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Summary

Soybean noticed range –bound movement during the week amid profit –taking at higher levels and lower arrivals in the mandis. Prices are likely to recover in the coming days amid lower availability in the market. The Solvent Extractor's Association of India has reduced soybean production estimates to 8 MMT this season compared to previous estimates of 9 MMT. SOPA has revised supply and demand for soybean following lower availability in the market. Soybean at CBOT noticed positive tone after early weakness following dry weather in Argentina and higher weekly export sales of soybean released by the USDA. The monthly supply and demand report released by the USDA for the month of February is bearish for U.S. amid higher soybean ending stocks and lower exports. However it is slightly positive for global market amid lower ending stocks.

There is lower availability in the domestic market and prices are likely to recover in the coming days. All India average arrival of soybean per day was reported to be around 1.25 -1.75 lakh bags during the week.

The U.S. Department of Agriculture's monthly supply and demand report for the month of February forecasts U.S. soybean stocks at 530 million bushels, up 60 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 60 million bushels to 2100 million bushels amid lagging sales and increased competition from Brazil. The weekly export sales of soybean are higher compared to previous week. Dry weather is expected to return to Argentina next week after some rains during the weekend. Argentina's soybean production estimates could decline further amid dry weather in the soybean growing regions.

Soy meal prices witnessed sideways movement during the week following soybean and some spillover support from soy meal at CBOT. Good demand in the domestic market will continue to support prices coupled with lower availability.

Rapeseed prices witnessed easy tone during the week amid lack –luster demand in the domestic market and early weakness in palm oil at BMD. Overall weakness in edible oils in the domestic market added to the weak tone of the market. Rabi mustard seed acreage is lower till date compared to previous year.

There are comfortable stocks in the global market and will weigh on the overall market sentiment in the coming days.

As per Ministry of Agriculture in India, maize has been sown in around 16.96 lakh hectares as on 9th February'18 for Rabi season (2017-18) which is higher than 16.55 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 2.06, 0.99 and 2.15 lakh hectares respectively as on 9th February'18 for Rabi season (2017-18).

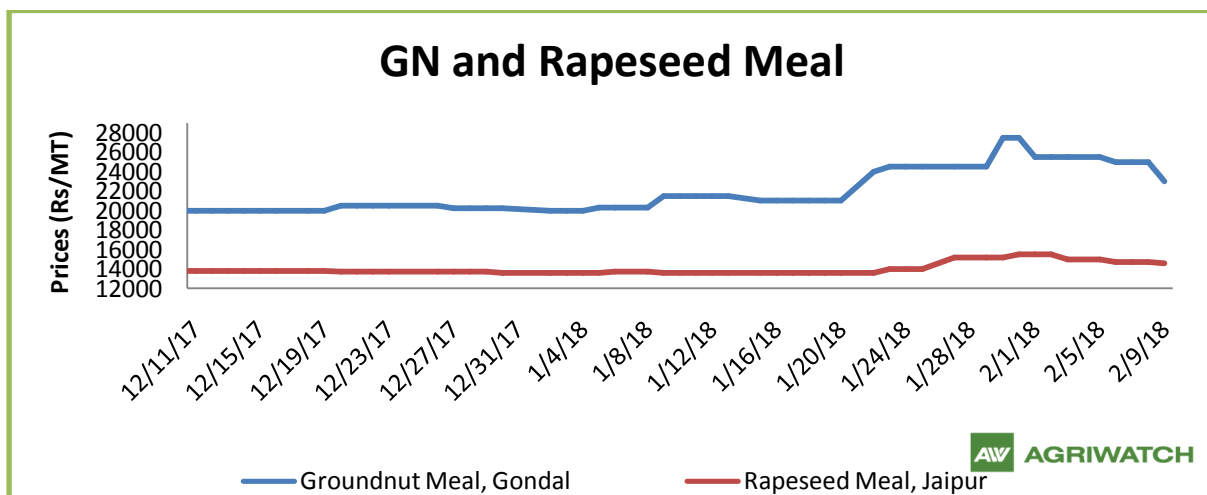
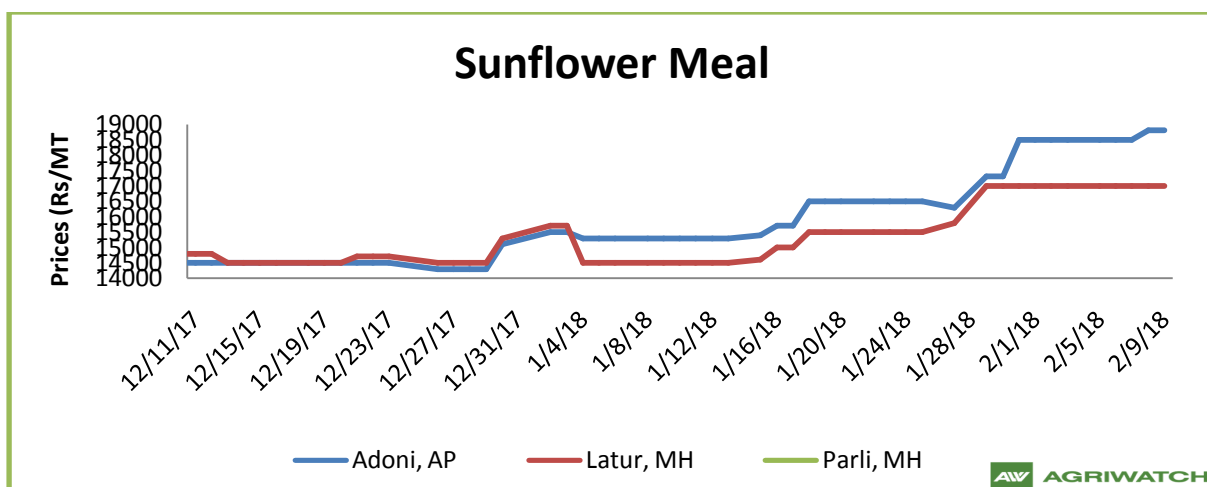
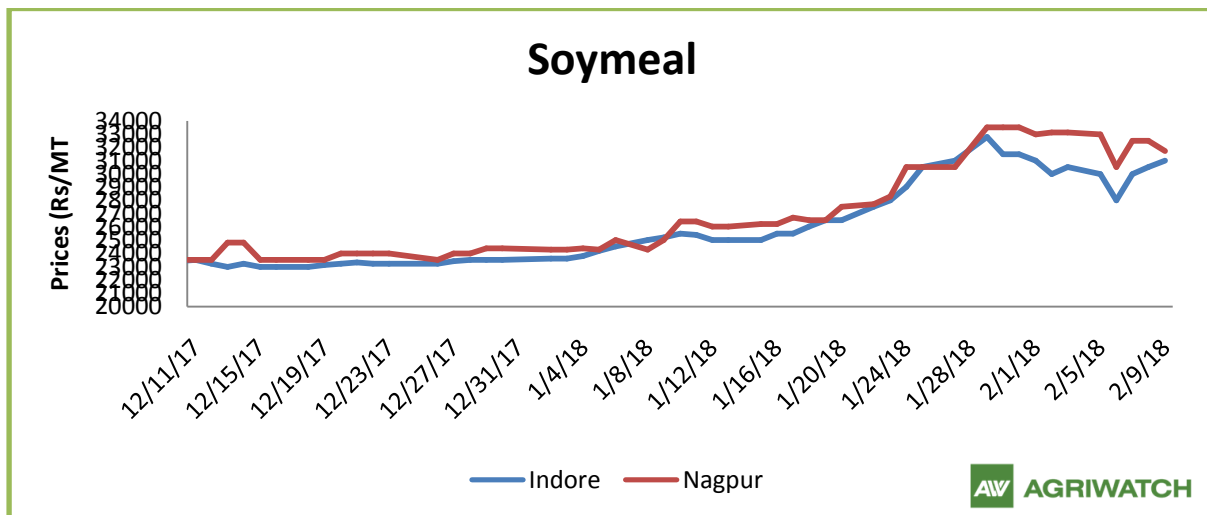
As per Agriwatch trade sources, in Bihar, maize area is likely to increase by 10%. Maize crop conditions are good right now and new crop arrivals are expected to arrive in the end of March month.

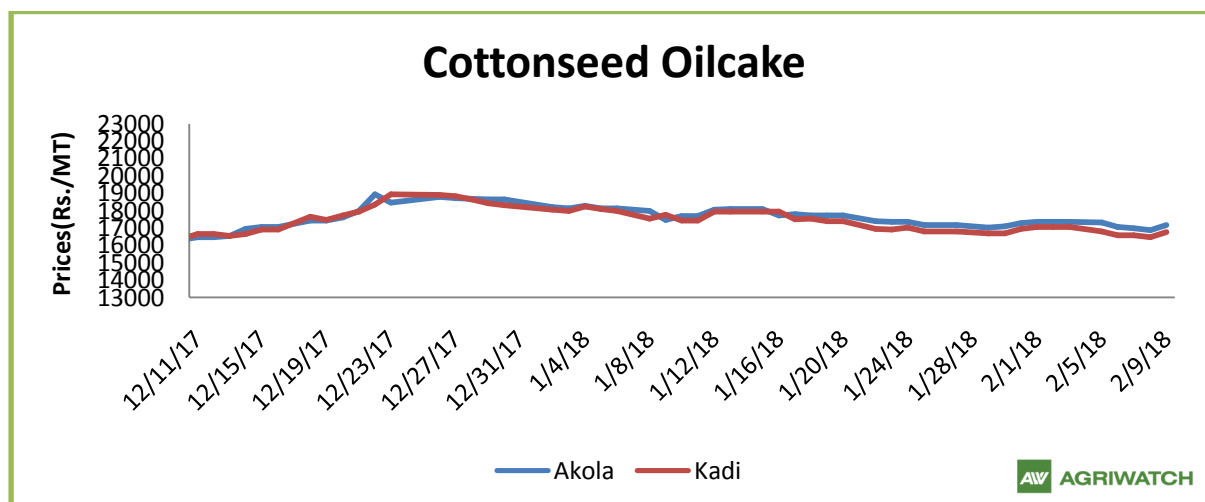
Overall maize cash markets traded steady to slightly weak during the week and is expected to be steady to slightly weak in near term too, due to sluggish demand. Besides, high carry forward stock amid expectation of good crop production during Rabi season is likely to weigh on market sentiments.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 0.54% to Rs. 1294 per quintal (weekly average price). However, starch feed makers quoted it down by 0.91% to Rs. 1307 per quintal compared to last week average price.

All India weekly average prices increased by 1.27 percent to Rs. 1857.77 per quintal during the week ended 08th February 2018. Wheat average price were ruling at Rs 1834.45 per quintal during 24-31 January 2018. As compared to prices in the week 01-08 February 2017, the prices are weak by 5.28 percent. Prices are expected to remain steady to firm in coming days.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean noticed range –bound movement during the week amid profit –taking at higher levels and lower arrivals in the mandis. Prices are likely to recover in the coming days amid lower availability in the domestic market. The Solvent Extractor's Association of India has reduced soybean production estimates to 8 MMT compared to previous estimates of 9 MMT. SOPA has revised supply and demand estimates of soybean following lower production. Soybean at CBOT noticed firm tone amid dry weather in Argentina and higher weekly export sales of soybean released by the USDA. The monthly supply and demand report released by the USDA for the month of February is bearish for U.S. amid higher ending stocks and lower exports. However it is slightly positive for global market amid lower ending stocks.

There is lower availability in the domestic market and prices are likely to recover in the coming days. All India average arrival of soybean per day was reported to be around 1.25 -1.75 lakh bags per day.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 2,85,000 bags compared to 4,55,000 bags reported in the previous week.

According to the Soybean Processors Association of India (SOPA), the total supply of soybean has been estimated at 96.50 lakh metric tonnes for the oil year 2017 -18 in its latest estimates released in February. For the period October -January of the current oil year, the production is estimated at 83.50 lakh metric tonnes, while the carryover from the previous year is put at 13.00 lakh metric tonnes.

The demand for crushing is likely to be around 77.50 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 3.50 lakh metric tonnes.

As per Agriwatch estimates, soybean production in the current kharif season was estimated 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 9th February 2018, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 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 dry weather in the soybean growing regions of Argentina.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 9.83/bushel compared to US \$ 9.873/bushel last week.

Net sales of 743,200 MT of soybean for 2017/2018 were up noticeably from the previous week and up 11 percent from the prior 4-week average. Increases were reported for Mexico (194,200 MT, including decreases of 100 MT), China (164,400 MT, including 63,000 MT switched from unknown destinations and decreases of 66,900 MT), the Netherlands (154,900 MT, including 134,500 MT switched from unknown destinations), Indonesia (83,100 MT, including 25,000 MT switched from unknown destinations and decreases of 1,800 MT), and Germany (76,400 MT) during the week January 26 – February 01, 2018. Reductions were reported for unknown destinations (205,700 MT). For 2018/2019, net sales of 8,400 MT were reported for Japan. Exports of 1,537,100 MT were up 34 percent from the previous week and 22 percent from the prior 4-week average. The primary destinations were China (808,700 MT), the Netherlands (154,900 MT), Japan (94,200 MT), Germany (76,400 MT), and Thailand (73,700 MT). The current week's net sales are higher compared to net sales of 359,000 MT during the previous week.

Soy meal

Soy meal noticed sideways movement during the week following soybean and spillover support from soy meal at CBOT. Good demand in the domestic market will continue to support prices coupled with lower availability.

Soy meal ready for delivery in PP bags at Dhule was quoted at 33000+GST by MOEPL. However, it was quoted at 34000+GST at Latur by ADM for February delivery and at 34500+GST for March delivery. Advance deposit of 10% is required for forward contracts.

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 \$ 343.80 per short ton compared to US \$ 331.40 per short ton last week.

Net sales of 160,800 MT of soybean cake and meal for 2017/2018 were down 66 percent from the previous week and 46 percent from the prior 4-week average. Increases were reported for Vietnam (67,300 MT, including 59,500 MT switched from unknown destinations), Colombia (61,400 MT), Venezuela (25,000 MT), Morocco (21,500 MT), and Mexico (11,000 MT, including decreases of 100 MT). Reductions were reported for unknown destinations (64,300 MT) during the week January 26 – February 01, 2018. Exports of 290,900 MT were up 12 percent from the previous week and 48 percent from the prior 4-week average. The primary destinations were Vietnam (70,700 MT), the Philippines (52,500 MT), Mexico (38,600 MT), the Dominican Republic (22,200 MT), and Colombia (21,000 MT). The current week's net sales for 2017/18 are lower compared to net sales of 474,800 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 28,000 – 31,000/MT compared to Rs. 30,000/MT -32,800/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed weak tone and were quoted at Rs 33,000/MT and 32,400/MT respectively compared to Rs 31,000/MT in Indore and Rs 31,500/MT in Kota.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard witnessed easy tone on lack –luster demand in the domestic market and early weakness in palm oil at BMD. Overall weakness in edible oils in the domestic market added to the weak tone of the market. Rabi mustard acreage this season is lower 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 1.00 – 1.25 lakh bags in a day compared to around 1.05 – 1.15 bags a day, previous week. The supplies were 0.30 -0.60 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 4,025 – 4,100 a quintal compared to Rs 4,160 – 4,200 a quintal during the corresponding period last year at the benchmark, Jaipur.

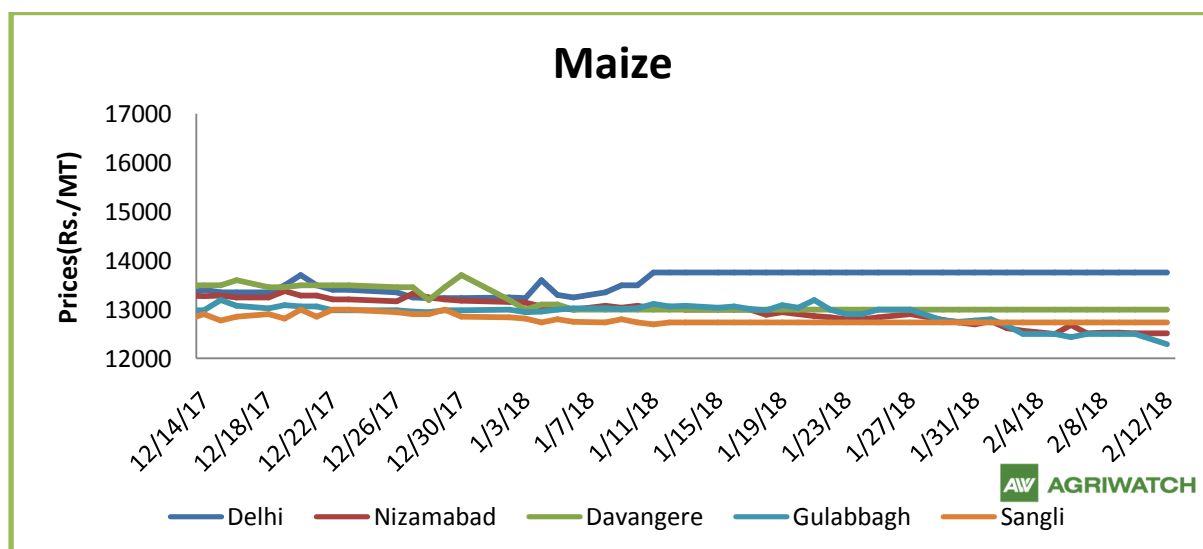
At NCDEX futures, the seed prices at April contract ended lower at 4123/Qtl compared to 4150/Qtl previous week.

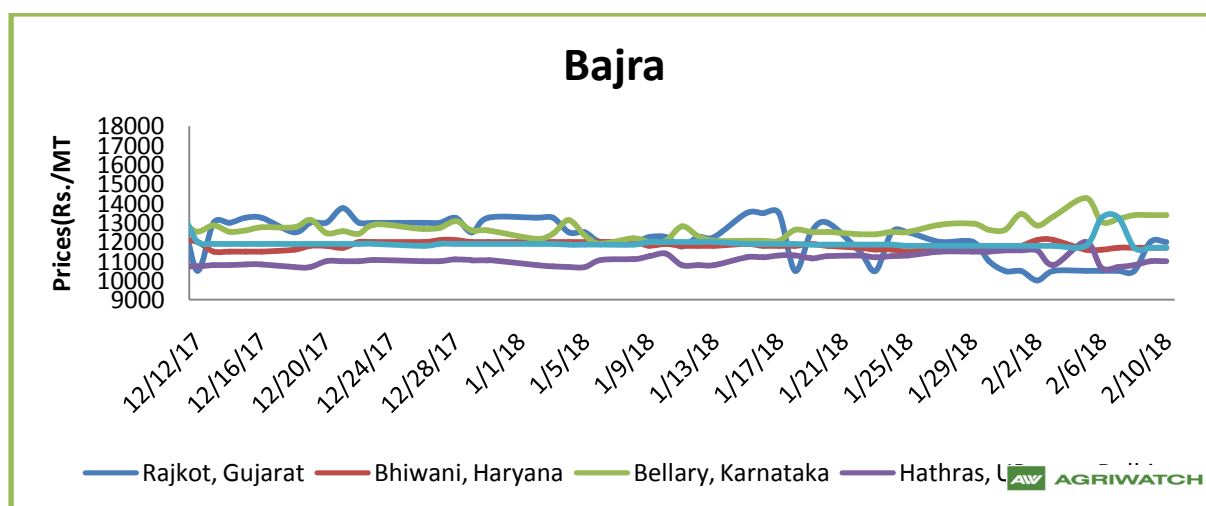
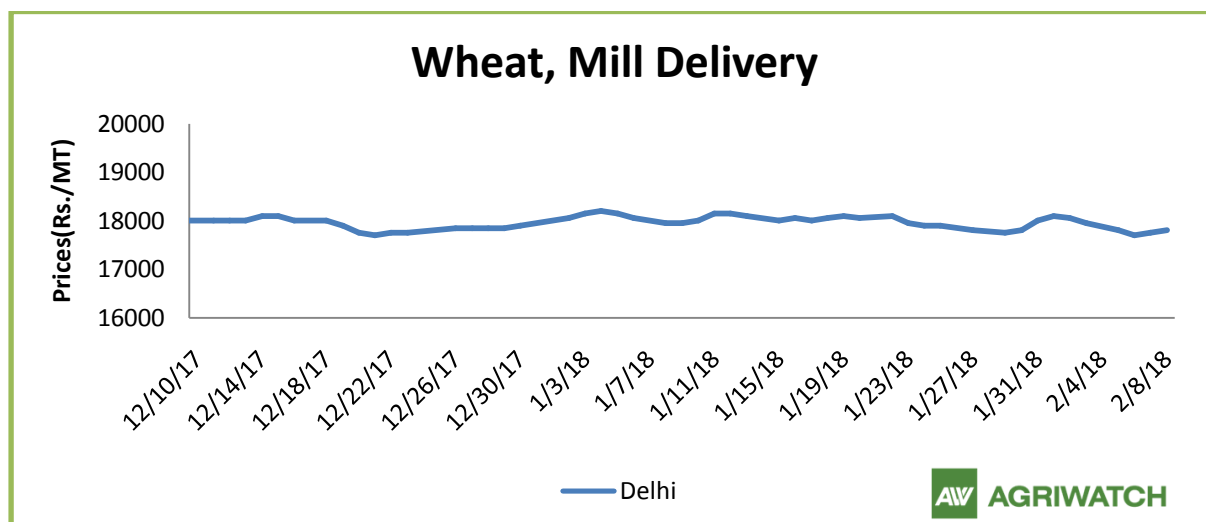
The area coverage under rapeseed, as on 09 February, is reported down 5.27% at 66.88 lakh hectares compared to 70.60 lakh hectares at the same period last year.

The total sown area under *rabi* oilseeds, as on 09 February, is lower compared to the previous year's level which is down by 5.27% at 80.87 lakh hectares compared to 84.85 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 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 range bound in near term amid sluggish demand. Besides, peak crop arrivals in Tamil Nadu could keep pressure on market sentiments.

As per USDA, U.S corn exports reached 14.77 MMT in the 2017-18 marketing year. At 0.96 MMT (for the period 26th January –1st February, 2018) U.S corn exports were down 8 percent from the previous week, but up 22 percent from the previous 4-week average. The destinations were primarily to Japan (417,000 MT), Mexico (155,300 MT), South Korea (140,000 MT), Peru (78,300 MT), and Colombia (59,800 MT).

USDA decreased its global corn ending stocks estimates by 3.48 MMT to 203.08 MMT for 2017/18 compared to last month due to decrease in domestic production estimates by 2.82 MMT to 1041.73 MMT for 2017/18 compared to last month.

Corn ending stock estimates for U.S decreased by 3.17 MMT to 59.75 MMT for 2017/18 due to increase in exports estimates by 3 MMT to 51.50 MMT for 2017/18 compared to last month as the USDA anticipates reduced shipments from both Argentina and the Ukraine. Argentina corn ending stock forecast was decreased by 1.00 MMT to 5.26 MMT for 2017/18 compared to last month on the expectation of fall in production number due to dry weather conditions.

China has increased forecast for corn import by 0.3 million tons to 1.5 million tons from its previous month forecast for 2017/18 as demand for animal feed grows due to the expansion of large-scale pig farms. As per monthly report published by Chinese Agricultural Supply and Demand Estimates (CASDE), China will consume 222 million tons of corn in 2017/18, up 1.15 million tons from last month's estimate.

All India weekly average prices increased by 1.27 percent to Rs. 1857.77 per quintal during the week ended 08th February 2018. Wheat average price were ruling at Rs 1834.45 per quintal during 24-31 January 2018. As compared to prices in the week 01-08 February 2017, the prices are weak by 5.28 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 09th February'18 is 304.29 lakh hectares compared to 317.88 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Haryana, Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to last year for same date.

Light rains were observed in Vidarbha, Madhya Pradesh, Chhattisgarh and at isolated places over North Rajasthan. Light rain is beneficial for standing crop as it will lead to an increase in yield. However, the weather department has also issued warning for thunderstorm accompanied with hailstorm at isolated places over Punjab, Haryana, Himachal Pradesh, East Madhya Pradesh, Chandigarh, etc.

India is likely to import lower quantity in the upcoming marketing year 2018-19 due to ample availability in the market. Although acreage for wheat crop was lower this year but light rains are making up for lower acreage. On the export front, Indian wheat is costlier compared to other countries like Russia, Ukraine, etc. Therefore export demand for Indian wheat is likely to stay on lower side in international market.

FCI has offered a total of 36516212 tonnes of wheat through E-Auction since June until second tender in February. Of the total quantity offered only 844650 tonnes of wheat has been sold until second tender in January. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

There is a rumor in the market that government may increase import duty on wheat from 20 percent to 30 percent. This step will put a complete halt on imports and provide support to domestic prices.

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 slightly firm in the week. As of now Tuticorin port price for APW is being quoted at Rs 2075-2110 per quintal, ASW at Rs 1950-1965 per quintal and Ukrainian wheat at Rs 1770-1820 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$267.71 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$190.70, \$189.88, Euro 156.56, \$193.76 and \$205.52 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 2.5 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)		
	9-Feb-18	2-Feb-18	Parity To
Indore (MP)	31000	30000	Gujarat, MP
Kota	31500	32000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	32000	33500	Mumbai, Maharashtra
Nagpur (42/46)	31700	33100	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32400	33400	Andhra, AP, Kar, TN
Latur	33000	33500	-
Sangli	33800	34500	Local and South
Sholapur	33000	32700	Local and South
Akola	31500	33200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	32200	33400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	31000	31500	-

Soy DOC at Port

Centers	Port Price	
	9-Feb-18	2-Feb-18
Kandla (FOR) (INR/MT)	32500	33500
Kandla (FAS) (USD/MT)	507	527

International Soy DOC			
Argentina FOB USD/MT	8-Feb-18	1-Feb-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	9-Feb-18	2-Feb-18	Change
Adoni	18800	18500	300
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	NA	NA	-

Groundnut Meal (Rs/MT)	9-Feb-18	2-Feb-18	Change
Basis 45%, Saurashtra	25500	27500	-2000
Basis 40%, Saurashtra	23000	27500	-4500
GN Cake, Gondal	23000	32000	-9000

Mustard DOC/Meal	9-Feb-18	2-Feb-18	Change
Jaipur (Plant delivery)	14600	15500	-900
Kandla (FOR Rs/MT)	15000	15500	-500
Sri Ganganagar	1825	1855	-30

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	8-Feb-18	1-Feb-18	8-Jan-18	8-Feb-17	8-Feb-16
Delhi	Hybrid(U.P)	1325	1325	1320	1575	1625
Davangere	Loose	1230	1230	NA	1620	NA

Nizamabad	Bilty	1320	Closed	1340	1500	NA
Ahmadabad	Feed	1280	1300	1350	1550	1580
	Starch	1300	1315	1340	1560	1625

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	174.51	169.2	166.90	243.90
Cost and Freight	224.51	224.20	226.90	278.90

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	168865
Total	3512217	1210954	276674	455374.1	1408042

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	8-Feb-18	1-Feb-18	Change
Bajra	Karnataka	Hybrid	Bellary	1338	1346	-8
		Hybrid	Bangalore	1825	1825	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1307	1232	75
Maize	Karnataka	Yellow	Davangere	1165	1144	21
	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	3100	3000	100
	Maharashtra	DOC	Sangli	3380	3270	110
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1880	1850	30
	Maharashtra	Ex-factory	Latur	NA	1700	-
Mustard	Rajasthan	Plant delivery	Jaipur	1460	1550	-90
Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2550	-250
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1719	1706	13
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1676	1737	-61
Note: Prices Rs./Qtl						

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