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Summary

Maize cash markets traded mixed compared to previous week, amid limited trade activities. Agriwatch expects that maize would trade steady to range bound during the week amid limited demand and supply.

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1225 per quintal (Bilty Price). In U.P and Punjab, feed makers are buying maize at Rs.1300 per quintal and Rs.1350 per quintal respectively; sourced from Naugachia region of Bihar. While, Hyderabad poultry feed makers are buying maize at Rs. 1450-1500 per quintal; sourced from Nizamabad region.

All India weekly average prices of wheat increased by 29.99 percent to Rs. 2601.03 per quintal during the week ended 08th Aug 2020. Wheat average prices were ruling at Rs 2085.93 per quintal during 01st June-08th Aug 2019. Prices may go down despite festive season as supply is expected to increase from the central pool at discounted prices. However, free distribution of wheat till Nov would prevent the market from rising significantly.

The cottonseed oilcake prices were weaker during the last week. The prices in Kadi & Akola stood around Rs. 2073/q and Rs. 1953/q, respectively. The prices dropped due to limited demand by local millers amid increased rainfall in Maharashtra.

Domestic soybean fell in association with soymeal on subdued demand from millers due to the higher soyoil imports and sluggish overseas demand in the soymeal of Indian origin.

Further, expectation of higher soybean production with increase in the sown area under the crop weigh on the domestic soy prices.

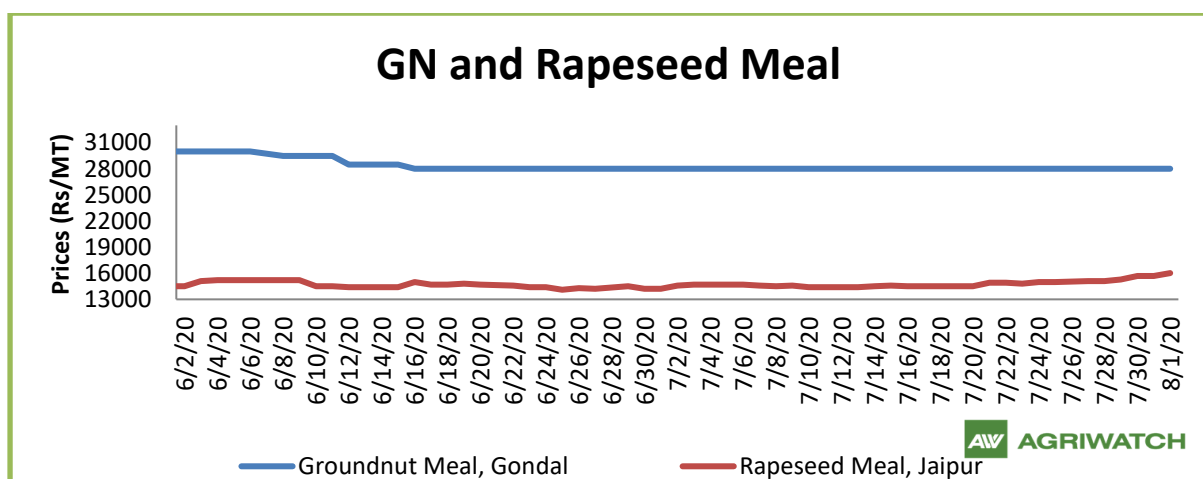
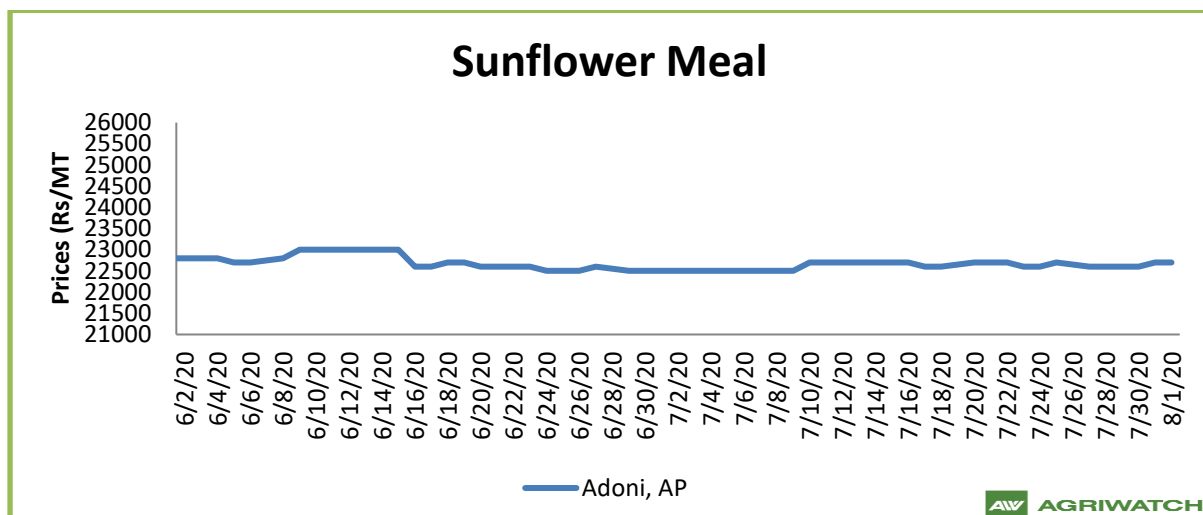
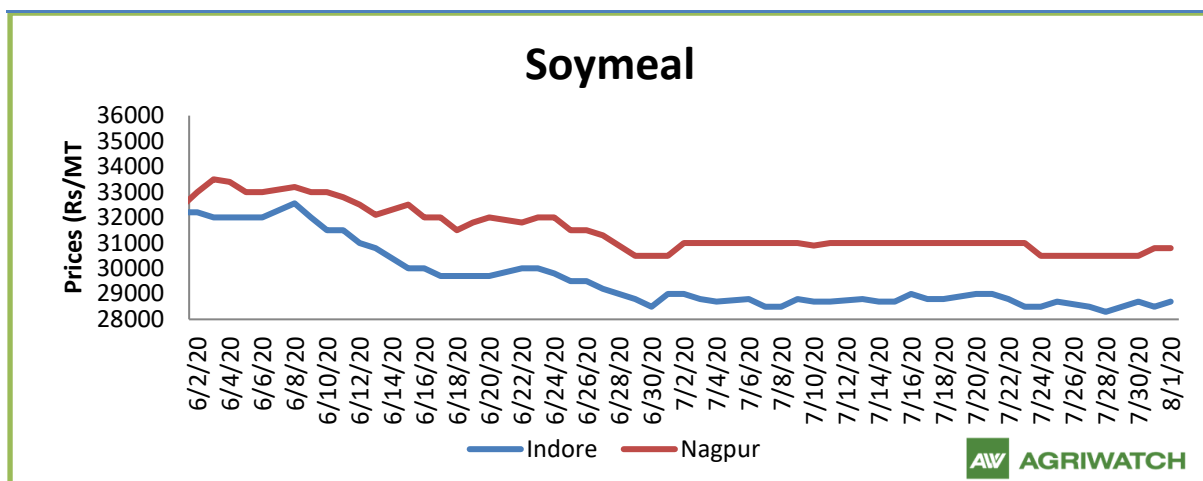
All these factors together have led to the bad crush margin in soybean, discouraging the millers to crush aggressively.

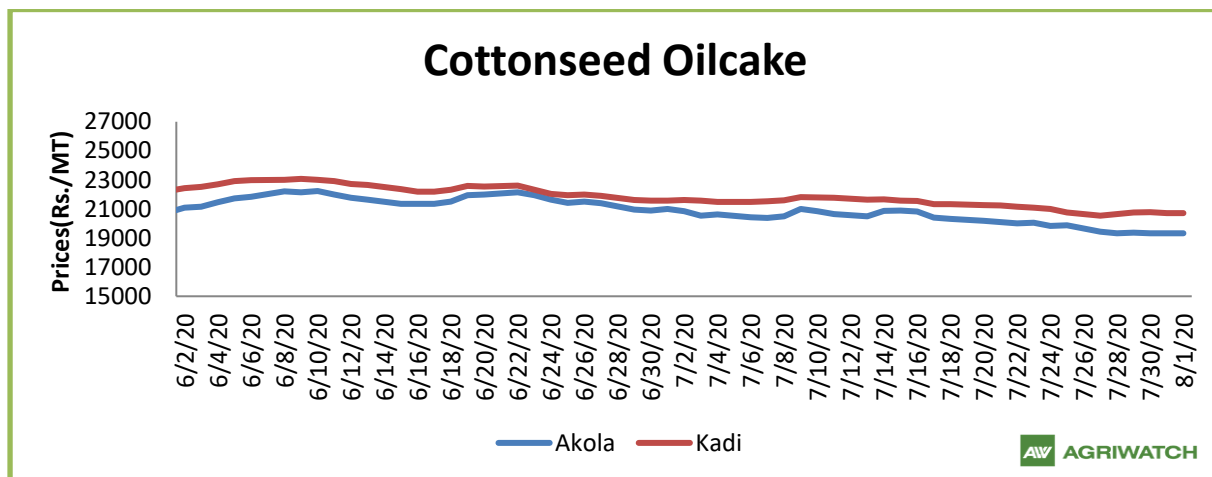
In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 17%. This year the country's soybean area is up as expected and area coverage under soybean have crossed the normal to 116.62 lha up 5% from 111.49 lha normal. The newly planted soybean crop is in the good condition across the key growing regions.

However, the rapeseed-mustard posted gains on continued good demand from millers supported by good demand in rapeseed-mustard and improved rapeseed-mustard oilcake exports.

We expect soybean and soymeal to feature range-bound movement with weak-bias on bearish supply outlook. However, the rapeseed-mustard prices will remain strong on good demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soy meal

The domestic soymeal fell in sync with soybean on sluggish domestic and overseas demand coupled with bearish soybean supply scenario.

The domestic soymeal demand continues to be weak mainly due to the weak demand in poultry attributed to the COVID-19 pandemic.

Further, India's soymeal export sales are weak after being outpriced in the global market by South America. India has gradually lost the traditional South East Asian markets to South America in recent years.

Soymeal exports to SE Asian countries are continued to remain weak and given the bumper South American soybean crop and expectation of good US bean crop and it is unlikely India's soymeal export prices could compete with them.

In a major blow to the domestic soymeal market, which was already reeling under pressure, DGFT has blocked the online registration of Merchandise Export from India Scheme Claims (MEIS), this week, on its portal from exports undertaken 01.04.2020 onwards.

This will result in further decline in soymeal exports from India, as MEIS benefit of 5% is a significant incentive to compete in the world market. SOPA has made a representation to the government to revoke the suspension of the MEIS benefit immediately.

The revenue department have argued against continuing the MEIS, calling it wasteful and inefficient.

Instead of extending the Merchandise Exports of India Scheme, which cost Rs 43,500 crore in 2019-20, the NITI Aayog and the Ministry of Finance have called for putting financial resources into new Production-Linked Incentive (PLI) schemes in select sectors with core competency and potential for global exports.

Contrary to this SOPA has urged the government to restore 10% incentive for soymeal exports to support soybean prices, a couple of weeks back. Besides, the SOPA members in a letter addressed to Ministry of Agriculture and Farmers Welfare have demanded exemption of GST on soybean and soymeal, the same time.

The domestic average soymeal prices at Indore, witnessed losses to Rs. 28,533/MT and was quoted between Rs 28,300 – 28,700/MT compared to the average of Rs 28817/MT traded between the price range of Rs 28,500 – 29,000/MT previous week.

At Latur soymeal fell to Rs 31,500 – 32,000/MT from Rs 31,800 – 32,200/MT a week ago and in Nanded it was quoted low at Rs. 31,700 - 32,000/MT compared to Rs. 32,000 - 32,500/MT a week ago. Besides, in Kota, the meal witnessed some gains and was quoted at Rs 29,500 – 30,000/MT compared to Rs 29,300 – 29,800/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 28,300 – 28,700/MT during the week compared to Rs 30,000– 30,500/MT during the corresponding period last year.

The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 28,500 – 29,000/MT on slack in demand from poultry sector, in near to medium-term.

Rapeseed - Mustard Seed

Strong sentiments witnessed in the rapeseed-mustard market on continued strong buying support in the seed by the millers.

The seed prices rallied and crossed the mark of Rs. 5000 a quintal, as expected, during the week under review.

Reduction in rapeseed oil imports and increase in rapeseed-mustard oilcake exports remained supportive for the crushers leading better crush margin to the millers.

India's reduction of rapeseed oil imports by 62% during Nov. 2019 – June 2020 from same period last season (17,000 vs 44167 tons) and good domestic demand lent support to the seed prices at higher levels a while back.

The rapeseed-mustard meal exports almost doubled in last couple of months lending support to the seed crushers.

Nafed's rapeseed-mustard procurement is nearing completion for the season, the federation had procured the seed in last couple of months from various key producing locations like Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh.

As on 01 Aug. 2020, the progressive purchase of rapeseed mustard by Nafed under PSS from these states stands at 8,03,853.33 metric tonnes with a total value of Rs. 3,55,705.10 Lakh and the total progressive number of farmers benefited from the scheme stands at 3,18,540.

Overall, the rapeseed-mustard sentiments are strong with good buying support and high MSP for the seed.

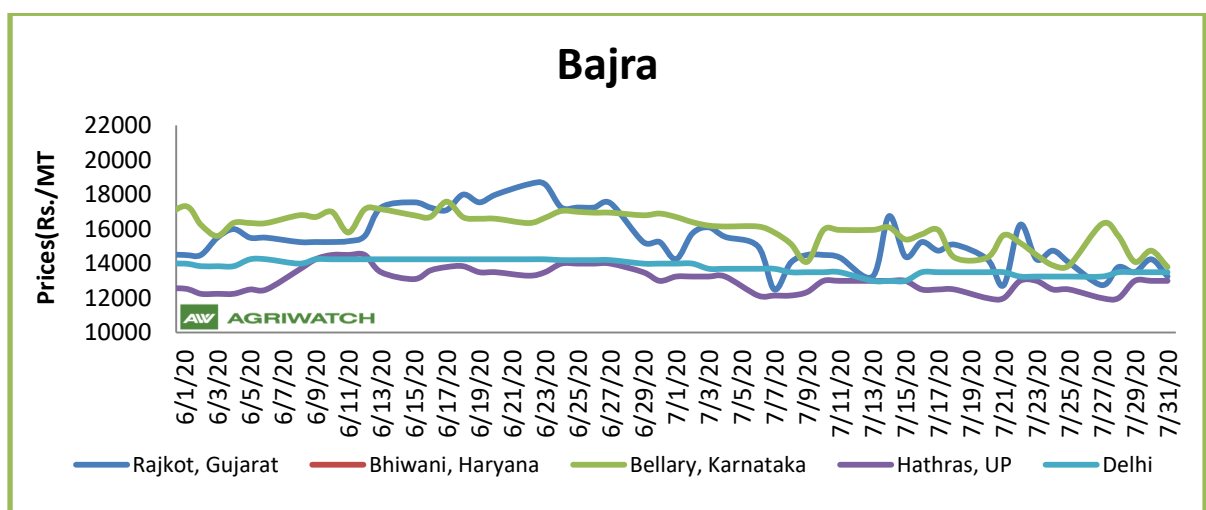
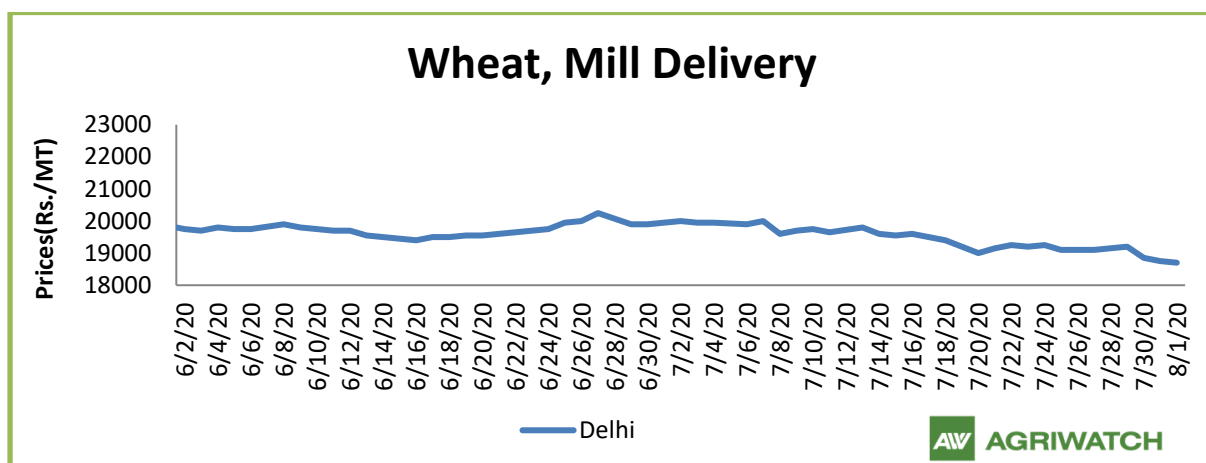
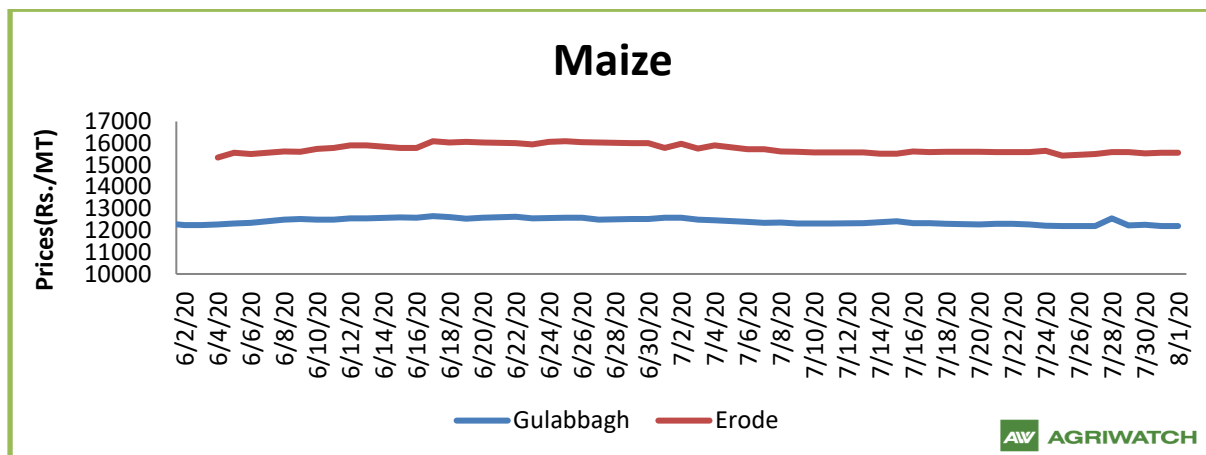
Crushing of rapeseed-mustard is in full swing and it is higher in volume than same period last year.

RM seed prices improved by 1.8% to Rs 4980 – 5125 a quintal from Rs 4930 – 4990 a quintal previous week in Jaipur.

The all India rapeseed-mustard supplies are falling week-on-week and they were reported between 1.25 – 1.40 lakh bags in a day compared to around 1.5 – 2.00 lakh bags a day, previous week. The supplies were 1.0 – 1.4 lakh bags a day during the corresponding period last year.

The new crop seed is quoted at around Rs 4980 – 5125 a quintal compared to Rs 4100 – 4120 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the August contract edged-up from previous week's level at 5,033/Qtl compared to 4,833/Qtl previous week.



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

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In India, maize has been sown in 74.30 lakh hectares as of 31st July'20 which is higher than 72.58 lakh hectares of the corresponding period last year. Maize sown area is 99.5% of normal area. Agriwatch expects maize sown area at 82.24 lakh hectares for the Kharif season 2020-21 which is above than normal area of 74.7 lakh hectares but less than last year area of 82.44 lakh hectares. In M.P, maize has been sown in 14.84 lakh hectares as of 31st July'20; higher than 14.13 lakh hectares compared to corresponding period last year. In Maharashtra, it has been sown in 8.28 lakh hectares; higher than 7.36 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.00 lakh hectares; higher than 8.61 lakh hectares compared to corresponding period last year.

Corn on CBOT fell by 4.04 USD/MT to 124.40 USD/MT for September'20 contract compared to previous week. Expectation of increase in export demand in coming weeks for U.S corn would support to CBOT corn market. However, expectation of larger yield due to favorable weather conditions in U.S could limit the gain.

At 0.97 MMT (for the period 17th- 23rd July, 2020) US corn exports were down 8 percent from the previous week and 15 percent from the previous 4-week average; mainly for the destinations like Mexico (360,800 MT), Japan (355,100 MT), China (67,900 MT), Guatemala (66,500 MT), and Colombia (58,800 MT).

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For the kharif season of 2019-20, FCI has reduced the reserve selling price of URS (Under relaxed specifications) wheat from 2080 to 1840. This has led to Increasing their cost of wheat also, the flour mills have reduced the purchase. Even if they are buying, they're doing so, on a reduced price. On the other hand, the stockist have started selling wheat as the government has a huge amount of wheat stock.

In the domestic market flour and refined flour have weak purchase by 25%. Corona virus has severely impacted the market. In the current week the price of wheat at Delhi reduced by Rs.40 resulting in the actual price being Rs.1865/1870 per quintal. The daily arrival of 4000 to 5000 wheat sacks,. As for now, increase in wheat will be less but it may increase during the festival of Diwali.

The Karnataka government has asked the Center for surplus wheat and said that because of the labour coming from different states, the amount of wheat may be less.

FCI has procured a record 38.97 MMT of wheat so far this season and it may end up buying 40.5 to 41 MMT this year. FCI currently has 558.25 MMT wheat in central pool stock in June.

According to FCI, Tenders are invited for Sale Of FAQ Wheat Under OMSS(d) Through E Auction In Respect Of Karnataka and West Bengal State. Tenders were also invited for MTF cum financial bid notice for sale of wheat under OMSS(d) through e-auction (e-17) to empanelled bulk consumer traders of any region with FCI and to state govt. S/ uts for stocks lying at various depots of Madhya Pradesh region.

FCI aims to promote increased purchases by private buyers under OMSS, which came down to nil in June. The FCI has run out of storage facilities, and needs to offload the excess stock. The wholesale market price of wheat is less than the central agency's rate. Under OMSS, the FCI currently sells 'Grade A' wheat at Rs 2,135/quintal and the 'Grade B' at Rs 2,080/quintal. However, these rates are significantly higher than the current market prices of Rs 1,850-1,920/quintal. Under the scheme can be reduced to Rs 1,640/quintal for 'Grade A'. Flour millers have advised it to lower the rate at which wheat is sold for open market operations, by Rs 500 a quintal, saying the move will help it to earn around Rs 16,000 crore in revenues.

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)		
	30-Jul-20	24-Jul-20	Parity To
Indore - 45%, Jute Bag	28700	28500	Gujarat, MP
Kota - 45%, PP Bag	30000	29800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	30700	31000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	30500	30500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	31700	32000	Andhra, AP, Kar, TN
Latur	31500	32000	-
Sangli	31000	31500	Local and South
Solapur	30700	30800	Local and South
Akola - 45%, PP Bag	29600	30200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	31800	32000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	29800	29600	-

Soy DOC at Port

Centers	Port Price		
	30-Jul-20	24-Jul-20	Change
Kandla (FOR) (INR/MT)	32500	32500	Unch
Kandla (FAS) (USD/MT)	445	440	5
CNF Indonesia – Yellow SBM (USD/MT)	415	415	Unch

International Soy DOC			
Argentina FOB USD/MT	30-Jul-20	24-Jul-20	Change
Soybean Pellets	334	334	Unch
Soybean Cake Flour	334	334	Unch
Soya Meal	330	332	-2
Soy Expellers	330	332	-2
Sunflower (DOC) Rates		Ex-factory rates (Rs/ton)	
Centers	30-Jul-20	24-Jul-20	Change
Adoni	22600	22600	Unch
Khamgaon	Unq	-	-
Parli	Unq	-	-
Latur	22200	22200	Unch

Groundnut Meal (Rs/MT)	30-Jul-20	24-Jul-20	Change
Basis 45%, Saurashtra	27500	27500	Unch
Basis 40%, Saurashtra	25000	25000	Unch
GN Cake, Gondal	28000	28000	Unch

Mustard DOC/Meal	30-Jul-20	24-Jul-20	Change
Jaipur (Plant delivery)	15700	15000	700
Kandla (FOR Rs/MT)	16400	16000	400

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	31-Jul-20	24-Jul-20	30-Jun-20	31-Jul-19	31-Jul-18
Delhi	Hybrid	1250	1200	1375	2125	1350
Davangere	Loose	1300	1350	1450	NR	1300
Nizamabad	Bilty	1370	1375	1375	2425	NR
Ahmedabad	Feed	1350	1300	1380	2300	1460
	Starch	1350	1300	1440	2300	1460

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

As on 31.07.2020	Argentina	Brazil	US	India
FOB	157.78	167.60	158.82	197.28
Cost and Freight	207.78	222.60	218.82	232.28

Soy Meal Exports (In MT):

Month	2015	2016	2017	2018	2019	2020
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	
Total	276674	455374.1	1408042	1143244	982022	62035

Feed Ingredient Prices at a Glance

Commodity	State	Variety	Centre	31-Jul-20	24-Jul-20	Change
Bajra	Karnataka	Hybrid	Bellary	1380	1390	-10
		Hybrid	Bangalore	1950	2050	-100
Jowar	Karnataka	White	Bangalore	2600	2050	550
		White	Bellary	1540	1450	90
Maize	Karnataka	Yellow	Davangere	1300	1350	-50

	Telangana	Yellow	Nizamabad	1300	1320	-20
Rice	Haryana	IR8	Karnal	2900	3000	-100
		Parmal Raw	Karnal	2800	2900	-100
Soy meal	Madhya Pradesh	DOC	Indore	2850	2850	Unch
	Maharashtra	DOC	Sangli	3100	3150	-50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2270	2260	10
Mustard	Rajasthan	Plant delivery	Jaipur	1570	1500	70
Groundnut Meal	Gujarat	GN Cake	Gondal	2800	2800	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2071	2100	-29
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1934	1983	-49
Note: Prices Rs./Qtl						

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