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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 weak despite export demand from Bangladeshi and Nepalese feed makers.

In M.P and Karnataka, new crop arrivals have started, which are lower in quantity and contain moisture of upto 30%. In Warangal region also, new crop arrivals are lower in quantity and contains moisture upto 15%. Some grains are dented and small in size.

All India's weekly average prices of wheat decreased by 12.94 percent YoY to Rs. 1864.78 per quintal during the week ended 08th Oct 2020. Wheat average prices were ruling at Rs 2141.88 per quintal during 01st Oct-08th Oct 2019. As compared to prices in the last week, 24th-30th Sep 2020, the prices are high by 0.70 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 in Kadi were down by 4% to Rs. 1827/q while the prices were up by 1% in Akola to around Rs. 1935/q. The demand for cottonseed oilcake is very weak, therefore, weighing on the cottonseed oilcake prices. Also, farmers have been stocking the harvested cotton without selling awaiting for Cotton Corporation of India to start the procurement. Under such circumstances, the old cottonseed oilcake stock is being traded in the market, thus, reduction in the old stock.

Domestic soybean and soymeal fell primarily on newly harvested oilseeds' arrival. The soybean and groundnut supplies are picking up the pace with harvesting in gaining momentum.

Overall, the fundamentals of the soy complex is weak on slack in soymeal demand and its weak exports, increasing soyoil imports at competitive price.

Besides, forecast of higher soybean production for India this season will continue to pressure the market in future too.

However, the rapeseed-mustard fundamentals continues to be strong on good buying support from the oilseeds' crushers, mainly on good mustard oil demand and improved rapeseed extract exports in recent months.

Ban on blending any other edible oils with rapeseed-mustard oil, recently, should improve the demand in the seed by millers

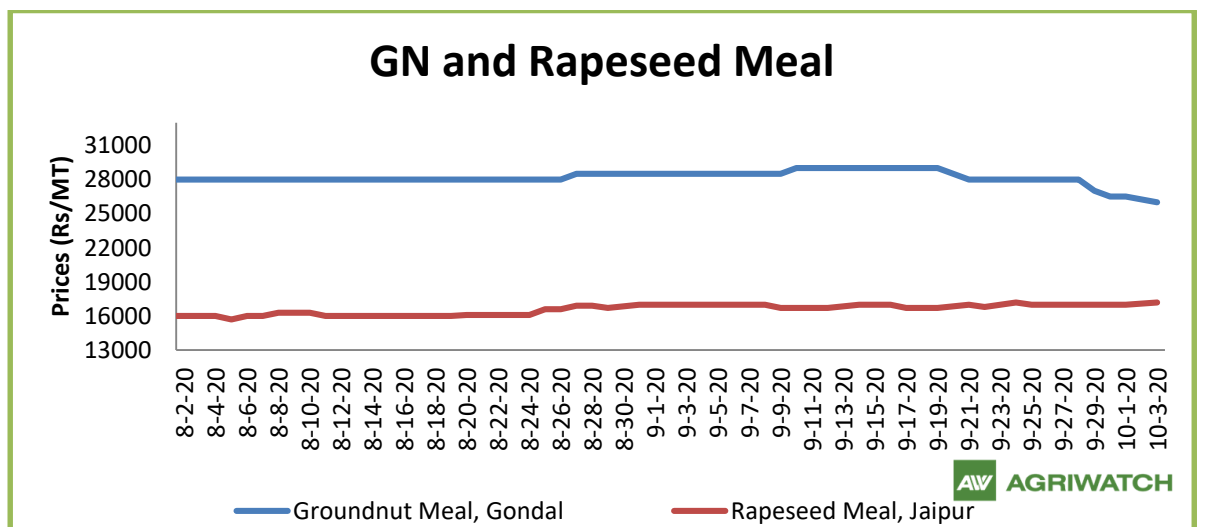
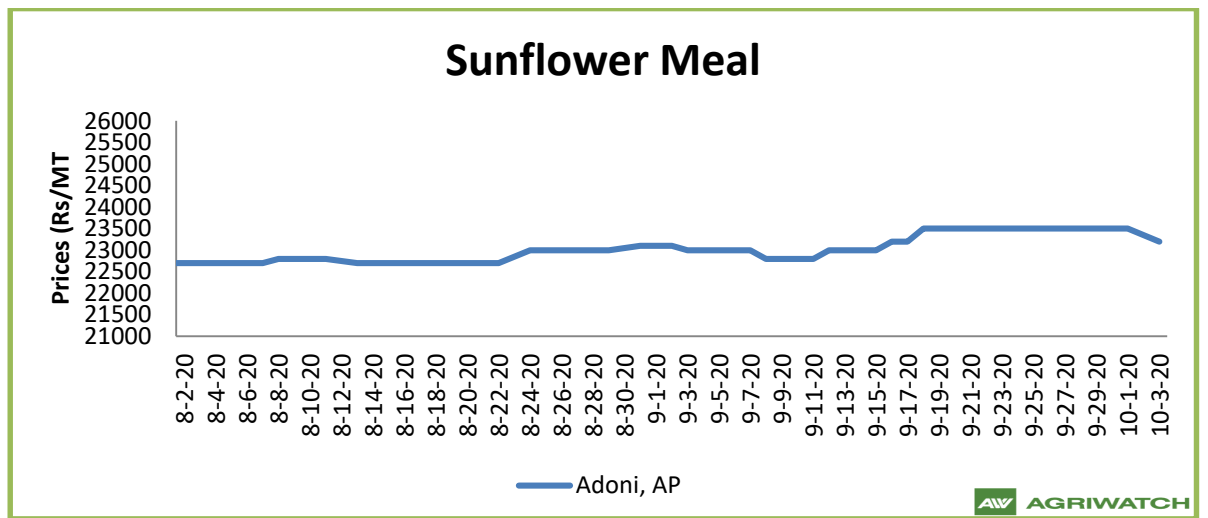
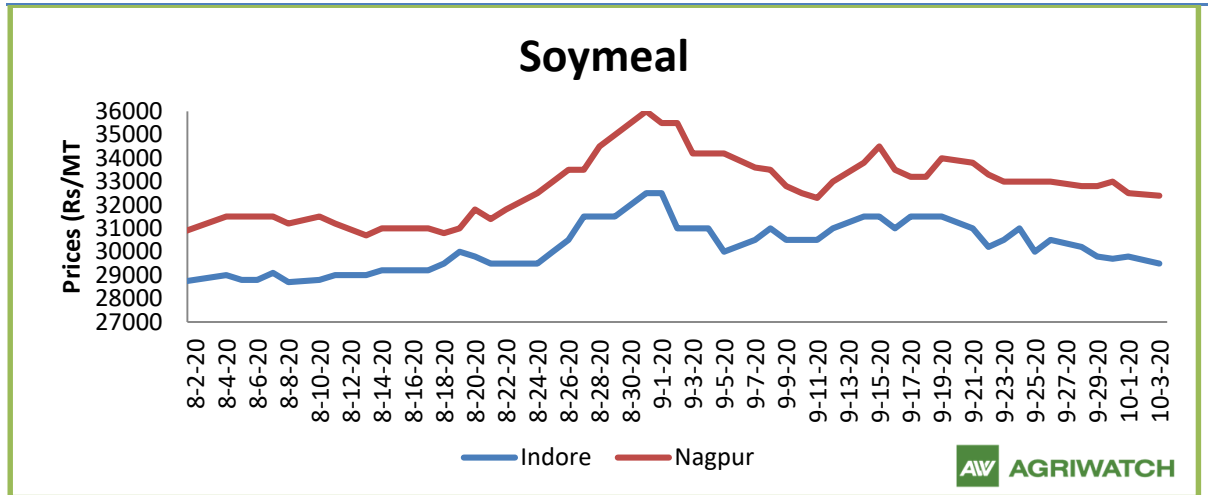
Besides, the Government of India has increased the MSP of rapeseed-mustard for 2021-22 crop by Rs.225, well ahead the season lending support to the seed prices at higher levels.

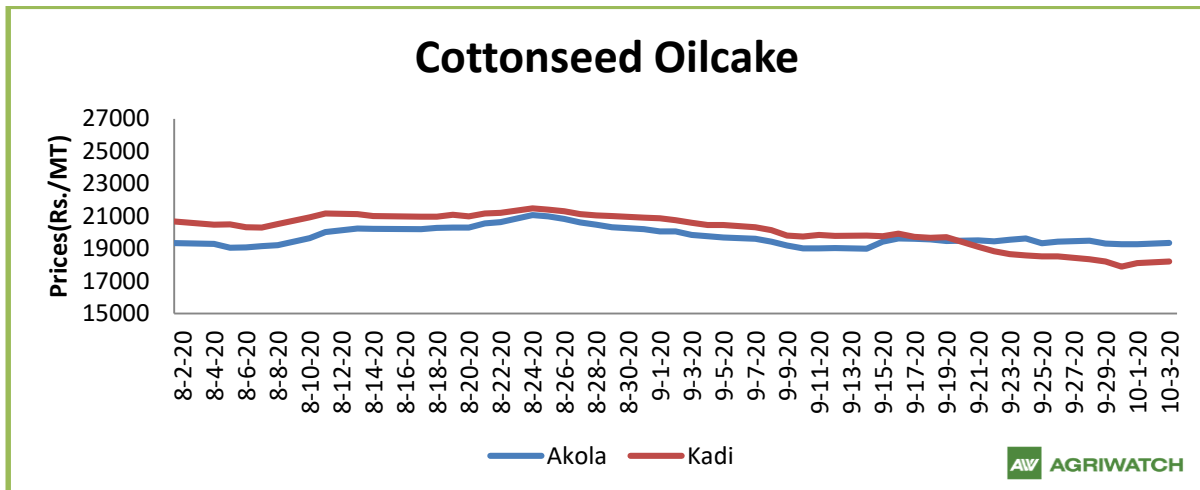
In the final official progressive kharif planting report, India's area under oilseeds coverage is reported up by 10.5%. This year area coverage under soybean is 121.21 lha, up by 7% from the 113.41 lha normal area. Agriwatch has pegged India's 2020/21 soybean output up 38% from previous season after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

Soy fundamentals are expected to remain weak in near-to-medium term on fall in demand while the rapeseed-mustard fundamentals will remain strong on better demand and good crush margin to crushers. However, we feel rapeseed-mustard prices will come under pressure with increase in the new crop soybean supplies.

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

Trend – Raw Material, Feed





Source: AgriWatch

Soy meal

Soymeal extended losses on expectation of increase in the newly harvested soybean supplies which will eventually improve in the volume of crushing the bean.

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

Weak local demand in soymeal and decline in export sales in the same will continue to pressure the soymeal prices. The domestic poultry demand is still weak and way behind the pre-COVID levels.

The soybean crush margins have slightly improved after relative increase in the prices of soy products ahead festivities.

We feel the volume in soybean crushing to improve on seasonal fundamentals after rise in the availability of the bean with harvesting gaining momentum. Seasonally, India’s soybean crushing is at peak during October-March.

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 losses to Rs. 30,000/MT and was quoted between Rs 29,700 – 30,500/MT compared to the average of Rs 30,950/MT traded between the price range of Rs 30,5000 – 31,500/MT previous week.

At Latur soymeal prices fell to Rs 32,500 – 33,500/MT from Rs 33,000 – 34,000/MT a week ago and in Nanded it was quoted lower at Rs. 33,000 - 33,500/MT compared to Rs. 33,700 - 34,500/MT a week ago. Besides, in Kota, the meal too fell to Rs 31, 800 – 32,500/MT compared to Rs 32, 800 – 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 29,700 – 30,500/MT during the week compared to Rs 34,000 – 36,425/MT during the corresponding period last year.

The soy meal prices (Indore) are likely to feature range-bound movement between Rs. 28,500 – 29,700/MT on slack in demand from poultry sector, in near to medium-term.

Rapeseed - Mustard Seed

Rapeseed-mustard extended the rally on robust buying support ahead festivities to meet the fresh edible oil demand.

Good crush margin in crushing the seed followed by fall in rapeoil (canola) imports, improved overseas demand in the rapeseed-mustard extract remained supportive for the strong seed prices.

Further, 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.

Besides, the government of India has prohibited blending of any other edible oil with 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 only in August after last importing in March, the overall decline in rapeseed oil imports during the oil year (Nov.-Oct.) has limited the decline to the domestic rapeseed-mustard complex.

Millers are aggressively crushing the rapeseed-mustard as the crush margins are good this season. But, we feel that rapeseed-mustard prices will remain under short-term pressure with the increase in kharif oilseeds' supplies.

NAFED and HAFED are offloading their stock in the market.

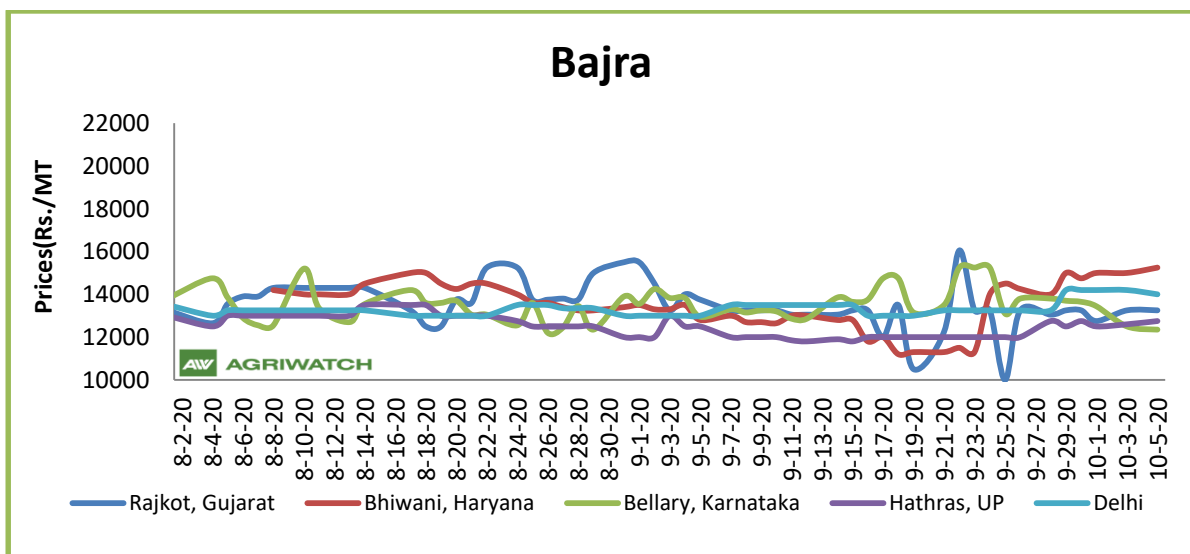
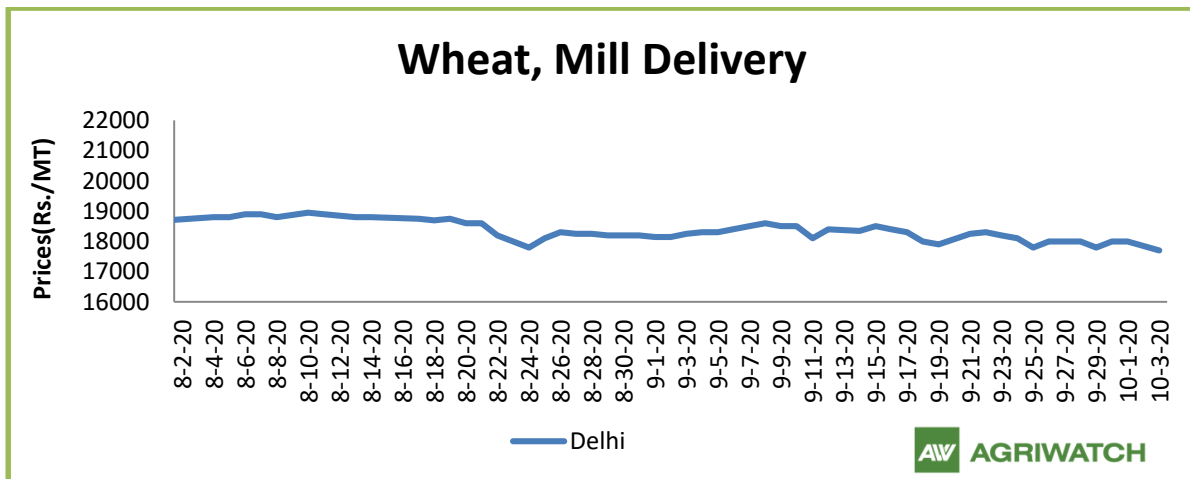
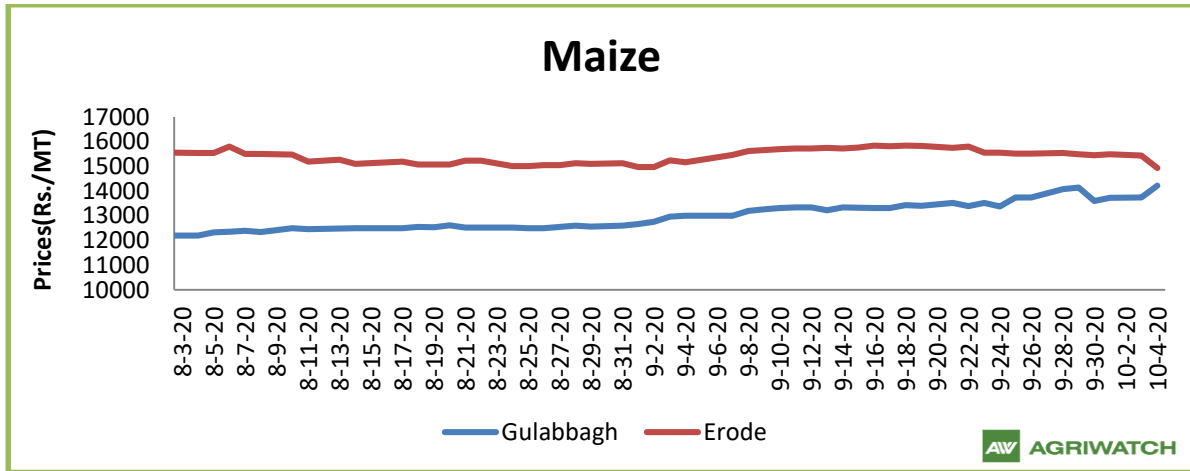
Export of rapeseed meal performed well, during the last five months of financial year 2020-21 and reported at 487,060 tonnes against last year during the same period at 460,212 tonnes i.e. up by 6%.

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 7.85 lakh bags during the week compared to around 8.05 lakh bags, previous week. The supplies were 7.75 lakh bags during the corresponding period last year.

RM seed prices improved by 1.2% to Rs 5,570 – 5,635 a quintal from Rs 5,470 – 5,600 a quintal previous week and Rs 4,160 – 4,225 a quintal during the corresponding period last year in Jaipur.

At NCDEX futures, the November contract rapeseed-mustard posted gains at 5,536/Qtl compared to 5,458/Qtl previous week.



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

Overall maize cash markets showed steady to slightly firm sentiments compared to the previous week. Agriwatch expects that maize would trade steady to slightly weak despite export demand from Bangladeshi and Nepalese feed makers.

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In Bihar, maize is being traded at Rs. 1350-1400 per quintal (Bilty Price). It is being delivered to Kolkata at Rs.1450-1500 per quintal; sourced from Bihar. Hyderabad poultry feed makers are buying maize at Rs.1500 per quintal; sourced from Nizamabad region. It is also moving towards Bengaluru and Nammakal at Rs. 1500 and Rs. 1550 per quintal respectively; sourced from Davangere region of Karnataka.

In India, maize has been sown in 83.27 lakh hectares as of 25th Sep'20, 111.43% of normal area and above than last year area of 82.44 lakh hectares. Around 9.30-9.79 lakh hectares of maize has been harvested as of 25th Sep'20.

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

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 18.33 MMT with average yield of 2.20 MT/ hectare.

Corn on CBOT rose by 5.71 USD/MT to 149.50 USD/MT for December'20 contract compared to previous week. Agriwatch expects that decrease in export demand for U.S corn and new crop arrivals in coming weeks would weigh on CBOT corn.

In U.S, 61% crop of corn is in good to excellent condition as of 27th September'20, same percentage points from last week. 15% of crop has been harvested as of 27th September'20, up 5 percentage points from corresponding period last year.

At 0.75 MMT (for the period 18th Sep - 24th Sep, 2020) US corn exports were down 11.24 percent from the previous week; mainly for the destinations like China (269,900 MT), Mexico (230,100 MT), Japan (139,800 MT), South Korea (65,100 MT), and Canada (21,800 MT).

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The government is allocating wheat for free to the poor in the market, which has led to a huge reduction in the consumption of flour. In the event of non-sale of flour, flour mills are reducing wheat purchases. This is why mill quality wheat prices are running below the MSP in almost all states. Despite government procurement being at a record level, farmers also had high stocks. Private traders also have stock. This is the reason that markets are moving down significantly. There is a possibility that the government may extend the time of free ration distribution even beyond November, due to which the possibility of a rise in wheat is less visible.

According to the traders, Prices of Wheat in Jaipur and Indore were flat this week due to steady demand from bulk buyers amid a largely unchanged supply of the food grain. Arrivals in Jaipur were pegged steady at 1,000 bags (1 bag = 100 kg) and in Indore supply was at 1,500 bags, steady from Wednesday.

The government has sold 111300 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.

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 weak as overall feed ingredients prices traded down during last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

| Centers | Ex-factory rates (Rs/ton) | | |
|----------------------------|---------------------------|-----------|---|
| | 01-Oct-20 | 25-Sep-20 | Parity To |
| Indore - 45%, Jute Bag | 29800 | 30000 | Gujarat, MP |
| Kota - 45%, PP Bag | 32000 | 32500 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna - 45%, PP Bag | 33500 | 34000 | Mumbai, Maharashtra |
| Nagpur - 45%, PP Bag | 32500 | 33000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 33000 | 33000 | Andhra, AP, Kar ,TN |
| Latur | 33000 | 32500 | - |
| Sangli | 31300 | 32000 | Local and South |
| Solapur | 31200 | 31600 | Local and South |
| Akola – 45%, PP Bag | 31300 | 31000 | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |
| Hingoli | 33000 | 34000 | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |
| Bundi | 31800 | 32300 | - |

Soy DOC at Port

| Centers | Port Price | | |
|-----------------------|------------|-----------|--------|
| | 30-Sep-20 | 25-Sep-20 | Change |
| Kandla (FOR) (INR/MT) | 35000 | 35000 | Unch |

| | | | |
|-------------------------------------|-----|-----|------|
| Kandla (FAS) (USD/MT) | 425 | 475 | -50 |
| CNF Indonesia – Yellow SBM (USD/MT) | 450 | 450 | Unch |

| International Soy DOC | | | |
|-----------------------|-----------|---------------------------|--------|
| Argentina FOB USD/MT | 30-Sep-20 | 25-Sep-20 | Change |
| Soybean Pellets | 397 | 396 | 1 |
| Soybean Cake Flour | 397 | 396 | 1 |
| Soya Meal | 391 | 397 | -6 |
| Soy Expellers | 391 | 397 | -6 |
| | | | |
| Sunflower (DOC) Rates | | Ex-factory rates (Rs/ton) | |
| Centers | 01-Oct-20 | 25-Sep-20 | Change |
| Adoni | 23500 | 23500 | Unch |
| Khamgaon | NA | NA | - |
| Parli | NA | NA | - |
| Latur | 22800 | 22800 | Unch |

| Groundnut Meal (Rs/MT) | 01-Oct-20 | 25-Sep-20 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 25000 | 27000 | -2000 |
| Basis 40%, Saurashtra | 23000 | 25000 | -2000 |
| GN Cake, Gondal | 26500 | 28000 | -1500 |

| Mustard DOC/Meal | 01-Oct-20 | 25-Sep-20 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 17000 | 17000 | Unch |
| Kandla (FOR Rs/MT) | 17700 | 17500 | 200 |

Maize Spot Market Prices (Rs./Quintal)

| Market | Grade | 03-Oct-20 | 26-Sep-20 | 03-Sep-20 | 03-Oct-19 | 03-Oct-18 |
|-----------|--------|-----------|-----------|-----------|-----------|-----------|
| Delhi | Hybrid | 1330 | 1300 | 1250 | 2250 | 1400 |
| Davangere | Loose | 1300 | 1350 | 1300 | NA | 1450 |
| Nizamabad | Bilty | 1375 | 1375 | 1375 | 2300 | 1450 |
| Ahmedabad | Feed | 1400 | 1330 | 1300 | 2380 | 1530 |
| | Starch | 1400 | 1350 | 1330 | 2300 | 1510 |

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

| As on 01.10.2020 | Argentina | Brazil | US | India |
|-------------------------|-----------|--------|--------|--------|
| FOB | 199.41 | 200.00 | 188.00 | 206.86 |
| Cost and Freight | 249.41 | 255.00 | 248.00 | 241.86 |

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 | 01-Oct-20 | 25-Sep-20 | Change |
|----------------|----------------|------------|------------|-----------|-----------|--------|
| Bajra | Karnataka | Hybrid | Bellary | 1344 | 1310 | 34 |
| | | Hybrid | Bangalore | NA | NA | - |
| Jowar | Karnataka | White | Bangalore | NA | NA | - |
| | | White | Bellary | 1285 | 1450 | -165 |
| Maize | Karnataka | Yellow | Davanger e | 1300 | 1350 | -50 |
| | Telangana | Yellow | Nizamaba d | 1300 | 1300 | Unch |
| Rice | Haryana | IR8 | Karnal | 2700 | 2700 | Unch |
| | | Parmal Raw | Karnal | 2400 | 2200 | 200 |
| Soy meal | Madhya Pradesh | DOC | Indore | 2980 | 3000 | -20 |
| | Maharashtra | DOC | Sangli | 3200 | 3200 | Unch |
| Sunflower Meal | Andhra Pradesh | Ex-factory | Adoni | 2350 | 2350 | Unch |

| | | | | | | |
|----------------------|-------------|----------------|--------|------|------|------|
| Mustard | Rajasthan | Plant delivery | Jaipur | 1700 | 1700 | Unch |
| Groundnut Meal | Gujarat | GN Cake | Gondal | 2650 | 2800 | -150 |
| Cottonseed Oil Cake | Gujarat | Ex- Mandi | Kadi | 1811 | 1853 | -42 |
| Cottonseed Oil Cake | Maharashtra | Ex- Mandi | Akola | 1928 | 1933 | -5 |
| Note: Prices Rs./Qtl | | | | | | |

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