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## Summary

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Soybean continued positive tone during the week and moved towards 4000 levels. Lower availability in the domestic market and dry weather in the soybean growing regions of Argentina added to the positive tone of the market. Soybean at CBOT noticed range –bound movement with weak bias during the week amid profit taking at higher levels. Harvesting is progressing in Brazil and it is expected to harvest another record crop this season. The weekly export sales of soybean released by the USDA were lower compared to previous week.

In the domestic market, arrivals are lower in the mandis and there is good demand from the plants. All India average arrival of soybean per day was reported to be around 1.75 -2.25 lakh bags per day during the week.

Argentina has reduced soybean acreage to 16.75 million hectares this season compared to previous estimates of 16.8 million hectares. The Buenos Aires Grains Exchange has reduced soybean output to 51 MMT this season compared to previous estimates of 54 MMT. However overall supply scenario is bearish amid record crop in U.S. and Brazil. The weekly export sales of soybean released by the USDA were lower compared to previous week.

Soy meal prices noticed range –bound movement with benchmark Indore market registering slight losses during the week. Lack of availability of soybean coupled with spillover support from soy meal at CBOT is adding to the positive tone of the market.

Rapeseed prices continued positive tone during the week amid good demand from the retailers and the stockists. However weakness in palm oil at BMD limited upside movement. Rabi mustard seed acreage is lower till date compared to previous year.

Overall supply scenario is bearish in the global market and will weigh on the market in the coming days.

As per Ministry of Agriculture in India, maize has been sown in around 16.71 lakh hectares as on 2nd February'18 for Rabi season (2017-18) which is higher than 16.26 lakh hectare covered during corresponding period last year. In Bihar, it has been sown in around 4.70 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 1.99, 0.99 and 2.09 lakh hectares respectively as on 2nd February'18 for Rabi season (2017-18).

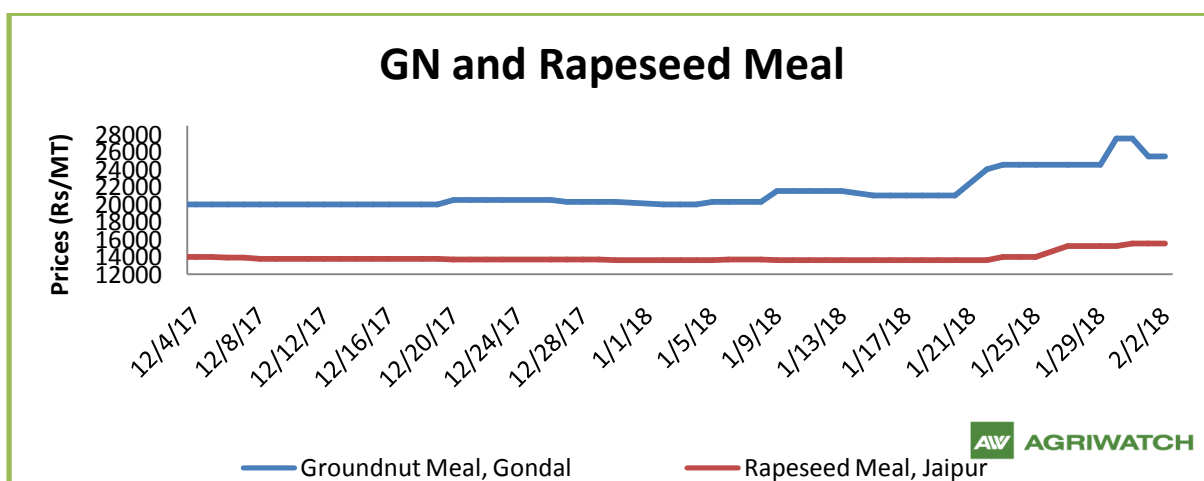
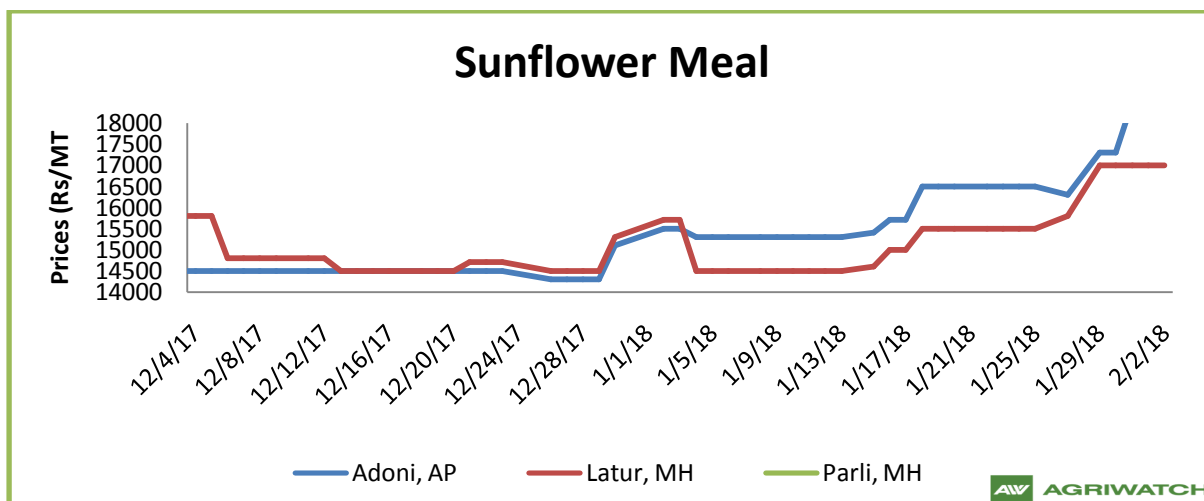
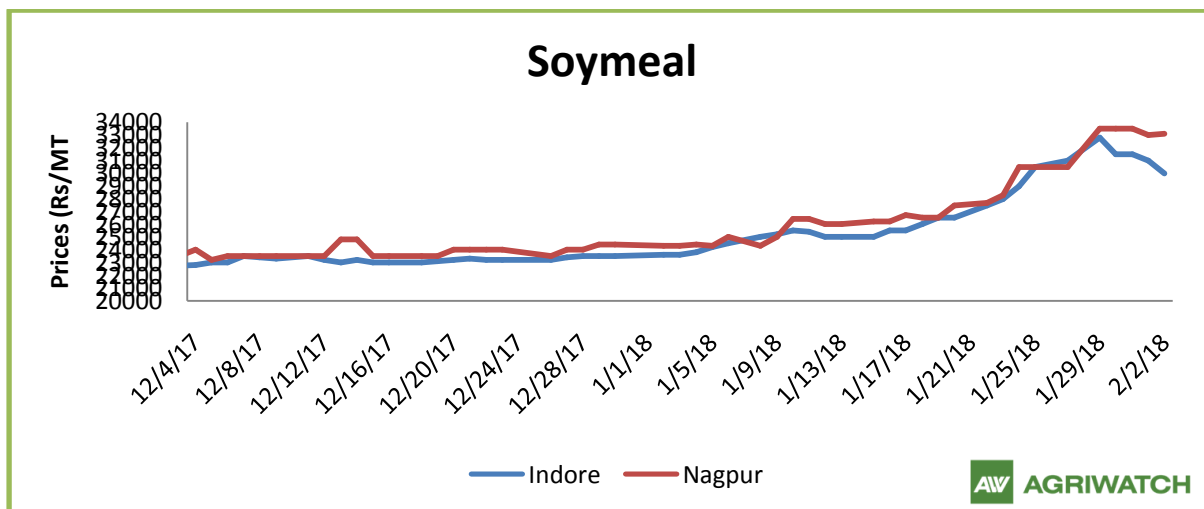
As per Agriwatch trade sources, in Bihar, maize area is likely to increase by 10%. Maize crop conditions are good right now and new crop arrivals are expected to arrive in the end of March month.

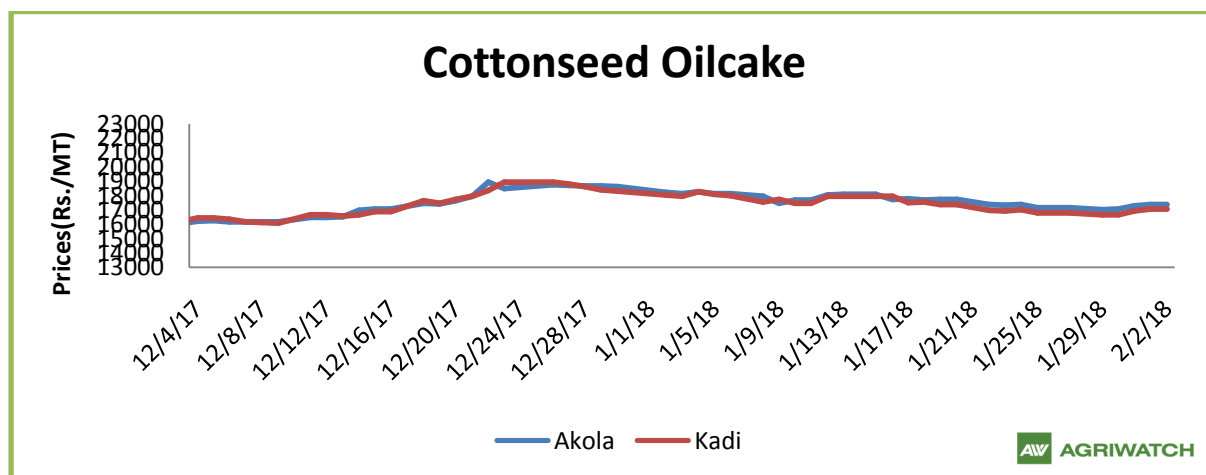
Overall maize cash markets traded steady to range bound during the week and is expected to be steady to slightly weak in near term as maize crop from Tamil Nadu could keep pressure on market sentiments. However, feed makers demand at lower price level could keep market stable.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 0.08% to Rs. 1301 per quintal (weekly average price). However, starch feed makers quoted it down by 2.30% to Rs. 1319 per quintal compared to last week average price.

All India weekly average prices decreased by 1.97 percent to Rs. 1834.45 per quintal during the week ended 31st January 2018. Wheat average price were ruling at Rs 1871.40 per quintal during 16-23 January 2018. As compared to prices in the week 24-31 January 2017, the prices are weak by 7.83 percent. Prices are expected to remain steady to weak in coming days.

**Trend – Raw Material, Feed**





Source: AgriWatch

## Soybean

Soybean continued positive tone during the week and moved towards 4000 levels. Lower arrivals in the mandis and dry weather in the soybean growing regions of Argentina added to the positive tone of the market. Soybean at CBOT noticed sideways movement with weak bias amid profit taking at higher levels. Harvesting is progressing in Brazil and it is expected to harvest another record crop this season. The weekly export sales of soybean released by the USDA were lower compared to previous week.

In the domestic market, there are lower arrivals in the mandis and good demand from the plants. All India average arrival of soybean per day was reported to be around 1.75 -2.25 lakh bags per day.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 4,55,000 bags compared to 11,00,000 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 2<sup>nd</sup> February 2018, is lower compared to the previous year's level which is down by 4.91% at 80.29 lakh hectares compared to 84.44 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 lower weekly export sales and profit –taking at higher levels.

At CBOT, the soybean, in the most active March contract, ended lower at US \$ 9.79/bushel compared to US \$ 9.86/bushel last week.

Net sales of 359,000 MT of soybean for 2017/2018--a marketing-year low--were down 42 percent from the previous week and 50 percent from the prior 4-week average. Increases were reported for China (456,800 MT, including 198,000 MT switched from unknown destinations and decreases of 126,100 MT), the Netherlands (76,400 MT, including 66,000 MT switched from unknown destinations), Egypt (66,000 MT, switched from unknown destinations), Japan (55,900 MT, including 29,200 MT switched from unknown destinations and decreases of 1,900 MT), and Indonesia (28,000 MT) during the week January 19 -25, 2018. Reductions were reported for unknown destinations (400,300 MT), South Korea (600 MT), and Malaysia (100 MT). For 2018/2019, net sales of 50,700 MT were reported for unknown destinations (50,000 MT) and Japan (700 MT). Exports of 1,219,700 MT were down 2 percent from the previous week and 2 percent from the prior 4-week average. The primary destinations were China (694,100 MT), Japan (89,000 MT), the Netherlands (76,400 MT), South Korea (58,500 MT), and Turkey (53,300 MT). The current week's net sales are lower compared to net sales of 616,300 MT during the previous week.

#### Soy meal

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Soy meal noticed range –bound to firm tone during the week amid firm tone in soybean and good demand in the domestic market.

Soy meal ready for delivery in PP bags at Indore was quoted at RS.30,000+GST by Prakash. However it was quoted at Rs.31000+GST at Indore by Divya in PP bags.

During the last three months, soybean prices in the domestic market have increased from Rs.2700/Qtl to Rs.3800/Qtl levels amid lower availability in the domestic market. This in turn has increased the prices for soya meal. According to industry sources, India's soya meal exports are likely to decline in the coming months on higher price in the domestic market.

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 declined in international market, during the week.

CBOT soy meal March contract settled at US \$ 331.40 per short ton compared to US \$ 335.70 per short ton last week.

Net sales of 474,800 MT of soybean cake and meal --a marketing-year high--for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for the Philippines (227,900 MT, including 400 MT switched from unknown destinations and decreases of 900 MT), Mexico (40,900 MT), Colombia (34,700 MT, including 10,300 MT switched from unknown destinations and decreases of 3,100 MT), Libya (33,300 MT), El Salvador (31,200 MT, including 1,700 MT switched from Guatemala), and Peru (30,000 MT) during the week January 19 -25, 2018. Reductions were reported for Guatemala (2,800 MT) and Morocco (100 MT). For 2018/2019, net sale reductions of 7,100 MT resulted as increases for Canada (100 MT), were more than offset by reductions for Mexico (6,900 MT) and Colombia (400 MT). Exports of 260,500 MT were up 32 percent from the previous week and 41 percent from the prior 4-week average. The primary destinations were Mexico (53,600 MT), the Philippines (52,700 MT), Colombia (47,900 MT), Libya (33,300 MT), and Canada (16,000 MT). The current week's net sales for 2017/18 are higher compared to net sales of 223,100 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 30,000 – 32,800/MT compared to Rs. 26,500/MT -30,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 33,500/MT and 33,400/MT respectively compared to Rs 30,000/MT in Indore and Rs 32,000/MT in Kota.

### Rapeseed - Mustard Seed

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The domestic rapeseed-mustard continued positive tone amid good demand from the retailers and the stockists and recovery in edible oils in the domestic market. Weakness in palm oil at BMD limited upside movement. 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 1.05 – 1.15 lakh bags in a day compared to around 1.25 – 1.45 bags a day, previous week. The supplies were 0.60 -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 4,100 – 4,210 a quintal compared to Rs 4,155 – 4,205 a quintal during the corresponding period last year at the benchmark, Jaipur.

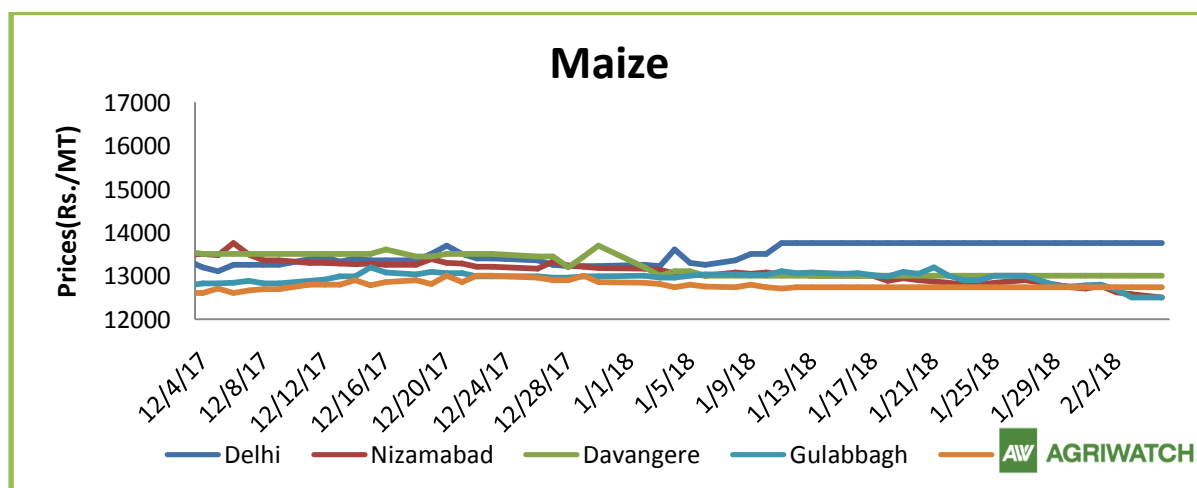
At NCDEX futures, the seed prices at April contract ended higher at 4150/Qtl compared to 4123/Qtl previous week.

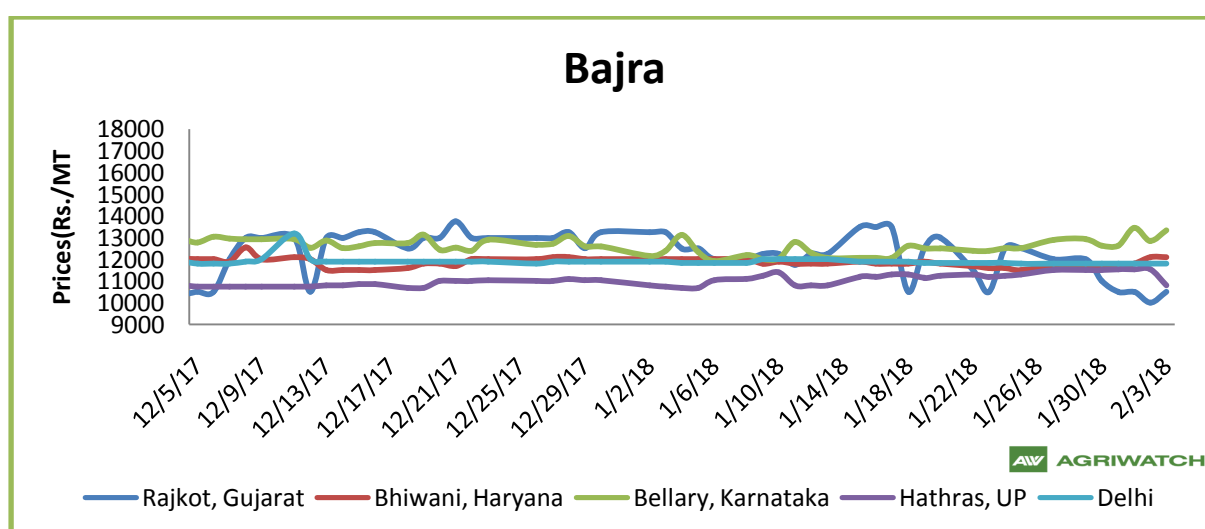
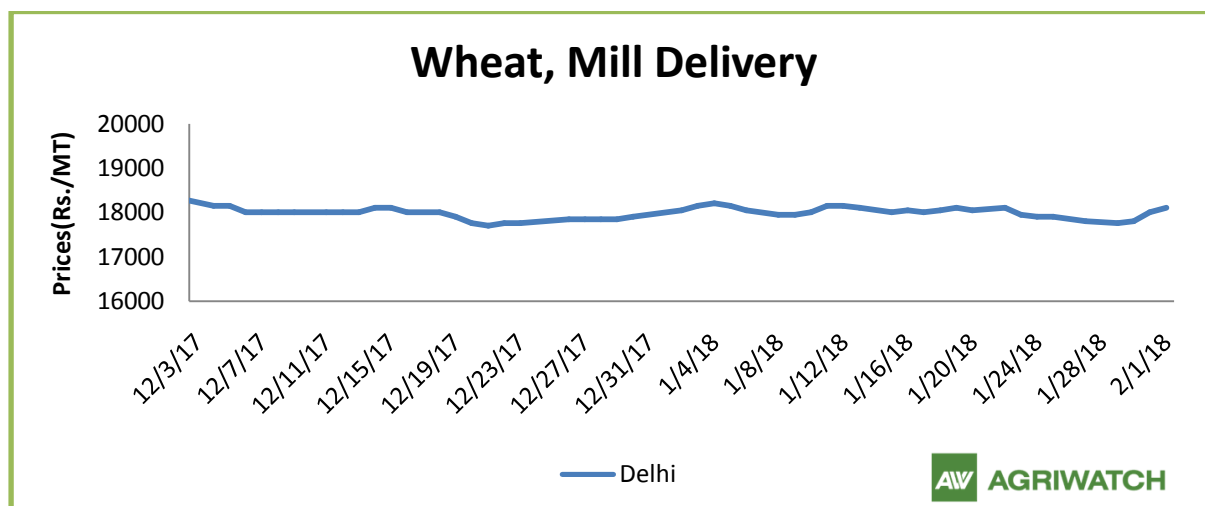
The area coverage under rapeseed, as on 02 February, is reported down 5.33% at 66.84 lakh hectares compared to 70.60 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds, as on 02 February, is lower compared to the previous year's level which is down by 4.91% at 80.29 lakh hectares compared to 84.44 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 amid sluggish demand. 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 too, maize is expected to trade steady to slightly weak in near term due to sluggish demand. Besides, peak crop arrivals in Tamil Nadu are expected soon which could also keep pressure on market sentiments.

As per USDA, U.S corn exports reached 13.81 MMT in the 2017-18 marketing year. At 1.04 MMT (for the period 19<sup>th</sup> January –25<sup>th</sup> January, 2018) U.S corn exports were up 75 percent from the previous week and 51 percent from the previous 4-week average. The destinations were primarily to Japan (333,300 MT), Colombia (201,800 MT), Mexico (186,300 MT), South Korea (63,100 MT), and Morocco (60,600 MT).



Corn prices on CBOT rose by 1.97 USD/MT to 142.32 USD/MT for March'18 contract compared to last week. Agriwatch expects that increase in export demand could support U.S corn market to gain. However, that gain could be limited due to ample global corn supply.

*All India weekly average prices decreased by 1.97 percent to Rs. 1834.45 per quintal during the week ended 31st January 2018. Wheat average price were ruling at Rs 1871.40 per quintal during 16-23 January 2018. As compared to prices in the week 24-31 January 2017, the prices are weak by 7.83 percent. Prices are expected to remain steady to weak in coming days.*

*According to latest update, area sown until 02<sup>nd</sup> February'18 is 300.70 lakh hectares compared to 317.82 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.*

*FCI has offered a total of 35423662 tonnes of wheat through E-Auction since June until first tender in February. 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, 112600 tonnes was sold in December against offered quantity of 4252800 tonnes and 95450 tonnes has been sold in first two tenders in January'18 against offered quantity of 2064010 tonnes.*

*As of now weather conditions are conducive for wheat crop. Cold wave accompanied with rains has supported standing crop in central and north India. Forecast of rains in upcoming week can increase yields and might offset the effect of reduced acreage. Highest shift in acreage was in Madhya Pradesh. 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.*

*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 weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2065-2100 per quintal, ASW at Rs 1935-1955 per quintal and Ukrainian wheat at Rs 1750-1800 per quintal. Ample availability in the market is keeping global wheat prices under pressure.*

*Indian FoB quote is hovering around \$278.17 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.10, \$188.00, Euro 156.06, \$192.40 and \$204.24 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 84.9 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)		
	2-Feb-18	25-Jan-18	Parity To
Indore (MP)	30000	30500	Gujarat, MP
Kota	32000	31000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33500	31300	Mumbai, Maharashtra
Nagpur (42/46)	33100	30500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33400	29000	Andhra, AP, Kar, TN
Latur	33500	32000	-
Sangli	34500	30500	Local and South
Sholapur	32700	30800	Local and South
Akola	33200	31300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33400	31800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	31500	Closed	-

### Soy DOC at Port

Centers	Port Price	
	1-Feb-18	24-Jan-18
Kandla (FOR) (INR/MT)	33500	31000
Kandla (FAS) (USD/MT)	527	486

International Soy DOC			
Argentina FOB USD/MT	1-Feb-18	24-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>2-Feb-18</b>	<b>25-Jan-18</b>	<b>Change</b>
Adoni	18500	16500	2000
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	NA	15500	-

<b>Groundnut Meal (Rs/MT)</b>	<b>2-Feb-18</b>	<b>25-Jan-18</b>	<b>Change</b>
Basis 45%, Saurashtra	27500	24500	3000
Basis 40%, Saurashtra	27500	22000	5500
GN Cake, Gondal	32000	24500	7500

<b>Mustard DOC/Meal</b>	<b>2-Feb-18</b>	<b>25-Jan-18</b>	<b>Change</b>
Jaipur (Plant delivery)	15500	14000	1500
Kandla (FOR Rs/MT)	15500	14400	1100
Sri Ganganagar	1855	1805	50

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

Market	Grade	01-Feb-18	25-Jan-18	18-Jan-18	01-Feb-17	01-Feb-16
Delhi	Hybrid(U.P)	1325	1325	1325	1600	1600
Davangere	Loose	1230	1230	1230	1600	1400
Nizamabad	Bilty	1320	1340	1330	1500	1500
Ahmadabad	Feed	1300	1300	1300	1550	1580
	Starch	1315	1350	1330	1570	1625

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	174.9	166.4	166.3	244.78
Cost and Freight	224.90	221.40	226.30	279.78

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

<b><u>Month</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></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	01-Feb-18	25-Jan-18	Change
Bajra	Karnataka	Hybrid	Bellary	1346	1252	94
		Hybrid	Bangalore	1825	1825	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1232	1211	21
Maize	Karnataka	Yellow	Davangere	1144	1160	-16
	Andhra Pradesh	Yellow	Nizamabad	1280	1280	Unch
Rice	Haryana	IR8	Karnal	2700	2700	Unch
		Parmal Raw	Karnal	2600	2600	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3000	3050	-50
	Maharashtra	DOC	Sangli	3270	3050	220
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1850	1650	200
	Maharashtra	Ex-factory	Latur	1700	1550	150
Mustard	Rajasthan	Plant delivery	Jaipur	1550	1400	150
Groundnut Meal	Gujarat	GN Cake	Gondal	2550	2450	100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1706	1669	37
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1737	1717	20
Note: Prices Rs./Qtl						

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