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Summary

Overall maize cash markets traded mixed 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 increase in export demand and decrease in arrivals from Bihar. However, Government release by A.P. at subsidized rates to poultry feed makers could limit the gains.

In Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1250 per quintal (Bilty Price). In U.P and Punjab, feed makers are buying maize at Rs.1400 per quintal and Rs. 1400-1450 per quintal respectively; sourced from Naugachia region of Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1500 per quintal; sourced from Nizamabad region.

The cottonseed oilcake prices were firm during the week ending on 20th Aug'20. The prices in Kadi & Akola stood around Rs. 2100/q and Rs. 2026/q, respectively. The prices were supported with respect to the increased cotton sales by Cotton Corporation of India (CCI). At the same time, there is a very slight improvement in demand for cotton cake last week with respect to the lower arrivals. Domestic rapeseed-mustard and soymeal posted gains on crushing demand and fresh local demand from poultry respectively.

Overall the rapeseed-mustard fundamentals are strong on better crush margin, continued good demand from millers supported by improved demand in rapeseed-mustard oil and increasing rapeseed-mustard oilcake exports.

However, soybean fell on expectation of bigger bean and other kharif oilseeds' crop and this season, weak soymeal exports and rise in soyoil imports.

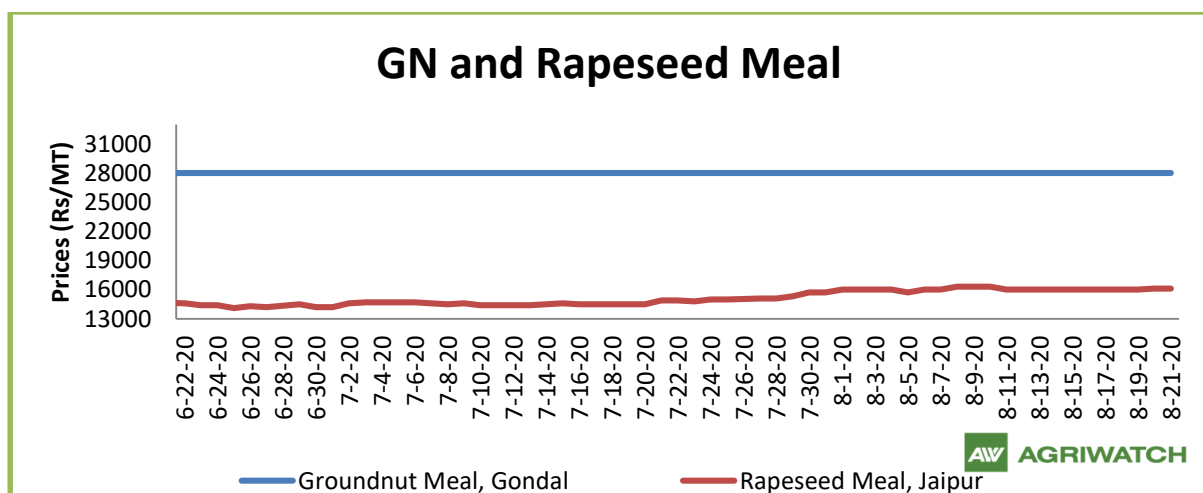
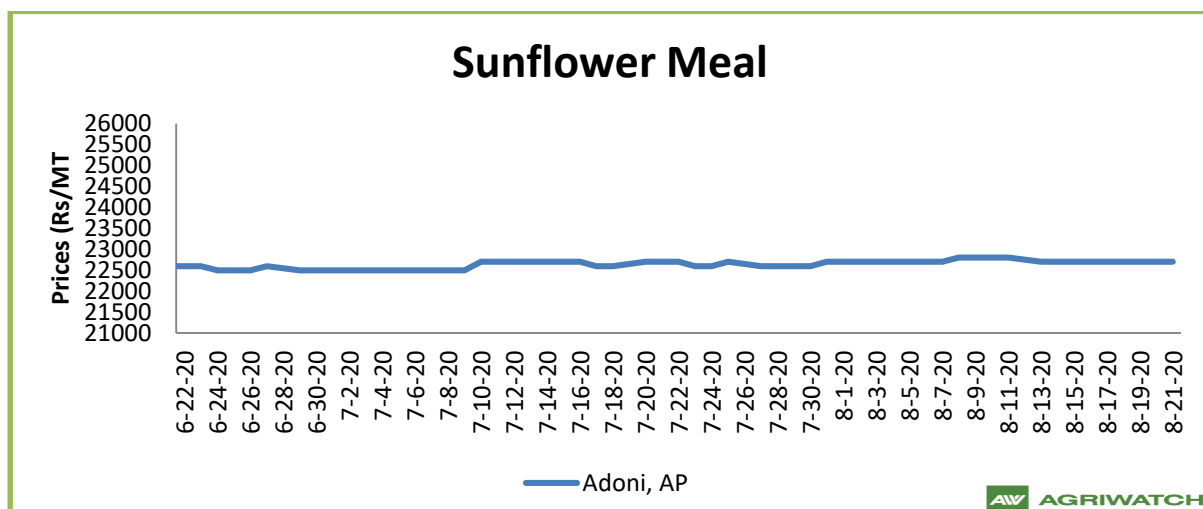
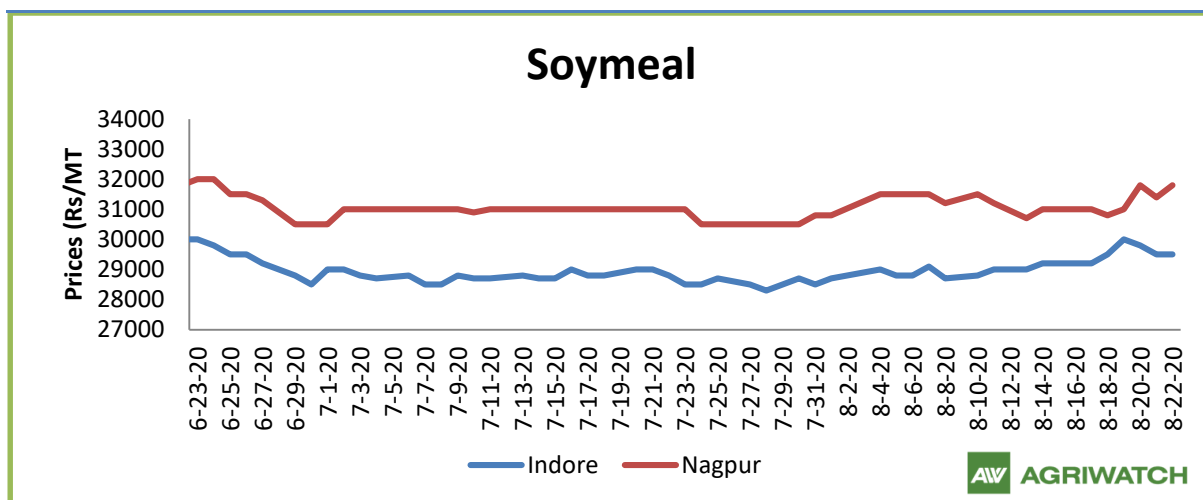
There is no sign of recovery in soy crush margin, the margins are poor and discouraging the millers to crush aggressively, on weak meal and oil prices.

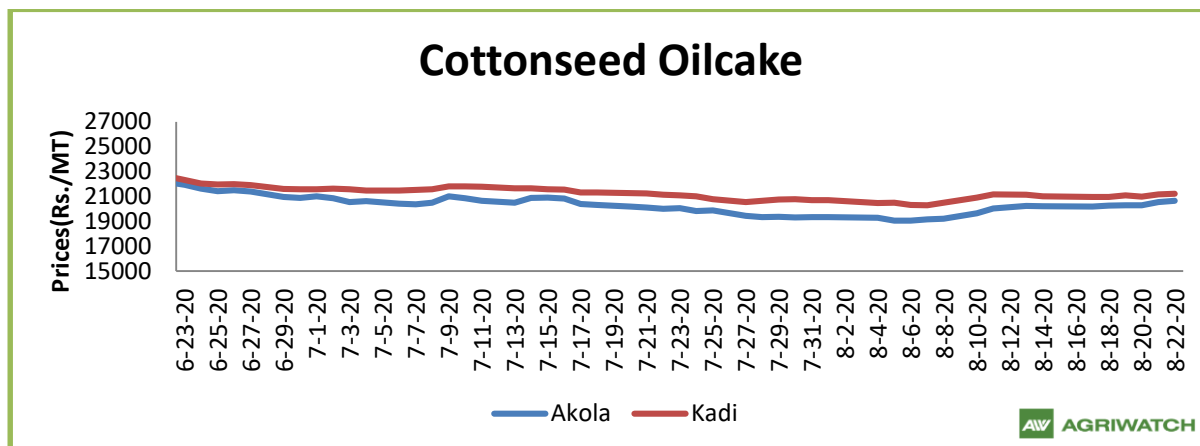
Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after increase in the sown area under the bean.

In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 14.1%. This year the country's soybean area is up, as expected, and area coverage under soybean is 120.0 lha, up over 8% from 111.49 lha normal area. The standing soybean crop is in the good condition across the key growing regions.

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 festive demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soy meal

Soymeal witnessed mild gains on some fresh local demand, but weak exports in the same limited the gains. Overall, the factors for soymeal are bearish on lower than normal local meal demand from poultry sector, weak exports sales and bearish supply scenario with higher soybean output this season.

The soybean crush margins are negative due to the above factors and we expect them to recover if the demand in meal picks up and the soybean imports fall which surged by 52% in July'20. Given the bearish global soybean supply outlook for the season, both demand in meal and reduction in soybean import are unlikely in short-to-medium-term.

However, we expect the local soybean demand to gradually pick-up with reducing COVID fear.

Indian soybean exports is already facing stiff competition from meal of South American origin due to their price competitiveness. The suspension of MEIS benefit/incentive of 5% by the Indian government have further made it challenging. India has lost the traditional South East Asian markets to South America in recent years. It is unable to market soybean as non-GM which was an advantage few years back; Japan was the big buyer of non-GM soybean of Indian origin earlier.

Soybean 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 soybean export prices could compete with them.

Vietnam, Indonesia, Philippines, Thailand, S. Korea and Japan combined together is forecast to import 19.75 Mn T of soybean in 2020/21 mainly from Argentina, Brazil and US.

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

The domestic average soybean prices at Indore, witnessed gains to Rs. 29,540/MT and was quoted between Rs 29,200 – 30,000/MT compared to the average of Rs 28,920/MT traded between the price range of Rs 28,700 – 29,100/MT previous week.

At Latur soybean fell to Rs 32,000 – 32,500/MT from Rs 32,000 – 33,000/MT a week ago and in Nanded it was quoted higher at Rs. 31,700 - 32,500/MT compared to Rs. 31,500 - 32,400/MT a week ago. Besides, in Kota, the meal remained flat at Rs 30,700 – 31,200/MT compared to previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 29,200 – 30,000/MT during the week compared to Rs 30,500 – 31,000/MT during the corresponding period last year.

The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 29,500 – 30,000 /MT on slack in demand from poultry sector, in near to medium-term.

Rapeseed - Mustard Seed

Rapeseed-mustard extended the rally on continued demand from the millers backed by good mustard oil demand and improved rapeseed extract exports.

Further, fall in rapeseed oil imports too remained supportive for the market. India has not imported rapeseed oil in July 2020 which was shipped to India 15,004 tonnes in July 2019. This has eventually kept the crush margin good to the crushers.

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

Nafed has started disposing the rapeseed-mustard, the federation has sold about 1.6 lakh tonnes in the open market. Hafed too has sold about 1.5 lakh tonnes in Haryana in recent days.

The total procurement of rapeseed-mustard by Nafed under PSS from major seed producing states (Uttar Pradesh, Rajasthan, Gujarat, Haryana and Madhya Pradesh) 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 just 0.6% to Rs 5,185 – 5,305 a quintal from Rs 5220 – 5255 a quintal previous week in Jaipur.

The all India rapeseed-mustard supplies improved week-on-week and they were reported 6.95 lakh bags during the week compared to around 6.45 lakh bags, previous week. The supplies were 7.05 lakh bags during the corresponding period last year.

The seed is quoted at around Rs 5,185 – 5,305 a quintal compared to Rs 4,145 – 4,190 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the September contract posted gains to 5,210/Qtl compared to 5,081/Qtl previous week.

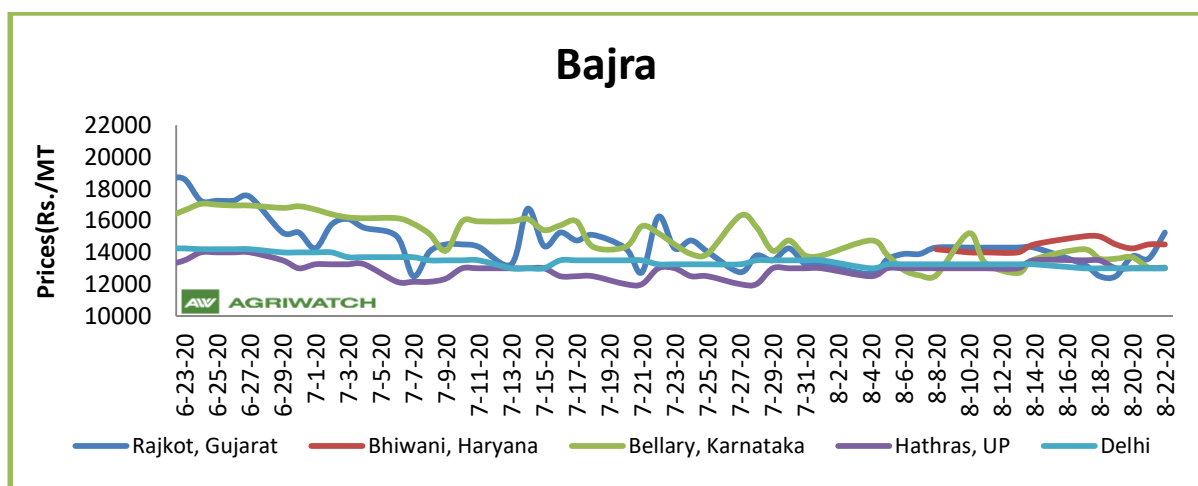
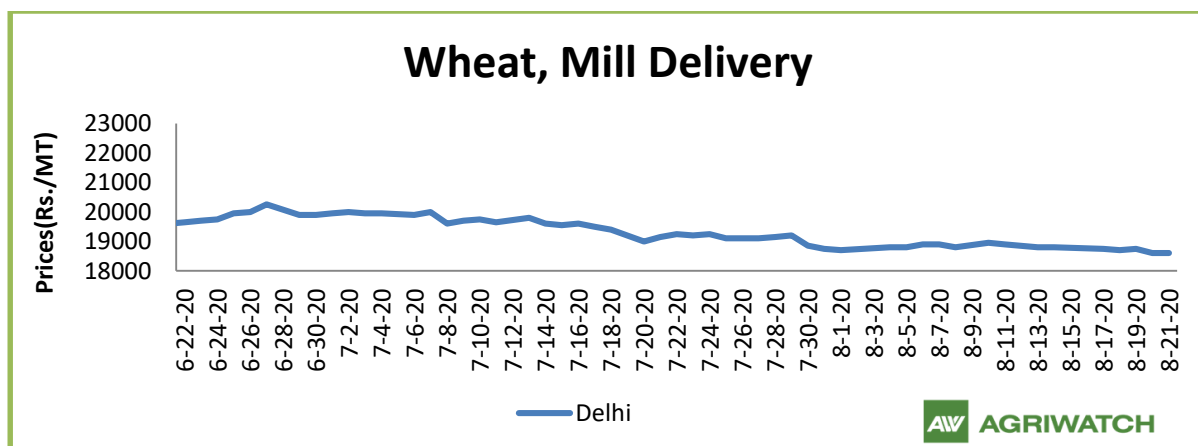
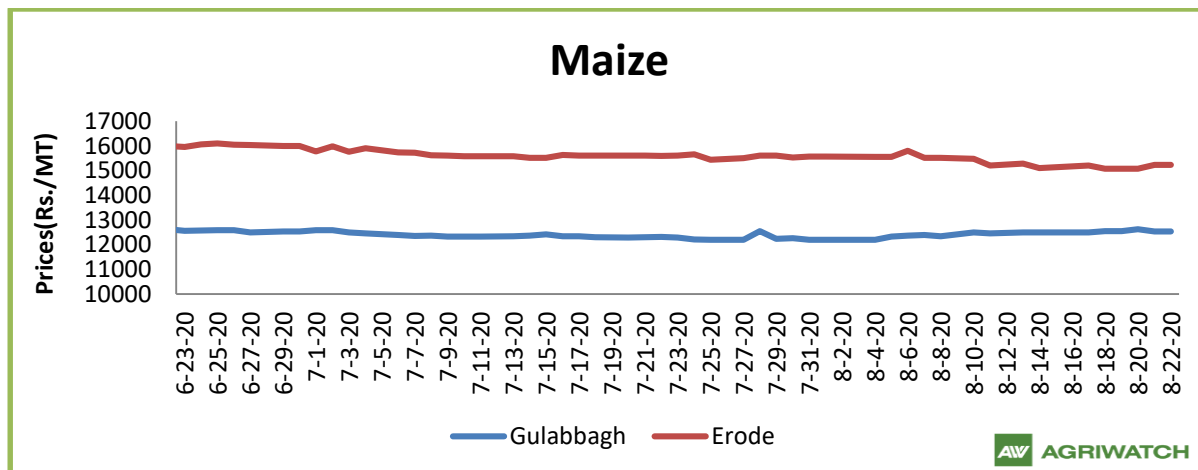
Strategie Grains has raised its forecast for 2020-21 rapeseed production in the European Union plus Britain to 16.79 million tonnes from 16.54 million in its previous estimates.

The upward revision, after six consecutive downward monthly projections was mainly due to favourable weather condition in Poland and Lithuania.

The rapeseed outturn is estimated to be still below previous year's poor crop harvest of 17.12 million tonnes, due to weak output in France, Britain, Central and Eastern Europe.

The production is hit mainly due to the very dry spring in parts of Europe as well widespread damage due to insects.

Strategie Grains has estimated EU rapeseed 2020-21 import to record 6.1 million tonnes, this is despite the agency has slightly trimmed from 6.2 million tonnes forecast a month ago. EU had imported 6.0 million tonnes of rapeseed in 2019/20 season.



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

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In India, maize has been sown in 79.58 lakh hectares as of 21st Aug'20, 106.49% 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 74.73 lakh hectares but less than last year area of 82.44 lakh hectares. In Maharashtra, it has been sown in 8.65 lakh hectares; higher than 8.38 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.34 lakh hectares; higher than 8.82 lakh hectares compared to corresponding period last year. However, In M.P, maize has been sown in 15.36 lakh hectares as of 21st Aug'20; lower than 15.44 lakh hectares compared to corresponding period last year.

As per preliminary estimates for 2020-21, Agriwatch expects maize production for this Kharif season at 18.44 MMT with the expected yield of 2.24 MT/ hectare.

Corn on CBOT rose by 0.68 USD/MT to 128.73 USD/MT for September'20 contract compared to previous week. Agriwatch expects decrease in export demand for U.S corn would weigh on CBOT corn market.

At 1.20 MMT (for the period 7th Aug - 13th Aug, 2020) US corn exports were down 10 percent from the previous week but up 19 percent from the previous 4-week average; mainly for the destinations like China (382,400 MT), Mexico (297,800 MT), Japan (210,000 MT), Colombia (112,000 MT), and Guatemala (98,700 MT).

Under PMGKA Plan-2, Rajasthan has been allocated a total of 11.15 LMT wheat for 5 months free of charge, out of which 6.02 LMT wheat has been released by FCI to the state government till August 19 and uninterrupted supply is going on continuously. In Bihar 6.00 lakh tonne of wheat have been released in various welfare schemes (including NFSA). Rajasthan has been allocated a total of 11.15 LMT wheat for 5 months free of cost, including 6.39 LMT wheat to be released to FCI by 23 August.

In Gujrat 6.00 lakh tonnes of wheat have been distributed to the Gujarat State Government, Daman & Diu Administration and Dadra & Nagar Haveli Administration for free distribution among the beneficiaries under PMGKAY.

According to M.P Govt. statement, Wheat at Rs. 1 per kg for such poor people across the state who were not covered under the national food security scheme till now, as per an official statement. At present there are more than 1.15 crore below poverty line (BPL) and Antyodaya cards holders in the state covered under National Food Security Act (NFSA), as per the state government's data.

Prices of wheat fell across key spot markets due to weak demand and a rise in arrivals. Prices of mill-quality WHEAT in Indore fell as demand softened. Arrivals were pegged at 3,000 bags (1 bag = 100 kg), up from 2,000 bags on Wednesday. Prices of wheat in the key spot market of Jaipur, too, fell due to a fall in demand and increased arrivals. Arrivals were pegged at 4,000 bags as against 3,000 bags on Wednesday.

Indian FoB quote is hovering around \$236.03 per tonne while Russia, Ukraine, France, US and Australia are offering wheat at \$199.29, \$200.50, Euro 185.88, \$229.90 and \$229.28 per tonne respectively. There is little hope for recovery on the export front this year. However, India is expected to import around up to 4 thousand tonnes in MY 2019-20.

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. Which is higher by 35.92% compare to May. July fig. is awaited

India has exported 41,533 tonne wheat in the month of July'20, in June the export was 38,637 tonne.

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 to slightly firm as overall feed ingredients prices traded firm during last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------------------|---------------------------|-----------|---|
| | 20-Aug-20 | 14-Aug-20 | Parity To |
| Indore - 45%, Jute Bag | 29800 | 29200 | Gujarat, MP |
| Kota - 45%, PP Bag | 31200 | 30700 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna - 45%, PP Bag | 31500 | 30800 | Mumbai, Maharashtra |
| Nagpur - 45%, PP Bag | 31800 | 31000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 32500 | 31800 | Andhra, AP, Kar ,TN |
| Latur | 32200 | 32000 | - |
| Sangli | 32300 | 31000 | Local and South |
| Solapur | 32000 | 31400 | Local and South |
| Akola – 45%, PP Bag | 30300 | 30200 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Hingoli | 31800 | 31500 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Bundi | 31000 | 30500 | - |

Soy DOC at Port

| Centers | Port Price | | |
|-----------------------|------------|-----------|--------|
| | 20-Aug-20 | 14-Aug-20 | Change |
| Kandla (FOR) (INR/MT) | 32500 | 32500 | Unch |

| | | | |
|-------------------------------------|-----|-----|------|
| Kandla (FAS) (USD/MT) | 445 | 445 | Unch |
| CNF Indonesia – Yellow SBM (USD/MT) | 400 | 420 | -20 |

| International Soy DOC | | | |
|-----------------------|-----------|---------------------------|--------|
| Argentina FOB USD/MT | 20-Aug-20 | 14-Aug-20 | Change |
| Soybean Pellets | 341 | 335 | 6 |
| Soybean Cake Flour | 341 | 335 | 6 |
| Soya Meal | 341 | 336 | 5 |
| Soy Expellers | 341 | 336 | 5 |
| | | | |
| Sunflower (DOC) Rates | | Ex-factory rates (Rs/ton) | |
| Centers | 20-Aug-20 | 14-Aug-20 | Change |
| Adoni | 22700 | 22700 | Unch |
| Khamgaon | NA | NA | - |
| Parli | NA | NA | - |
| Latur | 22200 | 22200 | Unch |

| Groundnut Meal (Rs/MT) | 20-Aug-20 | 14-Aug-20 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 27500 | 27500 | Unch |
| Basis 40%, Saurashtra | 24000 | 25000 | -1000 |
| GN Cake, Gondal | 28000 | 28000 | Unch |

| Mustard DOC/Meal | 20-Aug-20 | 14-Aug-20 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 16100 | 16000 | 100 |
| Kandla (FOR Rs/MT) | 16600 | 16300 | 300 |

Maize Spot Market Prices (Rs. /Quintal)

| Market | Grade | 21-Aug-20 | 14-Aug-20 | 21-July-20 | 21-Aug-19 | 21-Aug-18 |
|-----------|--------|-----------|-----------|------------|-----------|-----------|
| Delhi | Hybrid | 1225 | 1250 | 1250 | 2150 | 1370 |
| Davangere | Loose | 1300 | 1300 | 1350 | NR | 1300 |
| Nizamabad | Bilty | 1375 | Closed | 1350 | 2425 | NR |
| Ahmedabad | Feed | 1340 | 1370 | 1300 | 2375 | 1465 |
| | Starch | 1360 | 1380 | 1300 | 2325 | 1450 |

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

| As on 21.08.2020 | Argentina | Brazil | US | India |
|-------------------------|-----------|--------|--------|--------|
| FOB | 167.13 | 174.40 | 156.23 | 200.16 |
| Cost and Freight | 217.13 | 229.40 | 216.23 | 235.16 |

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 | |
| Total | 276674 | 455374.1 | 1408042 | 1143244 | 982022 | 62035 |

Feed Ingredient Prices at a Glance

| <u>Commodity</u> | <u>State</u> | <u>Variety</u> | <u>Centre</u> | <u>22-Aug-20</u> | <u>14-Aug-20</u> | <u>Change</u> |
|------------------|----------------|----------------|---------------|------------------|------------------|---------------|
| Bajra | Karnataka | Hybrid | Bellary | 1305 | 1355 | -50 |
| | | Hybrid | Bangalore | 2000 | 2000 | Unch |
| Jowar | Karnataka | White | Bangalore | 1700 | 1700 | Unch |
| | | White | Bellary | 1320 | 1585 | -265 |
| Maize | Karnataka | Yellow | Davanger e | 1300 | 1300 | Unch |
| | Telangana | Yellow | Nizamaba d | 1300 | Closed | - |
| Rice | Haryana | IR8 | Karnal | 2900 | 2800 | 100 |
| | | Parmal Raw | Karnal | 2700 | 2600 | 100 |
| Soy meal | Madhya Pradesh | DOC | Indore | 2950 | 2920 | 30 |
| | Maharashtra | DOC | Sangli | 3230 | 3100 | 130 |
| Sunflower Meal | Andhra Pradesh | Ex-factory | Adoni | 2270 | 2270 | Unch |
| Mustard | Rajasthan | Plant delivery | Jaipur | 1610 | 1600 | 10 |
| Groundnut Meal | Gujarat | GN Cake | Gondal | 2800 | 2800 | Unch |

| | | | | | | |
|----------------------|-------------|-----------|-------|------|------|----|
| Cottonseed Oil Cake | Gujarat | Ex- Mandi | Kadi | 2121 | 2100 | 21 |
| Cottonseed Oil Cake | Maharashtra | Ex- Mandi | Akola | 2064 | 2022 | 42 |
| Note: Prices Rs./Qtl | | | | | | |

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