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## Summary

Overall maize cash markets showed steady to slightly firm sentiments compared to the previous week. Agriwatch expects that maize would trade steady to slightly firm in near term too 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 8-12% 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 11.22 percent YoY to Rs. 1887.44 per quintal during the week ended 07<sup>th</sup> Sep 2020. Wheat average prices were ruling at Rs 2125.92 per quintal during 1<sup>st</sup>Sep-7<sup>th</sup> Sep 2019. As compared to prices in the last week 24<sup>th</sup>-31<sup>st</sup> Aug 2020, the prices are firm by 1.60 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 prices in Kadi were down by 1.92% in Kadi to Rs. 2087/q and down by 3% in Akola to around Rs. 2014/q. The cottonseed oilcake spot prices remained weak in August as the expectation of elevated kapas supplies in the coming season led prices to fall by 1-2% over previous month. Prices may not correct sharply and in fact, are likely to remain under pressure in the near term if the weather remains conducive for the crop.

Domestic soybean, rapeseed-mustard and soymeal extended gains on kharif oilseeds' output concerns. Heavy rains, overcast and humidity conditions in the groundnut bowl of India since last couple of weeks and higher than normal rainfall in the soybean growing belt dampened the chances of good yield this season.

The reports of increasing planted area under oilseeds' will offset the yield losses this season.

However, weak soymeal demand and increasing soyoil and other competing edible oil imports restricted the gains. Further, we don't expect soybean yield to negatively affect much.

The rapeseed-mustard fundamentals continued to remain strong on robust domestic oil and international oilcake demand leading to better crush margins for millers. .

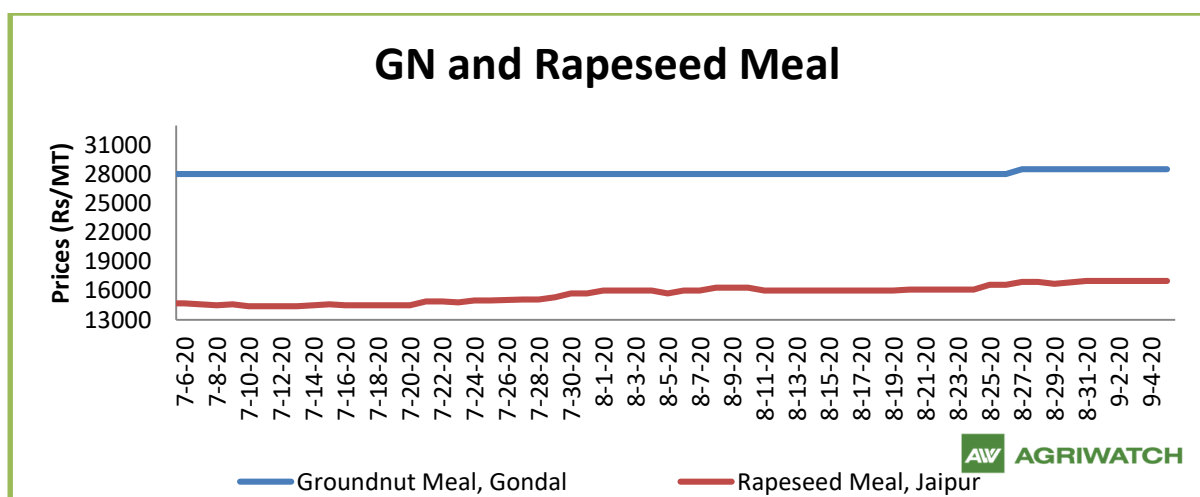
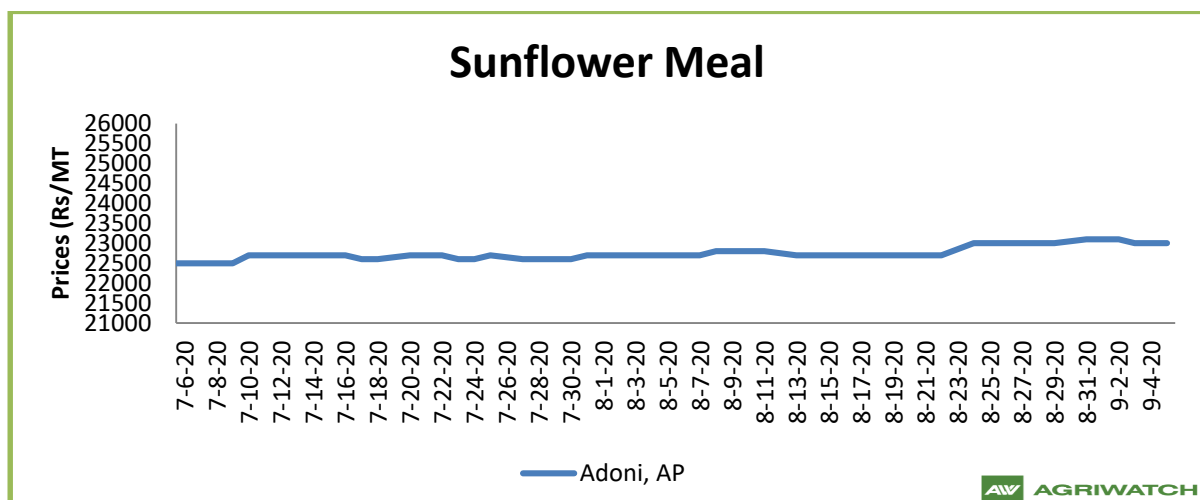
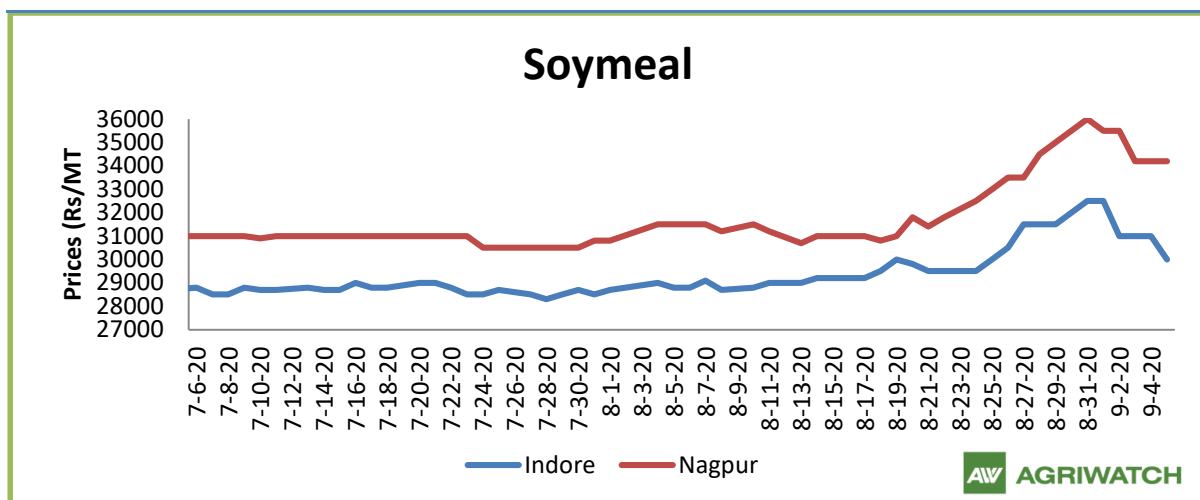
The soybean crush margins continued to remain weak and discouraging the millers to crush the bean aggressively, on weak meal and oil prices.

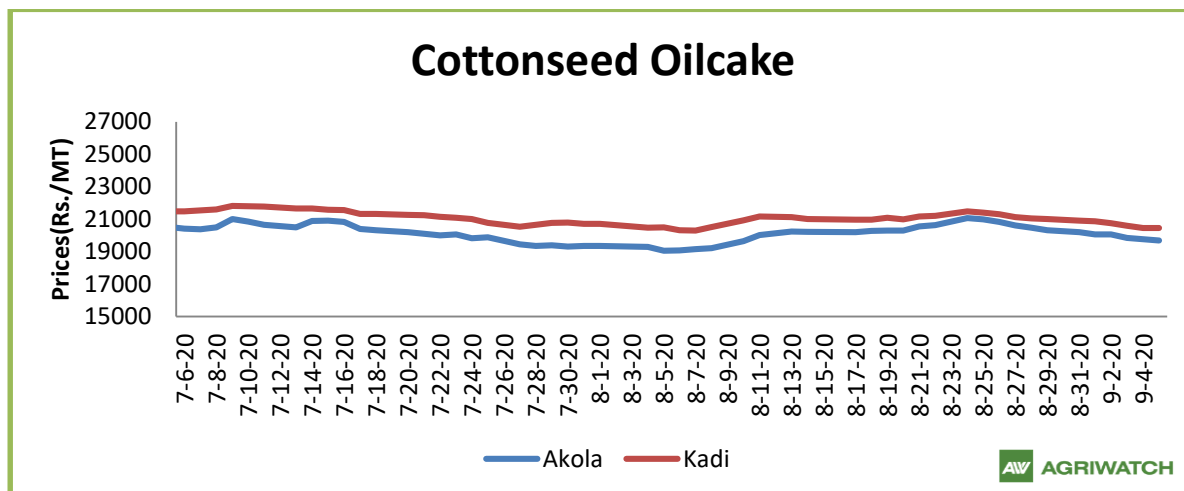
Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after increase in the sown area under the bean. We are not making any changes in forecast due to heavy rains as the sown area reported under soybean is still increasing.

In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 12%. This year area coverage under soybean is 120.62 lha, up by 7% from the 112.77 lha normal area.

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 extended gains for third week on soybean output concerns and some fresh local and overseas demand in last couple of weeks.

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.

The soybean crush margins have slightly recovered but still continued to remain negative due to the weak factors and we expect them to further 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 in short-to-medium-term.

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.

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

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

India has lost the traditional South East Asian markets to South America in recent years as the markets have switched to GM soymeal and India has lost its non-GM advantage it enjoyed until recently. 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 average soymeal prices at Indore, witnessed gains to Rs. 31,667/MT and was quoted between Rs 31,000 – 32,500/MT compared to the average of Rs 30,083/MT traded between the price range of Rs 29,500 – 31,500/MT previous week.

At Latur soymeal improved to Rs 34,300 – 35,500/MT from Rs 32,000 – 32,400/MT a week ago and in Nanded it was quoted higher at Rs. 34,300 - 35,000/MT compared to Rs. 32,400 - 34,000/MT a week ago. Besides, in Kota, the meal too improved to Rs 33,500 – 35,000/MT compared to Rs 31,200 – 33,500/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 31,000 – 32,500/MT during the week compared to Rs 30,800 – 31,300/MT during the corresponding period last year.

*The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 31,000 – 31,500 /MT on slack in demand from poultry sector, in near to medium-term.*

### **Rapeseed - Mustard Seed**

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

Decline in rapeseed oil imports continued to lend support to the domestic rapeseed-mustard complex. India has not imported rapeseed oil in July and August 2020.

Further, export of rapeseed meal performed well, during the last four months (Apr.-July) up by 17% and 21% year-on-year.

Both the factors kept the crush margin in seed viable to the crushers. Better crush margin in the seed remain encouraging for the crushers.

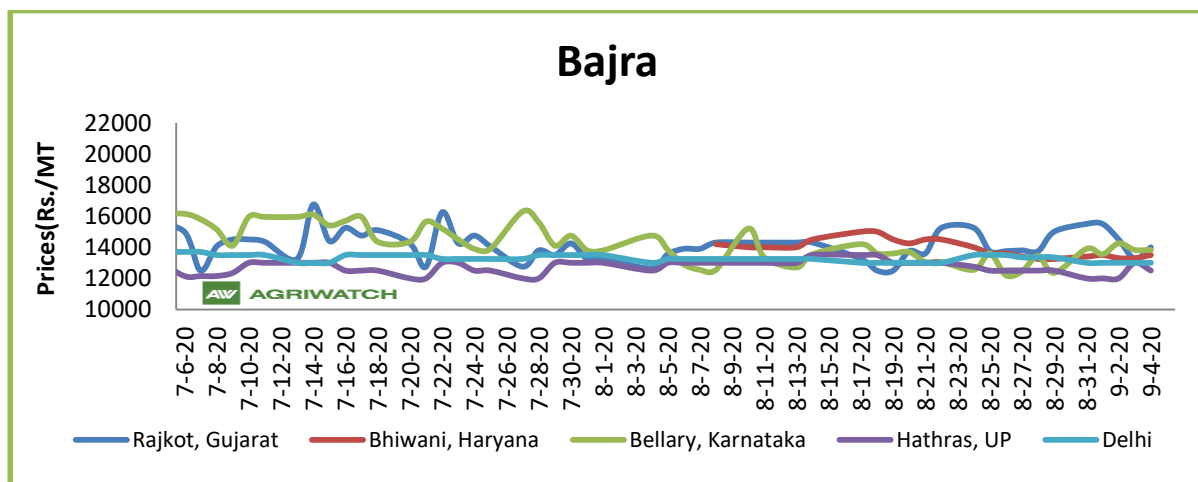
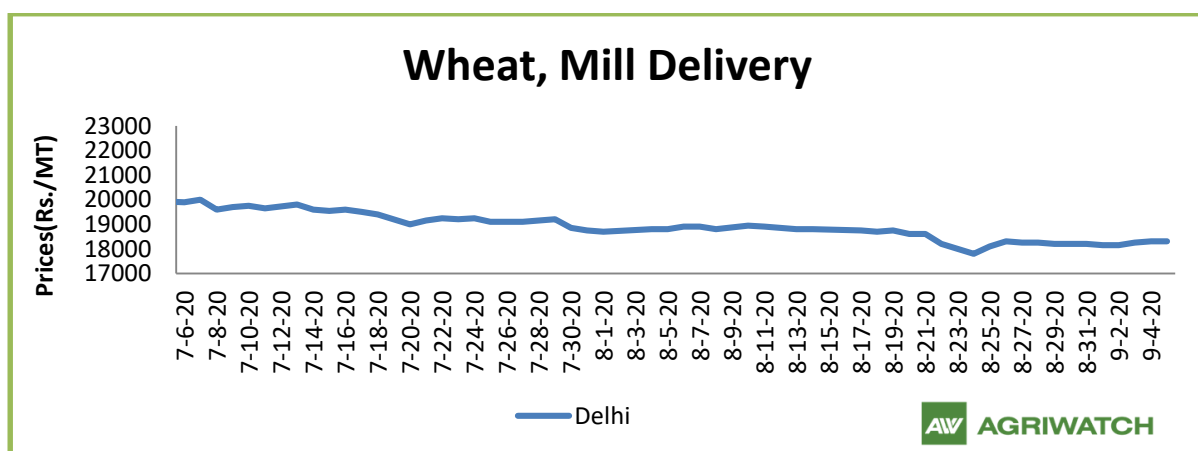
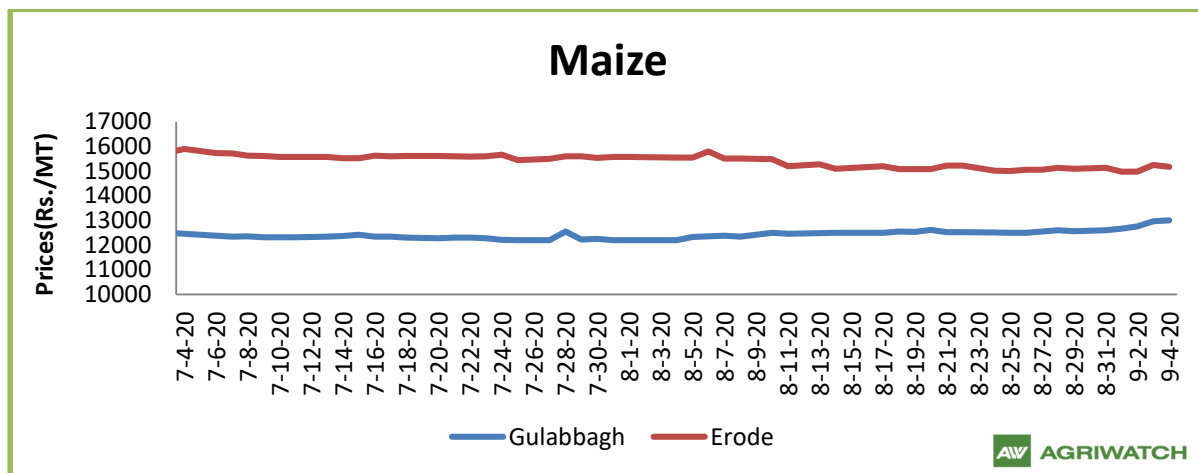
Nafed and Hafed are gradually selling the seed key market centers which has significance for millers.

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

The all India rapeseed-mustard supplies fell week-on-week and were reported at 7.05 lakh bags during the week compared to around 4.2 lakh bags, previous week. The supplies were 7.90 lakh bags during the corresponding period last year.

RM seed prices improved by just 2% to Rs 5,320 – 5,405 a quintal from Rs 5,320 – 5,405 a quintal previous week and Rs 4,180 – 4,205 a quintal during the corresponding period last year in Jaipur.

At NCDEX futures, the October contract posted gains to 5,442/Qtl compared to 5,251/Qtl previous week.



**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 8-12% 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 Bihar, despite the export demand from Bangladeshi and Nepalese feed makers, maize is being traded at Rs. 1275-1300 per quintal (Bilty Price). Maize is being delivered to Kolkata at Rs.1400 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1475 per quintal; sourced from Nizamabad region.

In India, maize has been sown in 81.14 lakh hectares as of 4th Sep'20, 108.58% 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 74.73 lakh hectares but less than last year area of 82.44 lakh hectares. In Maharashtra, it has been sown in 8.75 lakh hectares; higher than 8.57 lakh hectares compared to corresponding period last year. In Rajasthan, it has been sown in 9.34 lakh hectares; higher than 8.84 lakh hectares compared to corresponding period last year. However, In M.P, maize has been sown in 15.38 lakh hectares as of 4th Sep'20; lower than 15.45 lakh hectares compared to corresponding period last year.

Agriwatch's first estimate for the maize production in 2020-21 Kharif season is 18.26 MMT with average yield of 2.21 MT/ hectare.

Corn on CBOT rose by 0.50 USD/MT to 136.71 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.

In U.S, 62% crop of corn is in good to excellent condition as of 30th August'20, down 2 percentage points from last week.

At 0.46 MMT (for the period 21st Aug - 27th Aug, 2020) US corn exports were down 51 percent from the previous week and 55 percent from the 4-week average; mainly for the destinations like Mexico (224,300 MT), China (137,200 MT), Jamaica (28,800 MT), Japan (22,100 MT), and Trinidad (16,700 MT).

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Wheat prices in Indore and Jaipur were steady last week due to a low supply and weak demand. In Indore, arrivals were pegged at 1,000 bags (1 bag = 100 kg), down from 2,000 bags on Tuesday. In Jaipur, another key market, arrivals were pegged at 1,000 bags, down from 1,500 bags. As per trade source no more dullness in wheat, prices will increase gradually.

After the steep decline in wheat in the month of August, Dullness should be considered finished for the whole year. There is absolutely no risk in business from here, even if the sales policy of the government has not seen a long boom.

Despite the lowering of wheat prices in UP, MP, Rajasthan, the demand for low-moisture wheat in the mills of Delhi, NCR has increased. Due to this, prices of 13-13.50 per cent low moisture content rose by Rs 10 per quintal to Rs 1820/1825 and 9.50-10 per cent to Rs 1835 per quintal. Up to 1840 rupees were purchased by some mills. Goods coming from increasing freight are costing more. In view of this, the market looks sharp from here.

Indian FoB quote is hovering around \$229.78 per tonne while Russia, Ukraine, France, US and Australia are offering wheat at \$215.20, \$215.50, Euro 87.10, \$248.27 and \$232.28 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. FCI currently had 558.25 MMT wheat in central pool stock as of June.

As per trade sources, India has exported around 40.13 thousand tonnes in the month of July-2020 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. 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 steady to firm during last week.

### Annexure

#### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	03-Sep-20	28-Aug-20	Parity To
Indore - 45%, Jute Bag	31000	31500	Gujarat, MP
Kota - 45%, PP Bag	34200	33500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	34800	35000	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	34200	34500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	34800	34300	Andhra, AP, Kar, TN
Latur	34300	34600	-
Sangli	34000	32600	Local and South
Solapur	33200	33000	Local and South
Akola – 45%, PP Bag	33600	32200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	35000	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	34000	33300	-



**Soy DOC at Port**

Centers	Port Price		
	03-Sep-20	28-Aug-20	Change
Kandla (FOR) (INR/MT)	33000	32500	500
Kandla (FAS) (USD/MT)	450	445	5
CNF Indonesia – Yellow SBM (USD/MT)	410	410	Unch
<b>International Soy DOC</b>			
<b>Argentina FOB USD/MT</b>	<b>03-Sep-20</b>	<b>28-Aug-20</b>	<b>Change</b>
Soybean Pellets	355	353	2
Soybean Cake Flour	355	353	2
Soya Meal	354	351	3
Soy Expellers	354	351	3
<b>Sunflower (DOC) Rates</b>			
	Ex-factory rates (Rs/ton)		
<b>Centers</b>	<b>03-Sep-20</b>	<b>28-Aug-20</b>	<b>Change</b>
Adoni	23000	23000	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	21800	22600	-800

<b>Groundnut Meal (Rs/MT)</b>	<b>03-Sep-20</b>	<b>28-Aug-20</b>	<b>Change</b>
Basis 45%, Saurashtra	29000	28000	1000
Basis 40%, Saurashtra	26500	24500	2000
GN Cake, Gondal	28500	28500	Unch

<b>Mustard DOC/Meal</b>	<b>03-Sep-20</b>	<b>28-Aug-20</b>	<b>Change</b>
Jaipur (Plant delivery)	17000	16900	100
Kandla (FOR Rs/MT)	17500	17600	-100

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

Market	Grade	04-Sep-20	28-Aug-20	04-Aug-20	04-Sep-19	04-Sep-18
Delhi	Hybrid	1250	1290	1200	2150	1350
Davangere	Loose	1300	1300	1300	NA	1450

<b>Nizamabad</b>	Bilty	1375	1370	Closed	2400	1400
<b>Ahmedabad</b>	Feed	1300	NR	1340	2300	NA
	Starch	1330	NR	1340	2350	NA

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

As on 04.09.2020	Argentina	Brazil	US	India
<b>FOB</b>	176.67	185.50	NA	204.61
<b>Cost and Freight</b>	226.67	240.50	NA	239.61

**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>04-Sep-20</u>	<u>29-Aug-20</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1490	1235	255
		Hybrid	Bangalore	NA	2000	-
Jowar	Karnataka	White	Bangalore	NA	1700	-
		White	Bellary	1440	1490	-50
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	2400	2700	-300
Soy meal	Madhya Pradesh	DOC	Indore	3100	3150	-50

	Maharashtra	DOC	Sangli	3380	3350	<b>30</b>
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2300	2300	<b>Unch</b>
Mustard	Rajasthan	Plant delivery	Jaipur	1700	1670	<b>30</b>
Groundnut Meal	Gujarat	GN Cake	Gondal	2850	2850	<b>Unch</b>
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2046	2101	<b>-55</b>
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1976	2031	<b>-55</b>
Note: Prices Rs./Qtl						

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