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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 with a slightly firm bias due to the decrease in arrivals from Bihar, amid export demand from Bangladeshi and Nepalese feed makers. However, any Government release at subsidized rates to poultry feed makers and the new crop arrivals expected by end of September month would limit the gain.

As per media reports, Telangana Government has issued 8,47,000 MT of tender for the disposal of maize on 8th Sep'20. Tender's closing date is 29th Sep'20.

All India's weekly average prices of wheat decreased by 1.58 percent YoY to Rs. 1857.70 per quintal during the week ended 15th Sep 2020. Wheat average prices were ruling at Rs 2118.24 per quintal during 9th Sep-15th Sep 2019. As compared to prices in the last week, 1st-8th Sep 2020, the prices are low by 1.58 percent. The price in the wheat market has improved, but there is no opportunity to grow in the average wheat market till Diwali. Now the price of wheat has reached the minimum level, it will not be reduced.

Domestic soybean and soymeal fell on bearish supply scenario after the planted area under soybean is up by 9% from the normal. Besides, the sown area under kharif oilseeds' is up by 8% from the normal this season.

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

Further, weak crush margin after fall in soymeal demand from poultry, decline in soymeal exports and increasing soyoil imports continued to remain bearish for the domestic bean and meal.

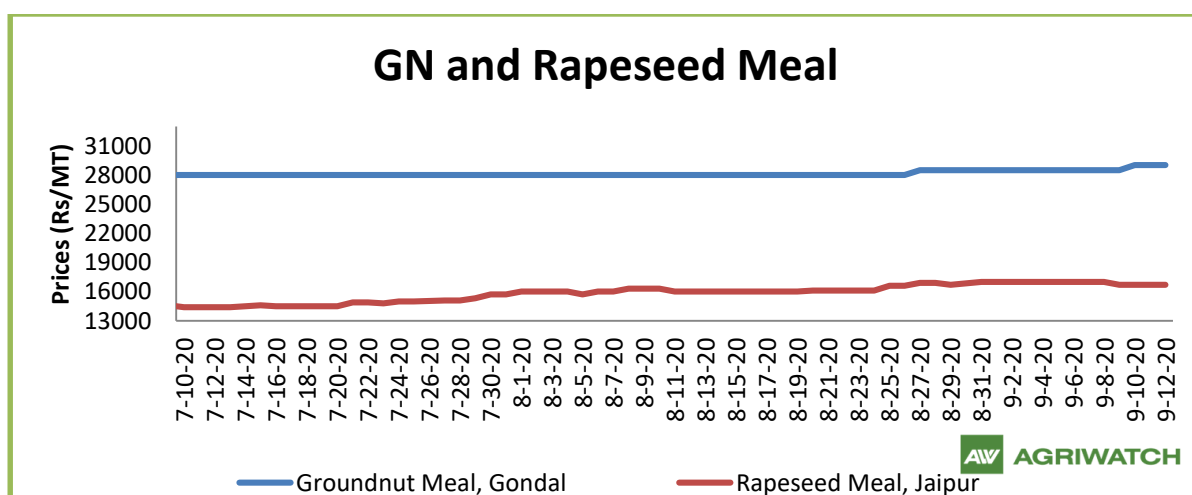
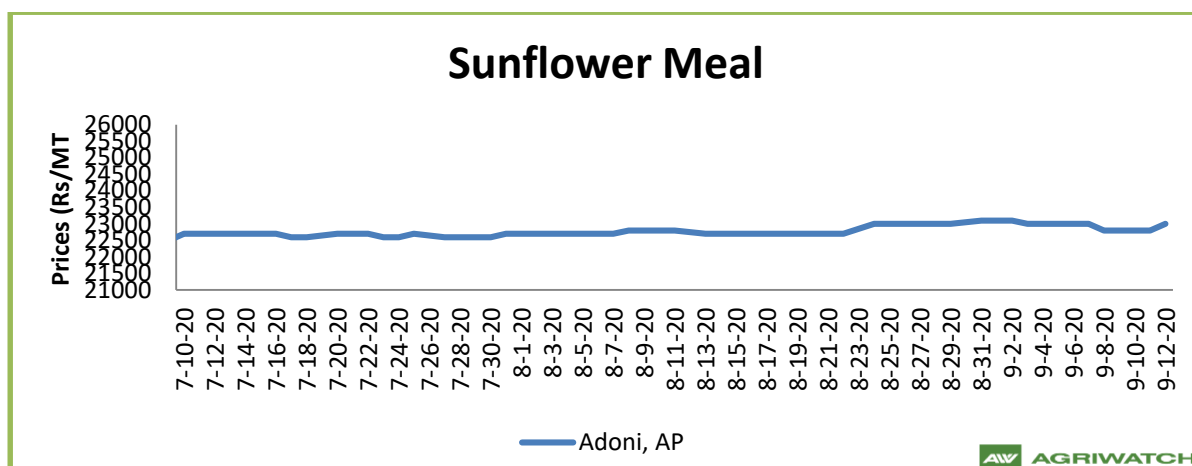
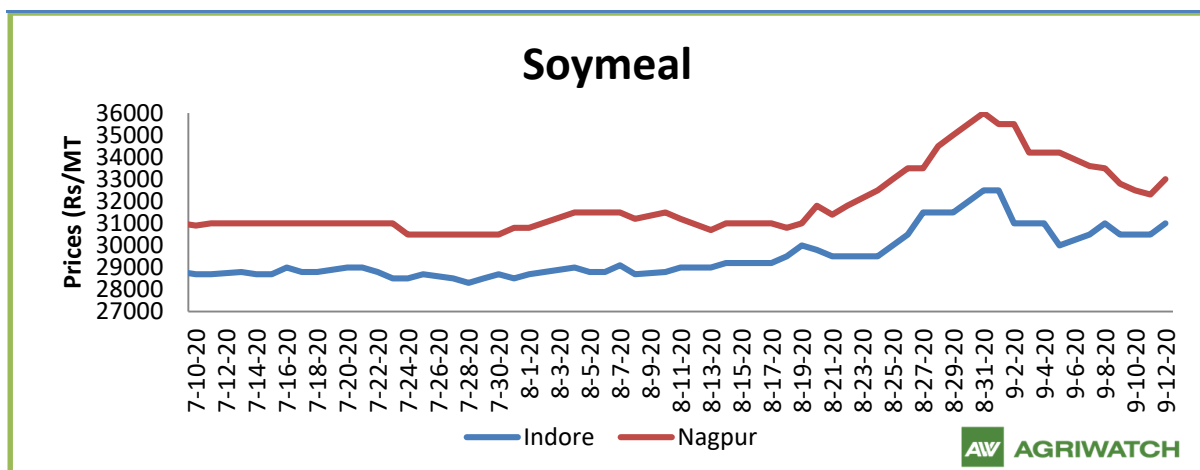
Hence, the soybean crush margins continued to remain weak and discouraging the millers to crush the bean aggressively, on weak meal and oil prices.

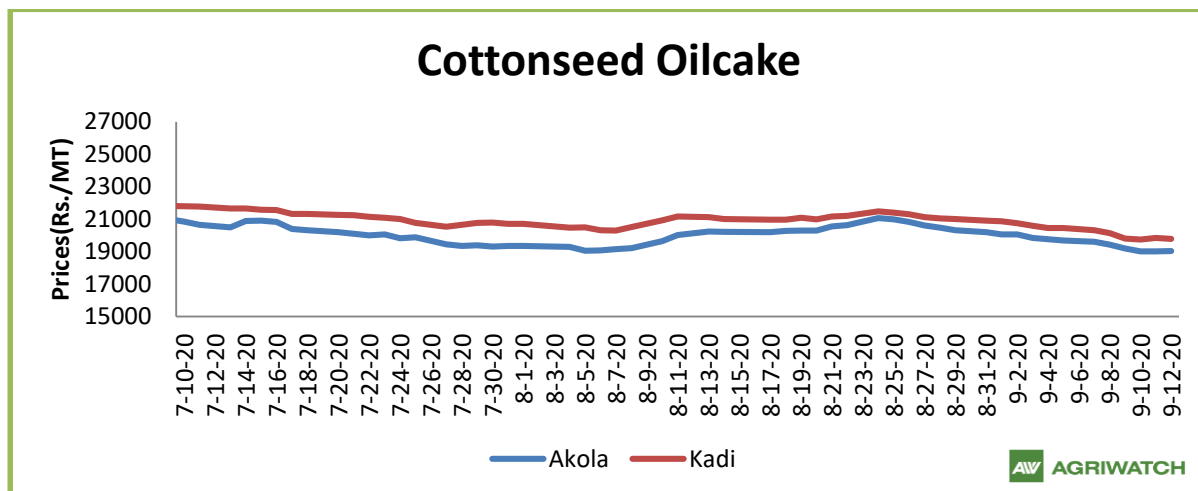
The rapeseed-mustard extended the rally on strong fundamentals followed by good demand in rapeseed-mustard oil and improved overseas rapeseed oilcake demand leading to better crush margins for millers.

In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 11%. This year area coverage under soybean is 121.19 lha, up by 7% from the 113.30 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 couldn't sustain the gains, as expected, on weak domestic demand and lower exports to the traditional destinations.

Further, forecast of higher soybean output this season have again created the bearish supply scenario in soymeal in the coming season. We are still away from the pre-COVID demand level from poultry, as the poultry demand have been severely hit post-COVID.

The soy complex is under pressure after crush margins are weak with additional set back after increasing soybean imports. India's soybean imports 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.

The provisional data of SOPA reveals India's August 2020 soybean exports are down by 41% Y-o-Y at 45,000 metric tonnes compared to 76,000 metric tonnes. *Figures may change later, if revised by the Association.

The domestic soybean demand continues to be weak mainly due to the weak demand in poultry attributed to the COVID-19 pandemic. We expect the local soybean demand to gradually pick-up with reducing COVID fear.

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 average soybean prices at Indore, witnessed gains to Rs. 30,583/MT and was quoted between Rs 30,000 – 31,000/MT compared to the average of Rs 31,667/MT traded between the price range of Rs 31,000 – 32,500/MT previous week.

At Latur soybean fell to Rs 31,800 – 33,800/MT from Rs 34,300 – 35,500/MT a week ago and in Nanded it was quoted lower at Rs. 33,000 - 34,000/MT compared to Rs. 34,300 - 35,000/MT a week ago. Besides, in Kota, the meal too improved to Rs 32,000 – 34,000/MT compared to Rs 33,500 – 35,000/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 30,000 – 31,000/MT during the week compared to Rs 30,500 – 31,600/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 continued upward trend on strong buying support by the millers supported by good demand in rapeseed-mustard oil and improved export sales in rapeseed oilcake in recent months.

Millers are aggressively crushing the rapeseed-mustard as the crush margins are good this season. The domestic rapeseed-mustard crushing was earlier expected to be in the range of 6.0-6.5 lakh tonnes but in last two months the processing stood at 8.0 lakh tonnes and it is expected to be in the range of 7.0-7.5 lakh tonnes in September.

Last season, about 25-27 lakh tonnes of the seed was processed in India during September and February.

According to the market participants currently the cumulative rapeseed-mustard stock with government agencies and farmers stands at 24 lakh tonnes and the crushing season is yet to go another six months before new crop arrivals.

About 2.5-3.0 lakh tonnes of the seed is the normal carry forward to the new season. This translates into availability of about 21-22 lakh tonnes of the seed will remain balance for crushing till February.

The Nafed and Hafed are gradually offloading their stock in the market. Nafed has sold around 8.35 lakh tonnes of rapeseed-mustard combined together new and old stock while Hafed has offloaded around 2.8 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

Further, decline in rapeseed oil imports during the oil year (Nov.-Oct.) continued to lend support to the domestic rapeseed-mustard complex. India has not imported rapeseed oil in July and August 2020.

Further, exports of rapeseed meal performed well, during the last four to five months (Apr.-Aug.).

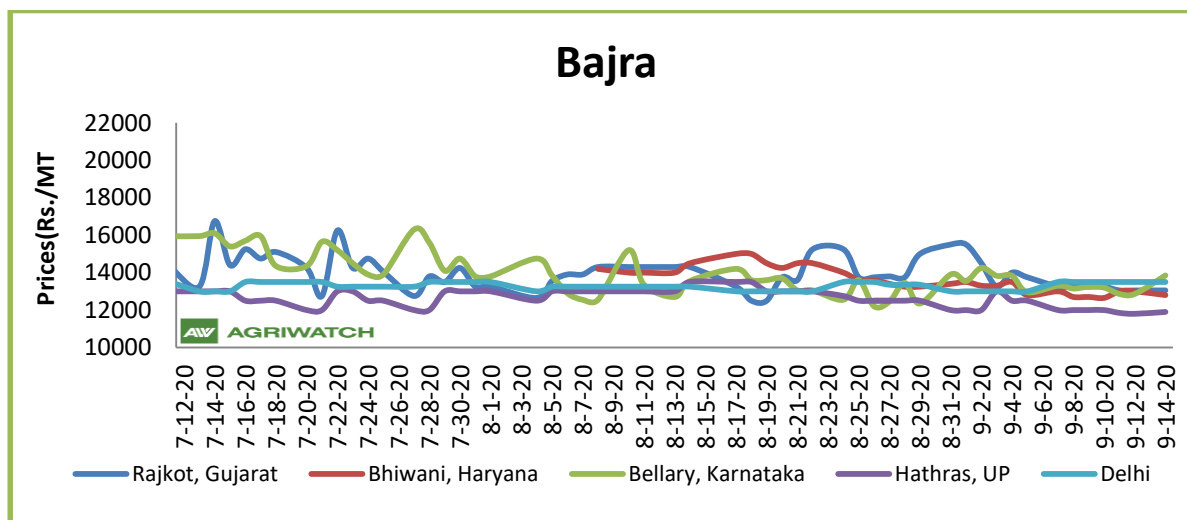
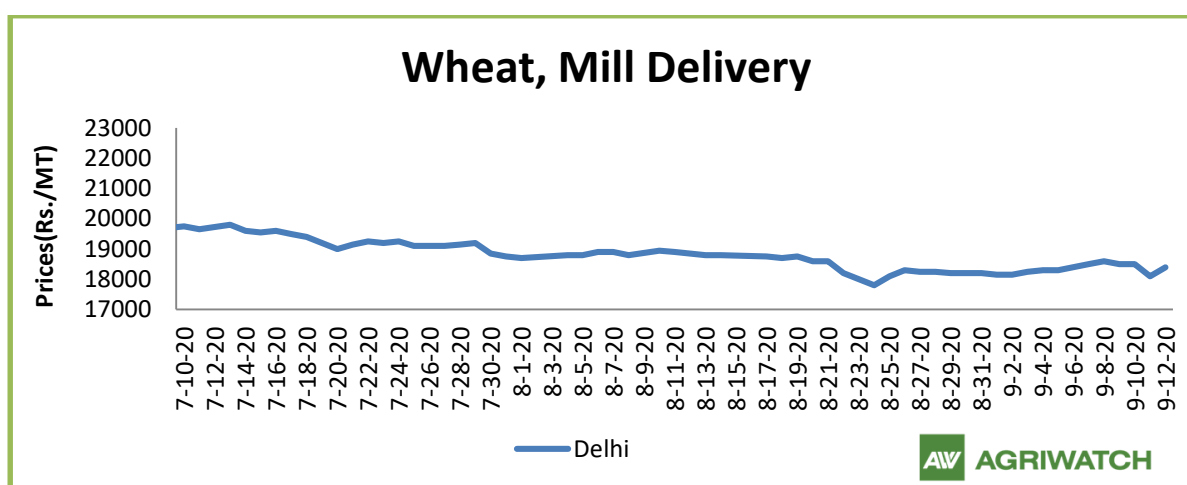
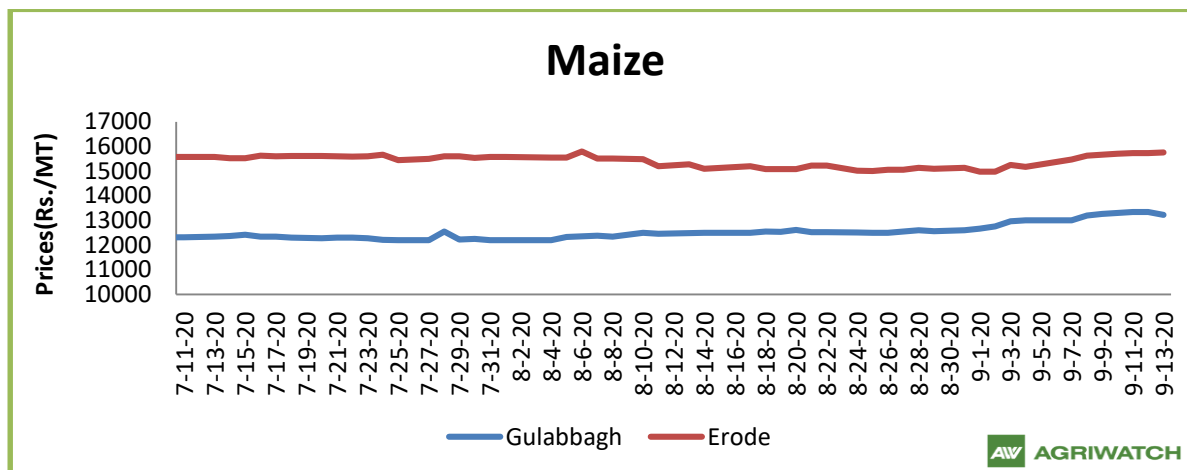
The above factors kept the crush margin in seed viable to the crushers. Better crush margin in the seed remain encouraging for the crushers.

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

The all India rapeseed-mustard supplies improved week-on-week and were reported at 10.30 lakh bags during the week compared to around 7.05 lakh bags, previous week. The supplies were 6.95 lakh bags during the corresponding period last year.

RM seed prices improved by just 0.4% to Rs 5,450 – 5,530 a quintal from Rs 5,420 – 5,525 a quintal previous week and Rs 4,150 – 4,165 a quintal during the corresponding period last year in Jaipur.

At NCDEX futures, the October contract rapeseed-mustard fell to 5,384/Qtl compared to 5,442/Qtl previous week.



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

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Government release at subsidized rates to poultry feed makers and the new crop arrivals expected by end of September month would limit the gain.

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In Bihar, maize is being traded at Rs. 1300 per quintal (Bilty Price) rising slightly each week. Maize is being delivered to Kolkata at Rs.1380-1450 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1475 per quintal; sourced from Nizamabad region. It is also moving towards Tamil Nadu and Bengaluru at Rs. 1600 and Rs. 1500-1550 per quintal, sourced from Davangere region of Karnataka.

In India, maize has been sown in 80.71 lakh hectares as of 11th Sep'20, 108% of normal area. Agriwatch expects maize sown area at 82.17 lakh hectares for the Kharif season 2020-21 which is above than normal area of 74.73 lakh hectares but below than last year area of 82.44 lakh hectares. In Maharashtra, it has been sown in 8.81 lakh hectares; higher than 8.61 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. In M.P, maize has been sown in 15.38 lakh hectares; higher than 15.36 lakh hectares compared to corresponding period last year.

Agriwatch's first estimate for the maize production in 2020-21 Kharif season is 17.80 MMT with average yield of 2.17 MT/ hectare.

Corn on CBOT rose by 6.98 USD/MT to 143.69 USD/MT for September'20 contract compared to previous week. Agriwatch expects that increase in export demand for U.S corn would lead to CBOT corn.

In U.S, 61% crop of corn is in good to excellent condition as of 6th September'20, down 1 percentage points from last week.

USDA decreased its world corn ending stock estimates by 10.67 MMT to 306.79 MMT for 2020/21 compared to last month due to decrease in production estimates which would support to global corn market.

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As far as the government will continue to distribute free food grains, the demand for wheat is fragile now, and there is no price scope to accelerate. The Price of Mill Quality wheat is hovering around between Rs.1650-1750, which may rise to 50-60 Rs. Consumption has also decreased in this season.

According to traders, Wheat prices rose in Jaipur due to firm demand and a fall in arrivals. In Jaipur, arrivals were pegged at 1,000 bags (1 bag = 100 kg), compared with 1,200 bags this week. In Indore, wheat prices were unchanged as demand and supply of the food grain were steady. Arrivals were pegged at 3,000 bags at the market.

Due to good rains in the current year and the Kharif season too soon, sowing has to start as soon as the cold starts in November, due to which the new season will also begin soon. In January itself, the arrival of modern wheat will again start in Gondal Line and some such centers, which usually start in February.

The government has sold 3390 tonnes of wheat in OMSS through E-Auctions in the First week of September'20. Till now, No rakes were sold, and there is no purchase by the state Government; only bulk consumers bought 3390 tonnes of wheat, respectively.

Indian FoB quote is hovering around \$228.39 per tonne while Russia, Ukraine, France, the US, and Australia offer wheat at \$221.50, \$215.50, Euro 87.10, \$248.27, and \$227.59 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.

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

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	10-Sep-20	04-Sep-20	Parity To
Indore - 45%, Jute Bag	30500	31000	Gujarat, MP
Kota - 45%, PP Bag	32500	34200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	33500	34800	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	32500	34200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33000	34000	Andhra, AP, Kar, TN
Latur	31800	33800	-
Sangli	32300	33800	Local and South
Solapur	32300	33500	Local and South
Akola – 45%, PP Bag	32800	33600	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33000	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	32300	34000	-

Soy DOC at Port

Centers	Port Price		
	10-Sep-20	04-Sep-20	Change
Kandla (FOR) (INR/MT)	31000	33000	-2000
Kandla (FAS) (USD/MT)	410	450	-40
CNF Indonesia – Yellow SBM (USD/MT)	410	410	Unch

International Soy DOC			
Argentina FOB USD/MT	10-Sep-20	04-Sep-20	Change
Soybean Pellets	363	360	3
Soybean Cake Flour	363	360	3
Soya Meal	366	362	4
Soy Expellers	366	362	4

Sunflower (DOC) Rates		Ex-factory rates (Rs/ton)	
Centers	10-Sep-20	04-Sep-20	Change
Adoni	22800	23000	-200
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	21500	21800	-300

Groundnut Meal (Rs/MT)	10-Sep-20	04-Sep-20	Change
Basis 45%, Saurashtra	27500	29000	-1500
Basis 40%, Saurashtra	25500	26500	-1000
GN Cake, Gondal	29000	28500	500

Mustard DOC/Meal	10-Sep-20	04-Sep-20	Change
Jaipur (Plant delivery)	16700	17000	-300
Kandla (FOR Rs/MT)	17500	17500	Unch

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	11-Sep-20	04-Sep-20	11-Aug-20	11-Sep-19	11-Sep-18
Delhi	Hybrid	1300	1250	1250	2150	1400
Davangere	Loose	1300	1300	1250	NA	1450
Nizamabad	Bilty	1370	1375	Closed	2350	1400
Ahmedabad	Feed	1300	1300	1370	2270	1540
	Starch	1350	1330	1380	2275	1550

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

As on 11.09.2020	Argentina	Brazil	US	India
FOB	181.50	189.6	NA	210.83
Cost and Freight	231.50	244.60	NA	245.83

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	11-Sep-20	04-Sep-20	Change
Bajra	Karnataka	Hybrid	Bellary	1286	1490	-204
		Hybrid	Bangalore	NA	NA	-
Jowar	Karnataka	White	Bangalore	NA	NA	-
		White	Bellary	1312	1440	-128
Maize	Karnataka	Yellow	Davangere	1300	1300	Unch

	Telangana	Yellow	Nizamabad	1300	1300	Unch
Rice	Haryana	IR8	Karnal	2900	2900	Unch
		Parmal Raw	Karnal	2700	2400	300
Soy meal	Madhya Pradesh	DOC	Indore	3050	3100	-50
	Maharashtra	DOC	Sangli	3280	3380	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2280	2300	-20
Mustard	Rajasthan	Plant delivery	Jaipur	1670	1700	-30
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	2850	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1984	2046	-62
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1902	1976	-74
Note: Prices Rs./Qtl						

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