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## Summary

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Soybean witnessed positive tone on good demand from the crushers and lower availability in the market. Spillover weakness from soybean at CBOT limited upside movement of the market. Soybean at CBOT closed lower amid bearish monthly supply and demand released by the USDA for the month of January and forecast of record soybean production in Brazil. Dry weather condition in the soybean growing regions of Argentina continues to remain positive factor for the market. The weekly soybean export sales were higher and within the expectation of the market.

In the domestic market, good buying interest in the cash market supported prices. Weakness in edible oils in the domestic market limited upside movement of the market. All India average arrival of soybean per day was around 2.75-3.50 lakh bags during the week.

The monthly supply and demand report released by the USDA for the month of January was bearish. U.S. soybean ending stocks have been increased by 25 million bushels to 470 million bushels and exports have been reduced by 65 million bushels to 2160 million bushels. The soybean weekly export sales of 0.6 MMT was within the expectation of the market. Overall scenario remains bearish amid record soybean production in U.S. and Brazil.

Soy meal prices continued positive tone following soybean and good demand in the export market. Recovery in Indian rupee will remain unattractive for soy meal exports.

Rapeseed prices noticed weak tone during the week amid lack of demand from the retailers around current levels and overall weakness in edible oils in the domestic market till date. Rabi mustard seed acreage till date is lower compared to previous year.

Overall bearish scenario in the global market will add to the weak tone of the market in the coming days.

As per Ministry of Agriculture, in India, maize has been sown in around 15.25 lakh hectares as on 12th January'18 for Rabi season (2017-18) which is higher than 14.83 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.66 lakh hectares which is higher than 4.47 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.83, 0.97 and 1.76 lakh hectares respectively as on 12th January'18 for Rabi season (2017-18).

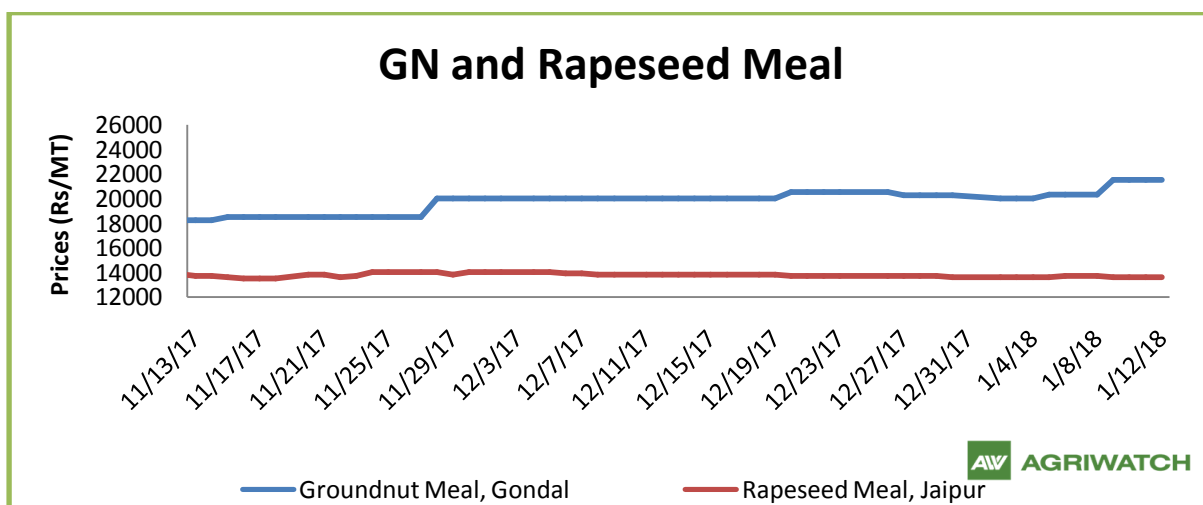
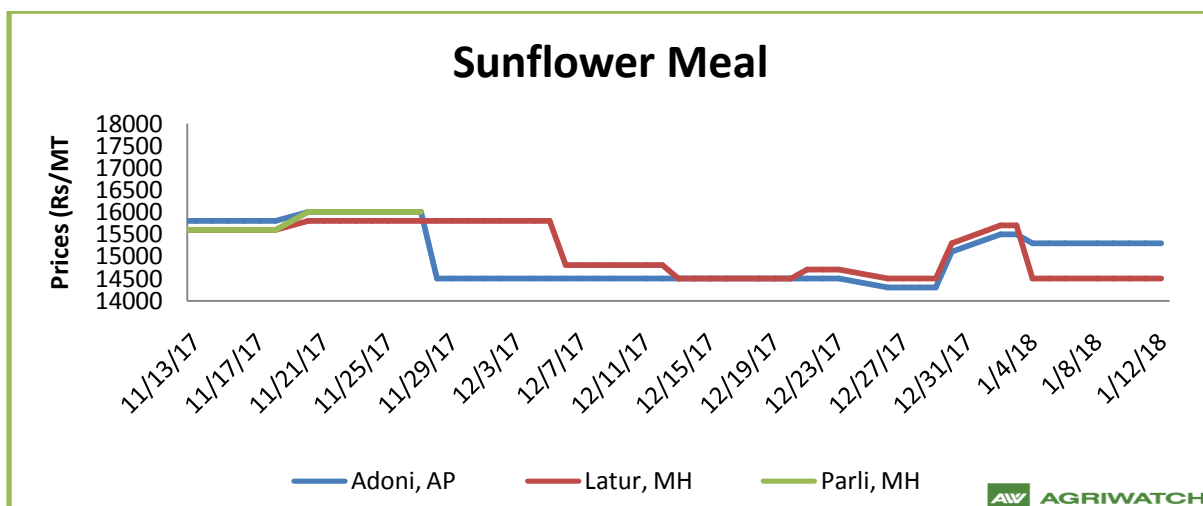
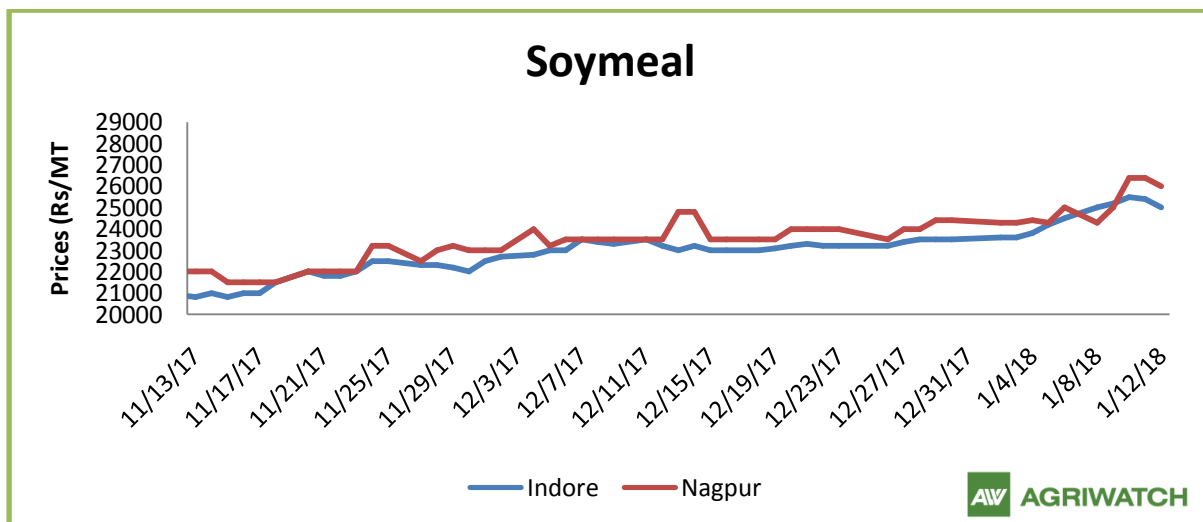
Overall maize cash markets traded steady to weak during the week and are expected to be steady to slightly weak in near term too as maize crop from Tamil Nadu is expected to arrive soon, which could keep pressure on market sentiments.

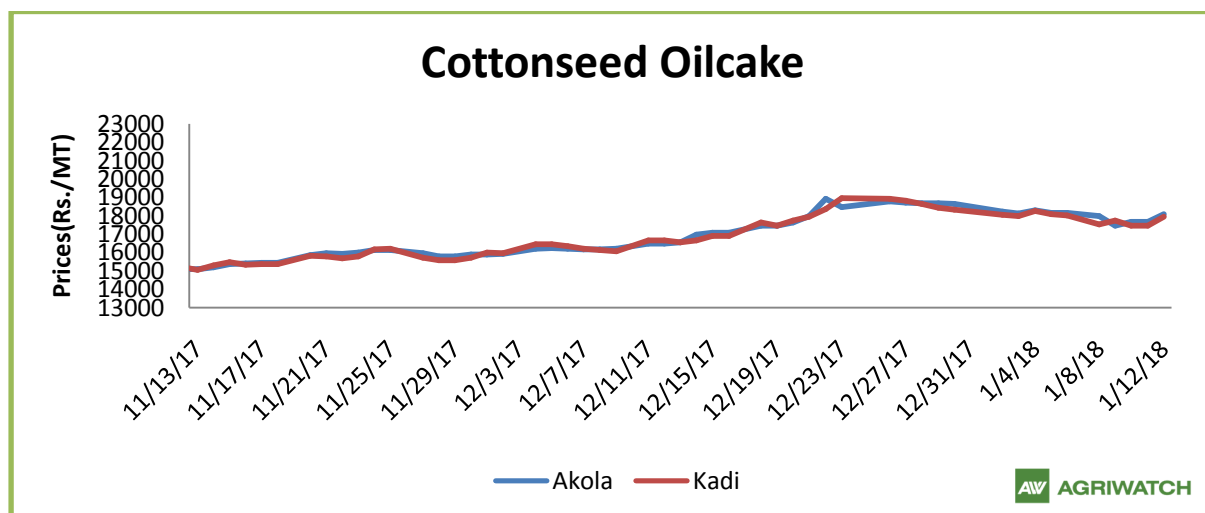
About a 70% of the material arriving in the Davangere market is still infested with fungus. In the affected lots, between 2 to 8% of the grains are infested while in Nizamabad, about 10-12% of the material is damaged grains and infested with fungus.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 0.68 % to Rs. 1323 per quintal (weekly average price). However, starch feed makers quoted it down by 0.37 % to Rs. 1337 per quintal compared to last week average price.

All India weekly average prices decreased by 6.82 percent to Rs. 1927.87 per quintal during the week ended 15th January 2018. Wheat average price were ruling at Rs 2068.91 per quintal during 01-08 January 2018. As compared to prices in the week 09-15 January 2017, the prices are weak by 8.28 percent. Prices are expected to remain steady to firm in coming days.

**Trend – Raw Material, Feed**





**Source: AgriWatch**

## Soybean

Soybean noticed firm tone during the week on good demand from the crushers and lower availability in the market. Weakness in soybean at CBOT limited upside movement of the market. Soybean at CBOT closed lower amid bearish monthly supply and demand report released by the USDA for the month of January and record soybean production forecast in 2017/18 for Brazil. The weekly soybean export sales were within the expectation of the market. Dry weather in the soybean growing regions of Argentina continues to remain positive factor for the market.

In the domestic market, good demand from the crushers supported prices amid lower availability in the market. All India average soybean arrival per day was reported to be around 2.75 -3.50 lakh bags during the week.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 5,95,000 bags compared to 5,55,000 bags reported in the previous week.

According to the Soybean Processors Association of India (SOPA), the total supply of soybean has been estimated at 104.49 lakh metric tonnes for the oil year 2017 -18 in its first quarterly estimates. Carryover stocks have been estimated at 3.99 lakh metric tonnes. For the first quarter of the current oil year till December 2017, the production is estimated at 91.46 lakh metric tonnes, while the carryover from the previous year is put at 13.03 lakh metric tonnes.

The demand for crushing is likely to be around 85 lakh metric tonnes, while exports are projected at 2 lakh metric tonnes.

With 12 lakh metric tonnes retained for sowing and 1.5 lakh metric tonnes for direct consumption, the carryover for the coming year is estimated at 3.99 lakh metric tonnes.

*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 12<sup>th</sup> January 2018, is lower compared to the previous year's level which is down by 5.03% at 78.62 lakh hectares compared to 81.61 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 monthly supply and demand report released by the USDA for the month of January.

At CBOT, the soybean, in the most active March contract, ended lower at US \$ 9.61/bushel compared to US \$ 9.71/bushel last week.

In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on December 1, 2017 totaled 3.16 billion bushels, up 9 percent from December 1, 2016.

On-farm stocks totaled 1.49 billion bushels, up 11 percent from a year ago. Off-farm stocks, at 1.67 billion bushels, are up 7 percent from a year ago.

Indicated disappearance for September - November 2017 totaled 1.54 billion bushels, down 4 percent from the same period a year earlier.

Net sales of 607,400 MT for 2017/2018 were up 28 percent from the previous week, but down 47 percent from the prior 4-week average. Increases were reported for China (616,500 MT, including 399,000 MT switched from unknown destinations and decreases of 3,200 MT), Germany (219,200 MT), the Netherlands (85,200 MT, including 74,000 MT switched from unknown destinations), Spain (71,500 MT, including 65,000 MT switched from unknown destinations), and Iran (65,700 MT, switched from unknown destinations and decreases of 3,000 MT) during the week December 29 – January 04. Reductions were reported for unknown destinations (493,400 MT), Honduras (14,000 MT), and Cuba (7,200 MT). For 2018/2019, net sales of 9,000 MT were reported for Japan. Exports of 1,546,200 MT were down 45 percent from the previous week and 19 percent from the prior 4-week average. The primary destinations were China (876,700 MT), Germany (219,200 MT), the Netherlands (85,200 MT), Mexico (77,100 MT), and Spain (71,500 MT). The current week's net sales are higher compared to net sales of 554,000 MT during the previous week.

#### **Soy meal**

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Soy meal noticed firm tone during the week amid good demand in the export market and firm tone in soybean. However upside was limited amid weakness in soy meal at CBOT. There is forward booking for shipments in February and March.

Soy meal ready for delivery in PP bags at Dhule was quoted at 26500+GST by MOEPI. This is with 46.5% protein content. However, it was quoted at 26000+GST at Latur by ADM for January delivery, 26600 for February delivery and 27100 for March delivery in revised resale. This is with 46% protein content and 10% deposit is required for February and March contracts.

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 declined in international market, during the week.

CBOT soy meal March contract settled at US \$ 317.00 per short ton compared to US \$ 321.90 per short ton last week.

Net sales of 209,300 MT for 2017/2018 were up 92 percent from the previous week, but down 19 from the prior 4-week average. Increases were reported for Mexico (68,100 MT, including decreases of 200 MT), the Philippines (50,400 MT), unknown destinations (47,000 MT), Vietnam (22,000 MT), and Canada (6,000 MT, including decreases of 200 MT) during the week December 29 -January 04. Reductions were reported for the French West Indies (5,600 MT), Jamaica (2,300 MT), and the Dominican Republic (800 MT). For 2018/2019, net sales of 17,600 MT were reported for Mexico. Exports of 141,200 MT were down 34 percent from the previous week and 41 percent from the prior 4-week average. The primary destinations were the Dominican Republic (30,600 MT), Mexico (25,000 MT), Colombia (24,000 MT), Canada (16,700 MT) and Guatemala (10,300 MT). The current week's net sales for 2017/18 are higher compared to net sales of 109,000 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 24,500 – 25,500/MT compared to Rs. 23,500/MT -24,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 26,700/MT and 25,900/MT respectively compared to Rs 25,000/MT in Indore and Rs 26,000/MT in Kota.

### Rapeseed - Mustard Seed

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The domestic rapeseed-mustard witnessed easy tone losing the recent gains to certain extent. Lack of demand from the retailers around current levels and overall weakness in edible oils in the domestic market weighed on prices. Rabi oilseeds 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 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 1.15 – 1.55 lakh bags in a day compared to around 1.20 – 1.55 bags a day, previous week. The supplies were 0.60 -0.70 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 4,255 – 4,425 a quintal during the corresponding period last year at the benchmark, Jaipur.

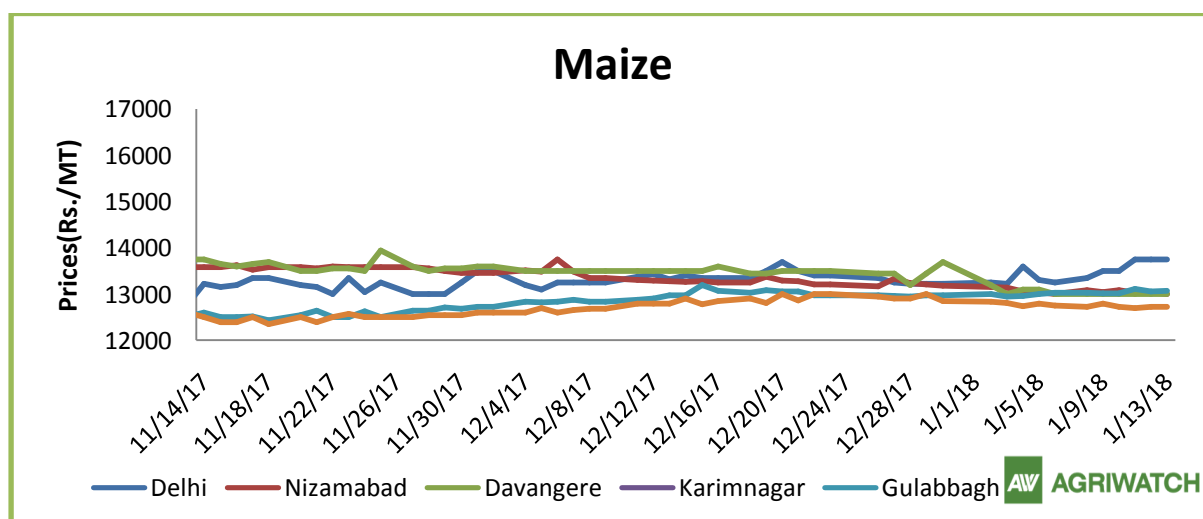
At NCDEX futures, the seed prices at March contract ended lower at 4066/Qtl compared to 4143/Qtl previous week.

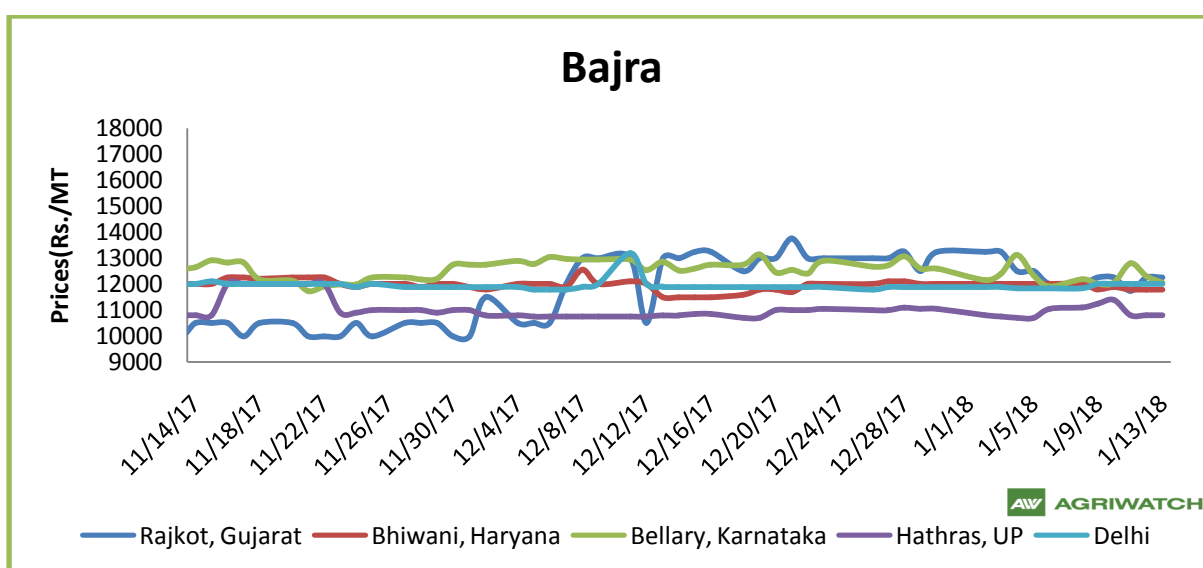
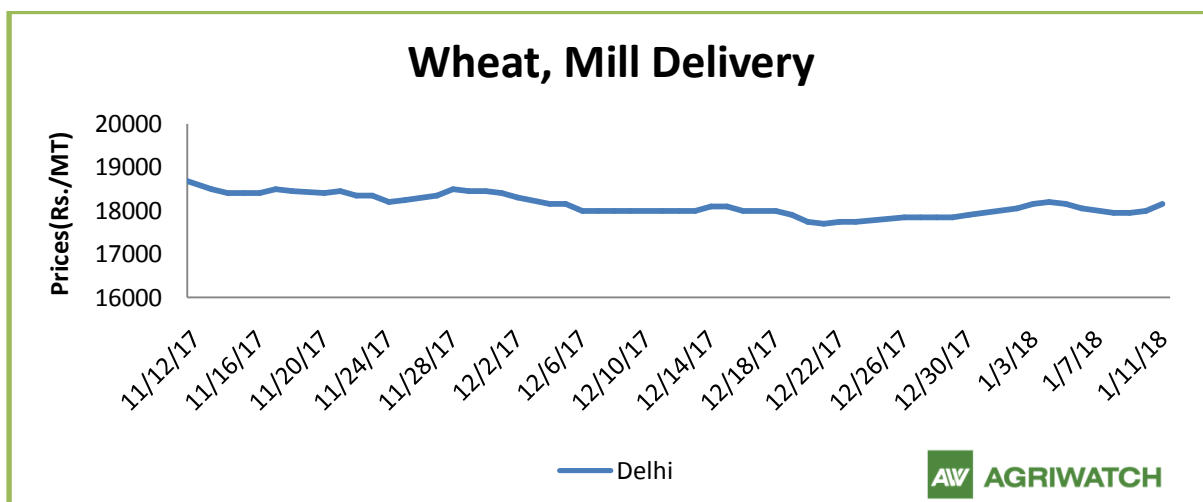
The area coverage under rapeseed, as on 12 January, is reported down 5.03% at 66.38 lakh hectares compared to 69.90 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds, as on 12 January, is lower compared to the previous year's level which is down by 5.03% at 78.62 lakh hectares compared to 81.61 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.

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 steady to slightly weak in near term by taking cues from other states. However, starch feed makers demand could support the market at lower level. 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, maize crop from Tamil Nadu is expected to arrive soon which keep pressure on market sentiments.

As per USDA, U.S corn exports reached 11.54 MMT in the 2017-18 marketing year. At 0.88 MMT (for the period 29<sup>th</sup> December –4<sup>th</sup> January, 2018) U.S corn exports were up 35 percent from the previous week and 38 percent from the previous 4-week average. The destinations were primarily to Mexico (226,300 MT), Colombia (200,500 MT), Peru (157,400 MT), South Korea (133,500 MT), and Japan (116,900 MT).

USDA increased its global corn ending stocks estimates by 2.49 MMT to 206.57 MMT for 2017/18 compared to last month due to decrease in domestic consumption estimates by 1.58 MMT to 1061.29 MMT and decrease in exports estimates by 0.6 MMT to 150.81 MMT for 2017/18 compared to last month. Corn ending stock estimates for Brazil increased by 1.00 MMT to 10.369 MMT for 2017/18 while Argentina corn ending stock forecast was unchanged at 6.267 MMT for 2017/18 compared to last month.

USDA also increased its corn ending stock estimates for U.S by 1.01 MMT to 62.92 MMT due to increase in production estimates by 0.674 MMT to 370.96 MMT for 2017/18. Besides, 0.38 MMT decrease in domestic consumption estimates also add value to the ending stock.

Agriculture ministry of China raised its forecast for 2017/18 corn imports by 2 lakh tons to 12lakh tons as rally in domestic prices encouraged buyers to seek cheap imports.

All India weekly average prices decreased by 6.82 percent to Rs. 1927.87 per quintal during the week ended 15th January 2018. Wheat average price were ruling at Rs 2068.91 per quintal during 01-08 January 2018. As compared to prices in the week 09-15 January 2017, the prices are weak by 8.28 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 12th January'18 is 295.53 lakh hectares compared to 309.99 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to last year for same date.

As per France custom department, India has imported no wheat since July'17 until November'17 compared to 107910 tonnes during the same period in 2016. India fulfilled its import requirement by buying from Black sea region and Australia.

Drought in parts of Madhya Pradesh has led to a shift in area from wheat to more lucrative crop like Chana. Shift in acreage in Madhya Pradesh was mainly due to lower water levels in major reservoirs and Chana requires less water compared to wheat. Furthermore, any aberration in weather can adversely affect wheat crop of the state.

FCI has offered a total of 32160752 tonnes of wheat through E-Auction since June until second tender in January. Total sales until fourth tender in December were 749200 tonnes. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

As per latest update, in October '17 India has imported around 497.04 thousand tonnes of wheat, highest since April'17. Imports are likely to fall in upcoming months as government has increased import duty from 10 percent to 20 percent However in the month of October'17, India exported only 36.87 thousand tonnes of wheat. The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity.

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 2125-2130 per

quintal, ASW at Rs 1990-2000 per quintal and Ukrainian wheat at Rs 1880-1890 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$291.00 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.60, \$183.00, Euro 156.80, \$184.30 and \$203.36 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 20.5 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)		
	12-Jan-18	5-Jan-18	Parity To
Indore (MP)	25000	24200	Gujarat, MP
Kota	26200	24800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	26500	25000	Mumbai, Maharashtra
Nagpur (42/46)	26000	24300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	25900	24600	Andhra, AP, Kar, TN
Latur	26700	25300	-
Sangli	26600	25500	Local and South
Sholapur	26200	25300	Local and South
Akola	25800	24500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	26400	24400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	26000	23500	-

#### Soy DOC at Port

Centers	Port Price	
	11-Jan-18	4-Jan-18
Kandla (FOR) (INR/MT)	27000	25200
Kandla (FAS) (USD/MT)	400	375

International Soy DOC			
Argentina FOB USD/MT	11-Jan-18	4-Jan-18	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	12-Jan-18	5-Jan-18	Change
Adoni	15300	15300	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	14500	14500	Unch

Groundnut Meal (Rs/MT)	12-Jan-18	5-Jan-18	Change
Basis 45%, Saurashtra	19500	19300	200
Basis 40%, Saurashtra	17000	16800	200
GN Cake, Gondal	21500	20300	1200

Mustard DOC/Meal	12-Jan-18	5-Jan-18	Change
Jaipur (Plant delivery)	13600	13600	Unch
Kandla (FOR Rs/MT)	14100	14100	Unch
Sri Ganganagar	1730	1765	-35

#### Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	11-Jan-18	4-Jan-18	11-Dec-17	11-Jan-17	11-Jan-16
Delhi	Hybrid(U.P)	1325	1320	1320	1575	NA
Davangere	Loose	1230	1230	NA	1530	NA
Nizamabad	Bilty	1340	1350	1400	1450	1520

<b>Ahmadabad</b>	Feed	1310	1300	NR	1500	1570
	Starch	1330	1340	NR	1525	1600

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

	<b>Argentina</b>	<b>Brazil</b>	<b>US</b>	<b>India (Bihar Origin)</b>
<b>FOB</b>	162.20	164.40	162.10	229.29
<b>Cost and Freight</b>	212.20	219.40	222.10	264.29

**Soy Meal Exports (In MT):**

<b>Month</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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	168865
<b>Total</b>	<b>3512217</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>1408042</b>

**Feed Ingredient Prices at a Glance**

<b>Commodity</b>	<b>State</b>	<b>Variety</b>	<b>Centre</b>	<b>11-Jan-18</b>	<b>4-Jan-18</b>	<b>Change</b>
Bajra	Karnataka	Hybrid	Bellary	1280	1313	-33
		Hybrid	Bangalore	1825	1825	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1382	1342	40
Maize	Karnataka	Yellow	Davanger e	1208	1154	54
	Andhra Pradesh	Yellow	Nizamaba d	1300	1330	-30
Rice	Haryana	IR8	Karnal	2650	2650	Unch
		Parmal Raw	Karnal	3100	3100	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2500	2420	80
	Maharashtra	DOC	Sangli	2660	2550	110

Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1530	1530	Unch
	Maharashtra	Ex-factory	Latur	1450	1450	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1360	1360	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2150	2030	120
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1795	1808	-13
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1807	1814	-7
Note: Prices Rs./Qtl						

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