

**Contents:**

---

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

## Summary

---

Soybean Most active Nov contract at NCDEX gained after hitting trend lows on technical buying in the last week. Spot Market though has been at the 3380 and didn't weaken as aggressively as futures did. Currently in the spot chart there are limited bullish cues coming from it. The crush demand as crushers continued to crush heavily to meet their exports commitments. The arrivals are still not very high as compared to last year and thus we are still sticking to our estimate of nearly 104 lakh tons. Dec remains crucial both for arrivals and exports and thus is pivotal in the assessment of production and as well as how soon we are going to exhaust the exportable surplus. of then 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.

The daily arrivals are recording in between 7 to 8 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 arrival is expected to be higher in the OND quarter due to the BBY and NAFED procurement program. However as there is new govt formed in MP there are doubt over continuation of BBY. 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.

Soymeal exports to Bangladesh have been nil but other origins exports has been better as compared to last year over competitive parity of Indian soymeal. Iran too imported 55 thd tons in Nov and another 1.45 lakh tons is expected to be shipped. Bangladesh sooner or later is going to start taking Indian soymeal which they haven't due to limited rake availability and Bangladesh Imported heavily US soybean at bargain price.

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. NAFED still holds nearly lakh tons of Mustard with three months for the season to end. Sowing as at last year pace and has thus diminished the hopes of record acreages over higher MSP and good profit realization over Chana this season.

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

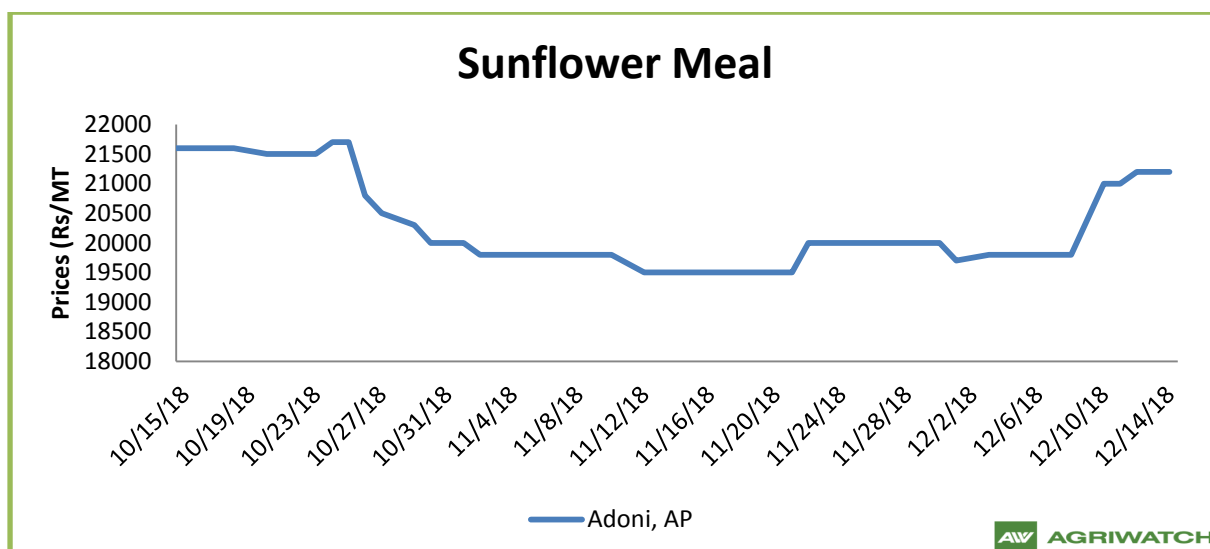
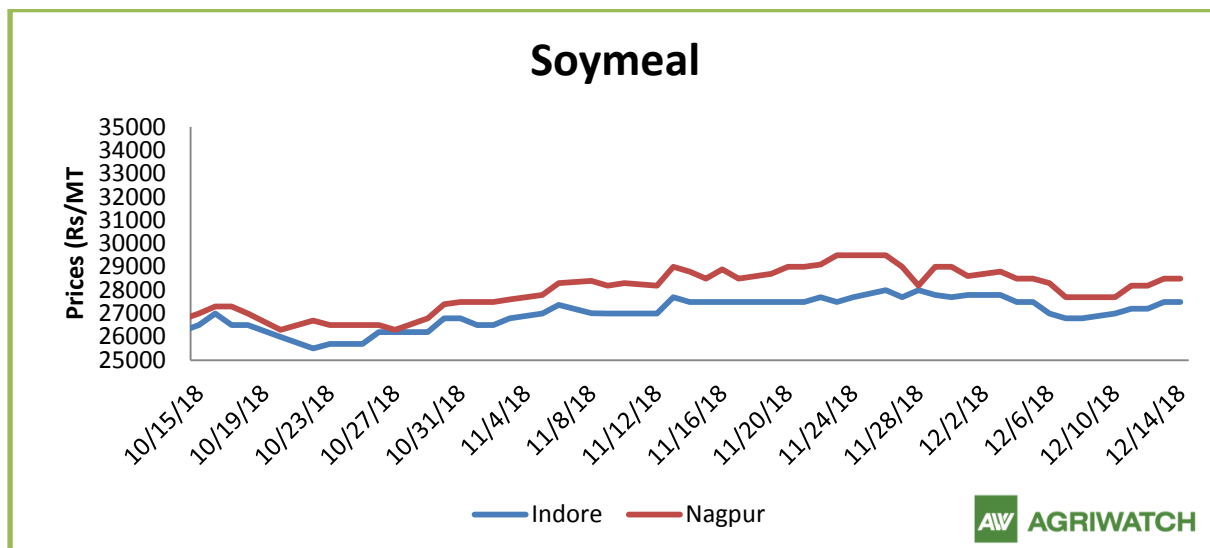
Maize cash markets traded steady to firm during the week and are likely to trade firm ahead due to high demand of industrial feed makers and stockists amid low stock availability of good quality material. There would be shortage of good quality material after the end of December till the new rabi crop 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 Kolkata is also supporting to Bihar market. Considering the all above mentioned facts, Agriwatch expects maize could trade firm in the coming weeks.

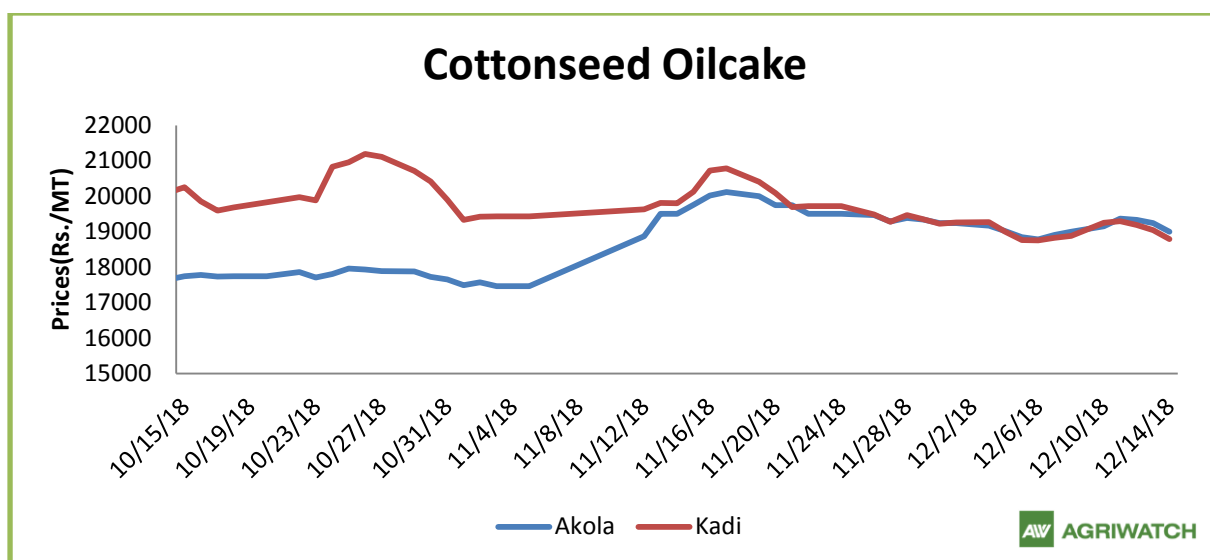
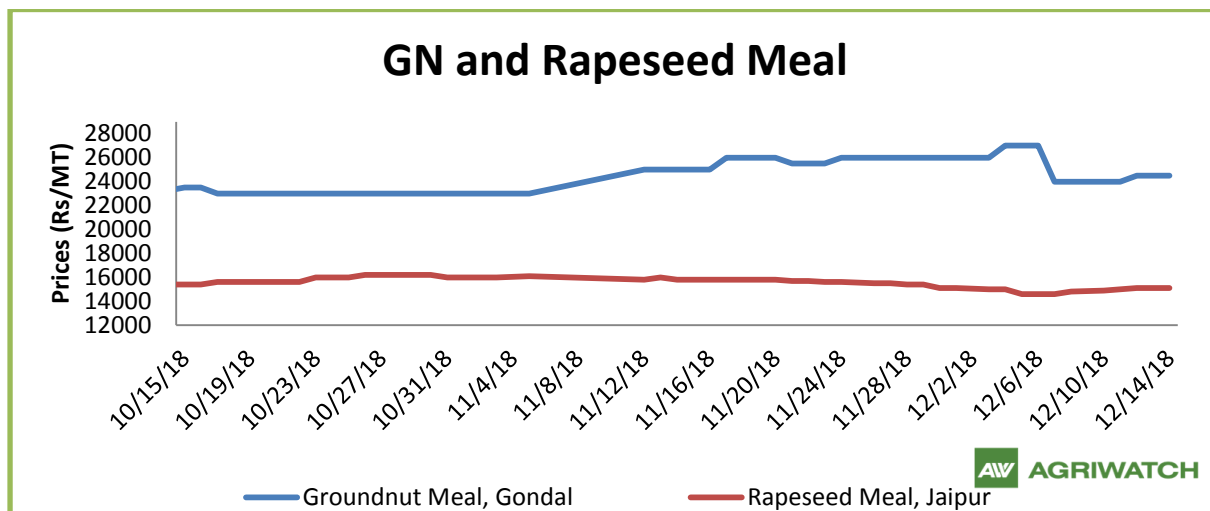
In Nizamabad, most of the material arriving in open market is of low quality; around 7-8% grain is damaged and small in size.

All India weekly average prices of wheat increased by 1.17 percent to Rs. 2106.32 per quintal during the week ended 15th December 2018. Wheat average price were ruling at Rs 2081.95 per quintal

during 01-08 December 2018. As compared to prices in the week 09-15 December 2017, the prices are firm by 18.70 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

According to sources, the Chinese government this week asked the Indian government for a draft of protocol for Indian soybean meal, to be discussed during the GACC visit to India starting December 10. A Chinese trade delegation is coming to India on Dec. 10 to inspect soymeal plants. Earlier China has cleared few soybean plants.

According to the Ministry of Commerce/Export Inspection Council of India stated that China will resume import of Rapeseed Meal from India. Five units have already approved by General Administration of Customs of the People's Republic of China, GACC (formerly AQSIQ) and will be able to resume the export of Rapeseed Meal to China once their registration with Chinese Ministry of Agriculture (MoA) is done which is a cumbersome process and takes a long time.

The daily soybean arrivals at this point of time are nearly 1 to 1.5 lakh bags less than the usual pace with the production of 100 lakh tons. However, the sudden surge in arrivals before Diwali and then the fall in arrivals has overall compensated the cumulative arrivals figures and thus ND arrivals are y-o-y high.

Cumulative arrivals according to govt sources is 30 lakh tons which is higher by 6 lakh tons y-o-y till Nov (MY starting in Oct).

SEA has revised the Oct soymeal exports to 1.5 lakh tons as against .38 lakh tons in its provisional estimates which seemed unrealistic. In Nov SEA has given provisional estimate of 2.17 lakh tons of soymeal exports which is slightly higher y-o-y. In the ND months the exports has been higher y-o-y but still not enough to eat away the surpluses soon. India needs to at least exports 8-10 lakh tons of meal by Dec end or Mid Jan to tighten the Indian situation.

India was able to export 55 thd tons of rapemeal in Nov improving m-o-m but lesser as compared to last year exports considered in the same month. Overall India's rapemeal exports has improved significantly as the prices offered remained very stable and remained well cheap as compared to Soymeal. India this year has able to gain the lost market thus rapeseed crushing season.

Bangladesh a key buyer of soymeal from India has not taken any quantity of soymeal on Nov which is may be due to unavailability of railway rakes and /or aggressive buying of US soybean and crushing at overcapacity domestically, given the discounts US soybean enjoyed after the US-China fiasco.

Bangladesh used to import 2-2.5 lakh tons of soymeal annually in the Oct –Sep period. Iran however took just 55 thd tons of soymeal out of 2 lakh tons the country booked for immediate delivery. Hopefully the remaining will be get exported in Dec month which may result in Dec exports clocking 3.5 lakh tons or even more. Thus in such situation we might able to dispose nearly 50% of the surpluses if the production of bean is at 104-105 lakh tons.

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

#### **International Market**

In the G20 Summit held in Buenos Aires, Argentina a lot of positives is coming out of it from US and China over easing tensions between Beijing and Washington. Trump has agreed upon leaving tariffs on \$200 billion worth of product at the 10% rate, and not raise it to 25% at this time from Jan 1. On the other hand China will agree to purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other product from the United States to reduce the trade imbalance between our two countries. Further China agreed to start purchasing agricultural product from our farmers immediately. No additional tariffs will be imposed after January 1 and negotiations between the two sides will continue.

Both parties agree that they will endeavor to have this transaction completed within the next 90 days. If at the end of this period of time, the parties are unable to reach an agreement, the 10% tariffs will be raised to 25%.

China reports soybeans up 4% in 2018, Corn production at 257.33 MMT, and soybeans at 19.14 MMT. China will suspend additional tariffs on U.S. auto parts and U.S. made vehicles for three months starting Jan. 1 as Beijing continues to move toward mitigation on trade. 300,000 MT of beans to China, 130,000 beans to unknown, with 125,000 corn to Japan on daily reporting. Soybeans slump continues as market awaits more Chinese biz, as first sales still deemed insufficient.

A Brazilian judge has reversed a previous order that resulted in higher truck rates. Brazilian truckers have threatened a strike based on this decision. The next step to be taken from the standpoint of challenging this decision is not clear.

## Soy meal

---

Indian soymeal has gained premium over Argentinean meal as the later has remained under the bearish influence of CBOT soymeal prices. Soymeal prices hasn't inched high even the bean prices has inched towards \$9 per bushels as the meal stocks has swelled in the last few months. Thus the Argentinean meal prices didn't gain any premium. On the other hand Indian soymeal under the speculation or rising exports to China and Iran has gained in last few weeks which has resulted in gain in the premium over Argentinean meal.

Indian soymeal premium is at the highest premium which can be adjusted through the freight advantage to the SE Asian nations and satellite countries if India. Any rise in premium has the potential to erode Indian soymeal exports demand.

Indian soybean crush margin continued to remain health as the soy oil has again gained after falling to the recent lows. The crush margin that Indian crushers are earning is one of the best in 4-5 years which is mainly over the higher imported duty over soy oil. Indian soy oil prices has remained crucial for soybean crush margin and since it is co related with international market crush margin fluctuations are very high.

In the domestic market India is witnessing peak demand from poultry farmers and also from compound feed manufacturers who are eyeing better sales especially this summer due to poor performance of monsoon in many parts of India. Lack of forage and fodder and crop residues and also the fall in production is expected to increase the demand of cattle feed.

## Rapeseed - Mustard Seed

---

**The all India weekly seed supplies were reported 7.3 lakh bags as compared to 6.7 lakh bags in the previous week.**

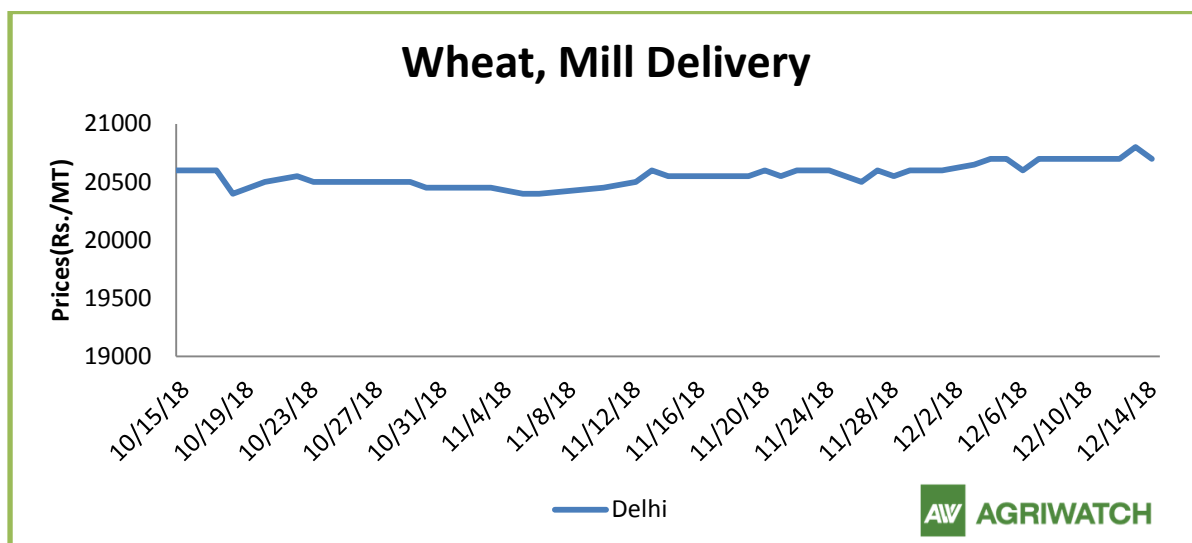
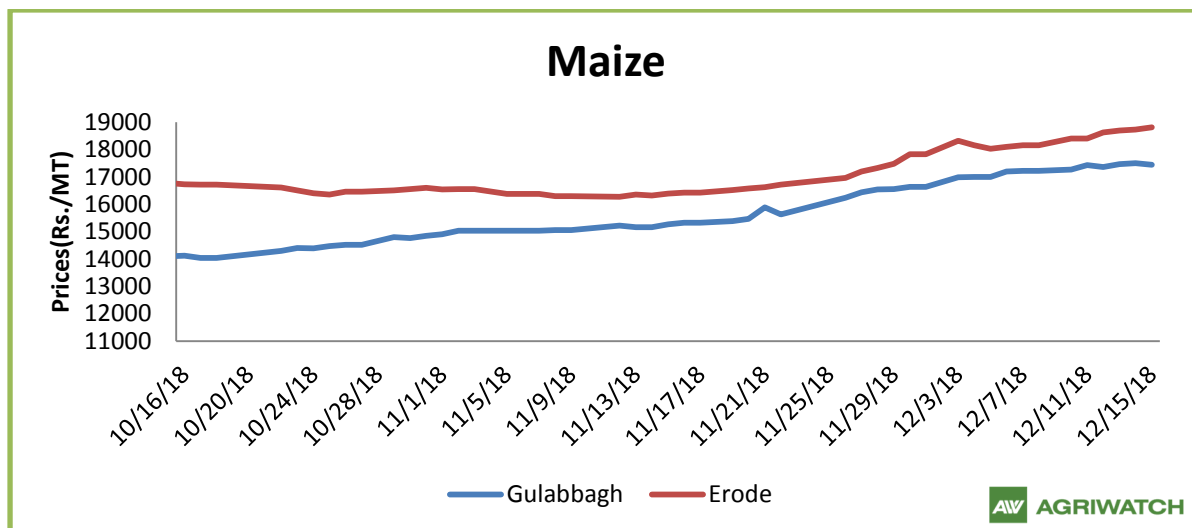
The spot price has gained w-o-w to flat as the market over seasonal gains but as the markets man stating that the stocks are sufficient and sowing is progressing well there is very limited potential for aggressive gains . NAFED inability to offload the stocks at brisk pace has kept the supplies in market tight as nearly 4.67 lakh tons of Mustard is locked as on 15<sup>th</sup> 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. At current rate of stock release by end if Fed nearly 3-3.5 lakh tons of stocks is expected to carry forwarded with NAFED. 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 4215 per quintal as against INR 4190 per quintal during the corresponding period last year at the benchmark, Jaipur.

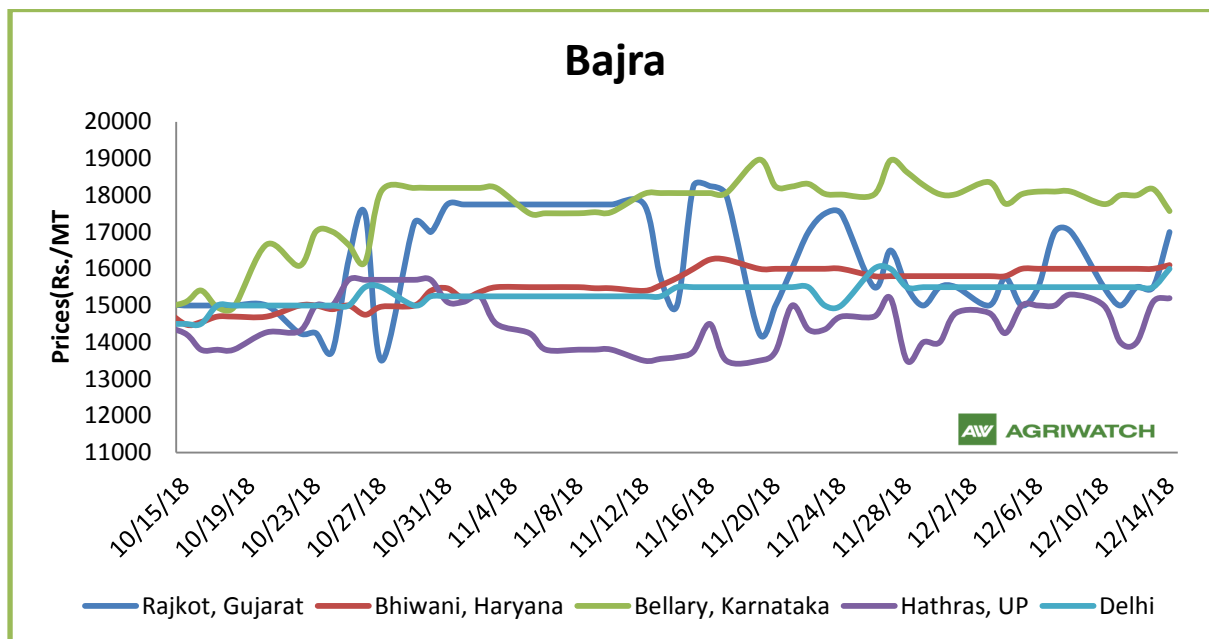
The area coverage under mustard, as on 14th December 2018, is 3% higher as of last last year. The sowing picked up this week as the prime sowing window closes in. However some late sowing continues to happen till end of Dec to Mid of Jan. At current situation the chances of sowing to record higher than last year is slowly diminishing. Under current pace the sown area can fall between 65.5 to 66.5 lakh hectares and the last moment increase in sowing pace only can help in increasing the acreages to 68 lakh hectares or above. The current cyclone is going to help bring rains in WB, Jharkhand and Bihar which is giving potential for increase in acreages. West Bengal and Jharkhand both are falling below the normal pace of sowing till date.

Haryana is at normal sowing but lower y-o-y which might be due to shift to other crops or fallows are high. The acreages might be directing towards wheat.

NAFED auctioned 2230 tons of Mustard seed on 15th Dec in the price range of INR 3851 to INR 3920 per quintal. Stocks available as on date are at 4.67 Lakh tons.

Mustard daily arrivals is ranging in between 1.25 lakh bags to 1.35 lakh bags and is remaining steady in the past weeks.





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

Maize cash markets traded steady to 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. 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 Kolkata 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.

In India, Rabi maize has been sown in around 10.38 lakh hectares as of 14th December, 2018 which is lower than 11.47 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 3.76 lakh a hectare which is lower than 3.91 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.67 lakh hectare which is lower than 0.79 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 0.71 lakh hectares which is lower than 1.37 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. In Gujarat, maize progressive area of Rabi 2018-19 is 0.75 lakh hectares which is lower than 0.82 lakh hectares during corresponding period last year. Current year sowing reported slowly due to lower rainfall. However, in Telangana, Maize sowing for the Rabi season as of 14th Dec'18 reported at 0.72 lakh hectares which is higher than 0.49 lakh hectares in the corresponding period last year. It is at vegetative stage.

From the trade point of view, In Nizamabad, Local starch makers are buying it at Rs. 1400 per quintal while poultry feed makers are buying it at Rs. 1570 per quintal. Maize is moving to Hyderabad at Rs. 1650 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1820 per quintal and Nammakal at Rs. 1900 per quintal (Delivered price), sourced from Davangere. In Bihar, maize is moving towards Kolkata at Rs. 1850-1900 per quintal.

Corn on CBOT rose by 1.38 USD/ MT to 147.83 USD/MT for December'18 contract compared to last week.

At 0.95 MMT (for the period 30th November- 6th December, 2018) US corn exports were down 18 per cent from the previous week and 9 per cent from the previous 4-week average; mainly for the destinations like Mexico (384,400 MT), Japan (201,400 MT), Saudi Arabia (146,500 MT), South Korea (68,400 MT), and Peru (45,000 MT).

All India weekly average prices of wheat increased by 1.17 percent to Rs. 2106.32 per quintal during the week ended 15th December 2018. Wheat average price were ruling at Rs 2081.95 per quintal during 01-08 December 2018. As compared to prices in the week 09-15 December 2017, the prices are firm by 18.70 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 14th December'18 is 233.71 lakh hectares compared to 233.59 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.

Wheat WPI has increased from 151.1 in October-2018 to 152.2 in November-2018. Monthly wheat inflation has increased by 0.73 percent in November -2018 compared to previous month. As compared to November -2017 wheat WPI has increased by around 9.18 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

As per latest update, wheat stock in central pool as on 1st December'18 stood at 306.29 lakh tonnes down by 7.56% compared to last month. This quantity is higher by around 41.38% 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 December'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 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 \$339.00 (Rs 24310) per tonne and \$354.00 (Rs 25390) 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.

Indian FoB quote is hovering around \$301.30 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$224.50, \$224.50, Euro 204.19, \$225.38 and \$248.75 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 firm as overall feed ingredients prices traded 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)		
	13-Dec-18	06-Dec-18	Parity To
Indore (MP)	27500	27000	Gujarat, MP
Kota	27800	27600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29500	28700	Mumbai, Maharashtra
Nagpur (42/46)	28500	28300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29500	29000	Andhra, AP, Kar ,TN
Latur	29500	29000	-
Sangli	#N/A	29300	Local and South
Sholapur	29000	29600	Local and South
Akola	27800	27300	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	29000	29200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	27600	27400	-

### Soy DOC at Port

Centers	Port Price	
	13-Dec-18	10-Dec-18
Kandla (FOR) (INR/MT)	29200	28500
Kandla (FAS) (USD/MT)	408	400

International Soy DOC			
Argentina FOB USD/MT	13-Dec-18	10-Dec-18	Change
Soybean Pellets	326	329	-3
Soybean Cake Flour	326	329	-3
Soya Meal	330	326	4
Soy Expellers	330	326	4

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	13-Dec-18	06-Dec-18	Change
Adoni	21200	19800	1400
Khamgaon	-	-	-
Parli	-	-	-
Latur	-	-	-

Groundnut Meal (Rs/MT)	13-Dec-18	06-Dec-18	Change
Basis 45%, Saurashtra	24500	25000	-500
Basis 40%, Saurashtra	22000	22500	-500
GN Cake, Gondal	24500	27000	-2500

Mustard DOC/Meal	13-Dec-18	06-Dec-18	Change
Jaipur (Plant delivery)	15100	14600	500
Kandla (FOR Rs/MT)	15500	15200	300

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

Market	Grade	13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17	13-Dec-16
Delhi	Hybrid(U.P)	1725	1750	1525	1325	1575
Davangere	Loose	1600	1550	1450	1300	1450
Nizamabad	Bilty	1550	1550	1520	1380	1440
Ahmadabad	Feed	1800	1700	1525	1370	1425
	Starch	1850	1850	1550	1400	1500

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

	Argentina	Brazil	US	India
FOB	175.30	180.30	172.30	232.47
Cost and Freight	225.30	235.30	232.30	267.47

#### 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	
<b>Total</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>1408042</b>	<b>669757</b>

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	13-Dec-18	6-Dec-18	Change
Bajra	Karnataka	Hybrid	Bellary	1817	1810	7
		Hybrid	Bangalore	2250	2250	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1839	1810	29
Maize	Karnataka	Yellow	Davanger e	1600	1550	50
	Andhra Pradesh	Yellow	Nizamaba d	1450	1450	Unch
Rice	Haryana	IR8	Karnal	2800	2800	Unch
		Parmal Raw	Karnal	3400	3400	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2750	2680	70
	Maharashtra	DOC	Sangli	2950	2900	50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2120	1980	140
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1510	1460	50
Groundnut Meal	Gujarat	GN Cake	Gondal	2450	2400	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1879	1883	-4
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1900	1891	9
Note: Prices Rs./Qtl						

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.