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Summary

Soybean continued positive tone during the week on lower arrivals in the mandis, good demand from the crushers and positive tone of soybean at CBOT during beginning of the week. Soybean at CBOT noticed firm tone amid bullish weekly export sales of soybean and dry weather conditions in Argentina. Harvesting of soybean is over in U.S. in normal time. However, overall bearish scenario on the supply side in the global market will continue to remain the limiting factor in the market.

There is good demand from the crushers in the domestic market around current levels. Arrivals are declining in the mandis with harvesting pace slowing down in the growing regions. All India soybean average arrival per day has declined to around 3.5 -4.5 lakh bags per day. Through export promotion scheme (MEIS) govt. would provide additional 2% incentive over and above existing incentives ranges from 2 to 5% for various export products including soya meal. This will make Indian oil meal more competitive in the world market and may result in to larger export of oil meals during current year.

The weekly export sales of soybean released by USDA were above market expectation and was recorded at 2.01 MMT. The dry weather is continuing in the soybean growing regions of Argentina and will continue to support the market in the coming days.

In the month of November, exports of oil meals have increased by 93% compared to previous month.

Rapeseed prices witnessed easy tone during the week amid lack of demand from the retailers and the stockists and weakness in palm oil at BMD. Lack of demand around higher levels added to the weak tone of the market. Palm oil prices at BMD are declining on lower exports, higher production and appreciation of ringgit. Rabi mustard seed acreage till date is lower compared to previous year.

The overall bearish supply scenario in the global market is adding to the weak tone of the market. Rabi sowing progress will give further direction to the market.

As per Ministry of Agriculture, in India, maize has been sown in around 9.95 lakh hectares as on 8th December'17 for Rabi season (2017-18) which is higher than 8.87 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 3.48 lakh hectares which is higher than 2.22 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.23, 0.75 and 0.74 lakh hectares respectively as on 8th December'17 for Rabi season (2017-18).

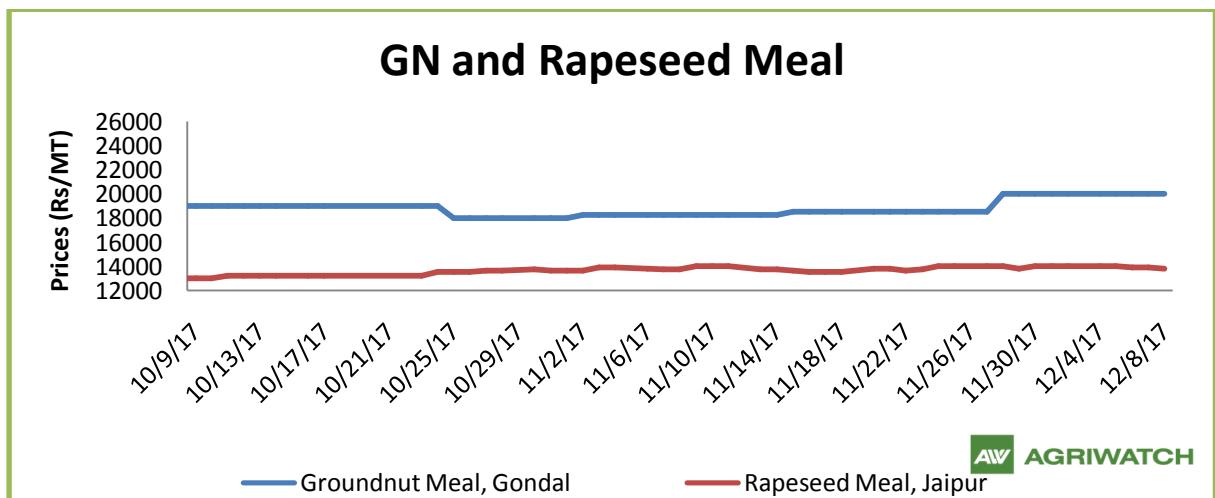
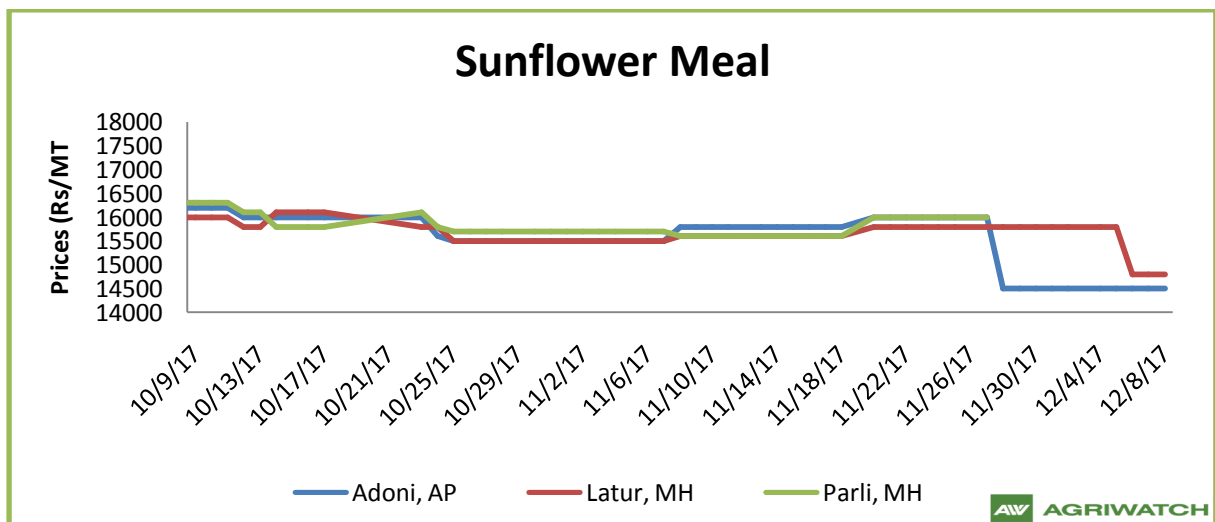
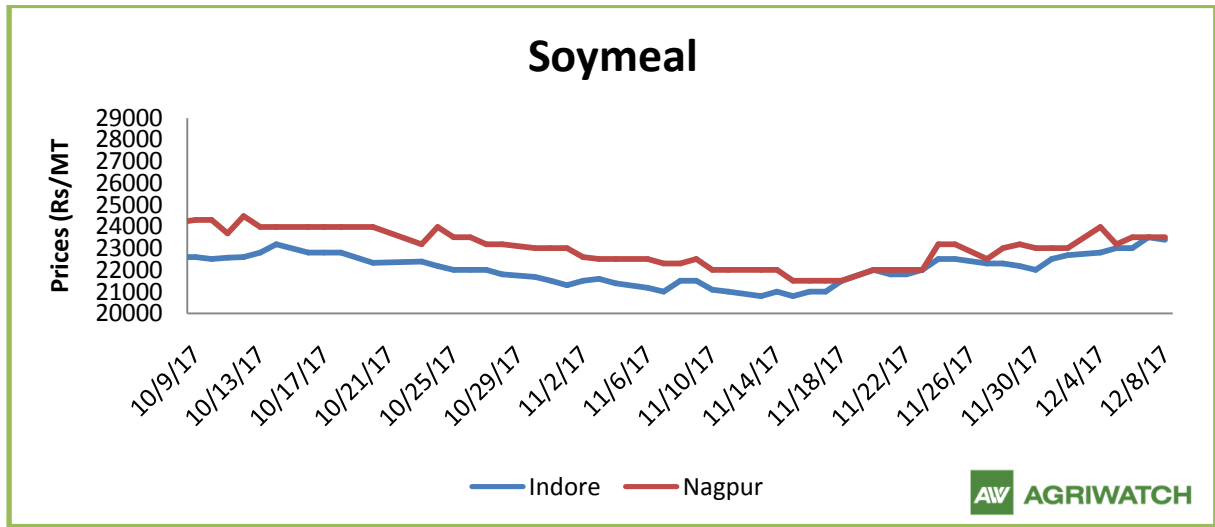
Overall maize cash markets traded steady to slightly firm during the week and are expected to be steady in near term.

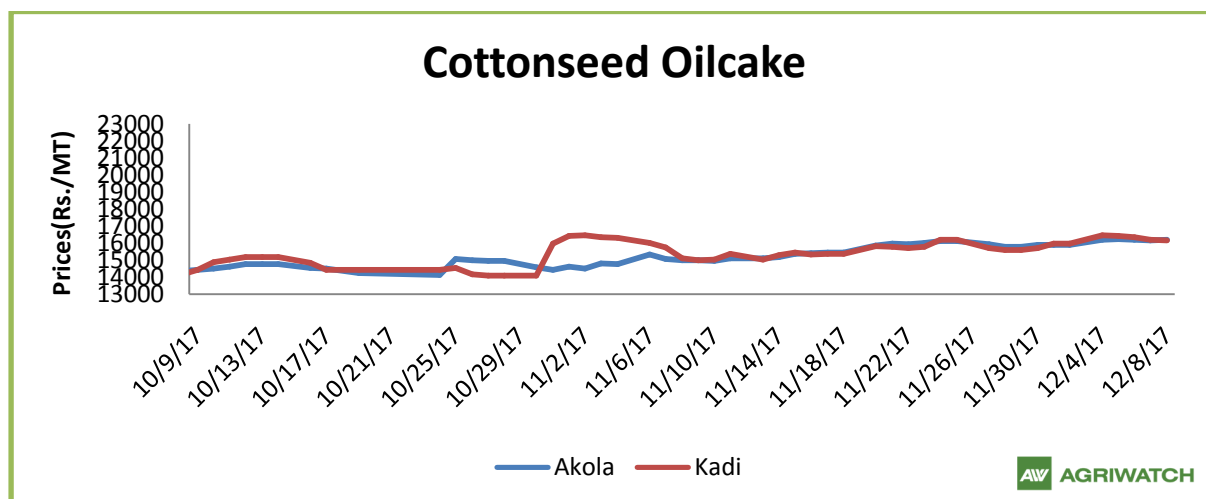
The material presently arriving in the Davangere market contains moisture up to 19% now. About a half of the material arriving in the market is still infested with fungus. In the affected lots between 2 to 8% of the grains are infested. As per trade sources, weather conditions have become favorable so dry material is expected to become available soon.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 2.21 % to Rs. 1341 per quintal (weekly average price) while starch feed makers quoted it firm by 1.27 % to Rs. 1356 per quintal compared to last week average price.

All India weekly average prices increased by 2.80 percent to Rs. 1804.00 per quintal during the week ended 08th December 2017. Wheat average price were ruling at Rs 1856.01 per quintal during 24-30 November 2017. As compared to prices in the week 01-08 December 2016, the prices are weak by 11.34 percent. Prices are expected to remain steady to weak in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean noticed firm tone during the week amid good demand from the crushers, lower arrivals in the mandis and upside movement of soybean at CBOT during the beginning of the week. Soybean at CBOT witnessed positive tone amid good demand and dry weather in the soybean growing regions of Argentina. Bullish weekly export sales of soybean added to the positive tone of the market and was recorded at 2.01 MMT.

There is good demand from the crushers in the domestic market around current levels. Arrivals are declining in the mandis with harvesting pace declining in the growing regions. All India average soybean arrival in the mandis per day has declined to around 3.5 -4.5 lakh bags.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 8,60,000 bags compared to 13,65,000 bags reported in the previous week.

As per Agriwatch estimates, soybean production in the current kharif season is expected to be 98 lakh metric tonnes compared to 115 lakh metric tonnes in the previous season. Lower soybean production will lend some support to the market. However comfortable carry-in stocks and record soybean crop in U.S. Midwest will continue to be the limiting factor.

The total sown area under rabi oilseeds, as on 8th December 2017, is lower compared to the previous year's level which is down by 7.55% at 67.79 lakh hectares compared to 72.16 lakh hectares during the corresponding period last year.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Kalapipal, Agrawal Neemuch, Adani Shujalpur, Agro Sol. Datia, Avi Agro, Bansal, Bajrang, Betul Oil, Dhanuka, DivyaJyoti, G. Ambuja, Itarsi, Indian Soya (3-2-10 specification), Khandwa, Khyati, Kriti, K.P. Newari, Mahakali, M.S. Neemuch, Prakash, Oyster Exim, Prestige, Ruchi, Rama, RH Solvex, SSA Mandideep, Shanti Overseas, Sawariya, Itarsi, Sitashri, Vippy for Dewas and Mandsaur delivery during the week.

International:

The international benchmark, CBOT soybean closed lower as expectation of a bumper crop in South America is likely to reduce the share of U.S. soybean exports.

At CBOT, the soybean, in the most active January contract, ended lower at US \$ 9.990/bushel compared to US \$ 9.94/bushel last week.

Net sales of 2,015,800 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (1,292,600 MT, including 447,000 MT switched from unknown destinations and decreases of 135,600 MT), Thailand (141,800 MT, including 66,000 MT switched from unknown destinations and decreases of 100 MT), Indonesia (101,500 MT, including 93,000 MT switched from unknown destinations and decreases of 100 MT), Germany (69,300 MT, previously reported as the Netherlands), and the Netherlands (69,300 MT, including 66,000 MT switched from unknown destinations) during the period November 24 -30, 2017. Reductions were reported for unknown destinations (54,600 MT), Venezuela (600 MT), and Malaysia (200 MT). For 2018/2019, net sales of 70,400 MT were reported for unknown destinations (66,000 MT) and Japan (4,400 MT). Exports of 2,018,100 MT were primarily to China (1,271,400 MT), Thailand (156,500 MT), Indonesia (122,200 MT), Germany (69,300 MT, previously reported as the Netherlands), and the Netherlands (69,300 MT). The current week's net sales are higher compared to net sales of 942,900 MT during the previous week.

Soy meal

The domestic meal prices noticed firm tone on good demand in the cash and export market. Ositive tone of soy meal at CBOT added to the positive tone of the market.

Soy meal demand is good through October -February seasonally as there is increase in crushing activities. Soy meal ready for delivery in PP bags at Dhule was quoted at 24500+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 24400+GST in PP bags at Latur by ADM for Dec 1 -15 and 24600 for 15 -31 December delivery, 25100 for January delivery. This is with 46% protein content and 10% deposit is required for January contract.

Through export promotion scheme (MEIS) govt. would provide additional 2% incentive over and above existing incentives ranges from 2 to 5% for various export products including soya meal. This will make Indian oil meal more competitive in the world market and may result in to larger export of oil meals during current year.

In the previous oil year meal exports have been good following good monsoon and higher production. In the current oil year, prices have to remain competitive to gain global share. Lower soybean production this season will translate into lower meal production in 2017 -18 oil year.

Further, competitive price offer by South America for soy meal has reduced demand for Indian soy meal in the global market.

On a financial year basis, India's export of oil meals during April 2017 to November 2017 stands at 1,813,037 metric tonnes as compared to 868,358 metric tonnes in the same period of previous year showing an increase of 109% according to data released by the Solvent Extractor's Association of India.

In the month of November 2017, export of oil meals increased by 93% to 328,091 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to November 2017 was reported at 768,981 metric tonnes compared to 204,860 metric tonnes during the same period previous year.

Currently, the domestic meal prices are lower compared to the corresponding period last year.

Weakness in INR against USD will remain positive factor for meal exports from India.

Soy meal increased in international market, during the week.

CBOT soy meal January contract settled at US \$ 331.70 per short ton compared to US \$ 330.20 per short ton last week.

Net sales of 166,400 MT for 2017/2018 were reported for Colombia (97,500 MT, including 8,000 MT switched from unknown destinations and decreases of 2,400 MT), Mexico (28,300 MT, including decreases of 1,600 MT), the Dominican Republic (16,200 MT, including decreases of 1,000 MT), Canada (15,200 MT, including decreases of 700 MT), Panama (7,300 MT, including 7,500 MT switched from Colombia and decreases of 200 MT), and Morocco (5,000 MT) during the period November 24 -30, 2016. Reductions were reported for Nicaragua (9,000 MT), Israel (8,500 MT), unknown destinations (5,300 MT), and Venezuela (2,000 MT). For 2018/2019, net sales of 20,000 MT were reported for unknown destinations. Exports of 260,200 MT were reported to Mexico (61,400 MT), Thailand (56,900 MT), the Philippines (50,200 MT), Colombia (23,900 MT), and Panama (16,300 MT). The current week's net sales for 2017/18 are lower compared to net sales of 176,600 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 22,700 – 23,400/MT compared to Rs. 22,000/MT -22,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to firm tone and were quoted at Rs 24,000/MT and 23,000/MT respectively compared to Rs 23,400/MT in Indore and Rs 24,000/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed easy tone amid lack of demand around higher levels and weakness in palm oil at BMD. There is not much demand from the stockists and the retailers around current levels. Rapeseed prices increased to Rs.4200 levels and are declining currently. Lower rabi mustard seed acreage till date will lend some support to the market.

According to industry sources, India's rapeseed and mustard output in 2017/18 is likely to decline by 10 per cent compared to previous season. According to Government of India figures, rapeseed and mustard seed has been sown in 59.36 lakh hectares as on 08 December 2017 compared to 64.21 lakh hectares during the same period previous year.

Farmers have reduced the area in Rajasthan amid higher temperatures and lack of moisture at the time of sowing. According to Solvent Extractor's Association of India, India produced a record 6.73 MMT rapeseed in the 2016/17 marketing year.

Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry which has been reeling due to lower

priced imports of edible oils. Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier.

The all India seed supplies were reported between 1.60 – 1.75 lakh bags in a day compared to around 1.45 – 1.75 bags a day, previous week. The supplies were 0.40 – 0.65 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 4,120 – 4,225 a quintal compared to Rs 4,750 – 4,870 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at January contract ended lower at 4015/Qtl compared to 4145/Qtl previous week.

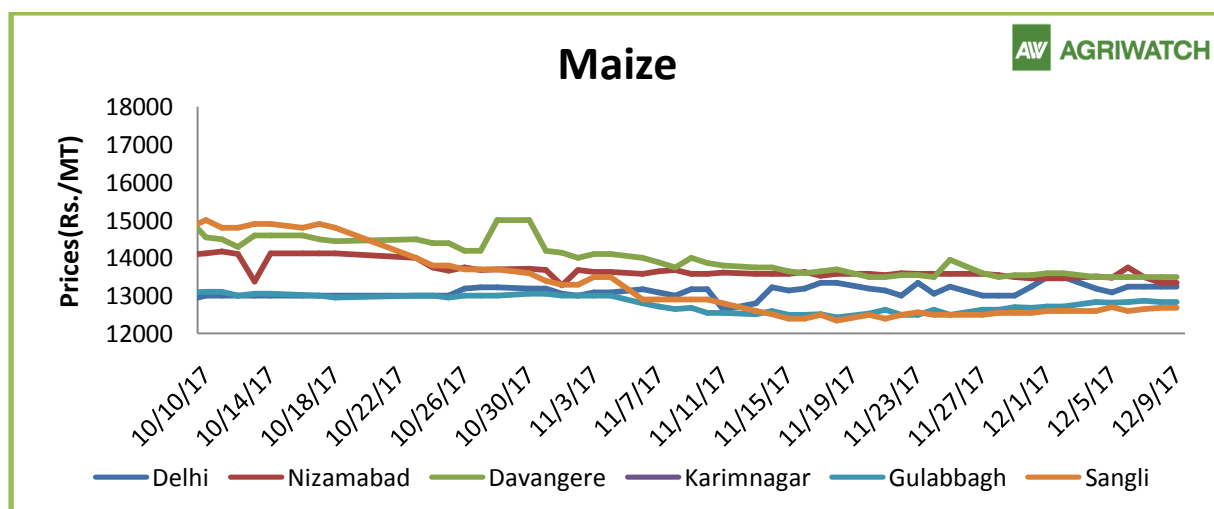
The area coverage under rapeseed, as on 08 December, is reported down 7.55% at 59.36 lakh hectares compared to 64.21 lakh hectares at the same period last year.

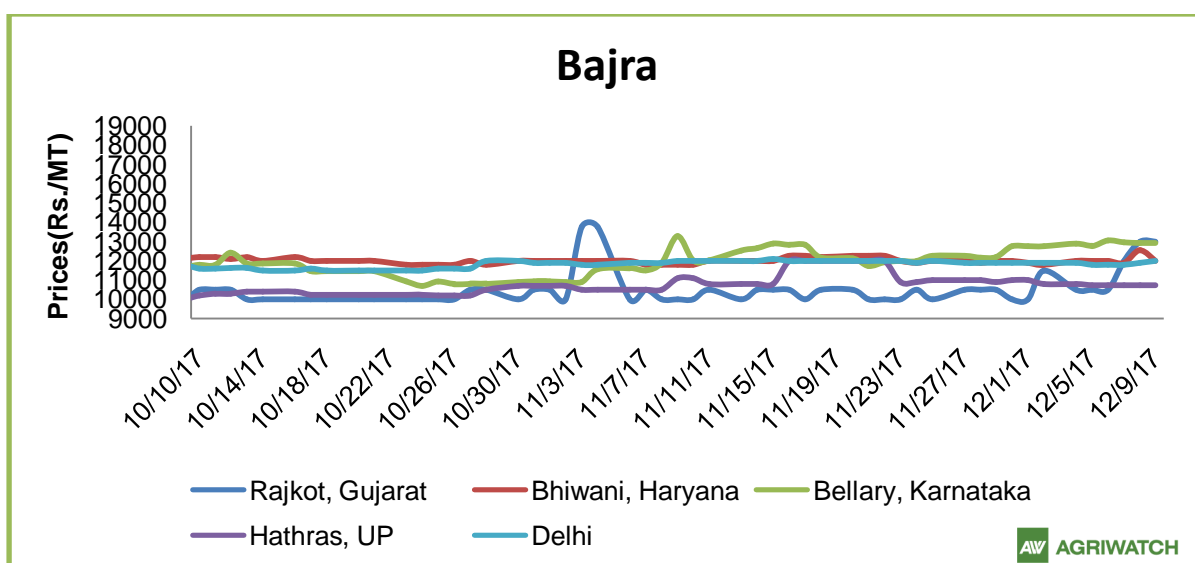
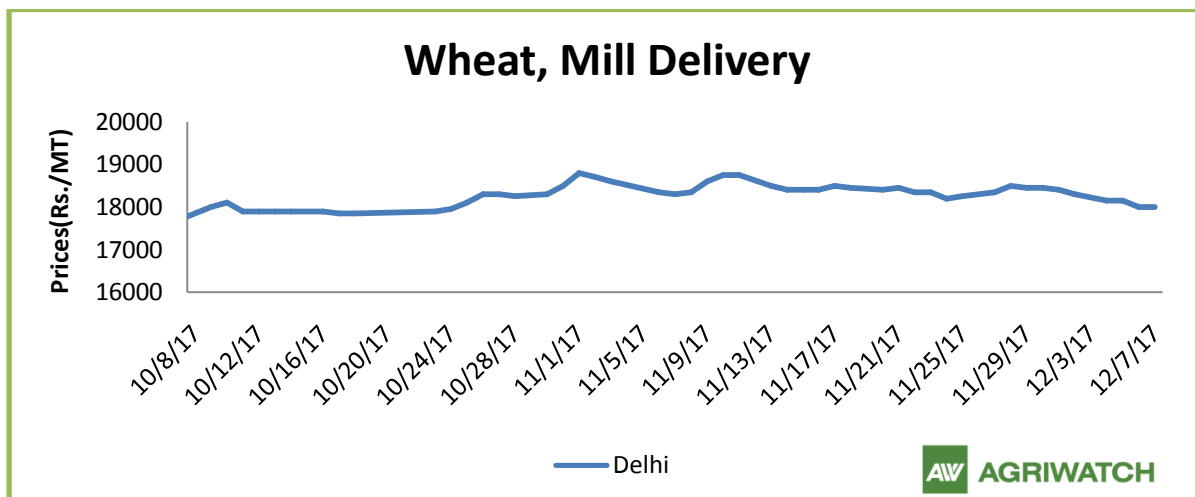
The total sown area under *rabi* oilseeds, as on 08 December, is lower compared to the previous year's level which is down by 7.55% at 67.79 lakh hectares compared to 72.16 lakh hectares during the corresponding period last year.

India's total area under rapeseed in 2017 was 70.56 lakh hectares which was higher by 9.3% from 2016.

According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17.

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 September.





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

As per farmers sowing intention, in Telangana and Andhra Pradesh regions, maize area likely to be same compared to last year while in Bihar, wheat area is likely to shift towards maize. As per trade sources, stock of maize in the hands of Private traders could be around 1.25 lakh bags (1 bag=50 kg) which was 2 lakh bags during corresponding period last year.

In Davangere, Maize crop contains moisture up to 19% now. About a half of the material arriving in the market is still infested with fungus. In the affected lots between 2 to 8% of the grains are infested. As per trade sources, weather conditions have become favorable so dry material is expected to become available soon. It is likely to trade steady amid sluggish demand.

As per USDA, U.S corn exports reached 8.08 MMT in the 2017-18 marketing year. At 0.59 MMT (for the period 24th November –30th November, 2017) U.S corn exports were primarily to Mexico (203,600 MT), Colombia (170,600 MT), Japan (105,000 MT), Panama (38,900 MT), and Peru (29,800 MT).

The Korea Feed Association purchased about 61,000 MT of corn from the trading house Pan Ocean at about \$189.80 per MT c&f plus a \$1.0 per MT surcharge for additional port unloading for arrival around March 10, 2018.

China is expected to increase maize imports by 1 million bushels in next 2-3 years in order to achieve its 2020 E10 blending mandate. It may push up demand for U.S corn and support CBOT to some extent.

CBOT corn market is likely to trade under pressure on the forecast for rain across South America.

All India weekly average prices increased by 2.80 percent to Rs. 1804.00 per quintal during the week ended 08th December 2017. Wheat average price were ruling at Rs 1856.01 per quintal during 24-30 November 2017. As compared to prices in the week 01-08 December 2016, the prices are weak by 11.34 percent. Prices are expected to remain steady to weak in coming days.

According to latest update, area sown until 08th December'17 is 190.87 lakh hectares compared to 203.56 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Punjab, Haryana, Rajasthan, Maharashtra and Madhya Pradesh compared to last year for same date.

At export front, prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is around \$95-96 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$183.60/183.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$279.92 per tonne. India exported 14.42 thousand tonne wheat in September. Total export in MY 2016-17 was registered around 126.83 thousand tonne from 1st April'16. There is no hope for recovery at export front this year.

Supply side for FAQ is likely to be normal as ample stock is available in the market due to good crop. Government procured intensively to replenish their stock and is likely to sell lower quantity in OMSS compared to last year. Demand from south Indian millers is low even after application of 20% import duty. Good production and Imports have kept demand for central and north Indian wheat at lower levels this year.

FCI has offered a total of 26759852 tonnes of wheat through E-Auction since June until first tender in December. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the first tender of December FCI has offered 941850 tonnes.

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 12.98 MMT. Availability would be 108.48 MMT, higher compared to last year because of increased production. Consumption is likely to be around 95 MMT.

As per trade sources, Import quotes for wheat from various origins to Tuticorin port witnessed weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2020-2030 per quintal due to lower stock in domestic market and no new contracts have been signed for importing this grade. ASW is Rs 1880 per quintal and Ukrainian wheat at Rs 1730-1740 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$279.92 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.60, \$183.50, Euro 157.25, \$173.66 and \$206.56 per tonne

respectively. There is little hope for recovery at export front this year however India is expected to import 3 million tonnes in MY 2017-18.

Global wheat market is expected to trade steady to weak due to higher carryover stocks and good production. EU is likely to produce around 142.2 MMT in 2017. Russia and Ukraine are likely to harvest 86-88 MMT and 26.5 MMT of wheat in 2017-18 respectively. Production in US is likely to be around 47.37 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 20.2 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 15.9 MMT in 2017-18 compared to 17.6 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 slightly firm as overall feed ingredients prices traded steady to firm 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-Dec-17	1-Dec-17	Parity To
Indore (MP)	23400	22500	Gujarat, MP
Kota	24000	23000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24800	23500	Mumbai, Maharashtra
Nagpur (42/46)	23500	23000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	23000	23000	Andhra, AP, Kar, TN
Latur	24000	23800	-
Sangli	24600	23600	Local and South
Sholapur	24500	23500	Local and South
Akola	23000	22900	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	24500	23500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	23200	22800	-

Soy DOC at Port

Centers	Port Price	
	7-Dec-17	1-Dec-17
Kandla (FOR) (INR/MT)	25200	24000

Kandla (FAS) (USD/MT)	380	372
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International Soy DOC			
Argentina FOB USD/MT	7-Dec-17	1-Dec-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	8-Dec-17	1-Dec-17	Change
Adoni	14500	14500	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14800	NA	-

Groundnut Meal (Rs/MT)	8-Dec-17	1-Dec-17	Change
Basis 45%, Saurashtra	19300	19300	Unch
Basis 40%, Saurashtra	16800	16800	Unch
GN Cake, Gondal	20000	20000	Unch

Mustard DOC/M Meal	8-Dec-17	1-Dec-17	Change
Jaipur (Plant delivery)	13800	14000	-200
Kandla (FOR Rs/MT)	14300	14400	-100
Sri Ganganagar	1800	1795	5

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	7-Dec-17	30-Nov-17	7-Nov-17	7-Dec-16	7-Dec-15
Delhi	Hybrid(U.P)	1300	NR	1310	1575	1640
Davangere	Loose	1300	1300	1300	1450	1460
Nizamabad	Bilty	1400	1400	1400	1450	1560
Ahmadabad	Feed	1340	1300	1330	1420	1625
	Starch	1360	1340	1330	1475	1625

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	158.86	150.70	157.30	236.97
Cost and Freight	208.86	205.70	217.30	271.97

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	48900
Jun	213564	2636	2098	17930	45975
Jul	107038	6682	928	12270	80797
Aug	183555	2778	768	10615	87668
Sep	173381	868	6886	12210	102212
Oct	182724	29071	4237	31390	71425
Nov	503269	110806	8909	97750	207630
Dec	451314	193832	5667	241250	
Total	3512217	1210954	276674	455374.1	1239177

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>7-Dec-17</u>	<u>30-Nov-17</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1297	1275	22
		Hybrid	Bangalore	2050	2050	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1297	1565	-268
Maize	Karnataka	Yellow	Davanger e	1300	1300	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1360	1340	20
Rice	Haryana	IR8	Karnal	2400	2400	Unch
		Parmal Raw	Karnal	3000	3000	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2340	2250	90
	Maharashtra	DOC	Sangli	2460	2360	100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1450	1450	Unch
	Maharashtra	Ex-factory	Latur	1480	NA	-

Mustard	Rajasthan	Plant delivery	Jaipur	1380	1400	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2000	2000	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1615	1598	17
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1618	1589	29
Note: Prices Rs./Qtl						

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