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Summary

Soybean Oct contract at NCDEX recovered after falling to multi months lows. CBOT Soybean traded in a range bound manner in the week on lack of fundamental cues in which traders were skeptical over yield numbers. Market is talking about yield to be above last WASDE estimate as well as below too. Hence the market could not able to get any definite direction. The WASDE report is going to be released this 12th of the month.

In the domestic market, according to ministry the sowing has been carried out in 111.92 lakh hectares. There is intermittent rainfall across soybean growing regions and there is report of very limited crop damages. Further there is forecast of another round of rains in the third week of Sep which remain crucial for yield in either way. Much will depend of the extent of rains. Agriwatch has kept its production figure to be around 104-105 lakh tons.

CBOT Soy meal recovered after making new lows after on renewed buying interest and close above \$310 per short tons. This has limited the potential for steep fall of Indian soymeal for the time being but still the gate is open to fall towards 22000. Argentinean meal also has recovered to \$345 per ton.

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. But if the NAFED stocks continued to remain locked the spread is expected to reach towards INR 1000 or even more. Spot prices have already recovered to previous high. Thus Mustard prices are expected to gain further unless there is aggressive bearishness in Soybean. However, NCDEX Mustard is expected to find it difficult breach 3918 level.

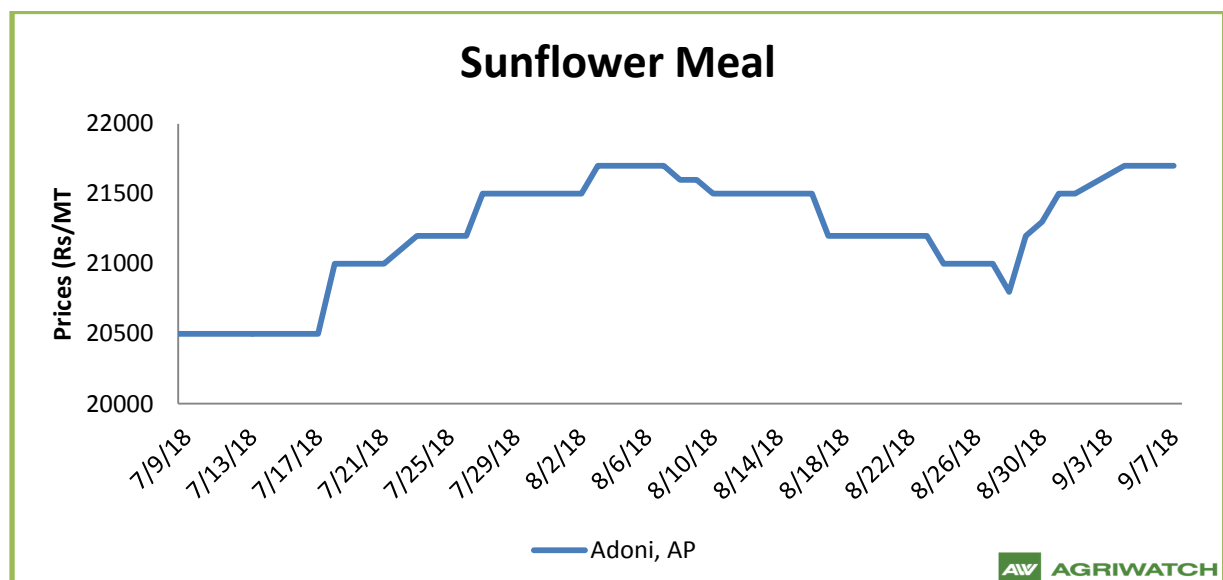
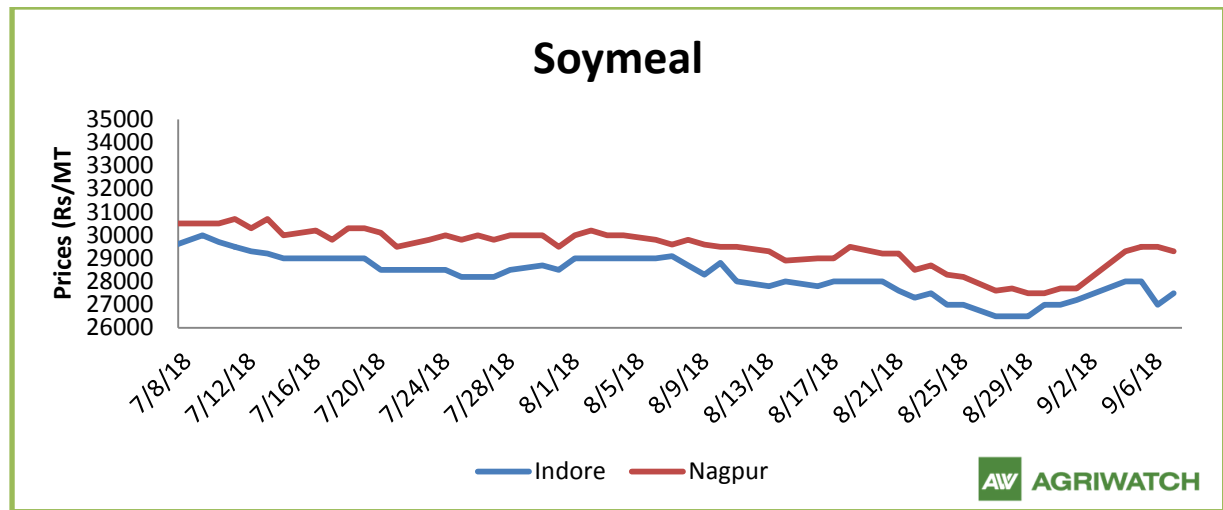
Overall market is expected to remain mixed.

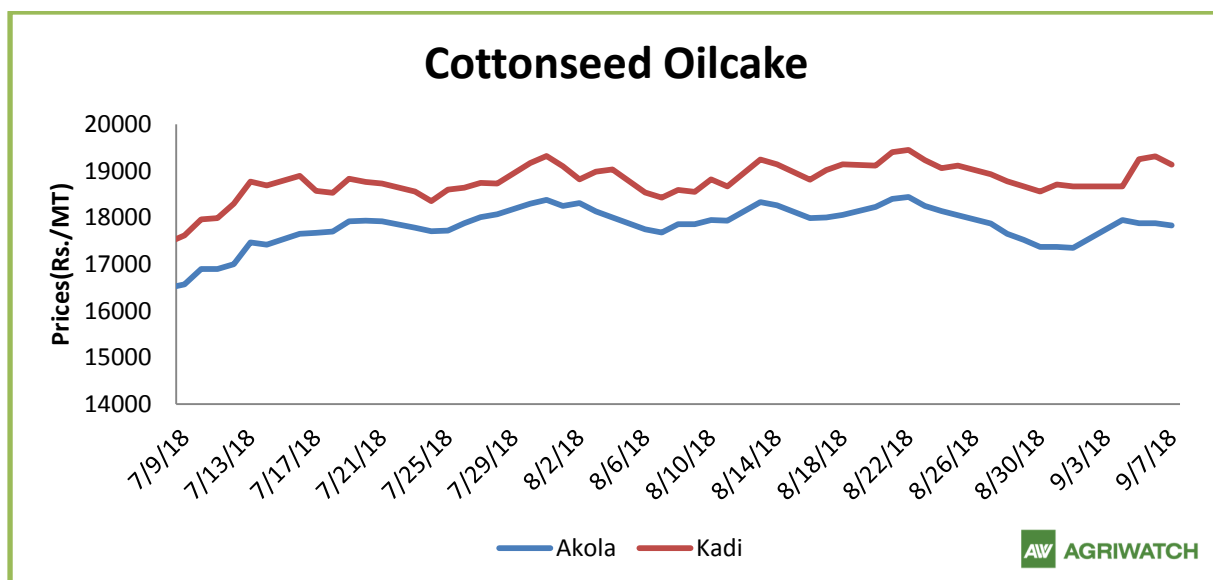
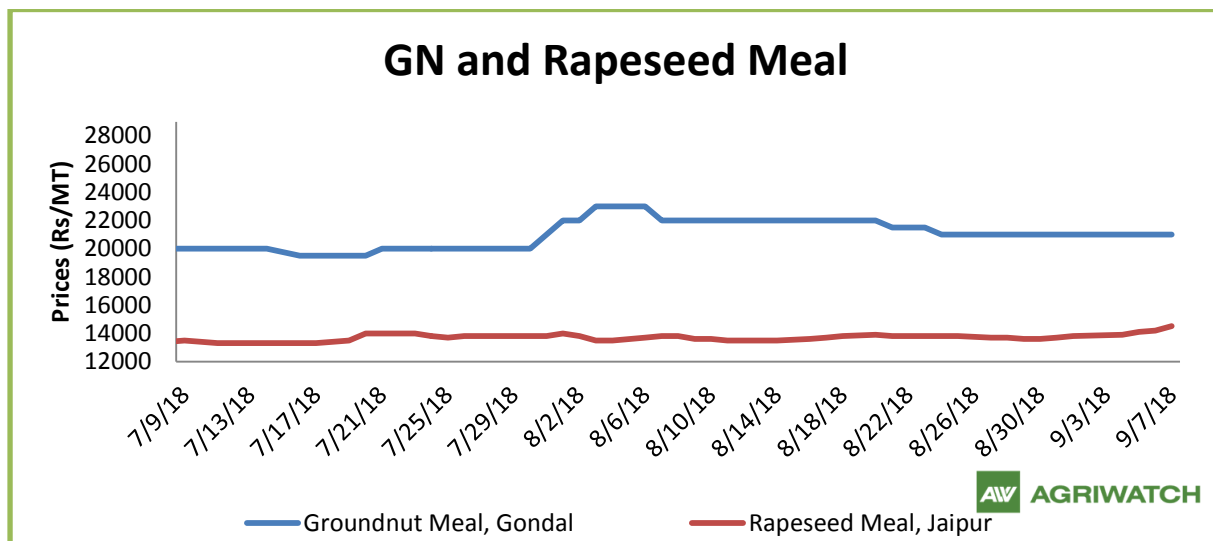
Overall maize cash markets traded steady to firm during the week and is likely to trade steady to firm in the near term too amid high feed makers demand. As per trade source, rake of maize, sourced from Bihar is loading at Rs. 1350 per quintal for Bangladesh. In Bihar, feed makers' demand of Bangladesh could support the maize prices. In A.P and Nizamabad, maize prices are likely to trade steady to slightly firm in the near term amid feed makers demand. In Nizamabad, poultry feed makers are buying maize at Rs. 1400 per quintal while local starch feed makers are buying at Rs. 1250 per quintal. Maize is moving towards Hyderabad at Rs. 1470-1480 per quintal.

In Karnataka, new crop arrivals have started in hassan, mysore and periyapatna districts which are lower in quantity and contains 25-26% moisture.

All India weekly average prices increased by 1.60 percent to Rs. 1994.88 per quintal during the week ended 08th September 2018. Wheat average price were ruling at Rs 1963.48 per quintal during 24-31 August 2018. As compared to prices in the week 01-08 September 2017, the prices are firm by 0.72 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.

According to the SEA Rabi Oilseeds production estimates for the crop year 2017-18, India produced 84.19 lakh tons of oilseeds with 13.9 lakh tons of groundnut and 63.8 lakh tons of mustard. SEA has revised down the 2017-18 production to 65 lakh tons from earlier estimates of 71.5 lakh tons. Overall, the rabi oilseeds production is lower by 2.84 lakh tons y-o-y.

The overall 2017-18 production of oilseeds stands at 240.87 lakh tons against 265.94 lakh tons last year. Cottonseed production has been kept at 113.15 lakh tons in 2017-18, high by 8.68 lakh tons as compared to last year. Copra production has been at 3.28 lakh tons down by .47 lakh tons y-o-y.

SOPA president Mr Davish Jain has renounced the hoax of widespread damage circulating in social media. He said he himself has travelled throughout state and has not noticed any widespread damage by pest attacks.

Rajasthan Khadya Padarth Vyapar Sangh, a Jaipur-based apex body of agri traders, has ended up the 5 day strike after consensus with state government on increasing the margins to 2.25% from existing 2.0%. On issue of getting margins on procurement of agriculture produce by government agencies the body is in further discussion with state government. As of now, there is no margins given to traders on procurement by agency from traders.

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

According to International FC Stone the soybean area is expected to grow by 2% to 35.86 million hectares 2018/19. Further the Brazilian farmer is expected to harvest 119.18 million ton up .2% y-o-y.

European Union soybean imports in the 2018/19 season that started on July 1 totaled 2.27 million tonnes by Sept. 2, down 1 percent from 2.29 million a year earlier, data published by the European Commission on Monday showed.

EU 2018/19 soymeal imports had reached 2.8 million tonnes, down 23 percent from a year-earlier 3.7 million, the official data showed.

Argentinean govt has said to Immediately Cut Export Tax Specific To Soybeans And Soy Products To 18 Pct, But Additional 4 Peso Per Dollar Tax To Apply.

President Mauricio Macri of Argentina has asked the exporters who have been benefitted by falling peso, to do more to help the country to eliminate primary fiscal deficit next year. Thus Argentina launched floating export tax which is resulting in marginal increase in the export tax of bean complex. Thus it has effectively halted the progressive reduction of export taxes. The economic minister has overhauled the export tax structure. The duties on soybean exports has been declined to on soybean complex 18% from 25.5% and thus the soymeal taxes which is at 23% has also going to be cut.

Instead, a new tax structure is being introduced which is a flat 4 peso duty per US dollar of good exported and which translates effectively into 10.5% tax on soybean at current prices. The tax will change in accordance with the prices of soybean.

The average daytime highs coming in 10 or more degrees cooler than normal for the next several days across much of the Midwest. Plenty of precipitation also moves through the Midwest this weekend, with another 4" or more rainfall dropping on large portions of Missouri, Illinois, Indiana and Ohio through next Monday.

President Donald Trump's threats of additional Chinese tariffs have remained a guess work for the traders. Trade talks between the U.S. and Canada have been optimistic, but pressure to make an immediate deal appears to happen till the end of September.

Soybean exports landed 24.7 million bushels in new crop sales last week, sliding below the prior week's total of 25.8 million bushels but besting trade estimates of 22.1 million bushels.

Soybean export shipments of 26.6 million bushels dropped 26% below the prior week's total and 7% below the prior four-week average. China concludes the 2017/18 marketing year as the leading destination for U.S. soybean export commitments, accounting for 47% of the total.

South Korea purchased 551,000 bushels of non-GMO soybeans from the U.S. and China in a tender that closed Tuesday, for arrival in November and December.

Soy meal

CBOT Soymeal gained further taking cues from soybean at the close of the week session. As the short window for higher weekly chick replacement is getting over poultry farmers is expected to delay their purchases as the prices is expected to fall. On demand side the improvement is expected to start from Oct as the poultry industry prepares for peak winter demand.

According to SEA latest estimates of oilmeal exports during April to August 2018, India exported 11.92 lakh tons as compared to 9.86 lakh tons in the same time frame last year. Rapeseed meal exports witnessed sharp rise to clock 4.9 lakh tons which is a rise of 109% as compared to last year.

During April - August 2018 Vietnam imported 235,723 tons of oilmeals (compared to 167,604 tons); consisting of 7,160 tons of soybean meal, 77,160 tons of rapeseed meal, and 151,403 tons of Rice Bran Extraction

South Korea imported 349,992 tons of oilmeals (compared to 337,270 tons) ; consisting 231,610 tons of rapeseed meal, 10,832 tons of soybean meal and 107,550 tons of castor meal. Thailand imported 130,988 tons of oilmeals (compared to 57,228 tons); consisting 4,747 tons of soybean meal, 9,633 tons of De-oiled Rice Bran Extraction, and 116,572 tons of rapeseed meal. France imported 63,493 tons of oilmeals consisting 61,999 tons of soybean meal and 1,494 tons of Castor meal.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 3.3 lakh bags as compared to 6.25 lakh bags in the previous week. The supplies were 7.9 lakh bags in the same time frame last year.

The spot prices have edged high w-o-w as the mustard prices gained after the bearishness in soybean digested. NAFED inability to offload the stocks at brisk pace has kept the supplies tight and hence mustard covered most of its losses. At the end of week mustard closed at 4320 per quintal as against INR 4005 per quintal during the corresponding period last year at the benchmark, Jaipur. Mustard has gained 95 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 4043/Qtl compared to 3990/Qtl previous week.

According to Marudhar Trading agency, Mustard crop is estimated at 70 Lakh tons. Arrivals till August end is at 58 lakh tons and crush is at 44 lakh tons leaving 26 lakh tons of stock. Stocks with farmers is at 12 lakh tons, with traders is at 5.35 lakh tons and with NAFED is 8.65 lakh tons.

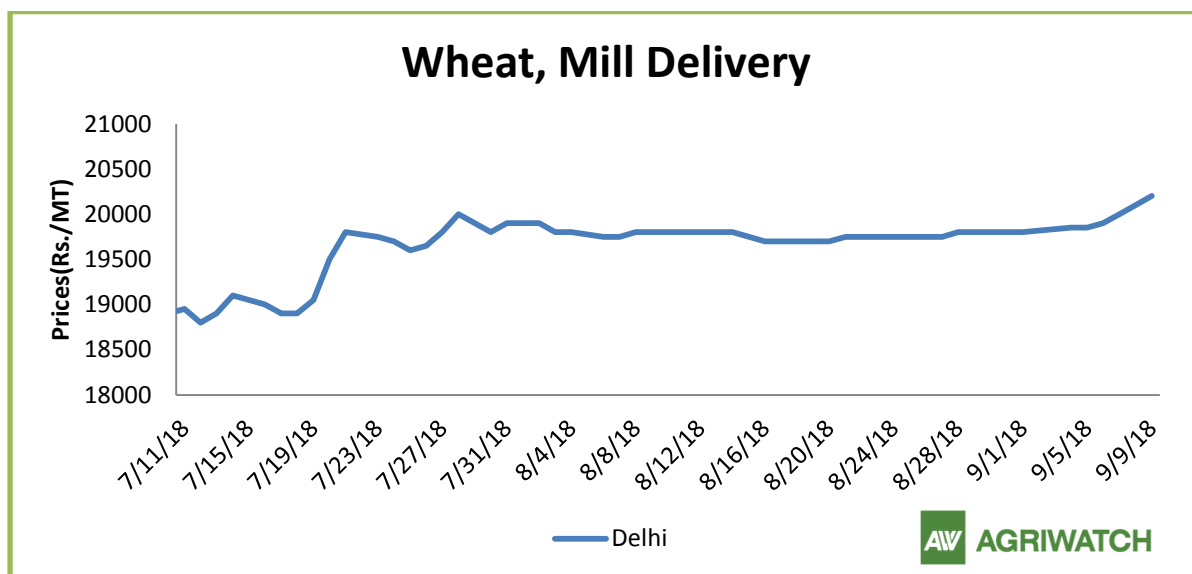
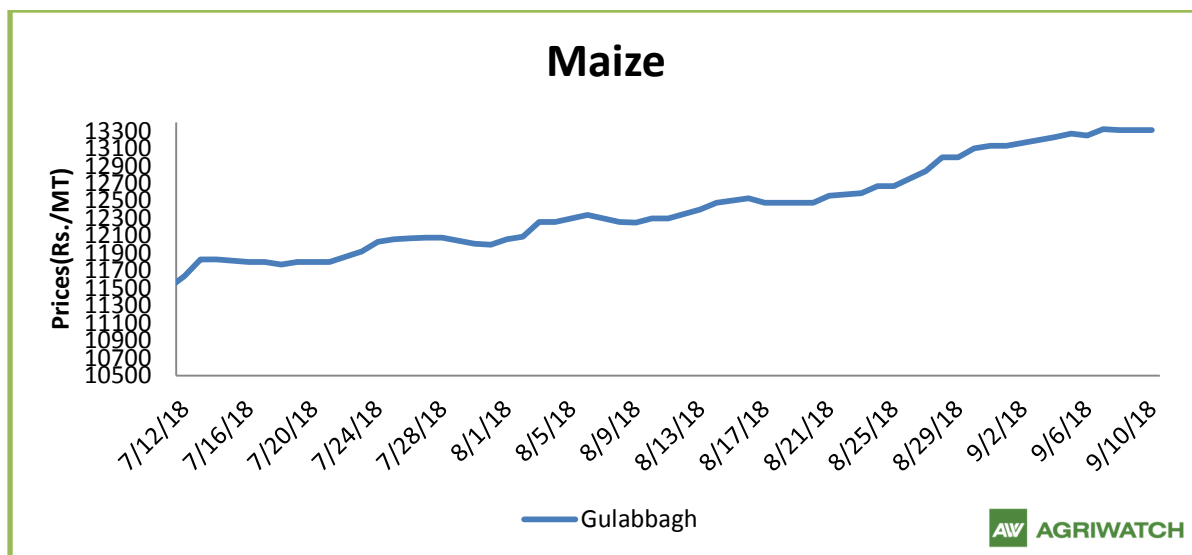
Arrivals pace is indicating towards a very similar production as compared to last year. However as SEA has downward revised the production from 71.6 to 66 lakh tons the ambiguity remains over production.

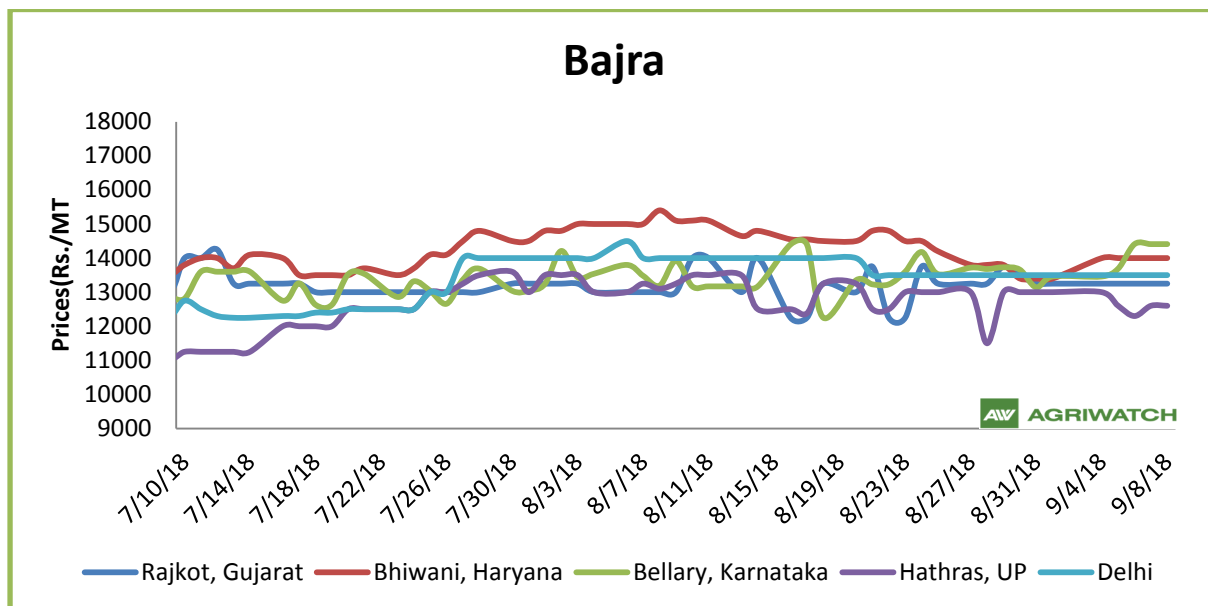
As Mustard prices in spot market has not weakened the future prices is expected to gain further to neutralize the widening of basis. August month recorded highest basis for the season as the futures declined following soybean but spot remained tight as stocks at NAFED warehouses remained locked as there was poor interest in the auction.

NAFED was able to sell just 2560 tons of Mustard on 5th Sep. Auctioned price remained in the range of INR 3813 to 3898 per quintal. Stocks as on 5th Sep is 8.67 lakh tons.

The spread between Mustard and Soybean has inched towards maximum for the recent days and we can expect the spread to correct in upcoming trade. However since the nearly 8.7 lakh tons of stocks

is not available in the market and the price of mustard oil has been inching high, crush demand kept the stocks tight in the market and thus the spread is expected to inch towards INR 1000 to 1200 per quintal.





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. As per trade source, rake of maize, sourced from Bihar is loading at Rs. 1350 per quintal for Bangladesh. In Bihar, feed makers' demand of Bangladesh could support the maize prices. In A.P and Nizamabad, maize prices are likely to trade steady to slightly firm in the near term amid feed makers demand. In Nizamabad, poultry feed makers are buying maize at Rs. 1400 per quintal while local starch feed makers are buying at Rs. 1250 per quintal. Maize is moving towards Hyderabad at Rs. 1470-1480 per quintal.

In Karnataka, new crop arrivals have started in hassan, mysore and periyapatna districts which are lower in quantity and contains 25-26% moisture.

Across India, maize has been sown in 78.61 lakh hectares as on 7th September 2018 which is lower than 78.70 lakh hectare covered during corresponding period last year. In Karnataka, it has been sown in 11.59 lakh hectare which is higher than 11.25 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 5th September 2018 which is higher than 4.49 lakh hectare covered during corresponding period last year. Maize is at tasseling stage and sowing of maize is completed. Current sowing stands at 86% to season normal. There is report of Fall army warm pest attack in the Karimnagar, Siricilla, Jagitil, Khammam, Nizambad, Kamareddy, Mahabubnagar, Nagarkurnool, Gadwal, Medak, Sangareddy, Siddipet, Warangal, Jangaom, Mahabubabad and Vikarabad districts. In A.P, maize has been sown in around 0.95 lakh hectares as on 5th September 2018 which is higher than 0.90 lakh hectare covered during corresponding period last year. Maize is at pod development to pod maturity and harvesting stage. Current sowing stands at 99% to season normal.

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 amid feed makers demand. In Nizamabad, poultry feed makers are buying maize at Rs. 1400 per quintal while local starch feed makers are buying at Rs. 1250 per quintal. Maize is moving towards Hyderabad at Rs. 1470-1480 per quintal. As per trade

sources, in Nizamabad, stock of maize with private traders and institutions in Nizamabad could be around 25,000 MT which is almost same compared to corresponding period last year.

In Karnataka, new crop arrivals have started in hassan, mysore and periyapatna districts which are lower in quantity and contains 25-26% moisture.

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 57.21 MMT in the 2017-18 marketing year. At 1.21 MMT (for the period 24th August- 30th August, 2018) US corn exports were down 10% from the previous week and 8% from the previous 4-week average. The destinations were primarily to Mexico (436,200 MT), Japan (244,300 MT), Taiwan (87,900 MT), Saudi Arabia (70,100 MT), and South Korea (68,900 MT).

In U.S, Corn dough is at 96% as of 2nd September, 2018, which is higher by 5% compared to corresponding period last year. Crop has matured 22% as of 2nd September, 2018, which is higher by 11% compared to corresponding period last year. 67% of corn is in good to excellent condition, lower by 1% compared to last week but higher by 6% compared to corresponding period last year.

All India weekly average prices increased by 1.60 percent to Rs. 1994.88 per quintal during the week ended 08th September 2018. Wheat average price were ruling at Rs 1963.48 per quintal during 24-31 August 2018. As compared to prices in the week 01-08 September 2017, the prices are firm by 0.72 percent. Prices are expected to remain firm in coming days due to good domestic demand.

Wheat September future contract touched a high of Rs 2047 per quintal before closing at Rs 2030 per quintal during the week due to good domestic demand and no imports since March-18 until July-18. Furthermore, lean season is likely to provide support to domestic prices. In near future wheat prices are likely to touch Rs 2100 per quintal. Government has ample stocks to control any unexpected surge in prices by selling more quantity in open market.

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 2150-2160 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.

Government has offered 16254710 tonnes of wheat through OMSS since 19th July-18 until 06th Sep-18. Of the total quantity offered, government was able to sell around 4.0 percent. Quantity sold by government is likely to be on higher side this year compared to last year due to good demand in domestic market and no imports from Black Sea region and Australia.

Wheat prices in Black sea region eased in past week after government made it clear that it doesn't have any intentions of imposing export restriction of any kind as of now. Russian wheat with 11.5 percent and 12.5 percent protein content are being quoted at \$301.5 per tonne and \$321 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.

Indian FoB quote is hovering around \$291.40 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$204.80, \$213.90, Euro 203.00 \$217.57 and \$255.50 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)		
	06-Sep-18	30-Aug-18	Parity To
Indore (MP)	27000	27000	Gujarat, MP
Kota	28200	26600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28800	28300	Mumbai, Maharashtra
Nagpur (42/46)	29500	27500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29500	29000	Andhra, AP, Kar, TN
Latur	29300	27500	-
Sangli	29000	28800	Local and South
Sholapur	29200	28000	Local and South
Akola	28000	26800	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	29000	28000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	27800	28300	-

Soy DOC at Port

Centers	Port Price	
	05-Sep-18	30-Aug-18
Kandla (FOR) (INR/MT)	27700	27200
Kandla (FAS) (USD/MT)	368	365

International Soy DOC			
Argentina FOB USD/MT	05-Sep-18	30-Aug-18	Change
Soybean Pellets	336	326	10
Soybean Cake Flour	336	326	10
Soya Meal	334	325	9
Soy Expellers	334	325	9
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	06-Sep-18	30-Aug-18	Change
Adoni	21700	21300	400
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

Groundnut Meal (Rs/MT)	06-Sep-18	30-Aug-18	Change
Basis 45%, Saurashtra	22000	21000	1000
Basis 40%, Saurashtra	19000	18500	500
GN Cake, Gondal	21000	21000	Unch

Mustard DOC/Meal	06-Sep-18	30-Aug-18	Change
Jaipur (Plant delivery)	14200	13600	600
Kandla (FOR Rs/MT)	15000	14400	600

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	6-Sep-18	30-Aug-18	6-Aug-18	6-Sep-17	6-Sep-16
Delhi	Hybrid(U.P)	1350	1350	1400	1325	1550
Davangere	Loose	1450	1450	1300	1550	NR
Nizamabad	Bilty	1400	1350	1320	NA	1750
Ahmadabad	Feed	NR	1490	1500	1460	1800
	Starch	NR	1550	1500	1440	1740

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

	Argentina	Brazil	US	India
FOB	162.20	171.70	165.79	231.76
Cost and Freight	212.20	226.70	225.79	266.76

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	76026
Jun	2636	2098	17930	45975	104088
Jul	6682	928	12270	80797	63747
Aug	2778	768	10615	87668	59643
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	590471

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>6-Sep-18</u>	<u>30-Aug-18</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1441	1366	75
		Hybrid	Bangalore	2250	2250	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1451	1449	2
Maize	Karnataka	Yellow	Davanger e	1450	1450	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1400	1350	50
Rice	Haryana	IR8	Karnal	2550	2550	Unch
		Parmal Raw	Karnal	3150	3150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2700	2700	Unch
	Maharashtra	DOC	Sangli	2900	2880	20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2170	2130	40
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1420	1400	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2100	2100	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1931	1856	75

Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1788	1737	51
Note: Prices Rs./Qtl						

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