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## Summary

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Soybean Most active Nov contract at NCDEX traded high after weakening towards the support of 3200 and 3210. The week began with sharp fall at the start of the week and posted strong recovery later in the week. 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 coupled with neutral to slight bullish WASDE report.

Traders are vigilant over the daily arrivals and haven't achieved its maximum. The daily arrivals are recording in between 5 to 7 lakh bags. The daily arrivals should range in between 9 to 10 lakh bags on an average continuously till Nov and which is going to confirm the production of above 110 lakh tons. The arrivals are expected to be higher in the OND quarter due to the BBY and NAFED procurement program. Thus with estimates of higher production and higher probability of arrivals the OND quarter arrivals should record all-time high. Market is in wait and watch position thus a prolonged consolidation is expected in coming weeks. China has confirmed booking of soy meal from India.

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 is still sluggish by NAFED and thus Mustard prices is finding difficult to fall aggressively. Rapeseed arrivals have been high y-o-y as farmers are enjoying good price. Temporary fall in crush demand due to festivals is expected to limit aggressive gains. Next round of rise in crushing demand is expected to happen from Mid Nov onwards to meet peak winter demand which is expected to help Mustard prices to gain towards last highs. 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 and Mustard is expected to trade in range bound manner.

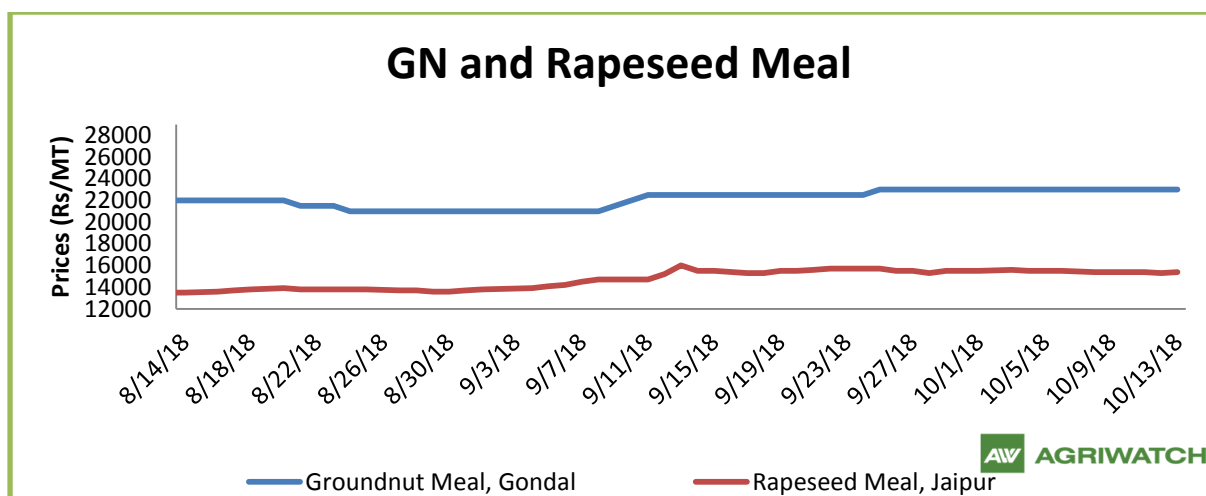
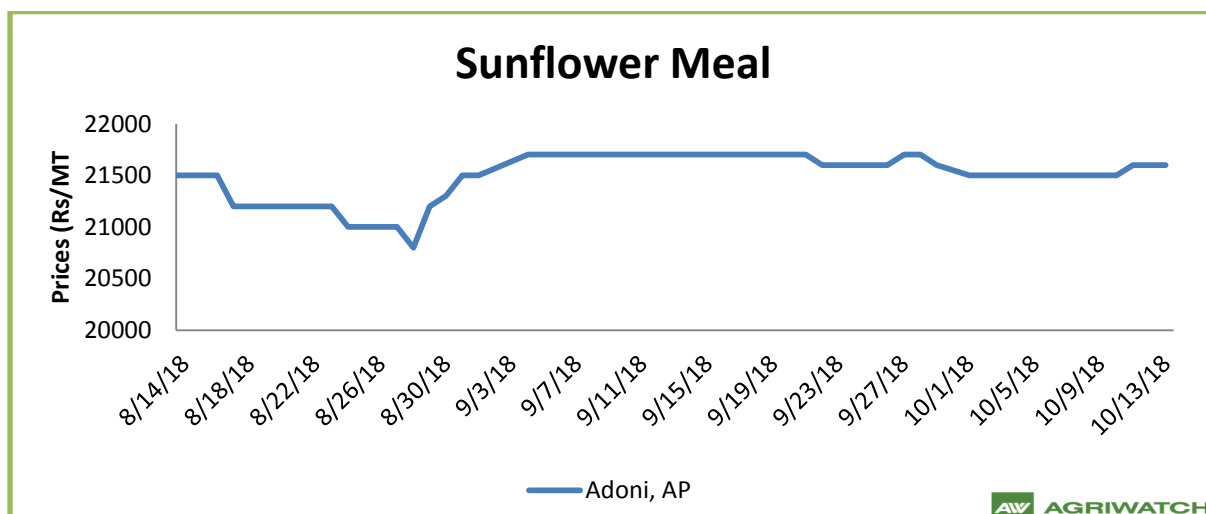
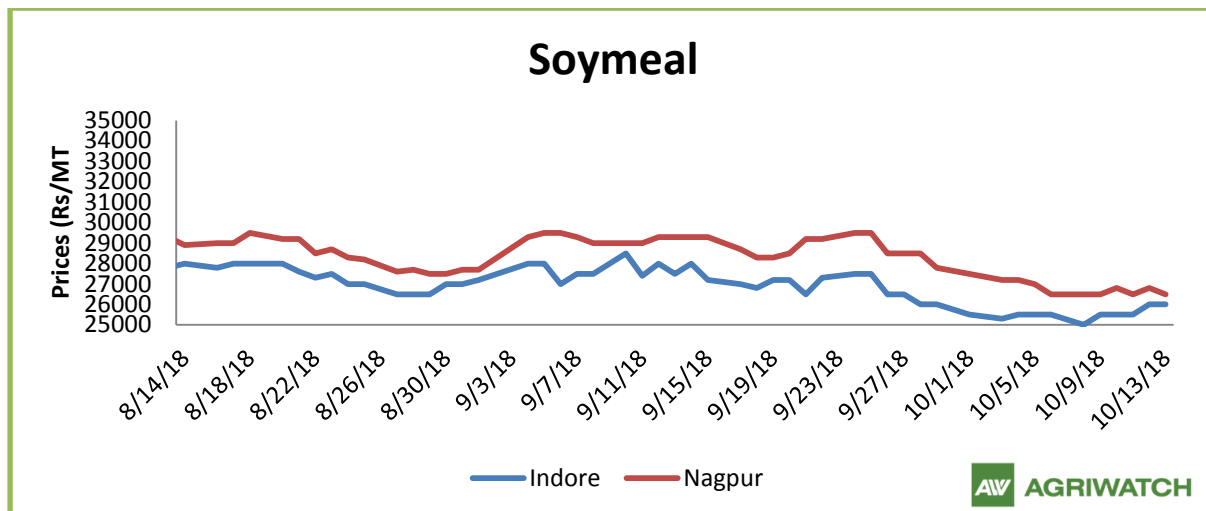
Overall maize cash markets traded steady to slightly firm during the week and is likely to trade steady to slightly firm in the near term amid high demand from feed makers. New crop arrival is likely to put little bit pressure on market sentiments. However, feed makers demand and Government procurement at new MSP might lend support going ahead. As per trade sources, maize is moving towards Rajasthan, Punjab at Rs. 1550-1575 per quintal each while U.P at Rs. 1450-1475 per quintal (Delivered price), sourced from Bihar. Maize is likely to trade steady to firm in the near term due to high feed makers demand.

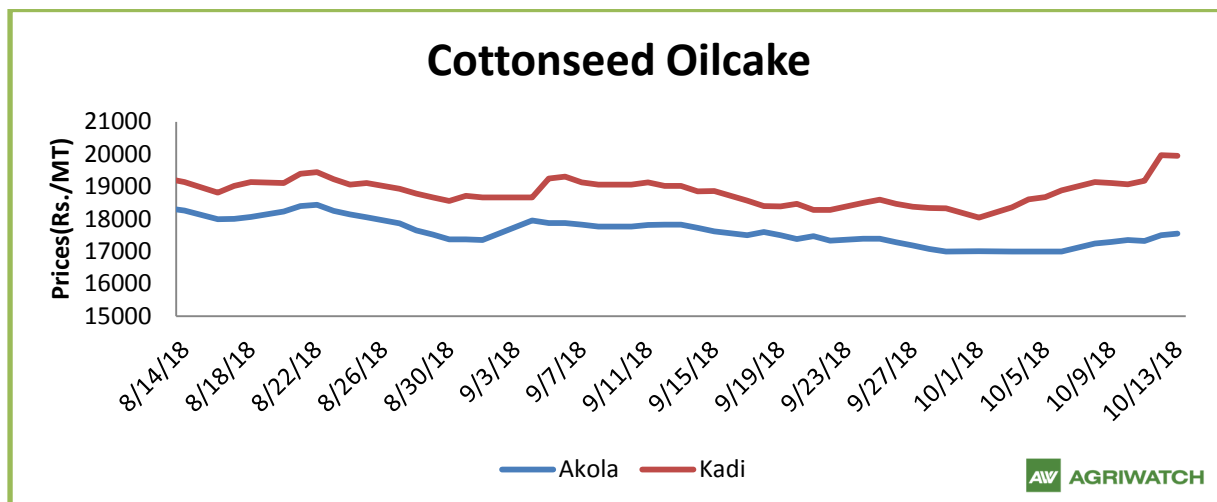
In M.P, maize market is likely to trade firm due to start of buying under Bhavantar Yojna from 20th October'18, and expected buying by stockists. Trade sources revealed that forward contract has been made for the month of November'18 at Rs. 1500 per quintal for the North India. All these developments would keep cash maize market at the positive side in the near term.

As per trade sources, in Nizamabad, 5 % crop is affected by insect; rest contain moisture up to 18%. In Davangere, maize arrivals contain moisture up to 22%.

All India weekly average prices of wheat increased by 0.84 percent to Rs. 2034.69 per quintal during the week ended 15<sup>th</sup> October 2018. Wheat average price were ruling at Rs 2017.72 per quintal during 01-08 October 2018. As compared to prices in the week 09-15 October 2017, the prices are firm by 6.13 percent. Prices are expected to remain firm in coming days due to good domestic demand.

**Trend – Raw Material, Feed**





**Source: AgriWatch**

## Soybean

Centre has approved the procurement of Soybean under PSS and the center has given directives to start procuring it from 15<sup>th</sup> of Oct. MP State govt has announced the procurement to start from 20<sup>th</sup> of Oct and will continue till 19<sup>th</sup> of Jan as the state has given 90 days window for the farmers to sell their produce under PSS scheme. MP state has decided to start procurement on 20<sup>th</sup> over festivals ending on 19<sup>th</sup>.

On direction from center Maharashtra has approved procurement of 2.5 lakh tons of soybean whereas Rajasthan has got approval of procurement of 3.69 lakh tons.

Soybean purchases/procurement will be carried by NAFED, FCI, and SFAC and the payment will be done straight to their accounts.

MP govt has also brought a scheme in which the farmers will get flat INR 500 per quintal as price difference support, irrespective of what the price farmers is getting. The state govt Departement of Farmer's Welfare and Agriculture Development has said that soybean sold in the window of 20<sup>th</sup> Oct to 19<sup>th</sup> Jan will be eligible for such scheme. The Scheme is applicable for any sale at or above MSP of below MSP as per govt notification. Further MP state has also decreased the APMC Cess by .5% to 1.5%.

The arrivals of soybean recorded is higher than the last year arrivals pace post Oct window. Last year the old stocks was high and higher arrivals was expected but this year the arrivals has been mainly over new crop and consistent higher arrivals will be indicating towards record. Further as the BBY will be available for the 3 month period only and there is no procurement in MP State there are good chances that the OND quarter will hit record arrivals.

As soybean Marketing season 2017-18 nears its close, India is estimated to left with 2.5 lakh tons. As the stocks

SOPA is complaining about unavailability of Railway rakes for exports to satellite nations (Nepal and Bangladesh). In 2017-18 lack of rack of availability of racks has impacted exports to neighboring nations.

At weather front, Cyclone Titli battered Orissa and West Bengal with potential crop loss to Seasmee and Groundnut. The assessment will be soon be done by govt official.

Daily arrivals of soybean is clocking nearly 5 lakh bags which is still low as compared to peak arrival of 8-9 lakh bags and at times shooting up to 11-12 lakh bags. Arrivals are expected to increase after dussehra.

SOPA released its final estimates of Soybean SND for 2017-18. SOPA According to SOPA the 2017-18 Marketing Year beginning stock was 13 LT, Crop size was 83.5 LT, Import recorded is 1.62 LT, New crop arrived in Sep month is at 2 LT and with 12 Lt kept for sowing the Marketable surplus is at 88.12 LT

The arrivals recorded is at 88.12 LT. The disposals accounted as 2.42 LT of exports, direct use at 1.5 LT, Crush of 82 LT keeping 2.2 LT as losing stock of 2017-18.

According to SOPA soymeal production has been at 66.42 LT, exports is at 17 LT, domestic use is at 49.25 LT and thus ending stock is at .45 LT.

Marathwada is reporting poor yields as there has been deficit rainfall in this region. The region has recorded 32.3 per cent below the corresponding long period average. The deficiency was even higher in Beed (47.1 per cent), Aurangabad (43.5 per cent), Osmanabad (37.5 per cent), Latur (36 per cent) and Jalna (34.1 per cent), Nanded (15.1 per cent), Hingoli (18.4 per cent) and Parbhani (31.5 per cent). Thus the estimates of higher production by SOPA seem to be not matching with the harvest reports and the rainfall profile. We are expecting the production to be downward revised by Jan after the OND arrivals has been assessed.

In Vidarbha however the crop is good but offsetting the loss in Marathwada will be tough as in such case the Vidarbha should record way higher yield over average which is not supported by the rainfall profile.

***The domestic soybean prices are likely to be in tight range in the domestic market.***

### **International Market**

According to the USDA WASDE Oct report, US soybean yield is estimated at 53.1 bpa. Pod counts went up vs. September while pod weights went down.

Soybean export inspections last week reached just 20.9 million bushels, falling slightly below the prior week's total of 23.2 million bushels

In the weekly crop progress report soybean dropping leaf has been reported at 91% against 5 year average of 85%. Soybean harvesting is lagging behind against 5 year average and is at 32% against 5 year average of 36%.

Soybean conditions have remained unchanged in the good to excellent conditions and are at 68%.

According to the latest updates from the U.S. Drought Monitor, current spell of rains helped drop drought's footprint in the U.S. lower for an eighth consecutive week, now covering 43.3% of the country – the lowest such percentage since late May. The five-day cumulative precipitation map from NOAA shows much of the central U.S. getting an additional spell between till October 16, with the exception of parts of the upper Midwest and Northern Plains.

World ending stocks for soybeans saw mixed results 2017/18 and 2018/19, with USDA dropping this year's estimates to 96.65 million metric tons and raising next year's projected totals to 110.04 MMT.

USDA fractionally lowered its 2018 U.S. soybean production estimates from 4.693 billion bushels in September down to 4.690 billion bushels in today's WASDE report.

Conab raises estimates for soybean production to 117 - 119.4 MMT. In the 2017-18 season Brazil produced a record 119.3 MMT. WASDE has Brazil at 120.50. Presidential frontrunner Jair Bolsonaro deemed a friend to the farmer, rolling back environmental restrictions and the elimination of the science ministry part of his platform.

According to Industry group ABIOVE, Soybean crop is estimated at 119.5 MT for the 2018-19 MY. Soybean Exports has been estimated at 77 Mln T Vs 76.1 Mln T In in previous forecast. Soybean Crushing is estimated at 43.6 Mln T Vs 43.6 Mln T In previous forecasts.

National Grain Trade Centre, China sold 101,057 tonnes of soybean at auction of state reserves at an average price of 3,196 yuan (\$461.98) per tonne.

Due to heavy rains reports of damaged soybeans (pod shatter/splitting) is coming up across the U.S. Midwest. Emergence of drier, much colder weather should allow U.S. corn and soybean harvest to resume over the central and eastern Belts with the key exception of the eastern Dakotas where snow is expected today

Weather remains favorable for continued planting and early development of soybeans In Brazil's Center West and South. Accumulated exports of old crop remain strong in what is usually a slow period. Early planting of Argentina soybeans normally to begin in the "core" as planting of early corn comes to a close.

U.S. farmers hoping to get on with harvest 2018 kept combines idle in many areas as big storms continued moving through the country from the southwest Plains to the Upper Midwest. While the rainfall totals will lessen as the system moves east, other parts of the country won't be spared nature's wrath.

A short meeting between Secretary of State Mike Pompeo and his Chinese counterpart failed to move the ball any in the ongoing battle of wills between the two countries. Traders also digested news from Sunday's first round of presidential voting in Brazil. The country could swing sharply from left to right if leading candidate Jair Bolsonaro wins a run-off. His pro-business views sent the real sharply higher, depressing soybean prices for farmers selling in dollars. But many farmers have already sped up pricing both 2018 inventory and production from the crop they're starting to plant now.

### Soy meal

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

According to the DGFT data the Soymeal exports can touch 16.5-17.5 lakh tons in the marketing year. SOPA has earlier estimated the exports of 15 lakh tons of soymeal. SEA estimates has been at 10.24 lakh tons. Thus with DGFT exports data of oilmeal the soybean end stocks is estimated at 1.8 lakh tons.

Last year there has been a problem with railways rake availability which has been used for the transportation of Soymeal to Bangladesh which has resulted in limited exports on monthly basis to the neighboring nation. In 2016-17 India was able to exports most of the Bangladesh demand within OND quarter. This year railways have promised for regular availability of rakes in the current exports season.

China is set to bridge its deficit after supply from the US reduced under the ongoing trade war between the two leading world economies.

According to Industry sources, China's inter-ministerial General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has already taken a decision to lift its nearly six-year-old ban on import of oilmeal from India.

The AQSIQ is expected to visit Indian units for inspection and approval. Industry sources are saying that Chinese companies are interested in import of rapeseed meal through six-odd approved Indian exporters, including Adani Wilmar and Ambuja Exports.

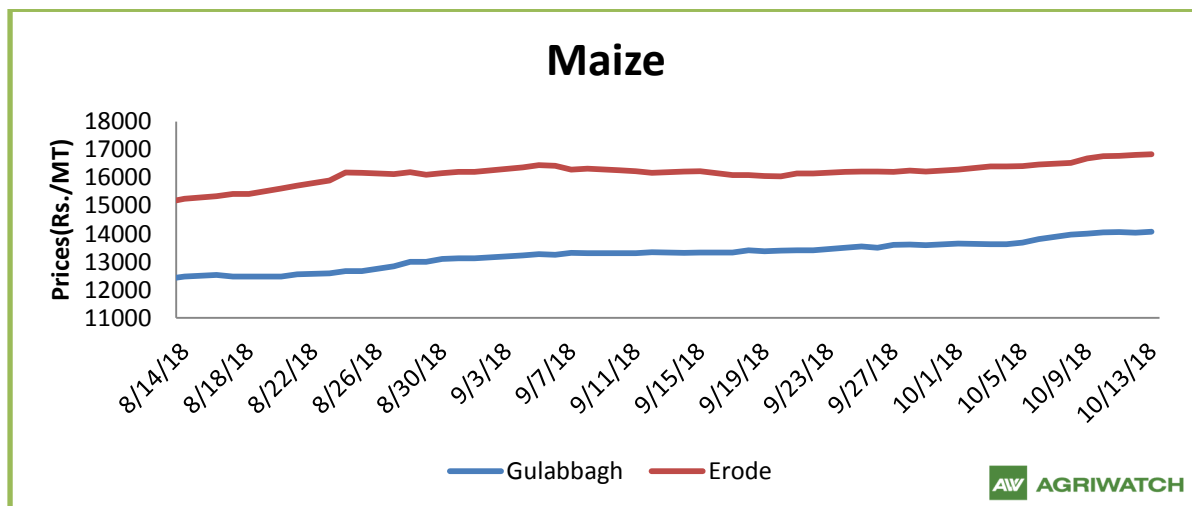
### Rapeseed - Mustard Seed

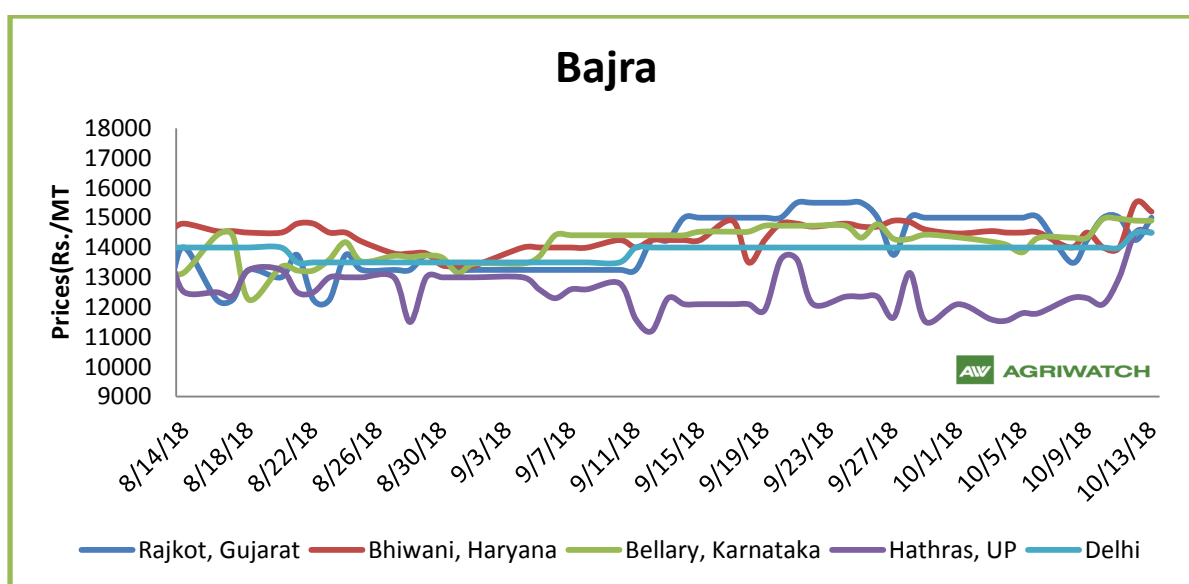
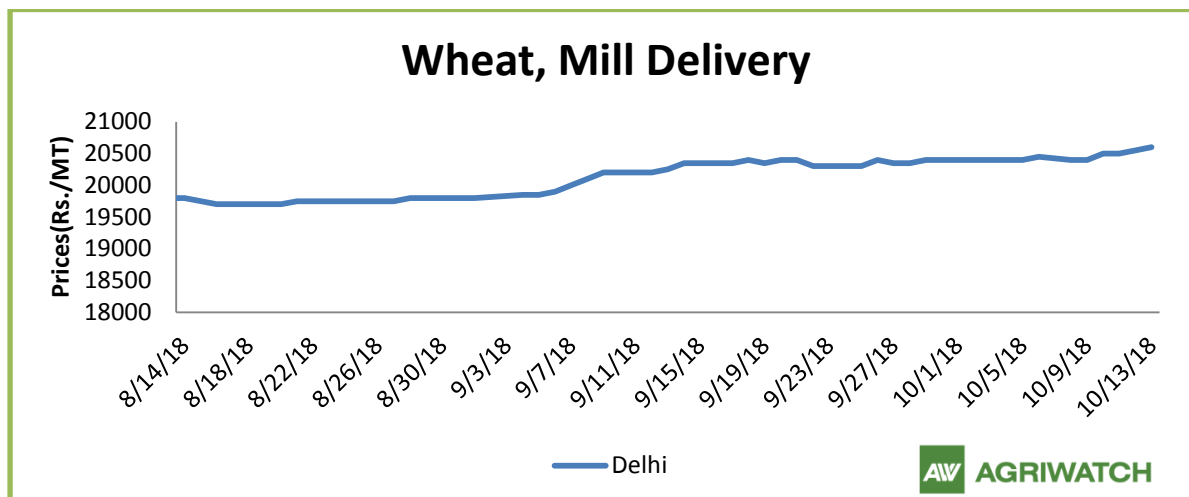
**The all India weekly seed supplies were reported 9.15 lakh bags as compared to 10.25 lakh bags in the previous week. The supplies were 7.05 lakh bags in the same time frame last year.**

The spot price is flat w-o-w on limited fundamental cues. However, NAFED inability to offload the stocks at brisk pace has kept the supplies in market tight as nearly 87.4 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 4250 per quintal as against INR 3920 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Nov contract closed at INR 4162 Qtl compared to INR 4203/Qtl previous week.

Mustard auction is finding good response as the selling has sped up. On 10th of Oct NAFED managed to auction 10340 tons of Mustard in the prices range of INR 3771 to 3902 per quintal. Auction is still below MSP and as the officials has no other choice they are not rigid to sell it at MSP and further as they have to vacate godowns for fresh procurement they are in haste to offload their stocks. NAFED currently holds 7.4 lakh tons of Mustard in their godowns.





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

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In Nizamabad, poultry feed makers are buying maize at Rs. 1450-1475 per quintal while local starch feed makers are buying at Rs. 1350-1370 per quintal. As per trade sources, in Nizamabad, 5% crop is



affected by insect; rest contain moisture up to 18%. In Nizamabad, Government has started procurement of maize at new MSP.

In Davangere, maize arrivals contain moisture up to 22%. Trade sources revealed that stock of maize in Karnataka could be around 2 lakh quintals.

As per USDA, U.S corn exports reached 6.18 MMT in the 2018-19 marketing year. At 1.61 MMT (for the period 28th September- 04th October, 2018) US corn exports were up by 14% from the previous week; mainly for the destinations like Mexico (442,300 MT), Japan (332,600 MT), South Korea (328,600 MT), Egypt (146,900 MT), and Colombia (135,800 MT).

In U.S, Crop of corn has matured 93% as of 7th October, 2018, which is higher by 13% compared to corresponding period last year. 68% of corn is in good to excellent condition, down by 1% compared to last week but up by 4% compared to corresponding period last year. 34% crop of corn has been harvested, which is 13% higher compared to corresponding period last year.

Despite decrease in U.S corn production estimate; USDA increased its corn ending stock estimates for U.S by 0.99 MMT to 46.06 MMT for 2018/19 compared to last month forecast as it decreased its domestic consumption estimates by 0.64 MMT to 322.09 MMT for 2018/19.

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As per latest update, wheat stock in central pool as on 1st October'18 stood at 356.25 lakh tonnes down by 7.49% compared to last month. This quantity is higher by around 37.73% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. The stock position as on 01st October'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

India has received 804 mm of actual rainfall against 887.5 mm of normal rainfall during the monsoon season of 2018. Of the major wheat growing states only Gujarat and Rajasthan have received deficient rainfall. Furthermore as per CWC, water in reservoirs in Gujarat is 18% below normal and 5% above normal in Rajasthan. Lower availability of water or low soil moisture may slightly reduce wheat yields in upcoming Rabi season.

India mainly imports from Australia and Russia. Wheat prices have become firm in both the countries due to lower production. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$340 (Rs 25040) per tonne and \$367 (Rs 27000) per tonne respectively, after including freight and import duty @30%. Whereas wheat mill quality price in South India is ruling around Rs 23500-24000 per tonne.

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 2195-2202 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in domestic market. Stock of imported wheat is very low as no quantity has been imported since February 2018 from Australia or Black sea region.

Indian FoB quote is hovering around \$287.51 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$217.80, \$207.50, Euro 202.95 \$216.96 and \$252.52 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 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 steady to range bound 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)		
	11-Oct-18	04-Oct-18	Parity To
Indore (MP)	25500	25500	Gujarat, MP
Kota	26000	26500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	27000	27500	Mumbai, Maharashtra
Nagpur (42/46)	26500	27200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	26000	27000	Andhra, AP, Kar ,TN
Latur	26500	26200	-
Sangli	-	26500	Local and South
Sholapur	27000	25800	Local and South
Akola	26000	26000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	26200	27800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	25800	26300	-

#### Soy DOC at Port

Centers	Port Price	
	11-Oct-18	04-Oct-18
Kandla (FOR) (INR/MT)	28000	28100
Kandla (FAS) (USD/MT)	376	381

International Soy DOC			
Argentina FOB USD/MT	11-Oct-18	04-Oct-18	Change
Soybean Pellets	346	341	5
Soybean Cake Flour	346	341	5
Soya Meal	345	334	11
Soy Expellers	345	334	11
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	11-Oct-18	04-Oct-18	Change
Adoni	21600	21500	100
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

Groundnut Meal (Rs/MT)	11-Oct-18	04-Oct-18	Change
Basis 45%, Saurashtra	22500	22500	Unch
Basis 40%, Saurashtra	20000	20000	Unch
GN Cake, Gondal	23000	23000	Unch

Mustard DOC/Meal	11-Oct-18	04-Oct-18	Change
Jaipur (Plant delivery)	15400	15500	-100
Kandla (FOR Rs/MT)	16000	16400	-400

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

Market	Grade	11-Oct-18	4-Oct-18	11-Sep-18	11-Oct-17	11-Oct-16
Delhi	Hybrid(U.P)	1400	1400	1400	1300	1550
Davangere	Loose	1500	1450	1450	1300	Closed
Nizamabad	Bilty	1460	1450	1400	1410	Closed
Ahmadabad	Feed	1570	1550	NR	1420	1650
	Starch	1550	1500	NR	1400	1750

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

	Argentina	Brazil	US	India
FOB	166.04	177.90	170.80	232.34
Cost and Freight	216.04	232.90	230.80	267.34

**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	
<b>Total</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>1408042</b>	<b>590471</b>

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>11-Oct-18</u>	<u>4-Oct-18</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1496	1409	87
		Hybrid	Bangalore	2250	NA	-
Jowar	Karnataka	White	Bangalore	2400	NA	-
		White	Bellary	1405	1508	-103
Maize	Karnataka	Yellow	Davanger e	1500	1450	50
	Andhra Pradesh	Yellow	Nizamaba d	1460	1450	10
Rice	Haryana	IR8	Karnal	2600	2600	Unch
		Parmal Raw	Karnal	3200	3200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2550	2550	Unch
	Maharashtra	DOC	Sangli	2650	2650	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2160	2150	10
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1540	1550	-10

Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2300	<b>Unch</b>
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1918	1861	<b>57</b>
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1732	1700	<b>32</b>
Note: Prices Rs./Qtl						

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