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## Summary

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Soybean witnessed mostly positive tone during the week on lower arrivals in the mandis and good demand from the crushers. According to the latest survey by the Soybean Processor's Association of India (SOPA), India's soybean output in the 2017 -18 season is likely to decline by 24 per cent to 8.35 MMT compared to previous year's estimates of 10.9 MMT. Soybean at CBOT noticed firm tone, thereby adding to the positive tone of the market. Soybean at CBOT closed higher amid dry weather in the soybean growing regions of Argentina. Forecast of heavy rainfall in the central region of Brazil is likely to delay harvesting and affect the quality of the crop. NOPA soybean crush was the highest on record for the month of January and lower compared to previous month. 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 amid reduced output this season and there is good demand from the crushers. Mandis were closed for some days during the week following the festival of 'Shivratri'.

Dry weather is continuing in Argentina and as per latest estimates from the industry sources, soybean output in 2017-18 season could decline below 50 MMT compared to previous estimates of 51 MMT. In Brazil, heavy rainfall is forecast in the second half of February according to meteorological data. Rainfall in the central region of Brazil is likely to delay harvesting and affect the quality of the crop. The weekly export sales of soybean released by the USDA are reported at 0.64 MMT, lower compared to previous week.

Soy meal prices noticed firm tone during the week amid good demand in the domestic market. Export demand is good and some forward booking has been done. Spillover support from soy meal at CBOT added to the positive tone of the market.

Rapeseed prices witnessed range –bound to firm tone during the week on good demand from the retailers and positive tone of edible oils in the global market. Rabi mustard seed acreage is lower this season compared to previous year.

Overall bearish supply scenario in the global market is likely to weigh on the market in the coming days.

As per Agriwatch trade sources, new crop arrivals of maize has started in Warrangle and Khammam districts which is lower in quantity and contains high moisture level. After mid of March, crop arrival pressure could be seen in Andhra markets which would keep pressure on market sentiments.

In Andhra Pradesh, as maize area is increased around 20% during Rabi season and by seeing current weather conditions; we are expecting good crop production compared to last year. However, In Bihar, crop arrivals are expected to be delayed by mid of April and there is chance of yield loss too due to high cold weather conditions which could support market at lower levels.

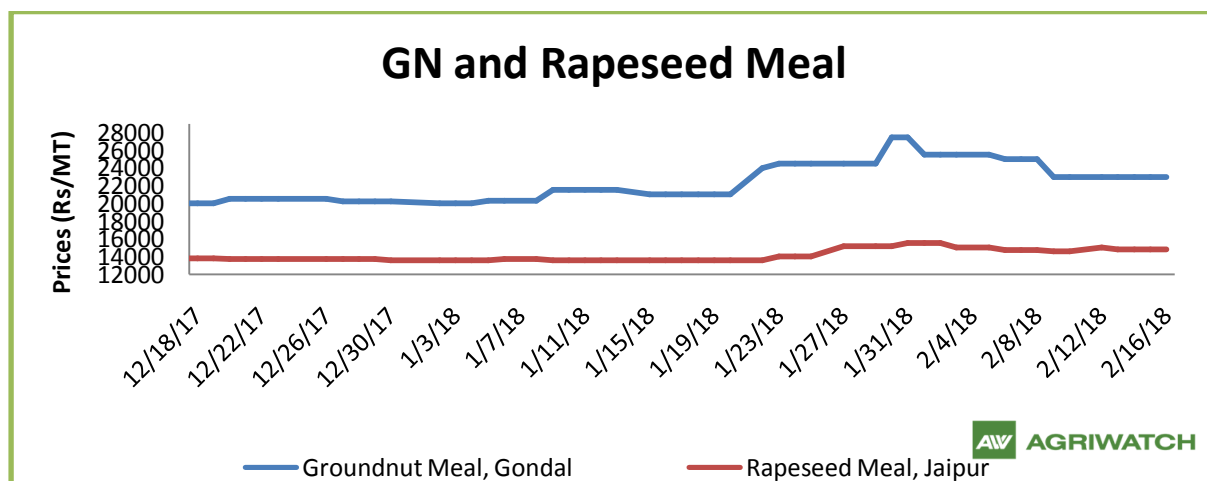
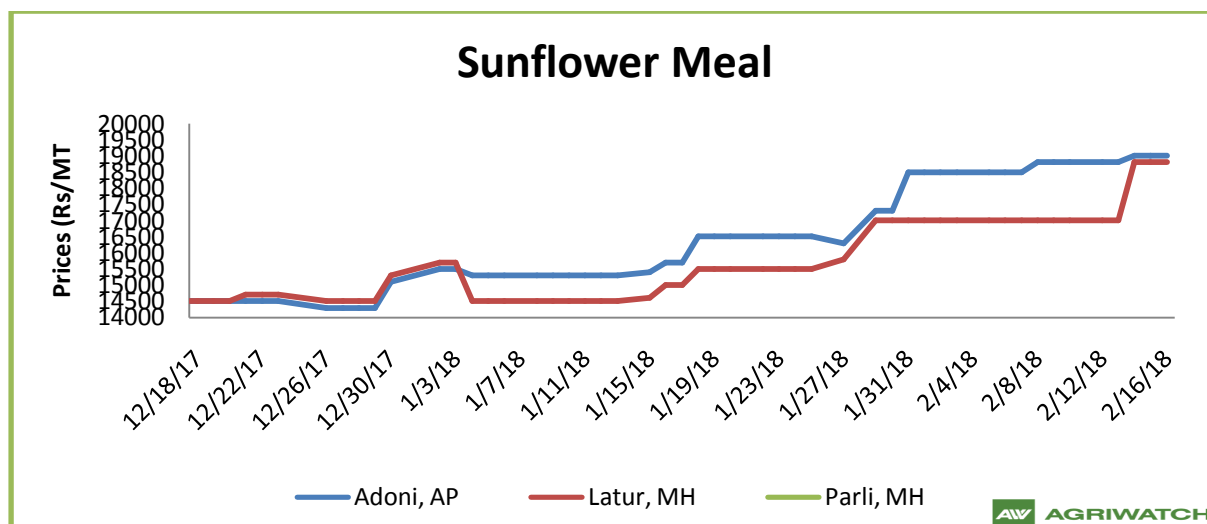
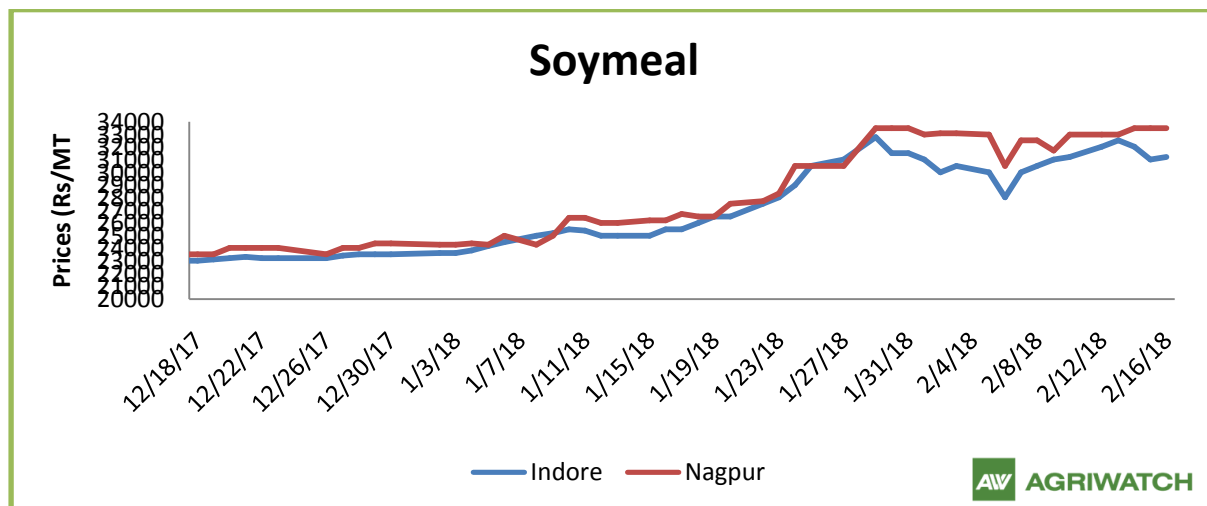
Overall maize cash markets traded steady to range bound during the week and is expected to be steady to slightly weak in near term, due to sluggish demand. Besides, high carry forward stock amid expectation of good crop production during Rabi season is likely to weigh on market sentiments.

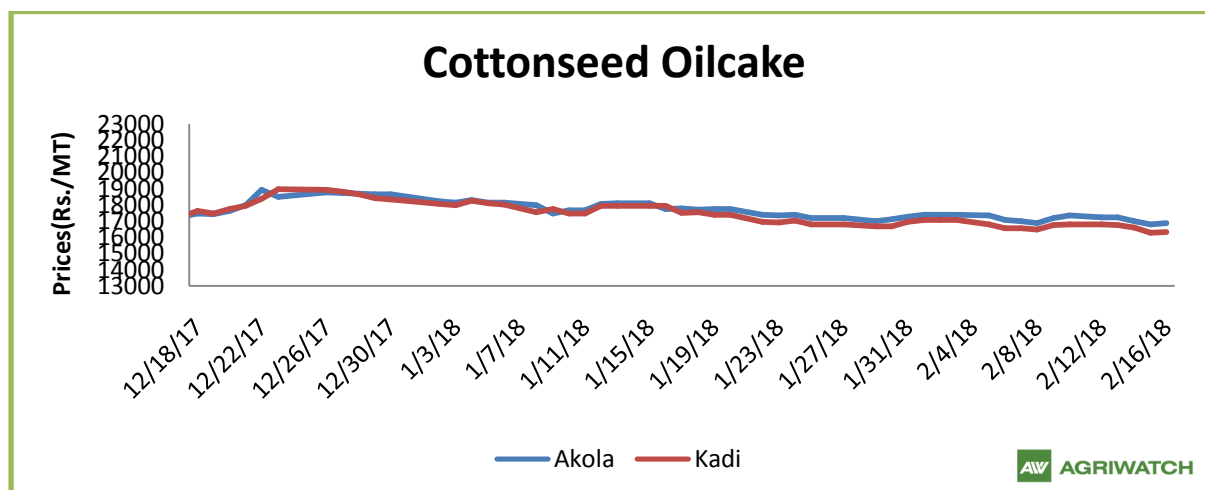
In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 0.15% to Rs. 1292 per quintal (weekly average price). However, starch feed makers quoted it firm by 0.54% to Rs. 1314 per quintal compared to last week average price.

All India weekly average prices decreased by 3.77 percent to Rs. 1783.61 per quintal during the week ended 15th February 2018. Wheat average price were ruling at Rs 1857.77 per quintal during 01-08

February 2018. As compared to prices in the week 09-15 February 2017, the prices are weak by 9.01 percent. Prices are expected to remain steady to firm in coming days.

**Trend – Raw Material, Feed**





**Source: AgriWatch**

## Soybean

Soybean witnessed mostly positive tone during the week amid lower arrivals in the mandis and good demand from the crushers. SOPA has reduced soybean output estimates further this season compared to previous year. Soybean at CBOT closed higher thereby adding to the positive tone of the market. Dry weather in Argentina and forecast of heavy rainfall in the central region of Brazil continue to remain the positive factor for the market. NOPA soybean crush was the highest on record for the month of January and lower compared to previous month. The weekly export sales of soybean released by the USDA are lower compared to previous week.

In the domestic market arrivals are lower in the mandis and there is good demand from the crushers. Mandis remained closed for some days during the week following local festival.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 3,30,000 bags compared to 2,85,000 bags reported in the previous week.

According to the latest survey by the Soybean Processor's Association of India (SOPA), India's soybean output in the 2017 -18 season is likely to decline by 24 per cent to 8.35 MMT compared to previous year's estimates of 10.9 MMT. Output is lower amid flood-induced crop damage in major growing states, followed by blight disease in the plants. According to industry sources, India's total acreage is down by 5 per cent this year. SOPA also estimates India's soybean meal exports at 1.25 MMT for financial year 2017-18 compared to 2 MMT reported for the previous year.

According to 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 9<sup>th</sup> 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 slow harvesting in Brazil and dry weather in the soybean growing regions of Argentina.

At CBOT, the soybean, in the most active March contract, ended higher at US \$ 10.22/bushel compared to US \$ 9.83/bushel last week.

Net sales of 640,400 MT of soybean for 2017/2018 were down 4 percent from the previous week and 8 percent from the prior 4-week average. Increases were reported for China (156,900 MT, switched from unknown destinations and decreases of 73,300 MT), Mexico (133,400 MT, including decreases of 5,300), the Netherlands (84,400 MT, including 74,000 MT switched from unknown destinations and decreases of 800 MT), Germany (79,300 MT), and Italy (62,700 MT, including 62,000 MT switched from unknown destinations and decreases of 700 MT) during the week February 02 -08, 2018. Reductions were reported for unknown destinations (159,300 MT). For 2018/2019, net sales of 197,100 MT were reported for unknown destinations (197,000 MT) and Japan (100 MT). Exports of 1,375,300 MT were down 6 percent from the previous week, but up 10 percent from the prior 4-week average. The primary destinations were China (717,600 MT), Mexico (95,700 MT), the Netherlands (84,400 MT), Germany (79,300 MT), and Pakistan (69,600 MT). The current week's net sales are lower compared to net sales of 743,200 MT during the previous week.

#### **Soy meal**

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Soy meal witnessed firm tone during the week amid good demand in the domestic market. Export demand is good and there has been some forward booking. Spillover support from soy meal at CBOT added to the positive tone of the market.

Soy meal ready for delivery in PP bags at Dhule was quoted at 33500+GST by MOEPL. This is with 46.5% protein content. However, it was quoted at 35500+GST at Latur by ADM for February and March delivery and at 36000+GST for April 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 January 2018 stands at 2,362,049 metric tonnes as compared to 1,409,527 metric tonnes in the same period of previous year showing an increase of 68% according to data released by the Solvent Extractor's Association of India.***

***In the month of January 2018, export of oil meals declined by 52% to 116,150 metric tonnes compared to the same period previous year. Soy meal exports during the period April 2017 to December 2017 was reported up at 1,013,935 metric tonnes compared to 601,270 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 \$ 373.30 per short ton compared to US \$ 343.80 per short ton last week.

Net sales of 210,000 MT for 2017/2018 were up 31 percent from the previous week, but down 26 percent from the prior 4-week average. Increases were reported for Morocco (34,500 MT), Ireland (32,800 MT, including 30,000 MT switched from unknown destinations), Italy (30,000 MT), and Peru (30,000 MT) during the week February 02 -08, 2018. Reductions were reported for unknown destinations (29,900 MT). Exports of 253,600 MT were down 13 percent from the previous week, but up 8 percent from the prior 4-week average. The primary destinations were the Philippines (51,500 MT), Ireland (32,800 MT), Mexico (31,600 MT), and Italy (29,700 MT). The current week's net sales for 2017/18 are higher compared to net sales of 160,800 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 31,000 – 32,500/MT compared to Rs. 28,000/MT -31,800/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed firm tone and were quoted at Rs 35,500/MT and 33,400/MT respectively compared to Rs 31,200/MT in Indore and Rs 32,300/MT in Kota.

### **Rapeseed - Mustard Seed**

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The domestic rapeseed-mustard noticed range –bound to firm tone amid good demand from the retailers and positive tone of edible oils in the global market. Rabi mustard seed acreage is lower this season 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 66.88 lakh hectares as on 09 February 2018 compared to 70.60 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 all India seed supplies were reported between 1.00 – 1.25 lakh bags in a day compared to around 0.60 – 0.80 bags a day, previous week. The supplies were 0.30 -1.30 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 4,085 – 4,115 a quintal compared to Rs 4,000 – 4,160 a quintal during the corresponding period last year at the benchmark, Jaipur.

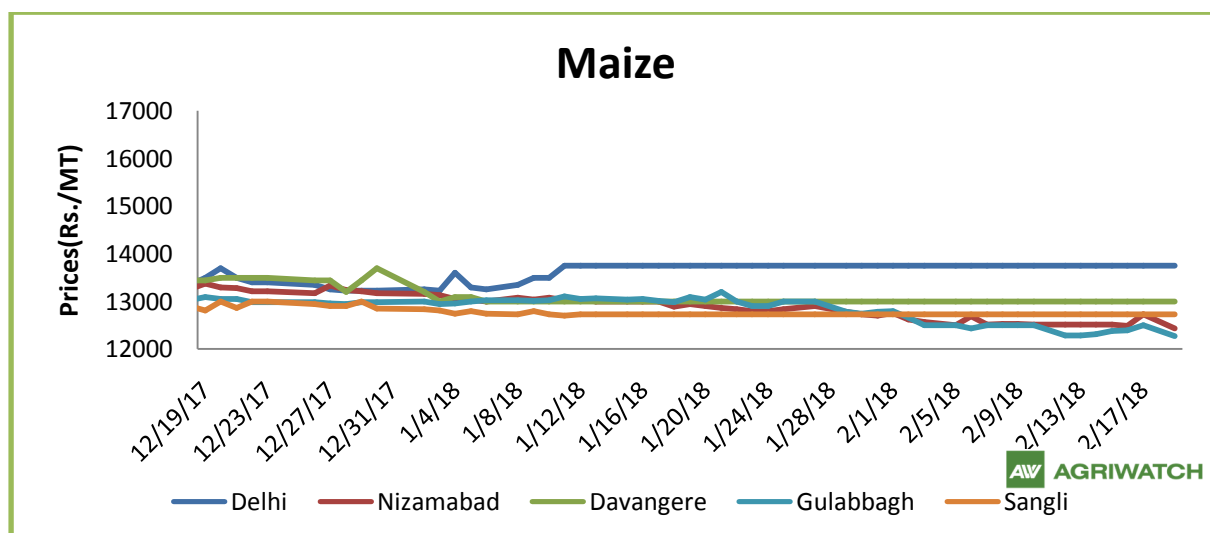
At NCDEX futures, the seed prices at April contract ended lower at 4108/Qtl compared to 4123/Qtl previous week.

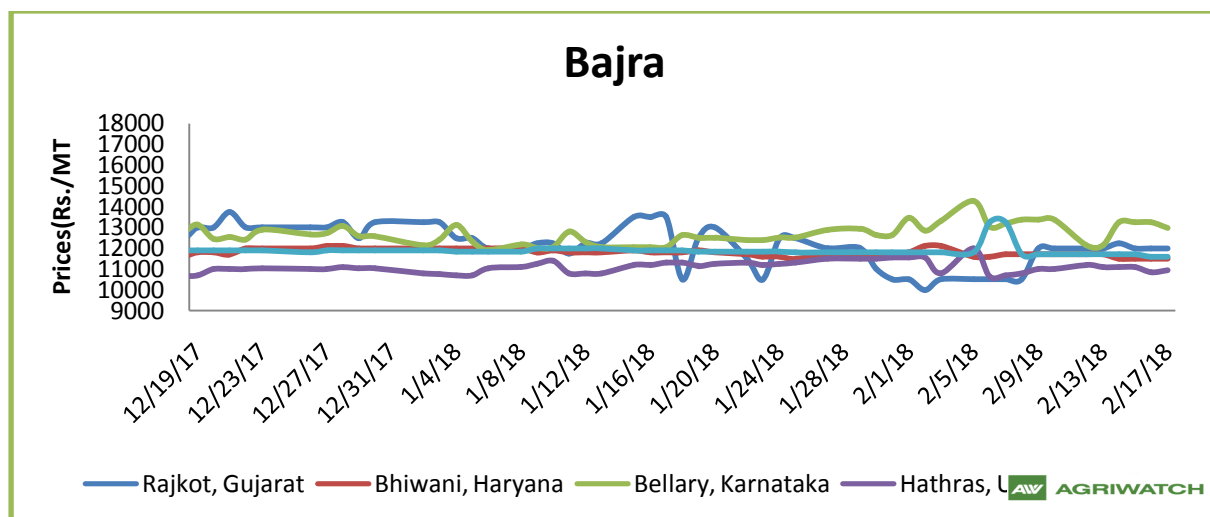
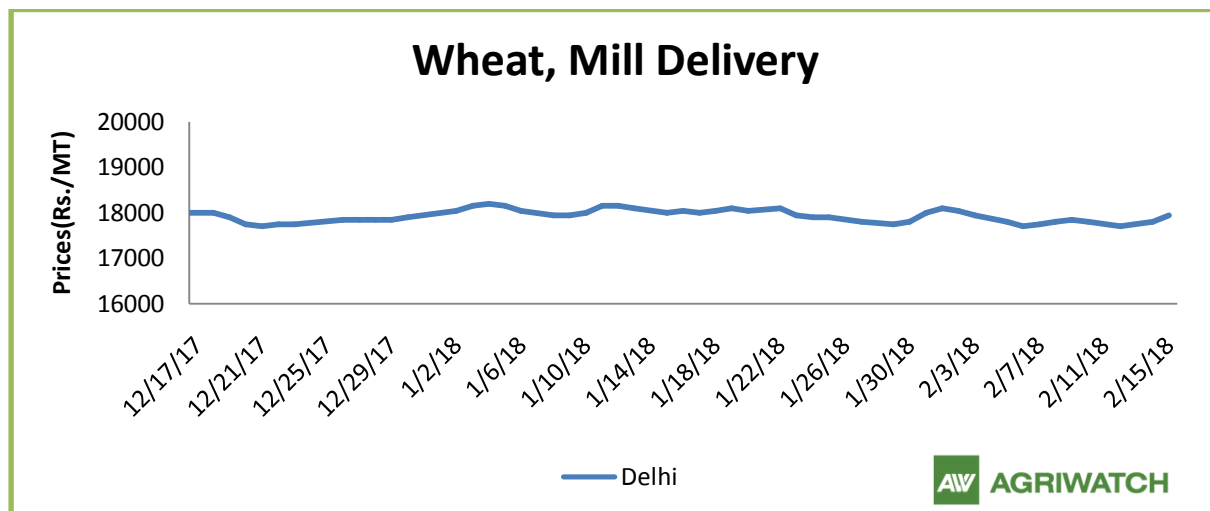
The area coverage under rapeseed, as on 09 February, is reported down 5.27% at 66.88 lakh hectares compared to 70.60 lakh hectares at the same period last year.

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, sentiments remained same as maize market was closed during the week due to Maha Shivratri festival. Maize production is likely to be same compared to last year and is likely to trade steady to range bound in near term amid sluggish demand.

In Davangere, maize is likely to trade steady to range bound in near term amid sluggish demand. 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.

As per USDA, U.S corn exports reached 15.64 MMT in the 2017-18 marketing year. At 0.86 MMT (for the period 2nd February –8th February, 2018) U.S corn exports were down 10 percent from the previous week, but up 7 percent from the previous 4-week average. The destinations were primarily to Japan (293,200 MT), Mexico (239,700 MT), Bangladesh (60,900 MT), the Philippines (58,300 MT), and Colombia (34,500 MT).

Corn prices on CBOT rose by 0.79 USD/MT to 144.58 USD/MT for March'18 contract compared to last week on the concern over dry weather in Argentina. Agriwatch expects that increase in export demand could support U.S corn market to gain.



All India weekly average prices decreased by 3.77 percent to Rs. 1783.61 per quintal during the week ended 15th February 2018. Wheat average price were ruling at Rs 1857.77 per quintal during 01-08 February 2018. As compared to prices in the week 09-15 February 2017, the prices are weak by 9.01 percent. Prices are expected to remain steady to firm in coming days.

Wheat WPI has increased slightly from 139.4 in December-17 to 140.8 in January-2018. Monthly wheat inflation has increased by 1.00 percent in January-2018 compared to previous month. As compared to January-2017 wheat WPI has decreased by around 6.94 percent.

Government has fixed wheat procurement target at 32 MMT for 2018-19. Of the total target around 11.9 MMT will be procured from Punjab, 6.7 MMT from Madhya Pradesh, 7.4 MMT from Haryana, 4 MMT from Uttar Pradesh, 2 MMT from Bihar, 1.6 MMT from Rajasthan and 1 MMT from uttrakhand. Government target procurement for MY 2017-18 was 33 MMT against which it procured only 30.8 MMT.

In the past week, wheat crop has been damaged in state of Madhya Pradesh and Maharashtra due to untimely rain and hailstorm. More than one lakh hectares of crop has been damaged in Maharashtra, especially in Vidharba and Marathwada region. Sehore, Vidisha, Guna Rajgarh, Harda, Betul and Raisen were impacted in Madhya Pradesh. Farmers in both states have been warned against bad weather in upcoming days and are advised to harvest their crops as early as possible.

FCI has offered a total of 37739462 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.

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.

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 tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2100-2120 per quintal, ASW at Rs 2000-2030 per quintal and Ukrainian wheat at Rs 1840-1860 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$269.44 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$193.90, \$192.00, Euro 157.95, \$196.84 and \$209.52 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)		
	16-Feb-18	9-Feb-18	Parity To
Indore (MP)	31200	31000	Gujarat, MP
Kota	32300	31500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33500	32000	Mumbai, Maharashtra
Nagpur (42/46)	33500	31700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33400	32400	Andhra, AP, Kar ,TN
Latur	35500	33000	-
Sangli	33900	33800	Local and South
Sholapur	33300	33000	Local and South
Akola	33200	31500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	33200	32200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	33800	31000	-

### Soy DOC at Port

Centers	Port Price	
	15-Feb-18	8-Feb-18
Kandla (FOR) (INR/MT)	34000	32500
Kandla (FAS) (USD/MT)	529	507

International Soy DOC			
Argentina FOB USD/MT	15-Feb-18	8-Feb-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>16-Feb-18</b>	<b>9-Feb-18</b>	<b>Change</b>
Adoni	19000	18800	200
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	18800	NA	-

<b>Groundnut Meal (Rs/MT)</b>	<b>16-Feb-18</b>	<b>9-Feb-18</b>	<b>Change</b>
Basis 45%, Saurashtra	25500	25500	Unch
Basis 40%, Saurashtra	23000	23000	Unch
GN Cake, Gondal	23000	23000	Unch

<b>Mustard DOC/Meal</b>	<b>16-Feb-18</b>	<b>9-Feb-18</b>	<b>Change</b>
Jaipur (Plant delivery)	14800	14600	200
Kandla (FOR Rs/MT)	15000	15000	Unch
Sri Ganganagar	1830	1825	5

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

Market	Grade	15-Feb-18	8-Feb-18	15-Jan-18	15-Feb-17	15-Feb-16
Delhi	Hybrid(U.P)	1350	1325	1325	1575	1650
Davangere	Loose	1230	1230	Closed	1560	NA
Nizamabad	Bilty	Closed	1320	Closed	1510	1480
Ahmadabad	Feed	1280	1280	1310	1520	1550
	Starch	1320	1300	1350	1540	1560

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	173.82	170.60	170.81	236.42
Cost and Freight	223.82	225.60	230.81	271.42

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

<u>Month</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
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**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>15-Feb-18</u>	<u>8-Feb-18</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1325	1338	-13
		Hybrid	Bangalore	1800	1825	-25
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1333	1307	26
Maize	Karnataka	Yellow	Davanger e	1165	1165	Unch
	Andhra Pradesh	Yellow	Nizamaba d	Closed	1280	--
Rice	Haryana	IR8	Karnal	2700	2700	Unch
		Parmal Raw	Karnal	2600	2600	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3120	3100	20
	Maharashtra	DOC	Sangli	3390	3380	10
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1900	1880	20
	Maharashtra	Ex-factory	Latur	1880	NA	-
Mustard	Rajasthan	Plant delivery	Jaipur	1480	1460	20

Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2300	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1631	1676	-45
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1687	1719	-32
Note: Prices Rs./Qtl						

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