

Contents:

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

Summary

Soybean spot continued to inch higher on SEA and SOPA giving statements over the prospective exports potential to Iran and persistent rally seem to be speculative over exports. Moreover market is also betting on the arrivals as the marketmen are saying that the arrivals are low against what was expected as the production was estimated over 100 lakh tons. However as of now SOPA hasn't officially given any revision of its crop production estimate and SEA has stick to its production of 102.5 lakh tons. NCDEX Soybean continued its bullish trend and thus Feb contract has reached close to its previous high. We need to see the market carefully amidst the volatility caused by the speculators. NCDEX soybean has remained decoupled most the time this season and there is very limited cues Indians soybean is factoring for the price action.

As OND quarter 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 17th Jan 2.9 lakh tons of rapeseed 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 15th 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.

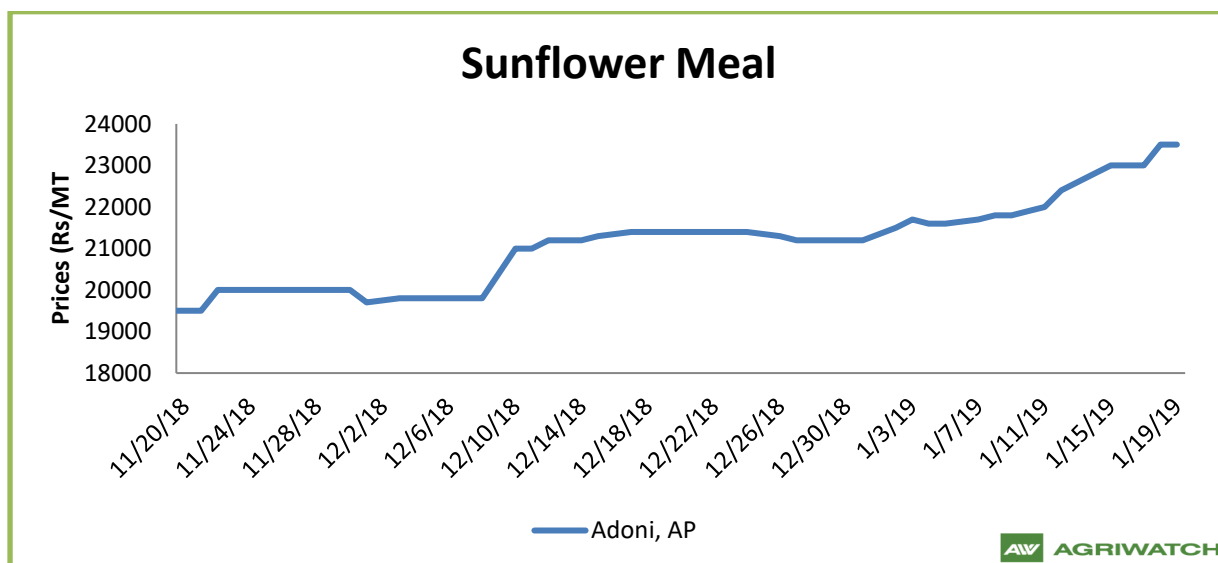
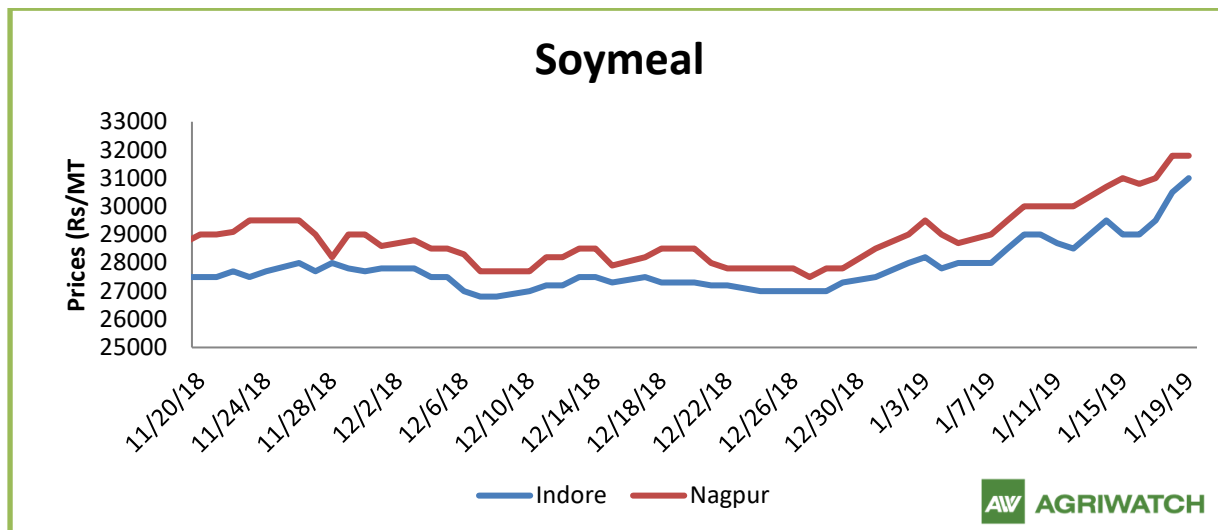
Nizambad, Kamareddy, Warangal (U) (R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. Trade sources revealed that in Nizamabad, around 10-15% crop is affected by fall army worm.

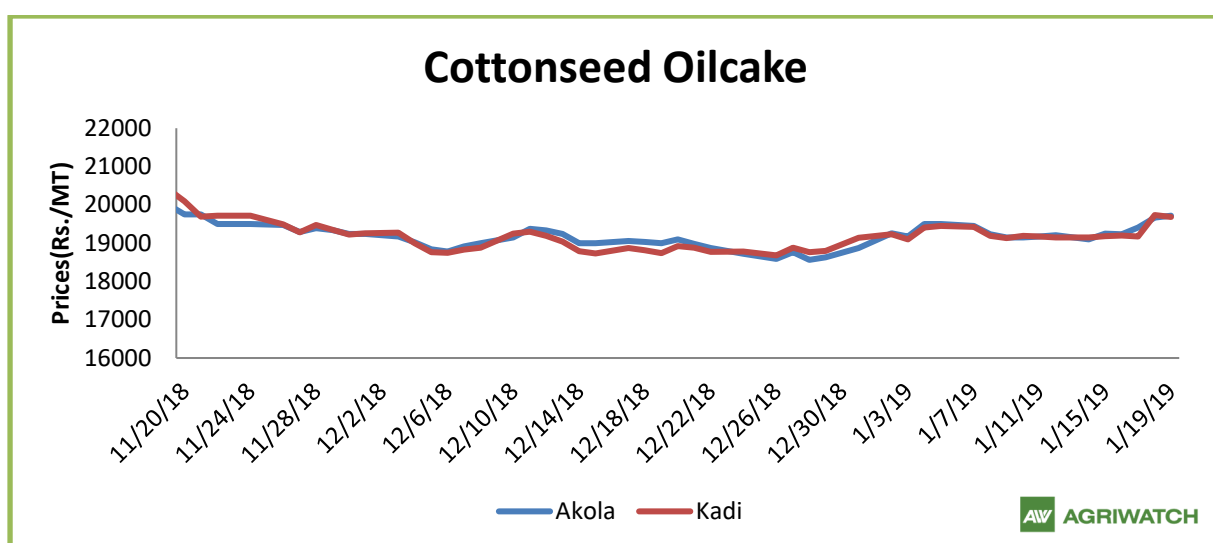
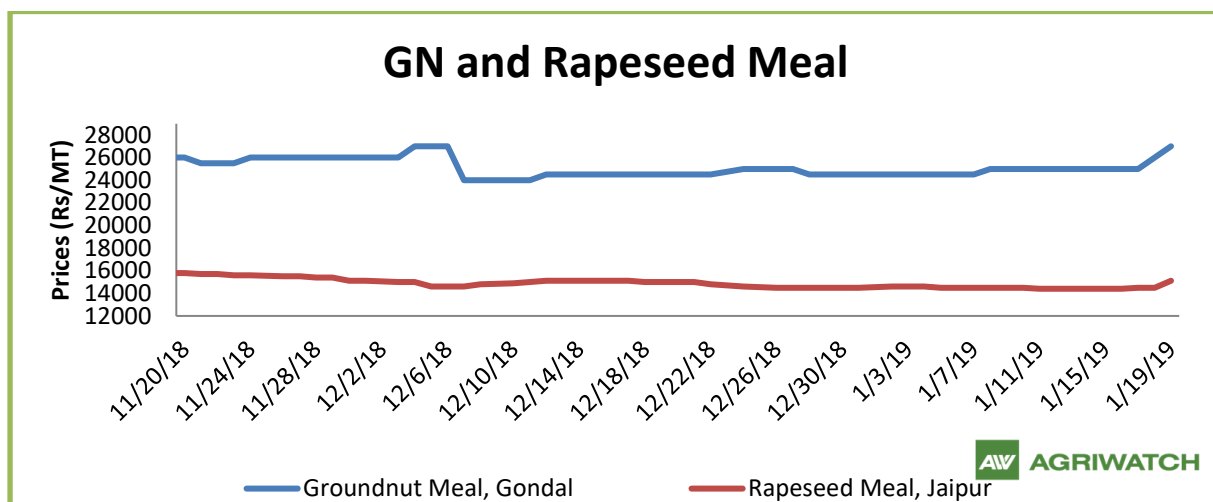
In Davangere, demand from Bangalore and Tamil Nadu feed makers is still supporting to maize cash market despite new crop in Tamilnadu has started.

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.

All India weekly average prices of wheat decreased by 0.94 percent to Rs. 2147.23 per quintal during the week ended 15th January 2019. Wheat average price were ruling at Rs 2167.57 per quintal during 01-08 January 2019. As compared to prices in the week 09-15 January 2018, the prices are firm by 15.40 percent. Prices are expected to remain slightly firm in coming days due to good demand and low imports.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean is carried by momentum and bulls are right on money. As on 17th Jan no new vessel is has been waiting for the docks for meal exports. Let's see how many is going to arrive in coming days. Till in Jan month nearly 1.3 lakh tons of soymeal has been shipped or about to ship in bulk shipment which itself is indicating y-o-y high exports for Jan month.

Market is betting on potential exports to Iran and thus is supporting the prices. According to the data compiled by SEA in the OND quarter Iran has imported 1.35 lakh tons of soymeal from India. Moving forward as the deadline given to India to buy petro from Iran ends in March, Iran is trying to import more of meal from India in exchange of the payments that Iran has received from Iran for the petro in rupees terms. Thus India has the potential to export 4-5 lakh tons by Sep which seems to enough to push the overall exports from India to 14-15 lakh tons.

We need to see how Jan soymeal exports come out to be which will clarify the present sentiments in Feb month.

In MP Modified BBY will be replaced by actual BBY which is the payment of only the difference amount to the farmers over MSP. The previous govt policy of flat INR 500 payment per quintal has been replaced by new congress govt.

Soybean procurement period is over except Telangana. State govt of Rajasthan, Maharashtra and Karnataka has announced the expiry of the period. As on 15th Jan just 19.77 thd tons of soybean has been procured.

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

International Market

Weaker cash basis at the Gulf indicate China has not been looking for additional beans. Basis values in Brazil are also weaker again today as the spread between US and Brazil has collapsed. There is no USDA reports over the continued US shut down and thus we don't have weekly exports report.

Weather is mildly supportive beans with Brazil rains light in central and eastern belt but demand is subject with basis in both US and Brazil weaker today. While longer season beans are said to be struggling due to hot and dry weather, harvest is advancing on the early beans. Mato Grosso is near 6% complete with Parana 10% complete.

Argentina gets an opportunity to dry out a bit in the 1-5 day, but wetter conditions appear in the 6-10 and the 11-15 day outlooks. Temp in Argentina should remain favorable to crop development through the forecast period.

Chinese officials see a likely rise in hog prices in the second half of the year and are asking farmers to increase production quickly. The Ag Ministry indicated breeding sow population was down 8.3% in December from the previous year and was down for the third month in a row. If China production drops 10% that could mean 5.8 million less head a month.

Brazil witnessed some precip in the weekend but the coverage wasn't very good, in the drier areas of Brazil offered resistance. The rest of this week looks quite dry for many of these areas.

Weekly inspections for beans was 39 mb, which brings the total to 676 mb. That is down 40% from the prior year.

NOPA crushed 170 mb of soybean which is record for the month of December and the third largest monthly crush.

Meanwhile, Chinese meal values are trading at their lowest level in nearly a year. The spread of ASF and efforts to change the feed ration have many questioning China's need for beans/meal going forward. Based on Chinese data, Jan to Dec soybean imports were pegged at 88 MMT or down 7.9% from the prior year.

At the American Farm Bureau Federation in New Orleans, Trump said China has agreed to open its market to buy US pork.

FOMC member Clarida commented on the strong momentum the economy has going into 2019. He does not see a recession on the horizon.

US has increased the exports of its meat products in the world. China has been regularly buying US pork even after trade war and ASF has also necessitated even higher volume of exports to China. Argentina has started importing US pork, Brazil has booked first beef after 2003 from US. All these factors going to increase the consumption of soymeal in US and which is resulting record crush m-o-m as indicated in the US NOPA report.

Soy meal

With SEA production number current exports pace is capable of eating away all the exportable surplus by end of Oct-Sep MY. In 2017-18 stocks were tightening as we moved into the second half of 2017-18 MY but was not been supported by international market. Let's see how things are going to unfold post mid of Feb. In NCDEX market price sustain above 3650 level whenever it has breached it and this week closing is indicating the same. Prices can rally to 3850 in coming week.

Even though Iran has been prospective exports market for India mainly due to the establishment of barter system, Iran continue to buy SA soybean and meal rerouted through Afghanistan. According to sources nearly 30 lakh tons of bean/meal has already arrived Iran post US sanctions.

The only onus India has the barter system by which India is going to push basmati rice and soymeal in exchange of crude oil imported and thus Iran might try to dispose Indian rupee by buying above mentioned agri commodities.

According to SOPA in the OND quarter soymeal exports has been recorded at 6.74 lakh tons which is 2.3% low as compared last year exports of 6.9 lakh tons. In Dec India exported 2.78 lakh tons of meal which was 2.82 lakh tons last year in the same time frame. SOPA hasn't indicated towards the revision of their estimates which should have been came by this time.

Apart from regular buyers Iran has emerged the largest buyer of Indian soymeal and according to the SOPA can take 4.5 lakh tons of soymeal at the end of the Soy season. The grace period that US has offered to India is till March and by that time Iran is expected to buy as much as possible from India. India and Iran has signed barter agreement under which Iran will supply oil in exchange of Soybean.

However we have lost Bangladesh market which has been compensated by Iran. Thus we have now very limited demand from our satellite countries. Pakistan has already shifted to GM Soybean and importing very meagre soymeal. The only buyer left is Nepal.

India has opened doors for US poultry products and it will be interesting to see how US frozen chicken penetrates India's market which prefers consuming fresh cut chickens.

Soymeal vessel line up data is indicating that 1.1 lakh tons of soymeal is going to be dispatched from the ports by 17th of this month and thus with another 15 days we can expect 50 to 100 thd tons of bulk exports. If container shipments coming out to be .3 lakh tons we can assume Jan exports falling between 1.8 to 2.2 lakh tons which can be Jan highest since 2013-14.

On such exports pace 2018-19 exports can end with 12-13 lakh tons and if Bangladesh comes in which hasn't taken any significant quantity till Dec more exports can be expected which with production number of 102 to 104 lakh tons can be a tight situation in terms of stocks. In 2017-18 India exported 10.84 lakh tons of soymeal.

Rapeseed - Mustard Seed

The all India weekly seed supplies were reported 6.3 lakh bags as compared to 6.9 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 1st Jan 1.09 lakh 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 4145 per quintal as against INR 4015 per quintal during the corresponding period last year at the benchmark, Jaipur.

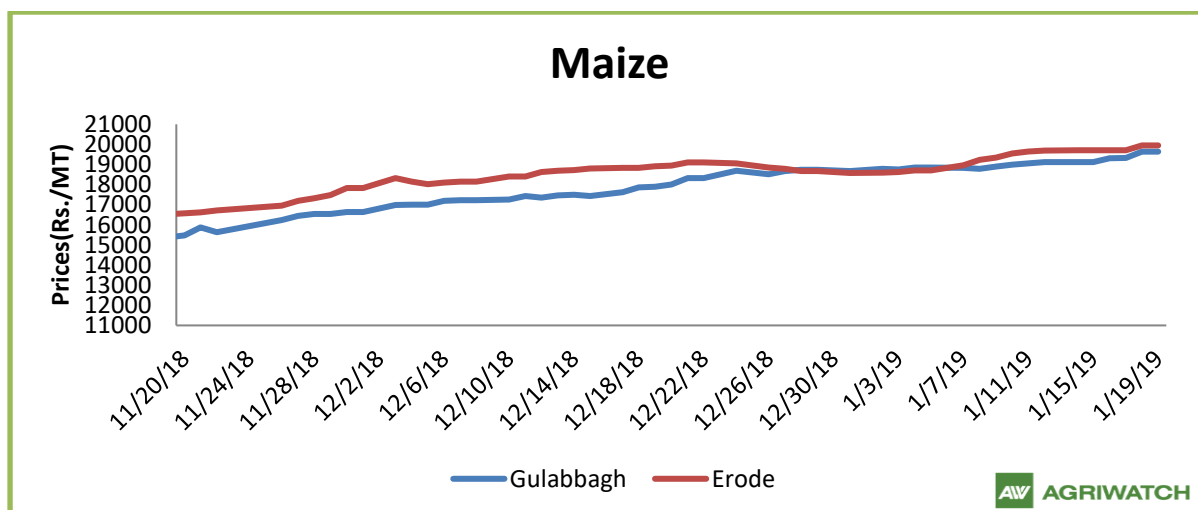
NAFED has sold 89.5 thousand tons of Mustard in Jan month as on 15th Jan and is the highest for the NAFED for this season in the first 15 months. The auctioned prices are at par with the market rate and thus has found strong interest among crushers amidst tapering supplies in the market. Auction on 15th Jan offered prices between 3605 to 3660. Stocks as on the mentioned date is at 3.11 lakh tons with another 1 ½ months for the start of new season. In any case with the expected early of new crop NAFED stocks by end of Mar-Feb MY is expected to be around 1.5 to 1.6 lakh tons. Earlier we were expecting that the stocks are expected to be above 3.5 lakh tons.

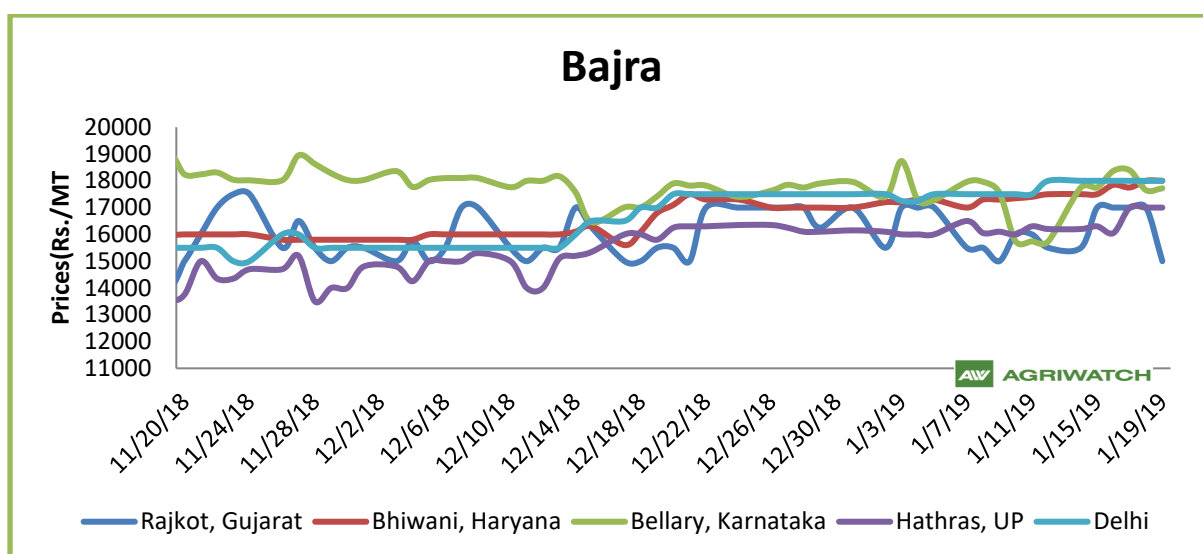
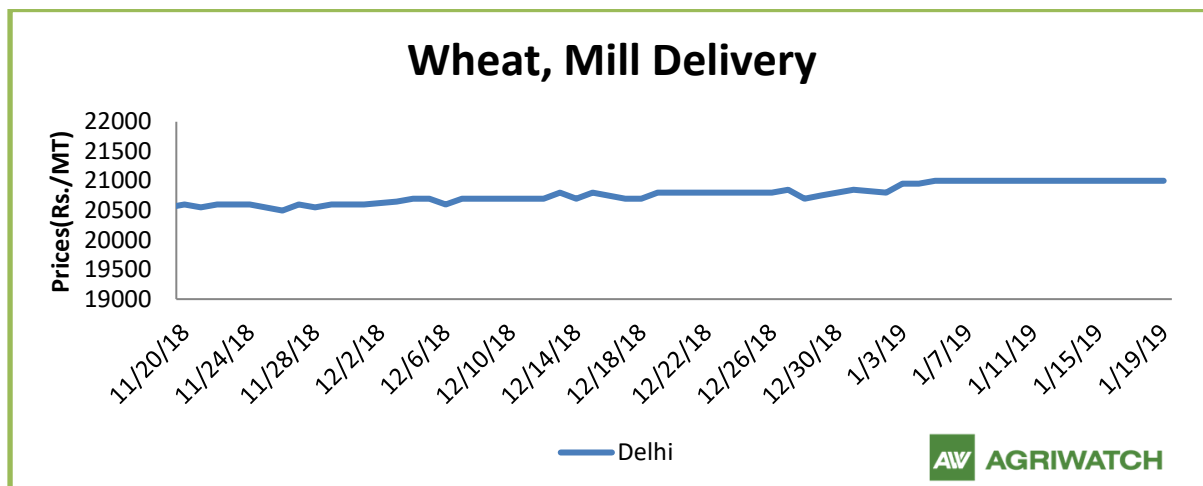
Warmer days are going to help rapid maturing of mustard crop and we can see arrivals hitting the market a week early. We have already witnessed early start of sowing this season. Thus there is no chance of any recovery in Mustard except weather which has to be closely looked after.

At Mustard front, Mustard sowing has been completed in 68.34 lakh hectares which is high against normal as well as last year sowing. All the states have recorded sowing to be above normal. However y-o-y fall has been witnessed in Jharkhand, Chhattisgarh, WB and Gujarat. Gujarat sowing has significantly recovered and is now at par with normal sowing pace.

The response to the NAFED auction has increased due to competitive prices and limited availability of mustard in the open market. Crushers are finding convenient to get delivery from one point with competitive prices. In 10 (Jan 1 to Jan 10) days NAFED has auctioned .7 lakh tons of mustard.

At weather front as the country enters the spring season the development of any storm in north has to be seriously looked after. The European agency of medium range forecast has given an outlook of widespread rains in northern India in the last week of the month. Let's see how strong it can be and also we have to look over how soon the weather warms up. As of now conditions remained cool and aphid attacks are still at bay.





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.

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 Davangere, demand from Bangalore and Tamil Nadu feed makers is still supporting to maize cash market despite new crop in Tamilnadu has started.

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 14.13 lakh hectares as of 18th January, 2019 which is lower than 15.62 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 4.58 lakh hectare which is slightly lower than 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 1.16 lakh hectares- lower than 1.90 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 0.97 lakh hectares which is equal to 0.96 lakh hectares during corresponding period last year. In Telangana, Maize sowing for the Rabi season as of 18th Jan'19 reported at 0.94 lakh hectares which is higher than 1.04 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. 1950 per quintal. Meanwhile, it is moving towards Bangalore at Rs. 1980-2000 per quintal and Namakkal at Rs. 2050 per quintal (Delivered price); sourced from Davangere. In Bihar, maize is moving towards Kolkata and Jharkhand at Rs. 2100 per quintal each.

Corn on CBOT rose by 1.48 USD/ MT to 149.60 USD/MT for Mar'19 contract compared to last week and is expected to trade firm ahead due to poor crop weather conditions in South America and expectation of increase in demand from China for U.S corn.

All India weekly average prices of wheat decreased by 0.94 percent to Rs. 2147.23 per quintal during the week ended 15th January 2019. Wheat average price were ruling at Rs 2167.57 per quintal during 01-08 January 2019. As compared to prices in the week 09-15 January 2018, the prices are firm by 15.40 percent. Prices are expected to remain slightly firm in coming days due to good demand and low imports.

As per market sources, wheat stock in central pool as on 1st January'19 stood at 271.00 lakh tonnes down by 11.52% compared to last month. This quantity is higher by around 38.53% 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 January'19 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.

As per latest update, rainfall in Punjab and Haryana has brought a great relief for farmers. Slow and continuous rain is expected to last until Wednesday. This rain will not only reduce the burden on groundwater but also increase productivity of the standing crop. However, farmers are also being advised to watch out for yellow rust, as it spreads with low temperature and strong winds.

As per latest update, area sown until 18th January'18 is 296.05 lakh hectares compared to 303.87 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 18th 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.

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 \$353.60 (Rs 25155) per tonne and \$374.28 (Rs 26625) 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 2400 per quintal and Rs 2450 per quintal respectively. Therefore, there is no import parity as of now from black sea region and Australia.

Indian FoB quote is hovering around \$309.15 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$234.20, \$233.70, Euro 202.56, \$224.46 and \$245.56 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 19.1MMT 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)		
	18-Jan-19	11-Jan-19	Parity To
Indore (MP)	30500	28700	Gujarat, MP
Kota	31300	29300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	32500	31000	Mumbai, Maharashtra
Nagpur (42/46)	31800	30000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32000	30800	Andhra, AP, Kar ,TN
Latur	32500	31200	-
Sangli	32700	31100	Local and South
Sholapur	31800	30500	Local and South
Akola	31000	29600	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	31500	31000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	31100	29100	-

Soy DOC at Port

Centers	Port Price	
	17-Jan-19	10-Jan-19
Kandla (FOR) (INR/MT)	Unq	31000
Kandla (FAS) (USD/MT)	Unq	400

International Soy DOC			
Argentina FOB USD/MT	17-Jan-19	10-Jan-19	Change
Soybean Pellets	331	337	-6
Soybean Cake Flour	331	337	-6
Soya Meal	330	344	-14
Soy Expellers	330	344	-14
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	18-Jan-19	11-Jan-19	Change
Adoni	23500	22000	1500
Khamgaon	-	-	-
Parli	-	-	-
Latur	-	-	-

Groundnut Meal (Rs/MT)	18-Jan-19	11-Jan-19	Change
Basis 45%, Saurashtra	26000	24500	1500
Basis 40%, Saurashtra	24000	22400	1600
GN Cake, Gondal	26000	25000	1000

Mustard DOC/Meal	18-Jan-19	11-Jan-19	Change
Jaipur (Plant delivery)	14500	14400	100
Kandla (FOR Rs/MT)	15200	15000	200

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	17-Jan-19	10-Jan-19	17-Dec-18	17-Jan-18	17-Jan-17
Delhi	Hybrid(U.P)	2000	1750	1750	1325	1560
Davangere	Loose	1850	1550	1725	1230	1500
Nizamabad	Bilty	1825	1800	1570	1340	1450
Ahmadabad	Feed	2000	2000	1800	1300	1500
	Starch	1980	2000	1900	1330	1520

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

	Argentina	Brazil	US	India
FOB	171.26	169.90	173.90	276.99
Cost and Freight	221.26	224.90	233.90	311.99

Soy Meal Exports (In MT):

<u>Month</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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	
Total	1210954	276674	455374.1	1408042	1003985

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>17-Jan-19</u>	<u>10-Jan-19</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1839	1785	54
		Hybrid	Bangalore	2200	2200	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1864	1618	246
Maize	Karnataka	Yellow	Davanger e	1850	1630	220
	Andhra Pradesh	Yellow	Nizamaba d	1750	1700	50
Rice	Haryana	IR8	Karnal	2800	2800	Unch
		Parmal Raw	Karnal	3400	3400	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3050	2870	180
	Maharashtra	DOC	Sangli	3250	3110	140
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2350	2200	150
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant	Jaipur	1450	1440	10

		delivery				
Groundnut Meal	Gujarat	GN Cake	Gondal	2600	2500	100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1973	1917	56
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1972	1917	55
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> © 2019 Indian Agribusiness Systems Ltd.