

Soy Meal Fundamentals: Mixed trends are featured in Soymeal markets today, Friday. Soymeal (Indore) prices closed steady at Rs.33300/T. Persistent weak demand from poultry sector and poor overseas demand will continue pressuring the domestic soymeal.

- The provisional data of SOPA reveals India's August 2020 soymeal 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 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.
- 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.
- 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

Oct 24, 2020

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.

- During the week (October 9, to October 15,2020) US Net sales of 2,225,500 MT for 2020/2021 were down 14 percent from the previous week and 18 percent from the prior 4-week average. Increases primarily for China (1,222,000 MT, including 395,000 MT switched from unknown destinations and decreases of 6,600 MT), Egypt (194,400 MT, including 55,000 MT switched from China), unknown destinations (185,100 MT), Germany (111,300 MT), and Mexico (105,700 MT, including decreases of 2,400 MT), were offset by reductions primarily for the Netherlands (20,000 MT). Exports of 2,516,500 MT were up 8 percent from the previous week and 49 percent from the prior 4-week average. The destinations were primarily to China (1,960,200 MT, including 71,400 MT late – see below), Egypt (126,400 MT), Germany (111,300 MT), Mexico (59,700 MT), and Saudi Arabia (53,800 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) | | |
| | 23-Oct-20 | 22-Oct-20 | Parity To |
| Indore - 45%, Jute Bag | 33300 | 33000 | Gujarat, MP |
| Kota - 45%, PP Bag | 35200 | 35000 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna - 45%, PP Bag | 35200 | 35200 | Mumbai, Maharashtra |
| Nagpur - 45%, PP Bag | 34800 | 35000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 34500 | 35000 | Andhra, AP, Kar ,TN |
| Latur | 35200 | 35200 | - |
| Sangli | 34300 | 34300 | Local and South |
| Solapur | 32700 | 32700 | Local and South |
| Akola – 45%, PP Bag | 34000 | 34500 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Hingoli | 35000 | 34500 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Bundi | 35000 | 34800 | - |

| Soy DOC at Ports | | | |
|-------------------------------------|------------|-----------|--------|
| Centers | Port Price | | |
| | 22-Oct-20 | 21-Oct-20 | Change |
| Kandla (FOR) (INR/MT) | 35000 | 35000 | Unch |
| Kandla (FAS) (USD/MT) | 500 | 500 | Unch |
| CNF Indonesia – Yellow SBM (USD/MT) | 495 | 495 | Unch |

| Rapeseed Meal | 22-Oct-20 | 21-Oct-20 | Change |
|---------------------|-----------|-----------|--------|
| FAS Kandla (USD/MT) | 272 | 272 | Unch |
| FOR Kandla (Rs/MT) | 19250 | 19250 | Unch |
| FOR Mundra (Rs/MT) | 19650 | 19650 | Unch |

Oct 24, 2020

| | | | |
|------------------------|-----|-----|------|
| CNF Indonesia (USD/MT) | 297 | 297 | Unch |
|------------------------|-----|-----|------|

| International Soy DOC | | | |
|-----------------------|-----------|-----------|--------|
| Argentina FOB USD/MT | 22-Oct-20 | 21-Oct-20 | Change |
| Soybean Pellets | 459 | 456 | 3 |
| Soybean Cake Flour | 459 | 456 | 3 |
| Soya Meal | 457 | 452 | 5 |
| Soy Expellers | 457 | 452 | 5 |

| Sunflower (DOC) Rates | Ex-factory rates (Rs/ton) | | |
|-----------------------|---------------------------|-----------|--------|
| Centers | 23-Oct-20 | 22-Oct-20 | Change |
| Adoni | 23500 | 23500 | Unch |
| Khamgaon | NA | NA | - |
| Parli | NA | NA | - |
| Latur | 23000 | 23000 | Unch |

| Groundnut Meal (Rs/MT) | 23-Oct-20 | 22-Oct-20 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 26500 | 26500 | Unch |
| Basis 40%, Saurashtra | 24000 | 24000 | Unch |
| GN Cake, Gondal | 27000 | 27000 | Unch |

| Mustard DOC | 23-Oct-20 | 22-Oct-20 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 19300 | 18800 | 500 |
| Kandla (FOR Rs/MT) | 19700 | 19300 | 400 |

| Mumbai Oil Meal Quotes: | | | |
|-------------------------|-----------|-----------|--------|
| Rs/M.T. | 23-Oct-20 | 22-Oct-20 | Change |
| G.N. Extr (45%) | 26000 | 26000 | Unch |
| Kardi Extr | NA | NA | - |
| Undec Cottonseed Exp | 23500 | 23500 | Unch |
| Rice Bran Extr. | NA | NA | - |
| Sunflower Extr. | 19500 | 19000 | 500 |
| Rapeseed Extr. | NA | NA | - |
| Soymeal 48% | 34748 | 34435 | 313 |
| Castor Extr. | 5350 | 5350 | Unch |

Outlook: The soy meal prices (Indore) are likely to feature downside movement between Rs. 33500–34000 /MT amid improved demand from poultry sector, in near to medium-term.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities.