

Contents:

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

Summary

Soybean Most active Nov contract at NCDEX traded in a tight channel last week. The week began with sharp rise at the start of the week and started losing steam at the end of 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 traded northwards as the weather improved for harvesting.

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. Arrivals in the first half of October month is higher y-o-y and is thus giving initial indication of higher production. Last year the old crop arrived in the Oct month but this year since the carry over stock is very low the old crop is available in very limited quantity. Thus y-o-y higher arrivals are a very strong indication of bumper production this year.

CBOT Soybean has started weakening again as the core fundamentals are still very bearish and speculative buying after the release of back to back release of bullish exports sales report and crop rating report has helped CBOT bean to extend gains. With improving weather and accelerating harvest pace the bears is again coming to action. Brazilian fundamentals are also indicating of another bumper soybean crop.

CBOT Soy meal also lost value in the last week.

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.

Overall soybean and Mustard is expected to trade in range bound manner.

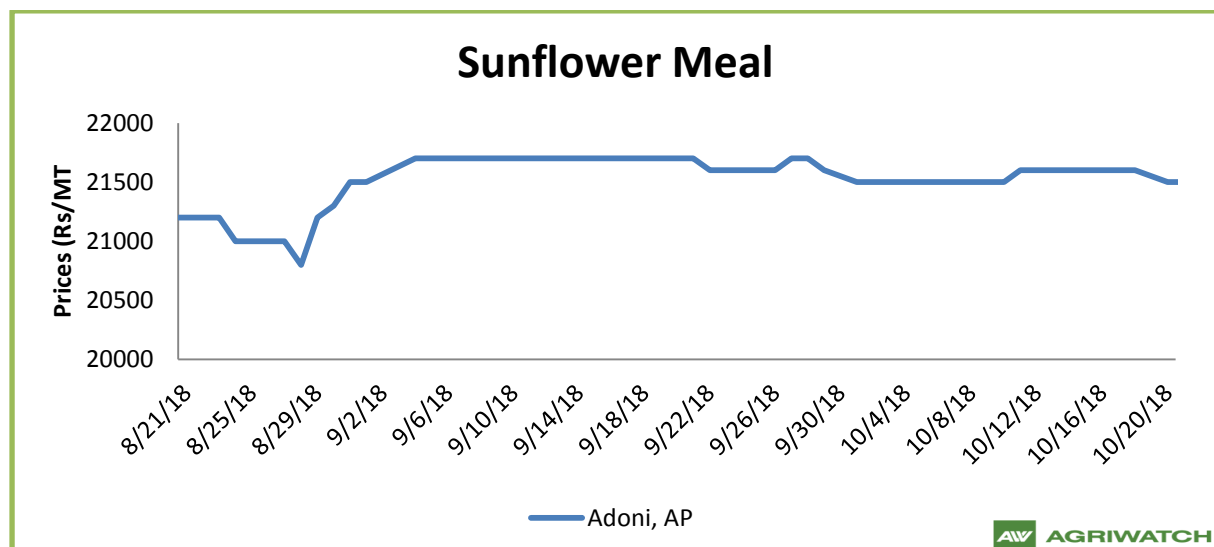
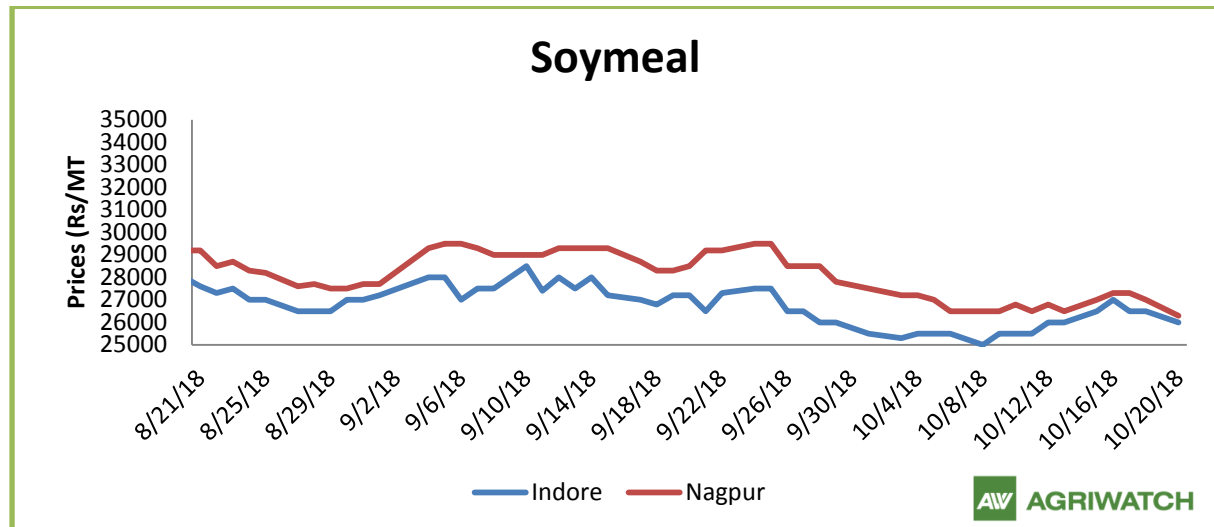
Sentiments remained same as maize cash markets were closed most of the days during the week due to Navaratri and Dussehra festival. Maize cash markets are likely to trade steady to slightly firm in the near term amid high demand from feed makers. New crop arrival is likely to put little bit pressure 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. 1600 per quintal each while U.P at Rs. 1500 per quintal (Delivered price), sourced from Bihar. Maize is likely to trade steady to slightly firm in the near term due to limited supply in to the market.

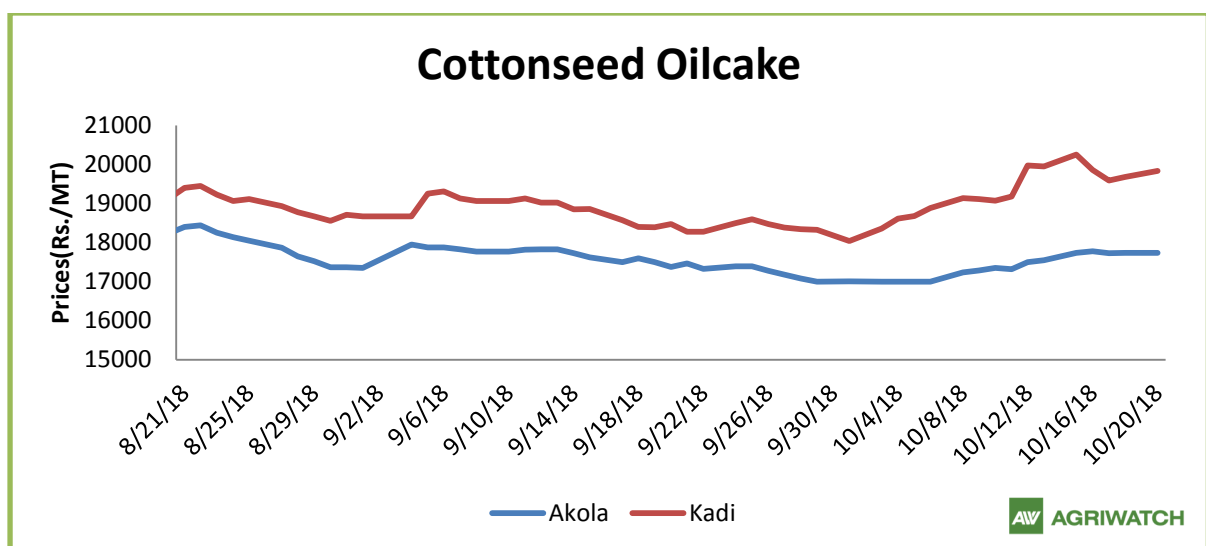
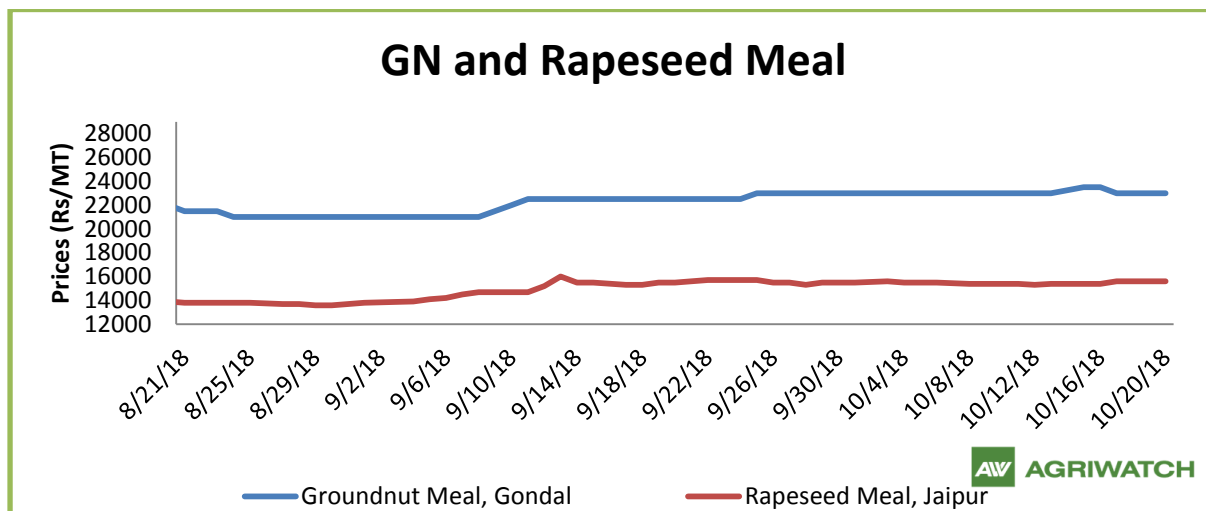
In M.P, maize market is likely to trade firm due to start of buying under Bhavantar Yojna and expected buying by stockists. Trade sources revealed that forward contract has been made for the month of November'18 at Rs. 1500 per quintal for the North India. All these developments would keep cash maize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

As per trade source, India has exported around 2.81 thousand tons of wheat in the month of September compared to 1.90 thousand tons in August. The quantity in September was exported at an average FOB of \$ 381.68 per tonne and the major destinations were Nepal, UAE, Sri Lanka and New

Zealand. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

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 15th of Oct. MP State govt has announced the procurement to start from 20th of Oct and will continue till 19th 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 20th over festivals ending on 19th.

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 Department of Farmer's Welfare and Agriculture Development has said that soybean sold in the window of 20th Oct to 19th 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 5year average and is at 32% against 5 year average of 36%.

Soybean conditions has remained unchanged in the good to excellent conditions and is 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

CBOT soymeal started losing again after the previous week rally amidst analyst and traders saying that soymeal prices are at a premium and is not in line with the 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

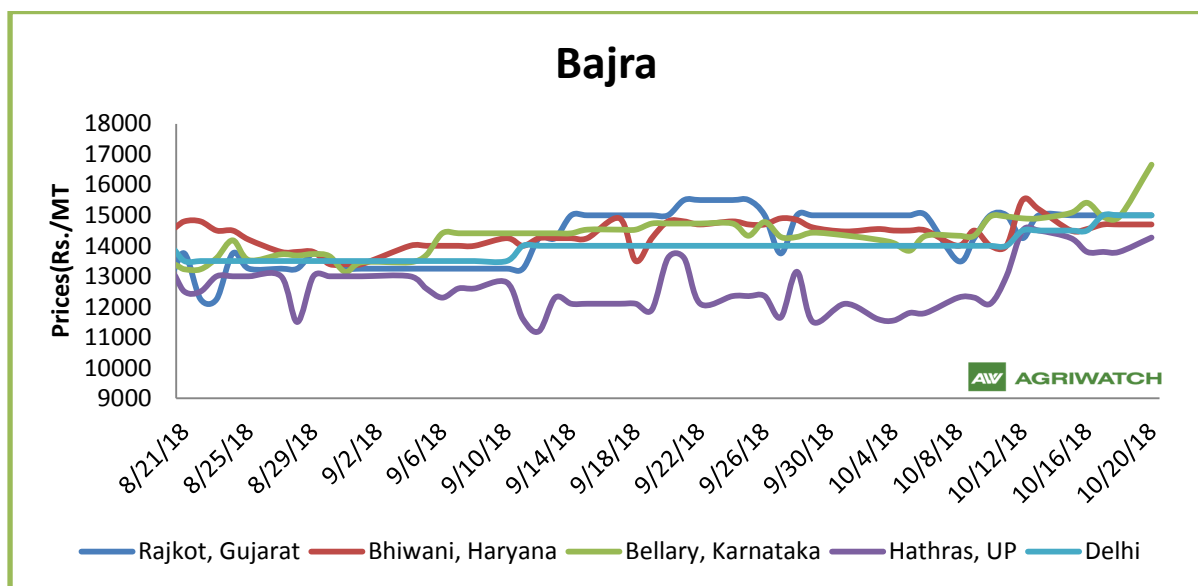
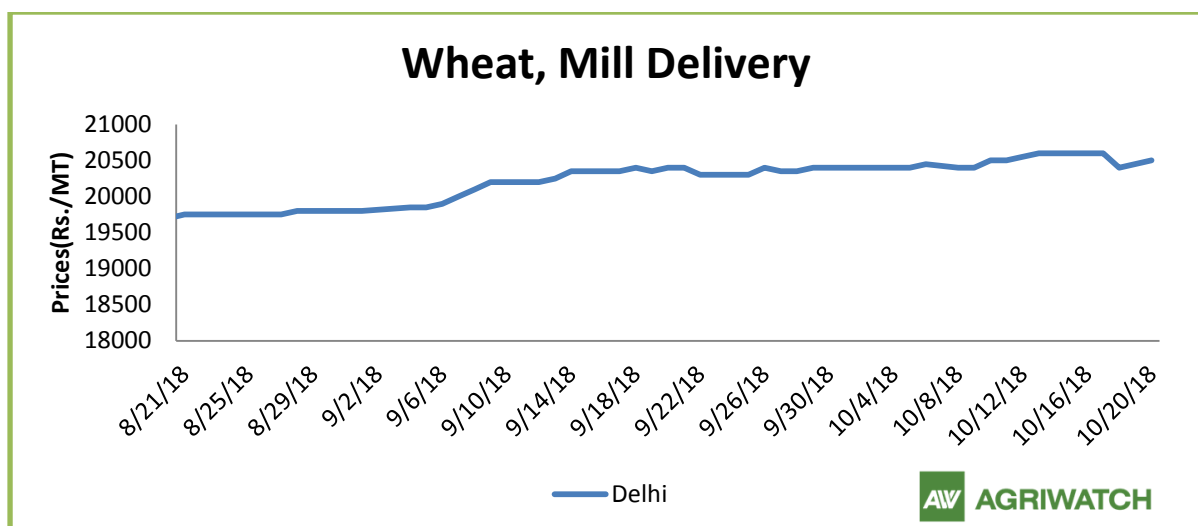
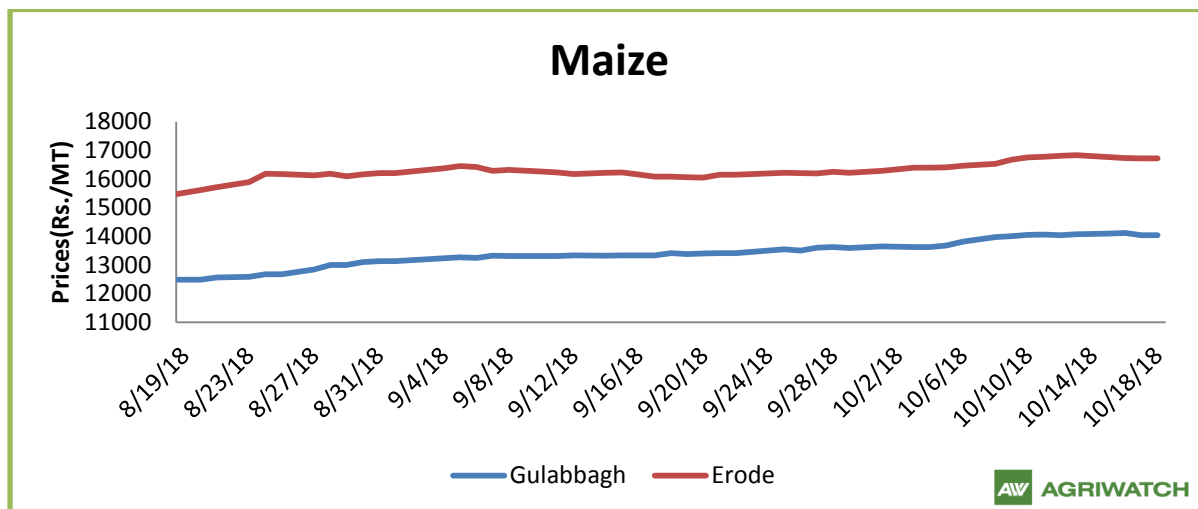
The all India weekly seed supplies were reported 6.80 lakh bags as compared to 9.15 lakh bags in the previous week. The supplies were 8.2 lakh bags in the same time frame last year.

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 6.65 lakh tons of Mustard is locked as on 21st Oct. 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 4290 per quintal as against INR 3915 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Nov contract closed at INR 4173 Qtl compared to INR 4162/Qtl previous week.

Mustard auction is finding good response as the selling has sped up. On 20th of Oct NAFED managed to auction 13575 tons of Mustard in the prices range of INR 3811 to 3960 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 6.4 lakh tons of Mustard in their godowns.

In an important development China removed ban on imports of rapeseed meal from India. Imports could resume from Monday subject to Chinese quarantine norms. China put ban on imports of rapeseed meal from India in 2011. This opens big market for Indian rapeseed meal.



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

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In A.P, maize crop arrivals have started in Vizianagaram and Godawari districts. Maize crop contains moisture up to 17%. In Rayalseema districts, arrivals are likely to hit soon.

In Nizamabad, poultry feed makers are buying maize at Rs. 1500 per quintal while local starch feed makers are buying at Rs. 1300-1370 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 17%. In Nizamabad, Government has started procurement of maize at new MSP.

In Davangere, maize arrivals contain moisture up to 25% and are being traded at Rs. 1100-1400 per quintal; price is varying on quality parameters. Agriwatch expects that maize could trade steady to range bound amid limited demand. Maize is moving towards Bangalore and Nammakal at Rs. 1560 and Rs. 1650 per quintal respectively; sourced from Davangere.

As per USDA, U.S corn exports reached 7.28 MMT in the 2018-19 marketing year. At 1.10 MMT (for the period 5th October- 11th October, 2018) US corn exports were down by 31.45% from the previous week; mainly for the destinations like to Mexico (452,100 MT), Japan (147,700 MT), Colombia (126,300 MT), Egypt (111,200 MT), and South Korea (68,300 MT).

In U.S, Crop of corn has matured 96% as of 14th October, 2018, which is higher by 7% compared to corresponding period last year. 68% of corn is in good to excellent condition, same compared to last week but up by 3% compared to corresponding period last year. 39% crop of corn has been harvested, which is higher by 13% compared to corresponding period last year.

Corn on CBOT fall by 0.89 USD/ MT to 144.48 USD/MT for December'18 contract compared to last week due to decrease in export demand for U.S corn amid new crop arrival pressure.

As per trade source, India has exported around 2.81 thousand tons of wheat in the month of September compared to 1.90 thousand tons in August. The quantity in September was exported at an average FOB of \$ 381.68 per tonne and the major destinations were Nepal, UAE, Sri Lanka and New Zealand. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per trade sources, after increase in import duty to 30 per cent imports have decreased substantially. India has imported 1000 tonnes of milling wheat from Pakistan at \$ 318.53 per tonne (Including import duty) in the month of September-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 31000 tonnes in the month of February-2018.

Wheat WPI has increased from 148.6 in August -2018 to 149.8 in September-2018. Monthly wheat inflation has increased by 0.81 per cent in September -2018 compared to previous month. As

compared to September-2017 wheat WPI has increased by around 8.87 per cent. Wheat WPI is expected to stay steady to slightly firm in coming months.

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 \$343 (Rs. 25230) per ton and \$368 (Rs 27030) per ton respectively, after including freight and import duty @30%. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23000-23500 per tonne and Rs 23500-24000 per tonne respectively.

Wheat future November contract closed at Rs 2044 per quintal after increasing by Rs 2 per quintal compared to previous week. Prices are expected to remain firm due to good demand and low imports. Furthermore, higher prices due to lower crop size in Australia and Black sea region will ensure low imports in upcoming months. Therefore, demand to large extent, will be dependent on domestically available wheat.

Indian FoB quote is hovering around \$287.51 per ton. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$218.40, \$207.50, Euro 202.70, \$220.28 and \$254.92 per ton respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.5 million tons 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 to slightly firm as overall feed ingredients prices traded steady to slightly firm 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)		
	18-Oct-18	11-Oct-18	Parity To
Indore (MP)	26500	25500	Gujarat, MP
Kota	27000	26000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28000	27000	Mumbai, Maharashtra
Nagpur (42/46)	27000	26500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	27500	26000	Andhra, AP, Kar ,TN

Latur	27500	26500	-
Sangli	-	26500	Local and South
Sholapur	26500	27000	Local and South
Akola	27000	26000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	27550	26200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	26800	25800	-

Soy DOC at Port

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

International Soy DOC			
Argentina FOB USD/MT	18-Oct-18	11-Oct-18	Change
Soybean Pellets	343	346	-3
Soybean Cake Flour	343	346	-3
Soya Meal	341	345	-4
Soy Expellers	341	345	-4
Sunflower (DOC) Rates			
Centers	Ex-factory rates (Rs/ton)		
	18-Oct-18	11-Oct-18	Change
Adoni	21600	21600	Unch
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

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

Mustard DOC/Meal	18-Oct-18	11-Oct-18	Change
Jaipur (Plant delivery)	15600	15400	200
Kandla (FOR Rs/MT)	16300	16000	300

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	18-Oct-18	11-Oct-18	18-Sep-18	18-Oct-17	18-Oct-16
Delhi	Hybrid(U.P)	1500	1400	1400	1300	1540
Davangere	Loose	1400	1500	1450	1300	1550
Nizamabad	Bilty	Closed	1460	1410	NA	1450
Ahmadabad	Feed	1575	1570	1600	1410	1500
	Starch	1575	1550	1550	1420	1425

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

	Argentina	Brazil	US	India
FOB	164.86	179.8	166.1	221.81
Cost and Freight	214.86	234.80	226.10	256.81

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	76026
Jun	2636	2098	17930	45975	104088
Jul	6682	928	12270	80797	63747
Aug	2778	768	10615	87668	59643
Sep	868	6886	12210	102212	20967
Oct	29071	4237	31390	71425	
Nov	110806	8909	97750	207630	
Dec	193832	5667	241250	168865	
Total	1210954	276674	455374.1	1408042	611438

Feed Ingredient Prices at a Glance

Commodity	State	Variety	Centre	18-Oct-18	11-Oct-18	Change
Bajra	Karnataka	Hybrid	Bellary	1495	1496	-1
		Hybrid	Bangalore	2250	2250	Unch

Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1680	1405	275
Maize	Karnataka	Yellow	Davanger e	1400	1500	-100
	Andhra Pradesh	Yellow	Nizamaba d	1480	1460	20
Rice	Haryana	IR8	Karnal	2600	2600	Unch
		Parmal Raw	Karnal	3200	3200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2650	2550	100
	Maharashtra	DOC	Sangli	2710	2650	60
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2160	2160	Unch
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1560	1540	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2300	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1968	1918	50
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1774	1732	42
Note: Prices Rs./Qtl						

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