

**Soy Meal Fundamentals:** Steady to weak tone are seen in Soymeal markets today, Thursday. Overall, the factors for soymeal are bearish on lower than normal local meal demand from poultry sector and bearish supply scenario with higher soybean output estimates this season. However, improved exports demand may support soymeal prices from any major fall. Soymeal (Indore) prices closed steady at Rs.31000/T against Rs. 31000/T.

- 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.
- Indian soymeal exports is 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 big buyer of non-GM soymeal of Indian origin earlier.
- In a major blow to the domestic soymeal market, which was already reeling under pressure, DGFT has blocked the online registration of Merchandise Export from India Scheme Claims (MEIS), this week, on its portal from exports undertaken 01.04.2020 onwards. This will result in further decline in soymeal exports from India, as MEIS benefit of 5% is a significant incentive to compete in the world market. SOPA has made a representation to the government to revoke the suspension of the MEIS benefit immediately. The revenue department have argued against continuing the MEIS, calling it wasteful and inefficient.
- 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 export of oilmeals from India during July 2020 is provisionally reported at 262,085 tons compared to 233,042 tons in July, 2019 i.e. up by 12%. The main reason in increased of oilmeals in July 2020 is sharpened increased in export of rapeseed meal to 148,170 tons from 122,573 tons in July 2019. The overall export of oilmeals during April to July 2020 is provisionally reported at 841,195 tons compared to 917,811 tons during the same period of previous year i.e. down by 8.34% - SEA.
- India's soymeal shipments may fall to around 500,000 tonnes in 2019-20 (Oct-Sep), less than one fourth of the year-ago figure of 2.1 million tonnes due to slack in demand from traditional overseas buyers amid ongoing lockdowns, said, Soybean Processors Association of India Chairman Davish Jain.
- India's soymeal production of the country is likely to stand at 62.78 lakh tonnes. Carry over stock of Soymeal is estimated at 1.59 lakh tonnes and 1.37 lakh tons of carry forward stocks. While export sea and land may stand at 10 lakh tonnes lower output and non-competitive prices in world market. India had exported total 22 lakh tonnes in last year in 2018-19 season. Domestic consumption of Soymeal (Food) is estimated at 5.50 lakh tonnes and 47.50 lakh tonnes for Feed. In October month, India has exported total 0.50 lakh tonnes of Soymeal lower against 1.31 in Oct 2018 on lower overseas demand.

Sep 4, 2020

- During the week (August 21 to August 27, 2020) US Net sales of 113,700 MT for 2019/2020 were up noticeably from the previous week and up 22 percent from the prior 4-week average. Increases primarily for Canada (71,700 MT, including decreases of 800 MT), Mexico (15,700 MT), Guatemala (14,600 MT, including 14,000 MT switched from El Salvador), Colombia (10,100 MT), and the Philippines (3,300 MT), were offset by reductions for El Salvador (14,000 MT), unknown destinations (3,300 MT), and Ecuador (1,000 MT). For 2020/2021, net sales of 228,800 MT primarily for Guatemala (56,500 MT), unknown destinations (48,000 MT), Canada (41,600 MT), Mexico (21,000 MT), and Indonesia (19,800 MT), were offset by reductions for Costa Rica (5,000 MT). Exports of 159,600 MT were down 31 percent from the previous week and 28 percent from the prior 4-week average. The destinations were primarily to the Philippines (49,000 MT), Colombia (23,100 MT), Canada (23,000 MT), Mexico (20,900 MT), and Guatemala (20,600 MT).
- In the July 20 report, USDA has kept India's soymeal production at 6.64 million tonnes for 2019/20 in lower from 7.68 million tonnes in 2018/19 season. Domestic consumption is also placed unchanged at 5.49 million tonnes for this season which was estimated at 5.28 million tonnes last season.

#### Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	3-Sep-20	2-Sep-20	Parity To
Indore - 45%, Jute Bag	31000	31000	Gujarat, MP
Kota - 45%, PP Bag	34200	34600	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna - 45%, PP Bag	34800	34800	Mumbai, Maharashtra
Nagpur - 45%, PP Bag	34200	35500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	34800	34500	Andhra, AP, Kar, TN
Latur	34300	34500	-
Sangli	34000	34200	Local and South
Solapur	33200	33500	Local and South
Akola – 45%, PP Bag	33600	33600	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	35000	35500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	34000	34400	-

#### Soy DOC at Ports

Centers	Port Price		
	2-Sep-20	1-Sep-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

Rapeseed Meal	2-Sep-20	1-Sep-20	Change
FAS Kandla (USD/MT)	242	233	9
FOR Kandla (Rs/MT)	17500	17600	-100
FOR Mundra (Rs/MT)	17800	18000	-200
CNF Indonesia (USD/MT)	270	263	7

International Soy DOC			
Argentina FOB USD/MT	2-Sep-20	1-Sep-20	Change
Soybean Pellets	351	353	-2
Soybean Cake Flour	351	353	-2
Soya Meal	353	355	-2
Soy Expellers	353	355	-2

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	3-Sep-20	2-Sep-20	Change
Adoni	23000	23100	-100
Khamgaon	NA	NA	-
Parli	NA	NA	-
Latur	21800	22000	-200

Groundnut Meal (Rs/MT)	3-Sep-20	2-Sep-20	Change
Basis 45%, Saurashtra	29000	29000	Unch
Basis 40%, Saurashtra	26500	26500	Unch
GN Cake, Gondal	28500	28500	Unch

Mustard DOC	3-Sep-20	2-Sep-20	Change
Jaipur (Plant delivery)	17000	17000	Unch
Kandla (FOR Rs/MT)	17500	17600	-100

Mumbai Oil Meal Quotes:			
Rs/M.T.	3-Sep-20	2-Sep-20	Change
G.N. Extr (45%)	28000	28000	Unch
Kardi Extr	NA	NA	-
Undec Cottonseed Exp	23000	23500	-500
Rice Bran Extr.	NA	NA	-
Sunflower Extr.	19000	19000	Unch
Rapeseed Extr.	NA	NA	-
Soymeal 48%	32348	32348	Unch
Castor Extr.	5150	5150	Unch

**Outlook:** We expect the local soymeal demand to gradually pick-up with reducing COVID fear.

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