

Contents:

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

Summary

Mixed trend are continued in Soybean complex during this week. Arrivals are lower as traders expect further more rises in prices. However, RM Seed & Mustard prices featured weak tone amid dull retail demand. Recent beneficial rainfall may improve yield of 2018/19 oilseeds crop which may curb any major rally in the prices. We expect firmness in Soybean prices ahead of Holi festival. Prices could not sustain at highest level amid higher crop estimates for 2018/19 and 2019/20. Therefore, prices may trade in steady to firm zone in coming week.

In terms of Soy meal exports, exporters are slow in the market as prices are remaining declining. 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.

We expect India's RM Seed production higher at 69.51 lakh tonnes in 2018/19 supported by good rainfall in key states as compared to previous year record i.e.63.07 lakh tonnes. Rajasthan, Uttar Pradesh and Bihar owe a higher contribution reporting higher output estimates like 30.40 lakh tonnes, 12.81 lakh tonnes and 1.51 lakh tonnes respectively for this year. Crops received a good volume of rainfall at the time of flowering & maturity stage as a result yield improved of this season.

As per sources, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. As per Soybean Processors' Association (SOPA) estimates, Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season.

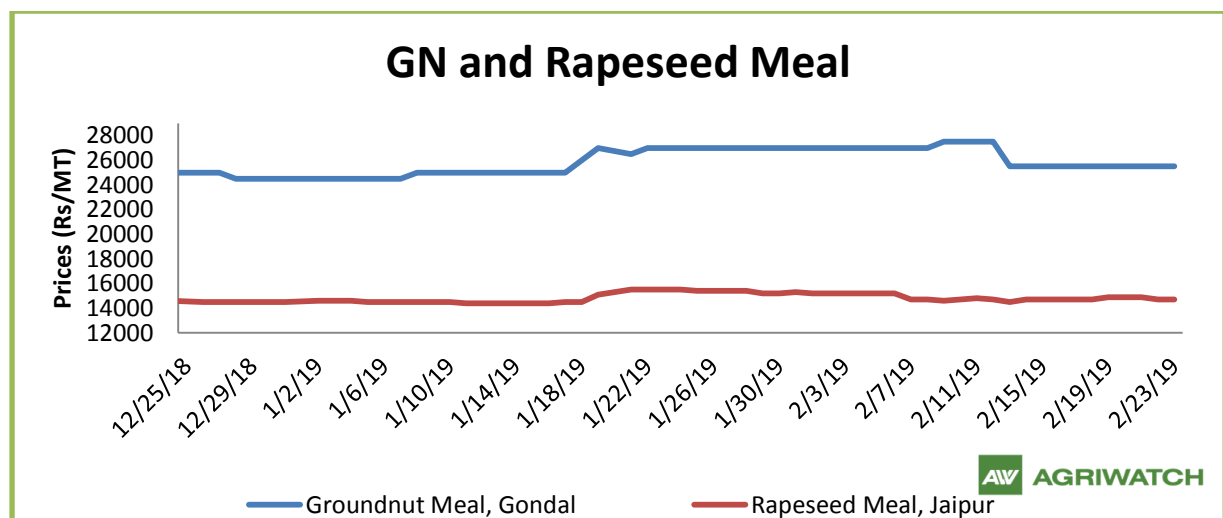
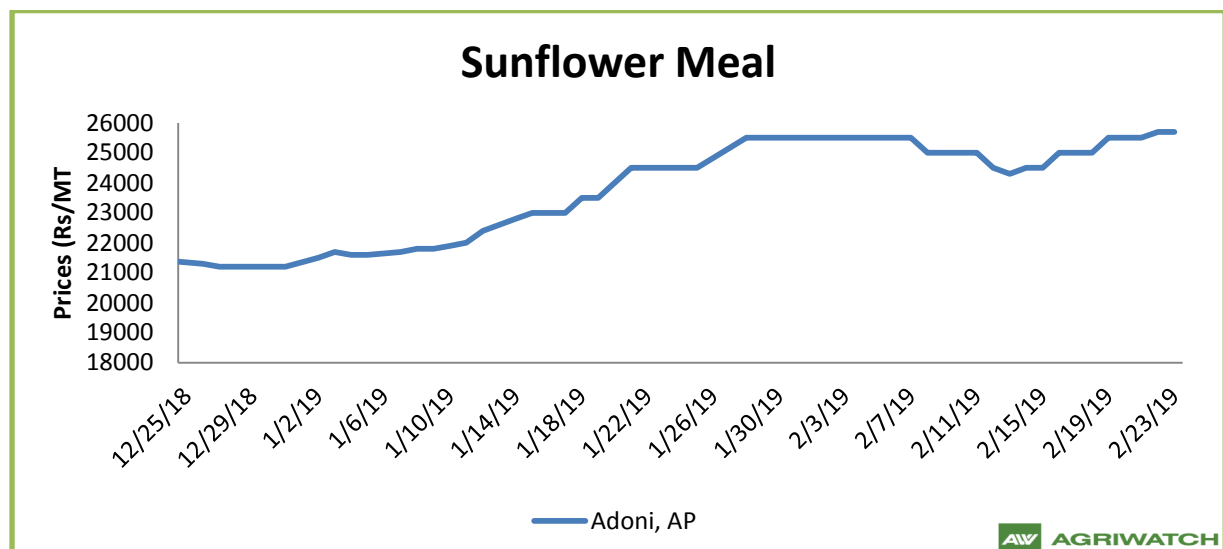
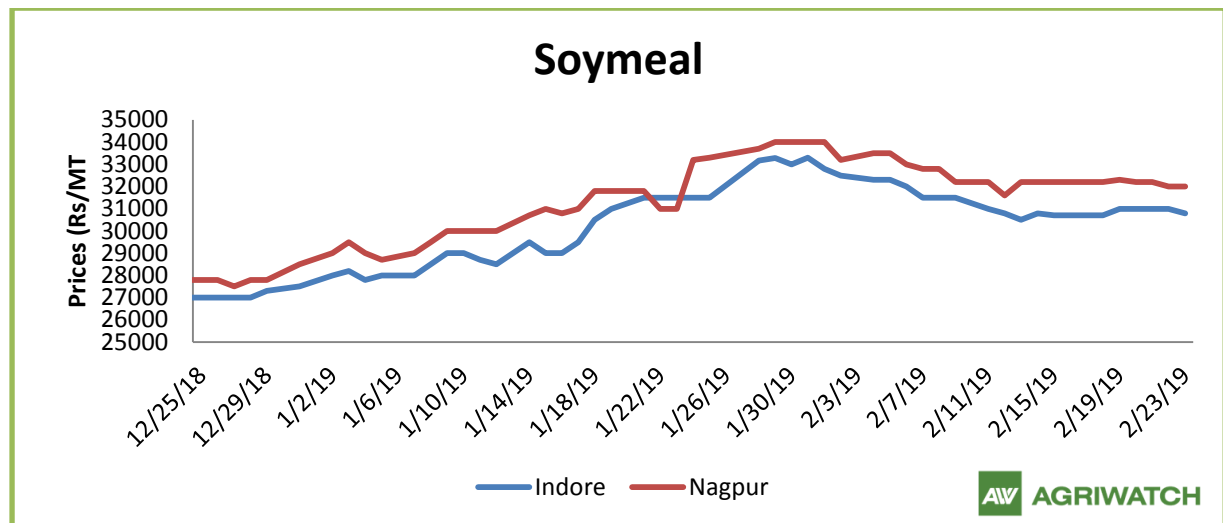
At international front, CBOT soybean future declined on technical selling and amid concerns about competition for export business on the global market. Trade talks and negotiations between China and U.S. may delay up to March 1, 2019. Relatively, reducing demand of animal feed on account of rising African swine fever (an incurable pig disease) in China may decline imports of Soybean in the country. China crushes millions of tonnes of imported soybeans each year to produce Soy meal to feed its huge livestock herd. As per sources, China has imported total 7.38 million tonnes of soybeans in January 2019 with a decline of 13 percent from previous year record i.e. 8.48 million tonnes due to hefty duty imposed on shipment from the United States. However, import volume is up by 29% from 5.72 million tonnes in December 2018 as some of cargoes delayed in December cleared customs in January. It was the Brazilian beans. As on 29th Jan 2019, China's national weekly Soybean stocks are recorded down at 6.19 million tonnes against a record high in October 2019, however, it is up from last year January levels. As per recent updates, China has promised to buy an additional 10 million metric tons of U.S. soybeans in a meeting in the Oval Office as held on 22nd Feb 2019. Lower estimates of U.S. soybean's plant area and improved Buying activities of China may support global prices to rise in future.

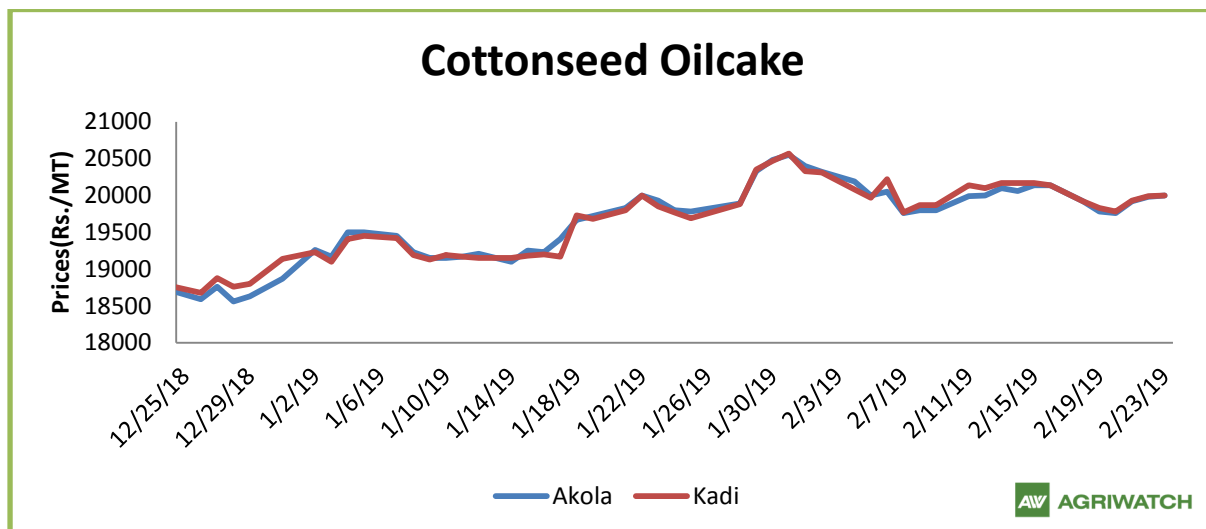
Overall soybean may inch up in expectation of improved local demand. Mustard may trade remain on lower side on less demand and higher crop estimates.

Major maize cash markets traded mixed during the week and are likely to trade mixed in the near term too. At one side, scarcity of goods amid high feed makers demand could keep firmness intact while on the other sides, expectation of new crop arrival could limit the firmness.

All India weekly average prices of wheat decreased by 1.11 percent to Rs. 2144.46 per quintal during the week ended 23rd February 2019. Wheat average price were ruling at Rs 2168.57 per quintal during 09-15 February 2019. As compared to prices in the week 16-23 February 2018, the prices are firm by 12.89 percent. Prices are expected to remain weak in coming days due to abundant availability in domestic market.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Firm trend could be seen in Soybean markets on rising demand in coming days. Poultry farmers may get active ahead of Holi Festival. Exports sentiments may improve on global positive news.

The Maharashtra Commission for Agricultural Costs and Prices (MCACP) has requested to the government to impose ban on imports of genetically-modified (GM) soybean now due to enough availability GM soybean so that Indian farmers could not suffer much. As of now, India has already bought around 1 lakh of GM Soybean. While Indian Soybean prices declined to 3700/ quintal from a three year high of 3950/quintal so far and lower trend may continue if GM soybean import will be continued.

As per recent ministry report, Rabi Oilseeds crop sowing area in 2018/19 season stood slightly down by 0.6% to 80.40 lakh Ha. in India as compared to 80.98 Lakh Ha. in 2017-18. Currently, farmers have covered total 80.36 lakh Ha. normal area as on 22nd Feb 2019. However, Rapeseed sowing area of this year is recorded higher by 2.3% to 69.37 Lakh Ha. against 67.06 Lakh Ha. in last year.

Maharashtra may cover 36.39 lakh ha. area of Soybean crop in this year as per SOPA estimates. The estimate is down by 10% from government estimates of 40.43 lakh Ha area. Soybean production of the state may increase by 32% to 38.4 lakh tonnes in this year.

As per sources, Soybean production of India may rise by 38% to 11.48 million tons this year against 8.36 million tonnes in last year record as supported by better yield, favorable weather condition in the major soybean crop growing states like Madhya Pradesh, Maharashtra and Rajasthan. As per Soybean Processors' Association (SOPA) estimates, Soybean acreage rose to 10.48 million hectares compared to 10.16 million hectares in the last season. Average yield jumped by 29 per cent to 1059 kg per hectare for the current harvesting season from 823 kg per hectare in the previous season. Soybean production in Madhya Pradesh may inch up by 41% to 5.92 million tonnes for the current season from 4.2 million tonnes last year. Total yield in the state is estimated to rise by 30.5 per cent to 1094 kg per hectare for the current season from 838 kg from the previous season.

As per recent updates, GSCSL (Gujarat State Civil Supplies Corporation Limited) procured total 4.25 lakh tonnes of Groundnut from 2.10 lakh farmers of the state at the cost of Rs. 2127 crore. The operation of procurement of groundnut from farmers by the central government under price support scheme (PSS) ended in Gujarat on 12th Feb 2019.

The domestic soybean prices are likely to trade steady to upside in the domestic market.

International Market

As per USDA report U.S. may plant less Soybean at 85 million acres against 89.2 million acres in last year as farmers are likely to shift soybean area to corn. While Reuters analyst expect at 86.1 million acres. Soybean crop in Argentina is in good condition supported by recent hot and dry weather which is helping to stabilize flooded areas. Argentina may harvest 53 million tonnes of Soybean in the current season. U.S. soybean supplies are expected to make a record at 910 million bushels which is just double from last year record due to higher Soybean crop estimates in South America and U.S. trade dispute with China.

As per Agribusiness consultancy AgRural, Brazil is likely to export soybean at 70.2 million tonnes in 2019 lower from its previous forecast of 73 million tonnes because China and U.S trade war could not effect much on Brazilian soybean demand. Even, shipment of Brazil may fall further more after resolving trade war of the countries. It says that Brazil is likely to produce Soybean crop at 116.4 million tonnes in 2018/19 which is lower than its previous forecast i.e. 116.5 million tonnes due to continue dry spell in the country. While, farmers of Brazil expect crop size at 114.6 million tonnes lower from 119.3 million tonnes in the last crop year as dryness and excessive heat in key planting regions from December 2018 affected development of the beans in the filling stage.

According to National Oilseed Processors Association (NOPA), U.S. January soybean crush fell marginally 171.630 million bushels from 171.759 million bushels in December 2018. Crush of soybean in January was higher by 5.22 percent compared to January 2018 figure of 163.111 million bushels. Soy oil stocks in U.S. at the end of January rose 3.41 percent to 1.594 billion lbs compared to 1.498 billion lbs in end December 2018. Stocks of soy oil in end January was lower by 10.36 percent compared to end January 2018, which was reported at 1.728 million lbs.

As per USDA recent report, Output of Oilseed for the World is forecast lower at 593.3 million tons due to major decline in Soybean production. Soybean production may fall by 8.2 million tons to 361.0 million in 2018/19. Total soybean imports are expected to down by 1.0 million with a reduced forecast for China offsetting an increase in Argentina. Soybean exports are down 1.7 million after lower exports volume from Brazil, United States, Uruguay, and Paraguay. The U.S. season-average farm price for soybeans is projected unchanged at \$8.60 per bushel. U.S. soybean export bids in January 2019, FOB Gulf, averaged \$346/ton, up \$5 from December and \$17 from November. In comparison, Brazil Paranagua averaged \$349/ton, down \$3 from December and \$34 from November.

Soy meal

Soymeal prices closed remain on lower side due to poor exports and domestic demand. South based traders are inactive in the market. On a recent positive announcement of China to buy Soybean from U.S. may support Indian Soy meal prices.

Now, Iran is ready to buy Soybean meal from India. Iran bought total 2.8 lakh tons of Indian Soybean meal during April to January 2019 which is higher from 23000 tons in previous year record.

According to recent WASDE report, There is no changes in Soybean meal production as the higher crush is offset by a lower extraction rate. Lower supplies and increased crush are partly offset with a 25-million-bushel reduction in exports. Ending stocks are estimated down by 45 million to 910 million bushels from its earlier forecast.

As per SEA recent report, India exports total 283,850 tons of Oilmeals during January 2019 higher than 269,668 tons in previous year during the corresponding period of time. Total exports volume of Oilmeals is recorded up by 7% at 2,692,452 tons during April 2018 to January 2019 against 2,516,657 in previous year during the same period of time. Total shipment of Rapeseed meal went up at

897,537 tons in first ten months (April to January 2019) against 486,917 during the same period of time in previous year supported by major buyers like South Korea, Vietnam and Thailand. Thailand shipped 65% higher rapeseed meals to 263,280 tonnes in the current season .

For KMS Oct-Sep Soybean meal has been exported to a tune of 1.1 lakh tons OND and thus by mid of season India is expected to export nearly 2.6 LT of soymeal which Iran will compensate, the loss of exports to Bangladesh. Post mid of 2018-19 Soybean season, it should be noted that US will again force India to put a trade sanction on Iran after the expiry of the grace period. In this period prospects of soymeal exports to Iran has to be evaluated given the fact Iran has already a contingency plan to bypass US restriction by doing barter trade with India with Iran's bank opening its banking facility branch in Mumbai to facilitate transaction in Indian rupee.

Indian soymeal premium quoted higher side by \$110 per ton over Argentinean meal with Indian meal bullishness producing the premium rather than Argentinean meal bearishness. Such premiums may limit bookings of Indian Soymeal for forward as well as spot market.

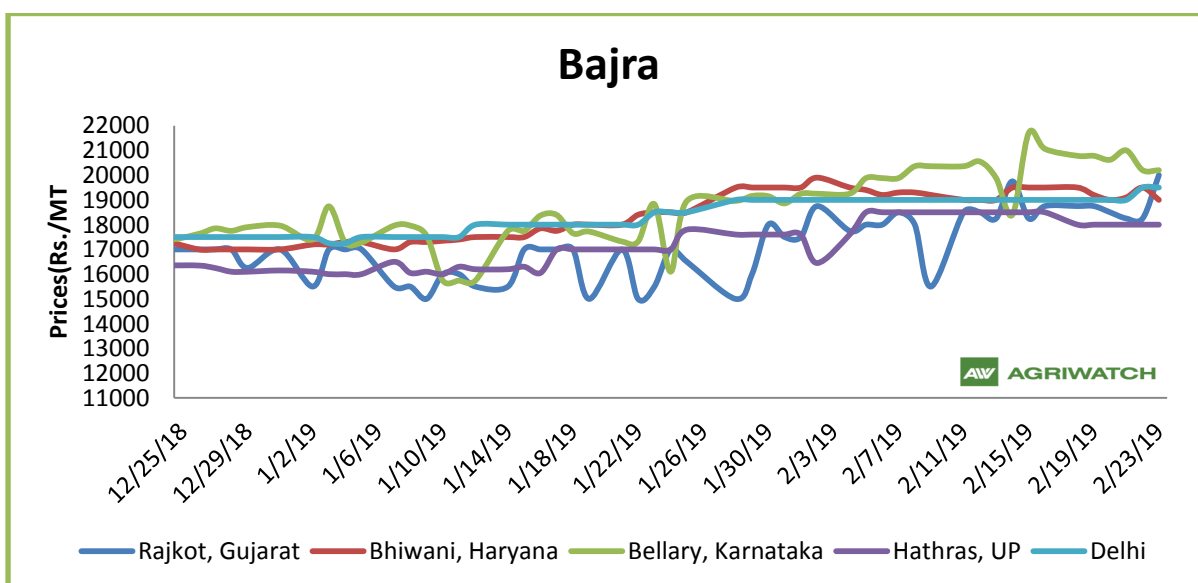
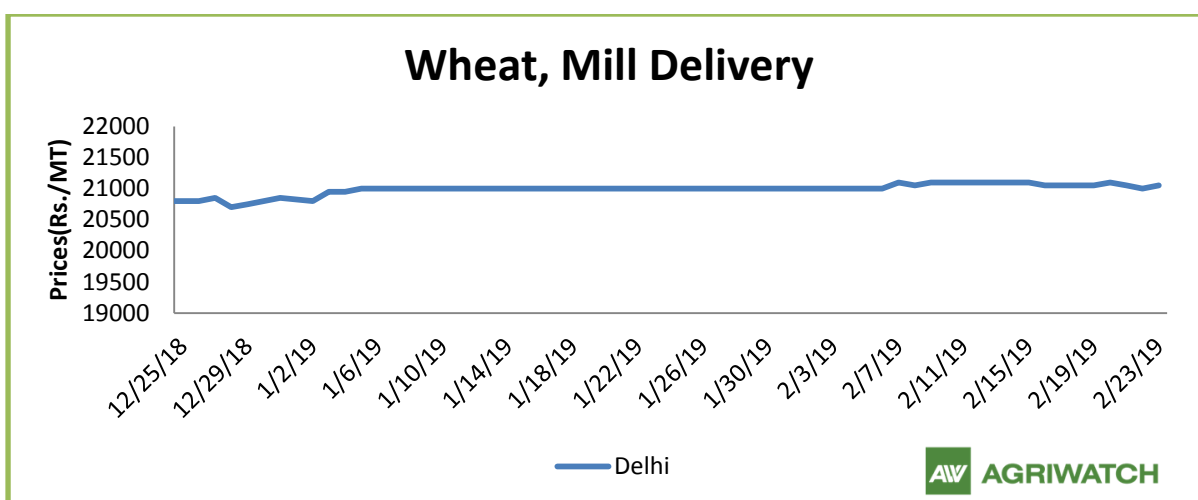
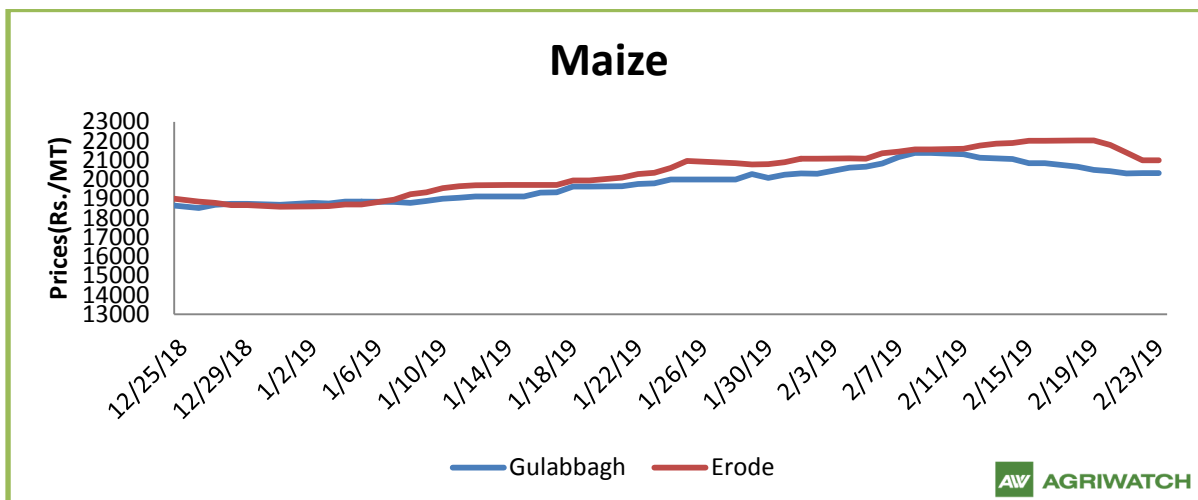
Rapeseed - Mustard Seed

All India weekly seed supplies increased in this week against previous week records as stockiest are ready to release their old stocks and new crops at the current market prices. Some of the farmers are in fear that prices may fall from the current level.

The spot prices declined in this week due to dull demand. Old crop is going to find support at current levels however new crop is expected to fall towards 4000 given the scenario building towards a good crop this year. At the end of week, mustard closed lower at 4120 per quintal as against INR 4135 per quintal last week at the benchmark, Jaipur.

Mustard prices are trending lower side on weak demand despite lower stocks availability. Higher crop estimate is leading prices downside. Weather is supportive for new mustard crop and improved yield of matured new crops. Beneficial recent rainfall in India increased the productivity. Rajasthan, U.P., Bihar may get higher mustard crop of this season. However, less rainfall may affect to the yield of Gujarat, Haryana and West Bengal. We expect higher Mustard crop size for 2018/19 season. We expect lower mustard crop production for Gujarat, Punjab/Haryana and West Bengal i.e. 30.49 lakh tonnes, 5.93 lakh tonnes & 3.39 lakh tonnes respectively for 2018/19 season.

New Mustard crop has hit the Baran market and was expected as the sowing was early in Rajasthan. Mustard prices in Rajasthan performed well despite new higher crop arrivals. Local buyers are ready to buy new crop at the current market prices as the quality is good. Traders are saying about bumper crop this season. Usually the new crop starts arriving from second week of Feb. We expect that arrivals of new crop may increase as a result price is expected to remain under pressure.



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

Major maize cash markets traded mixed during the week and are likely to trade mixed in the near term too. At one side, scarcity of goods amid high feed makers demand could keep firmness intact while on the other sides, expectation of new crop arrival could limit the firmness.

In Telangana, expectation of new crop in coming weeks and stock released by Telangana government could limit the firmness while in Davangere region of Karnataka, maize could trade steady to slightly weak due to sluggish demand of Tamilnadu feed makers.

As per trade sources, India exported 30,033 MT of maize for the month of January'19 at an average FoB of \$263.86/ MT. Indian maize is exported mainly to Nepal followed by Yemen, Qatar and Sri Lanka mainly through Raxaul followed by JNPT and Mundra port.

In India, Rabi maize has been sown in around 15.56 lakh hectares as of 22nd February, 2019 which is lower than 17.28 lakh hectares during corresponding period last year. In Bihar, maize has been sown in around 4.75 lakh hectare which is almost equal to 4.70 lakh hectares during corresponding period last year. Crop conditions are favourable till the time. 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 2.08 lakh hectares during corresponding period last year. 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 22nd February'19 reported at 1.15 lakh a hectare which is lower than 1.47 lakh hectares in the corresponding period last year. Crop is at harvesting stage. Nizambad, Kamareddy, Warangal (U)/(R), Nirmal, Karimnagar and Mahabubabad districts are affected by fall army worm. Trade sources revealed that in Nizamabad, around 10-20% crop is affected by fall army worm. New crop in Telangana is expected to arrive in coming weeks.

From the trade point of view, In Nizamabad, maize is moving to Hyderabad at Rs. 2130 per quintal. Meanwhile, maize is moving towards Bangalore at Rs. 2120 per quintal, Namakkal at Rs. 2150 per quintal, Chitradurga at Rs. 2050 per quintal, Sangali at Rs. 2120 per quintal, Ranebennur at Rs. 2050 per quintal and Chennai at Rs. 2200 per quintal (Delivered price); sourced from Davangere. In Bihar, maize is moving towards Kolkata at Rs. 2150 per quintal.

Corn on CBOT rose by 0.30 USD/MT to 147.83 USD/MT for Mar'19 contract compared to last week.

IGC increased its forecast for 2018/19 global corn production by 33 MMT to 1109 MMT compared to previous month forecast; driven by upward revision for China' crop. Forecast for global corn ending stock was also up by 26 MMT to 297 MMT compared to last forecast for 2018/19.

All India weekly average prices of wheat decreased by 1.11 percent to Rs. 2144.46 per quintal during the week ended 23rd February 2019. Wheat average price were ruling at Rs 2168.57 per quintal during 09-15 February 2019. As compared to prices in the week 16-23 February 2018, the prices are firm by 12.89 percent. Prices are expected to remain weak in coming days due to abundant availability in domestic market.

As per trade source, India has exported around 4.51 thousand tonnes in the month of January-2019. The quantity in January-2019 was exported at an average FOB of \$ 375.89 per tonne and the major destinations were Nepal, UAE and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Government has fixed wheat procurement target at 35.70 MMT for 2019-20. Of the total target around 12.5 MMT will be procured from Punjab, 7.5 MMT from Madhya Pradesh, 8.5 MMT from Haryana, 5 MMT from Uttar Pradesh, 1.7 MMT from Rajasthan and 0.5 MMT from others. Last year government surpassed its procurement target of 32 MMT and procured 35.5 MMT. The procurement will start from 15th March'19 in Madhya Pradesh. Procurement in Punjab and Haryana will start from 01st April'19.

Government has offered 68385740 tonnes of wheat in OMSS since July'18 until second tender in February'19 out of which 7003350 tonnes was sold. Total numbers of rakes sold were 142. State government and bulk consumers bought 667300 tonnes and 5959750 tonnes of wheat respectively. 376300 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.

India mainly imports from Australia and Russia. Wheat prices have become weak in both the countries. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$348.40 (Rs 24780) per tonne and \$337.81 (Rs 24100) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23000 per tonne and Rs 23500 per tonne respectively.

Indian FoB quote is hovering around \$305.34 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$234.30, \$233.60, Euro 191.60, \$220.12 and \$229.04 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 1-5 thousand 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 137.7 MMT in 2018-19 compared to 151.4 MMT in 2017-18. Russia and Ukraine are likely to harvest 71.60 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 17.3 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 31.80 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 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)		
	21-Feb-19	14-Feb-19	Parity To
Indore - 45%, Jute Bag	31000	30800	Gujarat, MP
Kota - 45%, PP Bag	32000	32000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	32300	32500	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	32200	32200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN

Nanded	32500	32500	Andhra, AP, Kar ,TN
Latur	32500	32500	-
Sangli	32500	32500	Local and South
Solapur	33000	31800	Local and South
Akola – 45%, PP Bag	31500	31200	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	32700	32500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	31800	31800	-

Soy DOC at Port

Centers	Port Price	
	20-Feb-19	13-Feb-19
Kandla (FOR) (INR/MT)	33900	33500
Kandla (FAS) (USD/MT)	435	440

International Soy DOC			
Argentina FOB USD/MT	20-Feb-19	13-Feb-19	Change
Soybean Pellets	324	329	-5
Soybean Cake Flour	324	329	-5
Soya Meal	325	331	-6
Soy Expellers	325	331	-6
Sunflower (DOC) Rates			
Ex-factory rates (Rs/ton)			
Centers	21-Feb-19	14-Feb-19	Change
Adoni	25500	24500	1000
Khamgaon	-	-	-
Parli	-	-	-
Latur	-	-	-

Groundnut Meal (Rs/MT)	21-Feb-19	14-Feb-19	Change
Basis 45%, Saurashtra	25300	26300	-1000
Basis 40%, Saurashtra	Unq	Unq	Unq
GN Cake, Gondal	Unq	Unq	Unq

Mustard DOC/Meal	21-Feb-19	14-Feb-19	Change
Jaipur (Plant delivery)	15300	14700	600
Kandla (FOR Rs/MT)	15650	15300	350

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	21-Feb-19	14-Feb-19	21-Jan-19	21-Feb-18	21-Feb-17
Delhi	Hybrid(U.P)	2150	2200	2000	1350	1580
Davangere	Loose	2000	2000	1850	1230	1500
Nizamabad	Bilty	2030	2050	1825	1320	1480
Ahmadabad	Feed	2250	2200	2000	1370	1540
	Starch	2200	2100	1980	1360	1525

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

	Argentina	Brazil	US	India
FOB	167.03	168.20	181.31	302.20
Cost and Freight	217.03	223.20	241.31	337.20

Soy Meal Exports (In MT):

Month	2014	2015	2016	2017	2018	2019
Jan	364444	103934	7707	155160	105678	210166
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	186409	

Dec	193832	5667	241250	168865	170588	
Total	1210954	276674	455374.1	1408042	1143244	210166

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	21-Feb-19	14-Feb-19	Change
Bajra	Karnataka	Hybrid	Bellary	2100	1840	260
		Hybrid	Bangalore	2100	2100	Unch
Jowar	Karnataka	White	Bangalore	2150	2150	Unch
		White	Bellary	1934	1920	14
Maize	Karnataka	Yellow	Davanger e	2000	2000	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1930	1950	-20
Rice	Haryana	IR8	Karnal	2850	2850	Unch
		Parmal Raw	Karnal	3200	3200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3100	3080	20
	Maharashtra	DOC	Sangli	3250	3250	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2550	2450	100
	Maharashtra	Ex-factory	Latur	Unq	Unq	-
Mustard	Rajasthan	Plant delivery	Jaipur	1490	1470	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2550	2550	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1993	2017	-24
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1992	2006	-14
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.