

***Contents:***

---

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

## Summary

The domestic soybean continued weak trend on dull demand from the crushers/millers mainly on slack in soymeal demand.

However, rapeseed-mustard rallied on strong buying support from crushers/millers, stockists to cover their stocks. While Nafed too is actively procuring the RM seed from the major producing states under Price Support Scheme – PSS.

Besides, the soymeal too fell on poor demand from poultry sector. Poultry consumption is severely hit due to coronavirus pandemic. We expect it to gradually revive with the easing of lockdown and subsiding fear of the virus.

Minimum Support Prices of all the major Kharif oilseeds Soybean, Groundnut, Sunflower seed, Sesamum and Nigerseed are adequately raised for 2020-21 marketing year by the cabinet committee of economic affairs, chaired by the Prime Minister.

Monsoon has hit Kerala and southern parts of India on June 01, 2020, on time, and it is expected to be normal this year.

The Kharif oilseeds planting is expected to be normal this year with normal forecast of the seasonal rains and the area under groundnut cultivation is expected to rise on better realization to farmers last season.

Soybean is likely to remain under pressure with ongoing weak demand in soymeal. The poultry demand is expected to improve with the relaxation in lockdown, currently the COVID cases are rapidly increasing in India.

However, rapeseed-mustard prices will continue feature firm tone on good buying support from solvent extractors and stockists, in near-term.

Weak demand from poultry sector will continue to weigh on the soymeal prices in near-term.

Maize cash markets traded mixed compared to previous week. However, it is likely to trade steady to range bound in near term amid limited demand and arrival.

In Bihar, maize is being traded at Rs. 1250 per quintal (Bilty Price) amid limited demand and arrival. Stockists demand has come down as recent rains has impacted the arrival quality. It is expected that maize could trade steady to range bound in near term too amid limited demand and arrivals.

Maize is moving towards Bengaluru and Tamil Nadu at Rs. 1450 per quintal and Rs. 1550 per quintal (Delivered Price) respectively; sourced from Davangere region of Karnataka. Maize is likely to trade steady amid arrival pressure. As per media reports and also confirmed by trade sources, each maize grower in the Karnataka state is getting a cash relief of Rs.5,000 to compensate the impact of low maize prices.

Maize acreage in Kharif 2020-21 may turn out to be higher than that in Kharif 2019-20 as farmers in Karnataka, Rajasthan, Maharashtra and Madhya Pradesh would prefer less labour intensive crops. Seed availability is expected to remain sufficient as transportation of agriculture related materials has become almost normal after the relaxations in lockdown. Expectation of good monsoon amid increase in MSP by Rs. 90 per quintal at Rs. 1850 per quintal for the Kharif season 2020-21 and reward offering by Haryana government from water guzzling paddy crops to maize; are all good motivating factors for farmers to grow more maize for this Kharif season. However, in Telangana, maize area likely to shift

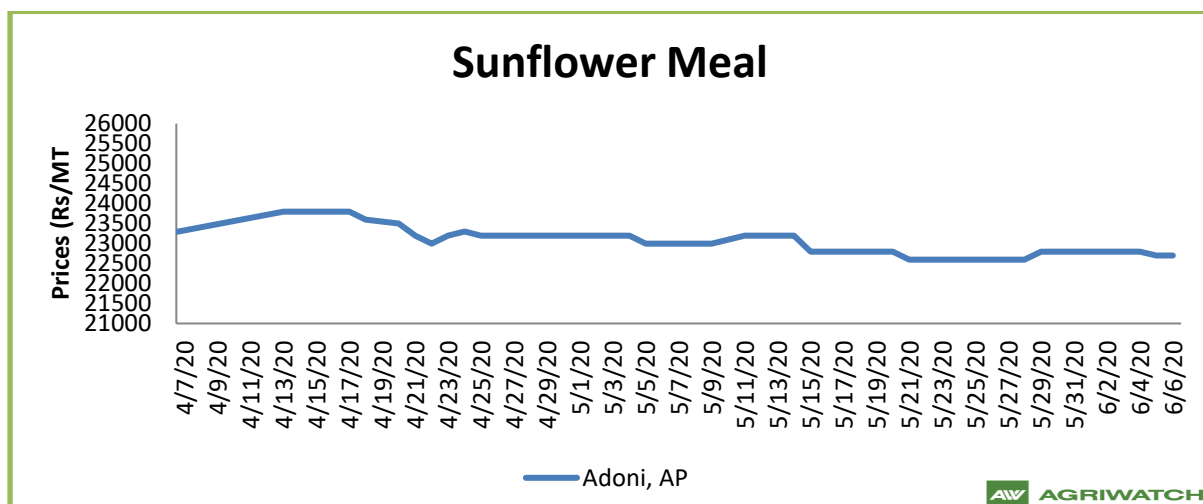
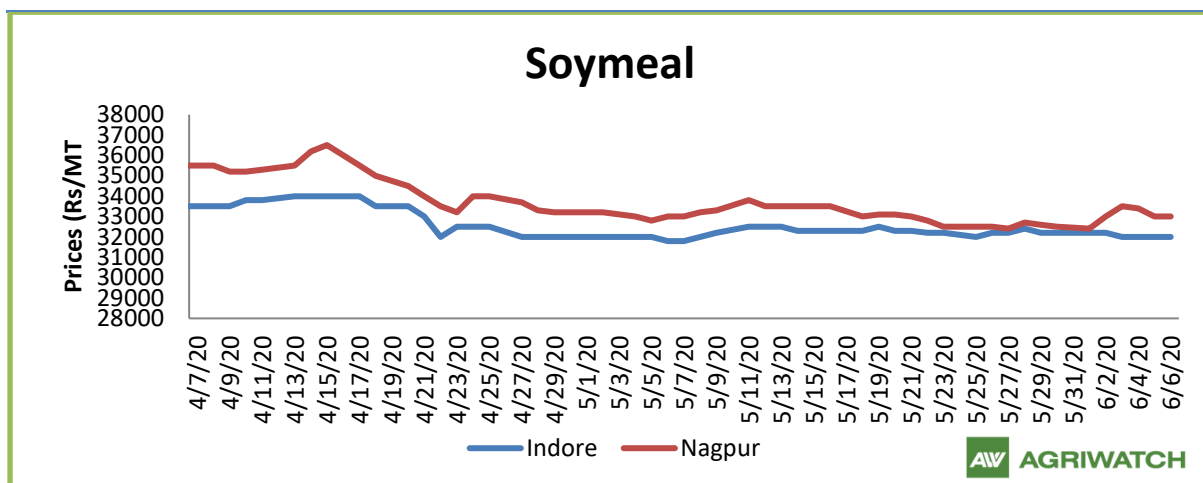
towards more remunerative and high yield crops like pulses. In SPSR Nellore, Chittoor and Anantapuram districts of A.P, and also in some districts of Karnataka, maize sowing has just started.

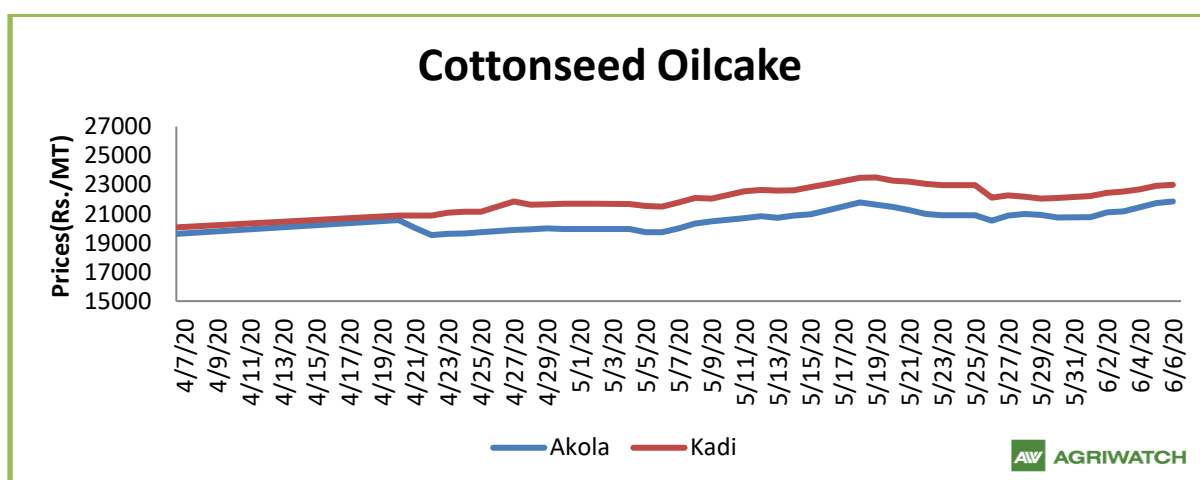
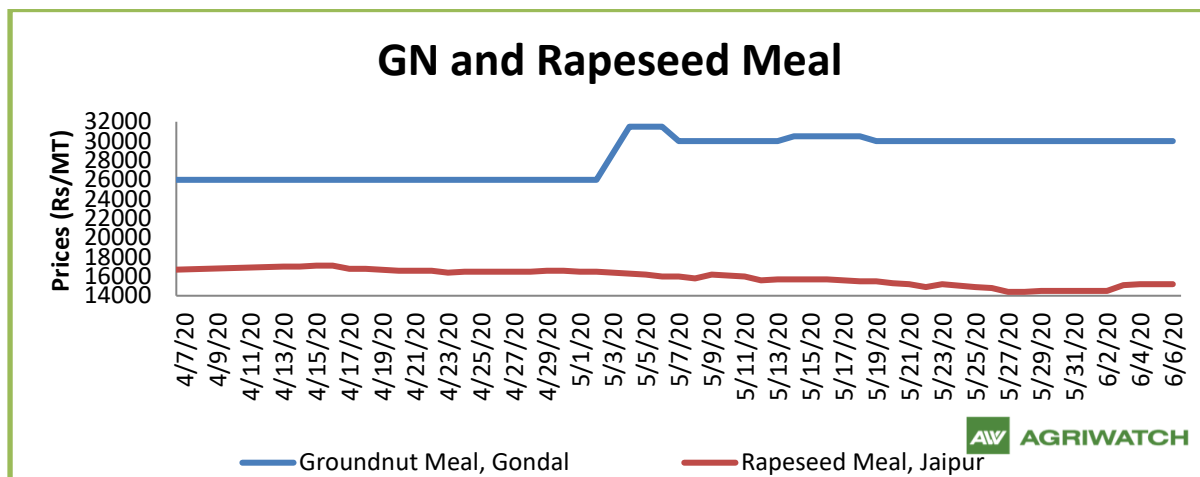
As per AP marked, from the current rabi crop, 3,28,922 MT of maize has been procured by A.P government as of 04th June,2020.

All India weekly average prices of wheat increased by 0.03 percent to Rs. 1976.66 per quintal during the week ended 08<sup>th</sup> June 2020. Wheat average price were ruling at Rs 1977.85 per quintal during 23-30 May 2020. Prices are expected to trade steady to firm as official procurement is going in Punjab and other wheat production states.

The NCDEX spot prices in Kadi stood slightly higher at Rs.2103/q in Akola. The kapas and cotton seed prices also increased during the week. The CCI cotton purchases increased to around 60,000 bales/day across India from 10,000bales/day during the initial days of lockdown. Still not all the seed crushing mills are working with full capacity and facing shortage of labour in the factories.

### Trend – Raw Material, Feed





Source: AgriWatch

## Soy meal

Soymeal continued to witness weak tone mainly on sluggish demand from the poultry sector. There is very thin demand from the poultry and other feed manufacturers due to the fall in poultry or animal protein consumption in last couple of months.

Currently, India's poultry industry have been severely hit due to coronavirus pandemic and rumours linking poultry bird possible carrier of the virus.

Relaxation in lockdown across India have raised the hope that it could boost the poultry consumption which will subsequently improve the demand in domestic soymeal.

Need based buying is featured in the cash market and there is very limited soymeal export demand of Indian origin.

India's oilmeal shipments fell 60% in April from a year earlier, as higher government-set oilseed MSP made the shipments uncompetitive.

India exported 102,001 tonnes of oilmeal in April 2020, said the Solvent Extractors' Association of India.

Again, oversupply scenario of soymeal remains the pressurizing factor meal, this is view of higher soybean stock for the remaining of the marketing season.

In the discussion Dr. BV Mehta said, with currently 4 Mn T of soybean in hand translating into the availability of 3-3.2 Mn T of soymeal could be challenging for the meal price in marketing year (Oct-Sep).

There is a very thin exports demand in oilmeals of Indian origin as competitive price offered in soymeal by South America.

The domestic soymeal prices at Indore, fell and was quoted between Rs 32,000 – 32,200/MT compared to Rs 32,000 – 32,400/MT previous week.

At Latur and Nanded, Maharashtra, soy meal witnessed steady to weak tone and were quoted at Rs 32,800 – 33,500/MT and Rs. 33,200-33,500/MT respectively compared to Rs 32,000 – 32,200/MT in Indore and Rs 33,000-33,200/MT in Kota.

India's Y-o-Y soy meal prices, Indore, are currently higher. Soy meal Indore was quoted higher between Rs 32,000 – 32,200/MT during the week compared to Rs 31,500 – 32,100/MT during the corresponding period last year.

The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 32,000 – 33,800/MT on slack in demand from poultry sector, in near to medium-term.

### **Rapeseed - Mustard Seed**

The rapeseed-mustard continued uptrend on strong buying support in the key cash market yards during the week under review.

The seed prices skyrocketed in last one and half months after oilseed crushers and the stockists started covering newly harvested rapeseed-mustard stock for future, at the current prices.

Nafed is actively procuring the rapeseed-mustard from various centers in Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh.

Crushing of rapeseed-mustard by oilseeds crushers in India rose 6.7% on year to 800,000 tonnes in May, said Mustard Oil Producers Association of India. Rapeseed-mustard crushing stood at 750,000 tonnes during the same period last year.

As on 05 Jun 2020, the progressive purchase of rapeseed mustard by Nafed under PSS from these states stands at 710262.7 metric tonnes with a total value of Rs. 314291.24 Lakh and the total number progressive number of farmers benefited from the scheme stands at 2,79,404.

India's mustard meal shipments fell 14% on year in 2019-20 to 961,312 tonnes and in April, it fell 82% on year to 21,493 tonnes, data released today by The Solvent Extractors' Association of India. South Korea, Vietnam, Thailand and few other south-east Asian countries were the major buyers of mustard meal of Indian origin.

RM seed prices further gained by 2% to Rs 4670 – 4785 from Rs 4565 - 4705 previous week in Jaipur.

Dull trade in soybean in key markets have continued to lend additional support to the rapeseed-mustard.

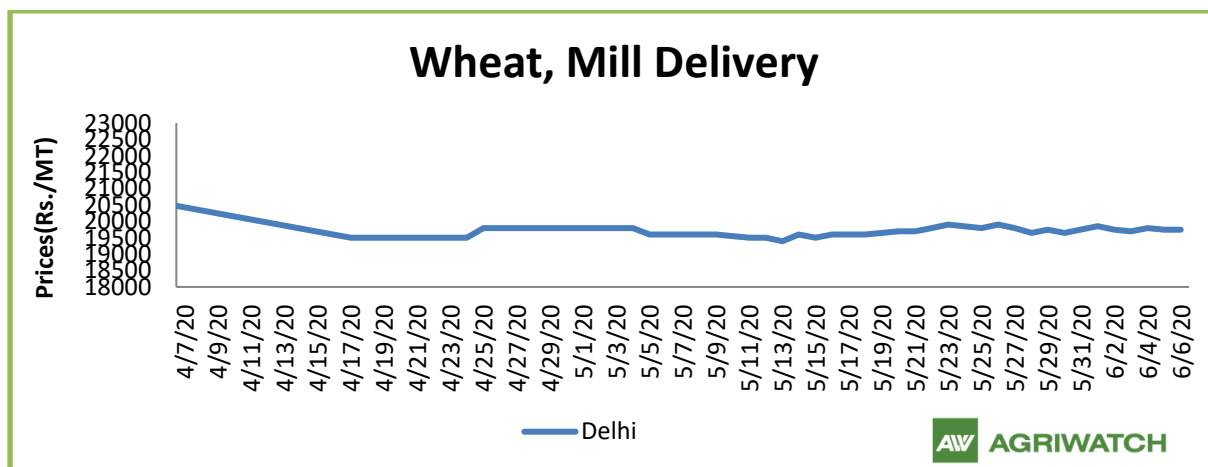
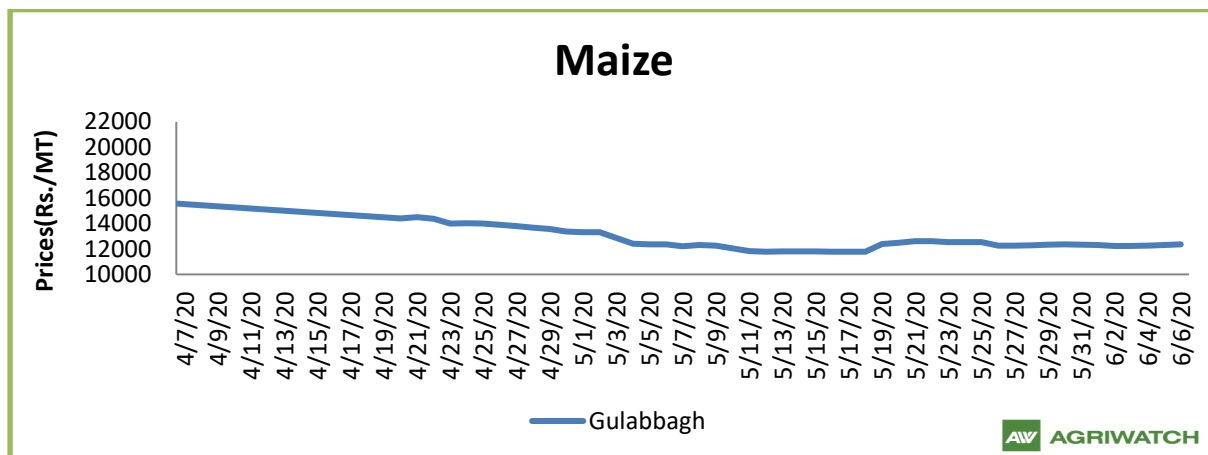
The all India rapeseed-mustard supplies further improved with the relaxation in lockdown and it is reported between 3.25 – 3.75 lakh bags in a day compared to around 2.75 – 3.50 bags a day, previous week. The supplies were 2.25 – 2.50 lakh bags a day during the corresponding period last year.

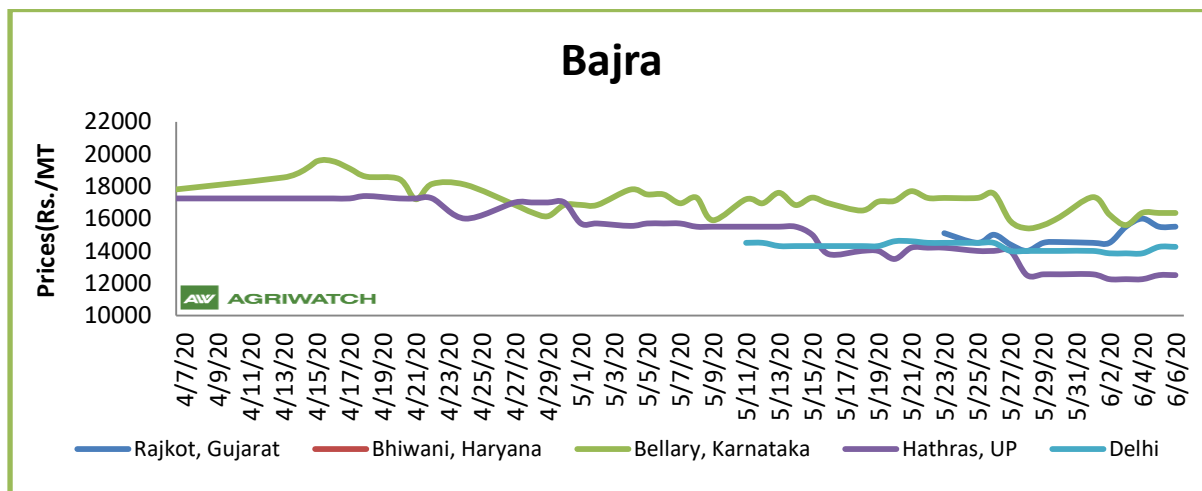
The new crop seed is quoted at around Rs 4,565 – 4,705 a quintal compared to Rs 4,070 – 4,130 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the July contract edged-up and closed at 4,622/Qtl compared to 4,308/Qtl previous week.

The government has fixed the Minimum Support Price for rapeseed-mustard at Rs 4425/Qtl.

Agriwatch has projected India's MY 2020/21 rapeseed production at 7.2 million tonnes while Solvent Extractors of India has estimated the seed production at 7.7 million tonnes.





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

Maize cash markets traded mixed compared to previous week. However, it is likely to trade steady to range bound in near term amid limited demand and arrival.

In Bihar, maize is being traded at Rs. 1250 per quintal (Bilty Price) amid limited demand and arrival. Stockists demand has come down as recent rains has impacted the arrival quality. It is expected that maize could trade steady to range bound in near term too amid limited demand and arrivals.

Maize is moving towards Bengaluru and Tamil Nadu at Rs. 1450 per quintal and Rs. 1550 per quintal (Delivered Price) respectively; sourced from Davangere region of Karnataka. Maize is likely to trade steady amid arrival pressure. As per media reports and also confirmed by trade sources, each maize grower in the Karnataka state is getting a cash relief of Rs.5,000 to compensate the impact of low maize prices.

Maize acreage in Kharif 2020-21 may turn out to be higher than that in Kharif 2019-20 as farmers in Karnataka, Rajasthan, Maharashtra and Madhya Pradesh would prefer less labour intensive crops. Seed availability is expected to remain sufficient as transportation of agriculture related materials has become almost normal after the relaxations in lockdown. Expectation of good monsoon amid increase in MSP by Rs. 90 per quintal at Rs. 1850 per quintal for the Kharif season 2020-21 and reward offering by Haryana government from water guzzling paddy crops to maize; are all good motivating factors for farmers to grow more maize for this Kharif season. However, in Telangana, maize area likely to shift towards more remunerative and high yield crops like pulses. In SPSR Nellore, Chittoor and Anantapuram districts of A.P, and also in some districts of Karnataka, maize sowing has just started.

As per AP markfed, from the current rabi crop, 3,28,922 MT of maize has been procured by A.P government as of 04th June,2020.

As per trade sources, in Telangana, harvesting of rabi crop of maize has completed while in Bihar regions, maize crop has been harvested around at 60% and in Karnataka, maize crop has been harvested at 50% till date.

As per final estimates for 2019-20, Agriwatch expects maize production for this Rabi season at 7.16 MMT with the expected yield of 3.97 MT/ hectare.

Corn on CBOT rose by 2.17 USD/MT to 130.41 USD/MT for July'20 contract compared to previous week due to increase in demand for U.S corn for ethanol. Further, price direction depend on the demand for U.S corn.

At 1.35 MMT (for the period 22nd- 28th May, 2020) US corn exports were up 27 percent from the previous week and 7 percent from the prior 4-week average; mainly for the destinations like Japan (447,900 MT), Mexico (233,300 MT), South Korea (206,800 MT), Colombia (190,700 MT, late 12,000 MT – see below), and Guatemala (60,800 MT). Agriwatch expects that increase in export demand for U.S corn could support to CBOT corn prices.

All India weekly average prices of wheat increased by 0.03 percent to Rs. 1976.66 per quintal during the week ended 08<sup>th</sup> June 2020. Wheat average price were ruling at Rs 1977.85 per quintal during 23-30 May 2020. Prices are expected to trade steady to firm as official procurement is going in Punjab and other wheat production states.

The Uttar Pradesh has introduced a new system for procurement of less wheat against the target at the purchasing centers and not reaching the farmers at government purchasing centers. Now wheat will be purchased at farmers' home by operating mobile purchasing center. In rural areas, 100 quintals or more of wheat will be purchased individually or collectively through a mobile purchasing center in a place / campus. There will also be a relaxation in the quality and standards set for wheat grains affected due to rain. There are 77 centers of nine purchasing agencies approved for purchasing wheat.

Cyclone Nisarga: Madhya Pradesh has purchased 125.60 lakh MT of wheat from farmers in which Thousands of quintals of wheat procured by the Madhya Pradesh government and waiting to be transported to warehouses were damaged in rains that battered several parts of the state on Thursday. About 15,000 quintals of wheat stored in open in Katni got wet in the past two days. The value of the wheat stored is said to be about Rs 2.81 crore. Similarly, in Rajgarh district too wheat was stored in the open at about 90 per cent of the 84 procurement centres. It got wet due to rains.

According to Govt. officials the Centre is unlikely to extend the deadline for procurement of wheat beyond Jul 15 as it is hopeful that major procuring states will be able to wrap up the purchases in June itself. Usually, Punjab and Haryana wrap up procurement by the end of May, but the pace of purchases was slower this year due to the lockdown and subsequent restrictions on movement to contain the COVID-19 pandemic. A similar situation was there in Madhya Pradesh too. In Punjab, Haryana and Madhya Pradesh, the purchases are almost over now. They will be able to complete the process by the end of this month. For some states like Bihar, and Uttarakhand, with smaller quantity of procurement we hope it will be done by middle of July

As per the third advance estimate released by the Union Agriculture Ministry the country has once again achieved a milestone in wheat production in crop year 2019-20. As per the estimate for the current season, the country has produced a record 107.20 million tonnes (MT) so far. This is around 4MT higher than last season's production of 103.6 MT.

According to the state Govt. of Madhya Pradesh the farmers of those districts where wheat procurement has been delayed due to Corona crisis, need not worry, as procurement will continue till May 31 there. According to FCI 372.20 LMT Wheat has been procured so far, in which Punjab has procured 127.12 LMT followed by M.P 126.71 LMT, Haryana 73.98 LMT and U.P 27.0 LMT, as on June 08.

According to Haryana Govt. the state government has procured over 71 lakh metric tonne (MT) of wheat. It's being procured at an MSP of ₹1,925 per quintal.

The Food Corporation of India (FCI) has been able to buy more than half of its wheat procurement target of 40.7 million tonne by last week despite a delayed start this year as Punjab has exceeded expectation by purchasing nearly 82% of its target in only 22 days.

Global wheat market is expected to trade steady to weak due to ample availability in global market. EU is likely to produce around 156.NA MMT in 2019-20 compared to 137.7 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.6 MMT and 29.00 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 52.30 MMT compared to last year's 51.30 MMT. Australia is likely to produce 15.20 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around



19.8 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.30 MMT in 2019-20 compared to 32.20 MMT in 2018-19.

**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

Centers	Ex-factory rates (Rs/ton)		
	04-Jun-20	29-May-20	Parity To
Indore - 45%, Jute Bag	32000	32200	Gujarat, MP
Kota - 45%, PP Bag	33200	33000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	33800	33500	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	33400	32600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33500	33200	Andhra, AP, Kar, TN
Latur	33500	32800	-
Sangli	32600	33000	Local and South
Solapur	32500	32000	Local and South
Akola – 45%, PP Bag	32500	32400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33500	33000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	33000	32800	-

#### Soy DOC at Port

Centers	Port Price		
	04-Jun-20	29-May-20	Change
Kandla (FOR) (INR/MT)	33500	33800	-300
Kandla (FAS) (USD/MT)	445	445	Unch
CNF Indonesia – Yellow SBM (USD/MT)	Unq	Unq	-

International Soy DOC			
Argentina FOB USD/MT	04-Jun-20	29-May-20	Change
Soybean Pellets	324	314	10
Soybean Cake Flour	324	314	10

Soya Meal	322	312	10
Soy Expellers	322	312	10
<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>04-Jun-20</b>	<b>29-May-20</b>	<b>Change</b>
Adoni	22800	22800	Unch
Khamgaon	Unq	-	-
Parli	Unq	-	-
Latur	22200	22200	Unch

<b>Groundnut Meal (Rs/MT)</b>	<b>04-Jun-20</b>	<b>29-May-20</b>	<b>Change</b>
Basis 45%, Saurashtra	28500	28500	Unch
Basis 40%, Saurashtra	26000	26000	Unch
GN Cake, Gondal	30000	30000	Unch

<b>Mustard DOC/Meal</b>	<b>04-Jun-20</b>	<b>29-May-20</b>	<b>Change</b>
Jaipur (Plant delivery)	15200	14500	700
Kandla (FOR Rs/MT)	15800	15200	600

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

Market	Grade	5-Jun-20	29-May-20	5-May-20	5-Jun-19	5-Jun-18
Delhi	Hybrid	1360	1340	1400	1900	1300
Davangere	Loose	1300	1300	1300	NA	1250
Nizamabad	Bilty	1500	NA	Closed	NA	1350
Ahmedabad	Feed	1400	1400	1450	2060	1460
	Starch	1450	1380	1300	2000	1425

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

As on 05.06.2020	Argentina	Brazil	US	India
FOB	149.21	159.00	157.10	198.91
Cost and Freight	199.21	214.00	217.10	233.91

**Soy Meal Exports (In MT):**

<u>Month</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Jan	103934	7707	155160	105678	86378	41726
Feb	64515	1127	207977	73816	132375	20309
Mar	46670	430.1	107059	39209	193920	
Apr	18017	12295	124374	68264	40829	
May	14046	10400	48900	76026	53272	
Jun	2098	17930	45975	104088	62524	
Jul	928	12270	80797	63747	76558	
Aug	768	10615	87668	59643	95450	
Sep	6886	12210	102212	45388	35268	
Oct	4237	31390	71425	150388	63800	
Nov	8909	97750	207630	186409	69415	
Dec	5667	241250	168865	170588	72233	
<b>Total</b>	<b>276674</b>	<b>455374.1</b>	<b>1408042</b>	<b>1143244</b>	<b>982022</b>	<b>62035</b>

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>4-Jun-20</u>	<u>28-May-20</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1636	1540	96
		Hybrid	Bangalore	2200	2300	-100
Jowar	Karnataka	White	Bangalore	2250	2700	-450
		White	Bellary	2045	1720	325
Maize	Karnataka	Yellow	Davangere	1300	1300	Unch
	Telangana	Yellow	Nizamabad	Closed	Closed	-
Rice	Haryana	IR8	Karnal	3000	3000	Unch
		Parmal Raw	Karnal	2800	3300	-500
Soy meal	Madhya Pradesh	DOC	Indore	3200	3240	-40
	Maharashtra	DOC	Sangli	3260	3280	-20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2280	2260	20
Mustard	Rajasthan	Plant delivery	Jaipur	1520	1440	80
Groundnut Meal	Gujarat	GN Cake	Gondal	3000	3000	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2269	2219	50
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2146	2100	46
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> © 2020 Indian Agribusiness Systems Ltd.