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Summary

Overall maize cash markets showed steady to slightly firm sentiments compared to the previous week. Despite export demand from Bangladeshi and Nepalese feed makers; Agriwatch expects that maize would trade steady to range bound in near term on the expectation of Government releases and new crop arrivals in coming weeks.

In M.P and Karnataka, new crop arrivals have just started, which are lower in quantity and contain moisture upto 30%.

All India's weekly average prices of wheat decreased by 14.35 percent YoY to Rs. 1788.49 per quintal during the week ended 30th Sep 2020. Wheat average prices were ruling at Rs 2161.99 per quintal during 24th Sep-30th Sep 2019. As compared to prices in the last week, 16th-23rd Sep 2020, the prices are high by 3.54 percent. The wheat market has stabilized, and prices are unlikely to rise till Dusshera & Diwali festival. But the prices of wheat seem to have hit bottom, and unlikely to drop further.

The spot prices of cotton seed oilcake in Kadi were down by 3% to Rs. 1908/q while the prices were up by 1.36% in Akola to around Rs. 1954/q. The prices in the upcoming season likely to remain steady to weak during October due to the weak demand and as the old stock is being traded. While the prices are expected to increase slightly as the demand increases during November and December but the expectation of higher crop in 2020-21 would not support the prices to remain firm for long term.

Domestic soybean and rapeseed-mustard posted gains on fresh buying support by the oilseeds' crushers. However, the newly harvested soybean and groundnut seed arrivals limited the gains.

The new crop soybean and groundnut supplies are gradually improving with the harvesting picking up the pace.

In the new food and safety amendment by the government of India directed FSSAI to prohibit blending in, rapeseed-mustard and facilitate manufacture and sale of pure rapeseed-mustard oil for domestic consumption in public interest. This should improve the demand in the seed by the millers.

Besides, the Government of India has increased the MSP of rapeseed-mustard for 2021-22 crop by Rs.225.

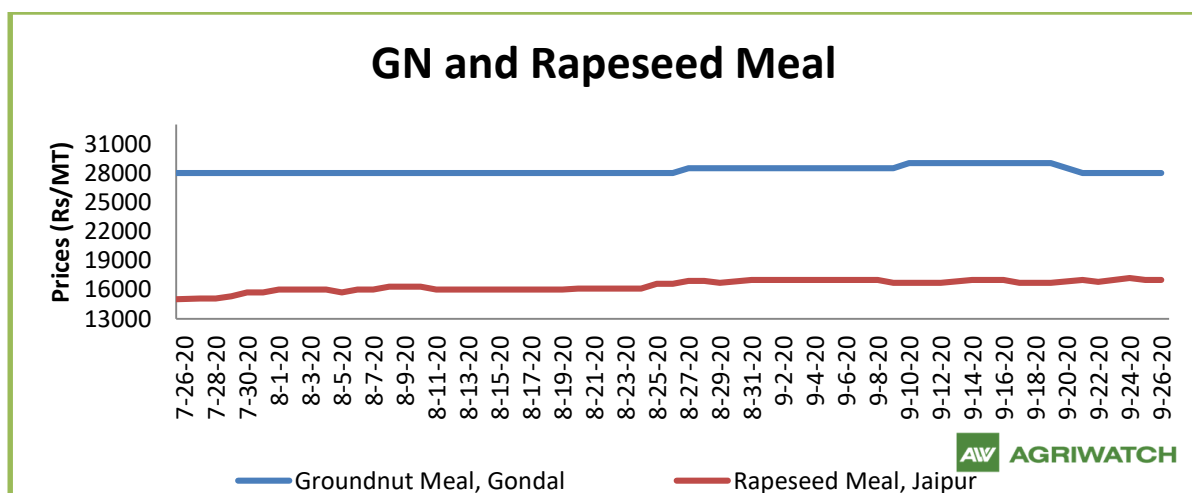
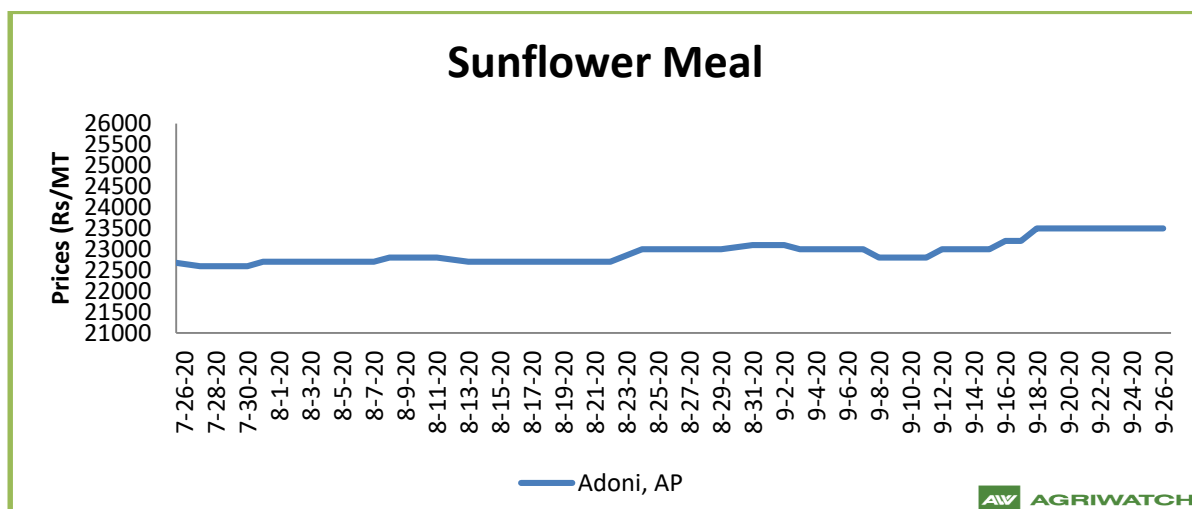
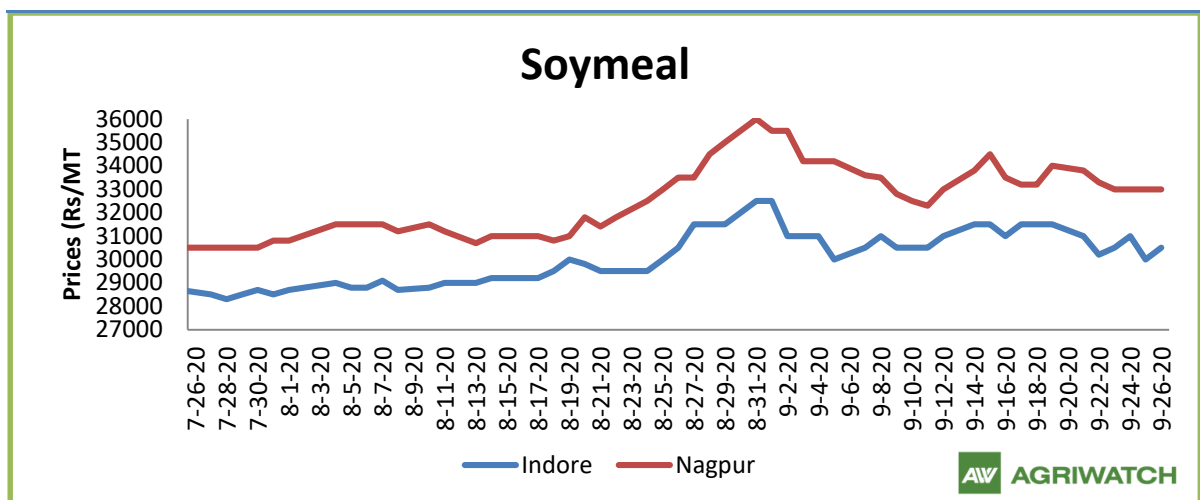
The soybean fundamentals continued to remain weak on higher production estimates, slack in local and overseas demand for soymeal of Indian origin and improved soyoil imports. All this have hurt the crush margin in soybean.

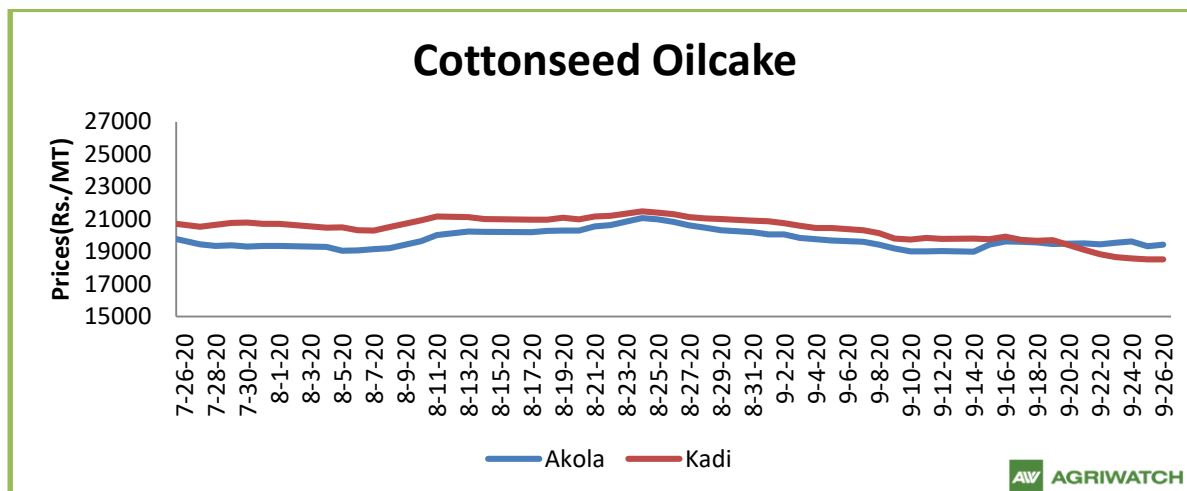
In the last official progressive kharif planting report, India's area under oilseeds coverage is reported up by 10.5%. This year area coverage under soybean is 121.21 lha, up by 7% from the 113.41 lha normal area. Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after increase in the sown area under the bean.

But, the rapeseed-mustard fundamentals are still strong on festive demand, in the seed from the oilseeds' crushers. However, we feel rapeseed-mustard prices will come under pressure with increase in the new crop soybean supplies.

We expect soybean and soymeal to feature range-bound movement with weak-bias on bearish domestic and global supply outlook.

Trend – Raw Material, Feed





Source: AgriWatch

Soy meal

Soymeal price fell mainly on new soybean crop arrivals in the market. Besides, weak soymeal export sales and slack in local meal demand continued to pressure the soymeal market.

The soybean crush margins are weak and the crushers are not eager to crush the bean aggressively but they are covering their bean stock for future demand.

The poultry demand is still weak and way behind the pre-COVID levels, this has certainly hit the local demand in soymeal, as the sector is key demand driver.

Further, forecast of higher soybean output in India this season, have again created the bearish supply scenario in soymeal in the coming season.

India's export of oilmeals for the month of August 2020 is reported at 171,515 tonnes compared to 228,484 tonnes in August, 2019 i.e. down by 25%.

The overall export of oilmeals during April to August 2020 is provisionally also reported down at 1,013,177 tonnes compared to 1,146,295 tonnes during the same period of previous year i.e. down by 12%.

The soymeal exports fell by 6% to 58,190 tonnes in August 2020 compared to 61,957 tonnes in the same period last year. Besides, it fell by 24% to 2,49,339 tonnes during the last five months (Apr.-Aug.) of financial year 2020-21 compared to 3,28,633 tonnes during the corresponding period last year.

The soy complex is under pressure after crush margins are weak with multiple bearish factors including forecast of higher soybean output for the new season, slack in local and overseas demand for soymeal of Indian origin and increasing soyoil imports.

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. 30,950/MT and was quoted between Rs 30,5000 – 31,500/MT compared to the average of Rs 31,167/MT traded between the price range of Rs 30,5000 – 31,500/MT previous week.

At Latur soymeal prices improved to Rs 33,000 – 34,000/MT from Rs 32,000 – 33,000/MT a week ago and in Nanded it was quoted higher at Rs. 33,700 - 34,500/MT compared to Rs. 33,500 - 34,000/MT a week ago. Besides, in Kota, the meal too improved to Rs 32, 800 – 33,500/MT compared to Rs 32,500 – 33,200/MT previous week.

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted higher between Rs 30,5000 – 31,500/MT during the week compared to Rs 32,000 – 34,900/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 witnessed gains on buying support from the millers' ahead festivities to cater the edible oil demand. This is despite commencement of the new crop soybean arrivals.

Government has increased the MSP of Rabi crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce. This increase in MSP is in line with the recommendations of Swaminathan Commission.

The MSP for rapeseed-mustard has been increased to Rs. 4,650 per quintal for marketing season 2021-22 from Rs. 4,425 per quintal in 2020-21 an increase of Rs. 225 a quintal.

In a big move in the new food and safety amendment, the government of India has directed FSSAI to prohibit blending in, rapeseed-mustard oil and facilitate manufacture and sale of pure rapeseed-mustard oil for domestic consumption in public interest.

This should improve the demand in the seed by the millers, especially when imports of rapeseed (canola) oil have declined. Though India has imported the rapeseed (canola) oil after four months in August, the overall decline in rapeseed oil imports during the oil year (Nov.-Oct.) has limited the decline to the domestic rapeseed-mustard complex.

The demand in seed and oil are good ahead of festivities. But, we feel that rapeseed-mustard prices will remain under short-term pressure with the increase in new soybean supplies.

Millers are aggressively crushing the rapeseed-mustard as the crush margins are good this season. Last season, about 25-27 lakh tonnes of the seed was processed in India between September and February.

Currently, the cumulative rapeseed-mustard stock with government agencies and farmers stands at 20-22 lakh tonnes and the crushing season is yet to go another six months for the new crop arrivals.

The Nafed and Hafed are offloading their stock in the market.

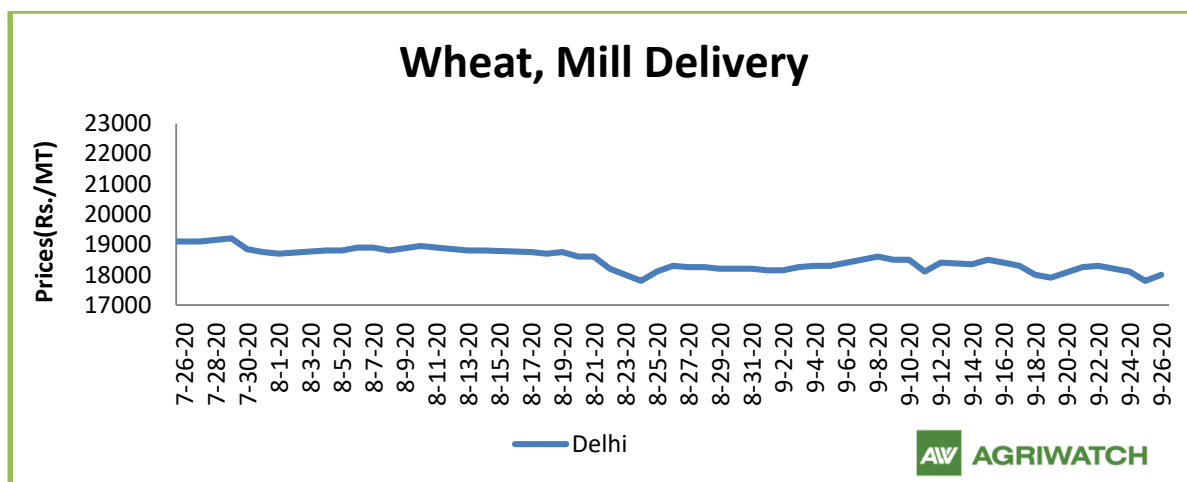
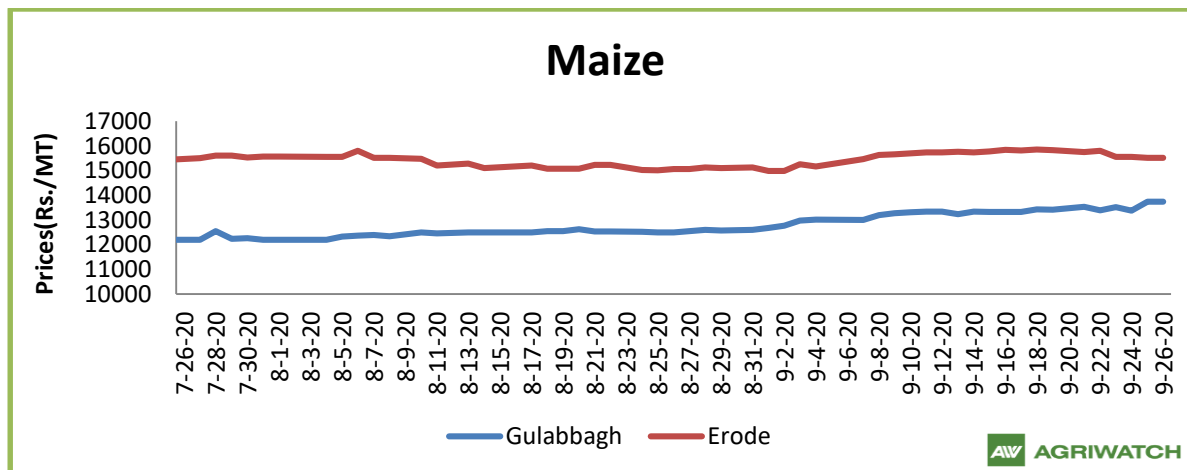
Export of rapeseed meal performed well, during the last five months of financial year 2020-21 and reported at 487,060 tonnes against last year during the same period at 460,212 tonnes i.e. up by 6%, thanks to higher processing of Rapeseed Cake and better availability of Rapeseed Meal.

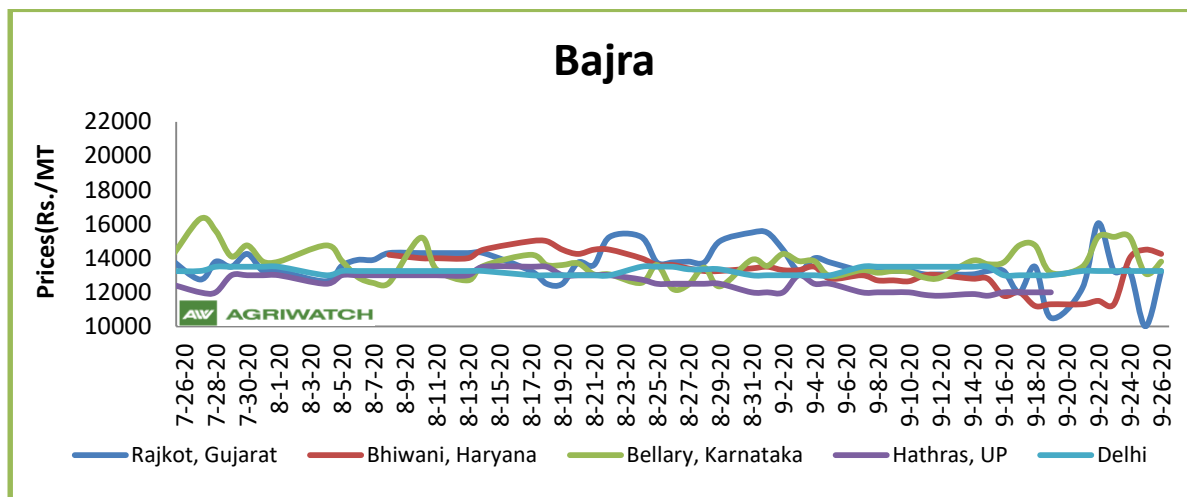
Overall, the rapeseed-mustard sentiments are strong with good buying support and high MSP for the seed.

The all India rapeseed-mustard supplies slightly improved week-on-week and were reported at 8.05 lakh bags during the week compared to around 8.0 lakh bags, previous week. The supplies were 8.40 lakh bags during the corresponding period last year.

RM seed prices improved by 1.4% to Rs 5,470 – 5,600 a quintal from Rs 5,445 – 5,480 a quintal previous week and Rs 4,180 – 4,220 a quintal during the corresponding period last year in Jaipur.

At NCDEX futures, the October contract rapeseed-mustard posted gains at 5,444/Qtl compared to 5,412/Qtl previous week.





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

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In M.P and Karnataka, new crop arrivals have just started, which are lower in quantity and contain moisture upto 30%.

In Bihar, maize is being traded at Rs. 1300-1350 per quintal (Bilty Price). It is being delivered to Kolkata at Rs.1450 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs. 1530 per quintal; sourced from Nizamabad region. It is also moving towards Tamil Nadu and Bengaluru at Rs. 1550 and Rs. 1500 per quintal, sourced from Davangere region of Karnataka.

In India, maize has been sown in 82.71 lakh hectares as of 18th Sep'20, 110.68% of normal area and above than last year area of 82.44 lakh hectares. In Maharashtra, it has been sown in 8.81 lakh hectares; higher than 8.66 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 15.38 lakh hectares; lower than 15.42 lakh hectares compared to corresponding period last year.

As per trade sources, in M.P region, there could be 4-5% crop loss due to heavy rains two weeks ago. However, in Gujarat and M.P, crop loss assessment would only be possible in the next 7-8 days when rains stop.

The 1st Advance Estimates of kharif production of maize for 2020-21 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 22nd September, 2020. It has pegged maize production at 19.88 MMT against set target of 22 MMT for 2020-21. However, Agriwatch's first estimate for the maize production in 2020-21 Kharif season is 18.29 MMT with average yield of 2.20 MT/ hectare.

Corn on CBOT fell by 5.22 USD/MT to 143.79 USD/MT for December'20 contract compared to previous week due to decrease in demand for U.S corn. Agriwatch expects that expectation of new crop arrivals would weigh on CBOT corn.

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

At 0.85 MMT (for the period 11th Sep - 17th Sep, 2020) US corn exports were down 6.3 percent from the previous week; mainly for the destinations like China (204,400 MT), Mexico (159,700 MT), Colombia (130,600 MT), Peru (84,400 MT), and South Korea (69,500 MT).

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Changes in the weather system and the prices of crops directly impact the sowing of Rabi. Due to this, the trend of farmers of the Rajasthan state has reduced towards wheat in the last five years. Instead, the trend of farmers has increased towards the production of Gram. Officials of the agriculture department are also putting up mini kits and exhibitions of Gram instead of wheat. Simultaneously, the trend has also changed due to the sowing affected due to the lack of a favorable environment at the time of sowing.

The agriculture department in Himachal Pradesh has reduced the price of wheat seed by two rupees per kg. In 2019, the seed at agricultural centers was sold at Rs 33 per kg. This year, 31 kg is being sold. During the Corona period, the trend towards farming has increased. The agriculture department is in high demand for seeds. For this reason, the department has asked for five hundred quintals more seeds than last year. Out of the total demand of 12 thousand quintal seeds, eight thousand quintal seeds have reached the department. Sale of wheat seeds has started in agricultural centers. Now 4 thousand quintals of seeds are yet to come. Wheat sowing is to begin from October 15.

The government has sold 11130 tonnes of wheat in OMSS through E-Auctions in the fourth week of September'20. Till now; no rakes have been sold. Sale of wheat to bulk consumer 11300 and sale of Wheat to state Govt. 100000.

Indian FoB quote is hovering around \$226.26 per tonne while Russia, Ukraine, France, the US, and Australia offer wheat at \$237.50, \$236.50, Euro 167.10, \$248.27, and \$222.59 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.

As per FCI food grains stock, wheat stock in the central pool as on 1st September'20 stood at 478.32 lakh tonnes, down by 7.3% compared to last month. This quantity is higher by around 13.25% compared to the previous year for the same month.

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)		
	24-Sep-20	18-Sep-20	Parity To
Indore - 45%, Jute Bag	31000	31500	Gujarat, MP
Kota - 45%, PP Bag	33000	33200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	34500	34800	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	33000	33200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	34000	34000	Andhra, AP, Kar ,TN
Latur	33500	33000	-
Sangli	32300	32800	Local and South
Solapur	31800	32000	Local and South
Akola – 45%, PP Bag	32000	32800	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	34000	34500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	32800	33000	-

Soy DOC at Port

Centers	Port Price		
	23-Sep-20	18-Sep-20	Change
Kandla (FOR) (INR/MT)	35000	35000	Unch
Kandla (FAS) (USD/MT)	475	475	Unch
CNF Indonesia – Yellow SBM (USD/MT)	460	410	50

International Soy DOC			
Argentina FOB USD/MT	23-Sep-20	18-Sep-20	Change
Soybean Pellets	404	398	6
Soybean Cake Flour	404	398	6
Soya Meal	402	396	6
Soy Expellers	402	396	6
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		

Centers	24-Sep-20	18-Sep-20	Change
Adoni	23500	23500	Unch
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	22800	22800	Unch

Groundnut Meal (Rs/MT)	24-Sep-20	18-Sep-20	Change
Basis 45%, Saurashtra	27000	27500	-500
Basis 40%, Saurashtra	25000	25500	-500
GN Cake, Gondal	28000	29000	-1000

Mustard DOC/Meal	24-Sep-20	18-Sep-20	Change
Jaipur (Plant delivery)	17200	16700	500
Kandla (FOR Rs/MT)	17700	17500	200

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	25-Sep-20	18-Sep-20	25-Aug-20	25-Sep-19	25-Sep-18
Delhi	Hybrid	1300	1280	1250	2100	1400
Davangere	Loose	1350	1400	1300	NA	1450
Nizamabad	Bilty	1375	1375	1370	2300	1410
Ahmedabad	Feed	1350	1300	1380	2350	1540
	Starch	1350	1300	1380	2310	1500

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

As on 25.09.2020	Argentina	Brazil	US	India
FOB	182.19	200.00	191.00	217.04
Cost and Freight	232.19	255.00	251.00	252.04

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	61499
Apr	18017	12295	124374	68264	40829	25940
May	14046	10400	48900	76026	53272	46614

Jun	2098	17930	45975	104088	62524	56638
Jul	928	12270	80797	63747	76558	61957
Aug	768	10615	87668	59643	95450	58190
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	372873

Feed Ingredient Prices at a Glance						
Commodity	State	Variety	Centre	25-Sep-20	18-Sep-20	Change
Bajra	Karnataka	Hybrid	Bellary	1310	1315	-5
		Hybrid	Bangalore	NA	2000	-
Jowar	Karnataka	White	Bangalore	NA	2750	-
		White	Bellary	1450	1230	220
Maize	Karnataka	Yellow	Davanger e	1350	1400	-50
	Telangana	Yellow	Nizamaba d	1300	1300	Unch
Rice	Haryana	IR8	Karnal	2700	2800	-100
		Parmal Raw	Karnal	2200	2600	-400
Soy meal	Madhya Pradesh	DOC	Indore	3000	3150	-150
	Maharashtra	DOC	Sangli	3200	3280	-80
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2350	2350	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1700	1670	30
Groundnut Meal	Gujarat	GN Cake	Gondal	2800	2900	-100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1853	1966	-113
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1933	1956	-23
Note: Prices Rs./Qtl						

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