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## Summary

Maize cash markets traded steady to range bound compared to previous week, amid limited trade activities. Agriwatch expects that maize would trade steady to slightly firm in near term on the expectation of decrease in arrivals from Bihar. However, Government release by A.P at subsidized rates to poultry feed makers could limit the gains.

Nizamabad maize cash market has been closed since 1st Aug, 2020 due to lockdown and is expected to reopen from 17th Aug, 2020. In Nizamabad, maize was last traded at Rs. 1370 per quintal on 31st July, 2020.

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.1260 per quintal and Rs. 1375 per quintal respectively; sourced from Naugachia region of Bihar.

All India weekly average prices of wheat decreased by 29.50 percent to Rs. 1833.73 per quintal during the week ended 09<sup>th</sup> Aug 2020. Wheat average prices were ruling at Rs 2145.27 per quintal during 09<sup>th</sup> June-15<sup>st</sup> 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. 2058/q and Rs. 1924/q, respectively. The prices dropped due to the lack of demand due to the arrival of low quality cottonseed oilcake. Although the prices might surge with the commencement of the new season in Oct'20.

Domestic soybean and soymeal rebound on buying support in the market. Range bound movement is witnessed in last several weeks and both bean and meal move in sync as they are closely co-related.

Weak soymeal exports and higher soyoil imports by India continues to pressure the domestic soy market, and limiting the upside.

The domestic soymeal demand is still weak mainly due to the sluggish demand in the poultry amidst COVID-19.

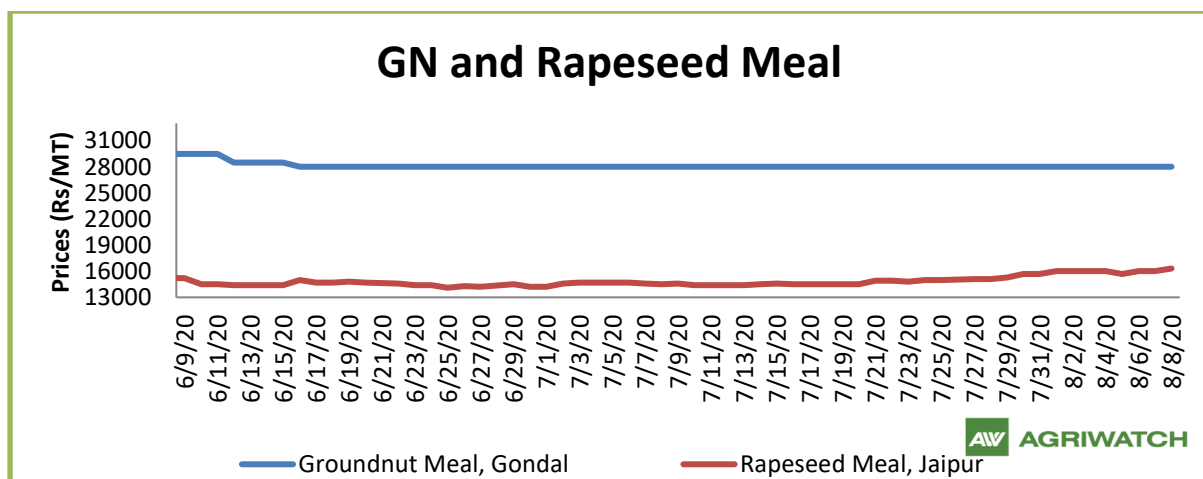
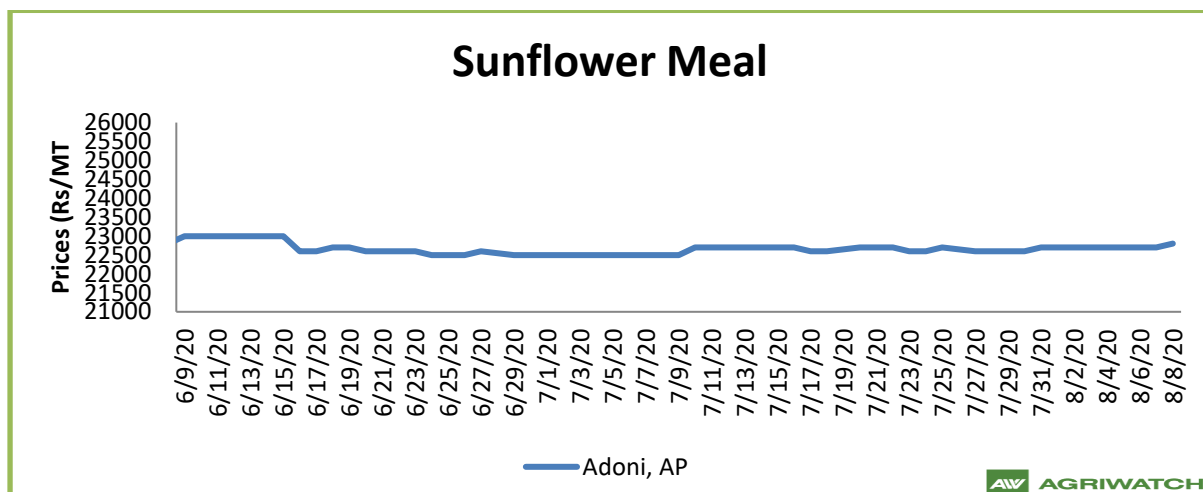
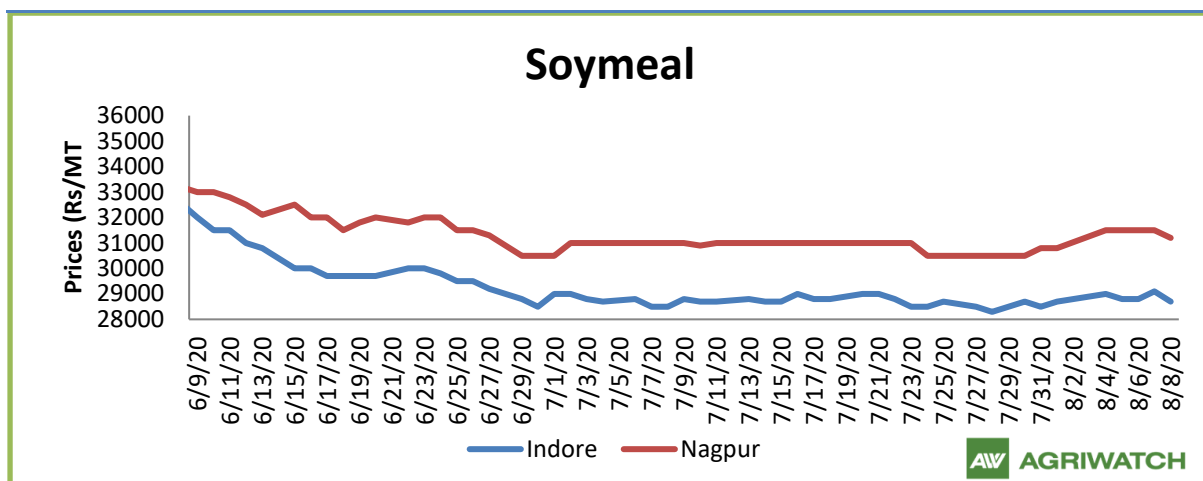
Currently, the soybean crush margins are bad and discouraging the millers to crush aggressively.

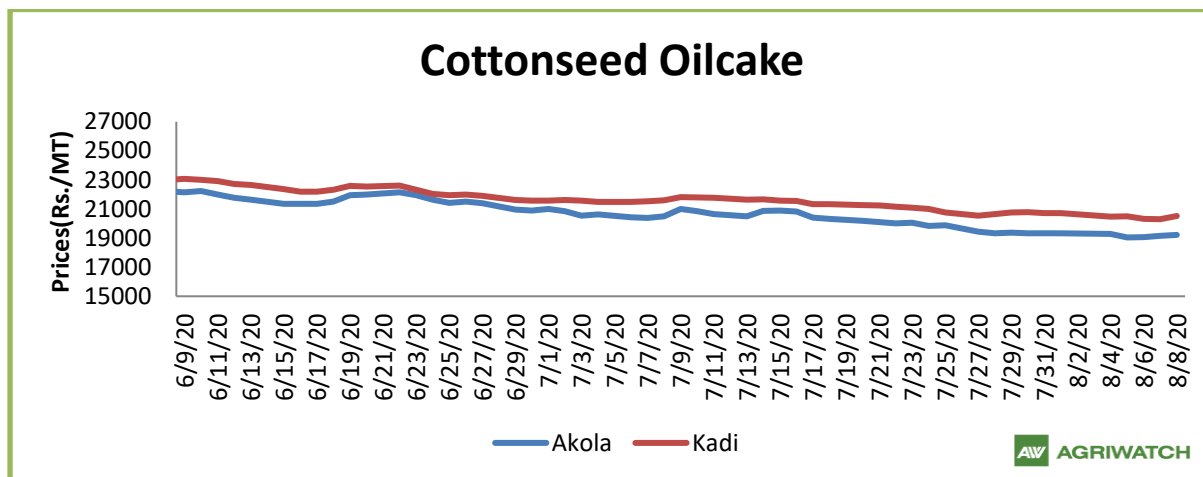
In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 16%. This year the country's soybean area is up as expected and area coverage under soybean is 118.07 lha, up 7.5% from 109.84 lha normal area. The standing soybean crop is in the good condition across the key growing regions.

However, the rapeseed-mustard extended 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 domestic and global supply outlook. However, the rapeseed-mustard prices will remain strong on good demand.

**Trend – Raw Material, Feed**





Source: AgriWatch

### Soy meal

The domestic soymeal posted gains in association with soybean on some overseas and domestic demand, though the demand was not enough to boost the crush margin in soybean.

The Indian soymeal market is facing a tough time at domestic as well as at the international front. There is no major developments in the domestic soymeal market.

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.

India's soymeal export sales are weak after being outpriced in the global market by South America. India has 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.

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

The domestic average soymeal prices at Indore, witnessed gains to Rs. 28,760/MT and was quoted between Rs 28,500 – 29,000/MT compared to the average of Rs 28,533/MT traded between the price range of Rs 28,300 – 28,700/MT previous week.

At Latur soymeal improved to Rs 31,600 – 32,500/MT from Rs 31,500 – 32,000/MT a week ago and in Nanded it was quoted higher at Rs. 31,800 - 32,200/MT compared to Rs. 31,700 - 32,000/MT a week ago. Besides, in Kota, the meal witnessed some gains and was quoted at Rs 30,000 – 30,500/MT compared to Rs 29,500 – 30,000/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 28,500 – 29,000/MT during the week compared to Rs 29,800– 30,000/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**

Rapeseed-mustard extended the rally on continued strong buying support by the crushers.

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

Better local demand in the rapeseed-mustard oil continued to remain supportive for the seed. India's rapeseed oil imports fell by 62% during Nov. 2019 – June 2020 from same period last season (17,000 vs 44167 tons).

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

There is no report of Nafed's rapeseed-mustard procurement last week. Nafed 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 number of farmers benefiting from the scheme so far stands at 3,18,540.

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

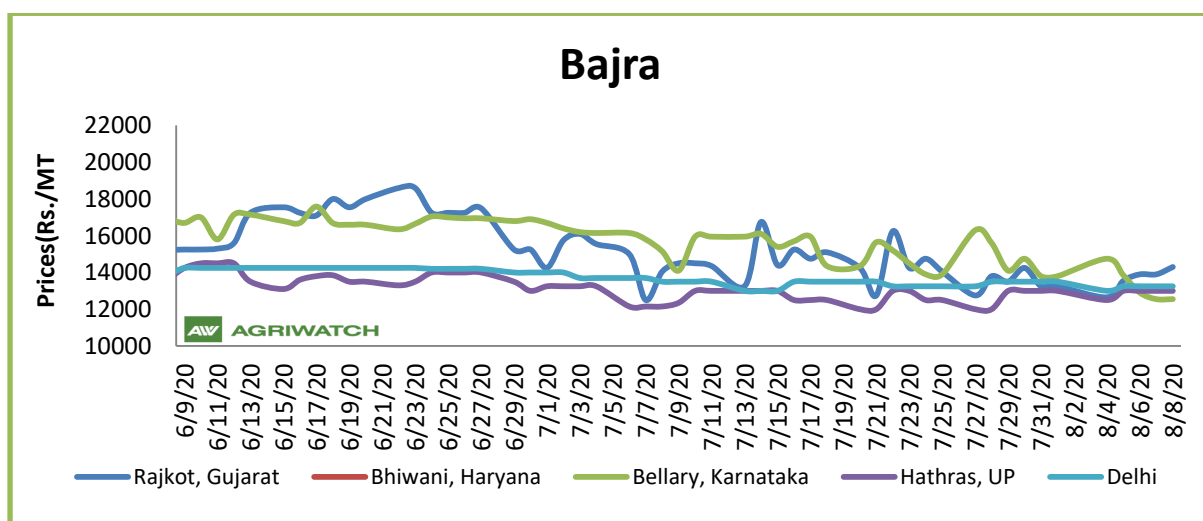
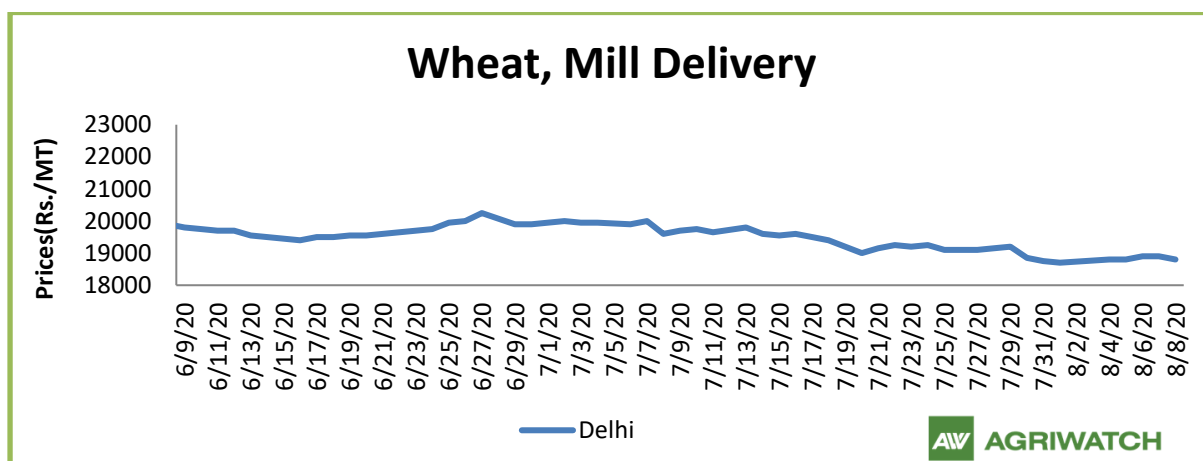
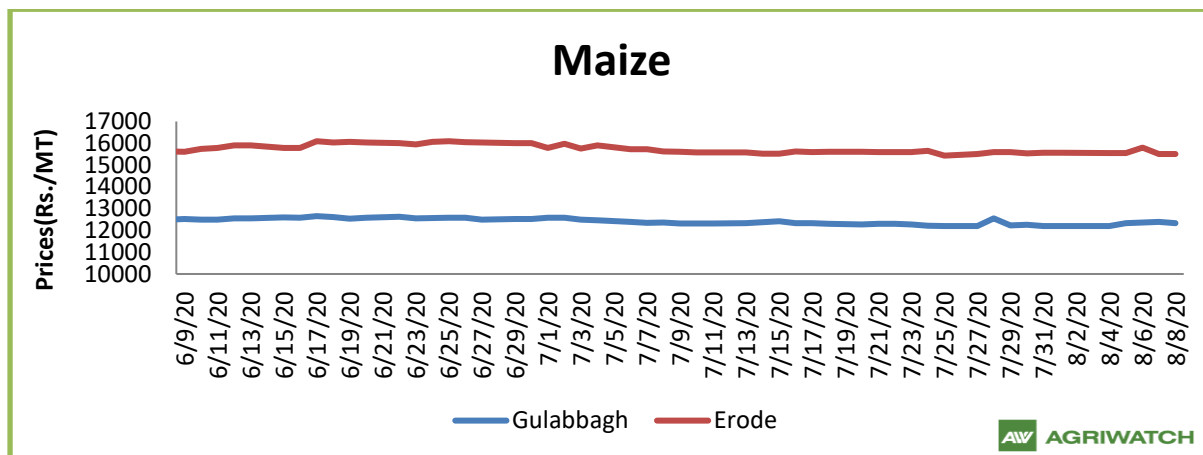
Better crush margin in the seed remain encouraging for the crushers and currently the rapeseed-mustard crushing is in full swing and it is also higher in volume than same period last year.

RM seed prices improved by 2% to Rs 5130 – 5225 a quintal from Rs 4980 – 5125 a quintal previous week in Jaipur.

The all India rapeseed-mustard supplies are falling week-on-week and they were reported 6.45 lakh bags during the week compared to around 7.85 lakh bags a day, previous week. The supplies were 7.65 lakh bags during the corresponding period last year.

The new crop seed is quoted at around Rs 5130 – 5225 a quintal compared to Rs 4110 – 4125 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the September contract edged-up from previous week's level at 5,118/Qtl compared to 4,980/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 75.88 lakh hectares as of 7th Aug'20, 101.58% 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 Maharashtra, it has been sown in 8.40 lakh hectares; higher than 7.92 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.15 lakh hectares; higher than 8.80 lakh hectares compared to corresponding period last year. However, In M.P, maize has been sown in 14.95 lakh hectares as of 7th Aug'20; lower than 15.26 lakh hectares compared to corresponding period last year.

As per media sources, maize tender for 69,431 MT, issued by Telangana government, has been cancelled while auction of maize for 53,010.30 MT and 47,010.40 MT has been scheduled by Andhra Government for 12th-13th Aug, 2020 respectively.

Corn on CBOT fell by 3.25 USD/MT to 121.16 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 0.69 MMT (for the period 24th- 30th July, 2020) US corn exports were down 29 percent from the previous week and 34 percent from the previous 4-week average; mainly for the destinations like Japan (296,700 MT), Mexico (184,700 MT), Colombia (109,600 MT), Peru (38,200 MT), and El Salvador (26,600 MT).

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Meanwhile, FCI has slashed the Wheat OMSS sale price for URS by INR 240 per Qtl from prior announced price of INR 2080 per Qtl to 1840 per Qtl, lower by 11.5%. However, the official notification on the same is awaited.

In the domestic market, flour and refined flour have weak demand which has fallen by almost 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 though it may increase if demand picks up around Diwali. The daily arrival of 4000 to 5000 wheat sacks.

The Karnataka government has asked the Center for surplus wheat and said that because of the labour coming from different states, their stocks of wheat may not be sufficient.

FCI has procured a record 38.98 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 were 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)		
	06-Aug-20	31-Jul-20	Parity To
Indore - 45%, Jute Bag	28800	28500	Gujarat, MP
Kota - 45%, PP Bag	30500	30000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	31000	30700	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	31500	30800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32000	31800	Andhra, AP, Kar ,TN
Latur	32200	31600	-
Sangli	31000	31000	Local and South
Solapur	31500	31000	Local and South
Akola – 45%, PP Bag	30200	30000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	31800	31800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	30300	29800	-



**Soy DOC at Port**

Centers	Port Price		
	06-Aug-20	31-Jul-20	Change
Kandla (FOR) (INR/MT)	32500	32500	Unch
Kandla (FAS) (USD/MT)	445	445	Unch
CNF Indonesia – Yellow SBM (USD/MT)	420	415	5

International Soy DOC			
Argentina FOB USD/MT	06-Aug-20	31-Jul-20	Change
Soybean Pellets	329	334	-5
Soybean Cake Flour	329	334	-5
Soya Meal	328	332	-4
Soy Expellers	328	332	-4
Sunflower (DOC) Rates		Ex-factory rates (Rs/ton)	
Centers	06-Aug-20	31-Jul-20	Change
Adoni	22700	22700	Unch
Khamgaon	Unq	-	-
Parli	Unq	-	-
Latur	22300	22300	Unch

Groundnut Meal (Rs/MT)	06-Aug-20	31-Jul-20	Change
Basis 45%, Saurashtra	27500	27500	Unch
Basis 40%, Saurashtra	25000	25000	Unch
GN Cake, Gondal	28000	28000	Unch

Mustard DOC/Meal	06-Aug-20	31-Jul-20	Change
Jaipur (Plant delivery)	16000	15700	300
Kandla (FOR Rs/MT)	16700	16400	300

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

Market	Grade	07-Aug-20	31-Jul-20	07-July-20	07-Aug-19	07-Aug-18
Delhi	Hybrid	1250	1250	1300	2150	1400
Davangere	Loose	1300	Closed	1350	NR	1300
Nizamabad	Bilty	Closed	1370	1375	2425	1320
Ahmedabad	Feed	1350	1350	1350	2280	1500
	Starch	1370	1350	1470	2300	1500

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

As on 07.08.2020	Argentina	Brazil	US	India
FOB	157.97	163.90	156.84	196.77
Cost and Freight	207.97	218.90	216.84	231.77

**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	
<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**

Commodity	State	Variety	Centre	7-Aug-20	31-Jul-20	Change
Bajra	Karnataka	Hybrid	Bellary	1255	1380	-125
		Hybrid	Bangalore	1950	1950	Unch
Jowar	Karnataka	White	Bangalore	1700	2600	-900
		White	Bellary	1595	1540	55
Maize	Karnataka	Yellow	Davangere	1300	1300	Unch

	Telangana	Yellow	Nizamabad	Closed	1300	-
Rice	Haryana	IR8	Karnal	2800	2900	-100
		Parmal Raw	Karnal	2600	2800	-200
Soy meal	Madhya Pradesh	DOC	Indore	2910	2850	60
	Maharashtra	DOC	Sangli	3100	3100	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2270	2270	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1600	1570	30
Groundnut Meal	Gujarat	GN Cake	Gondal	2800	2800	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2029	2071	-42
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1916	1934	-18
Note: Prices Rs./Qtl						

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