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Summary

Soybean continued positive tone during the week amid good buying interest from the millers and lower arrivals in the mandis. Recovery in soybean at CBOT added to the positive tone of the market. Soybean at CBOT noticed firm tone amid dry weather concerns in the soybean growing regions of Argentina and bullish soybean crush report released by the USDA for the month of November. However, overall scenario remains bearish in the global market amid record supply, favorable weather condition in Brazil and stringent Chinese import rules introduced for U.S. soybean effective 01 January, 2018.

There is good demand from the millers in the domestic market and arrivals are declining in the mandis. Positive tone in edible oils in the domestic market also lent support to prices. All India average arrival of soybean per day was around 2.5 -3.5 lakh bags during the week.

The monthly soybean crush report released by the USDA for the month of November was reported at 191 million bushels. This is higher than analyst's estimates of around 175 million bushels. Dry weather in the soybean growing regions of Argentina is likely to reduce soybean planting in 2017/18, thereby lending support to the market. However weather condition remains favourable in the soybean growing regions of Brazil.

Soy meal prices witnessed positive tone during the week amid good demand in the cash and domestic market. There is forward booking of shipments in January and February. However the recent strength in Indian rupee will remain unattractive for soy meal exports.

Rapeseed prices witnessed recovery in domestic markets. Buying interest in the cash market and recovery in palm oil at BMD lent support to the market. Lower acreage is reported under mustard seed in the current rabi season compared to previous year.

Arrivals are declining in the mandis. However, overall bearish supply scenario in the global market will weigh on prices in the medium –term.

As per Ministry of Agriculture, in India, maize has been sown in around 14.42 lakh hectares as on 5th January'18 for Rabi season (2017-18) which is higher than 13.97 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.52 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 1.76, 0.96 and 1.55 lakh hectares respectively as on 5th January'18 for Rabi season (2017-18).

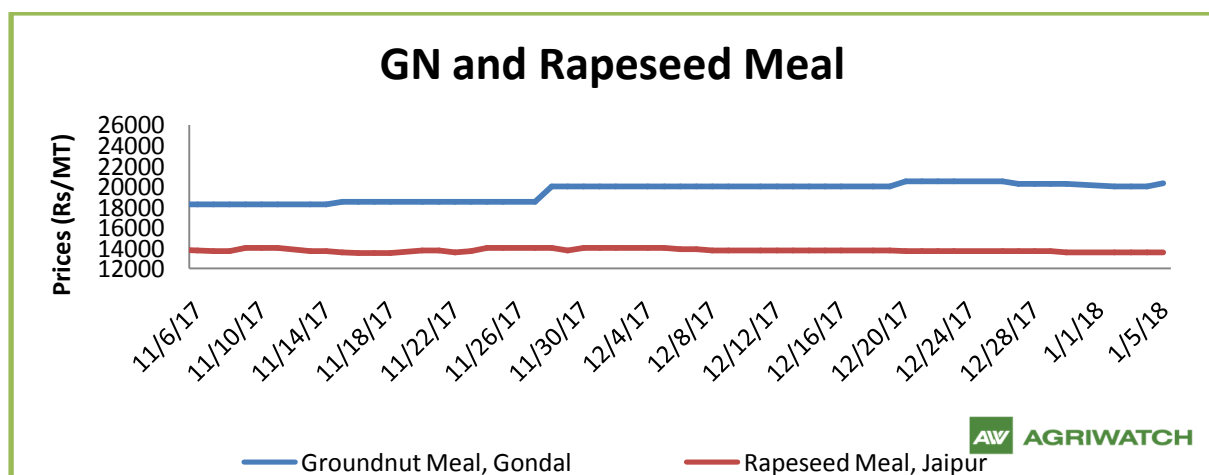
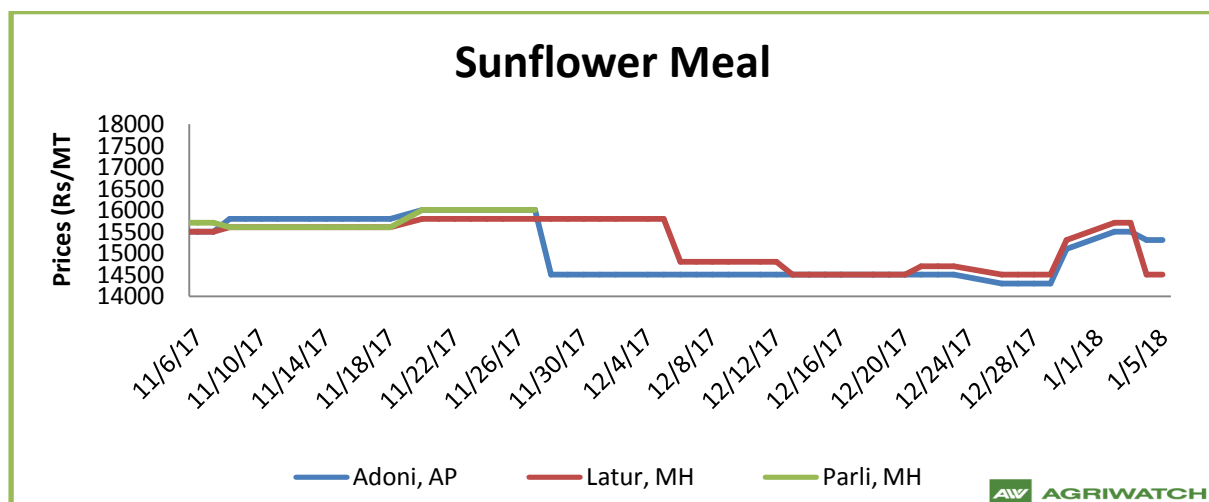
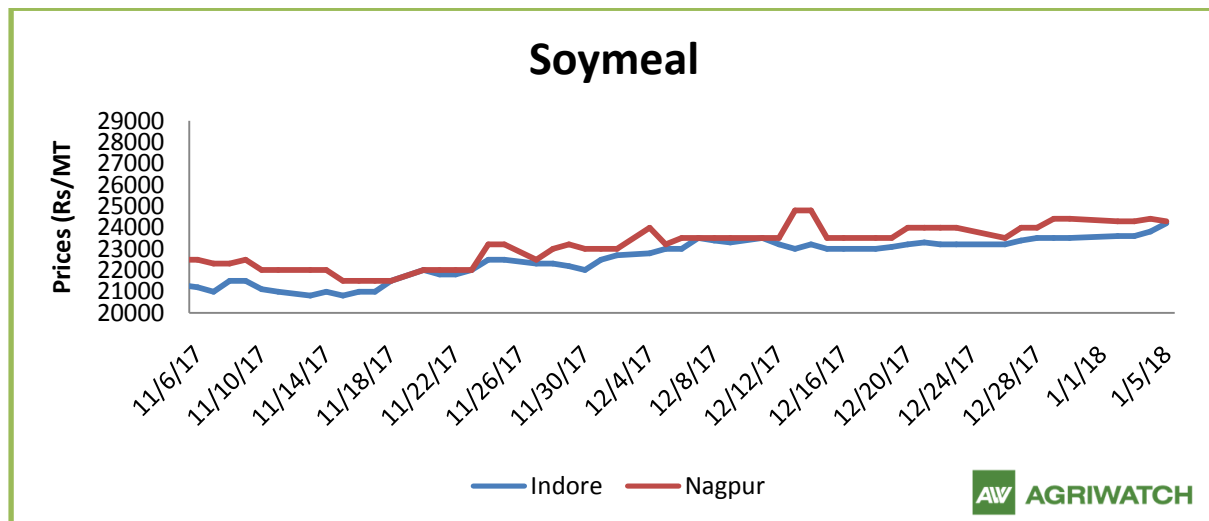
Overall maize cash markets traded steady to slightly weak during the week and are expected to be steady to slightly weak in near term too as maize crop from Tamil Nadu is expected to arrive after mid of January which could keep pressure on market sentiments.

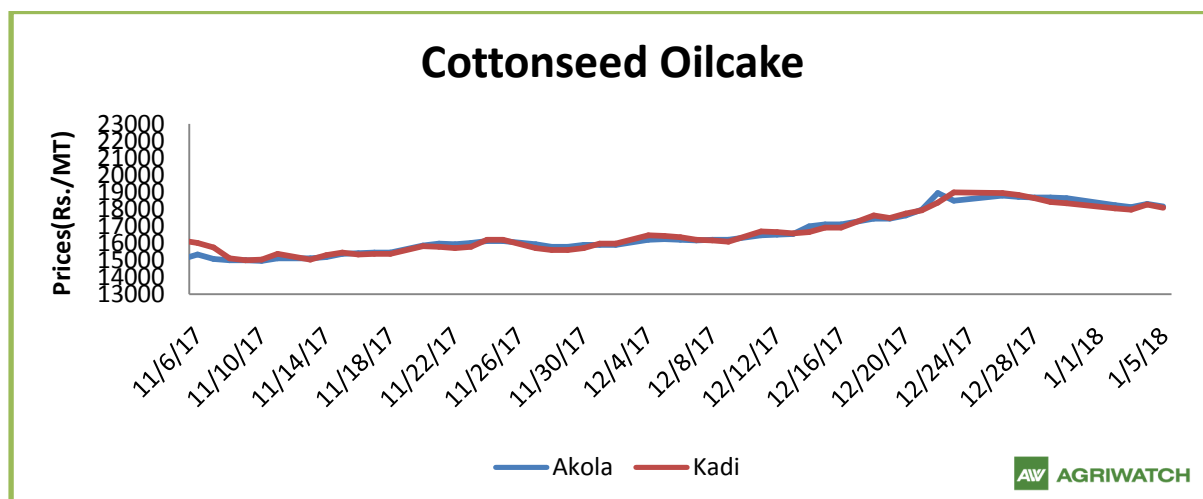
About a 70% of the material arriving in the Davangere market is still infested with fungus. In the affected lots between 2 to 8% of the grains are infested while in Nizamabad, about 10-12% of the material is damaged grains and infested with fungus.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 0.68 % to Rs. 1314 per quintal (weekly average price) while starch feed makers quoted it firm by 0.45 % to Rs. 1342 per quintal compared to last week average price.

All India weekly average prices increased by 9.14 percent to Rs. 2068.91 per quintal during the week ended 08th January 2018. Wheat average price were ruling at Rs 1895.62 per quintal during 24-31 December 2017. As compared to prices in the week 01-08 January 2017, the prices are firm by 3.85 percent. Prices are expected to remain steady to firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean continued positive tone in the domestic market during the week amid good demand from the millers and lower arrivals in the mandis. Recovery in soybean at CBOT added to the positive tone of the market. Soybean at CBOT noticed firm tone on dry weather in the soybean growing regions of Argentina and bullish soybean crush report released for the month of November by USDA. However overall scenario remains bearish in the global market amid record supply, favourable weather in the soybean growing regions of Brazil and recent stringent import norms introduced by China for U.S. soybean effective 01 January, 2018.

There is good demand from the millers in the domestic market and arrivals are declining in the mandis. Recovery in edible oils in the domestic market lent support to the market. All India average soybean arrival per day was reported to be around 2.5 -3.5 lakh bags during the week.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 5,55,000 bags compared to 7,30,000 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 5th January 2018, is lower compared to the previous year's level which is down by 6.615% at 76.69 lakh hectares compared to 80.77 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 higher amid concerns of dry weather in soybean growing regions of Argentina.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 9.71/bushel compared to US \$ 9.62/bushel last week.

Net sales of 554,000 MT for 2017/2018--a marketing year low--were down 43 percent from the previous week and 64 percent from the prior 4-week average. Increases were reported for China (478,500 MT, including 136,000 MT switched from unknown destinations, 60,000 MT switched from Bangladesh, and decreases of 5,300 MT), Japan (100,000 MT, including 64,000 MT switched from unknown destinations and decreases of 3,200 MT), the Netherlands (79,100 MT, including 67,500 MT switched from unknown destinations), Vietnam (78,100 MT, including 63,000 MT switched from unknown destinations), Egypt (66,000 MT), and Venezuela (60,000 MT) during the week December 22 -28, 2017. Reductions were reported for unknown destinations (343,600 MT), Bangladesh (57,000 MT), and Spain (3,600 MT). For 2018/2019, net sales of 6,800 MT were reported for Japan. Exports of 1,147,900 MT were down 19 percent from the previous week and 26 percent from the prior 4-week average. The primary destinations were China (679,700 MT), the Netherlands (79,100 MT), Vietnam (72,300 MT), Japan (72,000 MT), and Mexico (60,800 MT). The current week's net sales are lower compared to net sales of 947,700 MT during the previous week.

Soy meal

The domestic meal prices witnessed mostly positive tone during the week amid good demand in the cash and export market. Spillover support from soy meal at CBOT added to the positive tone of the market. According to sources, there is booking of shipments in January and February.

Soy meal ready for delivery in PP bags at Dhule was quoted at 25400+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 25700+GST by Octagon in Latur. This is with 46% protein content. However, it was quoted at 26200+GST for 47% protein content and 26700+GST for 48% protein content.

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. The recent strength in Indian rupee will remain unattractive for soy meal exports.

On a financial year basis, India's export of oil meals during April 2017 to December 2017 stands at 2,090,468 metric tonnes as compared to 1,169,914 metric tonnes in the same period of previous year showing an increase of 79% according to data released by the Solvent Extractor's Association of India.

In the month of December 2017, export of oil meals declined by 22% to 236,000 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to December 2017 was reported up at 937,846 metric tonnes compared to 446,110 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 \$ 321.90 per short ton compared to US \$ 316.80 per short ton last week.

Net sales of 109,000 MT for 2017/2018 were down 62 percent from the previous week and 60 percent from the prior 4-week average. Increases were reported for Mexico (25,400 MT, including decreases of 400 MT), Guatemala (17,100 MT, including 10,800 MT switched from unknown destinations and decreases of 500 MT), Canada (14,300 MT, including decreases of 100 MT), Panama (14,000 MT, including 3,700 MT switched from Colombia), and the Philippines (9,100 MT) during the week December 22 -28, 2017. Reductions were reported for unknown destinations (1,800 MT), Colombia (1,100 MT), and Cambodia (100 MT). For 2018/2019, net sales of 8,900 MT were reported for Mexico. Exports of 214,400 MT were down 4 percent from the previous week and 15 percent from the prior 4-week average. The primary destinations were to the Philippines (50,200 MT), Mexico (38,400 MT), Ecuador (30,700 MT), Spain (18,800 MT), and Canada (14,600 MT). The current week's net sales for 2017/18 are lower compared to net sales of 288,300 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 23,500 – 24,500/MT compared to Rs. 23,200/MT -23,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to firm tone and were quoted at Rs 25,800/MT and 24,600/MT respectively compared to Rs 24,500/MT in Indore and Rs 25,200/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard noticed recovery during the week amid buying interest in the cash market and recovery in palm oil at BMD. Lower rabi oilseeds acreage under mustard seed till date added to the positive 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 65.25 lakh hectares as on 05 January 2018 compared to 69.53 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 1.50 – 1.55 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 4,065 – 4,085 a quintal compared to Rs 4,430 – 4,525 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at March contract ended higher at 4143/Qtl compared to 4113/Qtl previous week.

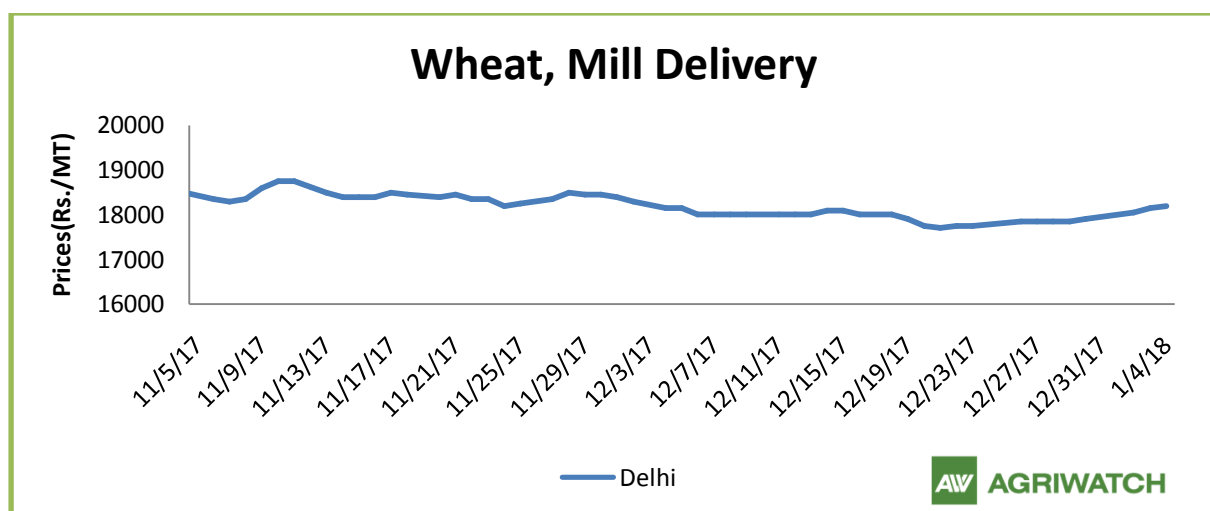
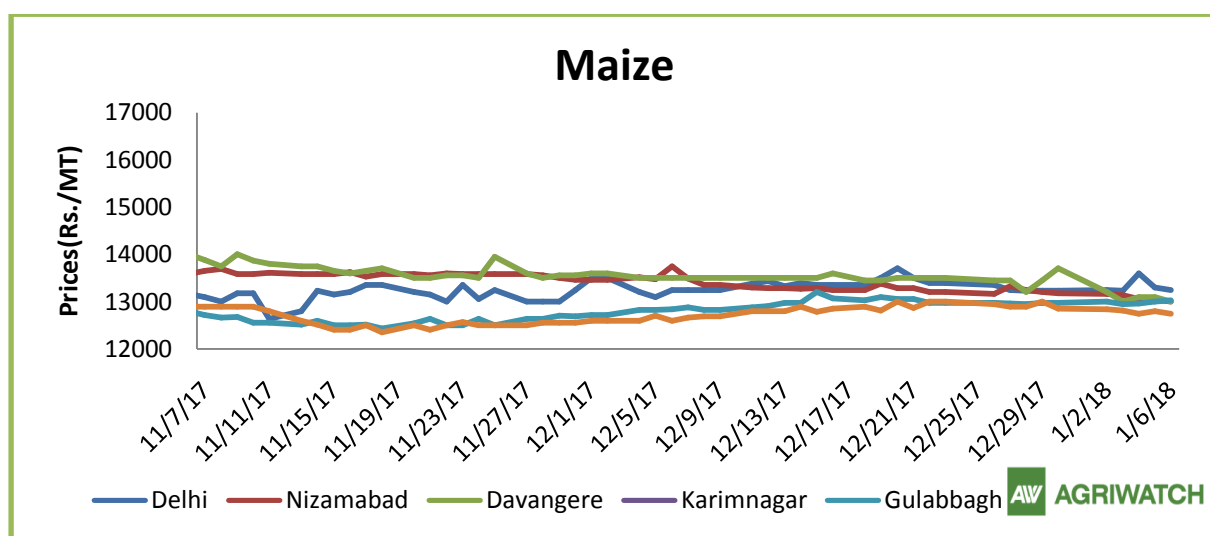
The area coverage under rapeseed, as on 05 January, is reported down 6.15% at 65.25 lakh hectares compared to 69.53 lakh hectares at the same period last year.

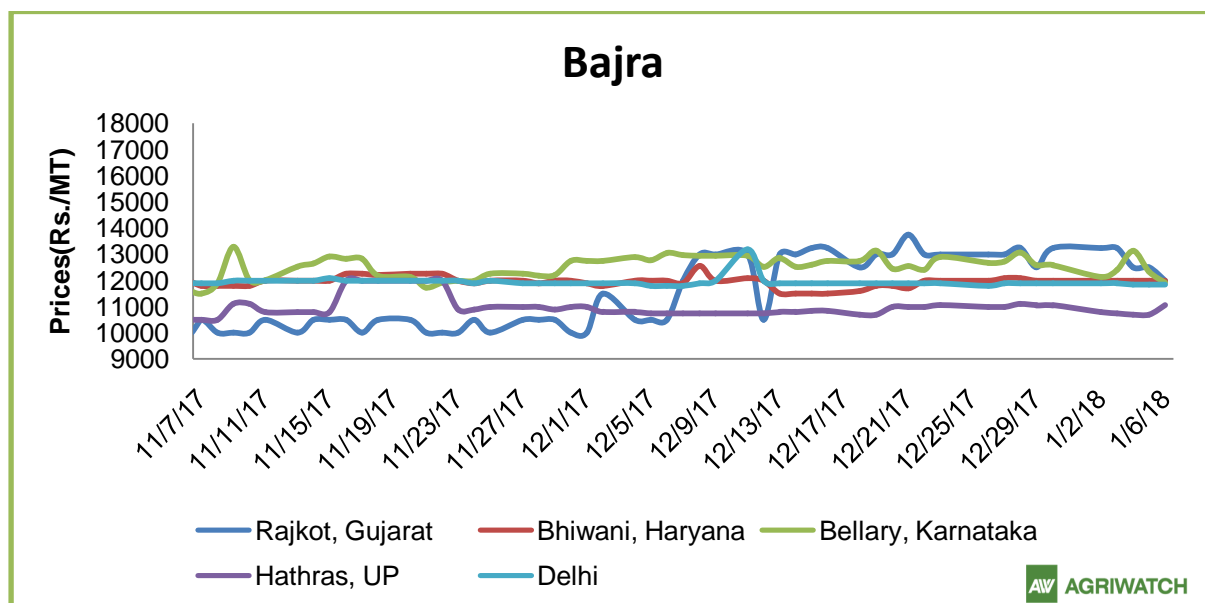
The total sown area under *rabi* oilseeds, as on 05 January, is lower compared to the previous year's level which is down by 6.15% at 76.69 lakh hectares compared to 80.77 lakh hectares during the corresponding period last year.

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 is likely to trade slightly weak in near term by taking cues from other states. 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, about a 70% 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 weak due to supply pressure. Besides, demand of stockiest remains low due to quality issue.

As per USDA, U.S corn exports reached 10.65 MMT in the 2017-18 marketing year. At 0.65 MMT (for the period 22nd December –28th December, 2017) U.S corn exports were up 26 percent from the previous week and 5 percent from the prior 4-week average. The destinations were primarily to Mexico (185,900 MT), Japan (148,600 MT), South Korea (131,000 MT), Peru (52,200 MT), and Guatemala (36,800 MT).

All India weekly average prices increased by 9.14 percent to Rs. 2068.91 per quintal during the week ended 08th January 2018. Wheat average price were ruling at Rs 1895.62 per quintal during 24-31 December 2017. As compared to prices in the week 01-08 January 2017, the prices are firm by 3.85 percent. Prices are expected to remain steady to firm in coming days.

India witnessed an uneven summer monsoon, which led to either high rainfall or no rainfall in different areas. In the end the country as a whole ended up with 5 percent less rains. Apparently this has led a major shift in acreage for Madhya Pradesh, where farmers have shifted from wheat to chickpeas as it requires less water. Furthermore a minor shift in acreage can also be seen in Uttar Pradesh from wheat to pulses.

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 October, India exported 36.87 thousand tonnes of wheat compared to 14.52 in the previous month. India has exported 165.16 thousand tonnes of wheat since April'17 until October'17.

As per latest update, India has imported around 497.04 thousand tonnes of wheat, highest since April'17. India has imported a total of 1151.97 thousand tonnes of wheat since April'17. Imports are likely to fall in upcoming months as government has increased import duty from 10 percent to 20 percent. India has exported 5957.79 thousand tonnes of wheat in 2016-17 due to two consecutive bad crops.

According to latest update, area sown until 05th January'18 is 283.46 lakh hectares compared to 297.67 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh and Madhya Pradesh compared to last year for same date.

FCI has offered a total of 31177902 tonnes of wheat through E-Auction since June until first tender in January. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

As per Agriwatch preliminary estimate production is likely to be around 91.4 MMT compared to 93.5 MMT last year. Production is likely to fall due to lower acreage this year. 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.

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.

As per trade sources, import quotes for wheat from various origins to Tuticorin port witnessed steady to firm tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2125 per quintal, ASW at Rs 1985 per quintal and Ukrainian wheat at Rs 1800 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$288.82 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.38, \$183.00, Euro 156.25, \$181.13 and \$201.10 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 15.9MMT 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 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)		
	5-Jan-18	29-Dec-17	Parity To
Indore (MP)	24200	23500	Gujarat, MP
Kota	24800	24400	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	25000	24600	Mumbai, Maharashtra
Nagpur (42/46)	24300	24400	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	24600	24600	Andhra, AP, Kar ,TN
Latur	25300	24300	-
Sangli	25500	24700	Local and South
Sholapur	25300	24700	Local and South
Akola	24500	24000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	24400	24500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	23500	23500	-

Soy DOC at Port

Centers	Port Price	
	4-Jan-18	28-Dec-17
Kandla (FOR) (INR/MT)	25200	25000
Kandla (FAS) (USD/MT)	375	375

International Soy DOC			
Argentina FOB USD/MT	4-Jan-18	28-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	5-Jan-18	29-Dec-17	Change
Adoni	15300	14300	1000
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14500	14500	Unch

Groundnut Meal (Rs/MT)	5-Jan-18	29-Dec-17	Change
Basis 45%, Saurashtra	19300	19000	300
Basis 40%, Saurashtra	16800	16500	300
GN Cake, Gondal	20300	20250	50

Mustard DOC/Meal	5-Jan-18	29-Dec-17	Change
Jaipur (Plant delivery)	13600	13700	-100
Kandla (FOR Rs/MT)	14100	14100	Unch
Sri Ganganagar	1765	1765	Unch

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	4-Jan-18	28-Dec-17	4-Dec-17	4-Jan-17	4-Jan-16
Delhi	Hybrid(U.P)	1320	1320	1310	1580	NA
Davangere	Loose	1230	1250	NA	1520	NA
Nizamabad	Bilty	1350	1360	1400	1450	1530
Ahmadabad	Feed	1300	1310	1350	1525	1590
	Starch	1340	1325	1350	1565	1600

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	162.99	163.50	165.10	229.91
Cost and Freight	212.99	218.50	225.10	264.91

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	4-Jan-18	28-Dec-17	Change
Bajra	Karnataka	Hybrid	Bellary	1313	1308	5
		Hybrid	Bangalore	1825	1800	25
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1342	1446	-104
Maize	Karnataka	Yellow	Davanger e	1154	1250	-96
	Andhra Pradesh	Yellow	Nizamaba d	1330	1330	Unch
Rice	Haryana	IR8	Karnal	2650	2500	150
		Parmal Raw	Karnal	3100	3150	-50
Soy meal	Madhya Pradesh	DOC	Indore	2420	2350	70
	Maharashtra	DOC	Sangli	2550	2470	80
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1530	1430	100
	Maharashtra	Ex-factory	Latur	1450	1450	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1360	1370	-10
Groundnut Meal	Gujarat	GN Cake	Gondal	2030	2025	5
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1808	1842	-34
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1814	1866	-52
Note: Prices Rs./Qtl						

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