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## Summary

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Soybean spot continued to inch higher but lost it on Sat as there were few takers at the prices above 3500. Market fundamentals are nor does more bullish and persistent rally seem to be speculative over exports. NCDEX Soybean continued its bullish trend and thus Feb contract is showing potential to reach 3700 to 3750. However spot soybean prices made season high at 3580. We need to see the market carefully amidst the vilatilty caused by the speculators. The market is mainly being driven by international market currently and CME Soybean has made two week high on the backdrop of the continued negotiations of US with China and drier weather in central soybean growing region in Brazil.

As OND quarter has closed the arrivals recorded is 20% high and thus confirming the production to remain high y-o-y. However as most of the traders was saying the SOPA production number seems to be overestimated and there is potential downward revision is expected in this month by at least 5 lakh tons. SEA production however corresponds with the arrivals and thus minor adjustments can happen in the estimates. We are still sticking with production of 104 lakh tons and it will be crucial to see the arrivals after the expiry of the BBY window in MP. 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.

In terms of soymeal exports which is going to indicate how good we are disposing the surplus, is according to SEA is not much encouraging. According to SEA India managed to export just 2.5 lakh tons of soymeal and was disappointing especially with good stories building up over China and Iran. Thus overall neither domestic nor the international dynamics seems to be bullish enough for trending bullish market and this opens up the potential for unseasonal fall in March-April month when International market comes under bearish grip with SA crop hitting the international market.

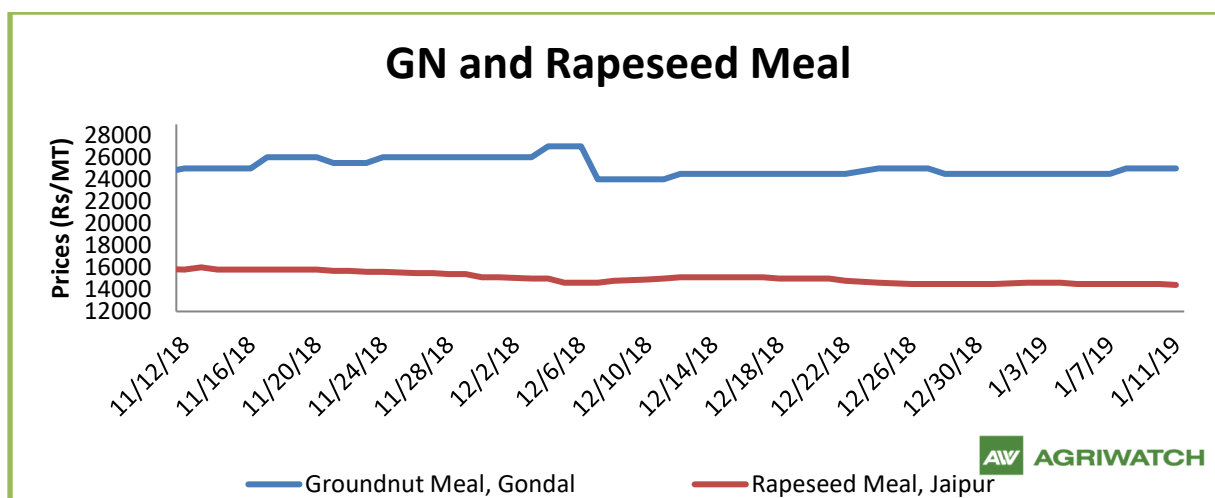
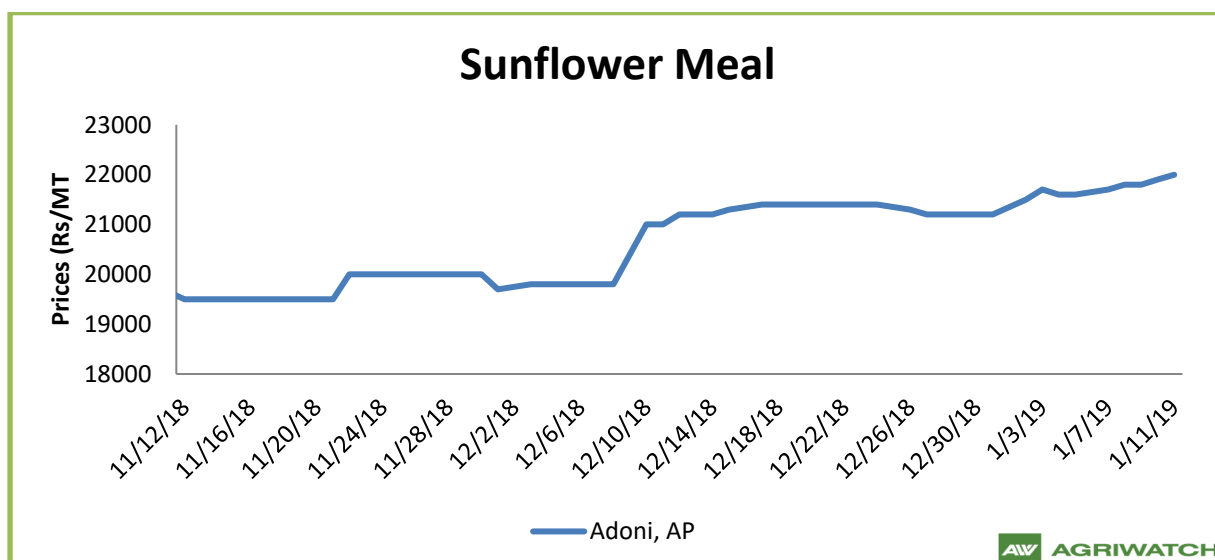
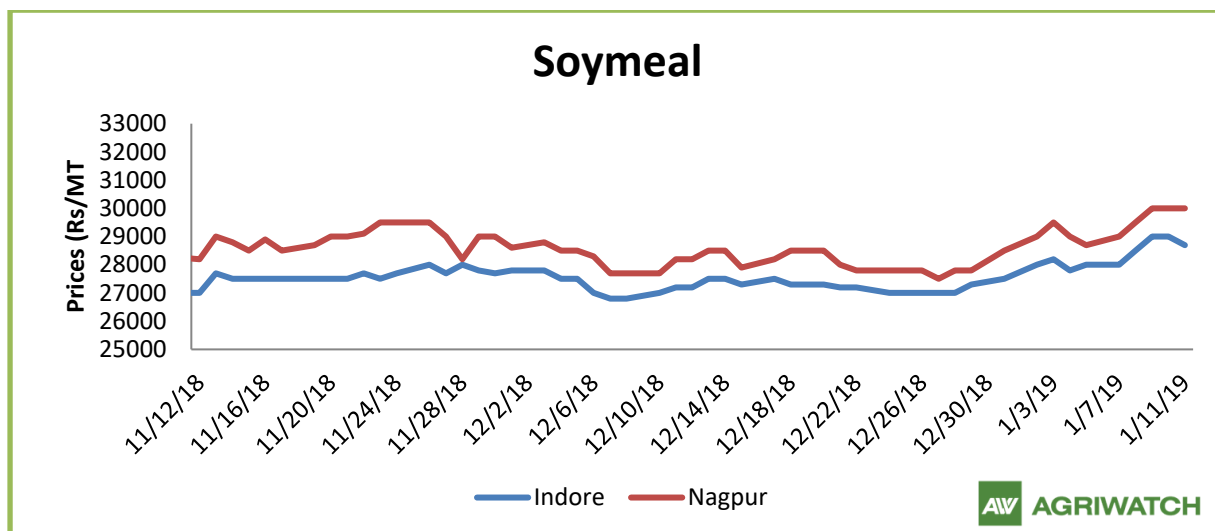
Rapeseed stocks offloading has picked up the pace and by 10<sup>th</sup> Jan 3.3 lakh tons of rapessed was available with NAFED, and with such pace NAFED could able to dispose most of its stock. The sowing is leading against last year sowing pace and thus has kept the trading sentiments on bearish side. Mustard prices are now being under the influence of weather and market participants starts betting over it, especially after the 15<sup>th</sup> Jan. As of now the market seems to be sideways to bearish.

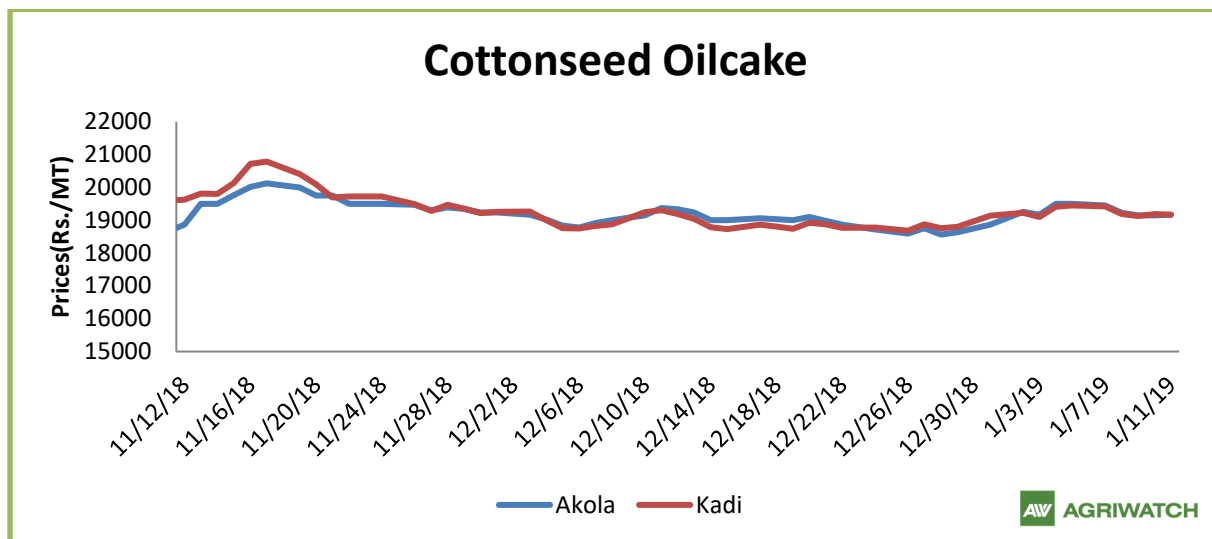
Overall soybean is expected to trade high and Mustard is expected to trade low.

Overall maize cash markets traded firm during the week and are likely to trade firm ahead due to scarcity of the good quality material amid high feed makers demand. As trade sources revealed that imports are not being possible due to Ukraine crop quality and firmness of Indian maize prices could continue.

All India weekly average prices of wheat increased by 4.12 percent to Rs. 2167.57 per quintal during the week ended 08th January 2019. Wheat average price were ruling at Rs 2081.86 per quintal during 24-31 December 2018. As compared to prices in the week 01-08 January 2018, the prices are firm by 11.61 percent. Prices are expected to remain weak in coming days due to good stock position and expectation of higher wheat production compared to last year.

**Trend – Raw Material, Feed**





**Source: AgriWatch**

## Soybean

Soybean is witnessing rally for the season on market speculation though fundamentals doesn't seem to be supportive enough. A 10% export incentives has kept the Indian soymeal market competitive enough but didn't resulted in robust exports. Currently the premium of Indian soymeal has increased to \$56 and thus there will be limited demand for spot bookings. India however is going to continue exports for forward bookings. Any further rally in bean and meal prices is going to erode the present competitiveness and thus Indian bean and meal has limited leverage from the MEIS scheme.

Under such scenario, with bean production anything above 100 lakh tons and seasonal exports with current pace seasonally adjusted shouldn't go above the 12 lakh tons market and we can expect the season end stock swelling to 10 lakh tons. All depends on domestic industry now which is witnessing good demand on good broiler prices. Sun meal imports have also restricted and thus will result in increased demand of soymeal.

The present rally seems to be seasonal and as the CBOT comes under bearish grip due to seasonal rise in the supplies of bean coming from the SA countries Indian bean is also expected to fall under such influence. Current CBOT prices don't reflect the fundamentals as the global stocks are all time high.

***The domestic soybean prices are likely to inch high in the domestic market.***

### International Market

The Official statements out of the 3 days of meetings between US and Chinese representatives, indicate that the some progress has been made. However, an actual agreement has not taken shape. It feels like all the cards are on the table, which is a sign that both sides would like to find some type of middle ground. The talking heads tend to feel that accomplishing this feat is possible in the 90 day window that was agreed upon by Trump and Xi in late November.

In Brazil precip is forecasted to be limited and offer above average temps for the next 10 days. Some longer term forecasts better precip in late Jan. The bulk of the rest of the country expects favorable conditions. CONAB will release their next production estimate on Friday morning. The average trade estimate is roughly 118 MMT. Given subpar growing conditions in NC and NE areas, many in the trade look for 4 to 5% YoY decline to 115 to 116 MMT.

China reportedly buys another 3 cargos of U.S. soybeans. 180,000 MT of beans believed traded to China as negotiations in Beijing continue on the Big Deal. Sources say the good will total may be as large as 15 cargoes or 900,000 MT, with shipment Jan through March off both West Coast and Gulf origins. Market reaction is muted as volumes still inside previous market expectations. Positive remarks from first day of trade negotiations still deemed supportive to the bean board. Once again trade rumors circulated China was looking at corn values from the U.S. as well. Without confirmation of trades from the government market forced to deal with whisper numbers.

Weekly export inspections uninspiring, wheat at 9.5 million bushels, expectations were 14-18, soybeans at 24.7 million vs 24-31, corn at 19.7 million vs 34-39 on expectations. Mainland China appears as destination for one cargo of beans off the PNW. Corn marketing year to date now totals 726.540 million vs 450.334 last year, soy at 635.634 million vs 1,087.924 last year and wheat at 475.319 million vs 543.326. Weekly corn number the lowest week since November 2017. Corn still exceeds last year's pace by 61% but recent numbers are slipping while year ago trend numbers were rising.

According to the U.S. Department of Agriculture delayed several major domestic and world crop reports because of the two-week-old partial government shutdown. New release dates for the monthly World Agricultural Supply and Demand Estimates report and other data originally scheduled for Friday, Jan. 11, will be set once government funding is restored.

INTL FCStone cut its estimate of Brazil's soybean crop by about 4 million tonnes to 116.25 million tonnes due to a drought affecting some areas. It also reduced soybean export forecasts to 72 million tonnes this season from 75 million tonnes previously as the crop projection was lowered and carryover stocks are tight.

According to Aprosoja's own output projection, which is being revised, is between 110 million tonnes and 115 million tonnes.

Donald Trump gave a statement in media stating that talks between Washington and Beijing aimed at resolving a bitter trade dispute were going very well, at the White House after a meeting with congressional leaders on the partial government shutdown.

### Soy meal

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Soymeal FAS has been offered at \$370 per ton which is due to the 10% subsidy available under MEIS. Or otherwise Indian soymeal is outpriced in the international market.

According to SEA India exported 2.4 lakh tons of soymeal in his provisional estimates which is in accordance with our estimates of 2.5 lakh tons earlier. Nov Soymeal exports has been revised to 1.86 lakh tons. Cumulatively in OND quarter 5.76 lakh tons of soymeal exported which is high by 23.6% y-o-y. However the exports are not enough to impart any aggressive rally in soybean complex.

With an estimated exportable surplus of at least 15 lakh tons the exports in OND quarter is just 38% which ideally should be more than 70%.

Amidst importing nation Iran continued its imports as it has already booked nearly 2 lakh tons of soymeal in Oct for forward delivery. Bangladesh continued to disappoint and hasn't imported any quantity in Dec. USDA hasn't changed the SnD of soymeal for 2018-19 and thus probably USDA might update in coming WASDE or Bangladesh is importing from Argentina and other origins. This season Iran has substituted Bangladesh and thus overall there has been any significant change in overall exports volume with Iran presence.

Among European nations Germany and France has been the largest buyer who is traditionally buying Indian soymeal on regular basis.

India exported 45,618 tons of rapemeal in Dec month in provisional estimate. For Nov month India exported 86349 tons in Nov in revised estimate. The exports has remained decent throughout this mustard season as the prices offered has remained competitive market.

### Rapeseed - Mustard Seed

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**The all India weekly seed supplies were reported 6.9 lakh bags as compared to 6.05 lakh bags in the previous week.**

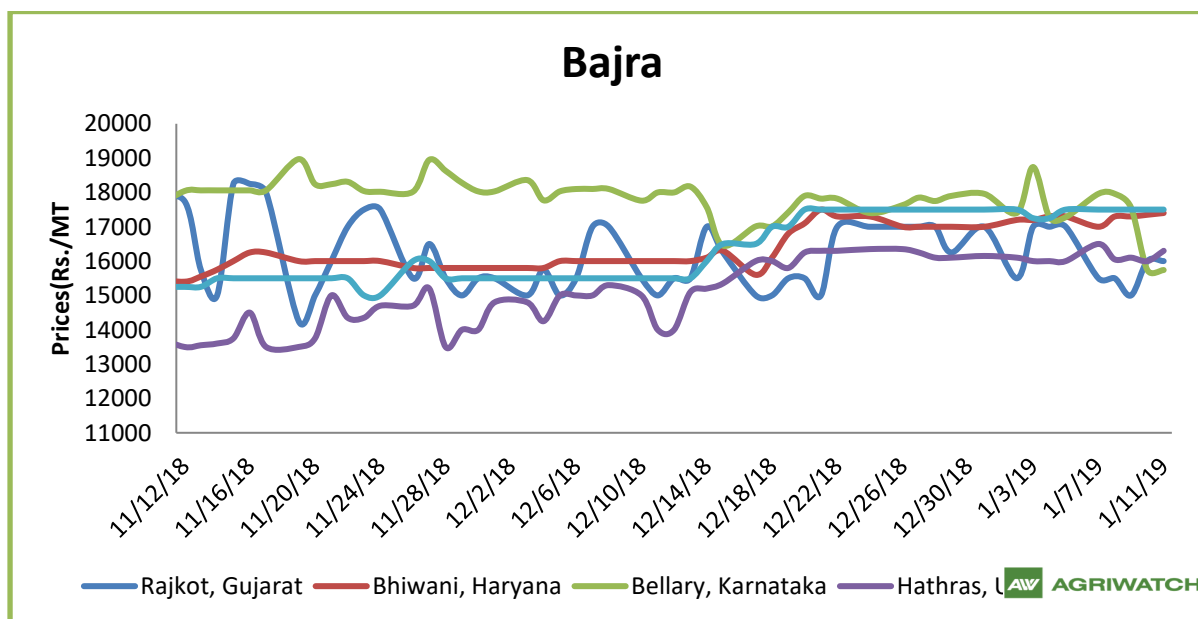
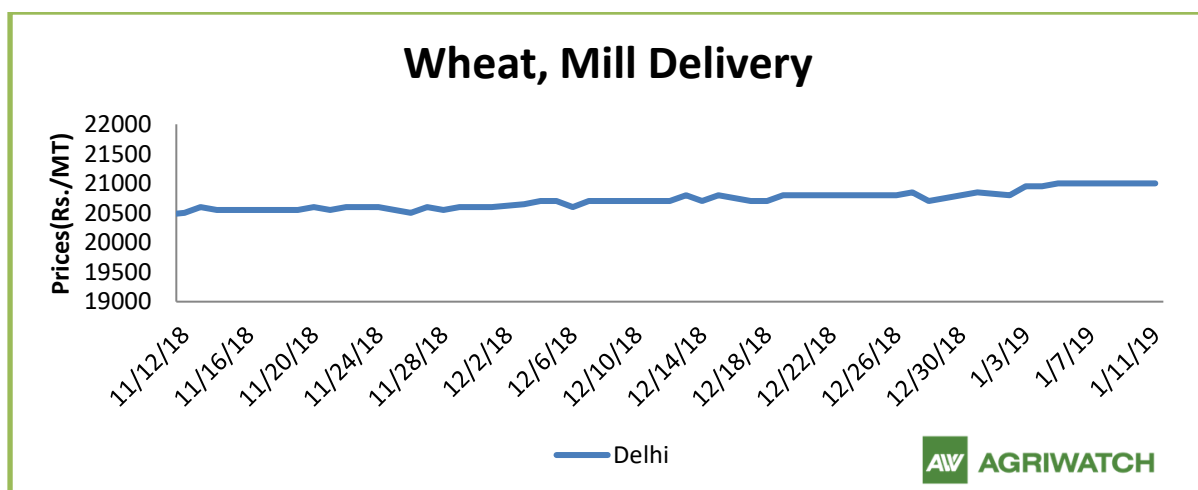
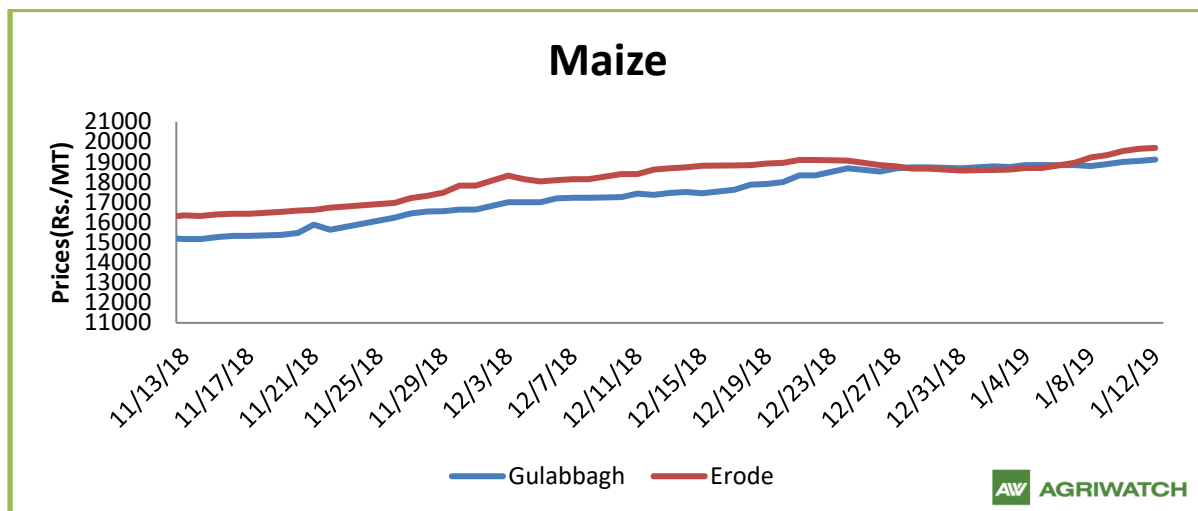
The spot price has been range bound. Old crop is going to find support at current levels however new crop is expected to fall towards 3600 given the scenario building towards a good crop this year. NAFED stock offloading has picked up increasing the supplies in market and since 1<sup>st</sup> Jan 70 thd tons was auctioned. With this pace of release nearly 2 lakh tons can be released in Jan and Feb and thus keeping the stocks with NAFED near to 2 lakh tons. 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 4128 per quintal as against INR 4073 per quintal during the corresponding period last year at the benchmark, Jaipur.

There is forecast if two WD hitting India till next week. Hopefully we get some rains which is going to add more bearishness in the market. Mustard Feb and Jan contract has been trading below 3900 which has resulted in basis reaching to more than 200 points. A basis correction is expected as Jan contract deliveries nears in

There has been rains in the northern planes at the end of last week and the beginning of this week which is going to help in providing necessary moisture at this crucial point of time. This will help in increased foggy conditions, contain the frost and in result is going to help in boldening of mustard seed.

According to the latest sowing report of rabi, Mustard sowing has been done in 68.23 lakh hectares and thus which is above the normal sowing progress and ahead of last year sowing progress in the same time frame. Thus the sowing is closing towards our first estimate of 68.5 lakh hectares.

The major loser continues to be chana. Significant gains have been observed in wheat as the MSP has been upward revised. Overall rabi crops acreages is down by nearly 19 lakh hectares due to below average performance of SW monsoon. Due to lack of water many parts were left barren and no sowing was done.



**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 scarcity of the good quality material amid high feed makers demand. As trade sources revealed that imports are not being possible due to Ukraine crop quality and firmness of Indian maize prices could continue.

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.

As per trade sources, India exported 29,016 MT of maize for the month of November'18 at an average FoB of \$241.33/ MT. Indian maize is exported mainly to Nepal followed by Philippines, Sri Lanka and Qatar mainly through JNPT followed by Raxaul and Mundra port.

In India, Rabi maize has been sown in around 13.61 lakh hectares as of 11th January, 2019 which is lower than 15.13 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 4.57 lakh hectare which is almost equal to 4.66 lakh hectares during corresponding period last year. In Karnataka, it has been sown in around 0.81 lakh hectare which is lower than 0.99 lakh hectares during corresponding period last year. In Maharashtra, it has been sown in around 1.01 lakh hectares which are lower than 1.84 lakh hectares during corresponding period last year. In Maharashtra, maize area is likely to shift towards sugarcane. In Gujarat, maize progressive area of Rabi 2018-19 is 0.96 lakh hectares which is equal to corresponding period last year. However, in Telangana, Maize sowing for the Rabi season as of 11th Jan'19 reported at 0.94 lakh hectares which is higher than 0.88 lakh hectares in the corresponding period last year. It is at vegetative stage.

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 1900 per quintal. Meanwhile, it is moving towards Bangalore and Namakkal at Rs. 1990 per quintal each, Chitradurga at Rs. 1880 per quintal, Chennai at Rs. 2000 per quintal and Ranebennur at Rs. 1850 per quintal (Delivered price); sourced from Davangere. In Bihar, maize is moving towards Kolkata and Jharkhand at Rs. 1950 per quintal each.

Corn on CBOT fall by 1.38 USD/ MT to 148.12 USD/MT for Mar'19 contract compared to last week. However, poor crop weather conditions in South America could support to CBOT corn market.

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As per latest update, Conducive weather conditions have increased the probability of good harvest in MY 2019-20. Low temperatures during day and night, with clear skies have boosted vegetative growth of the crop. Furthermore, low temperature has also helped in retaining soil moisture, which otherwise would have adversely impacted the crop in absence of rain. Good production in MY 2019-20 may lead to oversupply in domestic market.

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 \$349.70 (Rs 24650) per tonne and \$379.07 (Rs 26650) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. As of now mill quality wheat in Chennai and Coimbatore are ruling around Rs 2375 per quintal and RS 2430 per quintal respectively. Therefore, there is no import parity as of now from black sea region and Australia.



Haryana is one of the key wheat producing state in India. Production is likely to be higher as farmers have sown high yielding varieties such as HD-2967, HD-3086, WH-1105, etc. Low temperature in Haryana will further support yield. There are no reports of yellow rust in North India so far.

As per latest update, area sown until 11th January'18 is 294.07 lakh hectares compared to 300.51 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. Acreage of wheat in Madhya Pradesh is higher as farmers have shifted from chickpea. This year, as on 11th January'18, farmers have sowed 59.00 lakh hectares of wheat in Madhya Pradesh compared to 58.03 Lakh hectares last year on same date.

Indian FoB quote is hovering around \$311.41 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$231.00, \$232.66, Euro 204.20, \$224.82 and \$245.00 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.2 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 to slightly 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

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Centers	Ex-factory rates (Rs/ton)		
	10-Jan-19	03-Jan-19	Parity To
Indore (MP)	29000	28200	Gujarat, MP
Kota	29600	28600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31000	30200	Mumbai, Maharashtra
Nagpur (42/46)	30000	29500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	31000	29900	Andhra, AP, Kar ,TN

Latur	31500	30500	-
Sangli	#N/A	30300	Local and South
Sholapur	30800	29700	Local and South
Akola	30000	28400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	31000	29700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	29400	28400	-

**Soy DOC at Port**

Centers	Port Price	
	10-Jan-19	07-Jan-19
Kandla (FOR) (INR/MT)	31000	29500
Kandla (FAS) (USD/MT)	440	421

International Soy DOC			
Argentina FOB USD/MT	10-Jan-19	07-Jan-19	Change
Soybean Pellets	337	343	-6
Soybean Cake Flour	337	343	-6
Soya Meal	344	337	7
Soy Expellers	344	337	7
Sunflower (DOC) Rates			
Centers	Ex-factory rates (Rs/ton)		
	10-Jan-19	03-Jan-19	Change
Adoni	21900	21700	200
Khamgaon	-	-	-
Parli	-	-	-
Latur	-	-	-

Groundnut Meal (Rs/MT)	10-Jan-19	03-Jan-19	Change
Basis 45%, Saurashtra	24300	24000	300
Basis 40%, Saurashtra	22300	22500	-200
GN Cake, Gondal	25000	24500	500

Mustard DOC/Meal	10-Jan-19	03-Jan-19	Change
Jaipur (Plant delivery)	14500	14600	-100
Kandla (FOR Rs/MT)	15000	15100	-100

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	10-Jan-19	3-Jan-19	10-Dec-18	10-Jan-18	10-Jan-17
Delhi	Hybrid(U.P)	1900	1850	1750	1325	1570
Davangere	Loose	1800	1650	1550	1230	1480
Nizamabad	Bilty	1800	1775	1550	1340	1460
Ahmadabad	Feed	2000	1800	1800	1310	1510
	Starch	2000	1850	1800	1340	1525

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

	Argentina	Brazil	US	India
FOB	175.98	169.50	169.00	258.12
Cost and Freight	225.98	224.50	229.00	293.12

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	10-Jan-19	3-Jan-19	Change
Bajra	Karnataka	Hybrid	Bellary	1574	1785	-211
		Hybrid	Bangalore	2200	2200	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch

		White	Bellary	2009	1618	<b>391</b>
Maize	Karnataka	Yellow	Davanger e	1800	1630	<b>170</b>
	Andhra Pradesh	Yellow	Nizamaba d	1700	1700	<b>Unch</b>
Rice	Haryana	IR8	Karnal	2800	2800	<b>Unch</b>
		Parmal Raw	Karnal	3400	3400	<b>Unch</b>
Soy meal	Madhya Pradesh	DOC	Indore	2900	2700	<b>200</b>
	Maharashtra	DOC	Sangli	3150	2850	<b>300</b>
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2190	2120	<b>70</b>
	Maharashtra	Ex-factory	Latur	Unq	Unq	<b>-</b>
Mustard	Rajasthan	Plant delivery	Jaipur	1520	1450	<b>70</b>
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2450	<b>50</b>
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1919	1876	<b>43</b>
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1915	1856	<b>59</b>
Note: Prices Rs./Qtl						

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