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Summary

Soybean noticed weak tone during the week erasing the recent gains to certain extent. Weakness in soybean at CBOT, lack of buying interest in the cash market and expected rains in the soybean growing regions of Argentina weighed on the market. Soybean at CBOT closed lower amid bearish monthly supply and demand report released by the USDA and rains expected in the Pampas belt of Argentina. The weekly export sales were within the expectation of the market.

There was lack of demand in the cash market around current levels. Harvesting has slowed down in the growing regions. All India soybean average arrival per day is reported to be around 3.0 -4.0 bags.

The weekly export sales of soybean at 1.45 MMT as reported by the USDA was within the expectation of the market. The monthly supply and demand report released by the USDA during the week reported 20 million bushels higher ending stocks of soybean at 445 million bushels. Global soybean ending stocks for 2017/18 are forecast at 98.32 MMT up from previous month's forecast of 97.90 MMT, mostly reflecting increases for United States and European Union.

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

Rapeseed prices noticed mostly weak tone during the week amid lack of demand from the retailers and the stockists and overall weakness in edible oils in the global market. Palm oil at BMD and soy oil at CBOT witnessed easy tone, thereby adding to the weak tone of the market. 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 11.33 lakh hectares as on 15th December'17 for Rabi season (2017-18) which is higher than 11.02 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 3.91 lakh hectares which is higher than 3.71 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.37, 0.79 and 0.93 lakh hectares respectively as on 15th December'17 for Rabi season (2017-18).

As per farmers sowing intention, in Telangana and Andhra Pradesh regions, maize area is likely to be same compared to last year while in Bihar, wheat area is likely to shift towards maize.

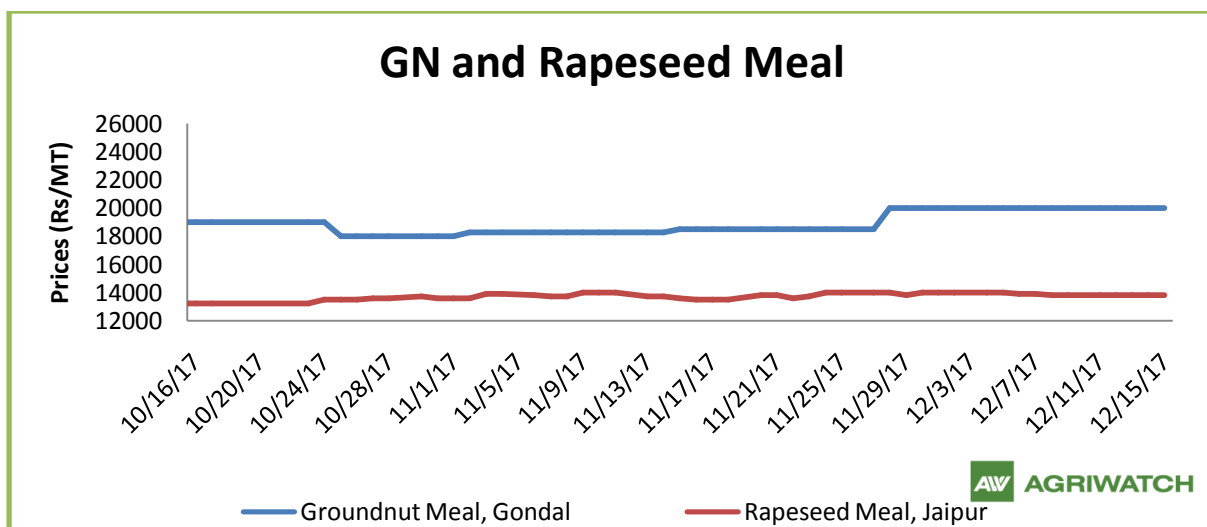
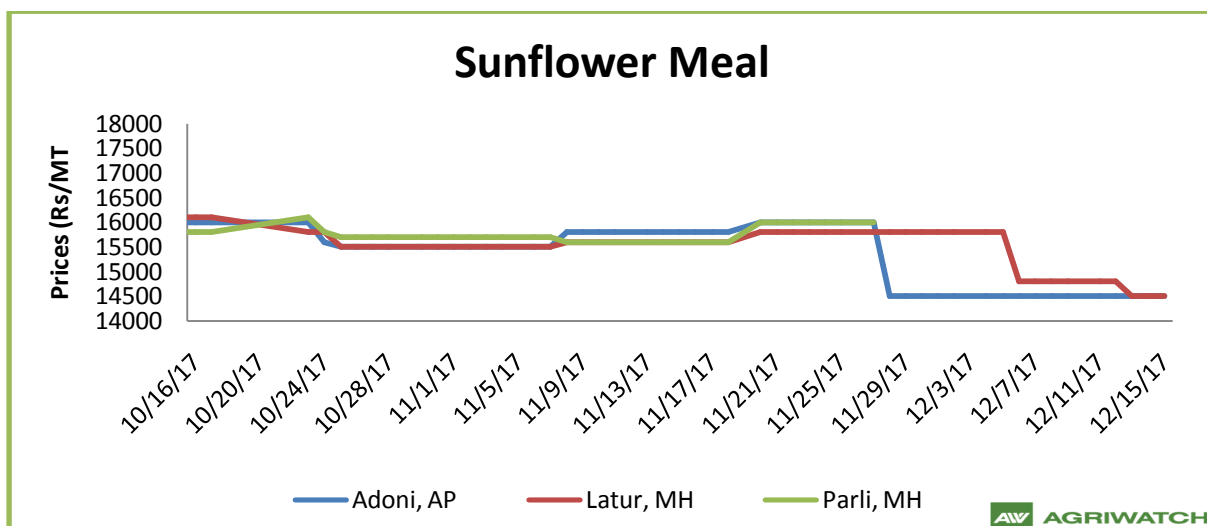
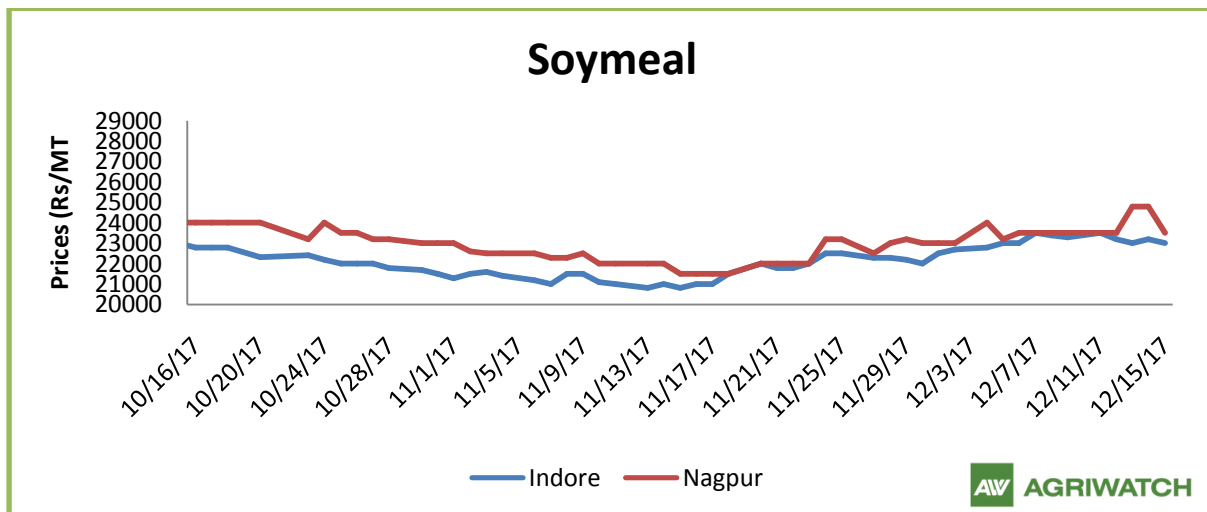
Overall maize cash markets traded steady to firm during the week and are expected to be steady to range bound in near term.

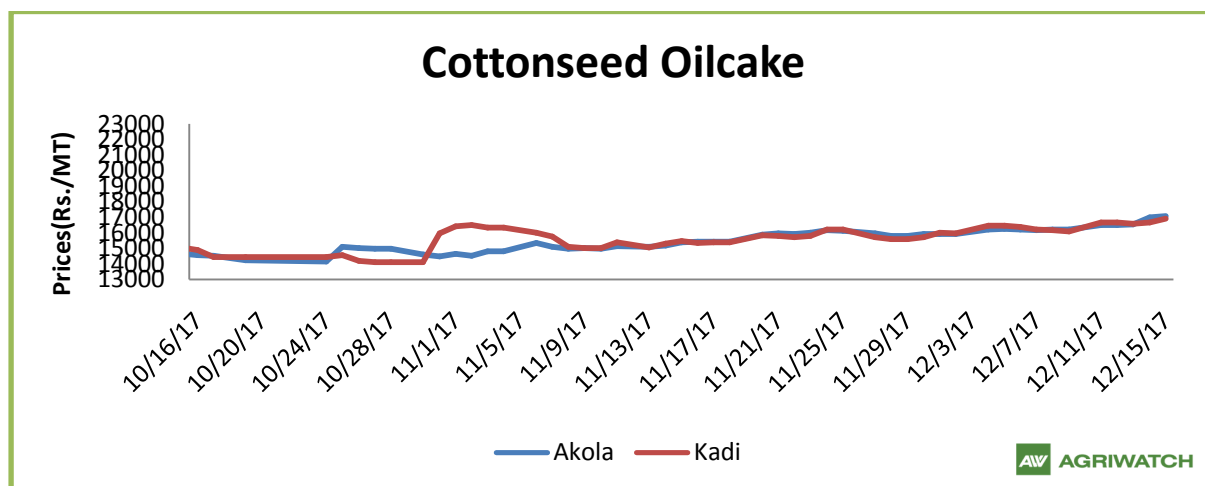
The material presently arriving in the Davangere market contains up to 18% moisture now. About a half of the material arriving in the market is still infested with fungus. In the affected lots between 2 to 8% of the grains are infested. As per trade sources, weather conditions have become favourable so dry material is expected to become available soon.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 1.79 % to Rs. 1365 per quintal (weekly average price) while starch feed makers quoted it firm by 2.51 % to Rs. 1390 per quintal compared to last week average price.

All India weekly average prices decreased by 0.84 percent to Rs. 1788.92 per quintal during the week ended 15th December 2017. Wheat average price were ruling at Rs 1804.00 per quintal during 01-08 December 2017. As compared to prices in the week 09-15 December 2016, the prices are weak by 11.58 percent. Prices are expected to remain steady to firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean witnessed easy tone during the week on lack of buying interest in the cash market and weakness in soybean at CBOT. Soybean at CBOT closed lower amid bearish monthly supply and demand report released by the USDA for the month of November and rains expected in the soybean growing regions of Argentina. According to the latest report released by the USDA, soybean ending stocks are forecast higher by 20 million bushels at 445 million bushels compared to previous month. The weekly soybean export sales were within the expectation of the market.

There is lack of buying interest in the cash market around current levels. The pace of harvesting is declining in the growing regions and arrivals are lower compared to previous week. All India soybean arrivals on an average per day is around 3.0 -4.0 lakh bags.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 9,05,000 bags compared to 8,60,000 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 15th December 2017, is lower compared to the previous year's level which is down by 6.92% at 70.73 lakh hectares compared to 74.46 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 amid bearish supply scenario and expected rains in the soybean growing regions of Argentina.

At CBOT, the soybean, in the most active January contract, ended lower at US \$ 9.67/bushel compared to US \$ 9.90/bushel last week.

Net sales of 1,452,600 MT for 2017/2018 were down 28 percent from the previous week, but up 20 percent from the prior 4-week average. Increases were reported for China (872,300 MT, including 384,200 MT switched from unknown destinations and decreases of 74,100 MT), Japan (151,800 MT, including 40,500 MT switched from unknown destinations and decreases of 200 MT), Taiwan (88,800 MT, including 66,000 MT switched from unknown destinations and decreases of 7,000 MT), the Netherlands (70,700 MT, including 66,000 MT switched from unknown destinations), Mexico (69,900 MT, including decreases of 300 MT), and Egypt (65,500 MT, including 60,000 MT switched from unknown destinations) during the period December 1 - 7, 2017. Reductions were reported for unknown destinations (130,200 MT). For 2018/2019, net sales of 113,200 MT were reported for unknown destinations (111,000 MT) and Japan (2,200 MT). Exports of 1,261,300 MT were primarily to China (768,400 MT), Taiwan (99,700 MT), the Netherlands (70,700 MT), Egypt (65,500 MT), and Bangladesh (52,800 MT). The current week's net sales are lower compared to net sales of 2,015,800 MT during the previous week.

Soy meal

The domestic meal prices witnessed steady to weak tone amid lack of good demand in the cash market and spillover weakness from soy meal at CBOT.

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 24200+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 24500+GST in jute bags at Dharwad by ADM for ready delivery and 25300+GST for 1 -15 January delivery.

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.

Soy meal declined in international market, during the week.

CBOT soy meal January contract settled at US \$ 320.60 per short ton compared to US \$ 331.70 per short ton last week.

Net sales of 455,400 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for the Philippines (137,500 MT), Colombia (59,200 MT, including 20,000 MT switched from unknown destinations), Morocco (58,000 MT), Vietnam (40,000 MT), Canada (35,000 MT), and Venezuela (30,000 MT). Reductions were reported for Nicaragua (500 MT) and Cambodia (100 MT) during the period December 1 -7, 2017. The primary destinations were to the Philippines (73,500 MT), Mexico (43,700 MT), Colombia (31,100 MT), Canada (25,800 MT), and Israel (25,400 MT). The current week's net sales for 2017/18 are higher compared to net sales of 166,400 MT during the previous week.

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

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed mostly weak tone during the week on lack of demand from the retailers and overall weakness in edible oils. Palm oil at BMD and soy oil at CBOT noticed weakness during the week amid overall bearish supply scenario in the global market. Rabi mustard seed acreage is lower till date compared to previous year.

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.

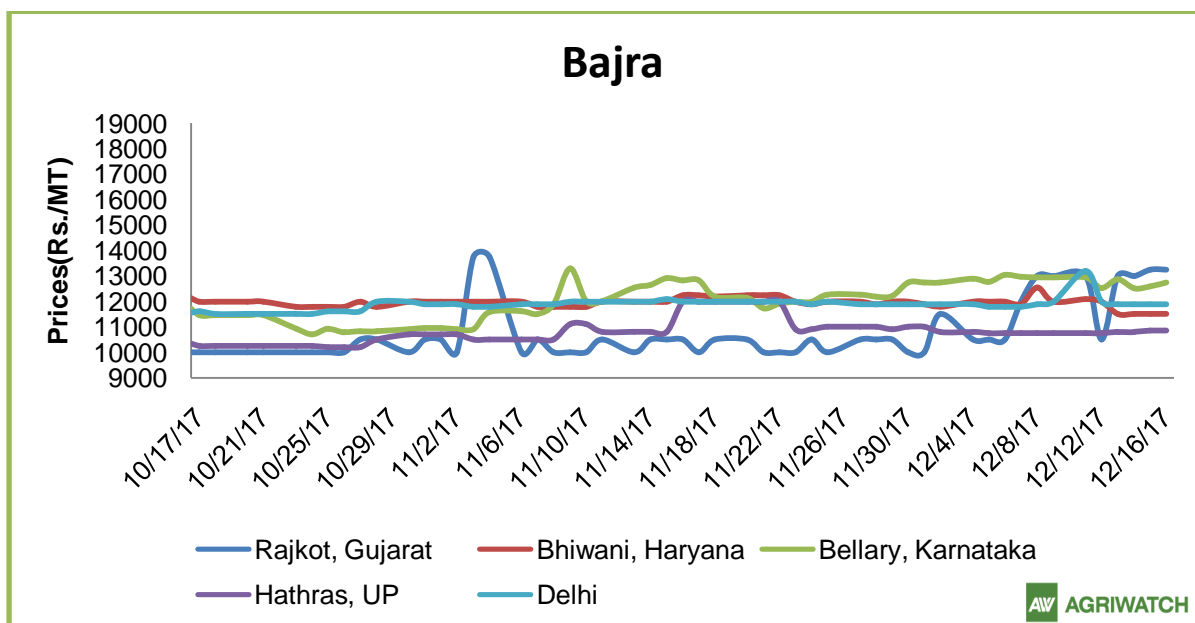
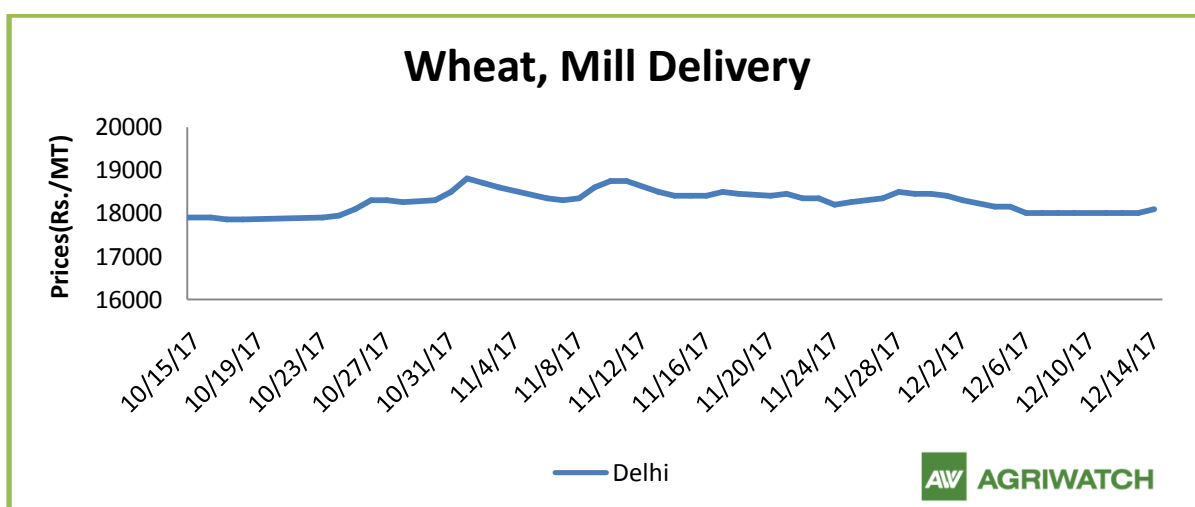
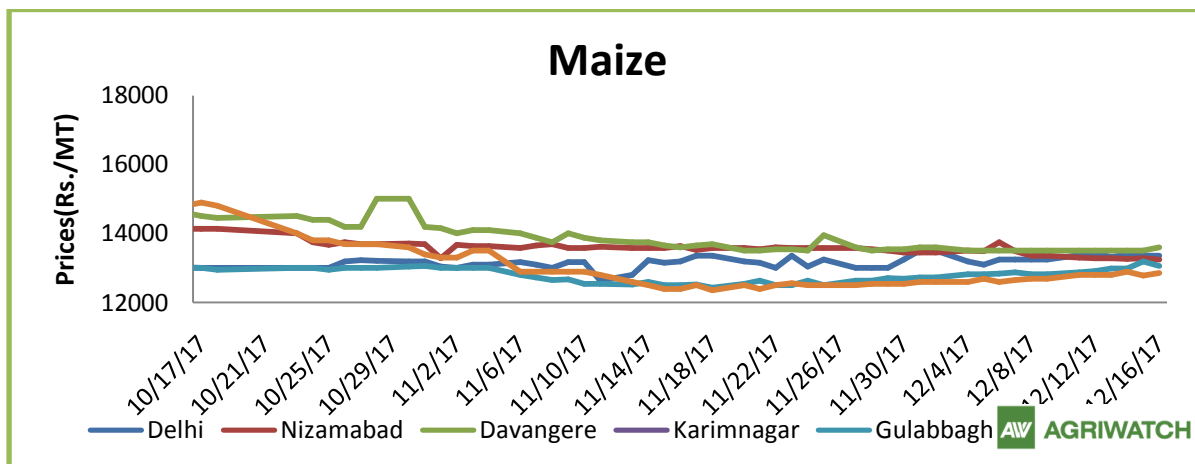
The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2017-18 season are as follows: The MSP of Rapeseed/Mustard is raised (8.1%) by Rs. 300/Qtl to Rs. 4,000/Qtl from Rs. 3,700/Qtl earlier.

The all India seed supplies were reported between 1.30 – 1.65 lakh bags in a day compared to around 1.60 – 1.75 bags a day, previous week. The supplies were 0.25 – 0.60 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 4,115 – 4,140 a quintal compared to Rs 4,675 – 4,720 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at January contract ended lower at 3973/Qtl compared to 4015/Qtl previous week.

The area coverage under rapeseed, as on 15 December, is reported down 6.92% at 60.99 lakh hectares compared to 65.52 lakh hectares at the same period last year.



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 is likely to be same compared to last year. In Nizamabad, maize prices are likely to be steady; Trade remains restricted in major markets as feed industries are getting supply directly from farmers.

In Davangere, Maize crop contains up to 18% moisture 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 favourable so dry material is expected to become available soon. Despite fresh demand of stockiest, market will remain flat until the Government starts procurement.

As per USDA, U.S corn exports reached 8.77 MMT in the 2017-18 marketing year. At 0.69 MMT (for the period 1st December –7th December, 2017) U.S corn exports were up 17 percent from the previous week and from the prior 4-week average. The destinations were primarily to Mexico (273,900 MT), Japan (218,200 MT), Colombia (84,400 MT), Costa Rica (30,400 MT), and Guatemala (29,100 MT).

USDA increased its global corn ending stocks estimates by 0.217 MMT to 204.07 MMT for 2017/18 compared to last month due to increase in production estimates by 0.852 MMT to 1044.75 MMT for 2017/18 compared to last month. Meanwhile, Corn ending stock estimates for Brazil and China increased by 0.3 MMT and 0.891 MMT to 9.369 MMT and 79.556 MMT respectively for 2017/18.

However, USDA decreased its corn ending stock estimates for U.S by 1.27 MMT to 61.915 MMT for 2017/18 due to increase in domestic consumption estimates by 1.27 MMT to 319.039 MMT for 2017/18 while Argentina corn ending stock forecast decreased by 0.004 MMT to 6.267 MMT for 2017/18 compared to last month.

China has reduced forecast for corn import by 0.5 million tons to 1 million tons from its previous month forecast for 2017/18 due to increase in production estimates by 5.78 million tons to 215.89 million tons for 2017/18. As per monthly report published by Chinese Agricultural Supply and Demand Estimates (CASDE), China will consume 221 million tons of corn in 2017/18, up 5.34 million tons from last month's estimate, buoyed by increased demand from ethanol producers as Beijing pushes to blend renewable fuels into its gasoline supply.

All India weekly average prices decreased by 0.84 percent to Rs. 1788.92 per quintal during the week ended 15th December 2017. Wheat average price were ruling at Rs 1804.00 per quintal during 01-08 December 2017. As compared to prices in the week 09-15 December 2016, the prices are weak by 11.58 percent. Prices are expected to remain steady to firm in coming days.

FCI has offered a total of 27833052 tonnes of wheat through E-Auction since June until second tender in December. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the second tender of December FCI has offered 1073200 tonnes.

According to latest update, area sown until 14th December'17 is 245.50 lakh hectares compared to 250.48 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Punjab, Haryana, Rajasthan, Maharashtra and Madhya Pradesh compared to last year for same date.

Wheat WPI has increased from 138 in October to 139.4 in November-2017. Monthly wheat inflation has increased by 1.01 percent in November -17 compared to October -17. As compared to October-2016 wheat WPI has decreased by 5.75 percent.

There is a rumor in the market that government may increase import duty from 20 percent to 30 or 40 percent in order to put a complete halt on imports and increase off take of domestic wheat.

As per market sources, wheat area in Madhya Pradesh is likely to fall this year. Dams in Madhya Pradesh were not filled even after monsoon. Wheat may be replaced by Chana in the state as it requires less water compared to wheat. Most affected areas will be Gwalior, Chambal and Rewa.

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 2000 per quintal, ASW at Rs 1870 per quintal and Ukrainian wheat at Rs 1720-1730 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$281.19 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.80, \$183.50, Euro 156.65, \$169.17 and \$204.00 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 steady to weak as overall feed ingredients prices traded weak during last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	15-Dec-17	8-Dec-17	Parity To
Indore (MP)	23000	23400	Gujarat, MP
Kota	23400	24000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24800	24800	Mumbai, Maharashtra
Nagpur (42/46)	23500	23500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN

Nanded	23000	23000	Andhra, AP, Kar ,TN
Latur	24000	24000	-
Sangli	24500	24600	Local and South
Sholapur	24200	24500	Local and South
Akola	23000	23000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	24100	24500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	23500	23200	-

Soy DOC at Port

Centers	Port Price	
	14-Dec-17	8-Dec-17
Kandla (FOR) (INR/MT)	24700	25200
Kandla (FAS) (USD/MT)	390	380

International Soy DOC			
Argentina FOB USD/MT	14-Dec-17	7-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	15-Dec-17	8-Dec-17	Change
Adoni	14500	14500	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14500	14800	-300

Groundnut Meal (Rs/MT)	15-Dec-17	8-Dec-17	Change
Basis 45%, Saurashtra	19300	19300	Unch
Basis 40%, Saurashtra	16800	16800	Unch
GN Cake, Gondal	20000	20000	Unch

Mustard DOC/Meal	15-Dec-17	8-Dec-17	Change
Jaipur (Plant delivery)	13800	13800	Unch

Kandla (FOR Rs/MT)	14200	14300	-100
Sri Ganganagar	1790	1800	-10

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	14-Dec-17	7-Dec-17	14-Nov-17	14-Dec-16	14-Dec-15
Delhi	Hybrid(U.P)	1330	1300	1310	1575	1630
Davangere	Loose	1300	1300	1300	1450	1460
Nizamabad	Bilty	1400	1400	1400	1440	1550
Ahmadabad	Feed	1370	1340	1300	1450	1600
	Starch	1400	1360	1310	1490	1625

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	158.86	162.70	155.70	238.37
Cost and Freight	208.86	217.70	215.70	273.37

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

Commodity	State	Variety	Centre	14-Dec-17	7-Dec-17	Change
Bajra	Karnataka	Hybrid	Bellary	1252	1297	-45

		Hybrid	Bangalore	2050	2050	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1469	1297	172
Maize	Karnataka	Yellow	Davangere	1300	1300	Unch
	Andhra Pradesh	Yellow	Nizamabad	1350	1360	-10
Rice	Haryana	IR8	Karnal	2500	2400	100
		Parmal Raw	Karnal	3000	3000	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2300	2340	-40
	Maharashtra	DOC	Sangli	2450	2460	-10
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1450	1450	Unch
	Maharashtra	Ex-factory	Latur	1450	1480	-30
Mustard	Rajasthan	Plant delivery	Jaipur	1380	1380	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2000	2000	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1691	1615	76
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1708	1618	90
Note: Prices Rs./Qtl						

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