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Summary

Soybean Most active Nov contract at NCDEX traded in a tight channel last. The week continued to witness high volatility as the bull and bears were equally strong and thus sharp rallies and sharp corrections witnessed within day. Spot Market though has been ticking up forming a V shaped bottom and has edged above the crucial level of 3400 indicating firm crush demand as crushers continued to crush heavily to meet their exports commitments.. 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.

Daily and weekly arrivals has achieved its maximum. The daily arrivals are recording in between 12 to 15 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. Govt has reported record 19 lakh tons of arrivals whereas SOPA has reported 15 lakh bags. Market is in wait and watch position thus a prolonged consolidation is expected in coming weeks.

Rapeseed stocks offloading are still not fast enough to offload its stocks entirely at the end of this year. However falling edible oil prices has restricted the demand of mustard oil as spreads widened between Mustard and soft oils. The sowing is leading against last year sowing pace and thus has kept the trading sentiments on bearish side.

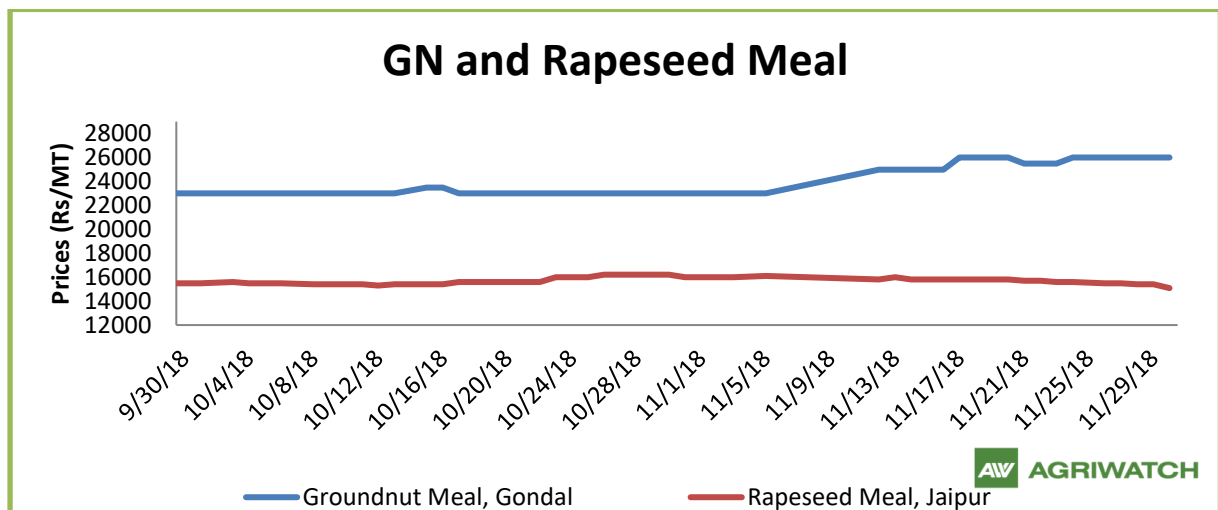
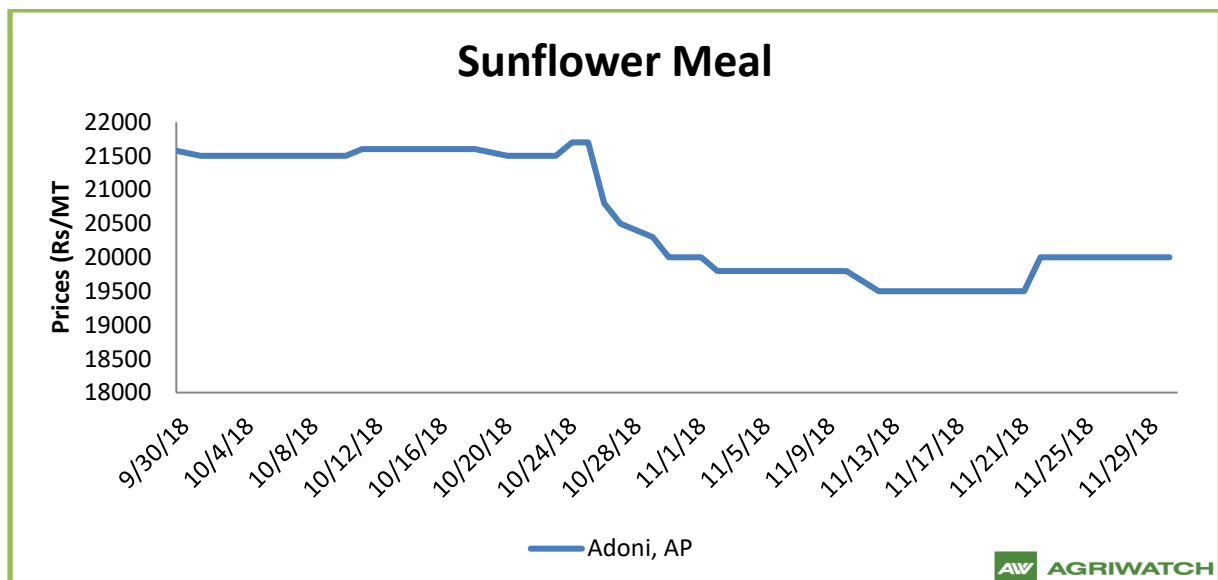
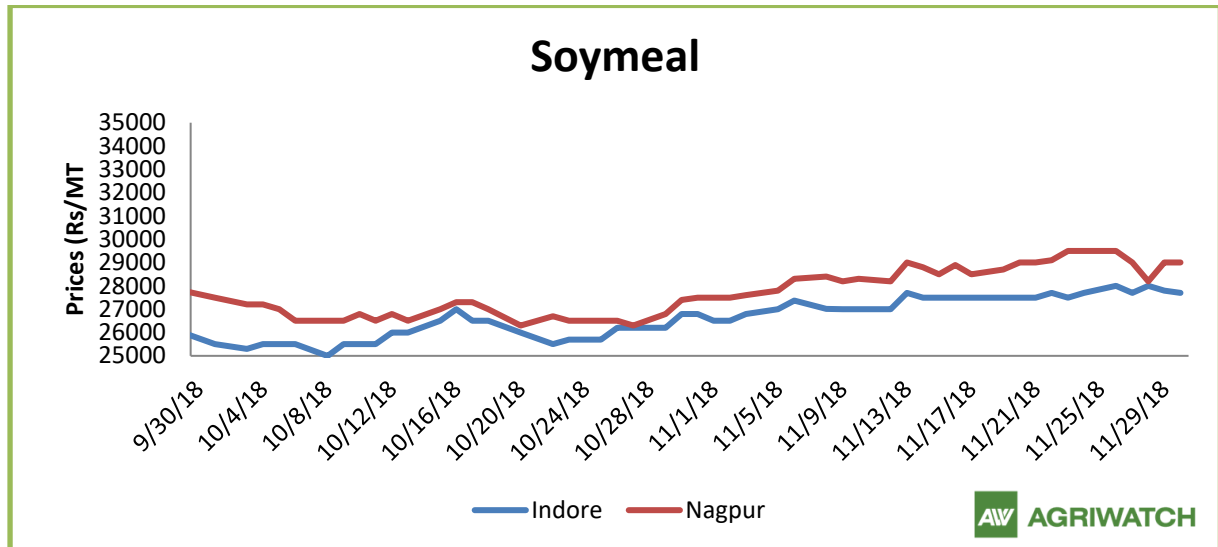
Overall soybean and Mustard is expected to trade in range bound manner.

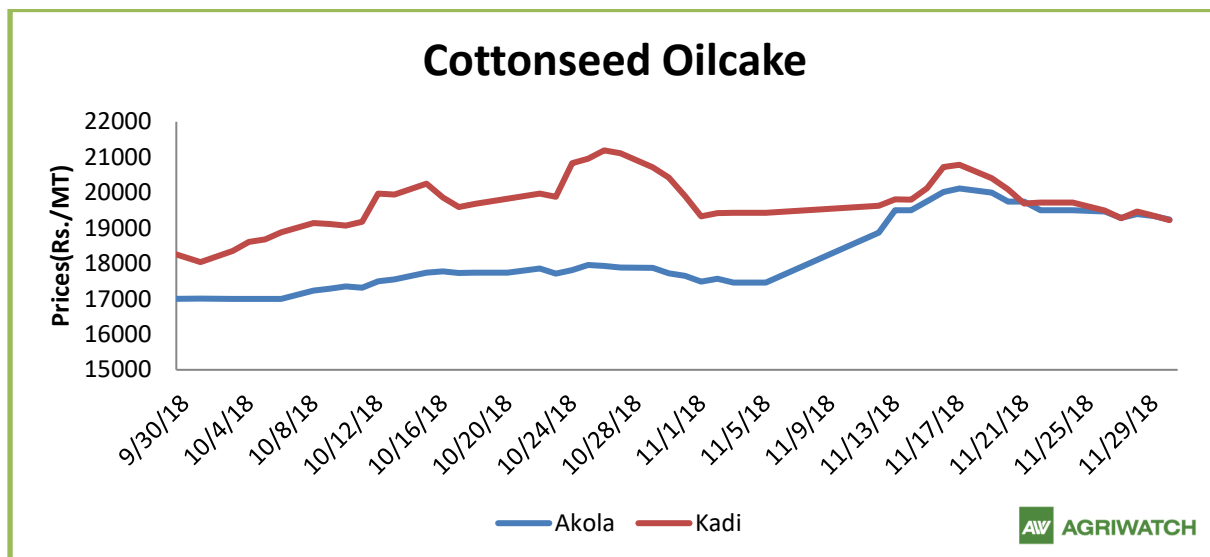
Overall maize cash markets traded firm during the week and are likely to trade firm ahead due to high demand of industrial feed makers and stockists amid low stock availability of good quality material as crop of Bihar is almost over and even 50-60% M.P crop has been traded. There would be shortage of 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, Karimnagar and Mahabubabad districts are affected by fall armyworm. Demand from Nepal and Bangladesh is also supporting to Bihar market. 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 and contains moisture up to 14%. 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 decreased by 2.31 percent to Rs. 2103.35 per quintal during the week ended 30th November 2018. Wheat average price were ruling at Rs 2153.17 per quintal during 16-23 November 2018. As compared to prices in the week 24-30 November 2017, the prices are firm by 10.25 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

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.

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 be in tight range 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 soymeal 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

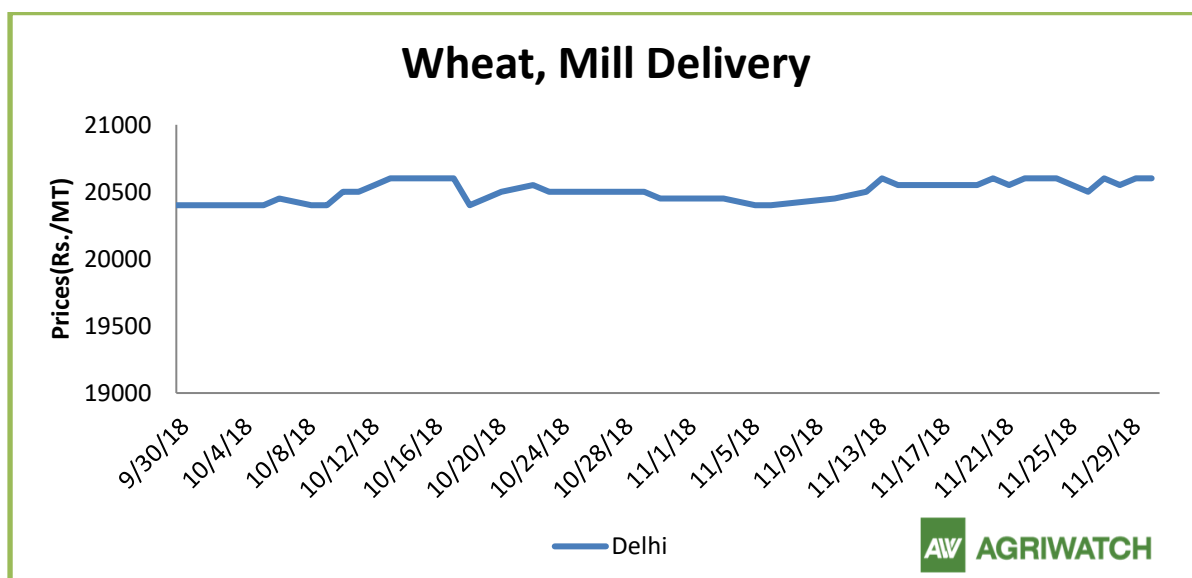
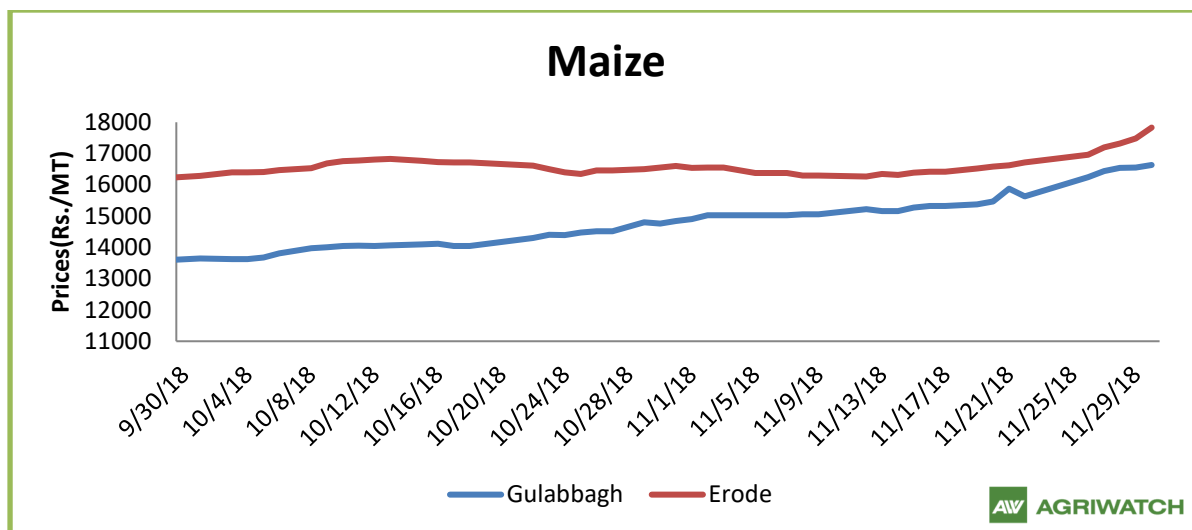
Chinese demand of soybean meal may decline further as the incidence of African swine flu is seen rising. A fresh outbreak of the flu was reported from Huangshi city in Hubei province last week, and another one was reported in Beijing. Overall 73 cases have been reported so far from 20 provinces and 600,000 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 soymeal demand stands to get adversely impacted unless the flu gets under control.

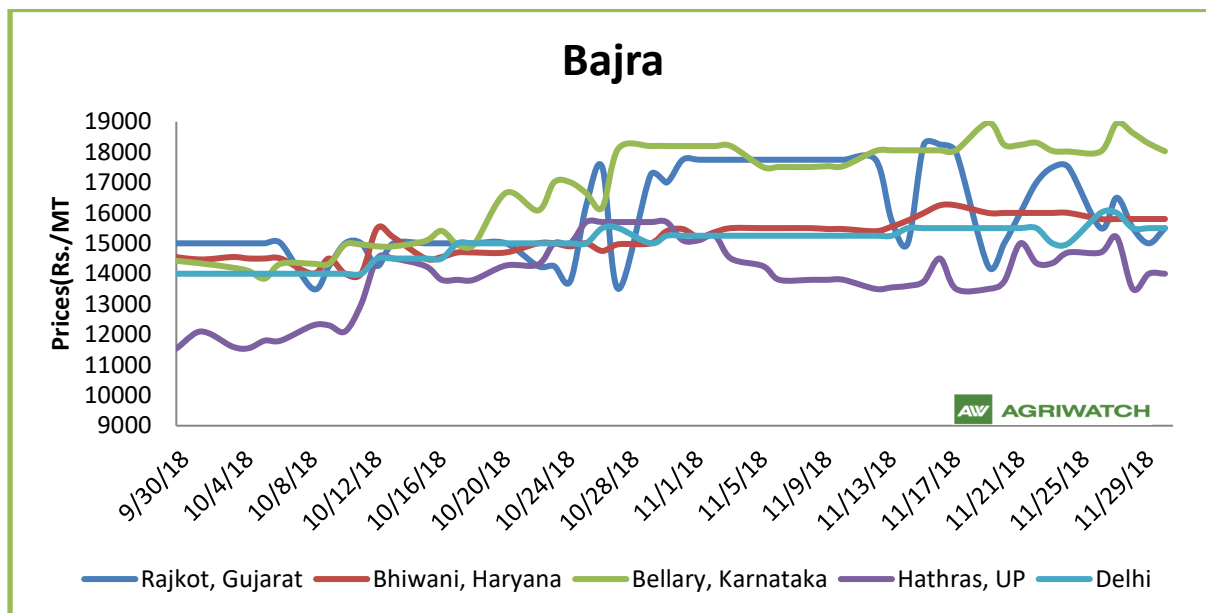
Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 7.60 lakh bags as compared to 7.55 lakh bags in the previous week.

The spot price weakened 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 5.0 lakh tons of Mustard is locked as on 03rd Dec. 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 4205 per quintal as against INR 4235 per quintal during the corresponding period last year at the benchmark, Jaipur.

Mustard sowing in all the major states are y-o-y high except Haryana. However they are at par with the normal sowing pace. As on 30.11.2018 sowing has been completed in 57.892 lakh hectares which is 1.2 lakh hectares below normal sowing pace.





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

Overall 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 50-60% 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, Karimnagar and Mahabubabad districts are affected by fall armyworm. Demand from Nepal and Bangladesh is also supporting to Bihar market. 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 and contains moisture up to 14%. 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 7.22 lakh hectares as of 30th November, 2018 which is lower than 8.34 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 2.47 lakh a hectare which is lower than 3.16 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.47 lakh hectare which is lower than 0.74 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 0.53 lakh hectares which is lower than 1.14 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 28th Nov'18 reported at 0.66 lakh hectares as compared to 0.36 lakh hectares in the corresponding period last year. Normal area reported 0.42 lakh hectares. It is at vegetative stage. As per Gujarat state govt. data, Maize progressive area of Rabi 2018-19 is 0.49 lakh hectares as on 26-11-2018 which is lower than 0.67 lakh hectares during corresponding period last year. Current year sowing reported slowly due to lower rainfall.

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 1650 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1800 per quintal and Nammakal at Rs. 1800-1850

per quintal (Delivered price), sourced from Davangere. In Bihar, maize is moving towards Kolkata, Neapl at Rs. 1750-1800 per quintal and Rs. 1900 per quintal respectively.

At 1.05 MMT (for the period 16th November- 22nd November, 2018) US corn exports were up 26 percent from the previous week and 4 percent from the previous 4-week average; mainly for the destinations like Mexico (255,400 MT), Colombia (211,900 MT), Japan (207,300 MT), Peru (121,500 MT), and Taiwan (76,300 MT).

In U.S, 94% crop of corn has been harvested as of 25th November, 2018, which is same compared to corresponding period last year but lower by 2% from the last 5 year average period.

All India weekly average prices of wheat decreased by 2.31 percent to Rs. 2103.35 per quintal during the week ended 30th November 2018. Wheat average price were ruling at Rs 2153.17 per quintal during 16-23 November 2018. As compared to prices in the week 24-30 November 2017, the prices are firm by 10.25 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

As per trade sources imported wheat from various origins to Chennai port witnessed firm tone in the week. As of now Ukrainian wheat is being quoted at Rs 2140-2150 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in domestic market. Low imports have led to a fall in stock of imported wheat.

India mainly imports from Australia and Russia. Wheat prices remained steady in Australia during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$338.00 (Rs 24470) per tonne and \$355.00 (Rs 25720) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Therefore, there is no import parity as of now from black sea region and Australia.

Wheat future December contract closed at Rs 2100 per quintal, higher by Rs 1 per quintal compared to previous week. India wheat imports are at lower side in MY 2018-19. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat and prices are likely to stay steady to firm.

According to latest update, area sown until 30th November'18 is 152.97 lakh hectares compared to 156.76 lakh hectares in the previous Rabi season. The normal area is 306.29 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.

Indian FoB quote is hovering around \$308.32 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$222.40, \$222.30, Euro 200.75, \$216.70 and \$245.28 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 as overall feed ingredients prices traded mixed during last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	30-Nov-18	23-Nov-18	Parity To
Indore (MP)	27700	27500	Gujarat, MP
Kota	28000	28000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29300	29500	Mumbai, Maharashtra
Nagpur (42/46)	29000	29500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29500	29200	Andhra, AP, Kar ,TN
Latur	29700	30500	-
Sangli	29900	29500	Local and South
Sholapur	30000	29700	Local and South
Akola	27800	28200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	29800	29500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	27800	27800	-

Soy DOC at Port

Centers	Port Price	
	29-Nov-18	22-Nov-18
Kandla (FOR) (INR/MT)	29200	29200
Kandla (FAS) (USD/MT)	418	410

International Soy DOC			
Argentina FOB USD/MT	29-Nov-18	22-Nov-18	Change
Soybean Pellets	329	331	-2
Soybean Cake Flour	329	331	-2
Soya Meal	328	330	-2
Soy Expellers	328	330	-2

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	30-Nov-18	23-Nov-18	Change
Adoni	20000	20000	Unch
Khamgaon	Closed	-	-
Parli	Closed	-	-
Latur	Closed	-	-

Groundnut Meal (Rs/MT)	30-Nov-18	23-Nov-18	Change
Basis 45%, Saurashtra	25500	25200	300
Basis 40%, Saurashtra	23000	22500	500
GN Cake, Gondal	26000	25500	500

Mustard DOC/Meal	30-Nov-18	23-Nov-18	Change
Jaipur (Plant delivery)	15100	15600	-500
Kandla (FOR Rs/MT)	15500	16100	-600

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	29-Nov-18	22-Nov-18	29-Oct-18	29-Nov-17	29-Nov-16
Delhi	Hybrid(U.P)	1700	1550	1550	NR	1600
Davangere	Loose	1500	1500	1450	1300	1450
Nizamabad	Bilty	1510	1510	1475	1400	1450
Ahmadabad	Feed	1750	1650	1530	1310	1420
	Starch	1750	1700	1600	1340	1450

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

	Argentina	Brazil	US	India
FOB	168.60	174.30	161.90	239.52
Cost and Freight	218.60	229.30	221.90	274.52

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	27-Nov-18	22-Nov-18	Change
Bajra	Karnataka	Hybrid	Bellary	1895	1831	64
		Hybrid	Bangalore	2250	2250	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	2133	1846	287
Maize	Karnataka	Yellow	Davanger e	1500	1500	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1400	1410	-10
Rice	Haryana	IR8	Karnal	2750	2750	Unch
		Parmal Raw	Karnal	3350	3350	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2770	2750	20
	Maharashtra	DOC	Sangli	2990	2950	40
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2000	2000	Unch
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1510	1560	-50
Groundnut Meal	Gujarat	GN Cake	Gondal	2600	2550	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1922	1972	-50
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1924	1950	-26
Note: Prices Rs./Qtl						

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