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Summary

Soybean Oct contract at NCDEX traded in range bound in the week with sharp fall at the start of the week and posted strong recovery later in the week. Soybean has been unable to breach the 3168 levels and tested previous low. The production estimates has been in the range of 102 to 115 lakh tons with one lobby saying production in the range of 102 to 104 lakh tons whereas the other lobby keeping production between 111 to 118 lakh tons. SOPA has given it first estimated of production at 114.87 lakh tons. CBOT Soybean gained in the week with widespread rains in the soybean growing region which has delayed the crop harvest.

In the domestic market, as we slip into the new marketing year soybean prices has started the seasonal fall. Traders will be closely watching the daily arrivals. The daily arrivals should range in between 8 to 10 lakh bags on an average till Nov and which is going to confirm the production of above 100 lakh tons. Some 3.5 lakh tons of soymeal has been booked in forwards months which seems to be done by regular buyers with query of nearly 2 lakh tons from Iran as Iran is finding difficulty to source soybean and soymeal from American countries after US imposed unilateral trade sanction on Iran. Importers might be in bargain hunt as the global soybean outlook is bearish.

New season arrivals are expected to be delayed and peak arrivals is expected to happen post Duussehra. Moreover the arrivals might remain well spread across the OND quarter with MPs BBY remained pivot for the pace of arrivals. MP last year accepted soybean under BBY till Dec last. Arrivals in Maharashtra are expected to be earlier over Rajasthan and MP as the sowing was early over good rains at the onset of monsoon. As of now week ending 6th has reported y-o-y higher arrivals thus keeping bearish sentiments intact. Accumulations of stocks with traders are expected to help in further fall in prices.

CBOT Soy meal traded in range bound manner. Robust soymeal exports have been recorded as the US meal is cheaper over the Argentinean soymeal.

Rapeseed stocks offloading have been very sluggish by NAFED and thus Mustard prices are hesitant to fall aggressively the way soybean is falling. As mustard stocks have been very tight in the market the spread with bean is expected to widen further at NCDEX futures towards INR 1000 to 1200. Arrivals have declined as farmers are busy in harvesting the produce. Thus with the fall in arrivals market stocks is going to even tighter and help prices to rise once again.

Overall soybean prices are expected to fall whereas Mustard is expected to trade sideways this week.

Overall maize cash markets traded steady to slightly firm during the week and is likely to trade steady to slightly firm in the near term amid high demand from feed makers. New crop arrival is likely to put little bit pressure on market sentiments. However, feed makers demand and Government procurement at new MSP might lend support going ahead. As per trade sources, maize is moving towards Haryana, Punjab at Rs. 1490 per quintal each while Rajasthan and U.P at Rs. 1500 and Rs. 1450 per quintal (Delivered price) respectively, sourced from Bihar. Maize is likely to trade steady to firm in the near term due to high feed makers demand.

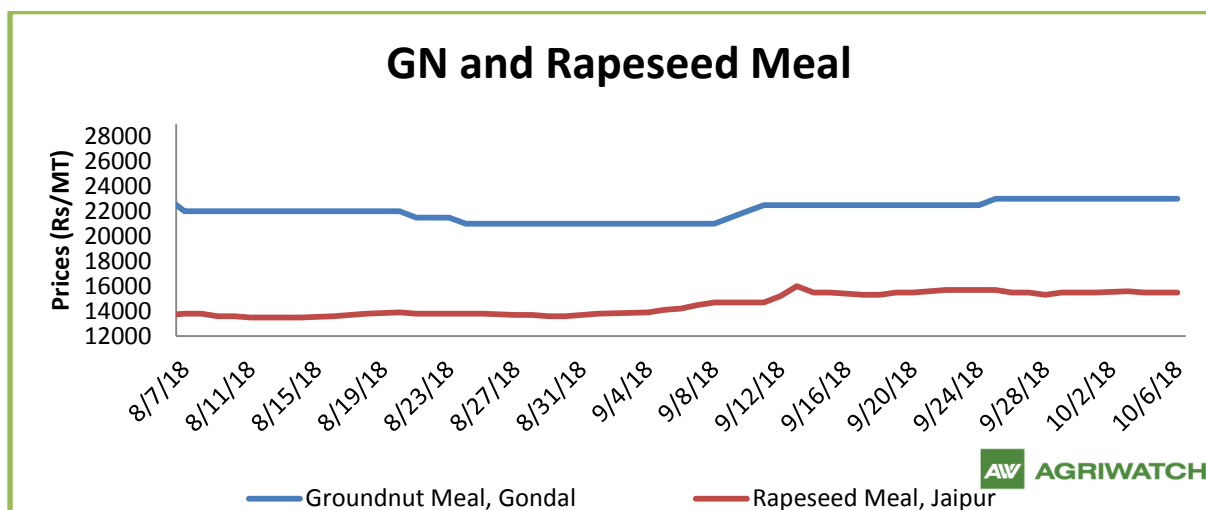
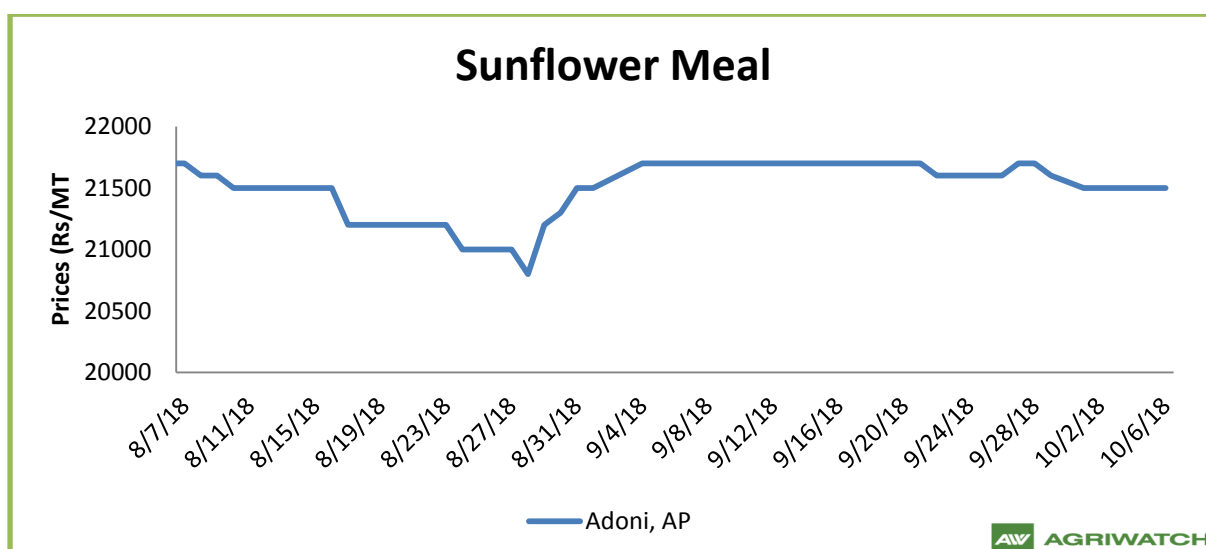
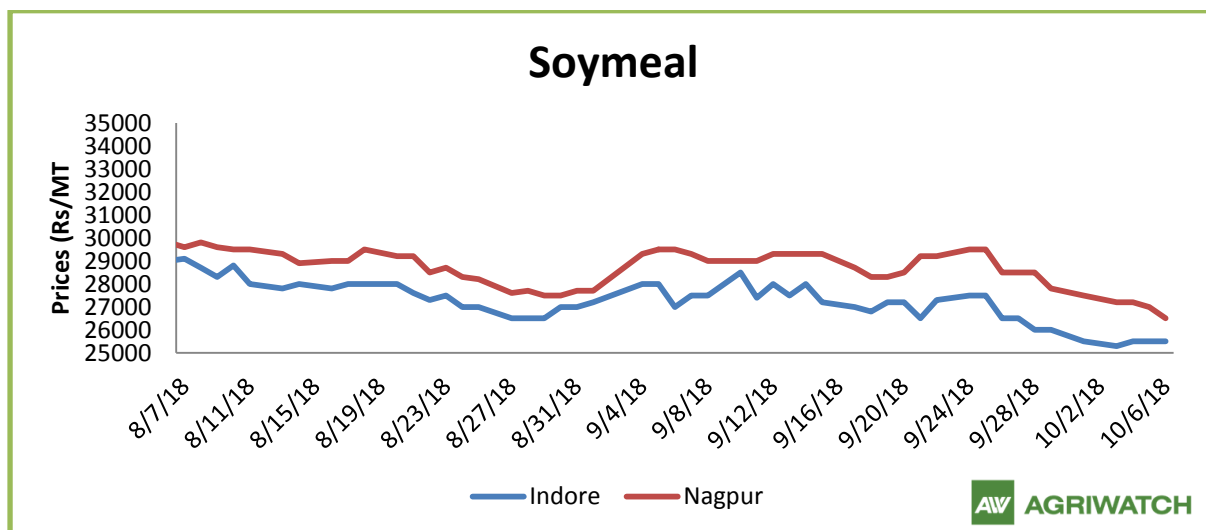
As per trade sources, in Nizamabad, 5 % crop is affected by insect; rest contain moisture up to 20%. In Davangere, maize arrivals contain moisture up to 25%.

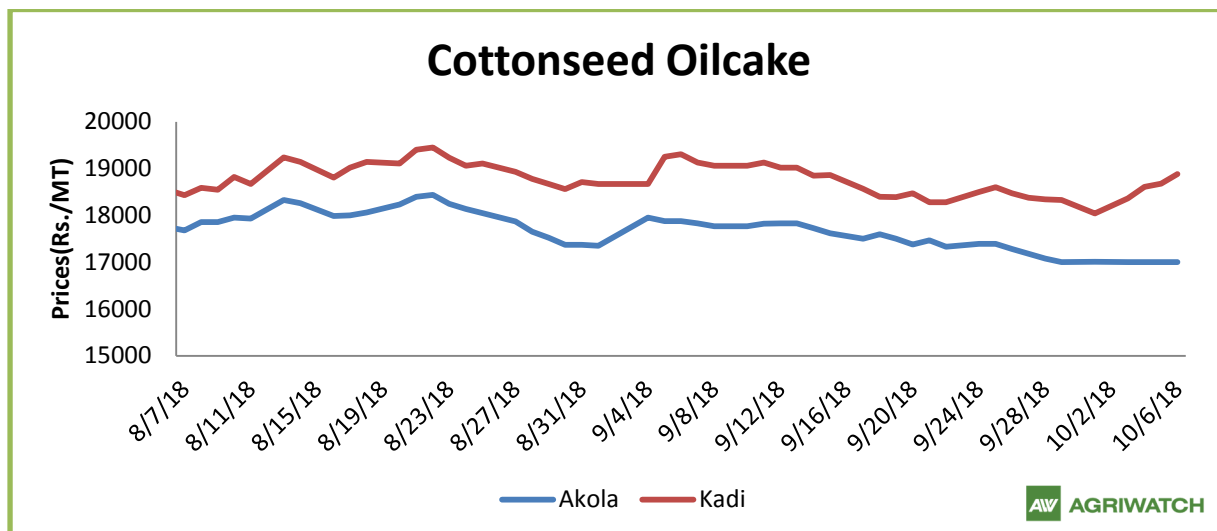
In A.P, maize has been sown in around 0.99 lakh hectares as on 3rd October 2018. It is at vegetative to cob formation and grain hardening stage. Current sowing stands at 104% to season normal.

All India weekly average prices of wheat increased by 1.18 percent to Rs. 2017.72 per quintal during the week ended 08th October 2018. Wheat average price were ruling at Rs 1994.20 per quintal during

24-30 September 2018. As compared to prices in the week 01-08 October 2017, the prices are firm by 7.84 percent. Prices are expected to remain firm in coming days due to good domestic demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

As soybean Marketing season 2017-18 nears its close, India is estimated to left with 2.5 lakh tons. As the stocks has tightened significantly from 13.03 lakh tons to 2.5 lakh tons the daily arrivals has been low by half from last year daily average arrivals. Current spell of rains is going to delay the harvest by another 1-2 weeks and thus the tight supplies is expected to continue. Further at the time of arrivals farmers might look for government announcement on the procurement of soybean at MSP as the current prices is already below the MSP. MP State government has already registered farmers under BBY. Rajasthan and Maharashtra is yet to decide to select schemes under the umbrella of schemes decided by center.

Nafed signed an in-principle agreement with a Chinese trade agency for the export of oil meal. The Chinese official delegation may come next month to inspect soybean processing plants so that they can resume the process of approval.

As the SW monsoon ends India ends with 9% all India deficits in terms of rainfall as against LPA. Many Oilseeds growing region has witnessed long spell of dryness barring MP and Rajasthan.

IMD has released the NE Monsoon forecast and has said it to be normal. IMD didn't gave any official date of its commencement. Usually NE monsoon commence at mid of Oct. The rains are important for Rabi Groundnut in TN, KTK and AP.

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

US Soybean exports saw 55.9 million bushels of old crop sales plus a sliver of new crop sales that brought the total to 56.1 million bushels. That far exceeded the prior week's total of 44.1 million bushels and bounced well above trade estimates of 44.1 million bushels.

US Soybean export shipments reached 26.5 million bushels last week, moving the weekly rate needed to meet USDA forecasts higher, to 40.1 million bushels. Unknown destinations is the top taker for U.S. 2018/19 soybean export commitments so far, accounting for 40% of the total.

Informa's latest assessment of 2018 U.S. soybeans is for per-acre yields averaging 53.0 bpa (versus its prior estimate of 52.8 bpa), for a total production of 4.677 billion bushels

Brazil's Safras & Mercado consultancy estimates the country's 2019/20 soybean exports could top 2.903 billion bushels.

Harvest activity and crop progress were slow in soybean fields last week over wet and/or cool weather in all eight producers. The situation is likely to continue in many areas as the forecast for the next two weeks is much wetter than normal across the U.S. Midwest

According to INTL FCSTONE Brazil's 2018/19 soy crop is expected to be at 119.34 million tonnes, up from 119.17 million tonnes in its prior forecast. The agency also revised soy area up to 35.892 million hectares compared to 35.855 million hectares previously. The soy exports in 2018-19 are estimated at 71.50 million tonnes, with China expected to buy as much Brazilian soy as possible thanks to its trade war with the United States.

U.S. President Donald Trump has indicated that it is "too soon" for Washington to talk to Beijing about working out a deal on trade, even though China wants to.

According to EC, European Union soybean imports in the 2018/19 season that started on July 1 totaled 3.2 million tonnes by Sept. 30, up 7 percent from 3.0 million a year earlier. EU 2018/19 soymeal imports had reached 4.2 million tonnes, down 19 percent from a year-earlier 5.2 million, the official data showed.

The United States and Canada forged a last-gasp deal on Sunday to salvage NAFTA as a trilateral pact with Mexico

According to Brazil Ministry of trade, Brazil exports 4.61 mln t soybeans in September vs 8.13 mln t in august and 4.27 mln t yr ago and 1.29 mln t soy meal in September vs 1.46 mln t in august and 1.16 mln t yr ago.

According to weekly crop progress report by USDA, US soybeans is harvested in 23 pct 14 pct wk ago (20 pct 5-yr avg). 68 pct condition is in good/excellent vs 68 pct wk ago (60 pct yr ago).

Soy meal

CBOT soymeal is trading in a very tight range for the past 5-6 session as the market looks for fresh fundamentals.

According to SEA, Oilmeal exports fell in Sep month as compared to August month. Soymeal exports reported at 21 thd tons as compared to 59 thd tons in August. Mustard meal fell drastically to just 36 thd tons as compared to 163 thd tons in August. Total oilmeal exports recorded just 81 thd tons as compared to 358 thd tons.

Soymeal Indore fell to its lowest level since mid of Jan and the downwards trend is expected to continue to be in line with the soymeal offered at ports. Soymeal at Indore was at premium to the equivalent prices at ports and is correcting in that terms. Exporters offered new soymeal at ports and thus were lower as compared to local spot rates.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 3.65 lakh bags as compared to 8 lakh bags in the previous week. The supplies were 3.6 lakh bags in the same time frame last year.

As the farmers are busy in harvesting the kharif crop the arrivals has dropped significantly. Further as major portion of the crop has already arrived in the stocks available with farmers is limited.

The spot prices have edged low w-o-w on honoring the spreads over soybean which has declined sharply on the seasonal basis. However, NAFED inability to offload the stocks at brisk pace has kept the supplies in market tight as nearly 8.09 lakh tons of Mustard is locked and crushers demand is heavy ahead of festival season. NAFED is instrumental in altering Mustard Supply and Demand as it wants to sell Mustard at least at MSP. The agency is waiting for prices to inch further up by holding the stock and creating artificial scarcity. At the end of week mustard closed at 4255 per quintal as against INR 4330 per quintal during the corresponding period last year at the benchmark, Jaipur. Mustard has lost 75 rupees in the week at spot market.

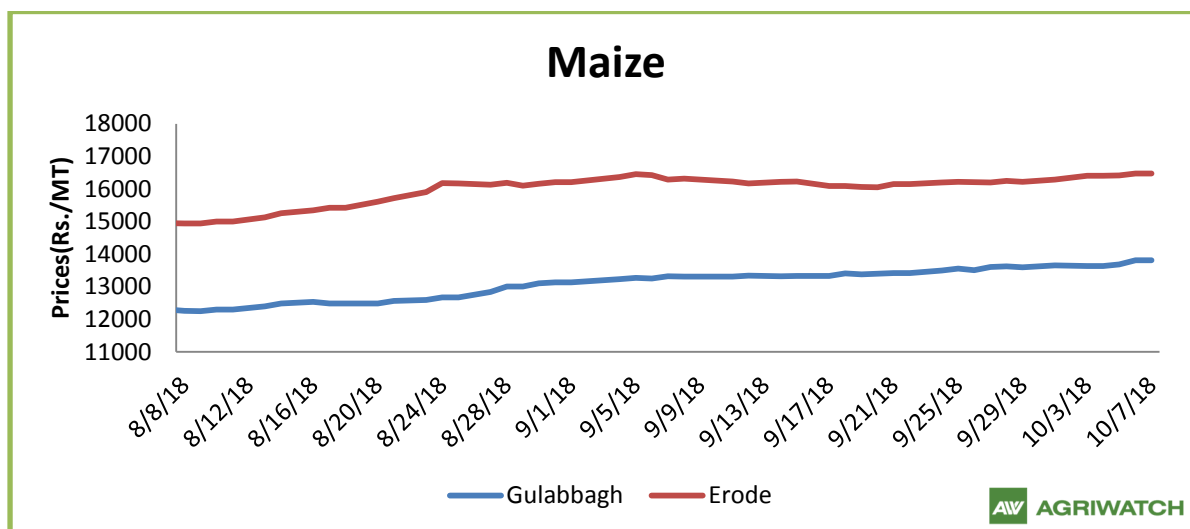
At NCDEX futures, the seed prices at Oct contract closed at INR 4117 Qtl compared to INR 4181/Qtl previous week.

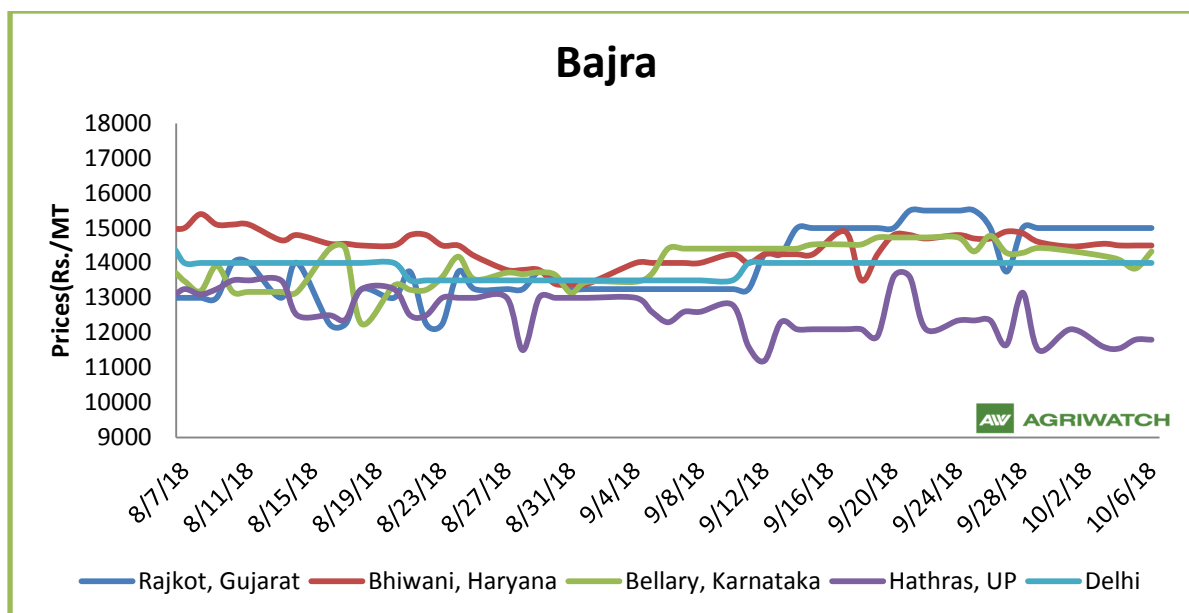
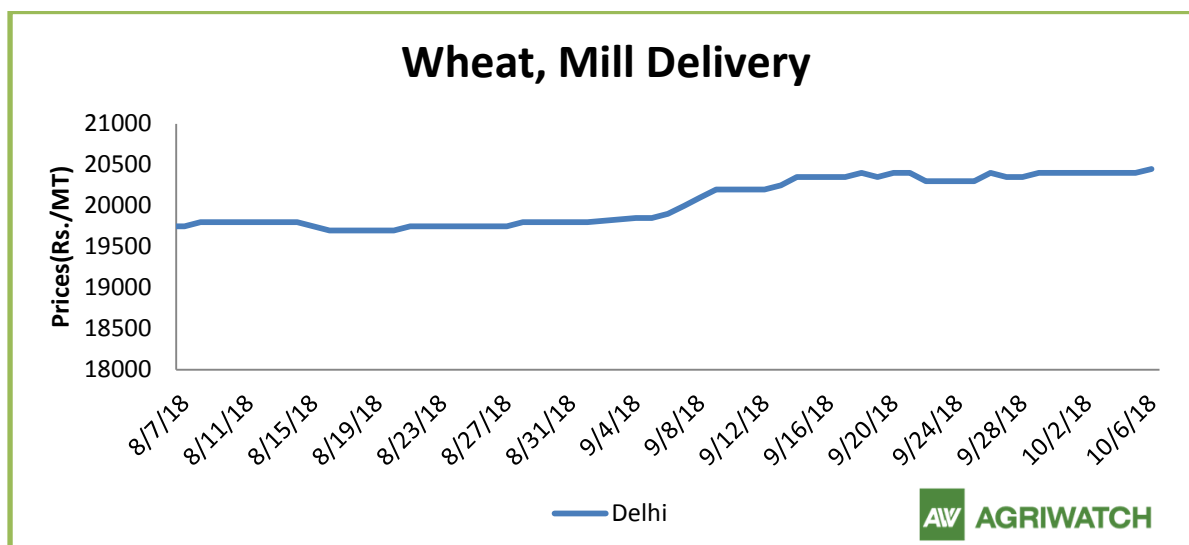
Mustard auction by NAFED continued to witness limited interest as the traders doubt over the oil content in the stocks held by NAFED. Crushers and traders calculate the price based on the oil content and the premium or discount is paid over the benchmark price of 42% conditioned mustard. As the crushers doubt over oil content and market rumors are saying that the oil content is 35% crushers remained away from the auction process. Today NAFED has issued tenders for auction at various locations in the country and they are in hurry to vacate the godowns as soon as possible.

NAFED sold 3990 tons of Mustard on 1st of October in the price range of INR 3951 to 3864 per quintal. NAFED holds 8.08 lakh tons of Mustard as on date.

As the sowing was on time of the kharif crop in most of the Mustard growing areas the sowing of Mustard is expected to be on time and recent rains has further improved the prospects of timely sowing of the same.

Soil temperatures are at normal range and thus farmers are expected to prepare land immediately after the harvest of kharif crop to take advantage of the residual moisture of the crop. In our preliminary estimate of Mustard production for the MY 2019-20 the production is expected to be at 65 lakh tons.





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

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In A.P, maize has been sown in around 0.99 lakh hectares as on 3rd October 2018. It is at vegetative to cob formation and grain hardening stage. Current sowing stands at 104% to season normal.

In Nizamabad, poultry feed makers are buying maize at Rs. 1470 per quintal while local starch feed makers are buying at Rs. 1370 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per

quintal. As per trade sources, in Nizamabad, 5 % crop is affected by insect; rest contain moisture up to 20%. Stock of maize in Nizamabad with private traders could be around 10,000 MT which is almost same compared to corresponding period last year. In Nizamabad, Government has started procurement of maize at new MSP.

In Davangere, new crop is trading at Rs. 1100-1360 per quintal; contain moisture up to 20%. Trade sources revealed that stock of maize could be around 1 lakh quintal which was 3 lakh quintals compared to corresponding period last year.

As per USDA, U.S corn exports reached 4.57 MMT in the 2018-19 marketing year. At 1.41 MMT (for the period 21st September- 27th September, 2018) US corn exports were up around 3.63% from the previous week; mainly for the destinations like Mexico (390,600 MT), Japan (307,200 MT), Peru (154,900), South Korea (139,800 MT), and Saudi Arabia (82,500 MT).

In U.S, Crop of corn has matured 86% as of 30th September, 2018, which is higher by 20% compared to corresponding period last year. 69% of corn is in good to excellent condition, same compared to last week but up by 6% compared to corresponding period last year. 26% crop of corn has been harvested, which is 10% higher compared to corresponding period last year.

All India weekly average prices of wheat increased by 1.18 percent to Rs. 2017.72 per quintal during the week ended 08th October 2018. Wheat average price were ruling at Rs 1994.20 per quintal during 24-30 September 2018. As compared to prices in the week 01-08 October 2017, the prices are firm by 7.84 percent. Prices are expected to remain firm in coming days due to good domestic demand.

As per latest update, hybrid varieties of wheat such as HD 8579, HD 4728, HW 5207, HS 562, HD 3171 and HD 1605 have been introduced for upcoming Rabi season. All the hybrid varieties have good yields especially when used in irrigated areas. In case farmers go for these varieties in upcoming Rabi season, production is expected to increase.

Government has increased MSP of wheat by Rs 105 per quintal to Rs 1840 per quintal. This will motivate farmers to sow more area and thereby boost production of wheat. Furthermore, farmers will get additional income of Rs 62635 crore. Apart from wheat, MSP of Barley, Gram, Lentil, Rapeseed & Mustard and safflower has also been increased to Rs 1440 per quintal, Rs 4620 per quintal, Rs 4475 per quintal, Rs 4200 per quintal and Rs 4945 per quintal respectively.

Wheat prices in Australia and Black sea region have become firm in past weeks. As of now, Russian wheat with 12.5 percent protein content and Australian standard wheat (ASW) is being quoted at \$354 per tonne and \$364 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.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Ukrainian wheat is being quoted at Rs 2180-2190 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in 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 \$290.72 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$215.75, \$207.50, Euro 201.00 \$216.43 and \$254.77 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.

Wheat future October contract closed at Rs 2045 per quintal, higher by Rs 1 per quintal compared to previous week. India has not imported wheat since February-18 until August-18. Therefore, demand

for wheat will be, to a large extent, dependent on domestically available wheat and prices are likely to stay steady to firm.

Global wheat market is expected to trade steady to slightly firm due to lower production in major producing regions. EU is likely to produce around 135.9 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 68.50 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 19.10 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)		
	04-Oct-18	27-Sep-18	Parity To
Indore (MP)	25500	26500	Gujarat, MP
Kota	26500	28200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	27500	29000	Mumbai, Maharashtra
Nagpur (42/46)	27200	28500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	27000	29100	Andhra, AP, Kar ,TN
Latur	26200	29000	-
Sangli	#N/A	28000	Local and South
Sholapur	25800	29500	Local and South
Akola	26000	27000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	27800	29000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	26300	28000	-

Soy DOC at Port

Centers	Port Price	
	04-Oct-18	27-Sep-18
Kandla (FOR) (INR/MT)	28100	28000
Kandla (FAS) (USD/MT)	381	385

International Soy DOC			
Argentina FOB USD/MT	04-Oct-18	27-Sep-18	Change
Soybean Pellets	341	340	1
Soybean Cake Flour	341	340	1
Soya Meal	334	336	-2
Soy Expellers	334	336	-2
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	04-Oct-18	27-Sep-18	Change
Adoni	21500	21700	-200
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

Groundnut Meal (Rs/MT)	04-Oct-18	27-Sep-18	Change
Basis 45%, Saurashtra	22500	22550	-50
Basis 40%, Saurashtra	20000	19700	300
GN Cake, Gondal	23000	23000	Unch

Mustard DOC/Meal	04-Oct-18	27-Sep-18	Change
Jaipur (Plant delivery)	15500	15500	Unch
Kandla (FOR Rs/MT)	16400	16300	100

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	4-Oct-18	27-Sep-18	4-Sep-18	4-Oct-17	4-Oct-16
Delhi	Hybrid(U.P)	1400	1400	1350	1275	1550
Davangere	Loose	1450	1450	1450	1300	1850
Nizamabad	Bilty	1450	1420	1400	1410	1840
Ahmadabad	Feed	1550	1550	NR	1440	1690
	Starch	1500	1540	NR	1400	1700

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

	Argentina	Brazil	US	India
FOB	164.67	177.60	165.50	231.02
Cost and Freight	214.67	232.60	225.50	266.02

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						
Commodity	State	Variety	Centre	4-Oct-18	27-Sep-18	Change
Bajra	Karnataka	Hybrid	Bellary	1409	1429	-20
		Hybrid	Bangalore	NA	2250	-
Jowar	Karnataka	White	Bangalore	NA	2400	-
		White	Bellary	1508	1533	-25
Maize	Karnataka	Yellow	Davanger e	1450	1450	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1450	1420	30
Rice	Haryana	IR8	Karnal	2600	2600	Unch
		Parmal Raw	Karnal	3200	3200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2550	2650	-100
	Maharashtra	DOC	Sangli	2650	2800	-150
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2150	2170	-20
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1550	1550	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2300	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1861	1838	23
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1700	1718	-18
Note: Prices Rs./Qtl						

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