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## Summary

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Soybean noticed range –bound to firm tone during the week on lower arrivals in the mandis and good buying interest in the cash market. However upside was limited amid weakness in soybean at CBOT during the beginning of the week. Soybean at CBOT witnessed easy tone amid rains in the soybean growing regions of Brazil and Argentina. China's import of U.S. soybean could decline in 2018 on stringent Chinese import rules introduced. The weekly export sales of soybean were lower compared to previous week.

In the domestic market, arrivals are declining in the mandis. Good buying interest added to the positive tone of the market. Recovery in edible oils in the domestic market lend some support to the market.

The weekly export sale of soybean at 0.975 MMT as reported by the USDA was lower compared to previous week. Good rainfall is expected in the soybean growing regions of Argentina and Brazil in the coming days. This is likely to support soybean crop development. According to data reviewed by Reuters, half of U.S. soybeans exported to China this year would not meet Chinese rules for routine delivery in 2018.

Soy meal prices noticed range –bound to firm tone following soybean and good demand in the export market. In the current oil year, soy meal exports are higher compared to corresponding period previous year.

Rapeseed prices witnessed easy tone during the week amid lack of demand from the retailers and stockists around current levels. Weakness in soya oil at CBOT and palm oil at BMD added to the weak tone of the market. Rabi mustard seed acreage till date is lower compared to same period previous year.

Prices are driven by overall bearish scenario of edible oils in the global market. Downside will be limited amid lower arrivals in the mandis. is limited amid lower rabi oilseeds sowing progress till date.

As per Ministry of Agriculture, in India, maize has been sown in around 13.57 lakh hectares as on 29th December'17 for Rabi season (2017-18) which is higher than 13.15 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.31 lakh hectares which is higher than 4.27 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.57, 0.87 and 1.45 lakh hectares respectively as on 29th December'17 for Rabi season (2017-18).

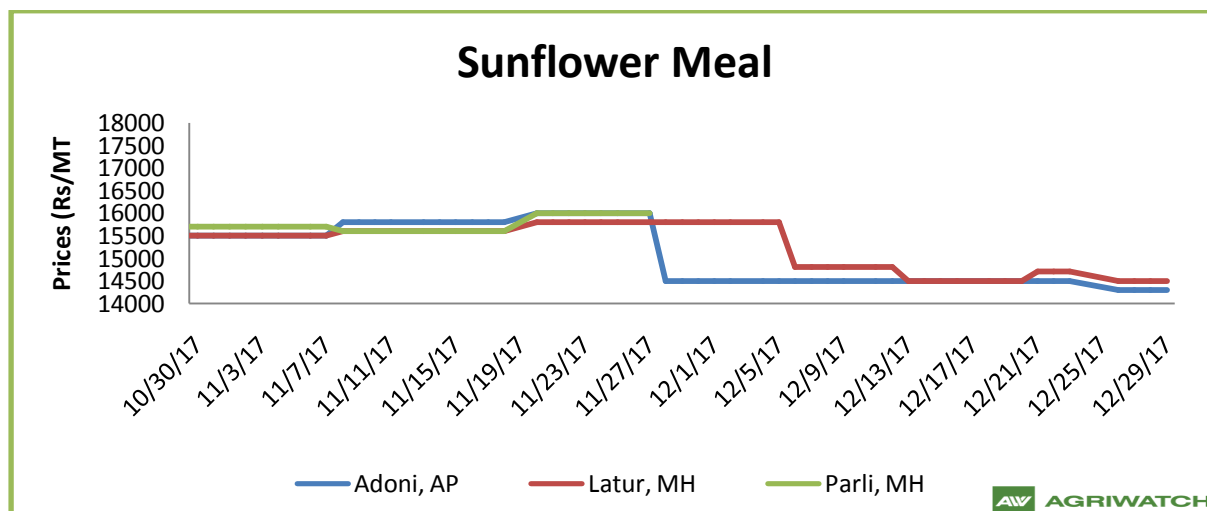
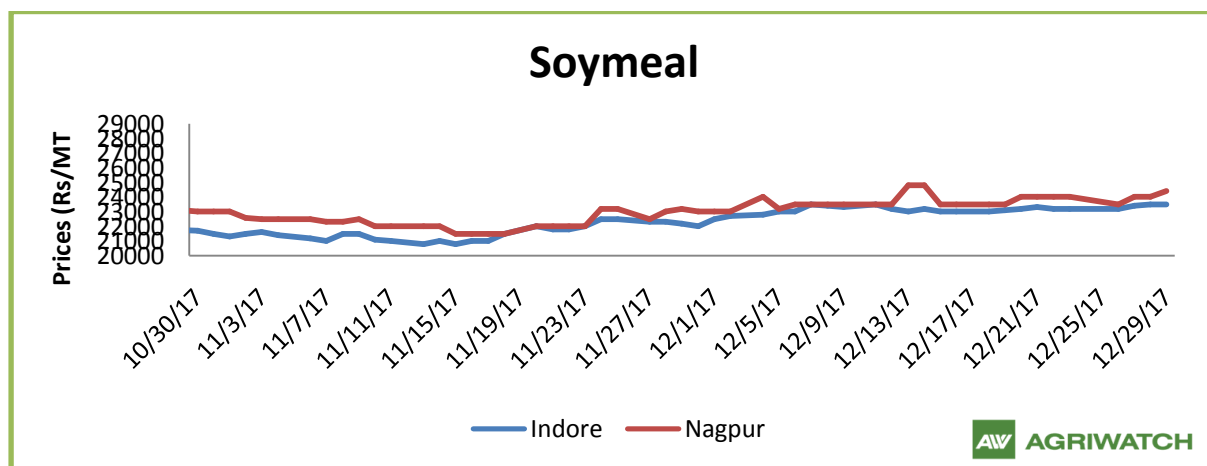
Overall maize cash markets traded steady to slightly weak during the week and are expected to be steady to range bound in near term.

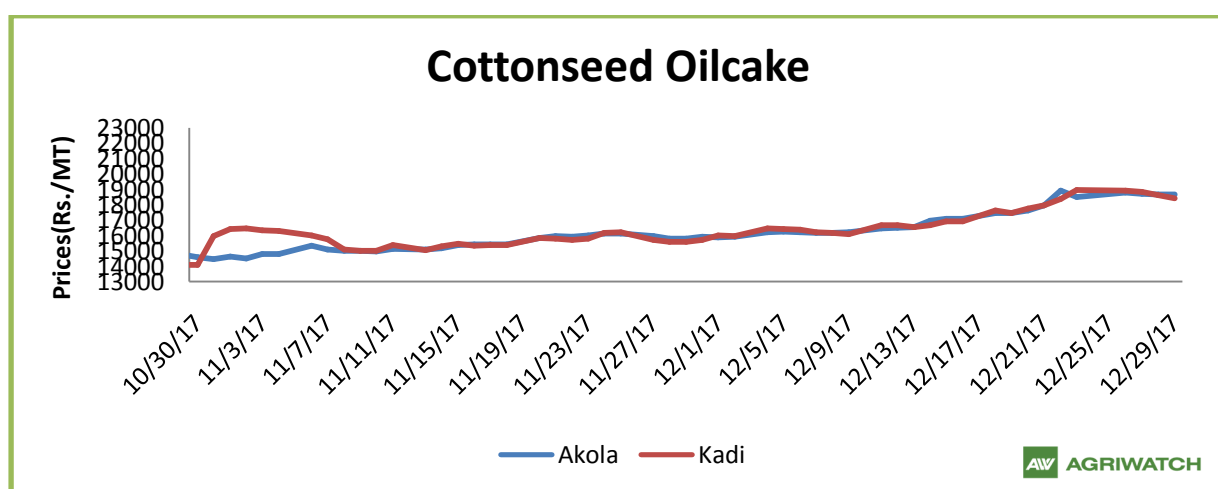
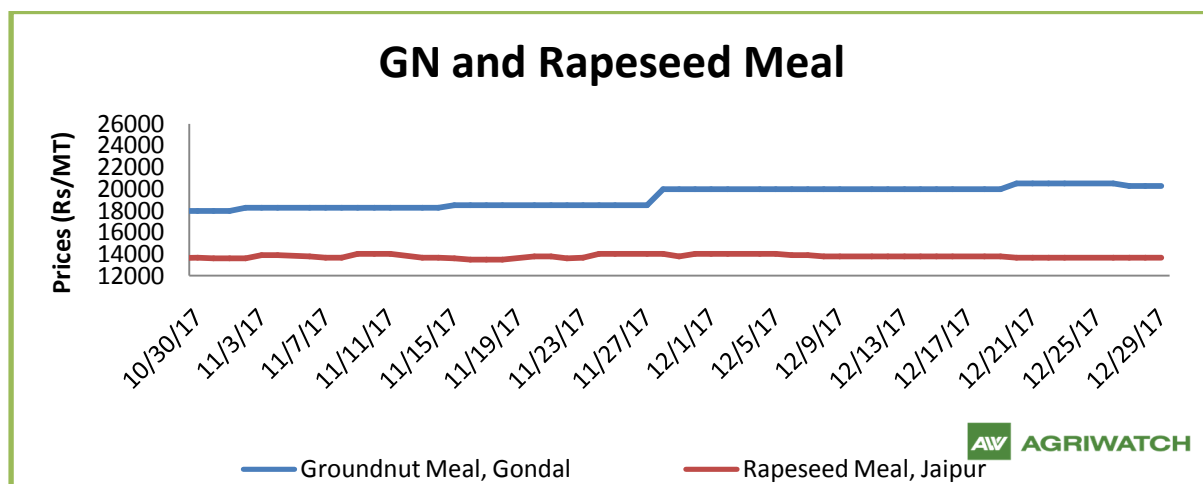
The material presently arriving in the Davangere market contains up to 16% moisture now. About 60% of the material arriving in the market is still infested with fungus. In the affected lots between 2 to 8% of the grains are infested while in Nizamabad, about 10-12% of the material is damaged grains and infested with fungus.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 1.42 % to Rs. 1323 per quintal (weekly average price) while starch feed makers quoted it down by 2.20 % to Rs. 1336 per quintal compared to last week average price.

All India weekly average prices increased by 3.61 percent to Rs. 1895.62 per quintal during the week ended 31st December 2017. Wheat average price were ruling at Rs 1829.62 per quintal during 16-23 December 2017. As compared to prices in the week 24-31 December 2016, the prices are weak by 4.77 percent. Prices are expected to remain steady to weak in coming days.

**Trend – Raw Material, Feed**





Source: AgriWatch

#### Soybean

Soybean noticed range –bound to firm tone during the week on lower arrivals in the mandis and good buying interest in the cash market. However upside was limited amid weakness in soybean at CBOT during the beginning of the week. Soybean at CBOT witnessed easy tone amid rains in the soybean growing regions of Brazil and Argentina. China's imports of U.S. soybean could decline in 2018 on stringent Chinese import rules introduced. The weekly soybean export sales were below previous week's level.

In the domestic market arrivals are declining in the mandis. Good buying interest in the cash market added to the positive tone of the market. Recovery in edible oils in the domestic market lend some support to the market.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 7,30,000 bags compared to 7,60,000 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 29<sup>th</sup> December 2017, is lower compared to the previous year's level which is down by 6.65% at 74.27 lakh hectares compared to 79.56 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 slightly higher amid short –covering ahead of the year –end holidays.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 9.62/bushel compared to US \$ 9.60/bushel last week.

Net sales of 974,700 MT for 2017/2018 were down 44 percent from the previous week and 37 percent from the prior 4-week average. Increases were reported for China (928,700 MT, including 451,500 MT switched from unknown destinations and decreases of 266,500 MT), Japan (97,500 MT, including 45,200 MT switched from unknown destinations and decreases of 1,800 MT), the Netherlands (84,200 MT, including 76,000 MT switched from unknown destinations and decrease of 3,000 MT), Mexico (67,500 MT, including decreases of 200 MT), and Turkey (50,800 MT) during the week December 15 -21, 2017. Reductions were reported for unknown destinations (327,500 MT) and Spain (32,300 MT). For 2018/2019, net sales of 81,300 MT were reported for unknown destinations (72,900 MT), Japan (6,400 MT), and Thailand (2,000 MT). The current week's net sales are lower compared to net sales of 1,742,900 MT during the previous week.

#### **Soy meal**

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The domestic meal prices continued mostly positive tone during the week amid good demand in the cash market and spillover support from soy meal at CBOT. Soy meal at CBOT closed slightly amid short –covering ahead of year –end holidays.

Soy meal for delivery in the next 10 days at Latur was quoted at 24800+GST by Octagon. This is with 46% protein content. However, it was quoted at 25300+GST for 47% protein content and 25800+GST for 48% protein content.

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.

Exports of oil meals in the current oil year are higher compared to previous year. Prices have to remain competitive to retain the global market 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 higher compared to the corresponding period last year.

Soy meal increased in international market, during the week.

CBOT soy meal March contract settled at US \$ 316.80 per short ton compared to US \$ 316.70 per short ton last week.

Net sales of 288,300 MT for 2017/2018 were up 57 percent from the previous week and 17 percent from the prior 4-week average. Increases were reported for Mexico (40,200 MT), Italy (40,000 MT), Morocco (37,000 MT, including 5,000 MT switched from unknown destinations), Guatemala (31,800 MT, including decreases of 100 MT), Jordan (20,000 MT), Honduras (19,400 MT), and El Salvador (18,000 MT, including 2,500 MT switched from Honduras, 4,000 MT switched from Nicaragua, and 400 MT switched Costa Rica) during the week December 15 -21, 2017. Reductions were reported for Nicaragua (4,000 MT) and Colombia (800 MT). For 2018/2019, net sales of 17,600 MT were reported for Guatemala (7,700 MT), Honduras (6,600 MT), and El Salvador (3,300 MT). The current week's net sales for 2017/18 are higher compared to net sales of 184,100 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 23,200 – 23,500/MT compared to Rs. 23,000/MT -23,300/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to firm tone and were quoted at Rs 24,600/MT and 24,500/MT respectively compared to Rs 23,500/MT in Indore and Rs 24,300/MT in Kota.

#### **Rapeseed - Mustard Seed**

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The domestic rapeseed-mustard witnessed easy tone during the week amid lack of demand from the retailers and the stockists around current levels. Weakness in soya oil at CBOT and palm oil at BMD added to the weak tone of 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 62.80 lakh hectares as on 22 December 2017 compared to 68.22 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 1.20 – 1.55 lakh bags in a day compared to around 1.20 – 1.65 bags a day, previous week. The supplies were 0.40 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 4,070 – 4,125 a quintal compared to Rs 4,400 – 4,520 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at March contract ended lower at 4113/Qtl compared to 4174/Qtl previous week.

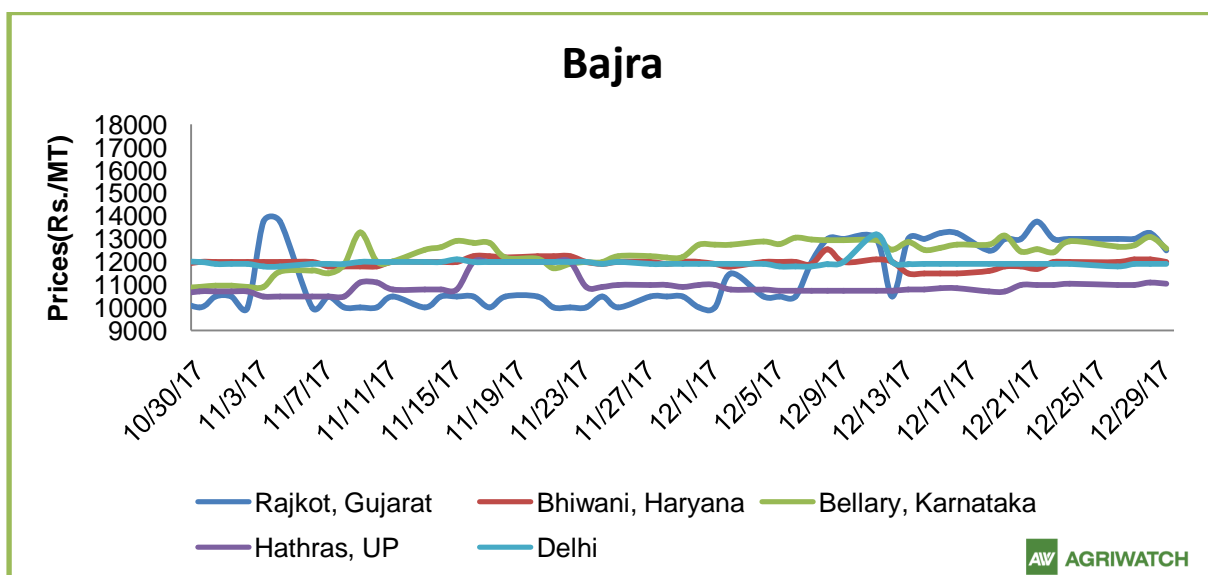
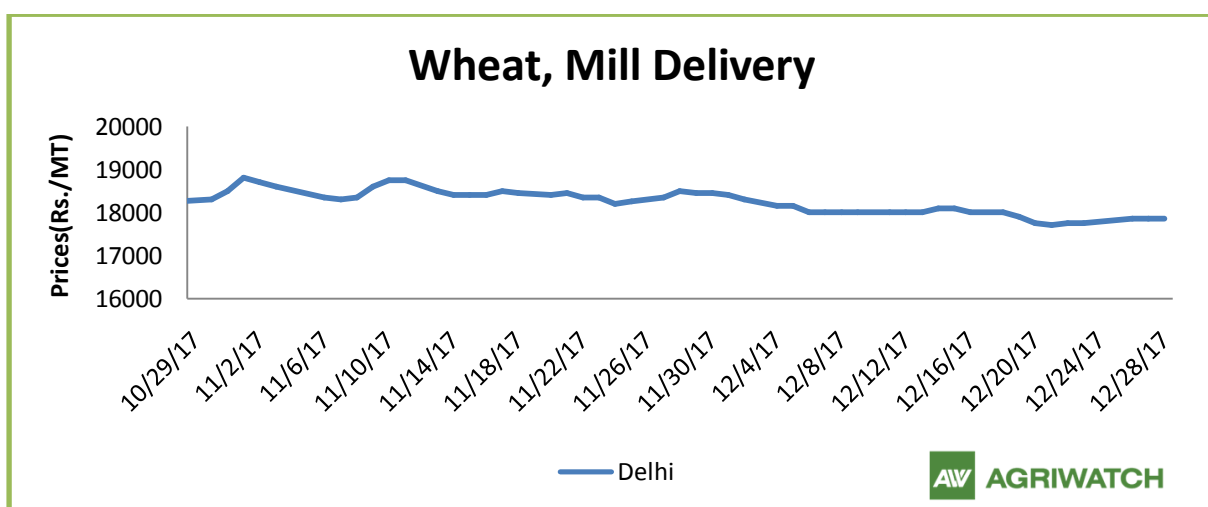
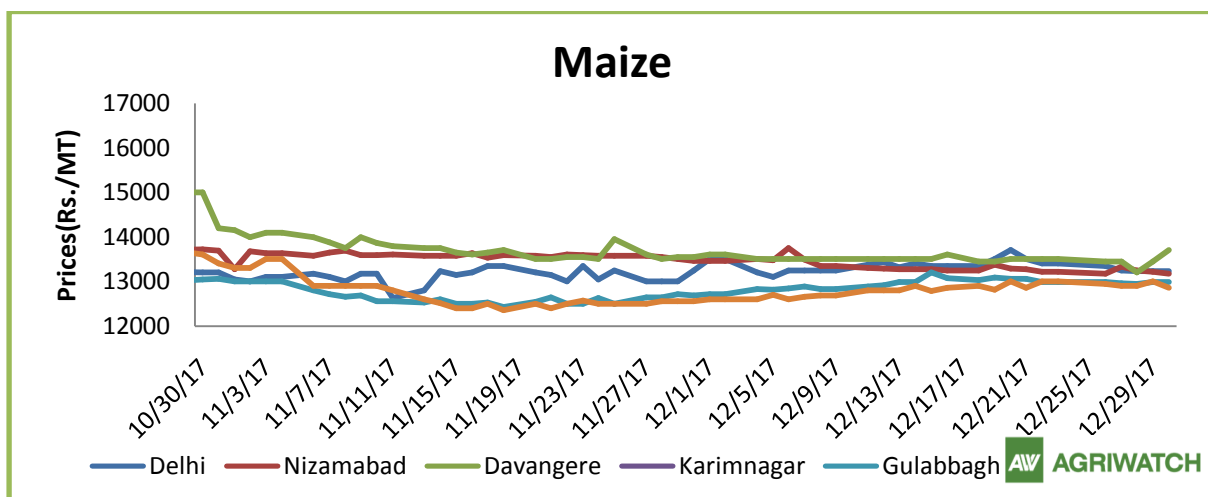
The area coverage under rapeseed, as on 29 December, is reported down 7.77% at 63.58 lakh hectares compared to 68.94 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds, as on 29 December, is lower compared to the previous year's level which is down by 6.65% at 74.27 lakh hectares compared to 79.56 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 United States Department of Agriculture (USDA) in its December review, India's 2017/18 imports of palm oil is hiked 0.4 MMT to 9.9 MMT from 9.5 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.1 MMT from 9.8 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.1 MMT to 0.449 MMT from 0.349 MMT.

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 November.



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



In Nizamabad, Maize crop is likely to trade steady to range bound in near term. As per trade source, stock of maize could be around 25000 MT and 2500 MT in the hands of Government and Private Traders respectively.

In Davangere, Maize crop contains up to 16% moisture now. About 60% 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. Maize is likely to trade steady to weak due to supply pressure amid sluggish demand of stockiest.

As per USDA, U.S corn exports reached 10.00 MMT in the 2017-18 marketing year. At 0.52 MMT (for the period 15<sup>th</sup> December –21<sup>st</sup> December, 2017) U.S corn exports were down 26 percent from the previous week and 21 percent from the previous 4-week average. The destinations were primarily to Colombia (129,000 MT), Japan (127,900 MT), Mexico (101,500 MT), Peru (69,000 MT), and the Philippines (40,900 MT).

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*According to latest update, area sown until 28th December'17 is 273.85 lakh hectares compared to 290.74 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Rajasthan, Maharashtra, Uttar Pradesh, Haryana and Madhya Pradesh compared to last year for same date.*

*As per latest update, Government of India has extended relaxation on fumigation of agriculture commodities using methyl bromide until 30th June 2018. Earlier government has provided an extension until 31st December 2017. Trade sources indicate that increase in import duty has curbed imports but it hasn't put a complete stop on imports.*

*Wheat prices are under pressure due to ample availability in the market created by good domestic production and higher imports. This year progressive sowing is at lower side compared to last year and Madhya Pradesh has reported the highest dip due to lower availability of water. Wheat farmers in Madhya Pradesh have shifted to Chana, as it requires less irrigation.*

*FCI has offered a total of 30136702 tonnes of wheat through E-Auction since June until fourth tender in December. 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, 18050 tonnes was sold in September against offered quantity of 4437300 tonnes, 131150 tonnes was sold in October against offered quantity of 4276700 tonnes, 294450 tonnes was sold in November against offered quantity of 5365150 tonnes and 81500 tonnes has been sold in two tenders of December against offered quantity of 2217800 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 steady to weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2025 per quintal, ASW at Rs 1925 per quintal and Ukrainian wheat at Rs 1745 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$284.66 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.25, \$183.00, Euro 156.25, \$181.84 and \$201.47 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 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-Dec-17	22-Dec-17	Parity To
Indore (MP)	23500	23200	Gujarat, MP
Kota	24400	24000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	24600	24800	Mumbai, Maharashtra
Nagpur (42/46)	24400	24000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24600	24000	Andhra, AP, Kar ,TN

Latur	24300	24500	-
Sangli	24700	24500	Local and South
Sholapur	24700	24500	Local and South
Akola	24000	23500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	24500	24500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	23500	23500	-

**Soy DOC at Port**

Centers	Port Price	
	28-Dec-17	21-Dec-17
Kandla (FOR) (INR/MT)	NA	25000
Kandla (FAS) (USD/MT)	NA	375

International Soy DOC			
Argentina FOB USD/MT	28-Dec-17	21-Dec-17	Change
Soybean Pellets	NA	NA	-
Soybean Cake Flour	NA	NA	-
Soya Meal	NA	NA	-
Soy Expellers	NA	NA	-
Sunflower (DOC) Rates			
Centers	Ex-factory rates (Rs/ton)		
	29-Dec-17	22-Dec-17	Change
Adoni	14300	14500	-200
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14500	14700	-200

Groundnut Meal (Rs/MT)	29-Dec-17	22-Dec-17	Change
Basis 45%, Saurashtra	19000	19300	-300
Basis 40%, Saurashtra	16500	16800	-300
GN Cake, Gondal	20250	20500	-250

Mustard DOC/Meal	29-Dec-17	22-Dec-17	Change
Jaipur (Plant delivery)	13700	13700	Unch
Kandla (FOR Rs/MT)	14100	14200	-100
Sri Ganganagar	1765	1785	-20

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	28-Dec-17	21-Dec-17	28-Nov-17	28-Dec-16	28-Dec-15
Delhi	Hybrid(U.P)	1320	1325	1320	1550	1660
Davangere	Loose	1250	1270	1300	1470	1420
Nizamabad	Bilty	1360	1360	1400	1470	1540
Ahmadabad	Feed	1310	1320	1300	1500	1620
	Starch	1325	1350	1320	1525	1625

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	163.68	162.20	162.99	231.03
Cost and Freight	213.68	217.20	222.99	266.03

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	
<b>Total</b>	<b>3512217</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>1239177</b>

Feed Ingredient Prices at a Glance

Commodity	State	Variety	Centre	28-Dec-17	21-Dec-17	Change
Bajra	Karnataka	Hybrid	Bellary	1308	1255	53
		Hybrid	Bangalore	1800	1800	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1446	1343	103

Maize	Karnataka	Yellow	Davangere	1250	1270	-20
	Andhra Pradesh	Yellow	Nizamabad	1330	1320	10
Rice	Haryana	IR8	Karnal	2500	2500	Unch
		Parmal Raw	Karnal	3150	3100	50
Soy meal	Madhya Pradesh	DOC	Indore	2350	2320	30
	Maharashtra	DOC	Sangli	2470	2450	20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1430	1450	-20
	Maharashtra	Ex-factory	Latur	1450	1470	-20
Mustard	Rajasthan	Plant delivery	Jaipur	1370	1370	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2025	2050	-25
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1842	1836	6
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1866	1893	-27
Note: Prices Rs./Qtl						

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