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Summary

Soybean Most active Nov contract at NCDEX traded in a tight channel last week. The week began with steady 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. Many traders has been opined that the SOPA production figures are overestimated and production should be in the range of 105-110 lakh tons. CBOT soybean

Daily and weekly arrivals have achieved its maximum. The daily arrivals are recording in between 10 to 12 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 is 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.

CBOT Soybean has started weakening again as the core fundamentals are still very bearish. With pathetic exports sales reported in the USDA weekly exports sales report CBOT soybean nosedived to the level prior to rally. With improving weather and accelerating harvest pace the bears has been playing there role. Brazilian fundamentals are also indicating of another bumper soybean crop.

CBOT Soy meal also lost value in the last week.

Rapeseed stocks offloading are still not fast enough to offload its stocks entirely at the end of this year. Thus Mustard prices are trading in tight range. As the sowing has been almost double as compared to last year record acreages is on cards this rabi sowing season. Rapeseed arrivals have been high y-o-y as farmers are enjoying good price. 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.

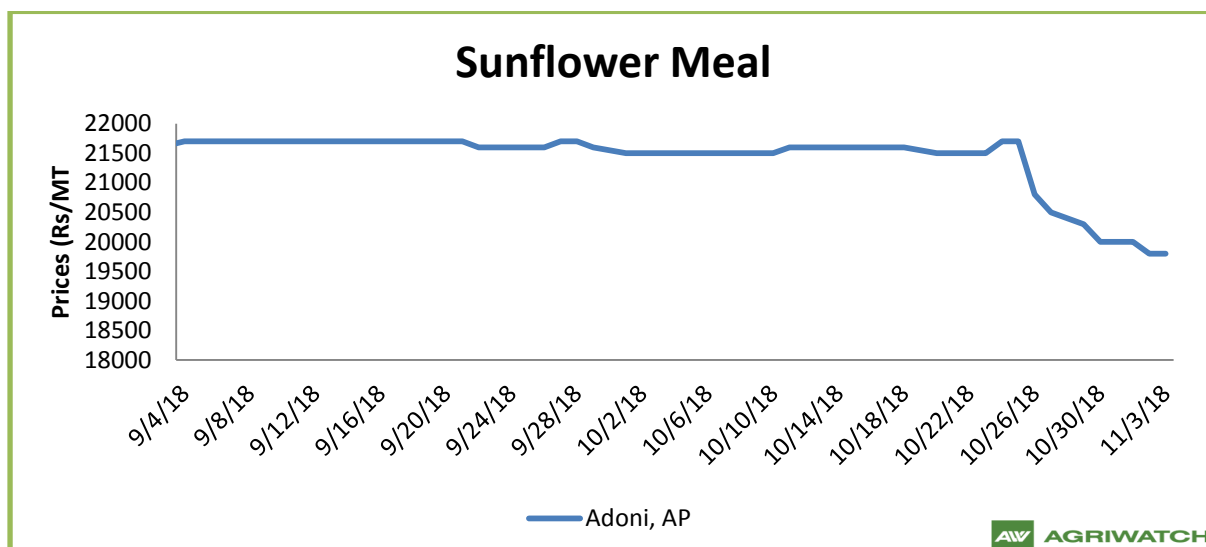
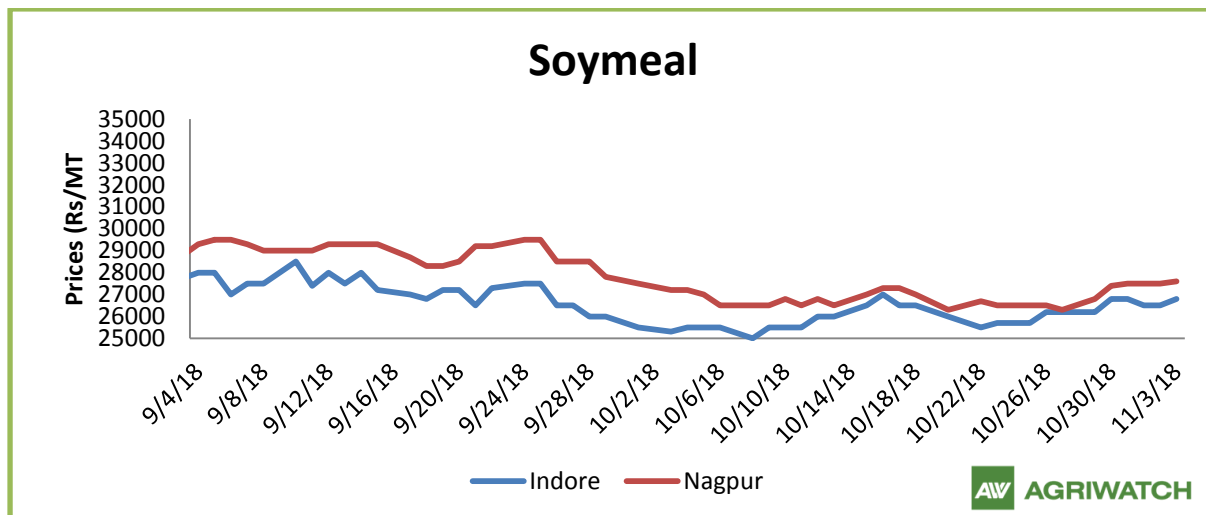
Overall soybean and Mustard is expected to trade in range bound manner.

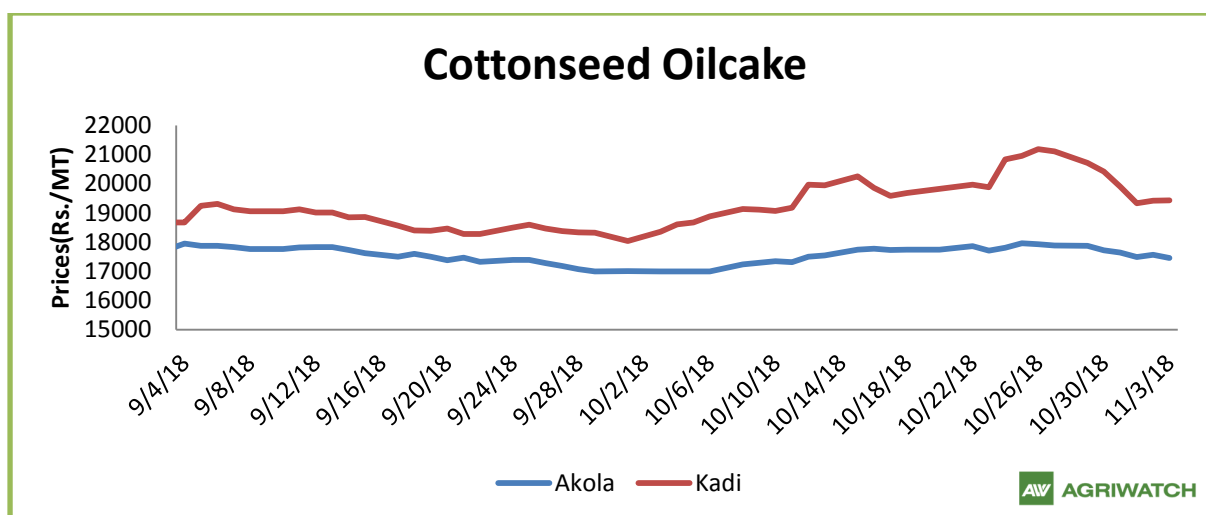
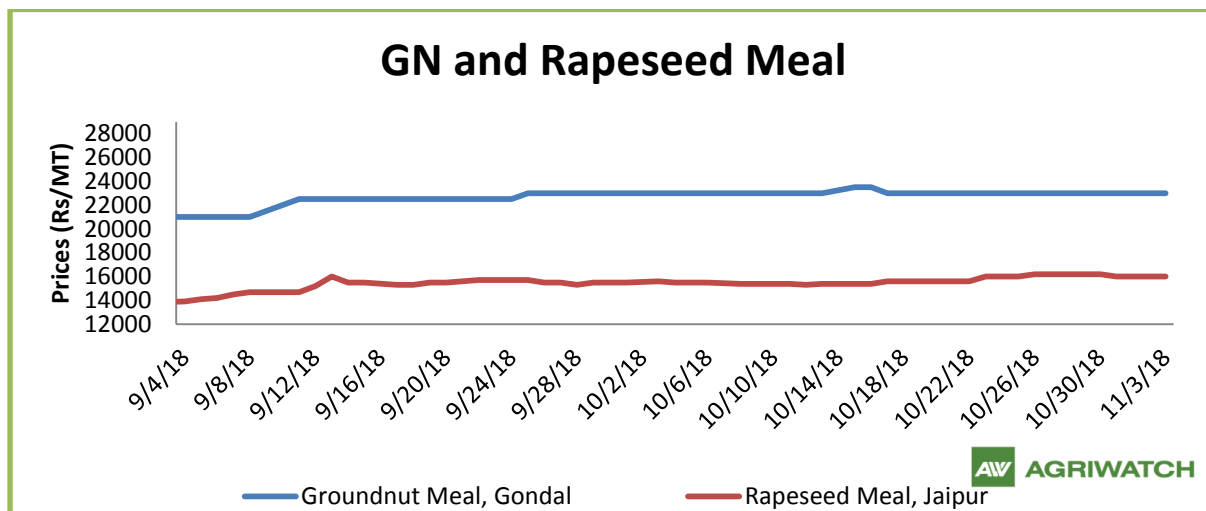
Overall steady to slightly firm sentiments witnessed in major maize cash markets and are likely to trade steady to slightly firm in the near term too amid high demand from feed makers. However, new crop arrivals could weigh on market sentiments. Currently, in each state, prices are varying as per the quality parameter like moisture, percent of damaged grain and grain size which are all discounting factors; In Davangere region of Karnataka, arrival contains moisture up to 25% while in Nizamabad region of Telangana, it contain moisture up to 16% and around 10-12% grain is damaged and small in size. In A.P, arrival quality is medium as the grains are small in size, and contain up to 19% moisture that is the reason; traders of A.P are looking to buy the best quality material from Madhya Pradesh region. Besides, demand of industrial feed makers and stockists amid Government procurement in Telangana and Bhavantar Yojna in M.P, being supportive to maintain maize at steady to slightly firm level. In Karnataka, trade sources revealed that there is less chance of procurement by Government and the confirmation of that is expected after 20-30 days. In Telangana, government is actively procuring maize; hence arrivals in open markets are low. Most of the material arriving in open market is of low quality that falls outside the parameters fixed by the government for procurement.

In India, maize has been sown in around 1.43 lakh hectares as of 2nd November, 2018 which is higher than 1.36 lakh hectares during corresponding period last year.

All India weekly average prices of wheat increased by 2.11 percent to Rs. 2061.27 per quintal during the week ended 31st October 2018. Wheat average price were ruling at Rs 2018.69 per quintal during 16-23 October 2018. As compared to prices in the week 24-31 October 2017, the prices are firm by 6.80 percent. Prices are expected to remain firm in coming days due to good domestic demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

In a recent move, US has granted India to waive from Iran sanctions for oil imports till March 2019. The US planned to re-impose oil-related sanctions to Iran from Nov 4. India has been engaged with US and successfully persuaded US in removal of trade sanctions. However the Oil imports is restricted to 1/3rd of the annual Imports.

Thus as such there is no change in the current system except that the Oil Volumes will reduce and thus the Indian currency available for the payments is going to fall by 1/3 but still significant enough to cover most of the payments under barter system for the agricultural commodities, Iran buys from India. Currently Iran is looking for Indian soymeal and has booked 2 lakh tons of soymeal.

Iran is finding difficult to source soymeal/bean from other countries due to US sanctions but US has been enforcing sanctions only on Crude oil Imports. Countries who are supplying soymeal/bean to Iran doesn't want to get in to matter and thus are staying away from the trade.

Under the influence of this development Indian soybean has gained and despite of record daily arrivals.

In Rajasthan, 3.45 lakh farmers have registered online for the procurement of Urad, Moong, Soybean and Groundnut for the current Kharif procurement season. According to the MD of Rajfed 15609 farmers have registered for Groundnut procurement and 664 farmers have registered for Soybean as on 28th Oct. Earlier center has approved the procurement of 3.79 lakh tons of groundnut procurement and 88750 tons of soybean in the state.

In Maharashtra, Plants are buying soybean from MP due to easy availability, premium in local prices and quality. Lower soybean production also has restricted availability in certain areas.

GOI has given approval for procurement of 26 lakh tons of oilseeds (Soybean, Groundnut and Sunflower) in 9 states Telangana, Andhra Pradesh, Uttar Pradesh, Rajasthan, Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu Under Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM- AAASHA). Procurement will be carried by Food Corporation of India and National Agricultural Cooperative Marketing Federation of India Ltd (NAFED). The state warehousing corporation and central warehousing corporation is offering space of nearly 20 lakh tons this season.

All India soybean arrivals today recorded at 11.8 lakh bags which is normal for the month. Farmers tend to dispose their produce before Diwali to make some earning for the festival expenditure. Arrivals in MP recorded at 7 lakh bags, In Maharashtra 2.25 lakh bags and in Rajasthan it is at 1.4 lakh bags.

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

International Market

A tweet from President Trump about his phone conversation with China's President Xi has helped bean to clock single day gains in over 4 months on last week's Thursday.

In the USDA's weekly exports sales report, 395,800 MT of net sales recorded vs. 1.9 MMT for same week last year and sales to date at 38% to USDA vs. five year average of 60% to USDA estimate. China canceled a cargo, which was switch to UK.

Brazil planting ahead of pace implying new crop beans available for January export. Brazil reported October soybean exports at 5.35 MMT vs. 4.6 MMT last month and 2.48 MMT last October.

According to International FC Stone, soybean yield is estimated at 53.2 bpa from 54.0 in October and compares to USDA October estimate of 53.1 bpa

According to JCI, China imported 5.872 million tons in Oct which is lower as compared to market anticipation of .7.5 million tons. Stocks at Chinese ports are at 7.081 million tons.

According to Oil World in the period Nov to Jan the imports by China is going to be down by 11 million tons y-o-y.

China is taking steps to reduce meal in feed rations and is reporting its efforts would reduce its soybean consumption by 14 MMT with soybean consumption expected to fall by 11 MMT.

Soybean inspections were at 1.3 MMT vs. 2.53 MMT for same period last year. Total inspections to date are running 41% behind last year's pace.

Soybean harvest jumped to 72% complete vs. 53% last week but remains behind the average pace of 81% complete. USDA did not report crop condition ratings. Weather turns wetter mid to late week giving harvest a long tail.

In order to reduce the exports of soybean meal which China does for the eastern part of Russia and some satellite countries Chinese finance ministry has scrapped the 1% export rebate on soybean meal effective

from 1st of Nov. This is among the slew of measures taken to decrease the dependency on soybean imports.

There are fair chances of some soybean trade between the two countries to resume in the coming months as the Brazilian 2017/18 export season ends, but China will revert back to Brazilian soy as soon as it can.

According to USDA weekly export sales report, export sales of U.S. soybeans were recorded at 212,700 metric tons, compared with trade expectations of between 300,000 and 700,000 metric tons.

Soy meal

CBOT soymeal witnessed bounced back sharply after the Trump tweet of easing relationship with China and probable tariff cut by Beijing in the G20 meet in the last week of Nov.

According to the latest vessel line up data vessel with a capacity of 53700 tons of has been berthed on 24th Oct tons for exports of soymeal. Another vessel of 11000 tons of soymeal has been in line for berthing which has been arrived on the same date.

According to SOPA Oct Soybean arrivals is at 15 LT out of which 8 LT has been crushed. Nearly 10 LT of soymeal has been booked for exports in which shipment of 8 LT is expected to be done in the Oct-Dec quarter. Further in Jan-March shipments can reach upto 10 LT.

Iran has booked 2 LT of soymeal but only by govt agencies and private importers are not allowed due to which aggressive imports demand is expected to be limited. In Last sanction Iran imported 2.4 LT of Soymeal. According to SOPA president, bulk imports by China are expected to be limited and only some scattered shipping is expected to happen.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 7.85 lakh bags as compared to 9.2 lakh bags in the previous week. The supplies were 7.77 lakh bags in the same time frame last year.

The spot price gained w-o-w on positive planting intentions and higher pace of mustard sowing. NAFED inability to offload the stocks at brisk pace has kept the supplies in market tight as nearly 5.89 lakh tons of Mustard is locked as on 03rd Nov. With this pace of release there will be still huge stocks locked till Dec as NAFED is able to release nearly 1 lakh tons of Mustard per month. NAFED is instrumental in altering Mustard Supply and Demand as It wants to sell Mustard at least at MSP. Seeking limited response from the crushers in auction the agency is offering Mustard at lower rate as compared to prevailing market prices. At the end of week mustard closed at 4270 per quintal as against INR 3980 per quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the seed prices at Nov contract closed at INR 4075 Qtl compared to INR 4370/Qtl previous week.

Mustard auction after a brief lull period again finding good response as the selling has sped up as compared to Sep and Aug months. However the current pace of offloading is not sufficient enough to empty the ware houses. 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 go downs for fresh procurement they are in haste to offload their stocks.

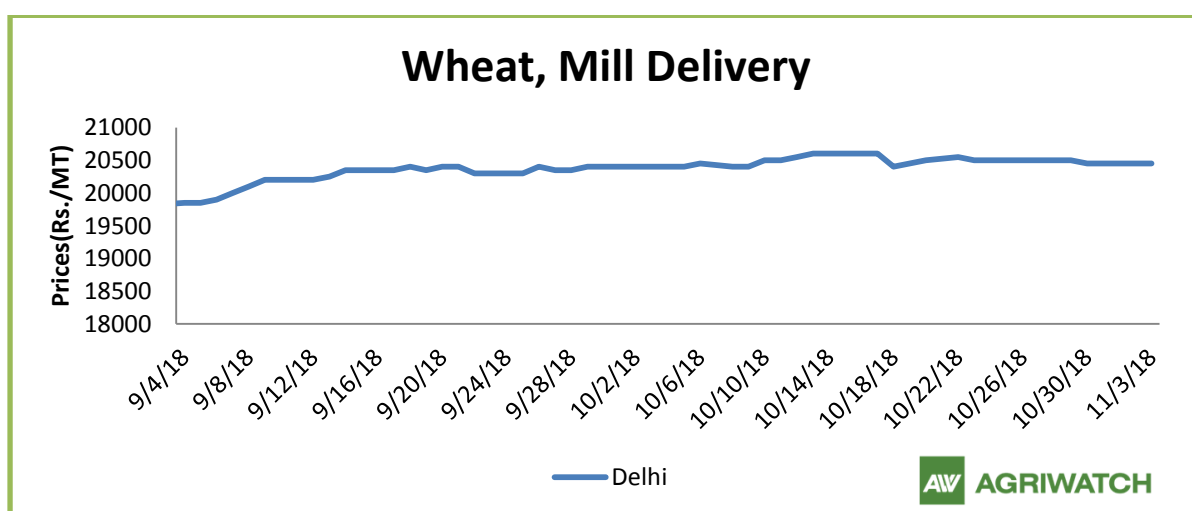
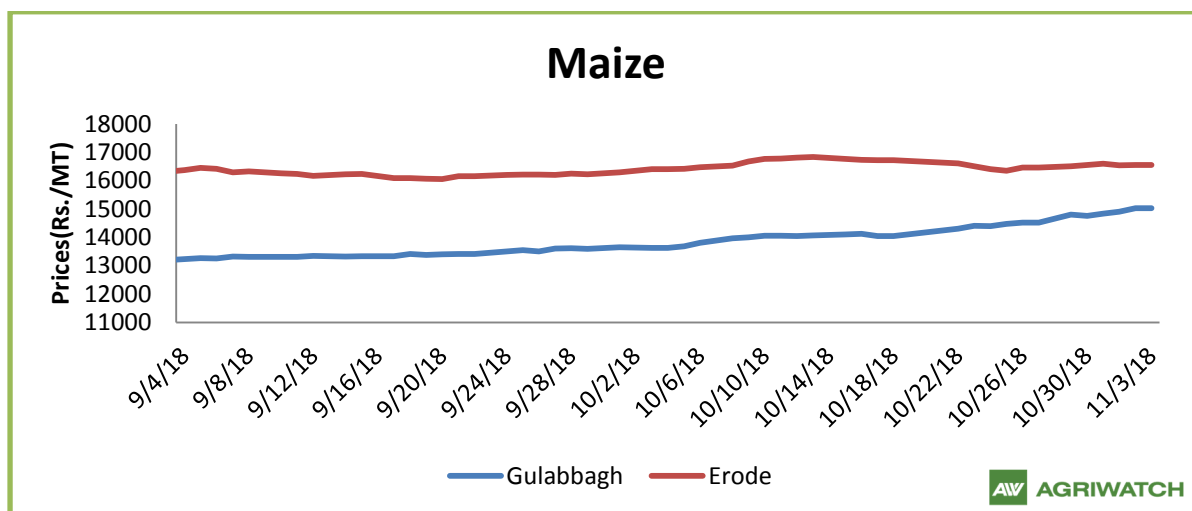
Although Mustard sowing started at a brisk pace but could not able to sustain same momentum and as on 02nd Nov 27.84 lakh hectares has been brought under Mustard/rapeseed/Toria against 26.568 lakh hectares last year and 5 year average of 23.522 lakh hectares.

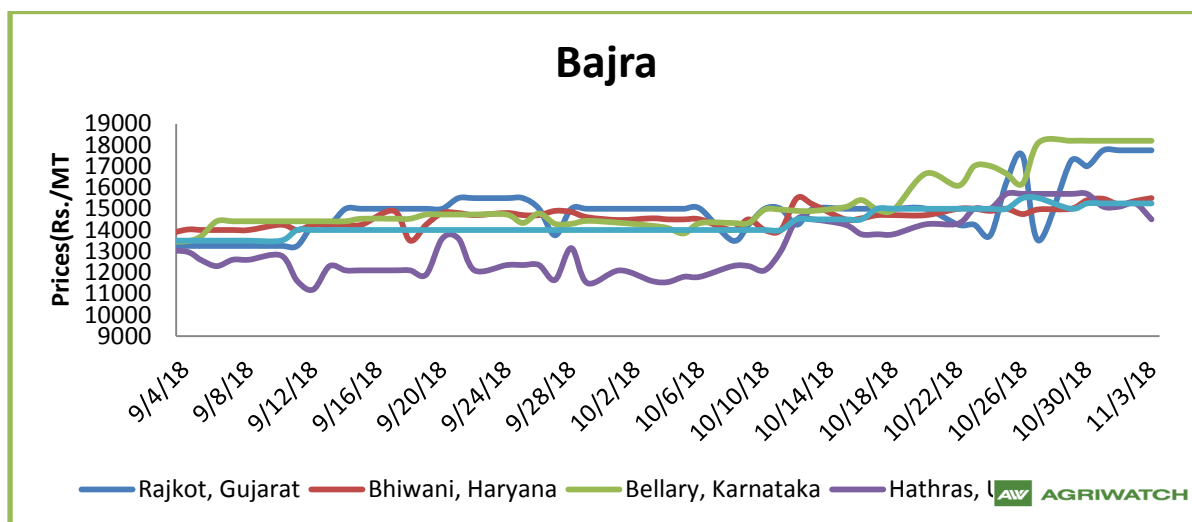
Sowing pace in MP and Haryana is above 5 year average but below last year. Sowing in Rajasthan is well above last year but below 5 year average. Sowing in UP is at par with last year and above year average sowing pace.

Prospects of record Mustard sowing has limited the upside potential and Mustard after discounting this is trading in range bound manner. Planting is expected to reach up 68.5 lakh hectares and can touch 70 lakh hectares given the good soil moisture levels and ambient atmospheric as well as soil temperature.

The acreages in Gujarat is expected to fall y-o-y due to very poor rainfall but remained insignificant as it doesn't form the heart of Mustard production area.

According to Marudhar Trading Agency there is 15 LT of stocks is available at the end of Oct and which enough for the Nov to Jan month and thus there is limited upside potential in Mustard.





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

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From the trade point of view, In Nizamabad, poultry feed makers are buying maize at Rs. 1500 per quintal while local starch feed makers are buying at Rs. 1380 per quintal. Maize is moving towards Hyderabad at Rs. 1650 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1550-1570 per quintal and Nammakal at Rs. 1610-1650 per quintal (Delivered price), sourced from Davangere. As per trade source, traders from Vijayawada region of A.P. are looking for the opportunity to buy it from M.P.

Corn on CBOT fall by 0.40 USD/ MT to 144.38 USD/MT for December'18 contract compared to last week due to decrease in export demand for U.S corn.

At 0.76 MMT (for the period 19th October- 25th October, 2018) US corn exports were down by 38% from the previous week; mainly for the destinations like Mexico (309,500 MT), Japan (132,500 MT), Peru (86,400 MT), South Korea (73,800 MT), and Colombia (36,800 MT).

In U.S, 63% crop of corn has been harvested as of 28th October, 2018, which is higher by 11% compared to corresponding period last year but same as the last 5 year average period.

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According to latest update, area sown until 02nd November'18 is 9.13 lakh hectares compared to 5.76 lakh hectares in the previous Rabi season. The normal area is 304.39 lakh hectares. Acreage is expected to be higher this Rabi season. Sowing is in initial stages as of now. So far, around 55% of the paddy crop has been recovered in Punjab, which could affect the wheat crop. Generally 1 -15 November in Punjab is considered suitable for wheat sowing. This year, the paddy husk was lying in Punjab and due to the rains on the standing crop; there is a delay in harvesting which would lead to delay in sowing of wheat thereby affecting wheat yield.

Government has offered 28887160 tonnes of wheat in OMSS since July until third tender in October out of which 1855850 tonnes was sold. Total numbers of rakes sold were 29. State government and bulk consumers bought 289700 tonnes and 1489350 tonnes of wheat respectively. 76850 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third and fourth quarter prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

India mainly imports from Australia and Russia. Wheat prices remained steady to slightly weak in both the countries during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$337 (Rs 24375) per tonne and \$346 (Rs 25490) per tonne respectively, after including freight and import duty @30%. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 24000 per tonne and Rs 25000-25500 per tonne respectively.

Indian FoB quote is hovering around \$287.51 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$219.00, \$207.50, Euro 198.95, \$213.47 and \$250.39 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.3 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 136.7 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 69.50 MMT and 25.50 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.3 MMT compared to last year's 47.30 MMT. Australia is likely to produce 16.6 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.1 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)		
	01-Nov-18	25-Oct-18	Parity To
Indore (MP)	26500	25700	Gujarat, MP
Kota	26800	26400	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28300	27200	Mumbai, Maharashtra
Nagpur (42/46)	27500	26500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	28300	26500	Andhra, AP, Kar ,TN
Latur	29000	27300	-
Sangli	#N/A	26500	Local and South
Sholapur	28000	26700	Local and South
Akola	28000	26000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	28500	26500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	26600	26200	-

Soy DOC at Port

Centers	Port Price	
	01-Nov-18	25-Oct-18
Kandla (FOR) (INR/MT)	28400	28000
Kandla (FAS) (USD/MT)	385	382

International Soy DOC			
Argentina FOB USD/MT	01-Nov-18	25-Oct-18	Change
Soybean Pellets	338	325	13
Soybean Cake Flour	338	325	13
Soya Meal	342	324	18
Soy Expellers	342	324	18
Sunflower (DOC) Rates			
Centers	01-Nov-18	25-Oct-18	Change

Adoni	20000	21700	-1700
Khamgaon	Unq	Unq	-
Parli	Unq	Unq	-
Latur	Unq	Unq	-

Groundnut Meal (Rs/MT)	01-Nov-18	25-Oct-18	Change
Basis 45%, Saurashtra	Closed	23000	-
Basis 40%, Saurashtra	Closed	20500	-
GN Cake, Gondal	Closed	23000	-

Mustard DOC/Meal	01-Nov-18	25-Oct-18	Change
Jaipur (Plant delivery)	16000	16000	Unch
Kandla (FOR Rs/MT)	16500	16500	Unch

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	1-Nov-18	25-Oct-18	1-Oct-18	1-Nov-17	1-Nov-16
Delhi	Hybrid(U.P)	1525	1500	1400	1310	Closed
Davangere	Loose	1450	1440	1450	1300	1420
Nizamabad	Bilty	1475	1460	1440	1400	1450
Ahmadabad	Feed	1525	1550	1550	1350	1400
	Starch	1550	1570	1500	1350	1375

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

	Argentina	Brazil	US	India
FOB	156.20	176.90	164.90	230.51
Cost and Freight	206.20	231.90	224.90	265.51

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	1-Nov-18	25-Oct-18	Change
Bajra	Karnataka	Hybrid	Bellary	NA	1665	-
		Hybrid	Bangalore	2250	2250	Unch
Jowar	Karnataka	White	Bangalore	2250	2400	-150
		White	Bellary	NA	1658	-
Maize	Karnataka	Yellow	Davanger e	1450	1440	10
	Andhra Pradesh	Yellow	Nizamaba d	1475	1460	15
Rice	Haryana	IR8	Karnal	2600	2600	Unch
		Parmal Raw	Karnal	3200	3200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2650	2570	80
	Maharashtra	DOC	Sangli	2850	2650	200
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2000	2170	-170
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1600	1600	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	Closed	2300	-
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1933	2096	-163
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1749	1796	-47
Note: Prices Rs./Qtl						

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