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## Summary

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Soybean noticed range –bound to firm tone during the week amid lower availability in the domestic market and spillover support from soy complex at CBOT. Soybean at CBOT closed higher amid dry weather in the soybean growing regions of Argentina, which is likely to reduce output further. Weather is expected to be dry in the next few weeks. Heavy rain in the soybean growing regions of Brazil is delaying harvesting. In certain areas the soybean seed has germinated and it will lead to low oil content and less protein content. The weekly export sales of soybean released by the USDA were below previous week's level. At the annual outlook forum, the USDA has slightly reduced U.S. soybean acreage in 2018-19 compared to previous year.

In the domestic market, there is lower availability of soybean following decline in output this season. Positive tone of soybean at CBOT continues to remain positive factor for the market. All India average arrival of soybean per day was around 1.20 -1.40 lakh bags.

Various exchanges and official sources are reducing soybean output further in Argentina following dry weather. According to the latest weekly report released by Buenos Aires Exchange, production has been estimated at 47 MMT compared to previous estimates of 50 MMT. Excessive rain in Brazil has slowed down harvesting and is affecting the quality of soybean crop. The weekly export sales of soybean released by the USDA are estimated at 0.109 MMT, below previous week's levels.

Soy meal prices witnessed easy tone losing the recent gains to certain extent. Lack of demand from the poultry sector around higher levels weighed on the market. However prices are expected to recover in the coming days amid lower availability in the domestic market and spillover support from soy meal at CBOT.

Rapeseed prices noticed positive tone during the week amid recovery in edible oils in the domestic market and positive tone of palm oil at BMD. New crop arrival has started in certain mandis. Rain expected in Rajasthan and Madhya Pradesh is likely to affect arrival to certain extent.

In the global market, overall bearish supply scenario will weigh on the market in the coming days.

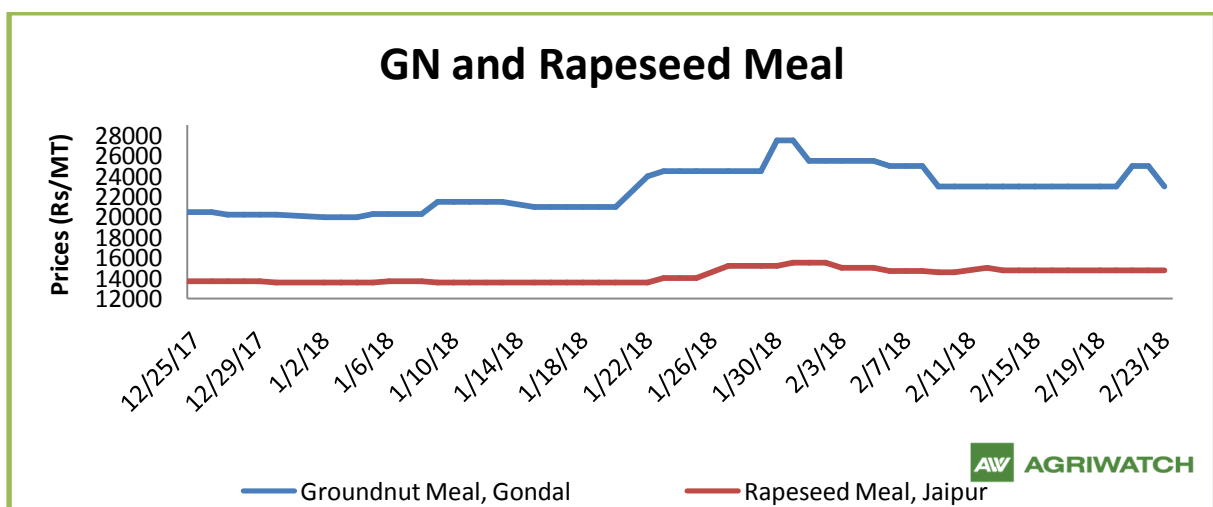
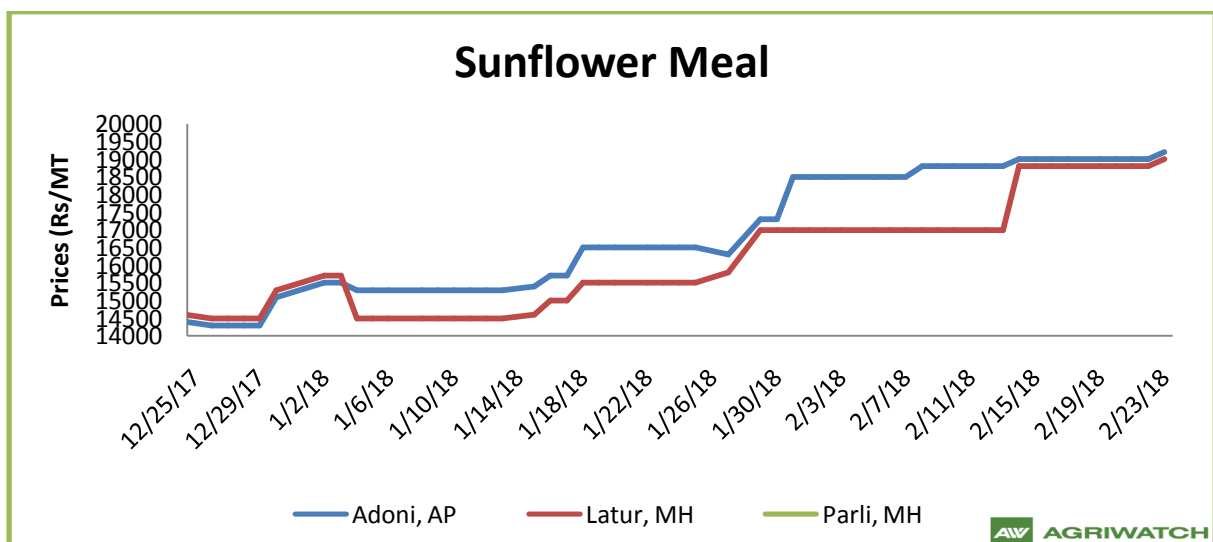
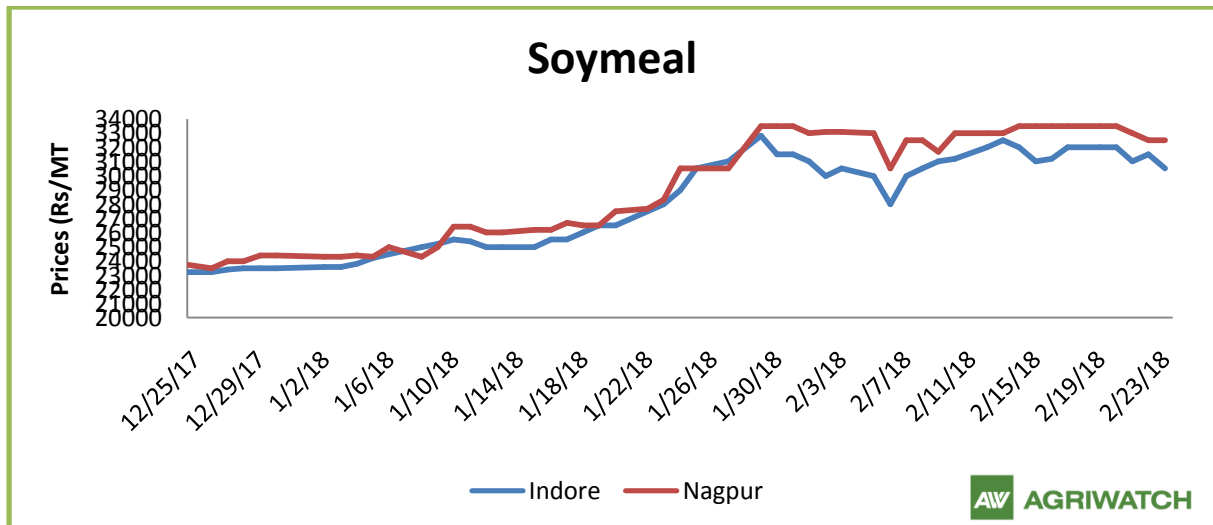
As per Agriwatch trade sources, in Andhra Pradesh, maize acreage has increased around 20% during Rabi season. Also looking at current weather conditions, we expect good crop production compared to last year while in Nizamabad, maize production is likely to be same compared to last year and is likely to trade steady to range bound in near term amid sluggish demand. In Bihar, maize production is expected to be almost same compared to last year despite increase in area as there is chance of yield loss. Bihar crop is expected to be delayed and likely to hit the market in the month of April.

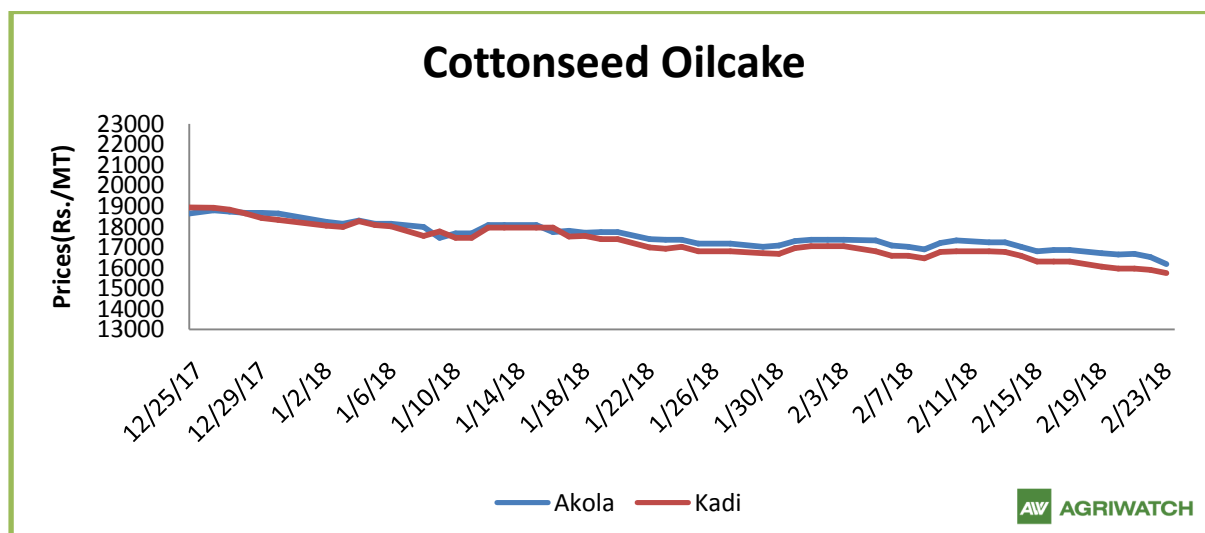
Overall maize cash markets traded steady to slightly firm during the week and is expected to be steady to range bound in near term due to high carry forward stock amid expectation of good crop production during Rabi season.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 2.94% to Rs. 1330 per quintal (weekly average price). However, starch feed makers quoted it firm by 2.59% to Rs. 1348 per quintal compared to last week average price.

*All India weekly average prices increased by 11.25 percent to Rs. 1984.35 per quintal during the week ended 23rd February 2018. Wheat average price were ruling at Rs 1783.61 per quintal during 09-15 February 2018. As compared to prices in the week 16-23 February 2017, the prices are weak by 6.63 percent. Prices are expected to remain steady to firm in coming days.*

**Trend – Raw Material, Feed**





Source: AgriWatch

## Soybean

Soybean noticed firm tone during the week on lower availability in the domestic market and positive tone of soy complex at CBOT. Soybean at CBOT noticed upside movement amid dry weather in the soybean growing regions of Argentina and rain in Brazil. Various exchanges and official sources in Argentina are reducing soybean output further amid expected dry weather in the coming weeks. Heavy rainfall in Brazil has slowed down harvesting and is likely to affect the quality of soybean crop. The weekly export sales of soybean released by the USDA are below previous week's level. At the annual outlook forum, USDA has slightly reduced U.S. soybean acreage in 2018-19 compared to previous year.

There is lower availability of soybean this season following decline in output. Positive tone of soybean at CBOT continues to remain positive factor for the market. All India average arrival of soybean was reported to be around 1.20 -1.40 lakh bags per day.

The total weekly soybean arrivals in the cash markets of Madhya Pradesh are reported at 3,00,500 bags compared to 3,30,000 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 on dry weather in the soybean growing regions of Argentina and slows harvesting in Brazil.

At CBOT, the soybean, in the most active Ma7 contract, ended higher at US \$ 10.48/bushel compared to US \$ 10.33/bushel last week.

Net sales reductions of 109,100 MT of soybean for 2017/2018--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average. Increases were reported for Turkey (70,600 MT, including 65,000 MT switched from unknown destinations), Egypt (66,000 MT), Mexico (59,400 MT), Japan (44,400 MT, including 18,000 MT switched from unknown destinations and decreases of 8,600 MT), and Malaysia (35,700 MT, including 24,000 MT switched from unknown destinations) during the week February 09 -15, 2018. Reductions were reported for China (361,700 MT), unknown destinations (123,200 MT), and South Korea (200 MT). For 2018/2019, net sales of 222,100 MT were reported for unknown destinations (222,000 MT) and Japan (100 MT). Exports of 893,800 M--a marketing-year low--were down 35 percent from the previous week and 32 percent from the prior 4-week average. The primary destinations were China (546,500 MT), Turkey (70,600 MT), Egypt (66,000 MT), and Mexico (60,700 MT). The current week's net sales are lower compared to net sales of 640,400 MT during the previous week.

#### **Soy meal**

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Soy meal witnessed easy tone amid lack of demand from the poultry sector in the domestic market. Lack of demand around higher levels weighed on prices. However prices are expected to recover in the coming days amid lower availability in the domestic market and spillover support from soy meal at CBOT.

Soy meal ready for delivery in PP bags at Dhule was quoted at 33300+GST by MOEPL. This is with 46.5% protein content. However, it was quoted at 34000+GST at Latur by ADM for February and 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 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 \$ 378.30 per short ton compared to US \$ 376.00 per short ton last week.

Net sales of 131,900 MT for 2017/2018 were down 37 percent from the previous week and 51 percent from the prior 4-week average. Increases were reported for the Philippines (61,200 MT), Colombia (18,200 MT, including 10,000 MT switched from unknown destinations), Vietnam (12,000 MT), Canada (6,900 MT), and Peru (6,300 MT, including 7,000 MT switched from unknown destinations and decreases of 700 MT) during the week February 09 -15, 2018. Reductions were reported for El Salvador (2,300 MT) and Nicaragua (500 MT). Exports of 329,200 MT--a marketing-year high--were up 30 percent from the previous week and 32 percent from the prior 4-week average. The primary destinations were the Philippines (144,900 MT), Thailand (53,000 MT), Mexico (34,200 MT), Canada (15,900 MT), and Peru (15,100 MT). The current week's net sales for 2017/18 are lower compared to net sales of 210,000 MT during the previous week.

The domestic soy meal prices at Indore, were quoted at Rs 30,500 – 32,000/MT compared to Rs. 31,000/MT -32,500/MT in previous week. At Latur and Nanded, Maharashtra, soy meal noticed steady to weak tone and were quoted at Rs 35,000/MT and 33,400/MT respectively compared to Rs 30,500/MT in Indore and Rs 31,500/MT in Kota.

### **Rapeseed - Mustard Seed**

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The domestic rapeseed-mustard witnessed positive tone following overall firm tone of edible oils in the domestic market and positive tone of palm oil at BMD. New crop arrival has started in certain

mandis. Rain expected in Rajasthan and Madhya Pradesh is likely to affect crop arrival to certain extent. This year rabi mustard seed acreage 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 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 0.60 – 1.50 lakh bags in a day compared to around 1.00 – 1.25 bags a day, previous week. The supplies were 1.30 -2.20 lakh bags a day during the corresponding period last year.**

The seed prices are higher at spot market and are quoted at around Rs 4,108 – 4,148 a quintal compared to Rs 3,908 – 4,023 a quintal during the corresponding period last year at the benchmark, Jaipur.

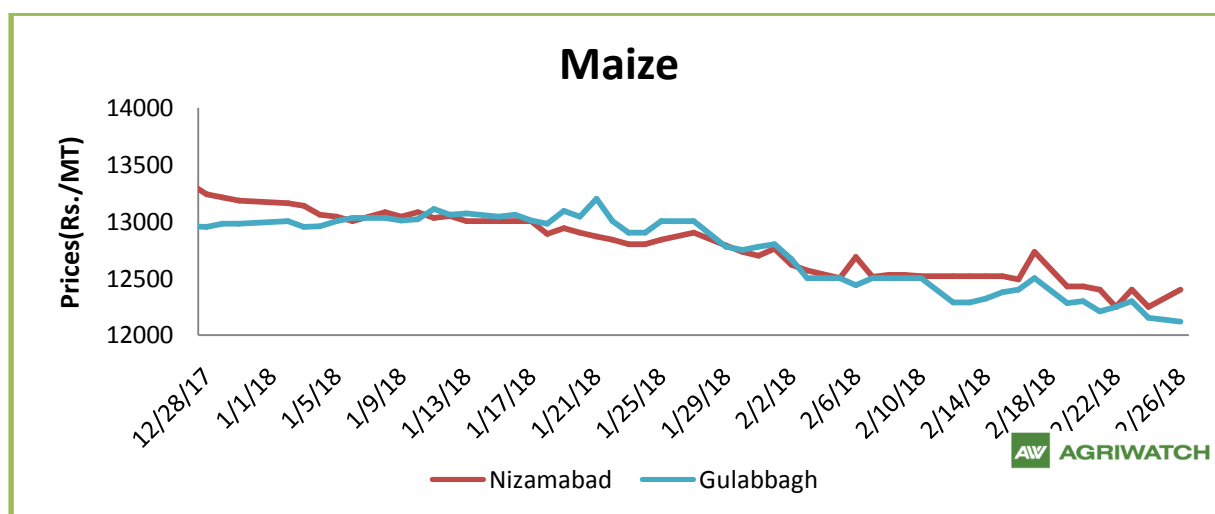
At NCDEX futures, the seed prices at April contract ended higher at 4150/Qtl compared to 4108/Qtl previous week.

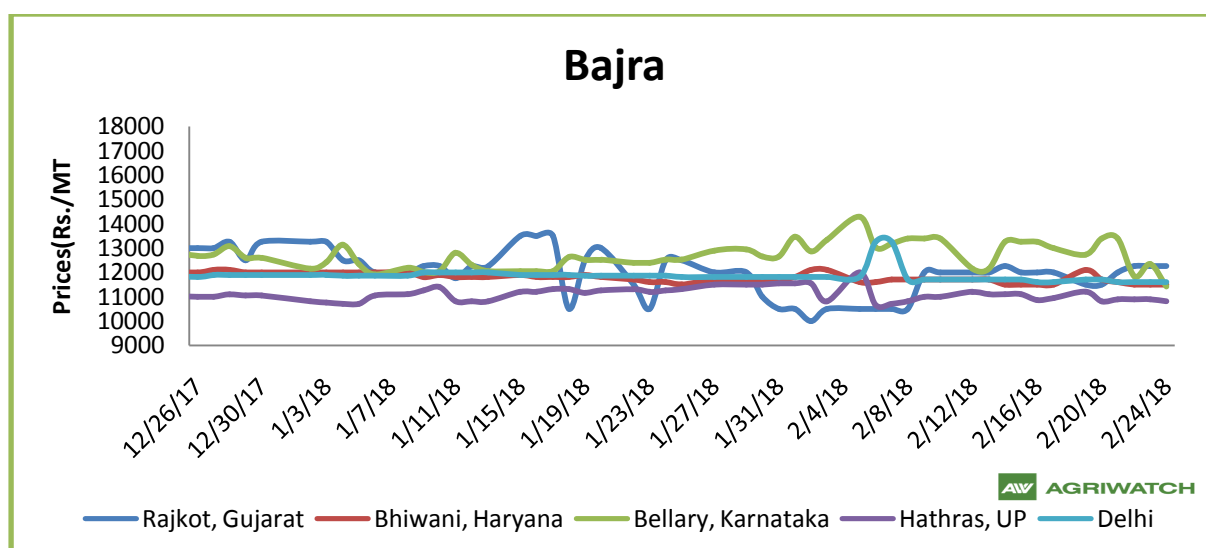
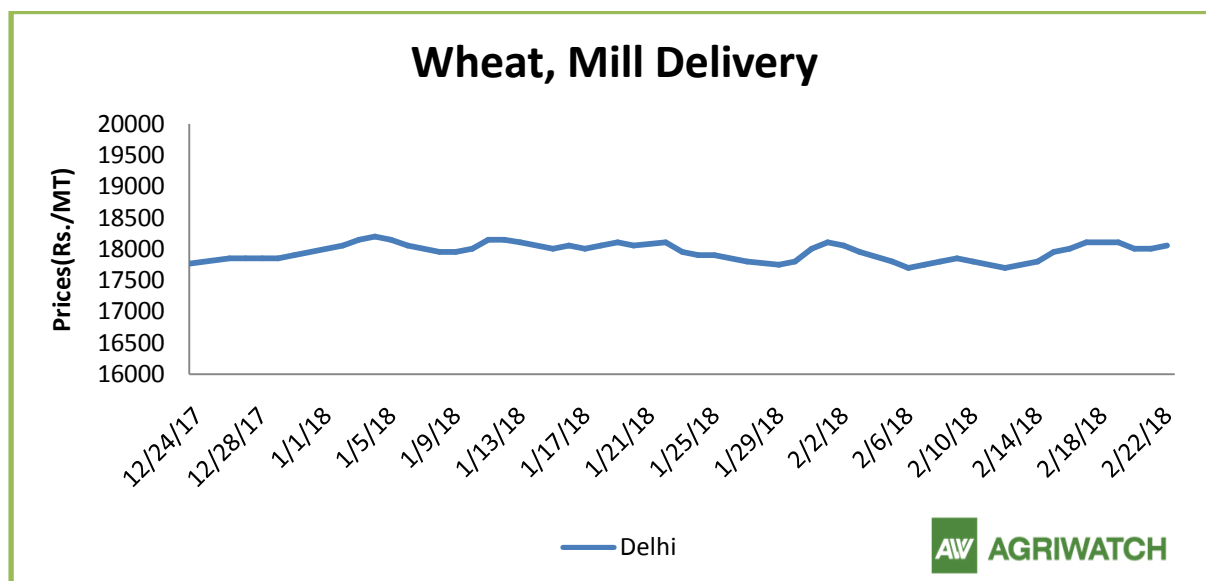
The area coverage under rapeseed, as on 09 February, is reported down 5.27% at 66.88 lakh hectares compared to 70.60 lakh hectares at the same period last year.

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)**

Considering the current situation, there is not much risk of drastic fall in prices, in A.P market as it is already being traded at the lower end but new crop arrival pressure which is expected after mid of March could weigh a little, on market sentiments.

In Nizamabad, 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 16.49 MMT in the 2017-18 marketing year. At 0.85 MMT (for the period 2nd February –8th February, 2018) U.S corn exports were down 1 percent from the previous week and 2 percent from the previous 4-week average. The destinations were primarily to



South Korea (206,000 MT), Peru (203,800 MT), Mexico (184,500 MT), Japan (118,800 MT), and Colombia (36,500 MT).

IGC decreased its forecast for 2017/18 global corn production by 6 MMT to 1048 MMT compared to previous forecast due to low maize output prospects in Argentina, Brazil and South Africa. Forecast for global corn ending stock was also decreased by 8 MMT to 314 MMT compared to last forecast for 2017/18.

All India weekly average prices increased by 11.25 percent to Rs. 1984.35 per quintal during the week ended 23rd February 2018. Wheat average price were ruling at Rs 1783.61 per quintal during 09-15 February 2018. As compared to prices in the week 16-23 February 2017, the prices are weak by 6.63 percent. Prices are expected to remain steady to firm in coming days.

As per latest update, wheat stock in central pool as on 1st February'18 stood at 175.47 lakh tonnes down by 10.31% compared to last month. This quantity is higher by around 52.25% compared to last year for the same month. For the month of January'18 off take from central pool was around 20.15 lakh tonnes compared to 22.22 lakh tonnes for January'17 and 34.53 lakh tonnes for January'16. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

FCI has offered a total of 36598612 tonnes of wheat through E-Auction since June until second tender in February. Of the total quantity offered, only 1036150 tonnes of wheat has been sold until second tender in February. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

IMD has issued no weather warnings for wheat growing states in the week. Temperature is expected to remain conducive. No thunderstorm/hailstorm is expected.

The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity. Other countries like Australia, Russia and Ukraine are able to provide wheat at lower quotes compared to India. In the month of November, India exported 14.53 thousand tonnes of wheat compared to 36.87 in the previous month.

As per latest update, India has imported around 242.12 thousand tonnes of wheat in November'17, lower compared to October'17. India has imported a total of 1394.09 thousand tonnes of wheat since April'17 until November'17. Imports are likely to fall in upcoming months as government has increased import duty from 10 percent to 20 percent. India has imported 5957.79 thousand tonnes of wheat in 2016-17 due to two consecutive bad crops.

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 tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2100-2110 per quintal, ASW at Rs 2010-2025 per quintal and Ukrainian wheat at Rs 1835-1850 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$278.44 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$196.10, \$193.80, Euro 158.60, \$194.39 and \$211.12 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 150.7 MMT in 2017-18 compared to 144.2 MMT in 2016-17. Russia and Ukraine are likely to harvest 84.9 MMT and 27.0 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 21.2 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 17.9 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 to slightly firm as overall feed ingredients prices traded steady to firm 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)		
	23-Feb-18	16-Feb-18	Parity To
Indore (MP)	30500	31200	Gujarat, MP
Kota	31500	32300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33300	33500	Mumbai, Maharashtra
Nagpur (42/46)	32500	33500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33400	33400	Andhra, AP, Kar, TN
Latur	35000	35500	-
Sangli	34500	33900	Local and South
Sholapur	33300	33300	Local and South
Akola	31800	33200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33500	33200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	31800	33800	-

#### Soy DOC at Port

Centers	Port Price	
	22-Feb-18	15-Feb-18
Kandla (FOR) (INR/MT)	33000	34000
Kandla (FAS) (USD/MT)	507	529

International Soy DOC			
Argentina FOB USD/MT	22-Feb-18	15-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	23-Feb-18	16-Feb-18	Change
Adoni	19200	19000	200
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	19000	18800	200

Groundnut Meal (Rs/MT)	23-Feb-18	16-Feb-18	Change
Basis 45%, Saurashtra	23500	25500	-2000
Basis 40%, Saurashtra	23000	23000	Unch
GN Cake, Gondal	23000	23000	Unch

Mustard DOC/Meal	23-Feb-18	16-Feb-18	Change
Jaipur (Plant delivery)	14800	14800	Unch
Kandla (FOR Rs/MT)	15500	15000	500
Sri Ganganagar	1830	1830	Unch

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	22-Feb-18	15-Feb-18	22-Jan-18	22-Feb-17	22-Feb-16
Delhi	Hybrid(U.P)	1350	1350	1325	1580	1650
Davangere	Loose	1230	1230	1480	1560	1360
Nizamabad	Bilty	1320	Closed	1320	1480	1460
Ahmadabad	Feed	1370	1280	1300	1520	1550
	Starch	1360	1320	1350	1510	1550

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

	Argentina	Brazil	US	India (Bihar Origin)
<b>FOB</b>	181.00	170.50	169.64	234.20
<b>Cost and Freight</b>	231.00	225.50	229.64	269.20

**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>22-Feb-18</u>	<u>15-Feb-18</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1340	1325	15
		Hybrid	Bangalore	1800	1800	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1345	1333	12
Maize	Karnataka	Yellow	Davanger e	1165	1165	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1280	Closed	-
Rice	Haryana	IR8	Karnal	2800	2700	100
		Parmal Raw	Karnal	2550	2600	-50
Soy meal	Madhya Pradesh	DOC	Indore	3050	3120	-70
	Maharashtra	DOC	Sangli	3450	3390	60
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1920	1900	20

	Maharashtra	Ex-factory	Latur	1900	1880	<b>20</b>
Mustard	Rajasthan	Plant delivery	Jaipur	1480	1480	<b>Unch</b>
Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2300	<b>Unch</b>
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1573	1631	<b>-58</b>
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1617	1687	<b>-70</b>
Note: Prices Rs./Qtl						

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