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## Summary

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Soybean witnessed positive tone during the week continuing the uptrend and crossed above 3600 levels. Lower arrivals in the mandis, good demand from the crushers and firm tone of soybean at CBOT added to the positive tone of the market. Soybean at CBOT recorded gains during the week following dry weather in the soybean growing regions of Argentina and slow harvesting in Brazil. Acreage under soybean and yield is likely to decline in Argentina following the dry weather in the growing regions. Though harvesting is currently progressing slowly in Brazil, it is expected to harvest another record crop this season.

There is good demand from the crushers in the domestic market and lower availability is adding to the firm tone of the market. All India average arrival of soybean per day was reported to be around 2.00 - 2.50 lakh bags during the week.

Informa has reduced U.S. soybean acreage in 2017/18 to 91.197 million acres compared to the previous estimate of 91.387 million acres. U.S. soybean is facing stiff competition from Brazilian soybean in terms of protein content. China purchased more soybean from Brazil during 2017. Dry weather in Argentina continues to remain positive factor for the market. The weekly export sales of soybean released by the USDA were below market expectation and lower compared to previous week.

Soy meal prices continued positive tone during the week and have crossed 30,000 levels in the domestic market. Good demand in the domestic and export market supported prices during the week. Firm tone of soya meal at CBOT added to the positive tone of the market.

Rapeseed prices noticed recovery during the week amid overall firm tone of edible oils in the domestic market. Positive tone of soy complex at CBOT and palm oil at BMD supported the market. Rabi mustard seed acreage is lower till date compared to previous year.

Record supply in the global market will add to the weak tone of the market in the coming days.

Overall maize cash markets traded mixed during the week and are expected to be steady to range bound in near term as maize crop from Tamil Nadu could keep pressure on market sentiments. However, feed makers demand at lower price level could keep market stable.

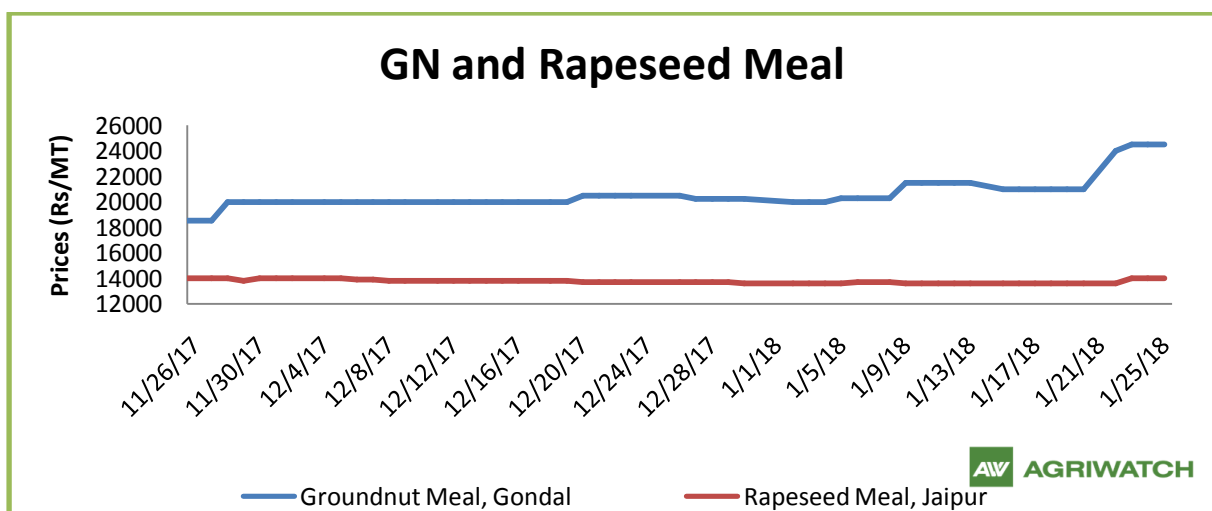
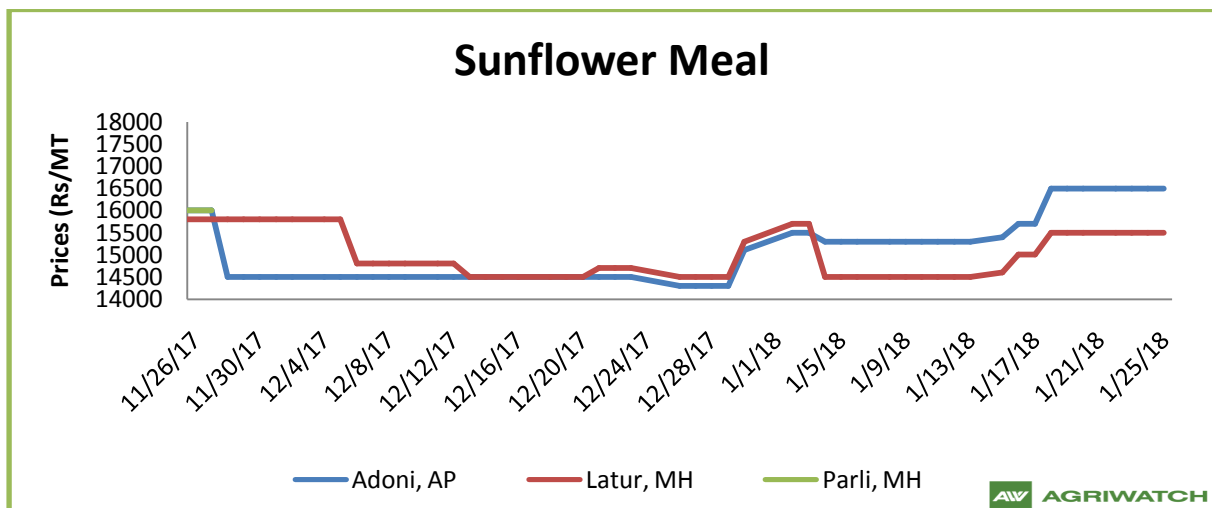
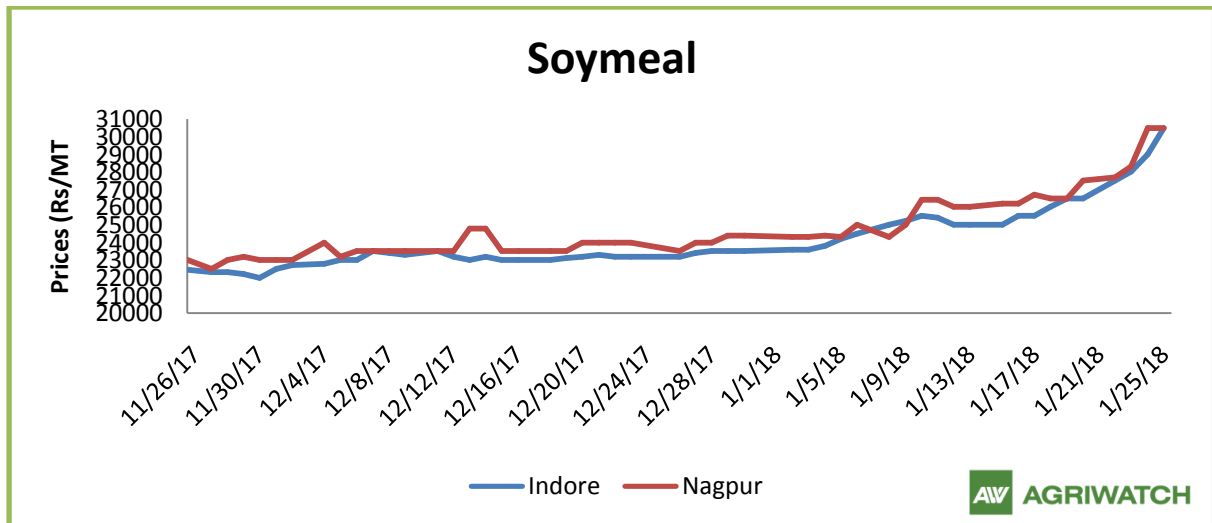
In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 0.23% to Rs. 1300 per quintal (weekly average price). However, starch feed makers quoted it firm by 0.75% to Rs. 1350 per quintal compared to last week average price.

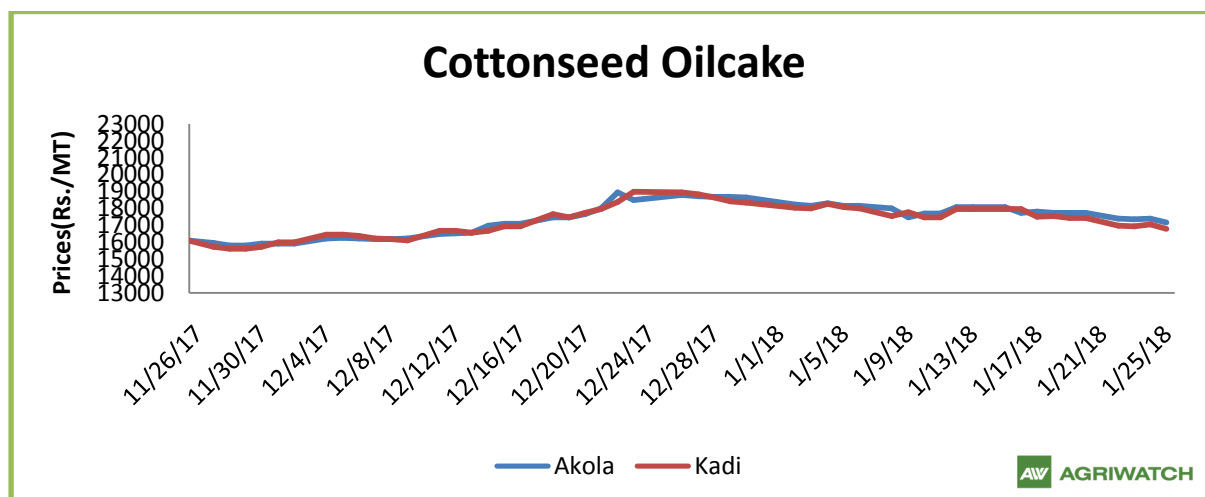
As per Agriwatch trade sources, in Bihar, maize area is likely to increase by 10%. Maize crop conditions are good right now and new crop arrivals are expected to arrive in the end of March month.

As per Ministry of Agriculture, in India, maize has been sown in around 15.74 lakh hectares as on 19th January'18 for Rabi season (2017-18) which is higher than 15.35 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.66 lakh hectares which is higher than 4.48 lakh hectares covered during corresponding period last year. While, in Maharashtra, Karnataka and A.P it has been sown in around 1.90, 0.97 and 1.91 lakh hectares respectively as on 19th January'18 for Rabi season (2017-18).

*All India weekly average prices of wheat decreased by 2.93 percent to Rs. 1871.40 per quintal during the week ended 23rd January 2018. Wheat average price were ruling at Rs 1927.87 per quintal during 09-15 January 2018. As compared to prices in the week 16-23 January 2017, the prices are weak by 9.62 percent. Prices are expected to remain steady to weak in coming days.*

**Trend – Raw Material, Feed**





**Source: AgriWatch**

## Soybean

Soybean witnessed positive tone during the week amid lower arrivals in the mandis, good demand from the crushers and positive tone of soybean at CBOT. Soybean at CBOT closed higher following dry weather in the soybean growing regions of Argentina and slow harvesting progress in Brazil. Soybean acreage and yield in Argentina is expected to decline further following dry weather in the growing regions. Though harvesting is progressing slowly in Brazil, it is expected to harvest another record crop this season. Farmers in Brazil are holding the crop and selling in less quantity anticipating higher prices in the future. The weekly export sales of soybean released by the USDA were lower compared to previous week.

There is good demand from the crushers in the domestic market and lower availability is adding to the firm tone of the market. All India average arrival of soybean per day was reported to be around 2.00 - 2.5 lakh bags during the week.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 4,25,000 bags compared to 2,75,000 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 19<sup>th</sup> January 2018, is lower compared to the previous year's level which is down by 5.01% at 79.11 lakh hectares compared to 82.08 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 on dry weather in the soybean growing regions of Argentina and weakness in dollar.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 9.86/bushel compared to US \$ 9.77/bushel last week.

Net sales of 616,300 MT for 2017/2018 were down 50 percent from the previous week and 24 percent from the prior 4-week average. Increases were reported for China (142,500 MT, including 63,000 MT switched from unknown destinations and decreases of 5,400 MT), Egypt (110,000 MT), Thailand (106,900 MT, including 71,400 MT switched from unknown destinations and decreases of 100 MT), Mexico (86,500 MT, including decreases of 8,700 MT), and Indonesia (82,500 MT, including 50,000 MT switched from unknown destinations and decreases of 800 MT) during the week January 12 -18, 2018. Reductions were reported for unknown destinations (78,000 MT), Honduras (13,500 MT), and Colombia (500 MT). For 2018/2019, net sales of 143,100 MT were reported for unknown destinations (130,000 MT) and Japan (13,100 MT). Exports of 1,243,700 MT were up 6 percent from the previous week, but down 3 percent from the prior 4-week average. The primary destinations were China (517,600 MT), Thailand (172,800 MT), Pakistan (138,300 MT), Indonesia (72,100 MT), and Spain (71,500 MT). The current week's net sales are higher compared to net sales of 1,240,200 MT during the previous week.

#### **Soy meal**

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Soy meal noticed firm tone during the week amid good demand in the domestic market and positive tone of soy meal at CBOT.

Soy meal ready for delivery in PP bags at Latur was quoted at 31500+GST by Dhanraj. However, it was quoted at 32000+GST at Latur by Octagon for February 1 -15 delivery with 46% protein content, 32700 with 47% protein content and 33200+GST with 48% protein content.

India's soy meal export is likely to decline by a fifth in the current year 2017/18. Rally in local soybean prices and firmer rupee makes Indian soy meal unattractive in the global market. This is likely to help other major producers of soy meal like U.S., Argentina and Brazil. The country's soy meal exports could fall to 1.4 MMT to 1.6 MMT in the 2017/18 marketing year which started on Oct. 1 compared to 2 MMT previous year according to industry sources.

India has been a major supplier to countries like Japan, Bangladesh, Nepal and Vietnam, where its meal is sought because of lower freight rates and the ability to supply small quantities according to an official at Solvent Extractor's Association Of India. Rupee is at around 30 month's high and soybean prices in the domestic market have increased by nearly 15% to Rs. 3300/Qtl levels in the last two months.

***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 \$ 335.70 per short ton compared to US \$ 331.60 per short ton last week.

Net sales of 223,100 MT for 2017/2018 were down 21 percent from the previous week, but unchanged from the prior 4-week average. Increases were reported for Guatemala (60,100 MT, including 8,600 MT switched from unknown destinations and decreases of 1,100 MT), Mexico (46,400 MT, including decreases of 32,400 MT), Vietnam (25,000 MT), Egypt (20,000 MT), and Honduras (17,100 MT) during the week January 12 -18, 2018. Reductions were reported for unknown destinations (17,500 MT) and Morocco (6,000 MT). For 2018/2019, net sales of 1,000 MT were reported for Mexico. Exports of 196,800 MT were up 4 percent from the previous week and 3 percent from the prior 4-week average. The primary destinations were Thailand (45,200 MT), Ecuador (32,100 MT), Mexico (29,300 MT), Colombia (25,400 MT), and Canada (17,600 MT). The current week's net sales for 2017/18 are lower compared to net sales of 281,800 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 26,500 – 30,500/MT compared to Rs. 26,000/MT -26,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 32,000/MT and 29,000/MT respectively compared to Rs 30,500/MT in Indore and Rs 31,000/MT in Kota.

### **Rapeseed - Mustard Seed**

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The domestic rapeseed-mustard witnessed recovery during the week amid overall firm tone of edible oils in the domestic market. Positive tone of soybean at CBOT and palm oil at BMD added to the positive tone of the 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 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 1.25 – 1.45 lakh bags in a day compared to around 1.15 – 1.40 bags a day, previous week. The supplies were 0.50 -0.75 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 4,015 – 4,075 a quintal compared to Rs 4,200 – 4,360 a quintal during the corresponding period last year at the benchmark, Jaipur.

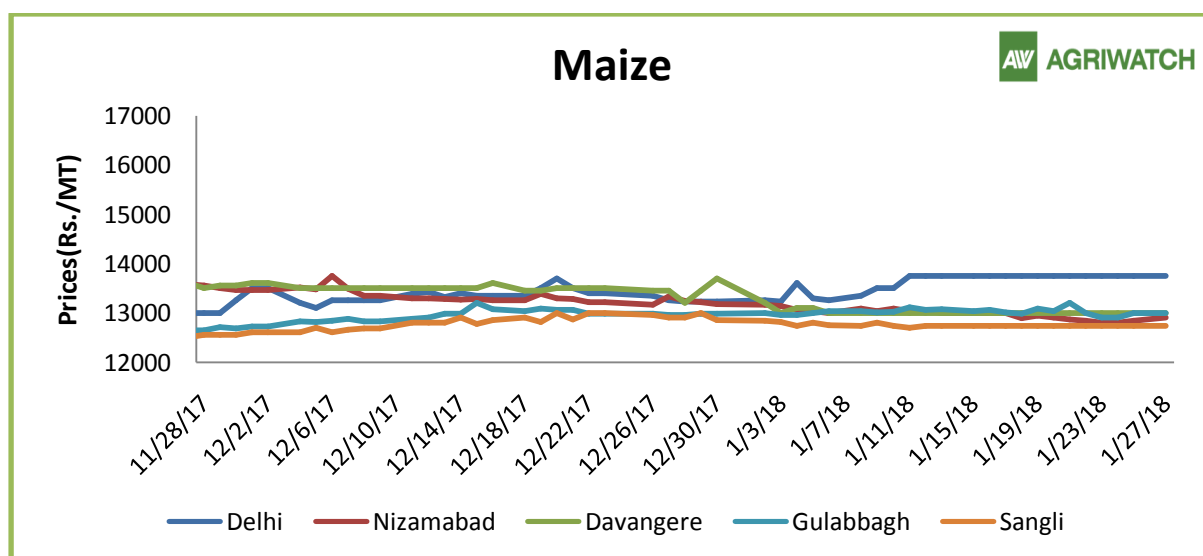
At NCDEX futures, the seed prices at April contract ended higher at 4129/Qtl compared to 4039/Qtl previous week.

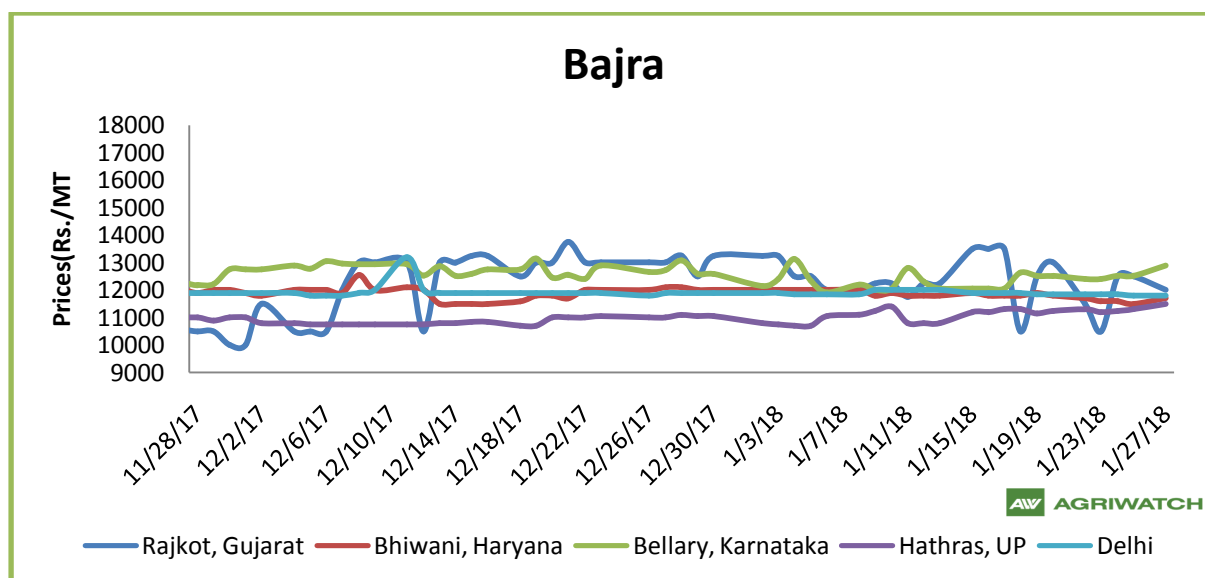
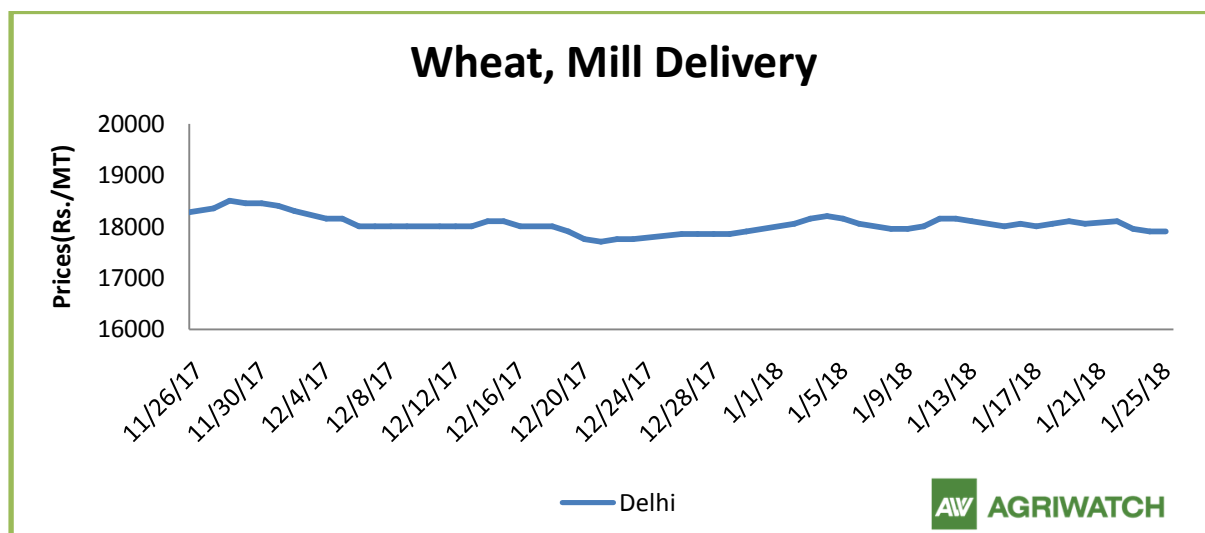
The area coverage under rapeseed, as on 19 January, is reported down 5.01% at 66.60 lakh hectares compared to 70.12 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds, as on 19 January, is lower compared to the previous year's level which is down by 5.01% at 79.11 lakh hectares compared to 82.08 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 range bound in near term. 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, maize is likely to trade steady to slightly weak in near term due to sluggish demand. Besides, new crop arrival in Tamil Nadu could also keep pressure on market sentiments. 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.

As per USDA, U.S corn exports reached 12.76 MMT in the 2017-18 marketing year. At 0.59 MMT (for the period 12<sup>th</sup> January –18<sup>th</sup> January, 2018) U.S corn exports were down 3 percent from the previous week and 11 percent from the prior 4-week average. The destinations were primarily to Mexico (204,100 MT), Japan (112,100 MT), Colombia (91,600 MT), Peru (83,300 MT), and Costa Rica (44,900 MT).



Major Feedmill Group of South Korea purchased about 130000 MT corn from trading house Pan Ocean. Some 65,000 MT was purchased at 193.67 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for arrival in South Korea around April 30. Another 65,000 MT was purchased at \$193.55 per MT c&f plus a \$1.25 per MT surcharge for additional port unloading for May 10 arrival.

All India weekly average prices of wheat decreased by 2.93 percent to Rs. 1871.40 per quintal during the week ended 23rd January 2018. Wheat average price were ruling at Rs 1927.87 per quintal during 09-15 January 2018. As compared to prices in the week 16-23 January 2017, the prices are weak by 9.62 percent. Prices are expected to remain steady to weak in coming days.

According to latest update, area sown until 19th January'18 is 298.67 lakh hectares compared to 311.17 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to last year for same date.

Rain in northern plains during last week has lead to drop in temperature thus benefitting standing wheat crop. Furthermore, weather office has forecasted cold wave conditions in Punjab, Haryana, West Uttar Pradesh and north Rajasthan. The rains were not heavy but well distributed and will save farmers from at least one cost of irrigation. This year overall wheat acreage is expected to be lower; therefore such rains will be useful for increasing yields.

As per latest update India has exported around 180 thousand tonnes of wheat during April-November 2017-18 compared to 191 thousand tonnes during the same period in 2016-17. In terms of value wheat worth USD 47 million has exported during April-November 2017-18 compared to USD 49 million during the same period in 2016-17. In 2017-18 more than 80 percent has been exported to Nepal and rest to UAE, Afghanistan, Bangladesh, etc. Export volume would not increase much as prices in domestic market still rule higher and other exporting countries are offering wheat at cheaper price with assured quality and delivery schedule.

FCI has offered a total of 34349962 tonnes of wheat through E-Auction since June until fourth tender in January. Of the total quantity offered only 844650 tonnes has been until second 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.

Indian FoB quote for wheat is hovering around \$287.72 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.80, \$185.00, Euro 153.10, \$183.24 and \$201.60 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 152.1 MMT in 2017-18 compared to 144.2 MMT in 2016-17. 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 22.0 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 16.9 MMT in 2017-18 compared to 18.4 MMT in 2016-17. Furthermore, Canada is likely to harvest around 30 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)		
	25-Jan-18	19-Jan-18	Parity To
Indore (MP)	30500	26500	Gujarat, MP
Kota	31000	26500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31300	28000	Mumbai, Maharashtra
Nagpur (42/46)	30500	27500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29000	28500	Andhra, AP, Kar, TN
Latur	32000	28500	-
Sangli	30500	28500	Local and South
Sholapur	30800	28200	Local and South
Akola	31300	27300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	31800	28500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	Closed	26800	-

### Soy DOC at Port

Centers	Port Price	
	24-Jan-18	18-Jan-18
Kandla (FOR) (INR/MT)	31000	27200
Kandla (FAS) (USD/MT)	486	426

International Soy DOC			
Argentina FOB USD/MT	24-Jan-18	17-Jan-18	Change
Soybean Pellets	NA	NA	-
Soybean Cake Flour	NA	NA	-

Soya Meal	NA	NA	-
Soy Expellers	NA	NA	-
<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>25-Jan-18</b>	<b>19-Jan-18</b>	<b>Change</b>
Adoni	16500	16500	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	15500	15500	Unch

<b>Groundnut Meal (Rs/MT)</b>	<b>25-Jan-18</b>	<b>19-Jan-18</b>	<b>Change</b>
Basis 45%, Saurashtra	24500	21000	3500
Basis 40%, Saurashtra	22000	18000	4000
GN Cake, Gondal	24500	21000	3500

<b>Mustard DOC/Meal</b>	<b>25-Jan-18</b>	<b>18-Jan-18</b>	<b>Change</b>
Jaipur (Plant delivery)	14000	13600	400
Kandla (FOR Rs/MT)	14400	14200	200
Sri Ganganagar	1805	1725	80

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

Market	Grade	25-Jan-18	18-Jan-18	26-Dec-17	25-Jan-17	25-Jan-16
Delhi	Hybrid(U.P)	1325	1325	1320	1600	1650
Davangere	Loose	1230	1230	1250	1520	1460
Nizamabad	Bilty	1340	1340	1360	1510	1510
Ahmadabad	Feed	1300	1300	1320	1550	1580
	Starch	1350	1330	1335	1560	1600

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

	Argentina	Brazil	US	India (Bihar Origin)
<b>FOB</b>	166.44	167.30	164.76	254.84
<b>Cost and Freight</b>	216.44	222.30	224.76	289.84

**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						
Commodity	State	Variety	Centre	25-Jan-18	18-Jan-18	Change
Bajra	Karnataka	Hybrid	Bellary	1252	1263	-11
		Hybrid	Bangalore	1825	1825	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1211	1350	-139
Maize	Karnataka	Yellow	Davangere	1160	1172	-12
	Andhra Pradesh	Yellow	Nizamabad	1280	1300	-20
Rice	Haryana	IR8	Karnal	2700	2650	50
		Parmal Raw	Karnal	2600	3150	-550
Soy meal	Madhya Pradesh	DOC	Indore	3050	2650	400
	Maharashtra	DOC	Sangli	3050	2850	200
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1650	1650	Unch
	Maharashtra	Ex-factory	Latur	1550	1550	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1400	1360	40
Groundnut Meal	Gujarat	GN Cake	Gondal	2450	2100	350
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1669	1773	-104
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1717	1740	-23
Note: Prices Rs./Qtl						

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