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## Summary

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Soybean Oct contract at NCDEX recovered in the week after losing below the crucial support levels. There has been decent recovery in CBOT Soybean post WASDE report mainly due to bullish NOPA report and lowering of crop ratings of soybean by 1% in good to excellent conditions in the weekly crop status report. Moreover there has been a talk of initiation of fresh talks between US and China over the trade issues which has also helped in gains. The market is more of sentiments driven rather over fundamentals wherein Trump is the trump card for further market cues.

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. SOPA concluded acreages survey and has reported acreages to be at 111.2 lakh hectares which is close to our estimates and also with Govt data. With current spell of rains across key soybean growing regions Agriwatch is expecting production to be around 104-105 lakh tons. Rains across central India further helped in evaporating weather premium in Soybean .

CBOT Soy meal recovered after back to back bullish reports but still the market has potential to dip towards \$300 per short tons. Soyneal has been trading range bound since 15<sup>th</sup> June. On such prices Indian meal has to further fall towards INR 22000 per ton which also happens to be long term trend line support for meal and which is almost repetition of last year price outlook.

Rapeseed has been keenly looking towards the pace of rapessed stocks offloading by NAFED and as of now there hasn't been seen any rapid progress in it. A mustard price is also underpinned over the spread with bean which can sustain at INR 1000 per quintal. Thus Mustard prices remain under the consolidative phase.

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

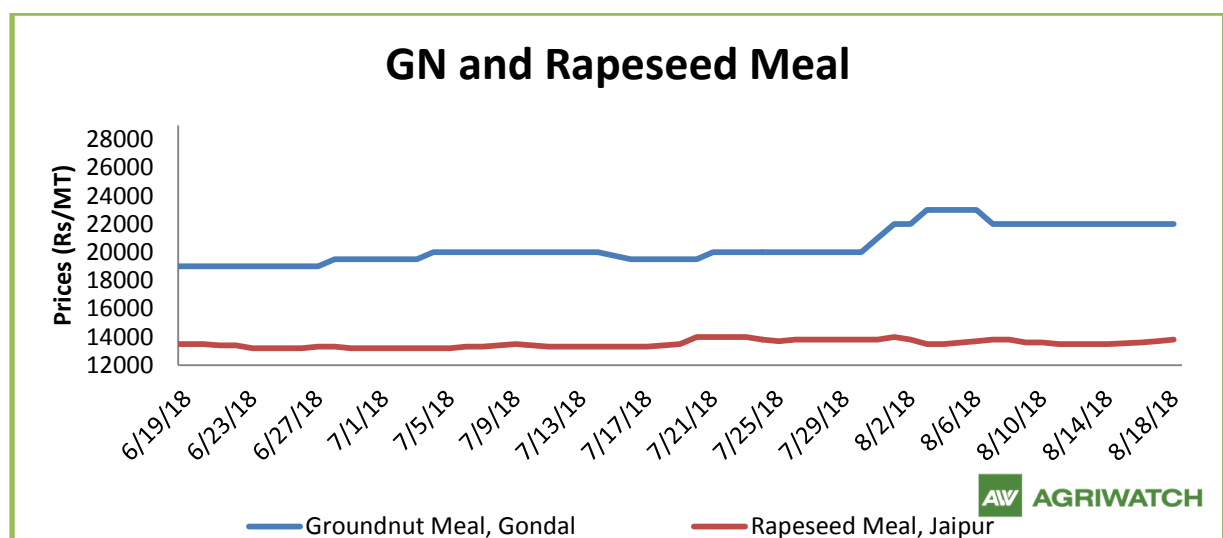
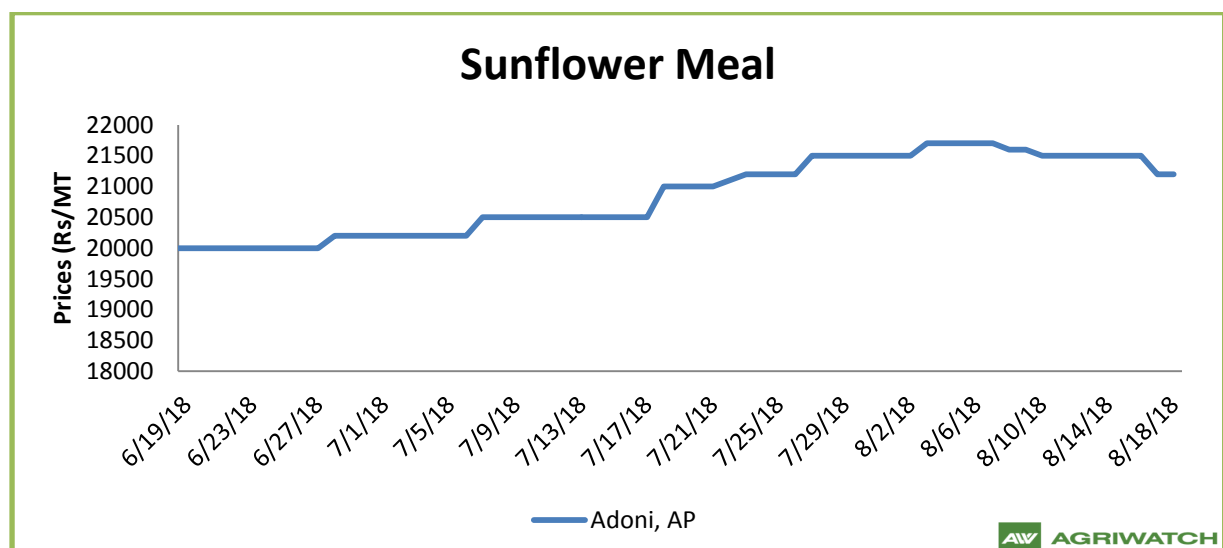
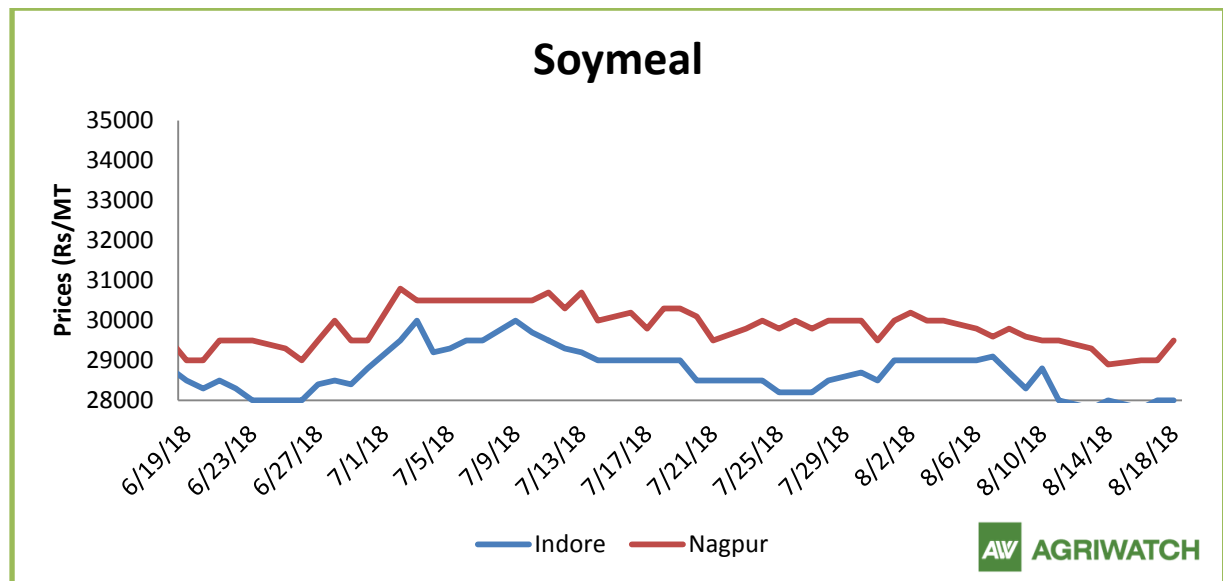
More or less maize cash markets traded steady during the week .We are expecting that maize could trade firm at the end of this month; until then, it could trade steady to range bound movement. Maize is moving towards Punjab and U.P at Rs. 1400 and 1350 per quintal respectively; sourced from naugachia region of Bihar. Overall, feed makers demand was reported lower during the week due to Shravan month and is expected to increase towards the end of this month.

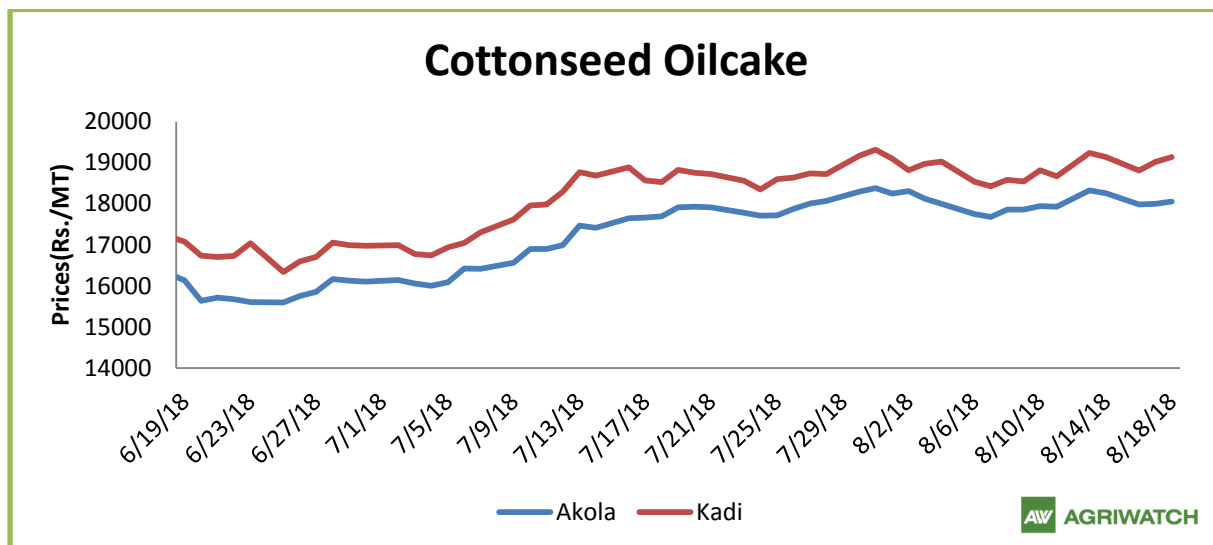
In Nizamabad too, maize prices are likely to trade steady in the near term. As per trade sources, stock of maize in Nizamabad could be around 4 lakh bags (1 bag=50 kg.) which is almost same as during corresponding period last year.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 0.13% to Rs. 1501 per quintal (weekly average price). While, starch feed makers quoted it firm by 0.07% to Rs. 1490 per quintal compared to last week average price.

All India weekly average prices decreased by 1.44 percent to Rs. 2019.19 per quintal during the week ended 15th August 2018. Wheat average price were ruling at Rs 2048.77 per quintal during 01-08 August 2018. As compared to prices in the week 09-15 August 2017, the prices are firm by 4.02 percent. Prices are expected to remain steady to firm in coming days due to good domestic demand.

**Trend – Raw Material, Feed**





**Source: AgriWatch**

## Soybean

With the given scene of persistent bearishness in CBOT Soybean complex, the gate has bow opened for the Indian bean and meal prices to plug towards last season lows i.e. NCDEX bean could achieve 2650 per quintal at exchange and meal prices can plunge towards 22000 or even low at physical market.

SOPA has estimated all Indian sowing of soybean in 111.73 lakh hectares in the recent field survey. In Madhya Pradesh sowing has been done in 54.1 lakh hectares up by 7.98%, Maharashtra 38.692 up by 12.2% and In Rajasthan 10.455 lakh hectares up by 13.09% year on year. The sown area estimated by SOPA is very close to government estimates.

In Maharashtra, Rajasthan and MP 5-10% crop has been affected by moisture stress during the flowering and pod formation stage which has negatively impacted yield. However recent rain is going to benefit the crop most and is going to limit reduction in yield. In Maharashtra large track of land has witnessed intercropping with red gram.

***The domestic soybean prices are likely to notice range –bound trade in the domestic market.***

Trump administration said it would start collecting tariffs on another \$16 billion worth of Chinese imports from Aug. 23, as it tries to put pressure on China to negotiate trade concessions. Beijing has said it will give tight responses in tit for tat deals and policies.

In the latest USDA crop progress report released yesterday, the condition of soybeans has declined slightly from 67% last week to 66% of soybeans in good-to-excellent condition this week. USDA rated 84% of the soybean crop as setting pods vs. 75% last week and the 72% five-year average.

Overall yield potential based on national ratings is expected to be at 51 bushels per acre, compared to the 51.6 bpa reported in August WASDE report of USDA.

Nearly the entire 2018 soybean crop is blooming as of last week, with 96% of the crop reaching that stage – slightly ahead of 2017's pace of 93% and the five-year average of 92%.

The weekly exports inspection ending 9th of August reported 580.824 thousand tons of soybeans weighed and inspected for exports as against 893.158 thousand last week and 590.887 thousand tons in the same time frame last year.

Soggy conditions in parts of the Midwest as scattered showers move across the central U.S has helped the US soybean crop to come over the drier conditions. This will help in improvement in crop ratings to be released coming Monday. As of now analysts are keeping the yield based on VHI below latest WASDE estimate. Further, a look at the latest seven-day cumulative forecast map from NOAA shows a significant amount of rainfall is likely to fall across much of the Ohio River Valley between now and August 22.

NOPA reported crush of 167.773 million bushels in July month as compared to 159.288 bushels previous month. This was the largest for July month and it was the second highest for all the months in history.

China sold 4.7 million bushels of its state reserves of 2013 soybeans at auction Wednesday, which was 42.1% of the total available for sale. China also sold 20,113 metric tons of its 2011 imported soyoil reserves, which was 35.5% of the total available for sale.

According to China's Ministry of Commerce, a Chinese delegation led by vice commerce minister Wang Shouwen will travel to the United States for trade talks in late August.

Soybean exports reported 4.9 million bushels in old crop sales plus another 21.0 million bushels in new crop sales for a total of 25.9 million bushels. That nearly matched trade estimates of 27.6 million bushels but slipped moderately behind the prior week's tally of 35.1 million bushels.

Soybean export shipments were for 21.6 million bushels last week, with Iran (4.9 million bushels) occupying the No. 1 position.

Private exporters reported to USDA the sale of 5.7 million bushels of soybeans for delivery to Mexico for the 2018/19 marketing year, which begins September 1.

### Soy meal

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As there has been gloomy soybean conditions overseas, advance or forward booking of new crop soy meal is expected to remain low and exporters may find only need based demand. Interesting is to see how much Bangladesh is keen to buy Indian meal given sharp discount available in US soybean and same goes for SE Asian nations which are more price elastic..

The Indian meal is inching lower to find exports parity against the International meal, and thus giving bearish signal to entire meal basket. Seasonally the Indian meal tends to even out the spreads with Argentinean meal the top exporters of Soymeal to start looking for exports market in the OND window which happens to be the peak exporting season of Indian soy-meal.

### Rapeseed - Mustard Seed

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**The all India weekly seed supplies were reported 7.55 lakh bags as compared to 7.95 lakh bags in the previous week. The supplies were 9.1 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 3865 per quintal during the corresponding period last year at the benchmark, Jaipur.

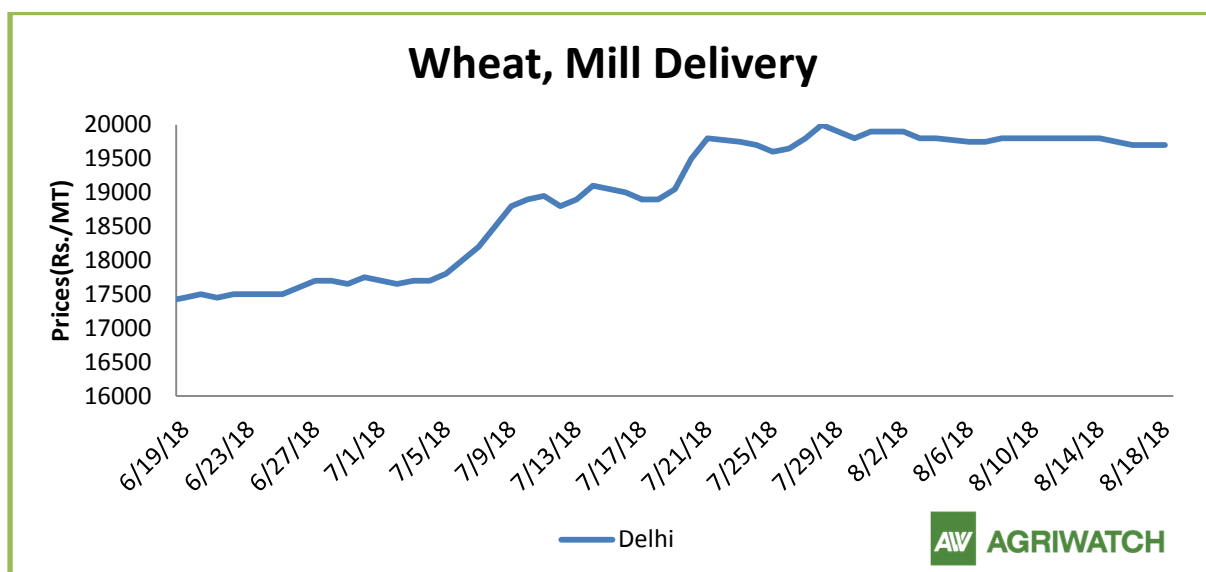
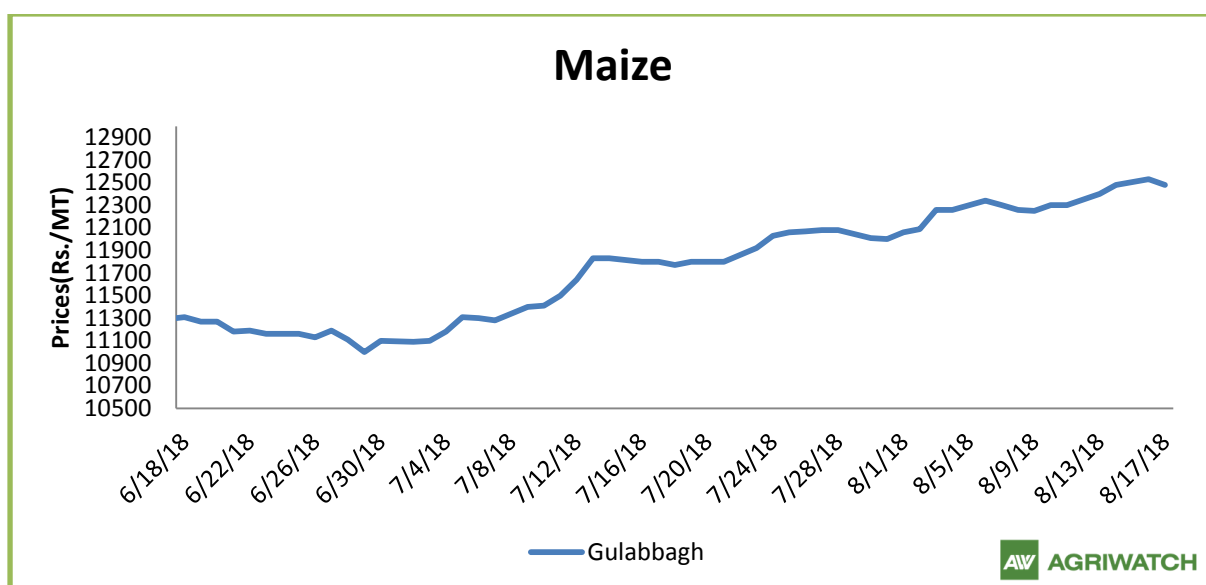
At NCDEX futures, the seed prices at Aug contract ended low at 4108/Qtl compared to 4124/Qtl previous week.

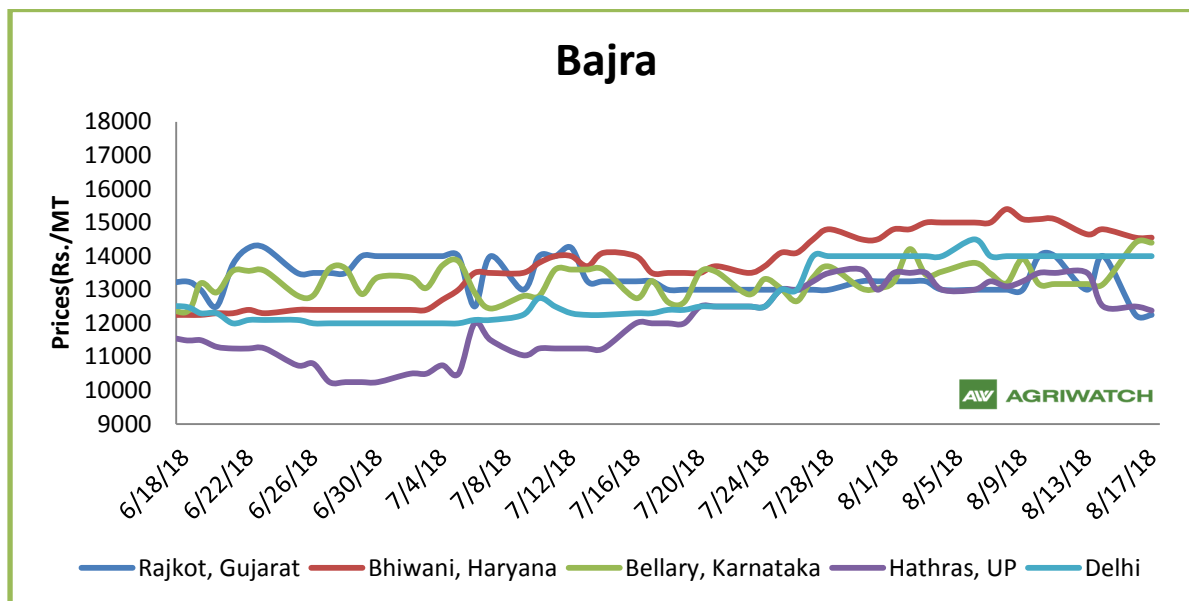
There has been no official statement from NAFED over the auction of Mustard Stocks from Rajasthan, Gujarat and MP. NAFED Haryana however sold 200 tons of Mustard at INR 4011 per quintal in last auction happened on 16<sup>th</sup> of August.

NAFED currently holds 8.7 lakh tons of stocks and which has the potential to keep the market stocks situation tight. All depends on the pace of Mustard offloading by NAFED.

Arrivals are at the very similar pace as compared to last year. Crushers are finding good margins after the steady rise in Mustard Expeller Oil and Mustard Kachhi Ghani Oils.

As we move towards peak festive season demand the mustard oil is not expected to fall in coming months and thus keeping the crush demand high.





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

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In Nizamabad too, maize prices are likely to trade steady in the near term. As per trade sources, stock of maize in Nizamabad could be around 4 lakh bags (1 bag=50 kg.) which is almost same as during corresponding period last year.

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In Telangana, maize has been sown in around 4.35 lakh hectares as on 16th August 2018 which is lower than 4.44 lakh hectare covered during corresponding period last year. Maize is at vegetative stage and sowing of maize is almost completed. Current sowing stands at 81% to season normal. In A.P, maize has been sown in around 0.86 lakh hectares as on 15th August 2018 which is higher than 0.73 lakh hectare covered during corresponding period last year. Maize is at flowering stage to pod development and pod maturity stage and sowing of maize is almost completed. Current sowing stands at 90% to season normal. In India, maize has been sown in around 74.34 lakh hectares as on 10th August 2018 which is lower than 74.44 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.34 lakh hectare which is higher than 9.04 lakh hectare covered during corresponding period last year. In M.P, it has been sown in 13.02 lakh hectares which is higher than 13.11 lakh hectares during corresponding period last year. **Agriwatch estimates all India maize kharif sown area at 80.79 lakh hectares for 2018-19 which is higher than 80.58 lakh hectares compared to last year.**

In A.P, maize is likely to trade steady or range bound as crop arrival pressure has decreased. We expect impact of increase in MSP could be seen after the end of this month.

In Davangere, maize is likely to trade steady to slightly firm on the expectation of increase in Tamilnadu feed makers' demand. As per trade sources, stock of maize could be around 5 lakh quintal compared to 3 lakh quintal same time last year. If rains occur at this time, it would be good for maize yields.

As per USDA, U.S corn exports reached 53.41 MMT in the 2017-18 marketing year. At 1.22 MMT (for the period 3rd August- 9th August, 2018) US corn exports were down 15% from the previous week and 13% from the previous 4-week average. The destinations were primarily to Mexico (463,100 MT), Japan (290,700 MT), Colombia (147,200 MT), Peru (109,700 MT), and Egypt (44,000 MT).

In U.S, Corn dough is at 73% as of 12th August, 2018, which is higher by 15% compared to corresponding period last year. Corn dented is at 26% as of 12<sup>th</sup> August, 2018, which is higher by 11% compared to corresponding period last year. 70% of corn is in good to excellent condition, lower by 1% compared to last week but higher by 8% compared to corresponding period last year.

All India weekly average prices decreased by 1.44 percent to Rs. 2019.19 per quintal during the week ended 15th August 2018. Wheat average price were ruling at Rs 2048.77 per quintal during 01-08 August 2018. As compared to prices in the week 09-15 August 2017, the prices are firm by 4.02 percent. Prices are expected to remain steady to firm in coming days due to good domestic demand.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Tuticorin port price for ASW is Rs 2305-2315 per quintal and Ukrainian wheat is Rs 2090-2110 per quintal. Australian Premium Wheat (APW) is not available in the domestic market. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Black sea region.

Wheat WPI has increased slightly from 143.1 in June-2018 to 144.9 in July-2018. Monthly wheat inflation has increased by 1.26 percent in July -2018 compared to previous month. As compared to July-2017 wheat WPI has increased by around 6.31 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

India's import are expected to be 0.5 MMT or lower in MY 2018-19 due to good availability in domestic market and higher prices of wheat in Australia and Black sea region. As of now quotes for imported wheat from Australia and Black sea region is coming around \$335-365 per tonnes after including freight and import duty@30%. Local expenses would add to import quotes. Therefore, there is no parity for imported wheat.

As per latest update, wheat stock in central pool as on 1st August'18 stood at 405.58 lakh tonnes down by 2.97% compared to last month. This quantity is higher by around 34.93% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. The stock position as on 01st August'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

Indian FoB quote is hovering around \$296.89 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$218.13, \$219.50, Euro 213.19 \$224.44 and \$260.15 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)		
	17-Aug-18	10-Aug-18	Parity To
Indore (MP)	28000	28800	Gujarat, MP
Kota	28200	28800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29800	30500	Mumbai, Maharashtra
Nagpur (42/46)	29000	29500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	30700	31000	Andhra, AP, Kar ,TN
Latur	29300	30200	-
Sangli	30300	30800	Local and South
Sholapur	30500	30400	Local and South
Akola	28200	28500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	29700	30500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	28000	28300	-

#### Soy DOC at Port

Centers	Port Price	
	17-Aug-18	10-Aug-18
Kandla (FOR) (INR/MT)	29200	30500
Kandla (FAS) (USD/MT)	405	425

International Soy DOC			
Argentina FOB USD/MT	17-Aug-18	10-Aug-18	Change

Soybean Pellets	363	350	13
Soybean Cake Flour	363	350	13
Soya Meal	358	351	7
Soy Expellers	358	351	7
<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>18-Aug-18</b>	<b>11-Aug-18</b>	<b>Change</b>
Adoni	21200	21500	-300
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

<b>Groundnut Meal (Rs/MT)</b>	<b>18-Aug-18</b>	<b>11-Aug-18</b>	<b>Change</b>
Basis 45%, Saurashtra	21800	21800	Unch
Basis 40%, Saurashtra	19300	19300	Unch
GN Cake, Gondal	22000	22000	Unch

<b>Mustard DOC/Meal</b>	<b>11-Aug-18</b>	<b>04-Aug-18</b>	<b>Change</b>
Jaipur (Plant delivery)	13800	N/A	-
Kandla (FOR Rs/MT)	14600	N/A	-
Sriganganagar	14400	N/A	-

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

Market	Grade	16-Aug-18	9-Aug-18	16-Jul-18	16-Aug-17	16-Aug-16
Delhi	Hybrid(U.P)	1400	1400	1275	1325	1600
Davangere	Loose	1300	1300	1300	Closed	1650
Nizamabad	Bilty	1300	1300	1330	NA	1700
Ahmadabad	Feed	1500	1520	1450	1460	1740
	Starch	1500	1500	1425	1400	1725

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

	Argentina	Brazil	US	India
FOB	169.69	176.30	172.50	224.35
Cost and Freight	219.69	231.30	232.50	259.35

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

<u>Month</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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	
<b>Total</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>1408042</b>	<b>328419</b>

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>16-Aug-18</u>	<u>9-Aug-18</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1440	1392	48
		Hybrid	Bangalore	1850	1850	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1530	1732	-202
Maize	Karnataka	Yellow	Davanger e	1300	1300	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1300	1300	Unch
Rice	Haryana	IR8	Karnal	2500	2550	-50
		Parmal Raw	Karnal	3150	3150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2780	2830	-50
	Maharashtra	DOC	Sangli	3000	3100	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2150	2160	-10
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1360	1360	Unch

Groundnut Meal	Gujarat	GN Cake	Gondal	2200	2200	<b>Unch</b>
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1881	1855	<b>26</b>
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1799	1786	<b>13</b>
Note: Prices Rs./Qtl						

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