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Summary

Soybean Oct contract at NCDEX has witnessed aggressive selling and thus pulling down the price below 3310 lowest since Jan 2017. CBOT Soybean underwent sharp fall as the harvest nears in and talks of record harvest. No further development came on the US-China trade talk and thus evaporated the bullish sentiments in the market.

In the domestic market, with sowing window closed and govt has released its latest sowing progress and according to ministry the sowing has been carried out in 111.29 lakh hectares close to SOPA estimates. Earlier, SOPA estimated acreages to be at 111.3 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 recorded new lows after getting bearish cues from the soybean and broke the long consolidation phase started in June this year. As India is eyeing exports of bean to China Indian soymeal should hold back the INR 26000 levels and with Argentinean basis remaining tight scope of fall of Indian soymeal towards 22000 remains difficult at this point of time. .

Rapeseed stocks offloading have been very sluggish by NAFED and thus a round of price rally is expected in coming week. Current fall is attributed to the bearishness in soybean prices. . 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.

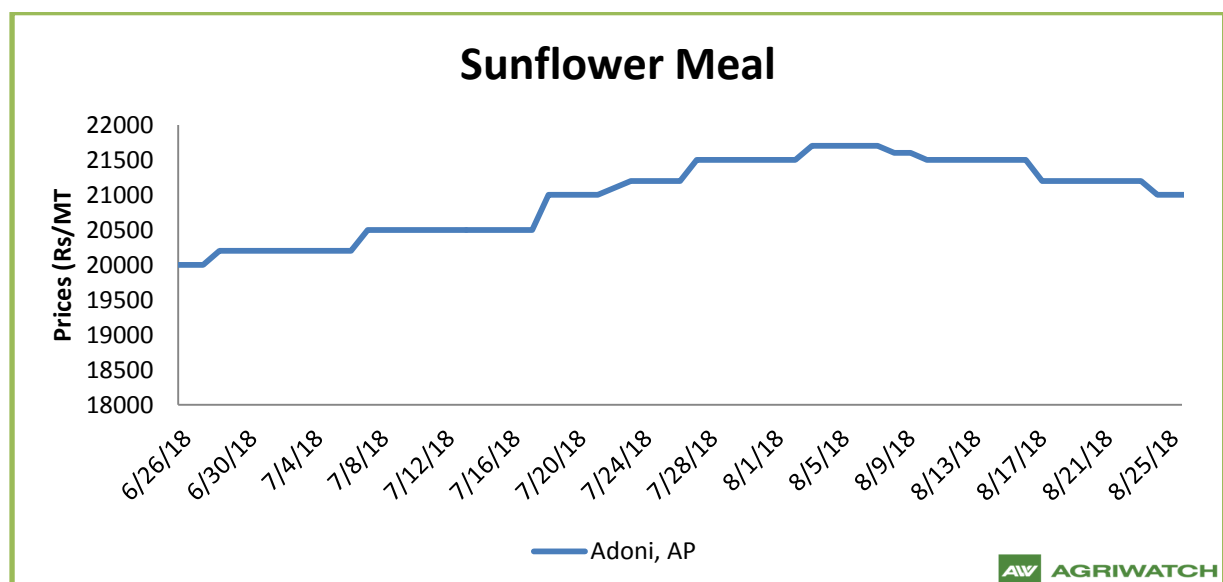
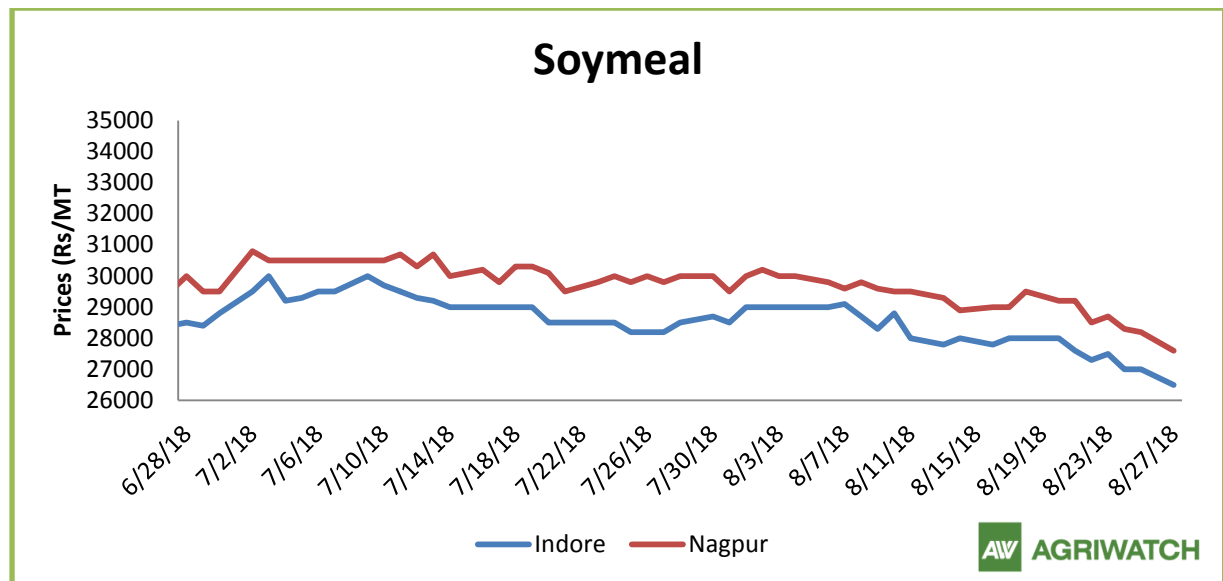
Overall maize cash markets traded mixed during the week and is likely to trade steady to firm in the near term amid south feed makers demand. Maize sourced from Naugachia region of Bihar is moving towards Punjab, Rajasthan at Rs. 1450 per quintal each and U.P at Rs. 1400 per quintal. In Bihar, maize prices are likely to trade firm on the expectation of fresh demand from Bengal.

In Nizamabad, maize prices are likely to trade steady to slightly firm in the near term. In A.P too, maize is likely to trade steady or slightly firm as crop arrival pressure has decreased. We expect impact of increase in MSP could be seen soon. Due to high rainfall, yield could be impacted around 5-7%.

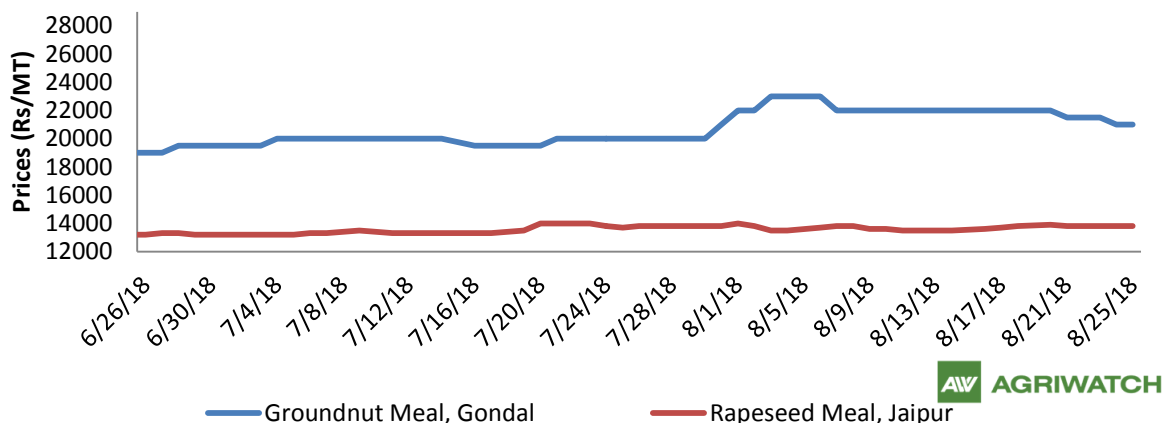
In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 2.66% to Rs. 1461 per quintal (weekly average price). While, starch feed makers quoted it down by 3.76% to Rs. 1434 per quintal compared to last week average price.

All India weekly average prices of wheat increased by 0.66 percent to Rs. 2020.39 per quintal during the week ended 23rd August 2018. Wheat average price were ruling at Rs 2019.19 per quintal during 09-15 August 2018. As compared to prices in the week 16-23 August 2017, the prices are firm by 0.80 percent. Prices are expected to remain firm in coming days due to good domestic demand.

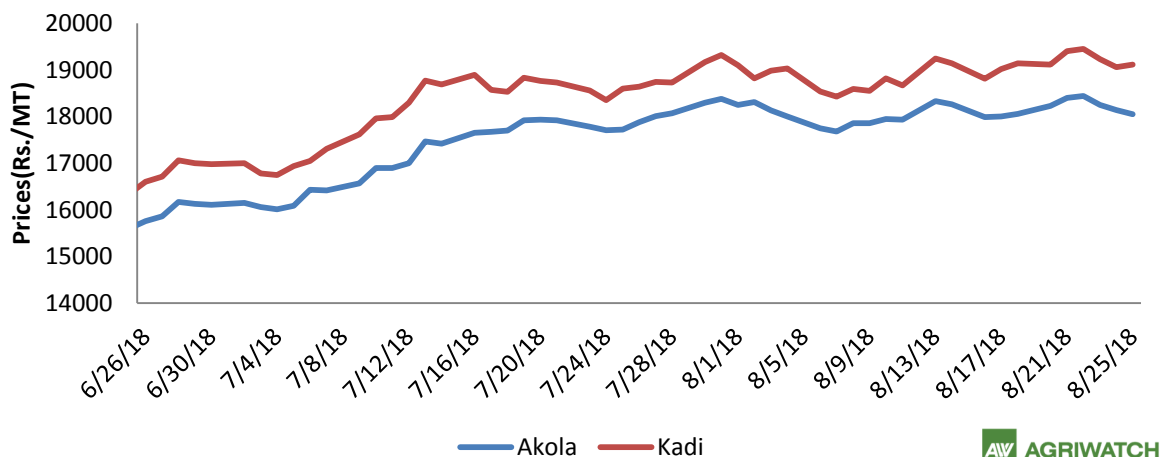
Trend – Raw Material, Feed



GN and Rapeseed Meal



Cottonseed Oilcake



Source: AgriWatch

Soybean

As on 23rd August Soybean was sown in 111.295 lakh hectares which is the normal sowing of the season and is in line with our's expectations. Sowing window is closed and thus there can be only marginal adjustments from the govt. SOPA has also given the acreages to be at 111.3 lakh hectares.

India might see booking of soybean to China if the price falls below 2900 per quintal and there is limited fall of US Soybean FOB from current levels. Indian bean at Chinese ports in that event will become cheaper over the US soybean. Thus with production remaining crucial Indian bean is expected to continue to trade in the range bound manner.

Further as the domestic demand of soymeal is itself increasing and thus prices is expected to hesitate to fall below the 3000 per quintal mark.

As the central India is observing good rains the weather premium if any has faded away and now all eyes will be on final production numbers. Market is saying production in between 90-100 lakh tons whereas AW has kept in between 103-105 lakh tons.

SOPA survey is indicating lower pod setting in 5-10% of crop in MP and Maharashtra due to moisture stress and this may result in the lower pod settings and we can expect below average production in these areas but which can be easily offset by many areas where the weather conditions remained on time and above average yield can easily offset the lower yield in these areas.

SOPA is aiming to capture at least 2-3 per cent of the Chinese bean/meal market which could translate into export 30-35 lakh tonnes of the meal. All depends on now the Chinese demand as China can single handedly take all exportable surplus of India.

The domestic soybean prices are likely to notice weak trend in the domestic market.

The latest U.S. Drought Monitor updates, out Thursday morning, has the country's drought footprint retreating fractionally, from covering 57.9% of the country the prior week down to 57.3%. Missouri, eastern Kansas and southern Iowa continue to struggle with the largest and most intense areas of drought currently in the Midwest

The visit of trade delegations from China, India, Italy and Spain in September, have been canceled amid trade tensions which has not helped in brightening any exports prospects of US Agriculture produce.

USDA's weekly export report is to release today, where, analysts expect the agency to report between 18.4 million and 34.9 million bushels in soybean sales for the week ending August 16.

Analysts also expect USDA to report another 150,000 to 500,000 metric tons of soybean meal sales, plus another 20,000 to 25,000 MT of soybean oil sales last week.

China sold 2.7 million bushels of its state reserves of 2013 soybeans at auction Wednesday, which was 25.5% of the total available for sale.

Soybean export inspections reached 23.5 million bushels last week – slightly beating the prior week's total of 21.4 million bushels but landing on the low end of the average trade guess, which ranged between 22 million and 29 million bushels. Indonesia led the pack last week, accounting for 5.3 million bushels.

European Union soybean imports so far for its 2018/19 marketing year (which began July 1) have reached 62.5 million bushels as of August 19, down 13% year-over-year. EU soybean meal imports are also down 16% from a year ago.

In the latest US Soybean Crop status report, the week ending 19th August reported Soybean crop under good to excellent conditions to be at 65%, down by 1% as against 66% last week. 91% of the crop are in pod setting phase as against 5 year average of 83%.

According to market sources, by the end of September, the country's imported soybean stocks will be 3 million tons more compared to the same period last year, and domestic soybean processing companies will have sufficient raw materials even by January 2019.

That is because due to the increase in domestic soybean meal prices and processing profits from March to April, Chinese companies have already imported large amounts of soybeans from South America.

According to the Chinese Official statistics showed that from May to August, more than 36 million tons of soybeans have been shipped to Chinese ports from South America, while domestic soybean meal demand is more than 400,000 tons short from expectations per month since May, influenced by the decline in pig prices.

According to Industry Sources, Chinese companies are confident in securing overseas supplies of soybeans and soybean meal substitutes to counter the fall in imports of U.S. soybeans. State-owned grains trader COFCO has made inquiries on canola, cottonseed and sunflower seed meals with countries including India, Canada, and Ukraine to fill in the gap left by reduced U.S. imports. Canadian canola meal set to arrive in December is priced at about 2,300 yuan (about 334 U.S. dollars) per tonne.

According to Chinese news agency Xinhua, China bought over 36 million tonnes of soybeans from South American countries during the May-August period this year.

Soy meal

The Argentinean meal is at premium over CBOT meal due to lower production in Argentina and hence Indian meal need not to fall below 26000-25000 per ton to gain parity. Overall there is little potential for the bean prices to fall aggressively if India manages to export beans to China.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 5.65 lakh bags as compared to 7.55 lakh bags in the previous week. The supplies were 8.1 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 3983 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 4078/Qtl compared to 4108/Qtl previous week.

India is expected to restart rapeseed meal export to China as the country sought towards other sources of protein meal. The Commerce Ministry had organised a video-link with Chinese officials last week to explain to them that their fear of contamination in rapeseed meal is unfounded as all pests are destroyed when rapeseed meal is processed at extreme heat.

Earlier, China had been importing 4-5 lakh tonnes of the material till 2012, when it banned Indian shipments over issues of contamination especially the presence of Malachite Green which is used in labeling the sacks.

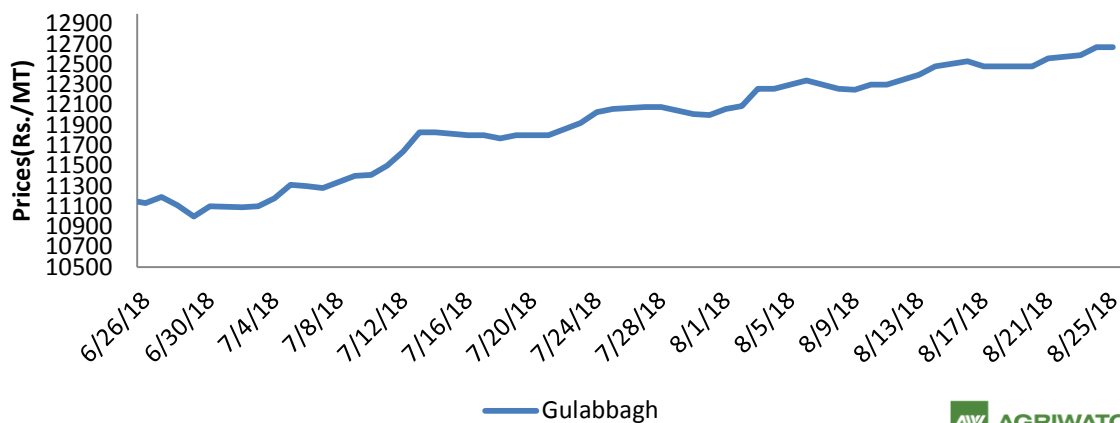
NAFED Haryana sold only 400 tons of Mustard till now and the response continues to remain very poor in the auction process.

Although NAFED initiated the auction of the Mustard at the end of June, the body has not been successful in offloading huge quantity. Till now only 200 tons of mustard has been from NAFED Haryana. Such situation has kept the traders guessing as huge amount of Mustard has been not available for crush. Moreover NAFED is trying to sell Mustard at MSP of 4050 to 4100 and the prevailing prices of equivalent quality in the market is 3900-4100 and is the reason NAFED is not getting buyers.

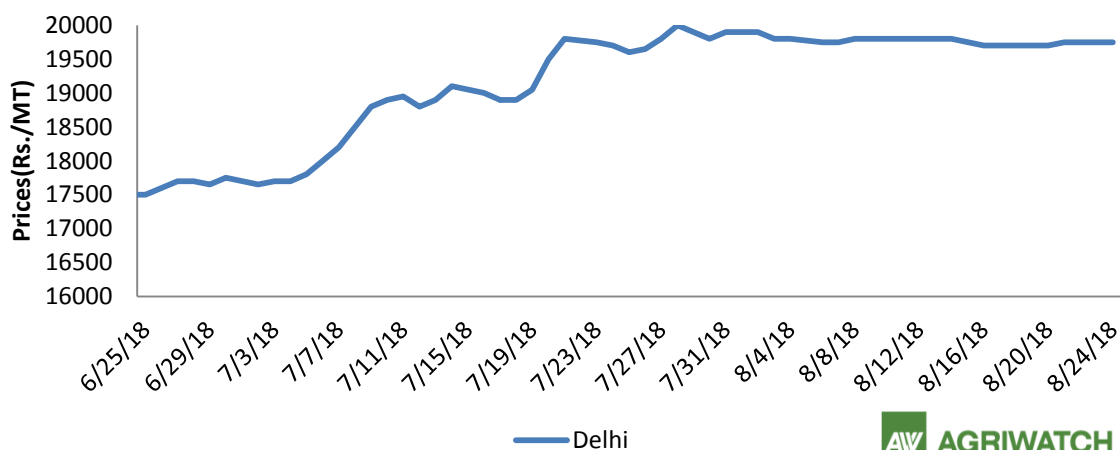
On the other hand NAFED is not willing to sell below MSP which happens to be the procurement price and is waiting for the prices to inch higher and in such condition if the stocks is not offloaded soon the prices is expected to inch high but NAFED has the dilemma of clearing the godowns to clear the space for Kharif procurements.

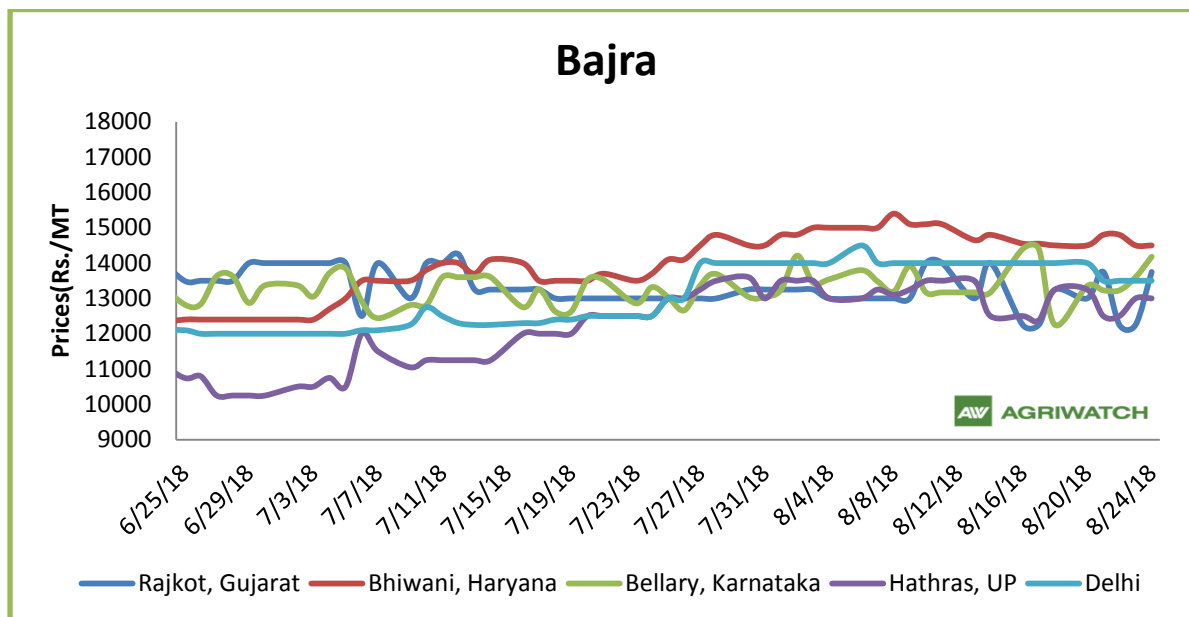
Haryana Govt has decided to distribute fortified mustard oil under PDS scheme. The allocation will be two litres per month per family from September 1, 2018.

Maize



Wheat, Mill Delivery





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

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In Nizamabad, maize prices are likely to trade steady to slightly firm in the near term. In A.P too, maize is likely to trade steady or slightly firm as crop arrival pressure has decreased. We expect impact of increase in MSP could be seen soon. Due to high rainfall, yield could be impacted around 5-7%.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by 2.66% to Rs. 1461 per quintal (weekly average price). While, starch feed makers quoted it down by 3.76% to Rs. 1434 per quintal compared to last week average price.

In India, maize has been sown in around 76.70 lakh hectares as on 24th August 2018 which is higher than 76.18 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 10.86 lakh hectare which is higher than 9.69 lakh hectare covered during corresponding period last year. In M.P, it has been sown in 13.36 lakh hectares which is higher than 13.17 lakh hectares during corresponding period last year. In Rajasthan, it has been sown in 8.71 lakh hectares which is higher than 8.56 lakh hectare covered during corresponding period last year. In Telangana, maize has been sown in around 4.47 lakh hectares as on 23rd August 2018 which is higher than 4.46 lakh hectare covered during corresponding period last year. Maize is at knee high stage to tasseling stage and sowing of maize is almost completed. Current sowing stands at 83% to season normal. In A.P, maize has been sown in around 0.90 lakh hectares as on 22nd August 2018 which is higher than 0.78 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 94% to season normal. **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.**

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impact of increase in MSP could be seen soon. Due to high rainfall, yield could be impacted around 5-7%.

In Davangere, maize traded firm as was expected the increase in Tamilnadu feed makers' demand. Maize is moving towards Bangalore, Tamilnadu, Chitradurga, Sangli at Rs. 1610, 1650, 1550, 1610 per quintal respectively, sourced from Karnataka and is likely to trade firm in the near term too. As per trade sources, stock of maize could be around 5 lakh quintal compared to 3 lakh quintal same time last year.

As per USDA, U.S corn exports reached 54.72 MMT in the 2017-18 marketing year. At 1.31 MMT (for the period 10th August- 16th August, 2018) US corn exports were up 8% from the previous week, but down 5% from the previous 4-week average. The destinations were primarily to Japan (363,600 MT), Mexico (273,600 MT), Colombia (145,200 MT), Taiwan (90,600 MT), and Indonesia (73,500 MT).

In U.S, Corn dough is at 85% as of 19th August, 2018, which is higher by 11% compared to corresponding period last year. Corn dented is at 44% as of 19th August, 2018, which is higher by 17% compared to corresponding period last year. 68% of corn is in good to excellent condition, lower by 2% compared to last week but higher by 6% compared to corresponding period last year.

All India weekly average prices of wheat increased by 0.66 percent to Rs. 2020.39 per quintal during the week ended 23rd August 2018. Wheat average price were ruling at Rs 2019.19 per quintal during 09-15 August 2018. As compared to prices in the week 16-23 August 2017, the prices are firm by 0.80 percent. Prices are expected to remain 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 2315-2325 per quintal and Ukrainian wheat is Rs 2110-2120 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.

As per trade source, India has exported around 0.72 thousand tonnes in the month of July compared to 2.17 thousand tonnes in June. The quantity in July was exported at an average FOB of \$ 565.92 per tonne and the major destinations were Somalia, Sri Lanka, Nepal, UAE, Malaysia, Kuwait and Saudi Arabia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of July-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.

Domestic demand for wheat is good and prices are likely to stay steady to firm with slight corrections. No imports and good domestic availability will ensure that there is no unexpected surge in prices.

India imports mainly from Australia and Black Sea region. However, this year Production in Australia and Russia/Ukraine is likely to stay at lower side, which will keep their export prices at higher side. As of now Australia Premium Wheat (APW) and Russian wheat with 12.5% protein content are hovering around \$350 per tonne and \$340 per tonne respectively after including freight and import duty. Local expenses would further increase the import price. Therefore there is no parity for imported wheat as of now.

Indian FoB quote is hovering around \$296.58 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$213.60, \$218.90, Euro 211.30 \$220.08 and \$255.50per 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 135.8 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 67.00 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 20.50 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.6 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 31.00 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)		
	23-Aug-18	17-Aug-18	Parity To
Indore (MP)	27500	28000	Gujarat, MP
Kota	27800	28200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29500	29800	Mumbai, Maharashtra
Nagpur (42/46)	28700	29000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	30500	30700	Andhra, AP, Kar, TN
Latur	29800	29300	-
Sangli	29800	30300	Local and South
Sholapur	29000	30500	Local and South
Akola	27600	28200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	30500	29700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	27500	28000	-

Soy DOC at Port

Centers	Port Price	
	22-Aug-18	14-Aug-18
Kandla (FOR) (INR/MT)	29000	29200

Kandla (FAS) (USD/MT)	400	405
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International Soy DOC			
Argentina FOB USD/MT	22-Aug-18	14-Aug-18	Change
Soybean Pellets	350	364	-14
Soybean Cake Flour	350	364	-14
Soya Meal	348	376.21	-28.21
Soy Expellers	348	376.21	-28.21
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	23-Aug-18	16-Aug-18	Change
Adoni	21200	21500	-300
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

Groundnut Meal (Rs/MT)	23-Aug-18	16-Aug-18	Change
Basis 45%, Saurashtra	21200	21800	-600
Basis 40%, Saurashtra	18800	19300	-500
GN Cake, Gondal	21500	22000	-500

Mustard DOC/Meal	23-Aug-18	16-Aug-18	Change
Jaipur (Plant delivery)	13800	N/A	-
Kandla (FOR Rs/MT)	14600	N/A	-
Sriganganagar	14600	N/A	-

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	23-Aug-18	16-Aug-18	23-Jul-18	23-Aug-17	23-Aug-16
Delhi	Hybrid(U.P)	1350	1400	1300	1325	1600
Davangere	Loose	1300	1300	1300	Closed	1750
Nizamabad	Bilty	1300	Closed	1335	NA	1700
Ahmadabad	Feed	1460	1500	1440	1480	1790
	Starch	1430	1500	1450	1425	1715

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

	Argentina	Brazil	US	India
FOB	161.71	168.60	165.20	232.23
Cost and Freight	211.71	223.60	225.20	267.23

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	23-Aug-18	16-Aug-18	Change
Bajra	Karnataka	Hybrid	Bellary	1360	1440	-80
		Hybrid	Bangalore	1850	1850	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1494	1530	-36
Maize	Karnataka	Yellow	Davanger e	1300	1300	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1300	1300	Unch
Rice	Haryana	IR8	Karnal	2500	2500	Unch
		Parmal Raw	Karnal	3150	3150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2750	2780	-30
	Maharashtra	DOC	Sangli	2980	3000	-20

Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2120	2150	-30
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1420	1360	60
Groundnut Meal	Gujarat	GN Cake	Gondal	2150	2200	-50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1825	1881	-56
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1923	1799	124
Note: Prices Rs./Qtl						

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