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Summary

Soybean noticed weak tone during the week amid new crop arrivals in the domestic market and harvesting pressure in US. The new crop arrival has higher moisture content and there is not much demand for it. Festive demand and expected lower output this season should give some support to the market.

Soybean planting is over and new crop arrival is picking. South –west monsoon has entered the withdrawal phase and there were rains in some parts of Madhya Pradesh and North –west India. This will aid crop development in the coming days.

The overall monsoon has been normal. However deficit rains in the months of August and September is likely to affect the productivity of soybean crop.

The monthly supply and demand report has been released by USDA for the month of September and soybean production estimates has been increased this month to 4,432 million bushels, up 50 million bushels on higher yields compared to previous month.

The recent weakness in INR will prove attractive for soy meal exports.

Harvesting has begun in U.S. and pressure will mount in the coming days. Planting has begun in Brazil, however it is lagging behind compared to previous year due to lack of rains in the growing regions in the beginning.

The rapeseed-mustard prices witnessed mostly easy tone amid lack of buying interest in the cash market and overall weakness in edible oils in the domestic and international markets. Deficit rain in the month of September is unlikely to provide sufficient moisture for rabi sowing.

The rapeseed-mustard prices will remain under overall higher supply pressure. However festive demand in the coming days will limit losses in the market.

Overall maize cash markets traded mixed during the week. However, it is likely to trade steady to slightly firm in near term on the expectation of fresh demand amid concern over recent rainfall. As this is harvesting time, recent rains could result in fungus affected material. In Nizamabad market, arrivals of new crop of maize are lower in quantity and contain high moisture level which varies from 15-23. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 1.21% to Rs. 1418 per quintal (weekly average price) while starch feed makers quoted it firm by 1.59 % to Rs. 1410 per quintal compared to last week average price.

In India, maize has been sown in around 80.58 lakh hectares as of 29th September'17 which is lower than 83.92 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.29 lakh hectare which is lower than 12.83 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. In Maharashtra, it has been sown in 9.14 lakh hectares which is lower than 9.22 lakh hectares 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.

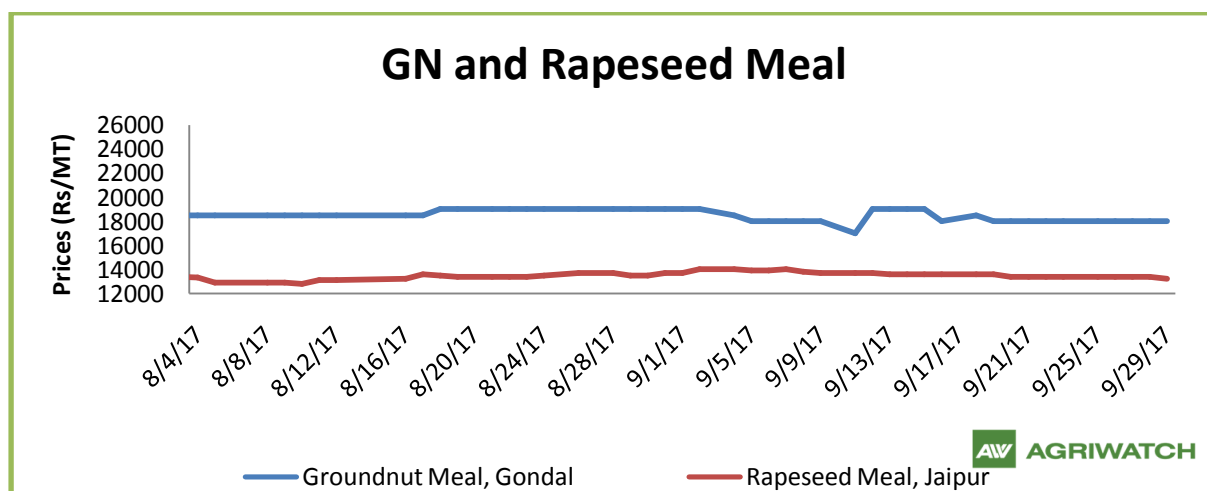
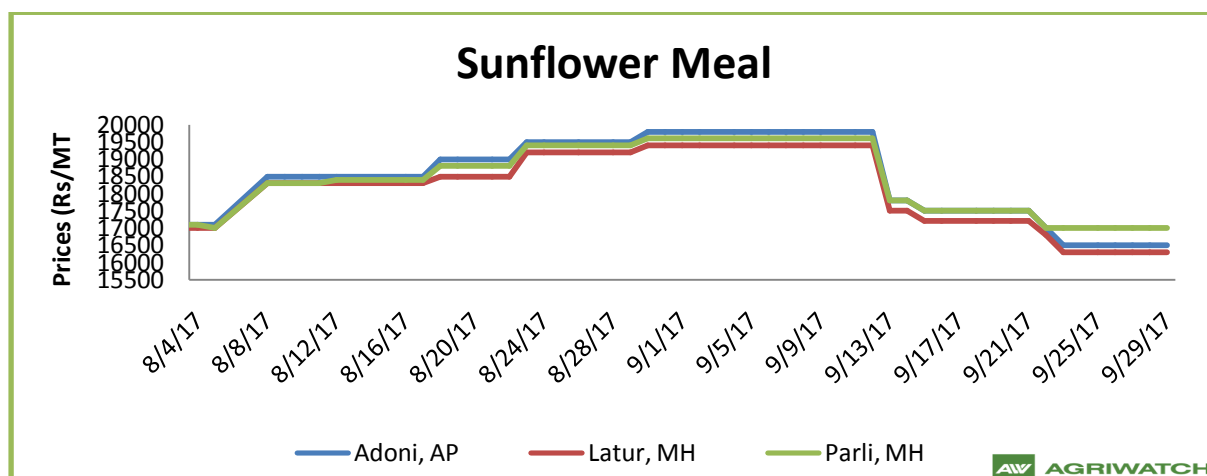
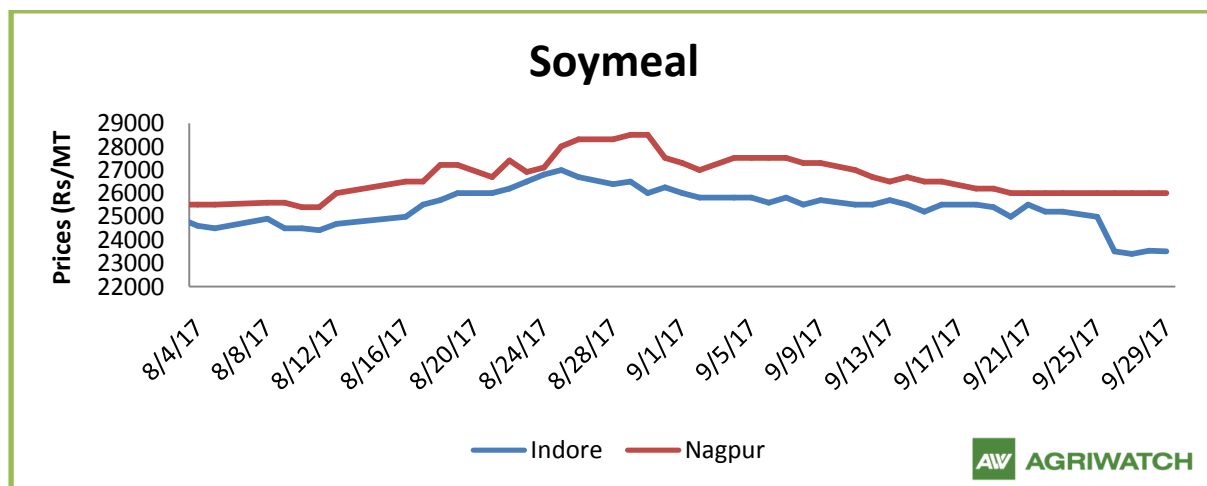
Corn prices on CBOT rose by 1.57 USD/MT to 139.36 USD/MT compared to last week for December contract.

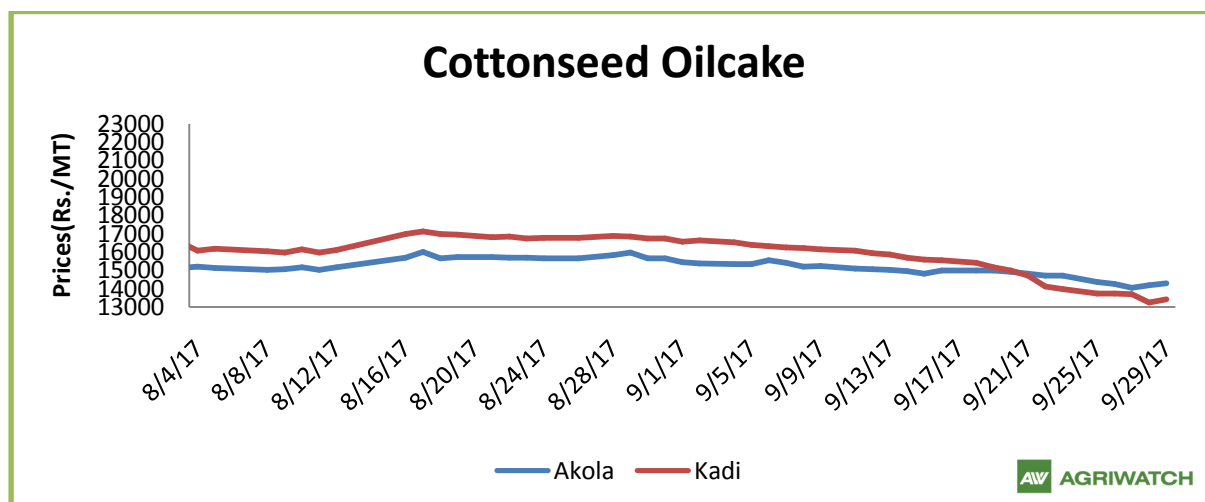
As per USDA, at 0.72 MMT (for the period 15th September –21st September, 2017) exports were primarily to Mexico (267,600 MT), Colombia (161,900 MT), Peru (101,900 MT), and Japan (101,200 MT).

In U.S, 11% crop of corn has harvested which is lower by 3% from the corresponding period of last year. 61% crop of corn is in good to excellent condition, same compared to last week.

All India weekly average prices increased by 2.75 percent to Rs. 1921.87 per quintal during the week ended 30th September 2017. Wheat average price were ruling at Rs 1870.47 per quintal during 16-23 September 2017. As compared to prices in the week 24-30 September 2016, the prices are firm by 8.66 percent. Prices are expected to remain steady to weak in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean continued weak tone amid new crop arrivals in the domestic market and harvesting pressure in U.S. The new crop arrival has higher moisture content and there is not much demand for it. Spillover weakness from soy complex at CBOT added to the weak tone of the market.

The southwest monsoon has withdrawn from some parts of Punjab, Haryana, most parts of West Rajasthan, some parts of Kutch and north Arabian Sea according to the India Meteorological Department. The monsoon usually starts withdrawing in the first week of September, but this year it has been delayed by three weeks. The country has so far received 5 percent lower rainfall than normal in the current monsoon season.

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 total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 360,000 bags compared to 172,000 bags reported in the previous week. Arrivals have increased amid new crop arrival in the mandis.

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.

IMD in its weekly Southwest monsoon progress report (01.06.2017 to 20.09.2017) has reported India's actual rainfall at 827.4 mm against the normal 875.2 mm and departure stands at -5% till 27 September 2017.

In West Madhya Pradesh, the departure of Southwest monsoon has declined to normal by -15%, actual rains is reported at 737.8 mm vs 868.6 mm normal till 27 September 2017 by IMD. Vidarbha

reported the departure of -23%, actual rains 728.5 mm vs 945.7 mm normal. Marathwada reported the departure of -4% with actual rains of 641.4 mm vs 669.0 mm, East Rajasthan reported a departure of -8% with actual rains 566.0 mm vs 612.5 mm normal.

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

The area coverage under soybean, as on 29 September, is reported down 7.73% at 105.92 lakh hectares compared to 114.79 lakh hectares at the same period last year.

The total sown area under *kharif* oilseeds, as on 29 September, is lower compared to the previous year's level which is down by 8.86% at 173.41 lakh hectares compared to 190.26 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.

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 losses amid harvesting pressure and selling interest in the market.

At CBOT, the soybean, in the most active November contract, ended lower at US \$ 9.68/bushel compared to US \$ 9.84/bushel last week.

According to NOPA, 142.42 million bushels soybean was crushed in August 2017 compared to 144.718 million bushels previous month. It is above analyst's expectation of 137.50 million bushels. Soy meal exports during the month declined to 426,896 tons compared to 596,767 tons in July and 574,802 tons a year earlier.

In the weekly USDA crop progress report released on 25 September; Soybeans dropping leaves are reported at 63% which is less than 65% during the corresponding period last year and same as the 5 year average of 63%.

Around 10% of the new soybean crop has been harvested which is more than 9% during the corresponding period last year and down from the 5 year average of 12%.

About 60% of the soybean planted crop is under good to excellent condition which is more than 59% during the previous week and 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 2.5 million tonnes by Sep. 19, down 20 percent from 3.15 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 4.20 million tonnes, up 8 percent from 3.90 million tonnes a year ago.

Soy meal

The domestic meal prices noticed weak tone amid lack of buying interest in the cash market and spillover weakness from soy meal at CBOT.

Poultry demand should improve in the coming days amid lower temperature. However higher supplies in the domestic and international market is likely to negate good demand in medium -term. Export demand is expected to pick up when crushing begins in full swing by next month.

According to the latest press release by the Solvent Extractor's Association of India (SEA), cottonseed oilcake will attract nil GST rate and all other oilcakes will bear 5% GST irrespective of their end use.

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. Lower production will translate into lower meal production in the domestic market 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 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.

Recent weakness in INR against USD will remain positive factor 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 \$ 315.80 per short ton compared to US \$ 319.00 per short ton last week.

Net sales reductions of 86,700 MT of soybean cake and meal for 2016/2017--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average during the period September 15 -21, 2017. Increases were reported for Colombia (6,000 MT), the Philippines (5,400 MT), Cost Rica (4,200 MT, switched from unknown destinations and late reporting of 4,100 MT), Japan (3,200 MT), and Nicaragua (2,800 MT, switched from El Salvador). Reductions were reported for Canada (80,100 MT), Peru (15,000 MT), Mexico (9,200 MT), and unknown destinations (4,300 MT). For 2017/2018, net sales of 301,800 MT were reported primarily for the Philippines (137,000 MT), Canada (98,500 MT), Morocco (30,000 MT), and Mexico (19,400 MT). Exports of 188,800 MT were up 22 percent from the previous week and 16 percent from the prior 4-week average. The destinations were primarily the Philippines (61,600 MT), Colombia (39,600 MT), Mexico (22,600 MT), Canada (14,500 MT), and Honduras (13,500 MT).

The domestic soy meal prices at Indore, were quoted at Rs 23,400 – 25,200/MT compared to Rs. 25,000/MT -25,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal witnessed mixed tone and were quoted at Rs 27,000/MT and 27,500/MT respectively compared to Rs 23,500/MT in Indore and Rs 23,700/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed mostly weak tone on lack of demand from the solvent extractors and weakness in edible oils in the domestic and international market. Deficit rains in the months of August and September is unlikely to provide sufficient soil 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.

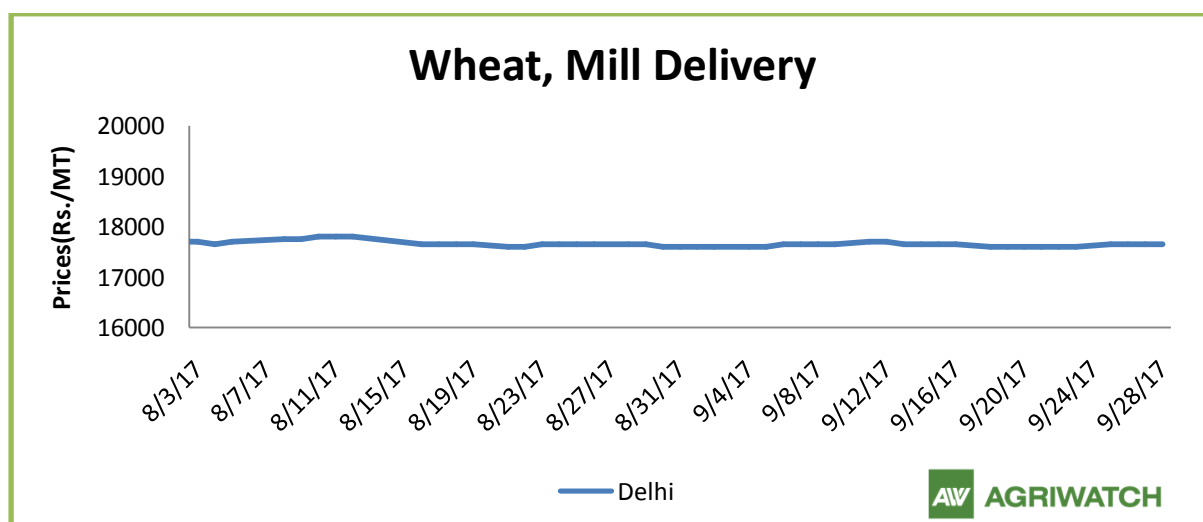
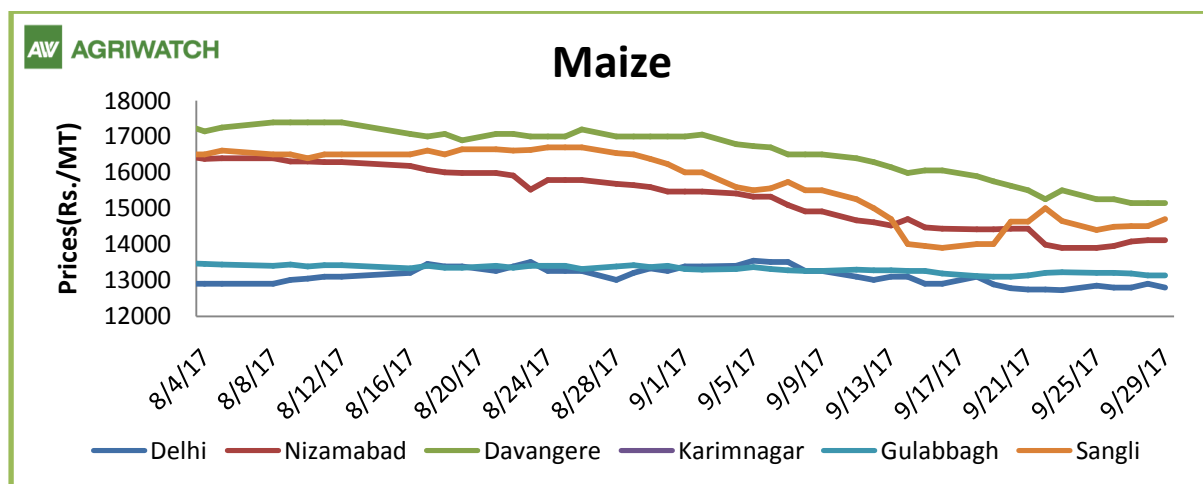
However higher domestic production and eventually increase in the seed supplies will weigh on the market in the coming days.

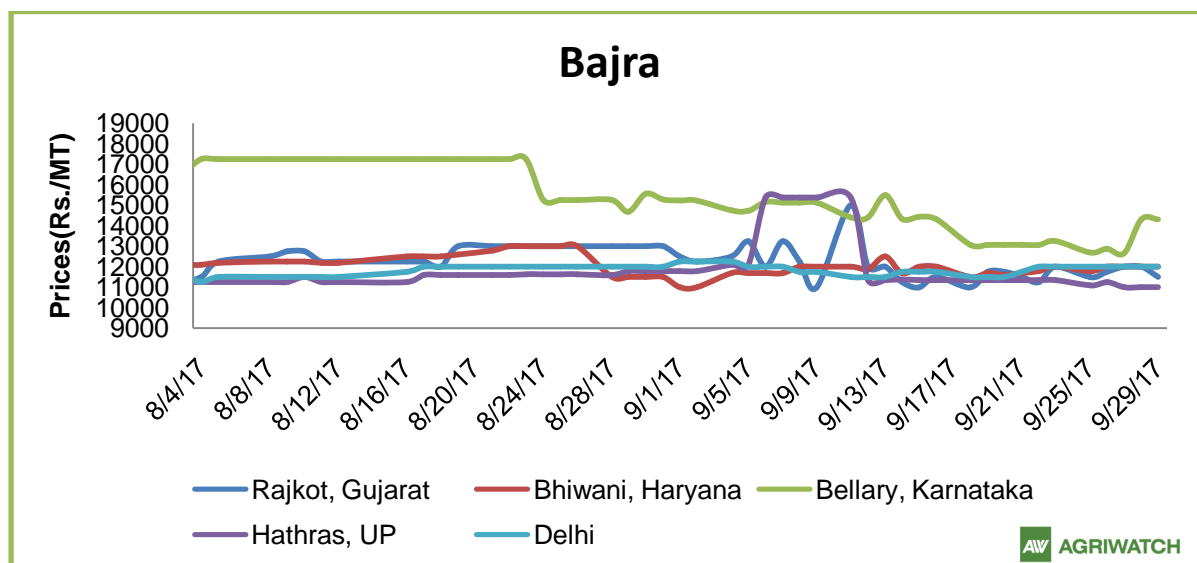
The all India seed supplies were reported between 0.50 – 1.50 lakh bags in a day compared to around 0.70 – 1.55 bags a day, previous week. The supplies were 0.65 – 0.75 lakh bags a day during the corresponding period last year.

The seed prices are still lower at spot market and are quoted at around Rs 3,935 – 3,955 a quintal compared to Rs 4,825 – 4,980 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at October contract ended lower at 3739/Qtl compared to 3744/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 August.





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

In Gulabbagh, maize traded steady at Rs. 1300 per quintal (Bilty) compared to last week. Maize could trade steady to slightly firm 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. Maize could trade firm on the expectation of fresh demand from Tamil Nadu and Nammakal region.

As per USDA, at 0.72 MMT (for the period 15th September –21st September, 2017) exports were primarily to Mexico (267,600 MT), Colombia (161,900 MT), Peru (101,900 MT), and Japan (101,200 MT).

In U.S, 93% crop of corn has dented as of 2^{4th} September, 2017, lower by 3% compared to last year and 2% from last 5 year average period. Meanwhile, 51% crop of corn has matured, lower by 19% compared to last year. Also, 11% crop of corn has harvested which is lower by 3% from the corresponding period of last year. 61% crop of corn is in good to excellent condition, same compared to last week.

All India weekly average prices increased by 2.75 percent to Rs. 1921.87 per quintal during the week ended 30th September 2017. Wheat average price were ruling at Rs 1870.47 per quintal during 16-23 September 2017. As compared to prices in the week 24-30 September 2016, the prices are firm by 8.66 percent. Prices are expected to remain steady to weak in coming days.

The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity. Other countries like Australia, Russia and Ukraine are able to provide wheat at lower quotes compared to India. In the month of July, India exported 11.65 thousand tonnes of wheat compared to 10.54 in the previous month. India has exported 99.91 thousand tonnes of wheat since April'17 until July'17.

FCI has offered a total of 15177552 tonnes of wheat through E-Auction since June until third tender in September. 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, 43550 tonnes was sold in August against offered quantity of 5770100 tonnes and 16350 tonnes has been sold in three tenders of September against offered quantity of 3368800.

India has received 841.3 mm of actual rainfall against 887.5 mm of normal rainfall in 2017 monsoon. In 2017 monsoon season deficient rainfall were recorded in Punjab, Haryana, Chandigarh, Delhi, Uttar Pradesh, East Madhya Pradesh and Vidharba. All other remaining regions received normal or excess rainfall.

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%. In July, India imported 1.049 lakh tonne wheat compared to 1.64 lakh tonnes in the month of June. Import will continue but volume is likely to decrease. India is expected to import 3 to 4 million tonnes in MY 2017-18. Total import until September'17 since April'17 is expected to be 1.38 MMT.

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.

FCI will sell a total quantity 1090550 tonnes of wheat in different states through e-auction on 05th October at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 320000 tonnes in Maharashtra followed by 279700 tonnes in Haryana, 140750 tonnes in Punjab, 100000 tonnes in M.P, 60000 tonnes in West Bengal, 45000 tonnes in Odhisa, 32500 tonnes in Tamil Nadu, 20000 tonnes in Rajasthan, 19300 tonnes in Karnataka, 16000 tonnes in Delhi, 11600 tonnes in Kerala, 10000 tonnes in Gujarat, 7000 tonnes in J&K, 5500 tonnes in Chandigarh, 5000 tonnes in Uttar Pradesh, 4700 tonnes in Uttarakhand, 2500 tonnes in Pondicherry, 2000 tonnes in Bihar, 2000 tonnes in Andhra Pradesh, 1500 tonnes in Himachal Pradesh, 1000 tonnes in Jharkhand and 1000 tonnes in Goa.

Indian FoB quote is hovering around \$262.69 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.33, \$178.50, Euro 160.95, \$194.66 and \$213.60 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 141.2 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 47.3 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 21.6 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 17MMT in 2017-18 compared to 16.3 MMT in 2016-17. Furthermore, Canada is likely to harvest around 27 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)		
	29-Sep-17	22-Sep-17	Parity To
Indore (MP)	23500	25200	Gujarat, MP
Kota	23700	26000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	27500	27500	Mumbai, Maharashtra
Nagpur (42/46)	26000	26000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	27500	27700	Andhra, AP, Kar ,TN
Latur	27000	26800	-
Sangli	26500	27500	Local and South
Sholapur	27000	27300	Local and South
Akola	26000	26500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	27500	27500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	25500	26000	-

Soy DOC at Port

Centers	Port Price	
	28-Sep-17	21-Sep-17
Kandla (FOR) (INR/MT)	25000	27000
Kandla (FAS) (USD/MT)	382	418

International Soy DOC			
Argentina FOB USD/MT	28-Sep-17	21-Sep-17	Change
Soybean Pellets	NA	NA	-
Soybean Cake Flour	NA	NA	-
Soya Meal	NA	NA	-
Soy Expellers	NA	NA	-
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	29-Sep-17	22-Sep-17	Change
Adoni	16500	17000	-500

Khamgaon	NA	NA	-
Parli	17000	17000	Unch
Latur	16300	16800	-500

Groundnut Meal (Rs/MT)	29-Sep-17	22-Sep-17	Change
Basis 45%, Saurashtra	17500	18000	-500
Basis 40%, Saurashtra	15500	16000	-500
GN Cake, Gondal	18000	18000	Unch

Mustard DOC/Meal	29-Sep-17	22-Sep-17	Change
Jaipur (Plant delivery)	13200	13400	-200
Kandla (FOR Rs/MT)	14000	14100	-100
Sri Ganganagar	1655	1640	15

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	28-Sep-17	21-Sep-17	28-Aug-17	28-Sep-16	28-Sep-15
Delhi	Hybrid(U.P)	1300	1275	1325	1550	1460
Davangere	Loose	1350	1350	1600	1800	1400
Nizamabad	Bilty	1430	1470	NA	1890	1500
Ahmadabad	Feed	1440	1400	1480	1700	1600
	Starch	1420	1425	1480	1650	1600

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	150.59	155.90	154.24	242.59
Cost and Freight	200.59	210.90	214.24	277.59

Soy Meal Exports (In MT):

<u>Month</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
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	48900
Jun	213564	2636	2098	17930	45975
Jul	107038	6682	928	12270	80797
Aug	183555	2778	768	10615	81079
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	851321

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	28-Sep-17	21-Sep-17	Change
Bajra	Karnataka	Hybrid	Bellary	1267	1308	-41
		Hybrid	Bangalore	2050	2050	Unch
Jowar	Karnataka	White	Bangalore	2400	2500	-100
		White	Bellary	1203	1440	-237
Maize	Karnataka	Yellow	Davangere	1350	1350	Unch
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	2450	2500	-50
		Parmal Raw	Karnal	3100	3100	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2350	2520	-170
	Maharashtra	DOC	Sangli	2650	2750	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1650	1700	-50
	Maharashtra	Ex-factory	Latur	1630	1680	-50
Mustard	Rajasthan	Plant delivery	Jaipur	1320	1340	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	1800	1800	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1342	1412	-70
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1430	1472	-42
Note: Prices Rs./Qtl						

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