

Contents:

- ❖ **Summary**
- ❖ **Trend – Raw Material, Feed**
- ❖ **Outlook**
- ❖ **Annexure– Prices**

Summary

Soybean Oct contract at NCDEX witnessed positive trend taking cues from international market. However spot prices weakened as the sowing status is indicating soybean acreages to come around 111-112 lakh hectares. CBOT Soybean gained over improved prospects of exports from Non-China countries and also rumor of new negotiations between US and China which eventually fizzled out and the market witnessed correction. Improvement in crop ratings has presently eroded aggressive bullish sentiments and the week will prepares for the WASDE report with bearish report is expected mainly over the yield and production numbers of US soybean. Market is expecting yield to be above 50 bushels per acre in the upcoming WASDE report. We are also expecting the yield to be around 51 bushles per acre.

In the domestic market, all eyes will be on the crop progress as the sowing reports has indicated good strides against last year and is at normal pace thus indicting an acreages at 112 lakh hectares or more. We are expecting acreages to be in between 111 to 112 lakh hectares which is a normal 5 year average area. This will be a rise of 5-6 lakh hectares against last year. There are concerns of prolonged dryness in Telangana, SI Karnataka and Vidarbha. Monsoon has also been very erratic in Gujarat but otherwise the spread of rain has been excellent indicative of above average production..

CBOT Soy meal continued to trade in range and could not able to find strong support as the meal price is quite high as compared to soybean. This has allowed the International meal to quote at higher rates and thus limiting the scope of Indian meal to fall aggressively to find the parity of exports. Current season exports market is underpinned by the demand from EU and satellite nations as the SE Asian nations have been away from Indian markets. It will be interesting to see SE Asian buyer's preference in buying soymeal in between South America and US.

Rapeseed prices is underpinned by the stocks held by NAFED and with NAFED started auctioning the same through e-platform of NeML the rate of offloading is going to determine the bearishness in the market. The market has discounted the news of NAFED offloading the stock. As the centre has increased the MSP of the crop there are food chances that the market prices will be lower than the MSP and in that event govt will procure most of the khatrif crop under PSS scheme. .

Overall market is expected to remain mixed with extended period of consolidation.

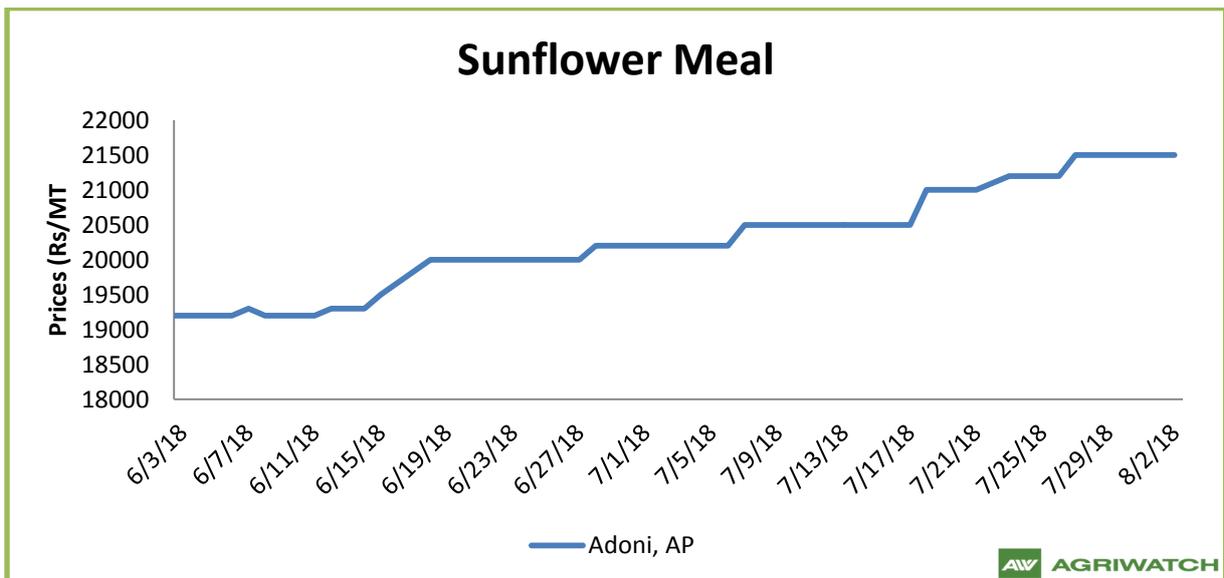
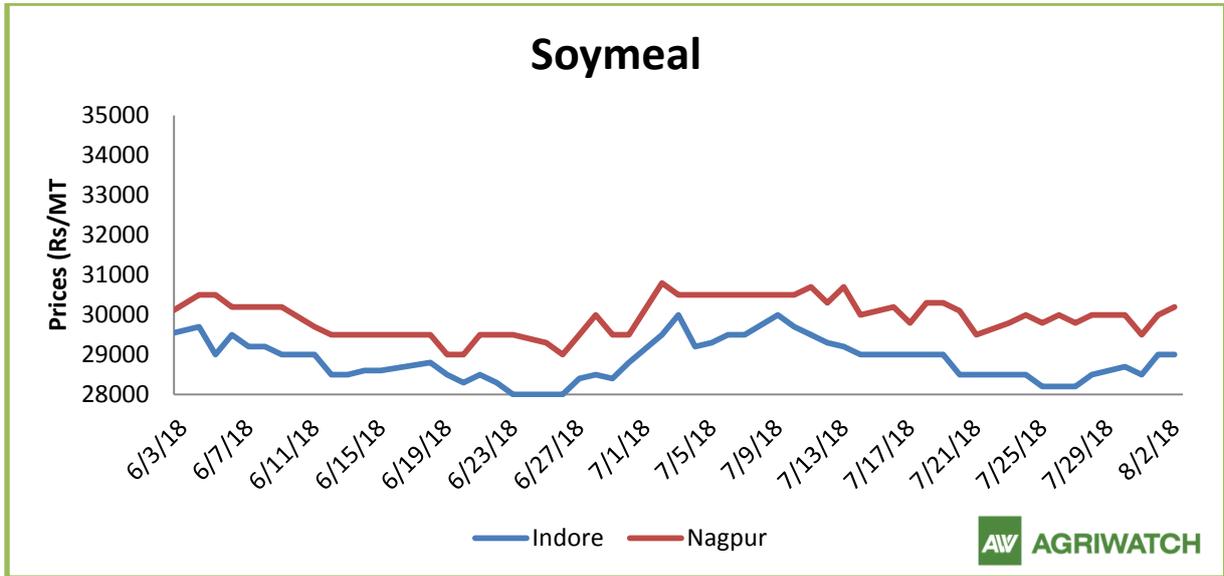
Overall maize cash markets traded mixed during the week and is likely to trade steady to range bound in the near term. In Bihar, maize prices are supported by Tamil Nadu feed makers' demand. As per trade source, rake of maize, sourced from Bihar is moving to Tamilnadu at Rs. 1420-30 per quintal. Besides, in small quantities, maize is moving to Punjab and U.P at Rs. 1400 and 1300-1350 per quintal respectively.

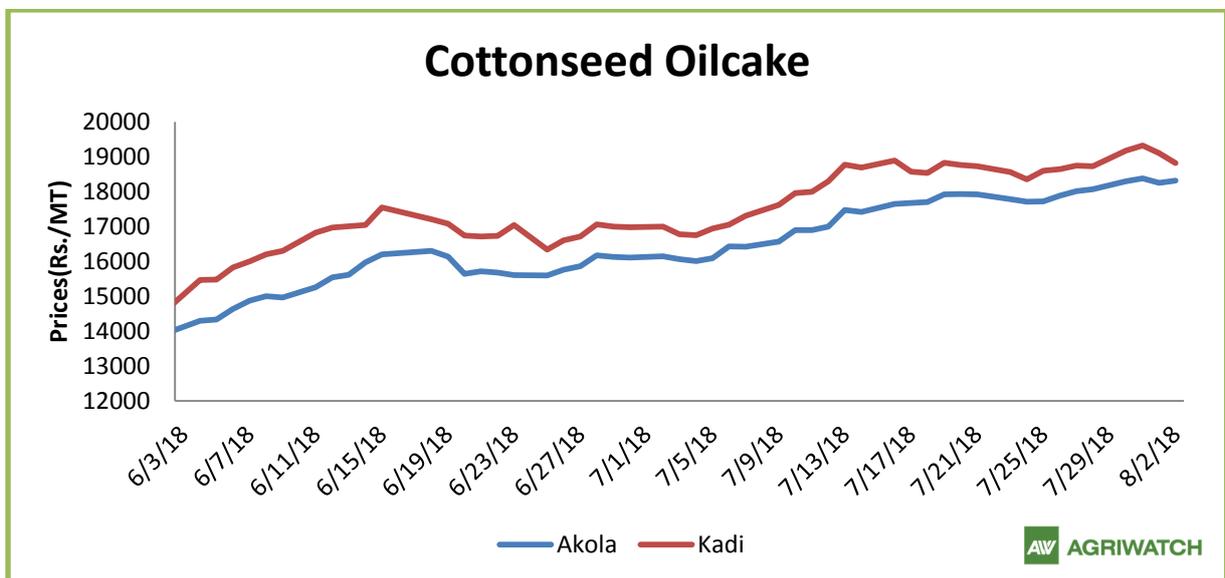
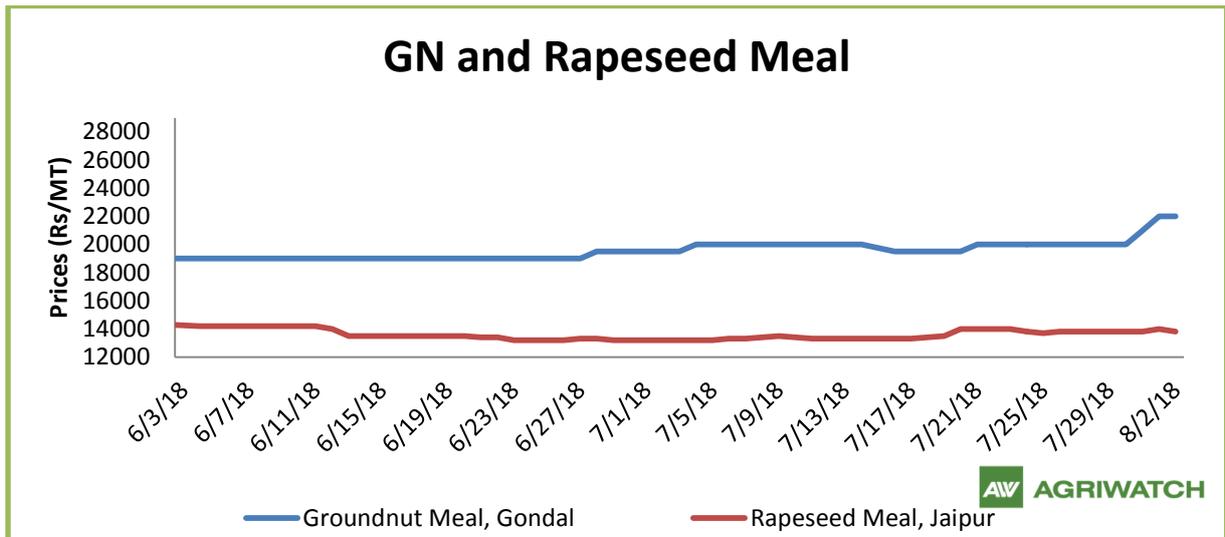
In A.P and Nizamabad, maize is likely to trade steady or range bound despite crop arrival pressure decreasing. Government decision to increase minimum support price by Rs. 275 per quintal to Rs. 1,700 per quintal is the main reason to support the prices in the near term.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 1.04% to Rs. 1463 per quintal (weekly average price). While, starch feed makers quoted it firm by 0.17% to Rs. 1452.5 per quintal compared to last week average price.

All India average monthly prices for wheat decreased by 0.58 percent from Rs 1905.68 (in June - 2018) to Rs 1894.67 per qtl in July-2018. Average price (July) is higher by 0.90 percent compared to price (Rs 1877.86 per qtl.) registered in July -2017. Prices are expected to remain firm in coming days due to increase in import duty and good domestic demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean price has been under the influence of bullishness in international market and expected weather premium evolving over heavy rains in North MP and drier spells in North interior Karnataka and Telangana. As of now the impact has been limited and the first two weeks of August is important for yields.

Soybean is in the flowering stage in the early sown crops and thus any severe soil and air dryness in this period can result in the flower shedding and thus has the potential to impact yields severely. Further dryness can result in shedding of pods. On an average there are 18-20 pods per plant and which may end up in 10-12 pods per plant.

All India oilseeds sowing have been completed in 157.54 lakh hectares which is high y-o-y by 8.63 lakh hectares mainly due to significant improvement in soybean sowing.

Soybean sowing has been completed in 109.5 lakh hectares against 98.99 lakh hectares last year and thus by this pace the total acreages is expected to come around 11-12 lakh hectares or at max to

114 lakh hectares. The normal sown area is 112 lakh hectares which is an average of last 5 year soybean acreages.

With continued dryness in Telangana soybean crop is expected to come under moisture stress. Almost all districts are facing deficit by 20% on an average. Rainfed soybean crop may face lower yield this season. The exports of soymeal in the coming two months are important in terms of the stock number that we are seeing at the end of marketing season.

International cues are going to have limited impact on Indian soy complex unless there are aggressive rallies or fall. The trump card is the US president next move in the soy international trade and US China trade war.

As of now soybean prices is going to edge down further with the exports parity match up potential. Further development in weather with another two months of -crop development should remain under vigil in determining the 2018-19 crop numbers for soybean.

Crush Margin in the July month is positive on an average basis indicating of the good crush demand. Export as well as domestic demand has also been in line with supplies and thus there hasn't been any supply surpluses neither bean and meal for aggressive falls. Overall Indian crushers have made good profit this year too consecutively.

India Meteorological Department (IMD) contradicted skymet forecasts of below par monsoon in rest of SW monsoon season and said that rains in August and September would be 'normal' at 95 per cent of the Long Period Average (LPA). During the last two months, IMD said there is 63 per cent chance of monsoon being normal and a 47 per cent probability of it being below normal.

The Met department in its weekly weather update said that the southwest monsoon is expected to be normal to above normal over East and North-East India along with Uttar Pradesh during the first week of August and thereafter increase its presence the along the North-Western parts of the country and also South Peninsular India.

In June and July, the southwest monsoon was 6 per cent below normal. So far, the rains have been normal in around 84 per cent of the country's landmass so far in the season, and deficient in the rest.

The distribution of rainfall is very good overall parts of the country except Bihar, Jharkhand and NE States. Such a scenario of favourable distribution of rainfall is expected to continue during rest of monsoon season of 2018 so as to remain favourable for agricultural operations

In the latest data from Central Water Commission (CWC) showed that water level in the 91-odd reservoirs continued to rise and during the week ended August 2 was 45 per cent of their full capacity level.

Since, July 19, the water level in the reservoirs have increased by over 13 per cent, which should augur well for coming rabi season mainly in those parts which are dependent on reservoirs for irrigation.

According to international FC Stone projected the Soybean production at 4.574 billion bushels at an average yield of 51.5 bushels per acre, whereas has kept the US soybean yield at 48.5 bushels per acre in the last WASDE report.

Informa Economics raised its forecast for the U.S. 2018 soybean yield to 50.0 bushels per acre (bpa), from 49.8 previously. WASDE July estimates for Soybean yield is at 48.5 bushels per acre.

Soybean old crop sales are beginning to fade as the 2017/18 marketing year wraps up, finding only 3.4 million bushels last week. With another 20.0 million bushels in new crop sales, that brought total sales to 23.4 million bushels.

According to Safras and Mercado, sales of soy from the 2017/18 campaign, which is nearing its end, have reached 84 percent of the production compared to 74 percent at this time last year. Sales of soy yet to be produced in the new, 2018/19 season are at 18 percent of expected production versus 8 percent last year.

The Argentinean officials expects to export significant amounts of soymeal to China starting after the next harvest in May, a top agriculture ministry official said on Friday, as the South American grains powerhouse moves to take advantage of U.S.-China trade strife. Argentine officials were in Beijing on Friday finalizing the paperwork needed to ship the country's livestock feed to China.

August WASDE report is going to set the tone for the coming week trade with anticipation so higher US production leading to a expected bearish report. We will see what the market is expecting next week.

In the USDA weekly crop progress report, 70% of soybean is reported to be in good to excellent conditions unchanged from previous week and 11% high from last year in the same time frame.

Pod setting has been observed in 60 % of the crop against 5 year average of 41%. Soybean blooming has been reported in 86% of the crop against 77% of 5 year average.

Soybean crops in Kansas, Michigan, Missouri, and North Carolina continue to struggle. Overall there are apprehensions over such a rosy picture portrayed by USDA. All cue son WASDE yield numbers.

U.S. farmers could receive cash payments from a planned \$12 billion aid package as soon as late September, United States Agriculture Secretary Sonny Perdue told Reuters on Saturday.

According to study by bank Banco Itaú BBA., falling margins for soy growers in Brazil from currency swings and rising transport costs is not expected to derail farmers' plans to plant a record crop come September, as strong Chinese demand is expected to buoy the market.

Farmers' margins on soy are expected to fall to half of the previous crop cycle or to between 1,200 reais and 1,500 reais (about \$325-\$400) per hectare, as the weaker Brazilian currency boost the cost of imported farm inputs like fertilizers.

Soy meal

Indian soymeal was offered in international market at a premium of \$55-58 per ton over Argentinean soymeal thus the premium is more or less competitive enough and extent of correction by \$20-30 per ton will mostly depends on the upcoming production number and thus exportable surplus.

Oil meal ratio has been well above 2.3 since May indicating the higher soy oil share and thus crushers may tends towards crushing bean even for oil if the import duty remains consistently high.

US weekly export was recorded at 247663 tons against 215368 tons last week. The net sales for the old crop meal was low at 79016 thd tons against 166397 thd tons last week. New crop meal net sales however were high at 57290 tons against 37620 tons last week.

Rapeseed - Mustard Seed

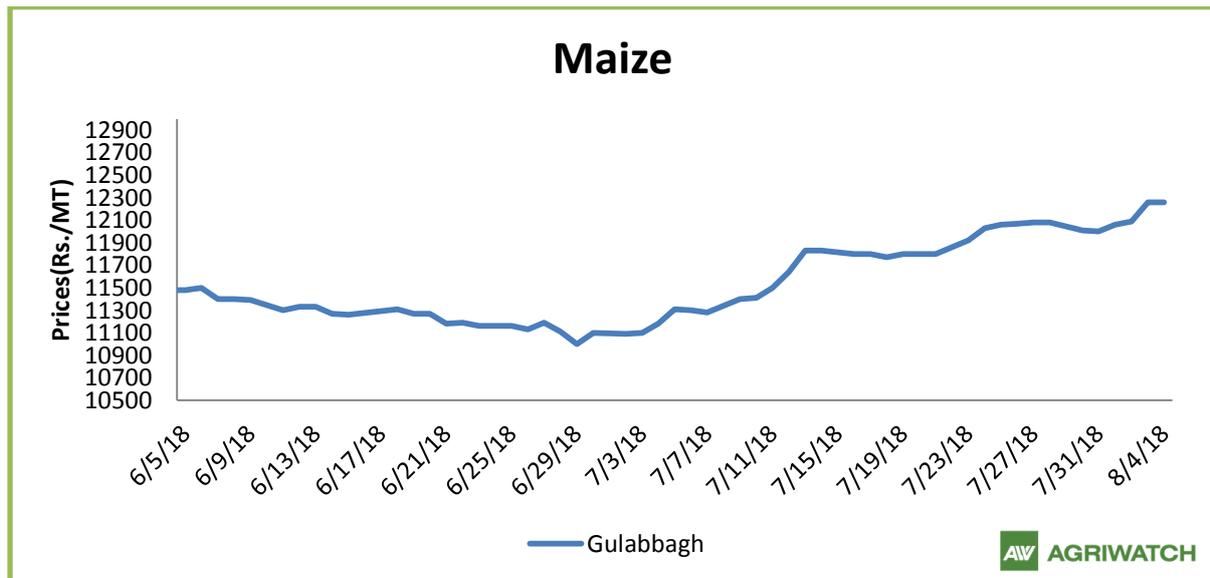
The all India weekly seed supplies were reported 8.65 lakh bags as compared to 6.2 lakh bags in the previous week. The supplies were 6.95 lakh bags in the same time frame last year.

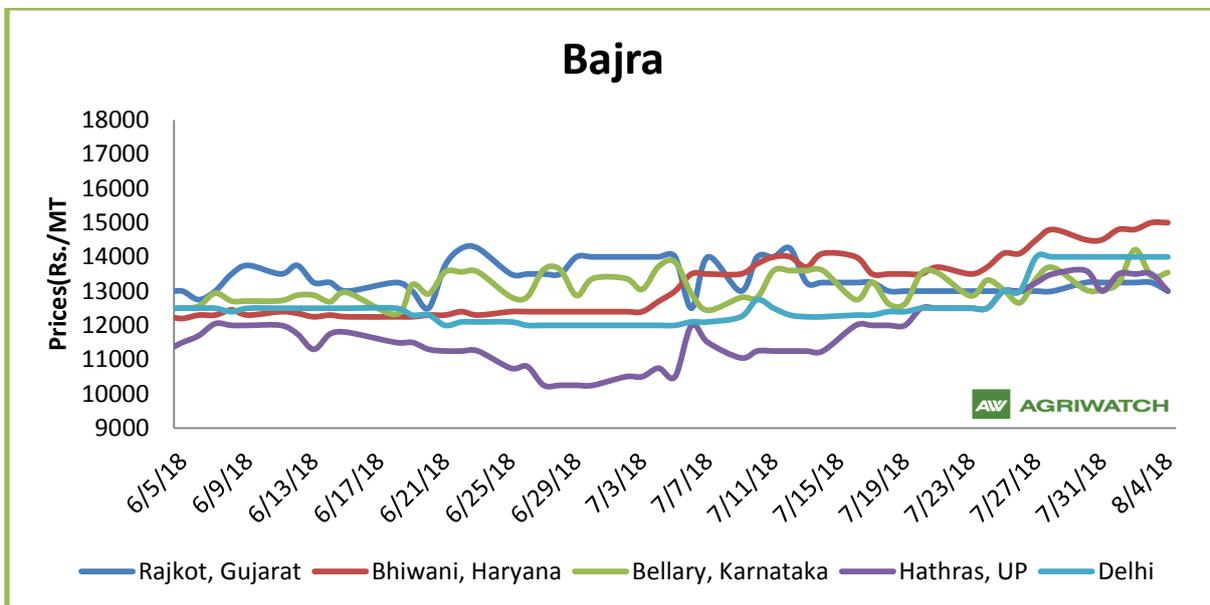
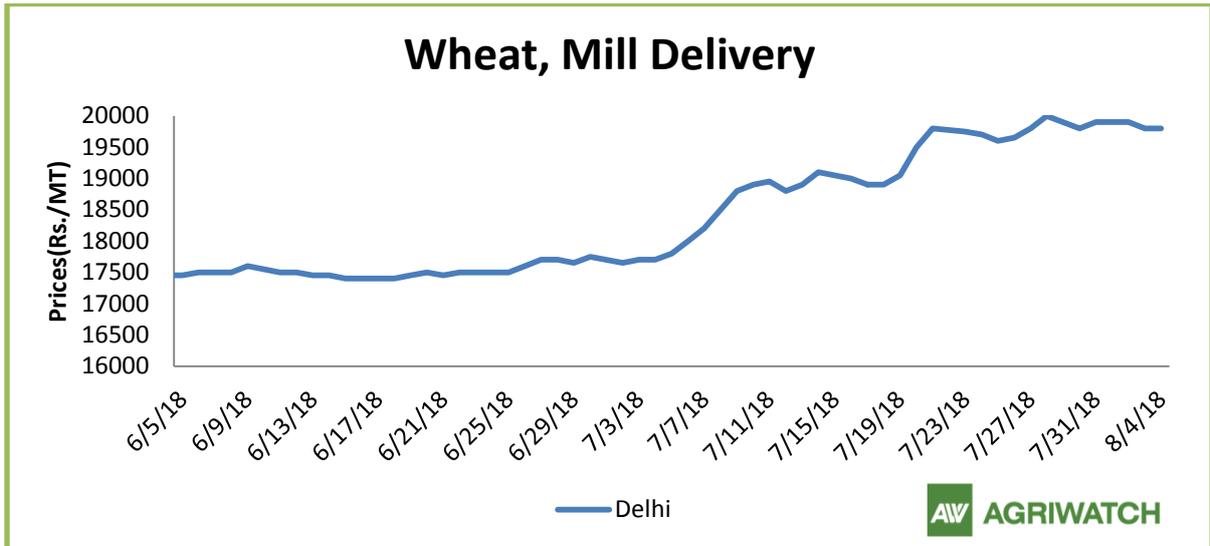
The spot prices have remained flat w-o-w over the strong crush demand on one hand and NAFED initiation of auction of its stocks. At the end of week mustard closed at 4360 per quintal as against INR 3855 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Aug contract ended higher at 4124/Qtl compared to 4292/Qtl previous week.

NAFED started auctioning mustard seed stock that they have procured under PSS scheme to a tune of 8.73 lakh tons from 3rd August in the open market. The auctioning process is at the NeML platform through e-auction. The auction will be on daily basis, twice in a day. NAFED has started the auction for the deliveries in Gujarat, MP and Rajasthan stocks.

At Mustard front arrivals has been higher as compared to last year in the same time frame and which might be indicating for higher crop or higher offloading by farmers. Things might be even clearer as we move into coming months as there exist an ambiguity over production numbers. Down the line the production might be again revised based on arrival numbers.





Source: Agriwatch (Prices: Maize-Industrial/Feed Grade. Wheat-Mill Delivery: Narela Market, Delhi)

Overall maize cash markets traded mixed during the week and is likely to trade steady to range bound in the near term. In Bihar, maize prices are supported by Tamil Nadu feed makers' demand. As per trade source, rake of maize, sourced from Bihar is moving to Tamilnadu at Rs. 1420-30 per quintal. Besides, in small quantities, maize is moving to Punjab and U.P at Rs. 1400 and 1300-1350 per quintal respectively.

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In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 1.04% to Rs. 1463 per quintal (weekly average price). While, starch feed makers quoted it firm by 0.17% to Rs. 1452.5 per quintal compared to last week average price.

In India, maize has been sown in around 72.48 lakh hectares as on 03rd August 2018 which is higher than 71.36 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.06 lakh hectare which is higher than 8.62 lakh hectare covered during corresponding period last year. In M.P, it has been sown in 13.12 lakh hectares which is higher than 12.58 lakh hectares during corresponding period last year. As per trade sources, farmers in Karnataka are not likely to shift from maize despite low price realisation, due to labour shortage as maize crop is less labour intensive. In south Karnataka; sowing of maize has been completed. In Haveri and Bagalkot regions, maize area is likely to increase around 10%-15%. In Karnataka, maize is likely to replace some acreage of Cotton, Groundnut, Sunflower and Urad crops, while in Telangana, around 10% maize sown area is likely to shift towards soybean. In A.P, maize has been sown in around 0.71 lakh hectares- higher than 0.60 lakh hectare covered during corresponding period last year.

In A.P and Nizamabad, maize is likely to trade steady or range bound despite crop arrival pressure decreasing. Government decision to increase minimum support price by Rs. 275 per quintal to Rs. 1,700 per quintal may be supporting factor in the near term.

As per trade sources, in Nizamabad, stock of maize could be around 4 lakh bags (1 bag=50 kg.) which is almost same as during corresponding period last year. Trade activity during the week was subdued on account of labours' strike.

In Davangere, maize is likely to trade steady to range bound in the near term. As per trade sources, stock of maize could be around 5 lakh quintal which was 3 lakh quintal during corresponding period last year.

As per USDA, U.S corn exports reached 50.76 MMT in the 2017-18 marketing year. At 1.62 MMT (for the period 20th July- 26th July, 2018) US corn exports were up by 27% from the previous week and 18% from the previous 4-week average. The destinations were primarily to Japan (405,600 MT), Mexico (349,000 MT), South Korea (281,800 MT), Taiwan (160,800 MT), and Colombia (111,100 MT).

In U.S, Corn silking is at 91% as of 29th July, 2018, which is higher by 9% compared to corresponding period last year and from the last 5 year average period. Corn dough is at 38%, which is higher by 17% compared to corresponding period last year. 72% of corn is in good to excellent condition, same compared to last week but higher by 11% compared to corresponding period last year.

All India average monthly prices for wheat decreased by 0.58 percent from Rs 1905.68 (in June - 2018) to Rs 1894.67 per qtl in July-2018. Average price (July) is higher by 0.90 percent compared to price (Rs 1877.86 per qtl.) registered in July -2017. Prices are expected to remain firm in coming days due to increase in import duty and good domestic demand.

Government has offered 3735950 tonnes of wheat in OMSS during the month of July-2018 out of which only 177400 tonnes was sold. Total numbers of rakes sold were 2. State government bought 85450 tonnes of wheat. 5300 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third and fourth quarter prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

As per market sources, India may reduce import duty due to uneven monsoon rains. A private weather forecaster has said that India is likely to receive below normal monsoon rains in 2018. Wheat prices are getting close to Rs 2000 per quintal against MSP of Rs 1735 per quintal. Therefore, in an attempt to control inflation government may decrease import duty. As of now, Demand for domestic wheat is good as with import duty at 30 percent there is no import parity. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. As of now Tuticorin port price for ASW is Rs 2285-2295 per quintal and Ukrainian wheat is Rs 2075-2095 per quintal. Wheat supplies are likely to tighten this year. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Black sea region. As of now ASW is being quoted at AUD 322 per tonne at Kwinana port.

As per trade source, India has exported around 2.17 thousand tonnes in the month of June compared to 2.31 thousand tonnes in May. The quantity in June was exported at an average FOB of \$ 432.95 per tonne and the major destinations were Nepal, UAE, Malaysia, Kuwait and Singapore. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices. Furthermore, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of June-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 31000 tonnes in the month of February-2018.

Indian FoB quote is hovering around \$308.64 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$215.20, \$205.20, Euro 211.40 \$231.42 and \$234.00 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.5 million tonnes in MY 2018-19.

Global wheat market is expected to trade steady to slightly firm due to lower production forecast and unfavorable weather conditions in major producing regions. EU is likely to produce around 139.9 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 66.00 MMT and 25.5 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.1 MMT compared to last year's 47.40 MMT. Australia is likely to produce 22.50 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.0 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 31.80 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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) | | |
|----------------|---------------------------|-----------|---|
| | 03-Aug-18 | 27-Jul-18 | Parity To |
| Indore (MP) | 29000 | 28200 | Gujarat, MP |
| Kota | 28880 | 29000 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna | 30700 | 30700 | Mumbai, Maharashtra |
| Nagpur (42/46) | 30000 | 29800 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 30500 | 31200 | Andhra, AP, Kar ,TN |

| | | | |
|----------|-------|-------|--|
| Latur | 31000 | 30200 | - |
| Sangli | 31300 | 30800 | Local and South |
| Sholapur | 31000 | 31200 | Local and South |
| Akola | 28500 | 28700 | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |
| Hingoli | 31000 | 31000 | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |
| Bundi | 28300 | 28500 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|-------------|-------------|
| | 03-Aug-18 | 26-Jul-18 |
| Kandla (FOR) (INR/MT) | 30700-30800 | 30000-30200 |
| Kandla (FAS) (USD/MT) | 425 | 437-440 |

| International Soy DOC | | | |
|---------------------------|-----------|-----------|--------|
| Argentina FOB USD/MT | 01-Aug-18 | 26-Jul-18 | Change |
| Soybean Pellets | 372 | 375 | -3 |
| Soybean Cake Flour | 372 | 375 | -3 |
| Soya Meal | Unq | Unq | - |
| Soy Expellers | Unq | Unq | - |
| | | | |
| Sunflower (DOC) Rates | | | |
| Ex-factory rates (Rs/ton) | | | |
| Centers | 02-Aug-18 | 27-Jul-18 | Change |
| Adoni | 21500 | 21500 | Unch |
| Khamgaon | Unq | Unq | - |
| Parli | Unq | Unq | - |
| Latur | Unq | Unq | - |

| Groundnut Meal (Rs/MT) | 02-Aug-18 | 27-Jul-18 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 21800 | 21000 | 800 |
| Basis 40%, Saurashtra | 19300 | 18500 | 800 |
| GN Cake, Gondal | 22000 | 20000 | 2000 |

| Mustard DOC/Meal | 02-Aug-18 | 27-Jul-18 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 13800 | 13800 | Unch |
| Kandla (FOR Rs/MT) | 14600 | 14600 | Unch |

Maize Spot Market Prices (Rs. /Quintal)

| Market | Grade | 3-Aug-18 | 27-Jul-18 | 3-Jul-18 | 3-Aug-17 | 3-Aug-16 |
|-----------|-------------|----------|-----------|----------|----------|----------|
| Delhi | Hybrid(U.P) | 1350 | 1325 | 1225 | 1350 | NA |
| Davangere | Loose | 1300 | 1300 | 1250 | 1650 | 1700 |
| Nizamabad | Bilty | Closed | Closed | 1350 | 1650 | 1750 |
| Ahmadabad | Feed | 1450 | 1460 | 1370 | 1450 | 1770 |
| | Starch | 1425 | 1450 | 1380 | 1450 | 1775 |

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

| | Argentina | Brazil | US | India |
|------------------|-----------|--------|--------|--------|
| FOB | 175.10 | 176.90 | 171.90 | 228.23 |
| Cost and Freight | 225.10 | 231.90 | 231.90 | 263.23 |

Soy Meal Exports (In MT):

| Month | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------|----------------|---------------|-----------------|----------------|---------------|
| Jan | 364444 | 103934 | 7707 | 155160 | 105678 |
| Feb | 183551 | 64515 | 1127 | 207977 | 73816 |
| Mar | 232176 | 46670 | 430.1 | 107059 | 39209 |
| Apr | 75884 | 18017 | 12295 | 124374 | 68264 |
| May | 8226 | 14046 | 10400 | 48900 | 41452 |
| Jun | 2636 | 2098 | 17930 | 45975 | |
| Jul | 6682 | 928 | 12270 | 80797 | |
| Aug | 2778 | 768 | 10615 | 87668 | |
| Sep | 868 | 6886 | 12210 | 102212 | |
| Oct | 29071 | 4237 | 31390 | 71425 | |
| Nov | 110806 | 8909 | 97750 | 207630 | |
| Dec | 193832 | 5667 | 241250 | 168865 | |
| Total | 1210954 | 276674 | 455374.1 | 1408042 | 328419 |

Feed Ingredient Prices at a Glance

| Commodity | State | Variety | Centre | 2-Aug-18 | 26-Jul-18 | Change |
|-----------|-----------|---------|-----------|----------|-----------|--------|
| Bajra | Karnataka | Hybrid | Bellary | 1421 | 1266 | 155 |
| | | Hybrid | Bangalore | 1850 | 1850 | Unch |
| Jowar | Karnataka | White | Bangalore | 2200 | 2200 | Unch |
| | | White | Bellary | 1536 | 1558 | -22 |

| | | | | | | |
|----------------------|----------------|----------------|------------|--------|------|------|
| Maize | Karnataka | Yellow | Davanger e | 1300 | 1300 | Unch |
| | Andhra Pradesh | Yellow | Nizamaba d | Closed | NA | - |
| Rice | Haryana | IR8 | Karnal | 2600 | 2600 | Unch |
| | | Parmal Raw | Karnal | 3200 | 3150 | 50 |
| Soy meal | Madhya Pradesh | DOC | Indore | 2900 | 2820 | 80 |
| | Maharashtra | DOC | Sangli | 3130 | 3080 | 50 |
| Sunflower Meal | Andhra Pradesh | Ex-factory | Adoni | 2150 | 2150 | Unch |
| | Maharashtra | Ex-factory | Latur | Unq | Unq | - |
| Mustard | Rajasthan | Plant delivery | Jaipur | 1380 | 1380 | Unch |
| Groundnut Meal | Gujarat | GN Cake | Gondal | 2200 | 2000 | 200 |
| Cottonseed Oil Cake | Gujarat | Ex- Mandi | Kadi | 1882 | 1874 | 8 |
| Cottonseed Oil Cake | Maharashtra | Ex- Mandi | Akola | 1831 | 1801 | 30 |
| Note: Prices Rs./Qtl | | | | | | |

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