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Summary

Overall maize cash markets showed mixed sentiments compared to the 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, any Government release at subsidized rates to poultry feed makers could limit the gains.

As per trade sources, M.P region may see around 12-15% crop loss due to heavy rains. However, exact loss assessment can only be after the weather conditions improve. This potential crop loss could lead to increase in maize prices in near future.

All India weekly average prices of wheat decreased by 10.62 percent YoY to Rs. 1857.69 per quintal during the week ended 31st Aug 2020. Wheat average prices were ruling at Rs 2078.61 per quintal during 24th June-31st Aug 2019. As compared to prices in the last week 16th-23rd Aug 2020, the prices are firm by 2.40 percent. 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 firm during the week ending on 27th Aug'20. The prices in Kadi & Akola stood around Rs. 2128/q and Rs. 2078/q, respectively. The prices were supported due to the demand in the physical market against the lower arrivals. At the same time, there is a very slight improvement in demand for cotton cake last week with respect to the lower arrivals. While NCDEX Cotton seed oil cake futures ended on a weak note on Friday at Rs. 1860/q against Rs. 1991/q in the prior week.

Domestic soybean rebound and rapeseed-mustard extended gains mainly on buying support by the millers to meet the improved festive edible oil demand.

The rapeseed-mustard fundamentals continued to remain strong on robust demand in seed from miller followed by better crush margin supported by good demand in rapeseed-mustard oil and increasing rapeseed-mustard oilcake exports.

Soybean prices rebound on fresh soyoil demand mainly of festivities. This is despite soybean fundamentals are weak on expectation of bigger soybean crop along-with other kharif oilseeds' crop this season, weak soymeal exports and rise in soyoil imports.

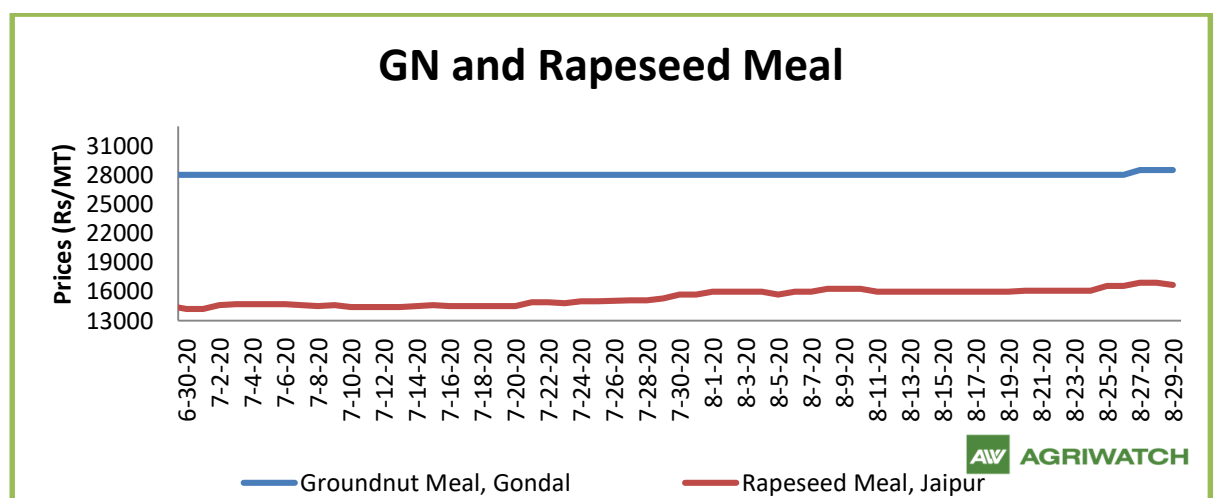
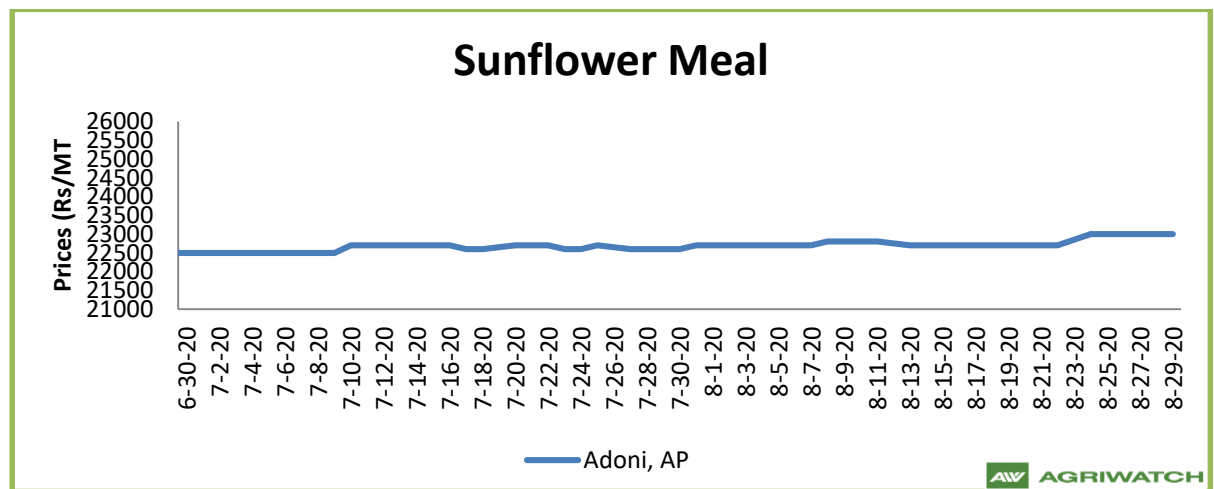
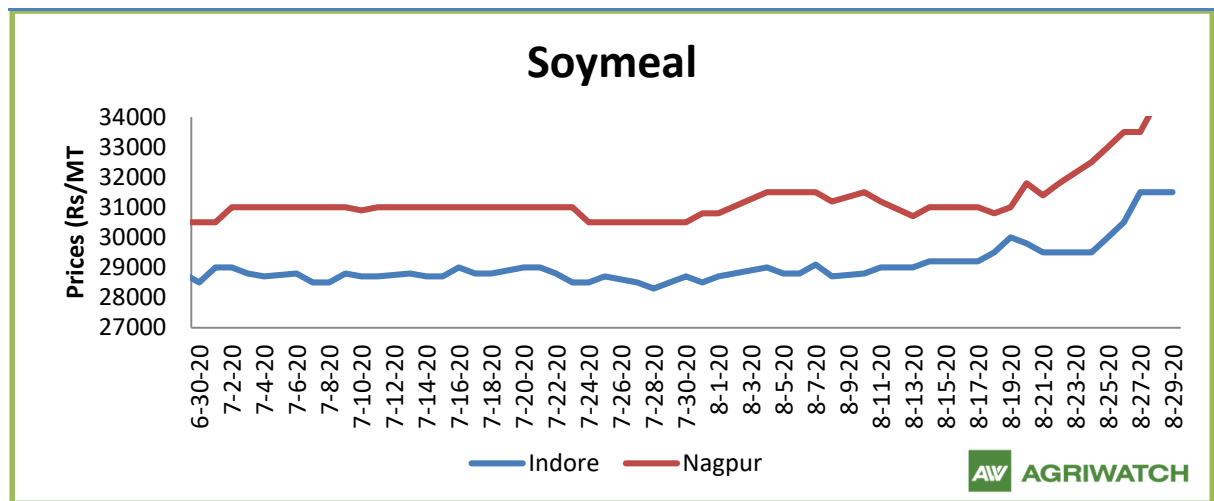
The soybean crush margins are still weak and discouraging the millers to crush the bean aggressively, on weak meal and oil prices.

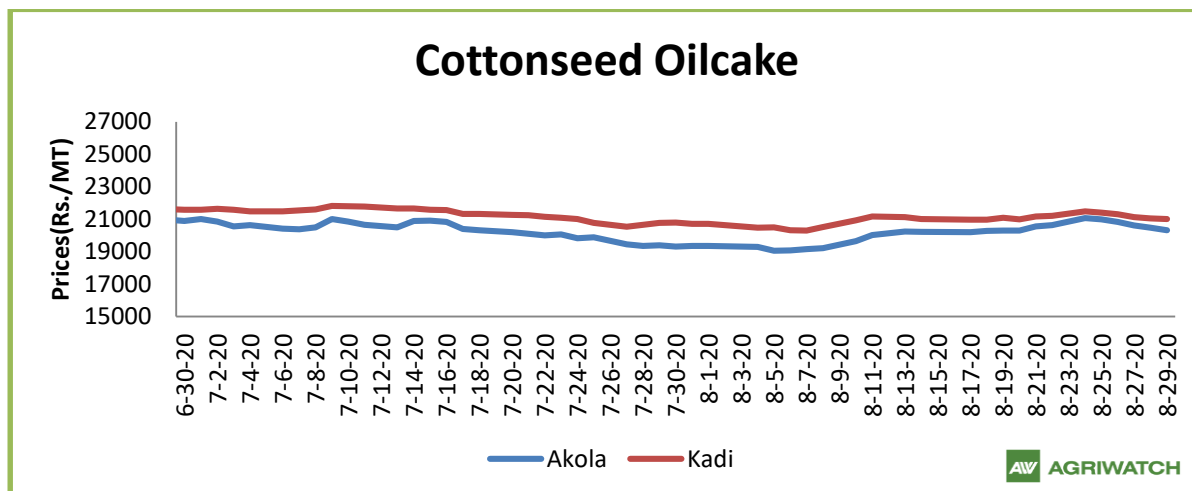
Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after increase in the sown area under the bean.

In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 13%. This year the country's soybean area is up, as expected, and area coverage under soybean is 120.53 lha, by 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 oil and rape-meal demand.

Trend – Raw Material, Feed





Source: AgriWatch

Soy meal

Soymeal sustained the gains and extended previous week's level on some fresh local and overseas demand in July. 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 estimates this season.

India's July 2020 soymeal exports improved by 9% to 61,957 metric tonnes compared to 56,638 metric tonnes in July 2019.

However, it fell during April-July'20 by 22% to 1,91,149 metric tonnes compared to 2,33,183 metric tonnes during the same period last year.

The soybean crush margins continued to remain negative due to the weak factors and we expect them to recover if the demand in meal picks up and the soyoil 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 soyoil import are unlikely in short-to-medium-term.

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

Indian soymeal exports are 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 soymeal as non-GM which was an advantage few years back; Japan was the biggest buyer of non-GM soymeal of Indian origin earlier. 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.

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

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. 30,083/MT and was quoted between Rs 29,500 – 31,500/MT compared to the average of Rs 29,540/MT traded between the price range of Rs 29,200 – 30,000/MT previous week.

At Latur soymeal fell to Rs 32,000 – 32,400/MT from Rs 32,000 – 32,500/MT a week ago and in Nanded it was quoted higher at Rs. 32,400 - 34,000/MT compared to Rs. 31,700 - 32,500/MT a week ago. Besides, in Kota, the meal remained flat at Rs 31,200 – 33,500/MT compared to Rs 30,700 – 31,200/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 29,500 – 31,500/MT during the week compared to Rs 30,400 – 31,300/MT during the corresponding period last year.

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

Rapeseed - Mustard Seed

Rapeseed-mustard continued upward movement on continued strong demand from the millers attributed to good mustard oil demand and improved rapeseed extract exports in recent months.

In-spite of stiff competition in world market, export of rapeseed meal performed well, during the last four months of financial year (Apr.-July) 2020-21 and reported at 436,480 tons against last year during the same period at 373,477 tons i.e. up by 17%, thanks to higher processing of rapeseed-mustard. Further, the exports increased by 21% in July'20 to 148170 tonnes vs 122573 tonnes in July'19.

Besides, decline in rapeseed oil imports too remained supportive for the market. India has not imported rapeseed oil in July 2020 considering India imported 15,004 tonnes in July 2019. This has eventually kept the crush margin viable to the crushers.

Nafed has started disposing the rapeseed-mustard, the federation has sold about 2.0 lakh tonnes in the open market. Hafed too has sold about 1.5 lakh tonnes in Haryana in recent days.

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 2% to Rs 5,320 – 5,405 a quintal from Rs 5,185 – 5,305 a quintal previous week in Jaipur.

The all India rapeseed-mustard supplies improved week-on-week and they were reported 4.20 lakh bags during the week compared to around 6.95 lakh bags, previous week. The supplies were 7.90 lakh bags during the corresponding period last year.

The seed is quoted at around Rs 5,320 – 5,405 a quintal compared to Rs 4,170 – 4,200 a quintal during the corresponding period last year at the benchmark, Jaipur.

At NCDEX futures, the September contract posted gains to 5,231/Qtl compared to 5,210/Qtl previous week.

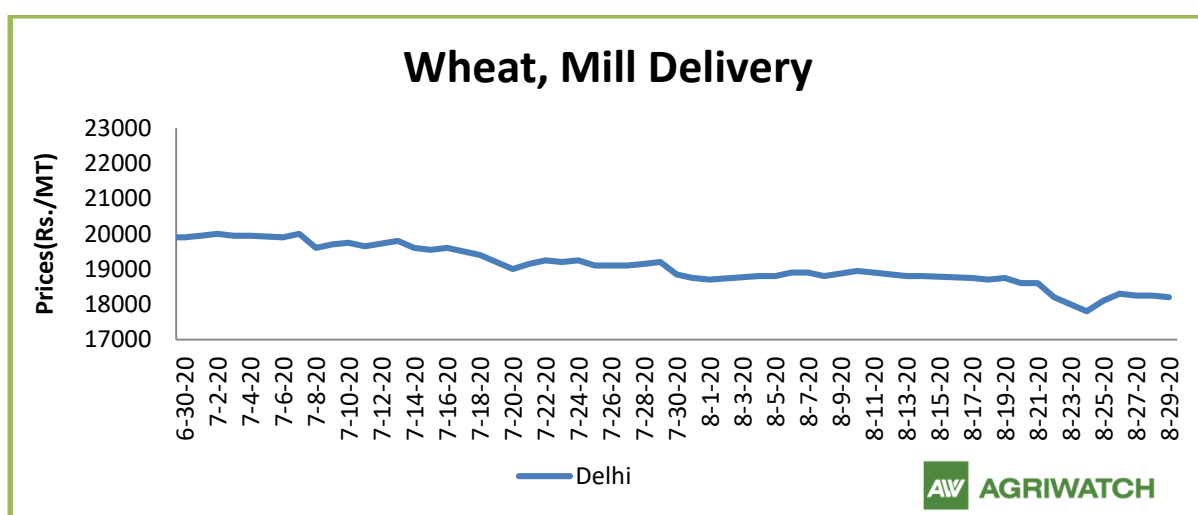
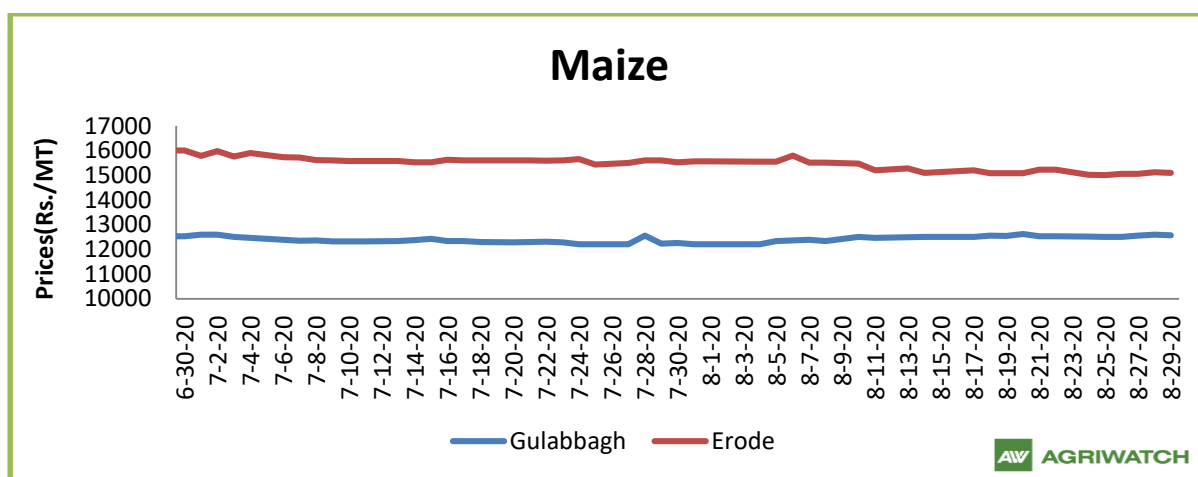
Strategie Grains has raised its forecast for 2020-21 rapeseed production in the European Union plus Britain to 16.79 million tonnes from 16.54 million in its previous estimates.

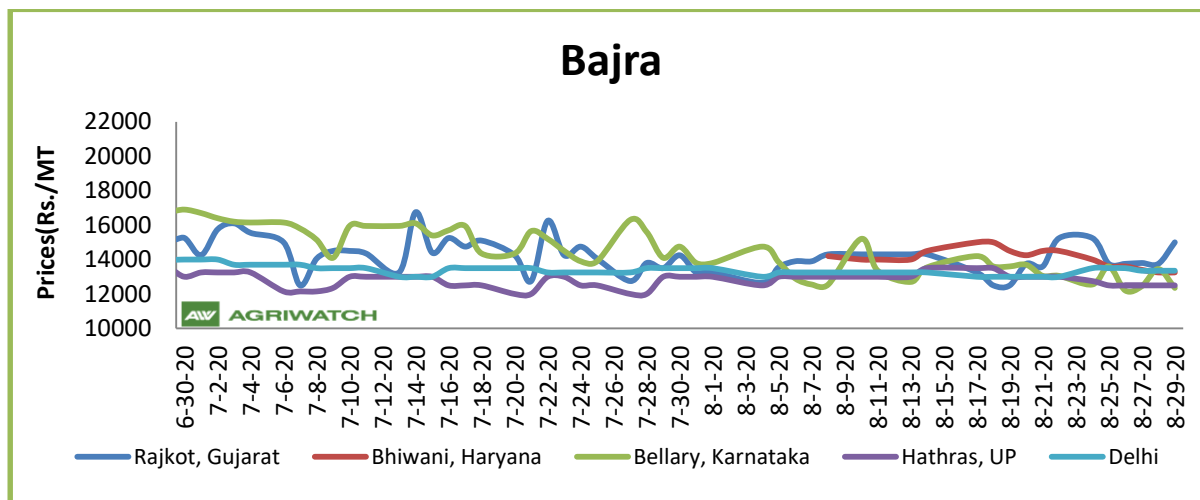
The upward revision, after six consecutive downward monthly projections was mainly due to favourable weather condition in Poland and Lithuania.

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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As per trade sources, M.P region may see around 12-15% crop loss due to heavy rains. However, exact loss assessment can only be after the weather conditions improve. This potential crop loss could lead to increase in maize prices in near future.

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 to end 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 this week by 7.48 USD/MT to 136.21 USD/MT for September'20 contract. Agriwatch expects increase in export demand for U.S corn would support to CBOT corn market.

In U.S, 64% crop of corn is in good to excellent condition as of 23rd August'20, down 5 percentage points from last week.

At 0.94 MMT (for the period 14th Aug - 20th Aug, 2020) US corn exports were down 22 percent from the previous week and 10 percent from the previous 4-week average; mainly for the destinations like Mexico (255,300 MT), Japan (227,600 MT), Colombia (219,100 MT), China (135,400 MT), and Canada (33,300 MT).

IGC increased its global corn production forecast for 2020/21 by 2 MMT to 1166 MMT compared to previous month's forecast. However, forecast for global corn ending stock was kept unchanged at 288 MMT for 2020/21, same as last month's forecast, due to increase in consumption estimates.

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from the central pool at discounted prices. However, free distribution of wheat till Nov would prevent the market from rising significantly.

Government has sold 171620 tonnes of wheat in OMSS under fourth week of E-Auction in August'20. No rakes were sold. State government and bulk consumers bought 105280 tonnes and 66340 tonnes of wheat respectively.

Wheat prices in Jaipur fell today due to weak demand from bulk buyers. However, a fall in the prices was limited as supply of the food grain also declined. Arrivals were pegged at 2,000 bags (1 bag = 100 kg), down from 3,000 bags on Wednesday. In Indore, another key market, prices rose due to a decline in arrivals. Arrivals were pegged at 2,000 bags, from 2,500 bags.

In Madhya Pradesh Wheat purchase was reduced by wheat flour mills in Madhya Pradesh due to which business remained sluggish. During the current week, the prices of wheat in Madhya Pradesh declined by Rs 25/50. With this downward trend, Indore remained at 1600/2300 rupees, Dewas 1500/2150 rupees, Ujjain 1550/2100 rupees per quintal at the weekend. Currently demand is expected to increase.

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.

As per trade source, India has exported around 40.13 thousand tonnes in the month of July-2020. The quantity in July 2020 was exported at an average FOB of \$ 16.13 per tonne and the major destinations were Nepal, Bangladesh, Sri Lanka and Afghanistan. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Global wheat market is expected to trade steady to weak due to ample availability in global market. EU is likely to produce around 156.00 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)		
	27-Aug-20	21-Aug-20	Parity To
Indore - 45%, Jute Bag	31500	29500	Gujarat, MP
Kota - 45%, PP Bag	33500	31200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	34500	31800	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	33500	31400	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	34000	32400	Andhra, AP, Kar ,TN
Latur	34000	32300	-
Sangli	32600	32300	Local and South
Solapur	33000	32000	Local and South
Akola – 45%, PP Bag	32200	30300	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	34000	32000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	33300	31000	-

Soy DOC at Port

Centers	Port Price		
	27-Aug-20	21-Aug-20	Change
Kandla (FOR) (INR/MT)	32500	32500	Unch
Kandla (FAS) (USD/MT)	445	445	Unch
CNF Indonesia – Yellow SBM (USD/MT)	410	400	10

International Soy DOC			
Argentina FOB USD/MT	27-Aug-20	21-Aug-20	Change
Soybean Pellets	344	339	5
Soybean Cake Flour	344	339	5
Soya Meal	344	337	7
Soy Expellers	344	337	7
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		

Centers	27-Aug-20	21-Aug-20	Change
Adoni	23000	22700	300
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	22600	22200	400

Groundnut Meal (Rs/MT)	27-Aug-20	21-Aug-20	Change
Basis 45%, Saurashtra	28000	27500	500
Basis 40%, Saurashtra	24500	24000	500
GN Cake, Gondal	28500	28000	500

Mustard DOC/Meal	27-Aug-20	21-Aug-20	Change
Jaipur (Plant delivery)	16900	16100	800
Kandla (FOR Rs/MT)	17600	16600	1000

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	28-Aug-20	21-Aug-20	28-Jul-20	28-Aug-19	28-Aug-18
Delhi	Hybrid	1290	1225	1250	2150	1350
Davangere	Loose	1300	1300	1300	NR	1450
Nizamabad	Bilty	1370	1375	1370	2450	1350
Ahmedabad	Feed	NR	1340	1300	2250	1450
	Starch	NR	1360	1300	2320	1450

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

As on 28.08.2020	Argentina	Brazil	US	India
FOB	178.54	178.30	156.23	204.33
Cost and Freight	228.54	233.30	216.23	239.33

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	29-Aug-20	22-Aug-20	Change
Bajra	Karnataka	Hybrid	Bellary	1235	1305	-70
		Hybrid	Bangalore	2000	2000	Unch
Jowar	Karnataka	White	Bangalore	1700	1700	Unch
		White	Bellary	1490	1320	170
Maize	Karnataka	Yellow	Davanger e	1300	1300	Unch
	Telangana	Yellow	Nizamaba d	1300	1300	Unch
Rice	Haryana	IR8	Karnal	2900	2900	Unch
		Parmal Raw	Karnal	2700	2700	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3150	2950	200
	Maharashtra	DOC	Sangli	3350	3230	120
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2300	2270	30
Mustard	Rajasthan	Plant delivery	Jaipur	1670	1610	60
Groundnut Meal	Gujarat	GN Cake	Gondal	2850	2800	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2101	2121	-20
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2031	2064	-33
Note: Prices Rs./Qtl						

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