

Contents:

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

Summary

Soybean Oct contract at NCDEX continues to witness aggressive selling and thus pulling down the price below 3200 lowest since 7th Jan 2017. CBOT Soybean underwent sharp fall as the harvest nears in and talks of record harvest. There has been bearish fundamentals in international as well as domestic market and thus.

In the domestic market, according to ministry the sowing has been carried out in 111.76 lakh hectares. There is intermittent rainfall across soybean growing regions and there is report of very limited crop damages. Thus Agriwatch has kept its production figure to be around 104-105 lakh tons.

CBOT Soy meal recorded new lows after getting bearish cues from the soybean and has come close to \$300 per short tons. This has opened the gate for Indian soymeal to fall towards 22000 as Argentinean meal has been trading at \$325 per to gain exports parity.

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 in the range of INR 840 to 720 per quintal at NCDEX futures. At spot a spread of INR 1000 is good enough. Thus Mustard prices after correction is expected to remain under the consolidative phase unless there is aggressive bearishness in Soybean. However, NCDEX Mustard is expected to find it difficult breach 3918 level.

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

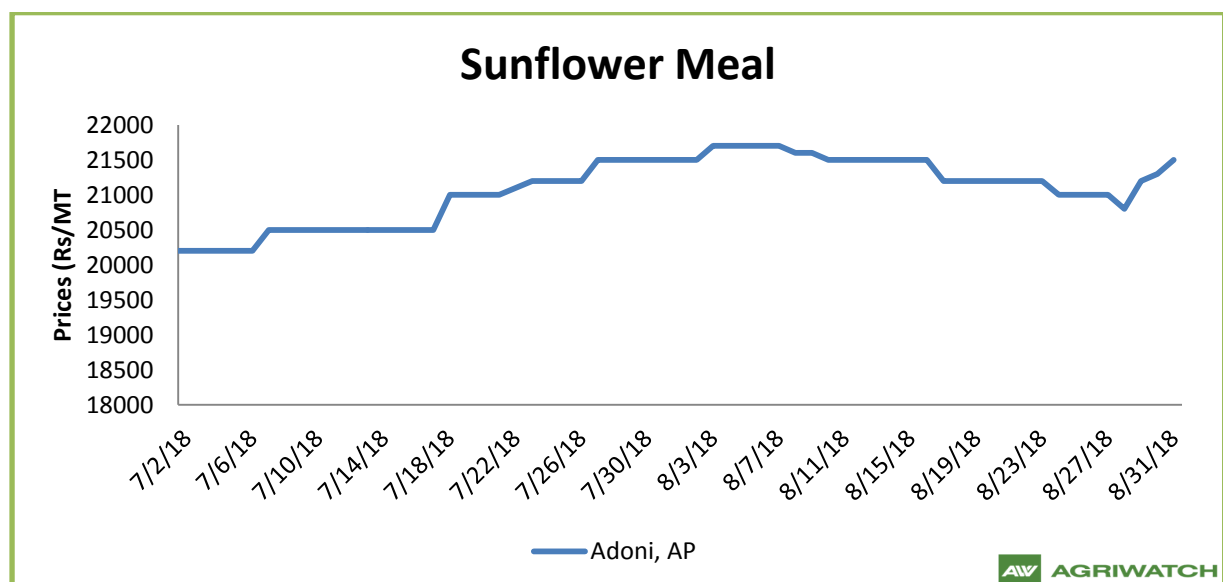
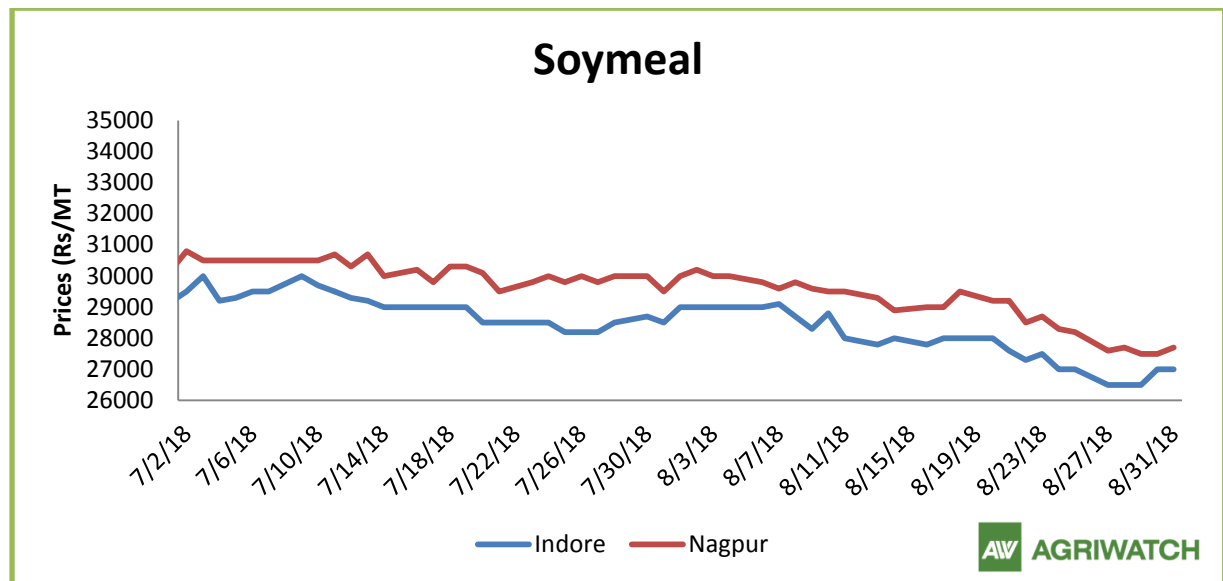
Overall maize cash markets traded steady to firm during the week and is likely to trade steady to firm in the near term too amid high feed makers demand. In Bihar, maize is trading firm due to high demand from Punjab, Haryana and is likely to remain firm on expectations of fresh demand from Bengal.

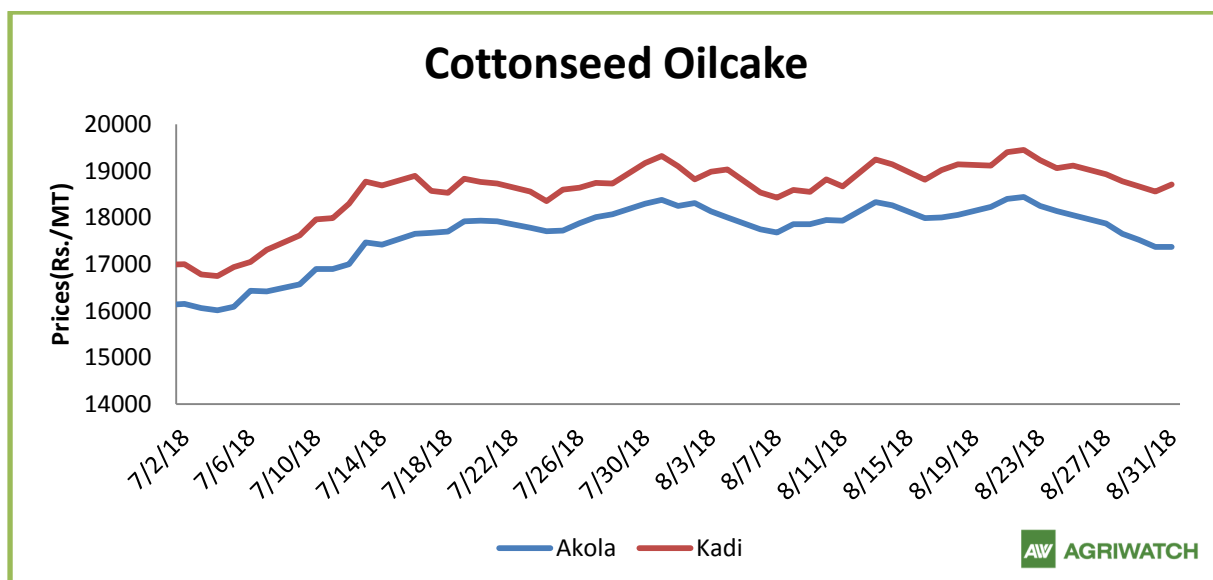
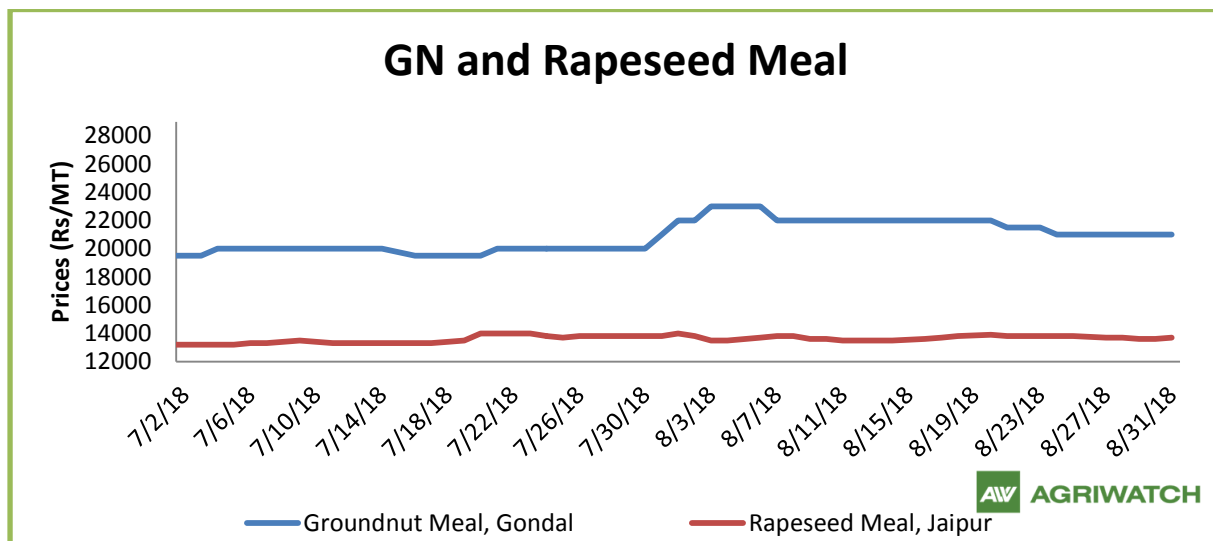
In Nizamabad, maize prices are likely to trade steady to slightly firm in the near term. In A.P too, maize is likely to trade steady or slightly firm as crop arrival pressure has decreased. We expect impact of increase in MSP could be seen soon.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 0.14% to Rs. 1463 per quintal (weekly average price). While, starch feed makers quoted it firm by 2.51% to Rs. 1470 per quintal compared to last week average price.

All India weekly average prices of wheat decreased by 2.82 percent to Rs. 1963.48 per quintal during the week ended 31st August 2018. Wheat average price were ruling at Rs 2020.39 per quintal during 16-23 August 2018. As compared to prices in the week 24-31 August 2017, the prices are weak by 2.08 percent. Prices are expected to remain firm in coming days due to good domestic demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

As on 30th August Soybean was sown in 111.76 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 is also waiting for green signal from China for soybean exports to the nation and if prices plunges towards 3000 or below India might find exports parity to China against US soybean at Chines ports.

As we slip in to Sep month the key fundamental that will take the center stage is the daily arrivals. A daily arrivals to the tune of 8.5 to 9.5 lakh bags indicates the production around 100 lakh tons on an average. Cumulative monthly arrivals and quarterly arrivals will help in assessing the production further.

Further as there are fair chances of prices to fall below MSP of INR 3450 it will be interesting to see how center and State is going to intervene to give the MSO prices to farmers. Last year MP

implemented BBY (Bhavantar Bhugtan Yojana) and there are good chances that the center will also intervene and ask NAFED to procure soybean under PSS.

Maharashtra state government has said there will not be any action taken if the traders and stockiest buy produce below MSP. Earlier there was notification that if any stockiest is found to procure produce below MSP, will result in 1 year of imprisonment and rupees 50 thousand as penalty/fine will be collected.

From the crop progress for the first two week of Sep there has been sporadic rainfall forecast with intermittent sunny spells in all key soybean growing regions which is going to help soybean grains to get bolder and also will not going to result in damages at the time of crop maturity.

For soybean aggressive falls can only be restricted by higher prices of soy oil which may offer cross discounts to meal and help in bean to remain relatively higher over meal.

As far as bean exports parity is concerned, all will depend when China is going to allow Indian bean and meal imports. Further whether India will push for bean or meal.

Government of India has released the 4th Advanced estimate of the 2017-18 crop in which groundnut production is kept at 91.79 lakh tons and soybean at 109.81 lakh tons of soybean.

SEA is projecting the production of 2018-19 soybean above 100 lakh tons on higher acreages. We have pegged the production at 104 lakh tons.

Maharashtra Stockiest and traders are saying that they will go for strike and also not buy agricultural produce if the govt stick to the policy of punitive action if the purchases are not done at MSP.

New crop arrival has started in Sangli but is late as compared to last year. The moisture content is high and thus prices offered wherein the range of 2500 to 3000 per quintal. An arrival is expected to start in last week of Sep to first week of Jan in Rajasthan, MP and Vidarbha.

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

According to the latest U.S. Drought Monitor updates, out Thursday morning, the nation's drought footprint eased slightly, now covering 55.9% of the country versus 57.3% the week prior. In the Midwest, eastern Kansas, southern Iowa and Missouri continue to represent the "problem areas" with the greatest incidence and severity of drought moving into September. Large portions of the Southwest and West are also affected.

Soybean exports found 4.1 million bushels in old crop sales and other 21.7 million bushels in new crop sales for a total of 25.8 million bushels. That was moderately below trade estimates of 32.2 million bushels but bested the prior week's total of 23.0 million bushels.

In US under government subsidy, Soybean growers will get \$1.65 per bushel in government assistance, but only half that amount is guaranteed. USDA will pay for half of the bushels farmers grow this fall and then evaluate the payment level for the other half after the end of the year. This will translate into \$80 per acre which will help in recovering some profit out of soybean.

China sold 1.5 million bushels of its state reserves of 2013 soybeans at auction Wednesday, which was 13.4% of the total available for sale. China also sold 24,730 metric tons of its state reserves of 2011 soyoil, which was 45.8% of the total available for sale.

There has been little progress from last week's midlevel talks on trade tariffs between the U.S. and China and thus has evaporated all the bullish sentiments associated with it.

Crop survey by various brokers and agencies are reporting huge soybean crop and thus further boosting the prospect of record production.

The crop rating of soybean in good to excellent conditions has been raised by 1% w-o-w and is at 66%. The leaf dropping has been reported in 7% of the crop against 5 year average. Pod setting has been reported in 95% of the crop against 90% last year.

According to analysts and private farm surveyors the average yield is coming to be at 51 bushels per acre which is low against the Aug WASDE estimate of 51.6 bushels. Sep WASDE becomes tricky in this regard.

Weekly exports inspection ending for the week 23rd Aug. 2018, reported to be at 901.62 thd tons against 650.02 thd tons last week and 738 thd tons last year in the same time frame.

Netherland and Mexico happens to be the key buyer for the week.

Soybean farmers will receive the majority of the initial payments set aside for assistance to agriculture due to trade disruption as announced by Trump earlier of the \$12 billion package, which includes programs for market facilitation, food purchase and distribution and agricultural trade promotion.

Soy meal

CBOT Soymeal achieved the lowest value since Sep 2017 as US move towards new crushing season. The present prices are close to the WASDE forecast of \$295 cents per short tons.

The fall is early this year and bean and meal might place their seasonal bottoms early, on the anticipation of early harvest on rapid growth of season crop.

The Argentinean meal has also crashed to \$327 per ton and thus paving the way for Indian meal to fall to INR 22000 per ton.

The Argentinean meal is at premium over CBOT meal due to lower production in Argentina and hence Indian meal find some respite or otherwise it has potential to fall below 22000.

For India to exports meal a premium of \$15-25 per ton over Argentinean meal will be enough to find parity to Chinese ports given that India Indian meal Import duty at Chinese ports is 0% against 5% of meal other than South East Asian nations meal. Earlier China removed Import duty from animal feeds and animal feed ingredients from SE Asian nations.

There is a small window in which the soymeal demand increases to meet the rise in demand of poultry products in between Sawan and Karthik month of Hindu Calender. Thus soymeal prices is expected to remain stable for another 1 to 2 week before seasonal fall.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 6.25 lakh bags as compared to 5.65 lakh bags in the previous week. The supplies were 7.6 lakh bags in the same time frame last year.

The spot prices have edged low w-o-w over the bearishness in soybean on one hand and NAFED announcement of auction of Mustard at market price. At the end of week mustard closed at 3983 per quintal as against INR 4205 per quintal during the corresponding period last year at the benchmark, Jaipur. Mustard has shed 205 rupees in the week at spot market to reach 4175 before recovering to 4205.

At NCDEX futures, the seed prices at Aug contract ended low at 3990/Qtl compared to 4078/Qtl previous week.

Mustard is currently helping itself to find bearishness from Soybean and currently hesitating to go above the difference of INR 830 to 840 on upside and correcting the spreads thereafter towards 720 to 740. In present scenario any bearish move in soybean will also help mustard to fall, unseasonal.

As the soybean fundamentals are indicating towards aggressive fall in the event of soybean falling towards previous low to find exports parity in international market the, mustard is also expected to find its low towards 3900 honoring spreads of 830-850 per quintal with soybean.

Market is hoping for good queries in the NAFED Auction process as there is news floating that the agency has removed the condition of floor price of Mustard at MSP. As NAFED is going to sell the Mustard seed at Market rate, crush demand from physical market is going to directed towards the NAFED warehouses and thus this will keep the downside potential intact.

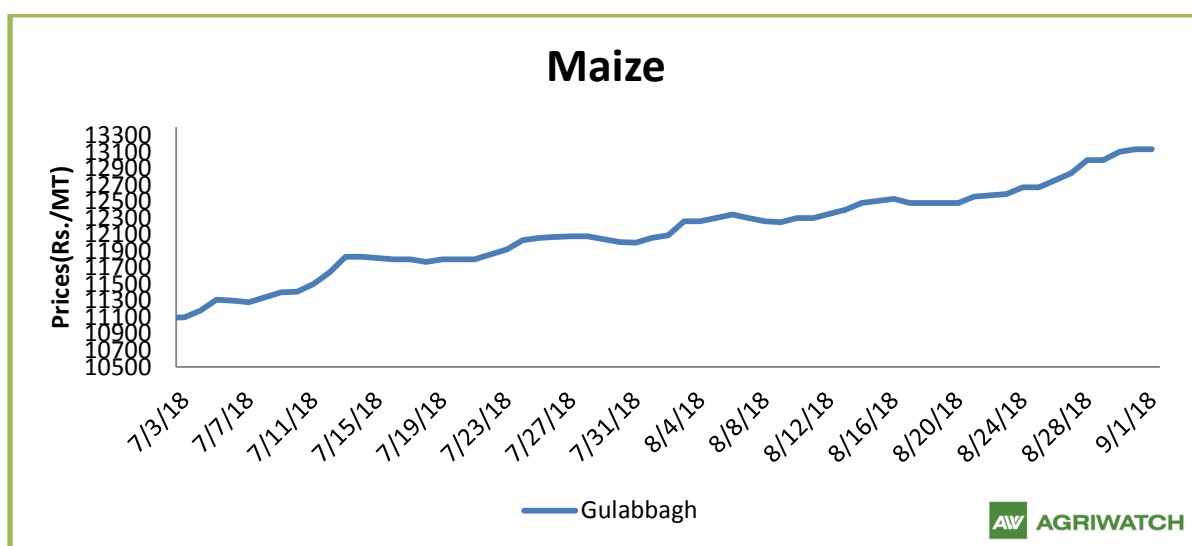
The arrivals pace is very similar to last year and thus there is no tightness in supplies y-o-y. Moving forward for the coming rabi season Sep rains in NW India is very important for sowing. Moreover early sowing in NW India will also allow early harvest and thus wider window for sowing.

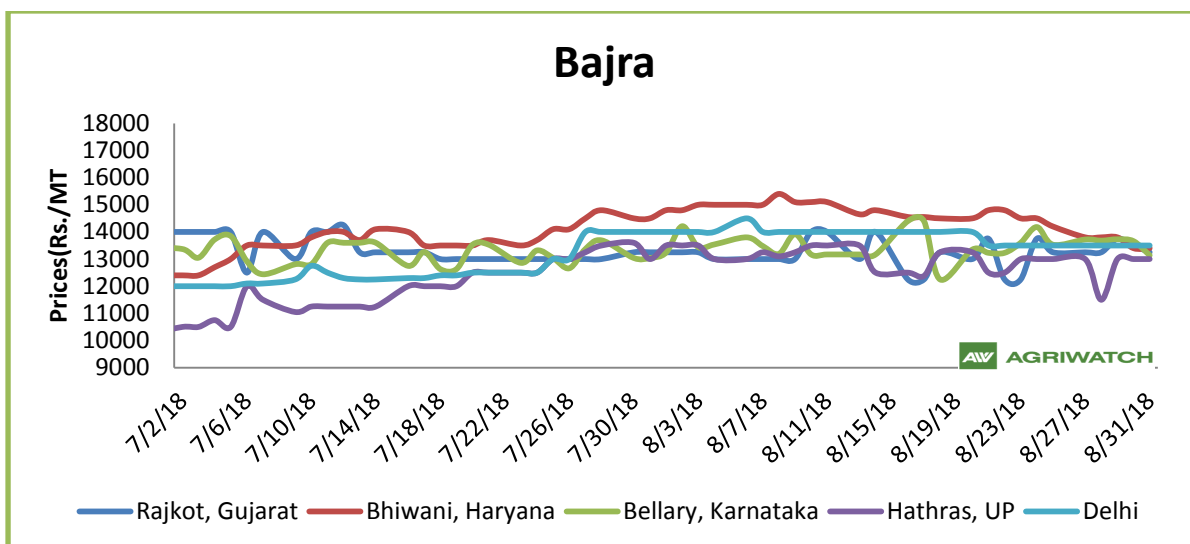
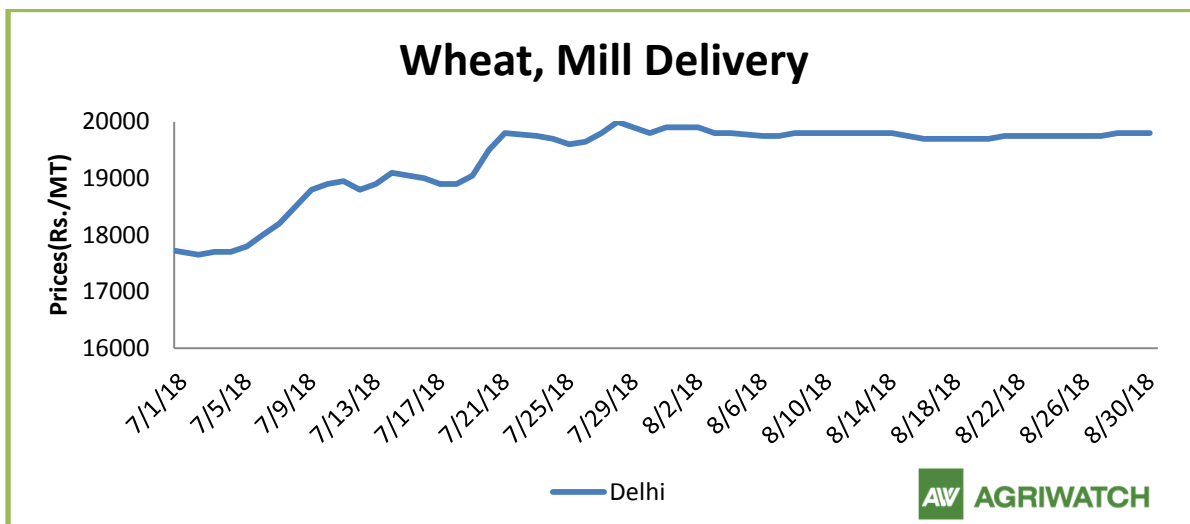
Higher season price and NAFED procurement at MSP and potential rise in MSP for the coming rabi season is expected to keep the sowing prospects bright as of now.

According to market and trade source NAFED has decided to auction Mustard at market prices which have helped the mustard prices to nosedive along with the bearishness in NCDEX Soybean.

The 42% Mustard however is still trading above 4200 and since the stocks at NAFED warehouses are below this the auction prices should remain below 4000 per quintal. Traders are saying that the mustard at NAFED warehouses has 35% of oil content. Earlier NAFED said that they won't sell Mustard below MSP.

In such cases with high crush demand the mill owner may look for procuring mustard seed from the NAFED ware house rather than from market and under the influence of which the market is expected to remain under pressure.





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

Overall maize cash markets traded steady to firm during the week and is likely to trade steady to firm in the near term too amid high feed makers demand. In Bihar, maize is trading firm due to high demand from Punjab, Haryana and is likely to remain firm on expectations 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.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by 0.14% to Rs. 1463 per quintal (weekly average price). While, starch feed makers quoted it firm by 2.51% to Rs. 1470 per quintal compared to last week average price.

Across India, maize has been sown in 77.83 lakh hectares as on 31st August 2018 which is lower than 77.94 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.41 lakh hectare which is higher than 10.98 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 4.60 lakh hectares as on 29th August 2018 which is higher than 4.51 lakh hectare covered during corresponding period last year. Maize is at knee high stage to tasseling stage and sowing of maize is almost complete. Current sowing stands at 86% to season normal. There is report of 'Fall army worm' pest attack in the Nizamabad, Kamareddy, Sangareddy, Medak, Siddipet, Gadwal, Karimnagar and Jagityal districts. In A.P, maize has been sown in around 0.93 lakh hectares as on 29th August 2018 which is higher than 0.83 lakh hectare covered during corresponding period last year. Maize is at pod development to pod maturity and harvesting stages. Current sowing stands at 98% 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.**

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. As per trade sources, stock of maize with private traders and institutions in Nizamabad could be around 30,000 MT which is almost same compared to corresponding period last year.

As per feedback received from market source, around 1,14,340 MT of maize quantity has been put for bidding in various districts of Telangana and the average bid price of all slots is 14280 per MT. There would be supply pressure in the market which could keep market slightly down by Rs. 5-10 per quintal only for few days. Overall, market is likely to trade firm during the month of September.

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 compared to 3 lakh quintal in corresponding period last year.

As per USDA, U.S corn exports reached 56 MMT in the 2017-18 marketing year. At 1.34 MMT (for the period 17th August- 23rd August, 2018) US corn exports were up 2% from the previous week, but down 3% from the previous 4-week average. The destinations were primarily to Japan (436,800 MT), Mexico (232,600 MT), Taiwan (155,600 MT), Peru (143,900 MT), and South Korea (129,200 MT).

In U.S, Corn dough is at 92% as of 26th August, 2018, which is higher by 7% compared to corresponding period last year. Crop has matured 10% as of 26th August, 2018, which is higher by 5% compared to corresponding period last year. 68% of corn is in good to excellent condition, same compared to last week but higher by 6% compared to corresponding period last year.

All India weekly average prices of wheat decreased by 2.82 percent to Rs. 1963.48 per quintal during the week ended 31st August 2018. Wheat average price were ruling at Rs 2020.39 per quintal during 16-23 August 2018. As compared to prices in the week 24-31 August 2017, the prices are weak by 2.08 percent. Prices are expected to remain firm in coming days due to good domestic demand.

As per fourth advance estimate, wheat production has been pegged at 99.70 MMT compared to 98.61 MMT in its third advance estimate issued in the month of May-2018. The fourth advance estimate for 2017-18 is higher by 4.39 percent and 8.03 percent compared to final estimate of 2016-17 and 2015-16 respectively. Total food grain output is expected to be around 284.43 MMT compared to 279.51 MMT in earlier estimate.

Government has offered 10636250 tonnes of wheat in OMSS since July until third tender in August out of which 470950 tonnes was sold. State government and bulk consumers bought 197700 tonnes and 265300 tonnes of wheat respectively. 7950 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.

Wheat prices in Australia and Black sea region have become firm in past weeks. As of now, Russian wheat with 11.5 percent protein content and Australian standard wheat (ASW) is being quoted at \$303 per tonne and \$358 per tonne respectively, after including freight and import duty @30%. Local expenses will make imported wheat more expensive. Therefore, there is no parity for imported wheat as of now. Domestic demand for wheat is good and is likely to increase as lean season progresses.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Ukrainian wheat is Rs 2120-2130 per quintal. Australian Standard Wheat (ASW) and 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.

Indian FoB quote is hovering around \$293.99 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$208.80, \$216.60, Euro 203.35 \$208.24 and \$248.06 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 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)		
	30-Aug-18	23-Aug-18	Parity To
Indore (MP)	27000	27500	Gujarat, MP
Kota	26600	27800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28300	29500	Mumbai, Maharashtra
Nagpur (42/46)	27500	28700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29000	30500	Andhra, AP, Kar ,TN
Latur	27500	29800	-
Sangli	28800	29800	Local and South

Sholapur	28000	29000	Local and South
Akola	26800	27600	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	28000	30500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	28300	27500	-

Soy DOC at Port

Centers	Port Price	
	30-Aug-18	23-Aug-18
Kandla (FOR) (INR/MT)	27200	29000
Kandla (FAS) (USD/MT)	365	400

International Soy DOC			
Argentina FOB USD/MT	30-Aug-18	23-Aug-18	Change
Soybean Pellets	326	340	-14
Soybean Cake Flour	326	340	-14
Soya Meal	325	340	-15
Soy Expellers	325	340	-15
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	30-Aug-18	23-Aug-18	Change
Adoni	21300	21200	100
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

Groundnut Meal (Rs/MT)	30-Aug-18	23-Aug-18	Change
Basis 45%, Saurashtra	21000	21200	-200
Basis 40%, Saurashtra	18500	18800	-300
GN Cake, Gondal	21000	21500	-500

Mustard DOC/Meal	30-Aug-18	23-Aug-18	Change
Jaipur (Plant delivery)	13600	13800	-200
Kandla (FOR Rs/MT)	14400	14600	-200
Sriganganagar	30-Aug-18	23-Aug-18	Change

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	31-Aug-18	24-Aug-18	31-Jul-18	31-Aug-17	31-Aug-16
Delhi	Hybrid(U.P)	1350	1350	1350	1325	1550
Davangere	Loose	1450	1450	1300	1550	1750
Nizamabad	Bilty	1370	NA	Closed	NA	1750
Ahmadabad	Feed	1490	1460	1460	1460	1780
	Starch	1550	1430	1460	1470	1700

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

	Argentina	Brazil	US	India
FOB	155.51	167.70	162.20	232.06
Cost and Freight	205.51	222.70	222.20	267.06

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	30-Aug-18	23-Aug-18	Change
Bajra	Karnataka	Hybrid	Bellary	1366	1360	6
		Hybrid	Bangalore	2250	1850	400

Jowar	Karnataka	White	Bangalore	2400	2200	200
		White	Bellary	1449	1494	-45
Maize	Karnataka	Yellow	Davanger e	1450	1300	150
	Andhra Pradesh	Yellow	Nizamaba d	1350	1300	50
Rice	Haryana	IR8	Karnal	2550	2500	50
		Parmal Raw	Karnal	3150	3150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2700	2750	-50
	Maharashtra	DOC	Sangli	2880	2980	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2130	2120	10
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1400	1420	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2100	2150	-50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1856	1923	-67
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1737	1825	-88
Note: Prices Rs./Qtl						

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.