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Summary

Soybean most active Dec contract on NCDEX continued to rise, though momentum was lacking towards the end of the week as spot market ended the week flat to slightly lower. Indore plant delivery averaged at 3375 at the end of the week while mandi averaged at 3285 at the end of the week. Arrivals at mandi's were low during second half of the week owing to festivals and holidays. The futures market will find it difficult to sustain the gains unless spot market follows higher.

With record Oct arrivals the production estimates is expected to exceed 104 lakh tons. We still maintain our conservative production estimates at 104 lakh tons. SOPA has given it first estimate of production at 114.87 lakh tons, but the dominant view in the market is for production in the range of 105-110 lakh tons.

The daily arrivals are recorded in between 7 to 9 lakh bags. With such arrivals pace the Nov arrivals may not reach 15 lakh tons. Arrivals between 12-14 lakh bags are expected to be a fair estimate. 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. Soymeal exports pace in the Oct-Dec quarter is going to determine how soon we are going to dispose the surplus soymeal produced.

At soymeal front, 2 lakh tons of soymeal has been booked by Iran which is going to be dispatched In Nov. SOPA has reported export of 1.6 lakh tons of soymeal whereas SEA has reported just .34 lakh tons in its provisional estimates. In any case the soymeal exports in Oct month is not very high to bring any aggressive rallies in Soybean complex. Indian soymeal remained competitive in the market and more enquiries in the coming weeks is expected. Soybean crushers are finding good margin for the second consecutive year over higher soy oil and soy meal prices in Oct-Nov month. Demand from poultry farmers are going to increase as the farmers is going place higher number of chicks to meet coming rise in winter demand.

Rapeseed stocks auction are still not fast enough to offload its stocks entirely at the end of this year. Further as NAFED has halted daily auction in Rajasthan stocks at the end of season could remain in between 3-4 lakh tons. Thus the stock situation is going to remain tight in Dec-Jan months. The pace of rapeseed/Mustard sowing picked up last week. Total sowing as on 22 November stood at 52.93 lakh hectares- slightly higher than 51.37 lakh hectares same time last year, but far lower than five year average 55.52 lakh hectares for this time. Earlier expectations of record acreages this season do not seem to materialize. 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 of Mustard Oil which is expected to help Mustard prices to gain towards last highs. Sowing is at a decent pace and we can expect a record acreage this season.

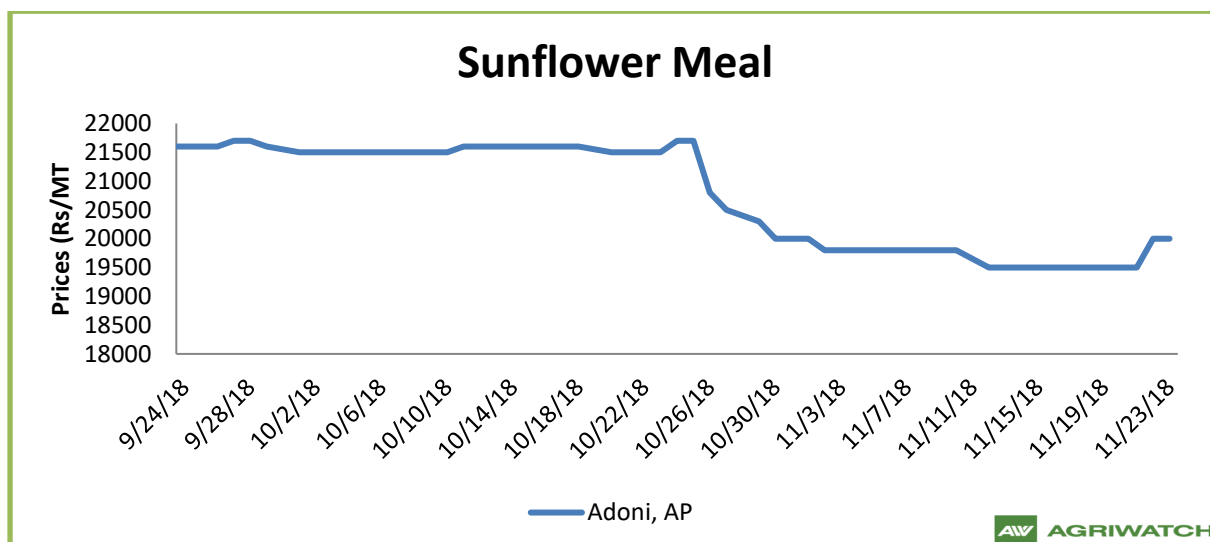
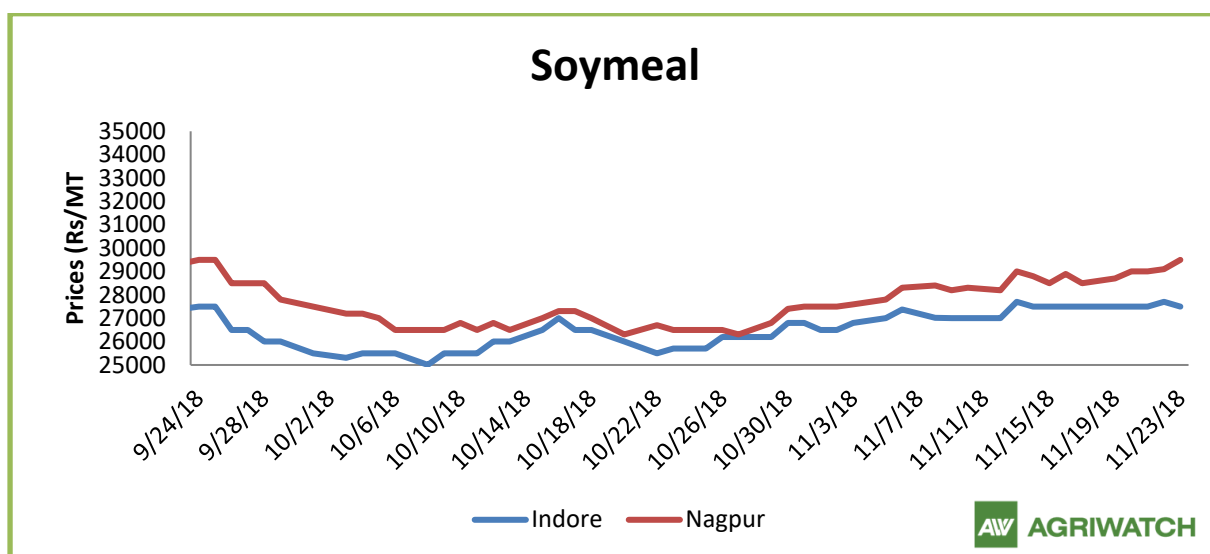
Overall soybean and Mustard is expected to trade in range bound manner.

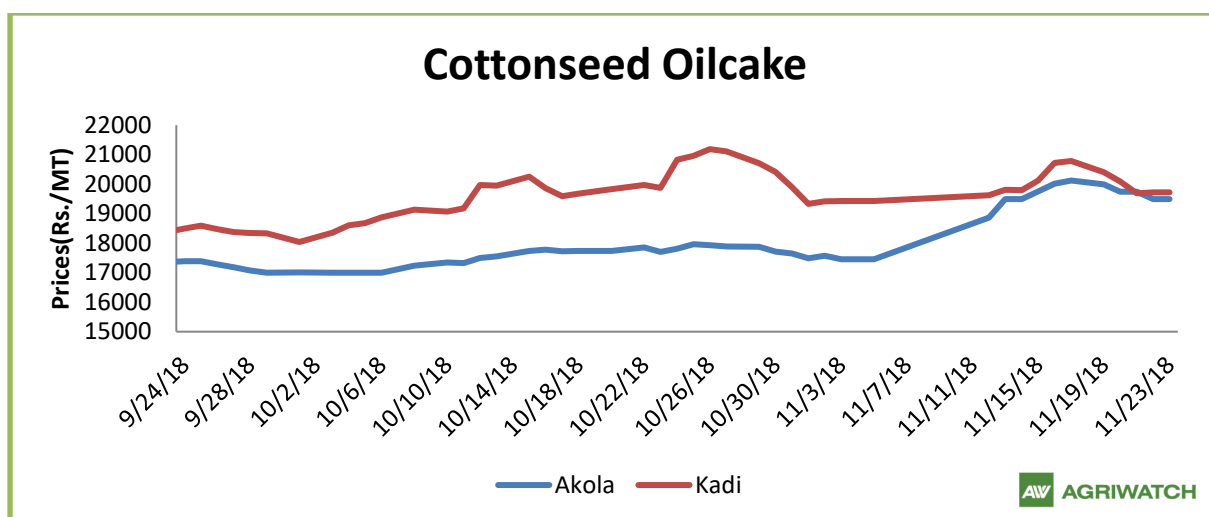
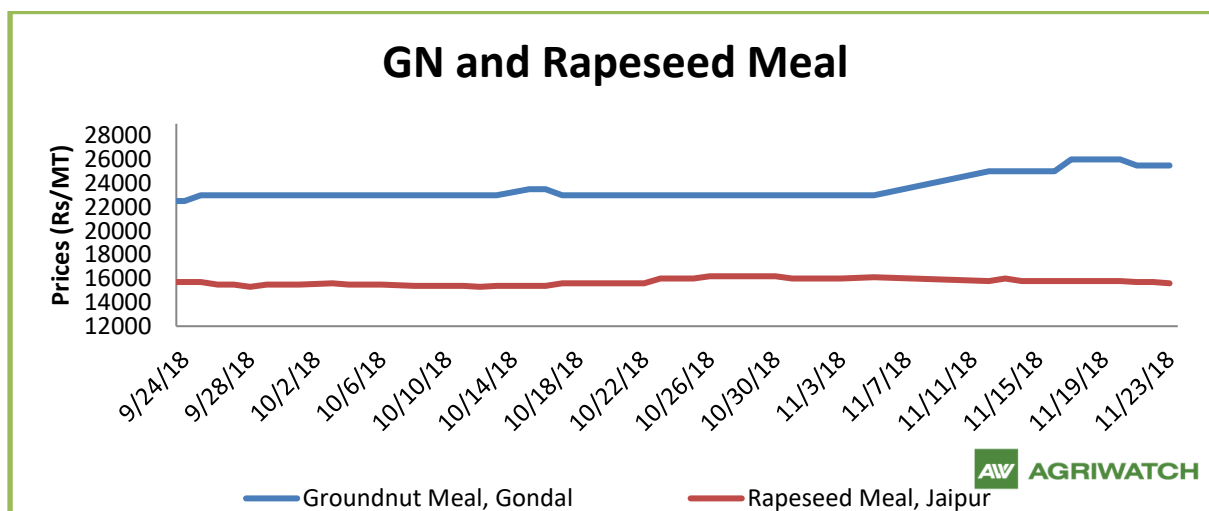
Maize cash markets traded firm during the week and are likely to trade firm ahead due to high demand of industrial feed makers and stockists amid low stock availability of good quality material as crop of Bihar is almost over and even 50% M.P crop has been traded. There would be shortage of good quality material after the end of December till the new rabi crop arrival expected in the month of March which is also expected to be less, due to low rainfall, less soil moisture and fall armyworm affect. Nizambad, Kamareddy, Medak, Warangal (U) (R), Nirmal and Karimnagar districts are affected by fall armyworm. Considering the all above mentioned facts, Agriwatch expects maize could trade firm in the coming weeks.

In Nizamabad, most of the material arriving in open market is of low quality; around 7-8% grain is damaged and small in size. In Andhra Pradesh, farmers are not releasing their good quality material in to the market on the expectation of increase in price.

All India weekly average prices of wheat increased by 1.90 percent to Rs. 2153.98 per quintal during the week ended 23rd November 2018. Wheat average price were ruling at Rs 2113.76 per quintal during 09-15 November 2018. As compared to prices in the week 16-23 November 2017, the prices are firm by 19.14 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean arrivals were tepid through the week across all major states. On the whole approximately 28.5 lakh bags of arrivals were estimated in MP, Maharashtra and Rajasthan put together, compared to about 45 lakh bags during the last week. The spot market has not made any gains despite the decline in arrivals, even though futures market has made reluctant gains. Mustard seed all India arrivals stood at 8.85 lakh bags compared to about 8.6 lakh bags last week.

Rajasthan state co-operative marketing federation limited (RAJFED) are buying soybean and groundnut in the state and more than Rs 31 crore have been transferred directly to the bank accounts of the farmers via online mode. The number of such farmers is 2,956. In the state, the purchase of soybean is being done since October 11 while groundnut is being bought since October 16. For purchasing these crops 295 centers across the state have been set up by the department of cooperatives and more than 3 lakh farmers had got them registered for the purchase of these crops. About 1.7 lakh farmers of groundnut had registered online.

Gujarat government has announced Rs 110 bonus to farmers over and above the Rs 4,890 MSP per quintal declared by the Centre for 2018-19 kharif season. The responsibility of procurement has been shifted from the co-operative to Food and Civil Supplies Department. The state will set up 122

procurement centers across the state, and will start procuring groundnut from farmers from November 15. Procurement will be done under the price support scheme (PSS) of the Central government.

The domestic soybean prices are likely to stay rangebound in the domestic market.

International Market

USDA has reported that Argentina has become the largest importer of US soybean over the last three months as trade declines between China and US. Almost 1.3 million tonnes of US soybean has been inspected for export to Argentina between 1 Sep and 22 Nov which compares with none in the year ago period. Normally Argentina processes its own soybean to export meal and oil, but with China looking for non American soybean, the country is shipping out more raw beans and buying from US to feed its own mills.

As per data reported by China's General Administration of Customs, the country's soy imports from Brazil were also reported to have nearly doubled in Oct 2018 to 6.53 million tonnes compared to 3.38 million tonnes in Oct 2017. Soybean imports from Russia in October were at 92,806 tonnes, up 60% from 57,643 tonnes a year ago. Overall soybean stocks rose to a record in early October at 9 million tonnes, while soybean meal stocks were also higher than in previous years.

According to EC, European Union soybean imports in the 2018/19 season that started on July 1 totaled 4.6 million tonnes by Nov. 11, up 4 percent from 4.5 million a year earlier. EU 2018/19 soybean imports had reached 6.2 million tonnes, down 17 percent from a year-earlier 7.4 million.

According to Ukrainian Ministry of Agriculture, Ukraine has almost completed 2018's sunflower harvest at 13.6 million tonnes compared with 11.7 million tonnes in 2017. Ukraine's 2018 soybean harvest near end at 4.3 million tonnes versus 3.5 million tonnes in 2017.

In South America, soybean sowing pace is recorded higher as compared to average sowing pace. In Argentina Sowing has been completed in 9.4 % which is higher by 6.9% y-o-y. In Brazil sowing has been completed in 70% of the intended area as compared to 57% of average sowing pace.

According to NOAA, the chances of El Nino evolving this Dec has been increased to 90% as compared to previous month forecast of 70%.

Soy meal

CBOT soybean meal remained sideways on CBOT following cues from soybean.

Chinese demand of soybean meal may decline further as the incidence of African swine flu is seen rising. A fresh outbreak of the flu was reported from Huangshi city in Hubei province last week, and another one was reported in Beijing. Overall 73 cases have been reported so far from 20 provinces and 600,000 pigs are officially reported to have been culled since the flu was first detected in August. The incidence was limited to just 5 provinces till early September. With no antidote or vaccine, the only known control method is to cull animals- which is why soybean meal demand stands to get adversely impacted unless the flu gets under control.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 8.6 lakh bags as compared to 1.25lakh bags in the previous week. The supplies were 10.45 lakh bags in the same time frame last year.

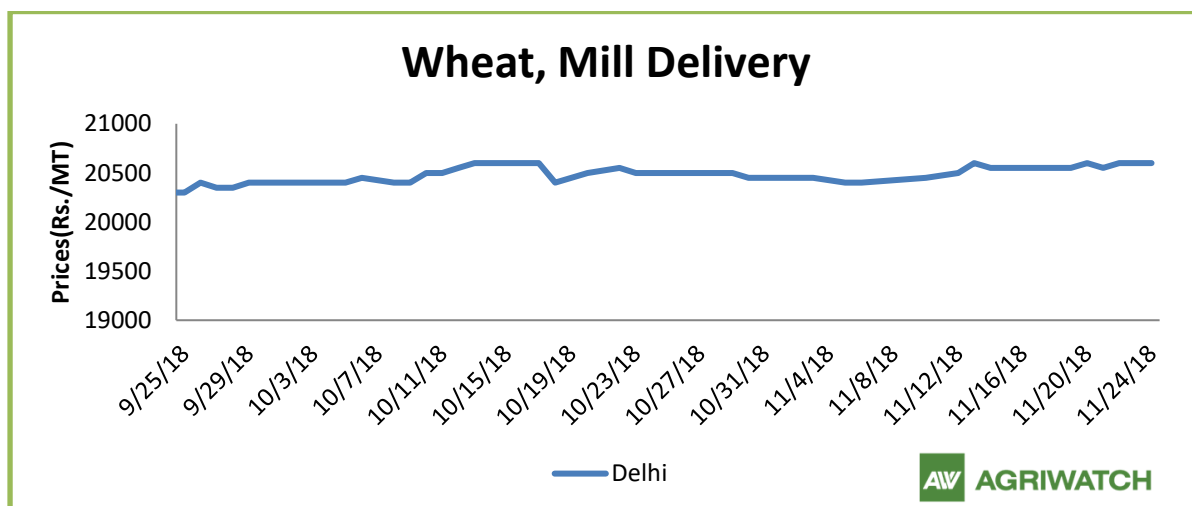
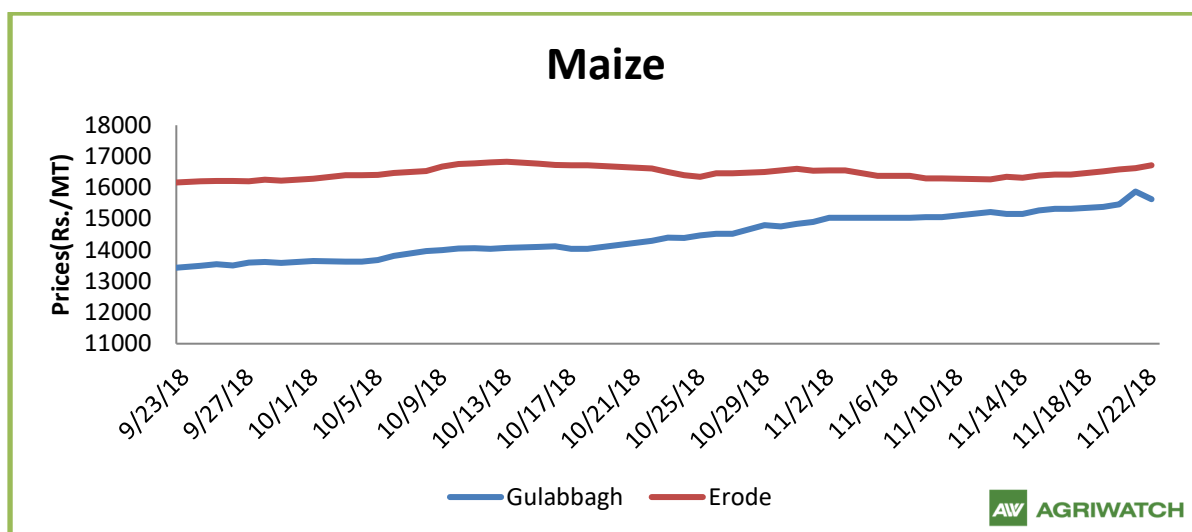
The spot price continued to remain sideways as the market lacks direction.

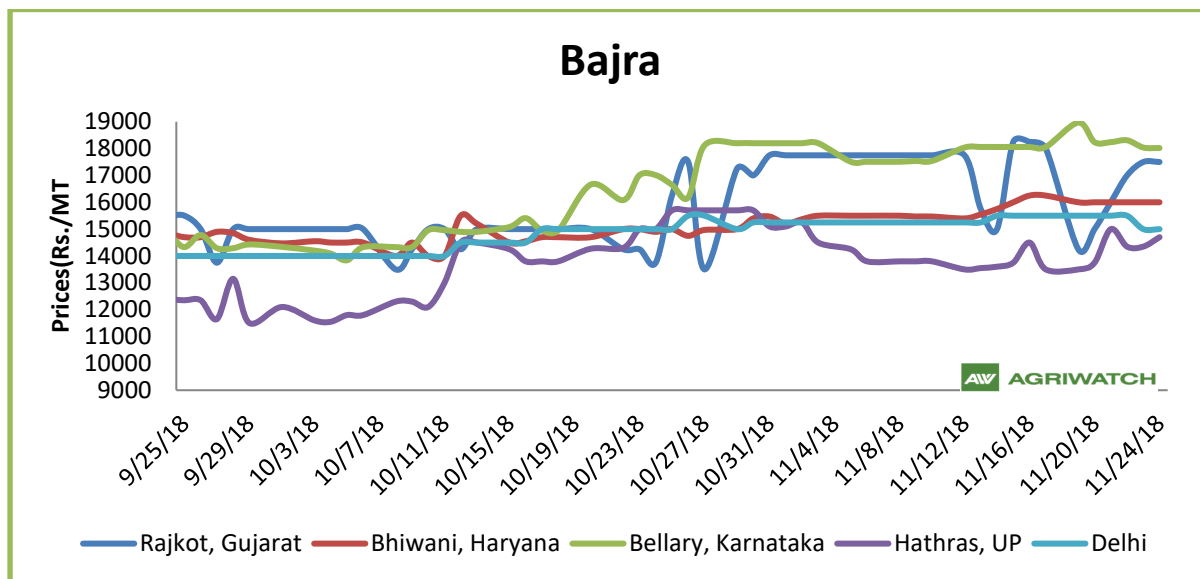
At NCDEX futures, the seed prices at Dec contract closed at INR 4130/Qtl compared to INR 4125/Qtl previous week.

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.

The Mustard crush demand is going to rise from current week onwards. NAFED auction will be important in this period as seasonally prices used to rally and thus any rise in NAFED released has the potential to cushion the same. NAFED is expected to end the RMS with record Mustard stock.

In a recent move, NAFED has suspended the auction of Mustard from immediate effect in Rajasthan till further notice.





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

Maize cash markets traded firm during the week and are likely to trade firm ahead due to high demand of industrial feed makers and stockists amid low stock availability of good quality material as crop of Bihar is almost over and even 50% M.P crop has been traded. There would be shortage of good quality material after the end of December till the new rabi crop arrival expected in the month of March which is also expected to be less, due to low rainfall, less soil moisture and fall armyworm affect. Nizambad, Kamareddy, Medak, Warangal (U) (R), Nirmal and Karimnagar districts are affected by fall armyworm. Considering the all above mentioned facts, Agriwatch expects maize could trade firm in the coming weeks.

In Nizamabad, most of the material arriving in open market is of low quality; around 7-8% grain is damaged and small in size. In Andhra Pradesh, farmers are not releasing their good quality material in to the market on the expectation of increase in price.

In India, Rabi maize has been sown in around 4.84 lakh hectares as of 22nd November, 2018 which is lower than 6.00 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 1.24 lakh a hectare which is lower than 2.17 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.43 lakh hectare which is lower than 0.68 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 0.42 lakh hectares which is lower than 1 lakh hectares during corresponding period last year. As per trade source, in Bihar, maize area is likely to shift towards wheat and mustard. In Maharashtra, maize area is likely to shift towards sugarcane. However, in Telangana, Maize sowing for the Rabi season as of 22nd Nov'18 reported at 0.57 lakh hectares as compared to 0.26 lakh hectares in the corresponding period last year. Normal area reported 0.31 lakh hectares. It is at vegetative stage.

As per Gujarat state govt. data, Maize progressive area of Rabi 2018-19 is 0.32 lakh hectares as on 19-11-2018 which is lower than 0.51 lakh hectares during corresponding period last year. Current year sowing reported slowly due to lower rainfall.

From the trade point of view, Maize is moving towards Haryana, Delhi and Telangana at Rs. 1700-1780, Rs.1750 and Rs. 1600 per quintal respectively, sourced from Madhya Pradesh. In Nizamabad, Local starch and cattle feed makers are buying at Rs. 1400 per quintal. Maize is moving to Hyderabad at Rs. 1600 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1620-1650 per quintal and

Nammakal at Rs. 1720-1750 per quintal (Delivered price), sourced from Davangere. In Bihar, maize is moving towards Kolkata at Rs. 1700 per quintal.

Corn on CBOT fall by 2.27 USD/ MT to 142.41 USD/MT for December'18 contract compared to last week due to decrease in export demand for U.S corn.

In U.S, 90% crop of corn has been harvested as of 18th November, 2018, which is higher by 1% compared to corresponding period last year but lower by 3% from the last 5 year average period.

All India weekly average prices of wheat increased by 1.90 percent to Rs. 2153.98 per quintal during the week ended 23rd November 2018. Wheat average price were ruling at Rs 2113.76 per quintal during 09-15 November 2018. As compared to prices in the week 16-23 November 2017, the prices are firm by 19.14 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

According to latest update, area sown until 22nd November'18 is 111.96 lakh hectares compared to 110.69 lakh hectares in the previous Rabi season. The normal area is 306.26 lakh hectares. Acreage is expected to be higher this Rabi season due to increase in MSP by Rs 105 per quintal for MY 2018-19.

Government has offered 39886860 tonnes of wheat in OMSS since July until third tender in November out of which 2643550 tonnes was sold. Total numbers of rakes sold were 42. State government and bulk consumers bought 370750 tonnes and 2161550 tonnes of wheat respectively. 111300 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.

As per trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of October-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 1000 tonnes in the month of September-2018.

As per trade source, India has exported around 5.09 thousand tonnes in the month of October compared to 2.80 thousand tonnes in September. The quantity in October was exported at an average FOB of \$ 315.91 per tonne and the major destinations were Nepal, UAE and Bahrain. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Indian FoB quote is hovering around \$302.52 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$221.70, \$221.60, Euro 200.50, \$217.00 and \$243.09 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)		
	23-Nov-18	16-Nov-18	Parity To
Indore (MP)	27500	27500	Gujarat, MP
Kota	28000	27600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29500	29000	Mumbai, Maharashtra
Nagpur (42/46)	29500	28900	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29200	29500	Andhra, AP, Kar ,TN
Latur	30500	30000	-
Sangli	29500	29300	Local and South
Sholapur	29700	29200	Local and South
Akola	28200	27800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	29500	29500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	27800	27400	-

Soy DOC at Port

Centers	Port Price	
	22-Nov-18	15-Nov-18
Kandla (FOR) (INR/MT)	29200	28700
Kandla (FAS) (USD/MT)	410	398

International Soy DOC			
Argentina FOB USD/MT	22-Nov-18	15-Nov-18	Change
Soybean Pellets	331	333	-2
Soybean Cake Flour	331	333	-2
Soya Meal	330	332	-2
Soy Expellers	330	332	-2

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	23-Nov-18	16-Nov-18	Change
Adoni	20000	19500	500
Khamgaon	Closed	-	-
Parli	Closed	-	-
Latur	Closed	-	-

Groundnut Meal (Rs/MT)	23-Nov-18	16-Nov-18	Change
Basis 45%, Saurashtra	25200	25000	200
Basis 40%, Saurashtra	22500	22000	500
GN Cake, Gondal	25500	25000	500

Mustard DOC/Meal	23-Nov-18	16-Nov-18	Change
Jaipur (Plant delivery)	15600	15800	-200
Kandla (FOR Rs/MT)	16100	16400	-300

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	15-Nov-18	8-Nov-18	15-Oct-18	15-Nov-17	15-Nov-16
Delhi	Hybrid(U.P)	1550	Closed	1450	1325	1600
Davangere	Loose	1450	1450	1500	1300	1460
Nizamabad	Bilty	1500	Closed	1470	1400	1450
Ahmadabad	Feed	1520	Closed	1575	1270	1440
	Starch	1550	Closed	1575	1300	1400

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

	Argentina	Brazil	US	India
FOB	164.37	177.20	164.10	240.92
Cost and Freight	214.37	232.20	224.10	275.92

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	45388
Oct	29071	4237	31390	71425	33898
Nov	110806	8909	97750	207630	
Dec	193832	5667	241250	168865	
Total	1210954	276674	455374.1	1408042	669757

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	22-Nov-18	15-Nov-18	Change
Bajra	Karnataka	Hybrid	Bellary	1831	1806	25
		Hybrid	Bangalore	2250	2250	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1846	2055	-209
Maize	Karnataka	Yellow	Davanger e	1500	1450	50
	Andhra Pradesh	Yellow	Nizamaba d	1410	1400	10
Rice	Haryana	IR8	Karnal	2750	2750	Unch
		Parmal Raw	Karnal	3350	3350	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2750	2750	Unch
	Maharashtra	DOC	Sangli	2950	2930	20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2000	1950	50
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1560	1580	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2550	2500	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1972	2072	-100
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1950	2002	-52
Note: Prices Rs./Qtl						

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