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## Summary

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Soybean Most active Jan contract at NCDEX gained after testing the key support levels in the last week. Spot Market though has been at and above 3380 and gained till 3460. 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.

International market will be in the festivals mood over New Year and Christmas celebrations and thus volumes traded is expected to remain low. Lets see how Chinese investors going to move the market. CME Globex is going to remain closed on 1<sup>st</sup> Jan 2019.

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.

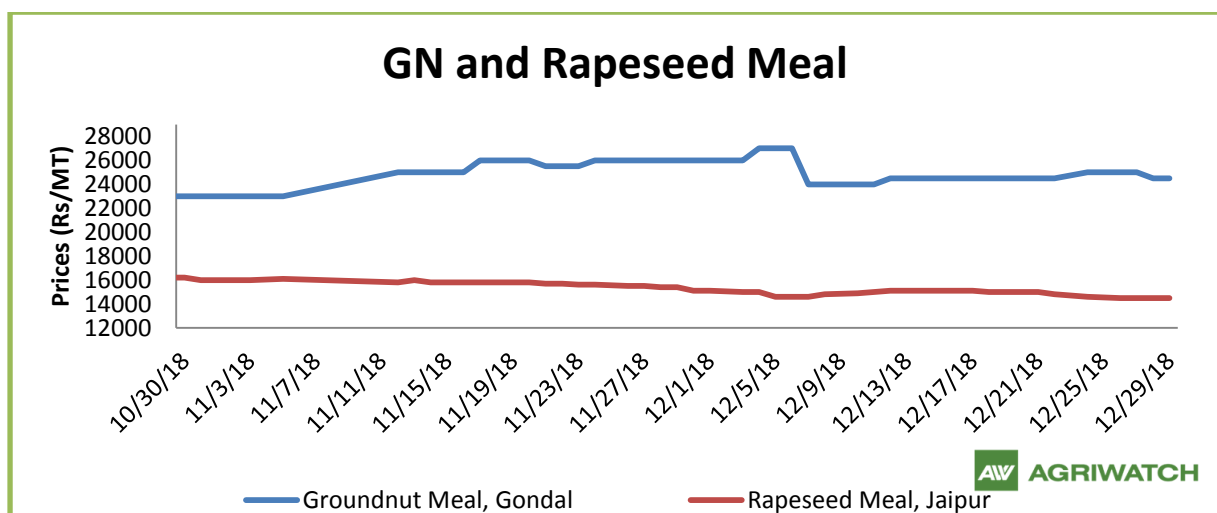
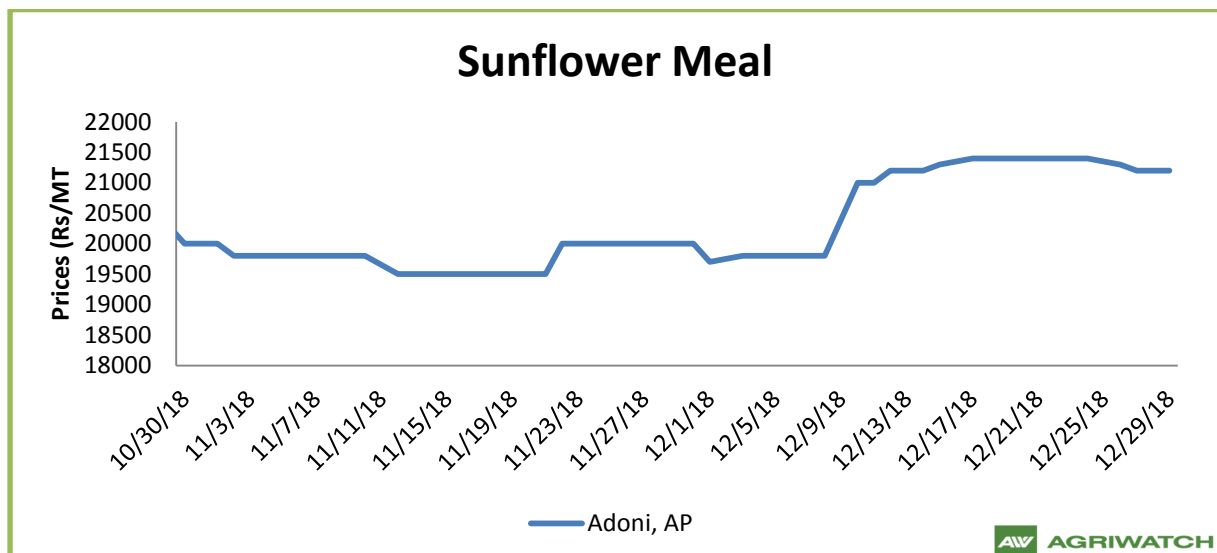
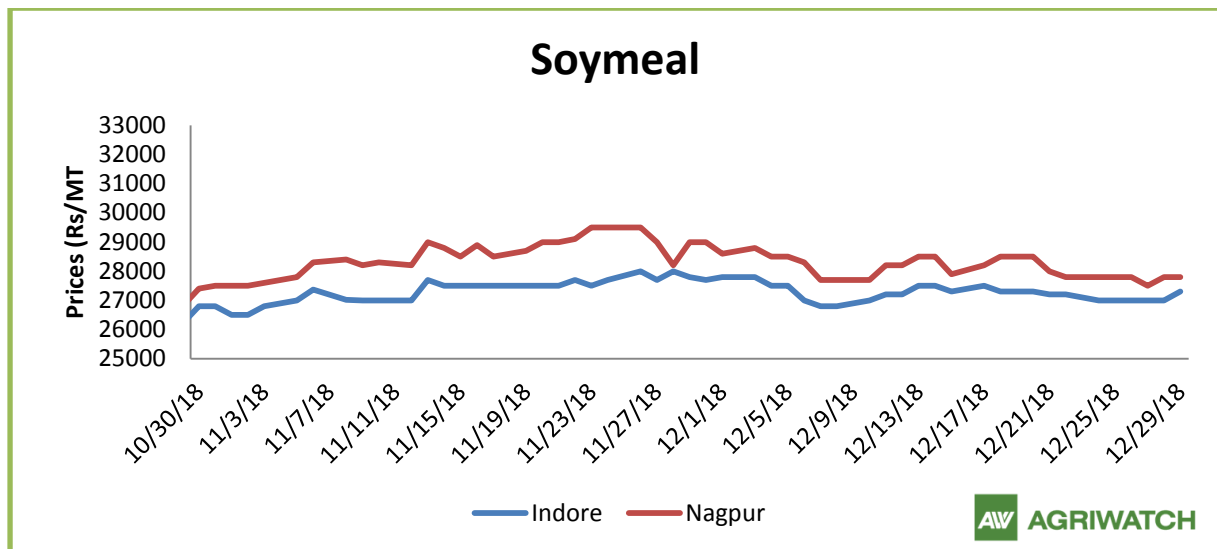
Rapeseed stocks offloading are still not fast enough to offload its stocks entirely at the end of this year. However falling edible oil prices has restricted the demand of mustard oil as spreads widened between Mustard and soft oils. The sowing is leading against last year sowing pace and thus has kept the trading sentiments on bearish side. NAFED still holds nearly 4.2 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. Mustard spot prices has fallen to 26 weeks low and thus the immediate bullishness has been almost evaporated.

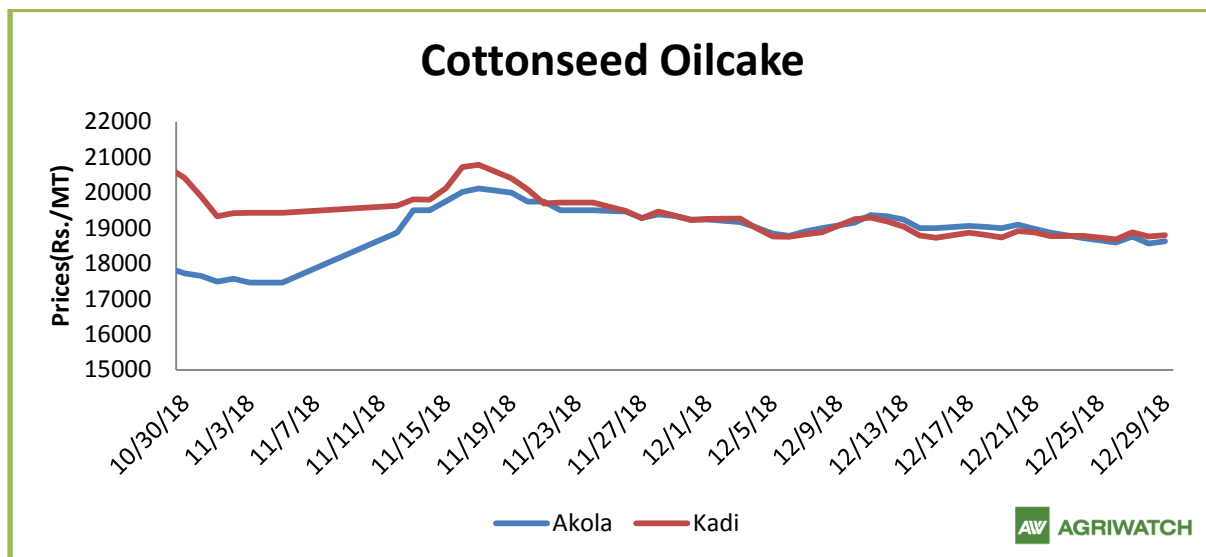
Overall soybean and Mustard is expected to trade in range bound manner.

Maize cash markets traded mixed during the week and are likely to trade steady to firm in the near term due to scarcity of the good quality material amid high feed makers demand. However, if Government takes decision to allow maize imports and release their stock into the market; it could trade steady to slightly weak.

All India weekly average prices of wheat decreased by 0.28 percent to Rs. 2081.86 per quintal during the week ended 31<sup>st</sup> December 2018. Wheat average price were ruling at Rs 2087.77 per quintal during 16-23 December 2018. As compared to prices in the week 24-31 December 2017, the prices are firm by 9.83 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 a 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 soybean plants. Earlier China has cleared few soybean plants.

NAFED Soybean procurement under PSS has been only 17360.15 tons as on 26th Dec. Soybean procurement has been going on in Rajasthan, Maharashtra, Telangana and Karnataka. In MP soybean is under BBY and thus NAFED has not been procuring soybean there. As the market prices have improved and are close to MSP the soybean farmers are preferring selling their soybean in the open market.

As the market moves towards the new year, the market is still not very clear in the price direction and the Q4 quarter is going to close with very sideways trade. We will see how the Q4 quarter performance in terms of exports and arrivals and the prospects of the international market.

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

### International Market

CBOT soybean Jan contract has been gone to levels pre the G20 truce between China and US. There has been very limited post such development and only some consignments have been booked to China. China hasn't changed the tariff and booking has been mainly due to narrowing of the spreads between Brazil and US Soybean.

Argentina Nov Soybean exports have been the highest since 2007. Soybean import in Argentina in the period Jan to Nov has been at 5.7 million tons which was just 1.842 million tons last year in the same time frame.

There is only one trading day left in 2018 and the Ag markets are becoming devoid of new fundamental information. With government shutdown there was no weekly export sales report this morning nor will there be an afternoon Commitment of Traders report. The shutdown is expected to continue well into the beginning of the New Year.

Argentina forecast is for above normal rains for central regions which could impact newly planted soybeans. Brazil rainfall for January looks to be a continuation of December which was a drier than normal pattern for southern Brazil. Northern Brazil rainfall has improved but drag to yields in Parana and Rio Grande do Sul could limit upside potential to production.

Brazil crop is still looking good with crop expected to be early this year. There has been reports of drought in core central area of Brazil but this will help in early harvest which is already been reported to be early this year against normal. Thus with the peak Q4 quarter for US soybean coming to close Jan WASDE may reflect an all-time high US and world stock.

China has removed import tariffs on rapeseed meal, cotton meal, sunflower meal and palm meal effective January 1. Imports of these alternative meal options are not huge but do offer end users some other options. Tariffs on imports of US soybeans remains and DDGs were not mentioned. November imports of US beans were zero for first time since trade war started. China imported 5.07 MMT of beans from Brazil, up 80% from last year's 2.76 MMT. US imports last November were 4.7 MMT and 67,000 MT last month. Bangladesh seeks 50,000 MT of wheat. Jordan issued another tender to buy 120,000 MT of feed barley.

### Soy meal

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Cash soymeal market offered at lower price in the market today taking cues from international market. CBOT soymeal has been under bearish grip and lost nearly \$15 from the day after G20 meet eclipsing the rise after G20 meet and closing at 17 sessions low.

Indian soymeal has gained premium in last two weeks and such situation has the potential to restrict export queries. Argentinean meal has not been able to find any upward push as the CBOT meal is now relatively at discount over the bean as US soymeal stock rises.

With International meal showing no signs of recovery any aggressive rallies is still at bay and Indian meal may plunge next year if the exports starts declining or International prices comes under the huge supplies from South American crop.

News are coming of the soybean under drought in Brazil and not so good condition in Argentina, However its too early state anything about the amount of losses due to it. We have seen US yield hitting to the record high even after drought and rains during the harvest.

### Rapeseed - Mustard Seed

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**The all India weekly seed supplies were reported 5.9 lakh bags as compared to 7.15 lakh bags in the previous week.**

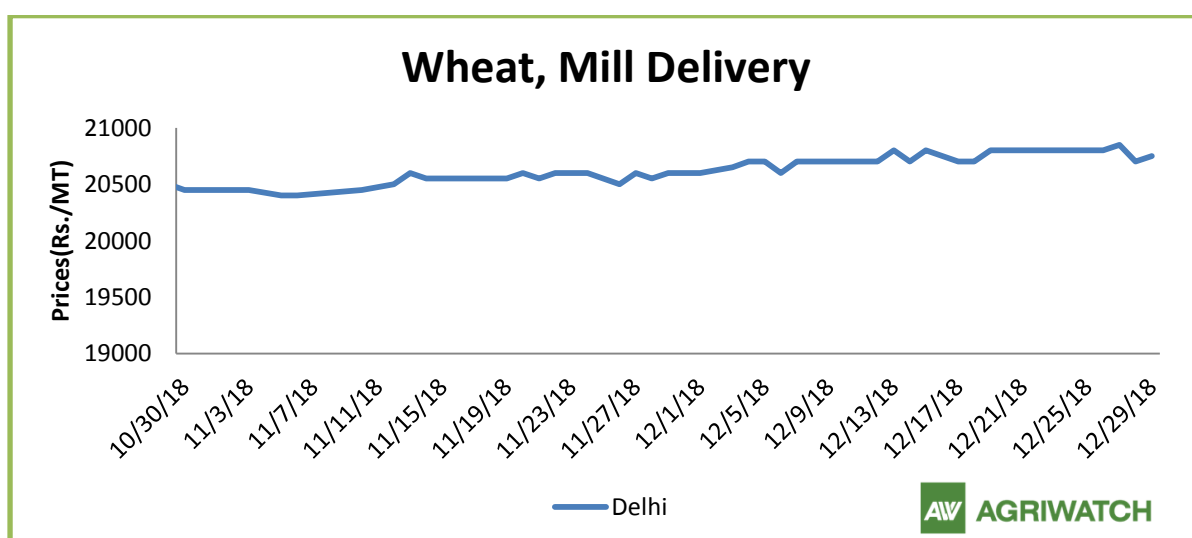
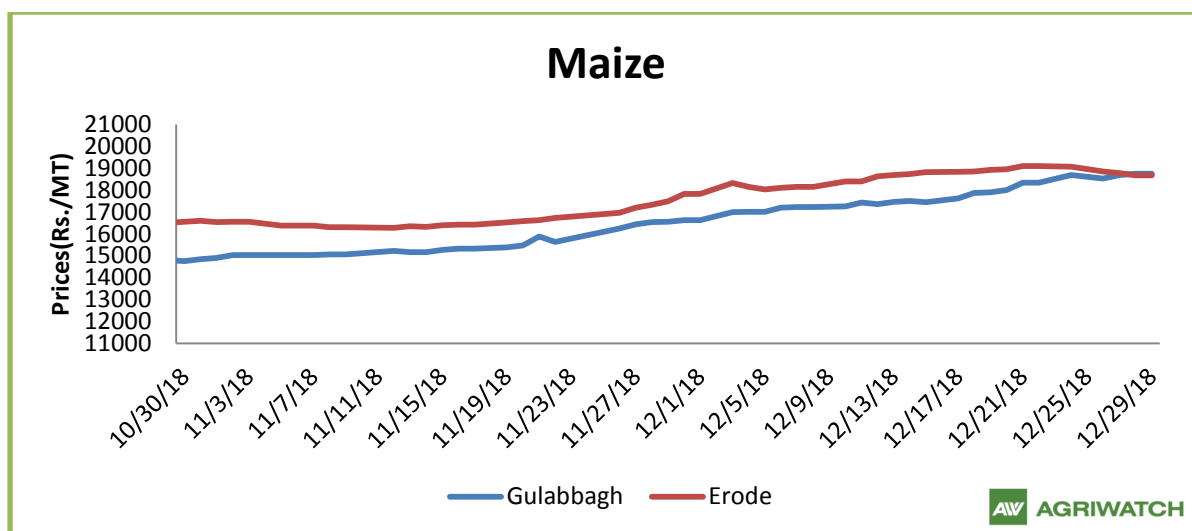
The spot price has declined aggressively w-o-w closing near to below 4100 making 25 weeks low or 6 months low, as the market started factoring in the good prospects of the ongoing mustard crop as well as record stocks available with the NAFED. NAFED inability to offload the stocks at brisk pace has kept 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 of Dec nearly 3-3.5 lakh tons of stocks is expected to carry forward 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 4105 per quintal as against INR 4075 per quintal during the corresponding period last year at the benchmark, Jaipur.

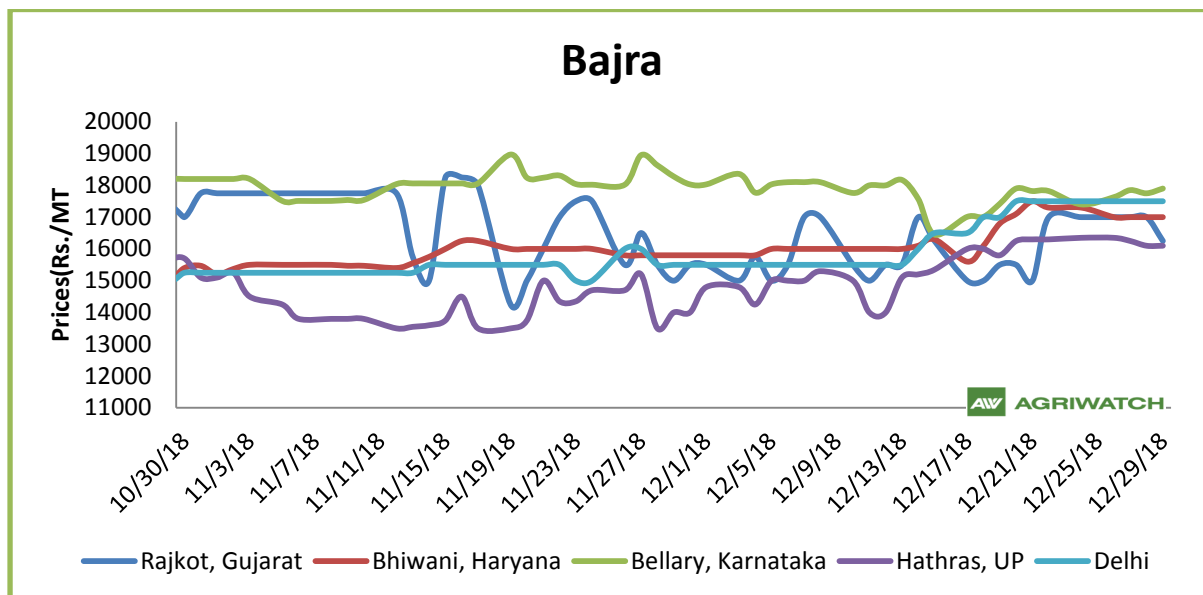
Mustard fundamentals continued to remain bearish and according to the latest data released by the GOI as on 28th Dec Mustard has been covered in 65.79 lakh hectares as against 63.82 lakh hectares last year. With this trend final area can be in between 67 to 68 lakh hectares. Our previous estimate of the area was 68.5 lakh hectares.

As per our expectations the acreages in WB, Odisha and Bihar has improved after last week rains. However in Jharkhand the acreages has remained low as compared to last year which is indicating that the mustard growing areas has been already shifted.

NAFED as on 26th Dec is holding 4.3 lakh tons of mustard in their warehouses. On 24th Dec the auction fetched prices in between INR 3705 to 3800 and sold 7076 tons. There is another two months left for the start of new season and there is high probability that the new season will start of huge carry over stock.

Northern India is reeling under extreme cold conditions and reports of frost damages have been coming in from isolated areas. Crop conditions is still under strict vigilant in terms of growth and development at this crucial point of time.





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

Maize cash markets traded mixed during the week and are likely to trade steady to firm in the near term due to scarcity of the good quality material amid high feed makers demand. However, if Government takes decision to allow maize imports and release their stock into the market; it could trade steady to slightly weak.

In Nizamabad, most of the material arriving in open market is of low quality; around 7-8% grain is damaged and small in size. Nizamabad, Kamareddy, Warangal (U) (R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. Trade sources revealed that in Nizamabad, around 10-15% crop is affected by fall army worm.

In India, Rabi maize has been sown in around 12.13 lakh hectares as of 28th December, 2018 which is lower than 13.64 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 4.27 lakh hectare which is almost equal to 4.31 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.76 lakh hectare which is lower than 0.88 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 0.90 lakh hectares which is lower than 1.57 lakh hectares during corresponding period last year. As per trade source, in Bihar, maize area is likely to shift towards wheat. In Maharashtra, maize area is likely to shift towards sugarcane. In Gujarat, maize progressive area of Rabi 2018-19 is 0.80 lakh hectares which is lower than 0.87 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 28th Dec'18 reported at 0.78 lakh hectares which is higher than 0.75 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. 1525 per quintal. Also, it is moving towards Hyderabad at Rs. 1800 per quintal. In Bihar, maize is moving towards Kolkata at Rs. 1900-1950 and Jharkhand at Rs. 1900 per quintal.

Corn on CBOT fall by 0.27 USD/ MT to 147.43 USD/MT for Mar'19 contract compared to last week due to low export demand for U.S corn from China. Besides, Crop-boosting rains in South America are also putting pressure on CBOT corn market.

All India weekly average prices of wheat decreased by 0.28 percent to Rs. 2081.86 per quintal during the week ended 31<sup>st</sup> December 2018. Wheat average price were ruling at Rs 2087.77 per quintal

during 16-23 December 2018. As compared to prices in the week 24-31 December 2017, the prices are firm by 9.83 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

As per Agriwatch preliminary estimate, India is likely to produce 95.89 MMT of wheat for MY 2019-2020. Production is likely to be higher by 1.39 MMT compared to MY 2018-19. Higher acreage and favorable weather is the main reason for increase in production.

In past days, minimum as well as maximum temperature has dropped below normal in Punjab and Haryana. The fall in temperature will boost the growth of shoots, which will lead to an increase in yield. Low temperature will help to retain soil moisture, which otherwise would have adversely impacted the crop due to absence of rain.

According to latest update, area sown until 28th December'18 is 277.37 lakh hectares compared to 274.16 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.

India mainly imports from Australia and Russia. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$351.00 (Rs 24552) per tonne and \$382.82 (Rs 26770) 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.

Government has offered 6912900 tonnes of wheat in OMSS since July until third tender in December out of which 4129200 tonnes was sold. Total numbers of rakes sold were 181. State government and bulk consumers bought 481500 tonnes and 3504600 tonnes of wheat respectively. 143100 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.

Indian FoB quote is hovering around \$309.40 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$233.17, \$233.17, Euro 204.25, \$221.43 and \$256.41 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 25.00 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)		
	27-Dec-18	20-Dec-18	Parity To
Indore (MP)	27000	27300	Gujarat, MP
Kota	27400	27500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	28800	29000	Mumbai, Maharashtra
Nagpur (42/46)	27500	28500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	28400	28600	Andhra, AP, Kar ,TN
Latur	29000	29000	-
Sangli	#N/A	29100	Local and South
Sholapur	28500	29500	Local and South
Akola	27200	27500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	28500	28500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	27200	27300	-

### Soy DOC at Port

Centers	Port Price	
	27-Dec-18	20-Dec-18
Kandla (FOR) (INR/MT)	28600	28900
Kandla (FAS) (USD/MT)	407	411

International Soy DOC			
Argentina FOB USD/MT	27-Dec-18	20-Dec-18	Change
Soybean Pellets	324	324	Unch
Soybean Cake Flour	324	324	Unch
Soya Meal	324	323	1
Soy Expellers	324	323	1
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		

Centers	27-Dec-18	20-Dec-18	Change
Adoni	21200	21400	-200
Khamgaon	-	-	-
Parli	-	-	-
Latur	-	-	-

Groundnut Meal (Rs/MT)	27-Dec-18	20-Dec-18	Change
Basis 45%, Saurashtra	24500	24500	Unch
Basis 40%, Saurashtra	22500	22000	500
GN Cake, Gondal	25000	24500	500

Mustard DOC/Meal	27-Dec-18	20-Dec-18	Change
Jaipur (Plant delivery)	14500	15000	-500
Kandla (FOR Rs/MT)	15000	15500	-500

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

Market	Grade	27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17	27-Dec-16
Delhi	Hybrid(U.P)	1850	1850	1700	1320	1550
Davangere	Loose	1630	1725	1500	1250	1470
Nizamabad	Bilty	1800	1570	1500	1360	1450
Ahmadabad	Feed	1850	1900	1700	1310	1500
	Starch	1885	1925	1750	1320	1525

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

	Argentina	Brazil	US	India
FOB	172.64	179.90	168.70	255.60
Cost and Freight	222.64	234.90	228.70	290.60

#### 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	150388
Nov	110806	8909	97750	207630	217738
Dec	193832	5667	241250	168865	
<b>Total</b>	<b>1210954</b>	<b>276674</b>	<b>455374.1</b>	<b>1408042</b>	<b>1003985</b>

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	27-Dec-18	20-Dec-18	Change
Bajra	Karnataka	Hybrid	Bellary	1785	1790	-5
		Hybrid	Bangalore	2200	2200	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1618	2246	-628
Maize	Karnataka	Yellow	Davanger e	1630	1725	-95
	Andhra Pradesh	Yellow	Nizamaba d	1700	1460	240
Rice	Haryana	IR8	Karnal	2800	2800	Unch
		Parmal Raw	Karnal	3400	3400	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2700	2730	-30
	Maharashtra	DOC	Sangli	2850	2910	-60
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2120	2140	-20
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1450	1500	-50
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2450	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1888	1892	-4
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1876	1910	-34
Note: Prices Rs./Qtl						

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