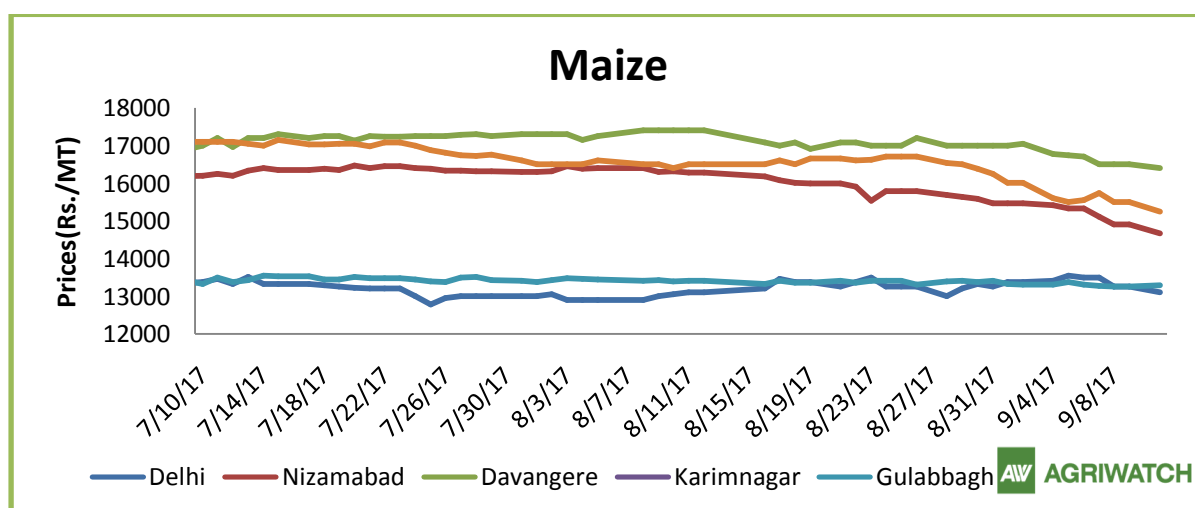
However higher domestic production and eventually increase in the seed supplies will weigh on the market in the coming days.

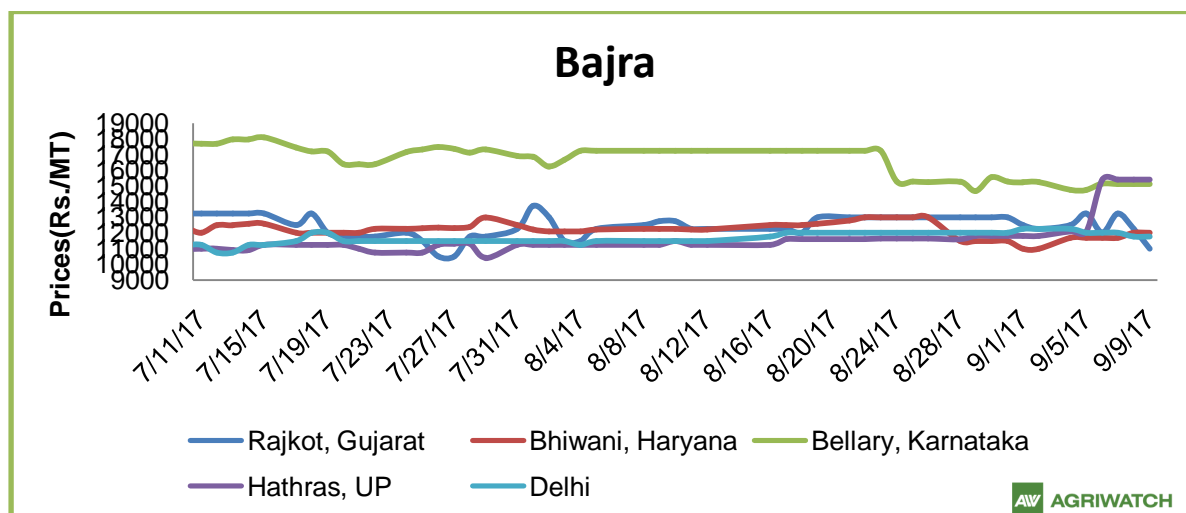
**The all India seed supplies were reported between 0.80 – 1.50 lakh bags in a day compared to around 1.15 – 1.35 bags a day, previous week. The supplies were 0.65 – 0.80 lakh bags a day during the corresponding period last year.**

The seed prices are still lower at spot market and are quoted at around Rs 3,970 – 4,010 a quintal compared to Rs 4,890 – 5,025 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at October contract ended lower at 3845/Qtl compared to 3852/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 firm by Rs. 25 per quintal to Rs. 1300 per quintal (Bilty) compared to last week. Maize could trade steady in the near term.

In Karnataka, stock of maize could be around 50,000 MT which was 25,000 MT during corresponding period last year while in Davangere; it could be around 5,000 MT which was 2,000 MT during corresponding period last year.

As per USDA, U.S corn exports reached 55.39 MMT in the 2016-17 marketing year. At 0.69 MMT (for the period 24th August –31st August, 2017) exports were down 29 percent from the previous week and 18 percent from the prior 4-week average. Exports were to Mexico (246,200 MT), Colombia (132,400 MT), Japan (103,400 MT), Saudi Arabia (70,800 MT), and Peru (35,200 MT).

Corn prices on CBOT rose by 6.89 USD/MT to 136.61 USD/MT compared to last week for September contract on expectations of a marginally lower yield-forecast from the USDA, although ample global supply could weigh on market sentiments.

*All India weekly average prices decreased by 0.51 percent to Rs. 1799.86 per quintal during the week ended 08th September 2017. Wheat average price were ruling at Rs 1809.16 per quintal during 24-31 August 2017. As compared to prices in the week 01-08 September 2016, the prices are weak by 1.57 percent. Prices are expected to remain steady to weak in coming days.*

*India is continuously importing wheat from Black sea region and Australia as it is cheaper compared to domestic wheat even after including the current import duty of 10%. As of now Rajkot mill quality is being offered at \$256 per tonne whereas millers in India have contracted to import 8 lakh tonnes from blacksea region at CnF \$200-210 per tonne. Government is considering to increase import duty in order to curb wheat imports and provide support to domestic wheat prices. Sowing of wheat is likely to start in coming months and if prices remain at low level overall acreage may fall in comparison to last year.*

*India is likely to import between 3-4 MMT in 2017-18 despite good production as wheat is available at lower prices in the international market. Expectations of bumper crop of 80-82 MMT and 26 MMT in Russia and Ukraine respectively have decreased their export quotes. Import quotes have decreased compared to last week and as of now APW, ASW, Ukrainian and Bulgarian wheat are being quoted at*

Rs. 1850 per quintal, Rs. 1770 per quintal, Rs. 1670 per quintal Rs. 1660 per quintal respectively at Tuticorin port.

FCI has offered a total of 11808752 tonnes of wheat through E-Auction since June until fifth tender in August. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the month of June 115000 tonnes was sold against offered quantity of 1104050 tonnes, 34400 tonnes was sold in July against offered quantity of 4934602 tonnes and 43550 tonnes has been sold in five tenders of August against offered quantity of 5770100.

As per fourth advance estimate for 2016-17 wheat production is likely to be around 98.8 MMT which is higher compared to third advance estimate of 97.4 MMT. The total food grain production has been pegged at 275.68 MMT compared to 251.57 MMT in final estimate of 2015-16.

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.

India is likely to import 800000 tonnes of wheat in september and october from blacksea region at \$200-210 per tonne cost and freight after taking into account 10% of duty. According to traders there is not much price advantage, millers are buying to ensure smooth supplies in November and December. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

Indian FoB quote is hovering around \$274.69 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$170.30, \$171.50, Euro 156.70, \$182.30 and \$201.30 per tonne respectively. There is little hope for recovery at export front this year however India is expected to import 3 to 4 million tonnes in MY 2017-18.

Global wheat market is expected to trade from steady to weak due to higher carryover stocks and good production. EU is likely to produce around 139.3 MMT in 2017. Russia and Ukraine are likely to harvest 80-83 MMT and 26 MMT of wheat in 2017-18. 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 Australia's 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 25 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

**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)		
	8-Sep-17	1-Sep-17	Parity To
Indore (MP)	25500	26000	Gujarat, MP
Kota	25600	26300	Rajasthan, Del, Punjab,

			Haryana
Dhulia/Jalna	28300	28200	Mumbai, Maharashtra
Nagpur (42/46)	27300	27300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	28500	27900	Andhra, AP, Kar, TN
Latur	27600	28400	-
Sangli	27300	28500	Local and South
Sholapur	27300	28000	Local and South
Akola	26800	26500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	28500	28500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	26400	26000	-

### Soy DOC at Port

Centers	Port Price	
	7-Sep-17	31-Aug-17
Kandla (FOR) (INR/MT)	27500	27500
Kandla (FAS) (USD/MT)	430	430

International Soy DOC			
Argentina FOB USD/MT	7-Sep-17	31-Aug-17	Change
Soybean Pellets	303	304	-1
Soybean Cake Flour	303	304	-1
Soya Meal	311	312	-1
Soy Expellers	311	312	-1
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	8-Sep-17	1-Sep-17	Change
Adoni	19800	19800	Unch
Khamgaon	NA	NA	-
Parli	19600	19600	Unch
Latur	19400	19400	Unch

Groundnut Meal (Rs/MT)	8-Sep-17	1-Sep-17	Change
Basis 45%, Saurashtra	19200	18500	700
Basis 40%, Saurashtra	17000	17000	Unch
GN Cake, Gondal	18000	19000	-1000

Mustard DOC/Meal	8-Sep-17	1-Sep-17	Change
Jaipur (Plant delivery)	13800	13700	100
Kandla (FOR Rs/MT)	14300	14300	Unch
Sri Ganganagar	1695	1650	45

#### Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	7-Sep-17	31-Aug-17	8-Aug-17	7-Sep-16	7-Sep-15
Delhi	Hybrid(U.P)	1325	1325	1300	1550	1450
Davangere	Loose	1500	1550	1650	1750	1600
Nizamabad	Bilty	1400	NA	Closed	1680	1500
Ahmadabad	Feed	1460	1460	1450	1780	1625
	Starch	1440	1470	1425	1775	1650

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	151.28	156.90	156.20	253.68
Cost and Freight	201.28	211.90	216.20	288.68

#### 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	
<b>Total</b>	<b>3512217</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>642729</b>

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	7-Sep-17	31-Aug-17	Change
Bajra	Karnataka	Hybrid	Bellary	1516	1528	-12
		Hybrid	Bangalore	2050	1800	250
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1706	1650	56
Maize	Karnataka	Yellow	Davanger e	1500	1550	-50
	Andhra Pradesh	Yellow	Nizamaba d	NA	NA	-
Rice	Haryana	IR8	Karnal	2450	2450	Unch
		Parmal Raw	Karnal	3000	3100	-100
Soy meal	Madhya Pradesh	DOC	Indore	2550	2600	-50
	Maharashtra	DOC	Sangli	2730	2850	-120
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1980	1980	Unch
	Maharashtra	Ex-factory	Latur	1940	1940	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1380	1370	10
Groundnut Meal	Gujarat	GN Cake	Gondal	1800	1900	-100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1622	1657	-35
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1521	1547	-26
Note: Prices Rs./Qtl						

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