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Soy Meal Fundamentals: Indore soymeal prices went up as compared to previous day amid tight crush margin and sluggish soymeal export demand due to non-competitive prices in global market. In upcoming months too soymeal export is expected to remain slacked.

Currently, India is outpriced for soybean meal export as Ex. Kandla price being quoted at US\$ 760/MT against Brazil origin US\$ 473/MT and Argentina US\$ 471/MT, USA US\$ 484/MT. India's Soymeal export likely to remain slacked due to higher prices.

According to Solvent extractor association of India, India's December'2021 soymeal exports declined by 83% to 43,260 metric tonnes compared to 2,51,221 metric tonnes in the same period last year. Further, the soymeal shipments too declined by 70% to 2,62,337 metric tonnes in aggregate, during the months (April-Dec.) of financial year 2020-21 compared to 8,88,202 metric tonnes during the corresponding period last year. Export remained lower because of soybean crush margins in India are currently squeezed by pressure on meal prices. Additionally, lesser crushing of soybean also pushing higher import of crude soybean oil in India.

Additionally, export of oilmeals for the month of December'2021 provisionally reported at 1,70,338 tonnes compared to 5,16,006 tonnes last year same period i.e. down by 67%. The overall export of oilmeals during April – Dec'2021 is reported at 17,66,687 tonnes compared to 24,67,564 tonnes i.e. down by 28%.

Further, India's exports for rapeseed meal during April-Dec'2021 was down 22% at 7,13,593 metric tonnes compared to 9,16,715 metric tonnes during the same period previous marketing season.

The export of rapeseed meal in December'21 is reported at 12,980 metric tonnes against last year 1,41,566 metric tonnes during the same period i.e. down by 91%. Rapeseed meal export remained lower due to less availability of seeds for crushing, new crop will be available from end of February or early of March for crushing.

According to SOPA, Oct-Dec'21 soy crush went down by 37% at 21 lakh tonnes as compared to 33.5 lakh tonnes previous year same period, while arrival too remained low by 23% at 40 lakh tonnes as compared to 52 lakh tonnes previous year same period. Additionally, estimated December'21 stock is at 90.86 lakh tonnes vs 65.93 lakh tonnes previous year. Slacked soymeal export demand and low crush margin has triggered tight crushing and kept prices soy prices checked in first quarter of this season.

It is inferred from SOPA data that arrivals are slower as farmers are expecting better prices for soybean, but on the other hand, industry is unable to find sufficient demand for soybean deoiled cake even at current prices. This has resulted into prices of soybean DOC as well as those of soybean declining despite of low arrivals.

Department of Consumer Affairs, Food and Public Distribution has imposed stock limit on soymeal till June 30, 2022. Soymeal millers, processors or plants are allowed to hold stocks only up to 90 days of production, the limits were imposed after amending the Essential Commodities Act of 1955 to include soymeal in the category.

As per Agriwatch estimates, total availability of soymeal in the country for MY 2021-22 is likely to be 88.80 lakh tonnes. Annual soymeal consumption stands between 60-65 lakh tonnes while 15-18 lakh tonnes soymeal is exported annually. So, demand and supply of soymeal in the country seems balanced.

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According to USDA Jan'21 report, India's 2021-22 soymeal production is estimated higher at 8 million tonnes vs 7.6 million tonnes last year while ending stock is estimated higher at 6.37 lakh tonnes vs 6.67 lakh tonne previous month while last year it was 3.82 lakh tonnes.

Previous Update

According to Solvent Extractor Association of India, India's November'2021 soymeal exports declined by 78% to 42,951 metric tonnes compared to 1,98,776 metric tonnes in the same period last year. Further, the soymeal shipments too declined by 66% to 2,19,077 metric tonnes in aggregate, during the months (April-Nov.) of financial year 2020-21 compared to 6,36,981 metric tonnes during the corresponding period last year. We expect lower soymeal export in December and January too as Indian soymeal prices are much higher as compared to Argentina and Brazil FOB prices.

Additionally, export of oilmeals for the month of November'2021 was provisionally reported at 1,62,442 tonnes compared to 3,32,336 tonnes last year same period i.e., down by 51%. The overall export of oilmeals during April – Nov'2021 is reported at 15,96,131 tonnes compared to 19,51,558 tonnes i.e., down by 18%.

India's exports of rapeseed meal during April-Nov'2021 was down 10% at 7,00,613 metric tonnes compared to 7,74,849 metric tonnes during the same period previous marketing season and export of rapeseed meal in November'21 is reported at 42,383 metric tonnes against last year 45,050 metric tonnes during the same period i.e. down by 6%.

| Soy DOC Rates at Different Centres | | | | |
|------------------------------------|---------------------------|-----------|--------|---|
| Centres | Ex-factory rates (Rs/ton) | | | Parity To |
| | 19-Jan-22 | 18-Jan-22 | Change | |
| Indore - 45%, Jute Bag | 52200 | 52000 | 200 | Gujarat, MP |
| Kota - 45%, PP Bag | 55200 | 54700 | 500 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna - 45%, PP Bag | 56000 | 56000 | Unch | Mumbai, Maharashtra |
| Nagpur - 45%, PP Bag | 55000 | 55000 | Unch | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 55000 | 55000 | Unch | Andhra, AP, Kar, TN |
| Latur | 56000 | 56000 | Unch | - |
| Sangli | 51500 | 51500 | Unch | Local and South |
| Solapur | 51400 | 51400 | Unch | Local and South |
| Akola – 45%, PP Bag | 52000 | 52000 | Unch | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |

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| | | | | |
|---------|-------|-------|------|--|
| Hingoli | 55500 | 55500 | Unch | Andhra, Chattisgarh, Orissa,Jharkhand, WB |
| Bundi | 55000 | 54500 | 500 | - |

| Soy DOC at Ports | | | |
|-------------------------------------|------------|-----------|--------|
| Centers | Port Price | | |
| | 18-Jan-22 | 17-Jan-22 | Change |
| Kandla (FOR) (INR/MT) | 55000 | 54600 | 400 |
| Kandla (FAS) (USD/MT) | NA | NA | - |
| CNF Indonesia – Yellow SBM (USD/MT) | NA | NA | - |

| Rapeseed Meal | 18-Jan-22 | 17-Jan-22 | Change |
|------------------------|-----------|-----------|--------|
| FAS Kandla (USD/MT) | 292 | 292 | Unch |
| FOR Kandla (Rs/MT) | 24000 | 24000 | Unch |
| FOR Mundra (Rs/MT) | NA | NA | - |
| CNF Indonesia (USD/MT) | 345 | 370 | -25 |

| International Soy DOC | | | |
|-----------------------|-----------|-----------|--------|
| Argentina FOB USD/MT | 18-Jan-22 | 17-Jan-22 | Change |
| Soybean Pellets | 462 | 470 | -8 |
| Soybean Cake Flour | 462 | 470 | -8 |
| Soya Meal | NR | NR | - |
| Soy Expellers | NR | NR | - |

| Sunflower (DOC) Rates | Ex-factory rates (Rs/ton) | | |
|-----------------------|---------------------------|-----------|--------|
| Centers | 19-Jan-22 | 18-Jan-22 | Change |
| Adoni | 30000 | 30000 | Unch |
| Khamgaon | NA | NA | - |
| Parli | NA | NA | - |
| Latur | 29500 | 29500 | Unch |

| Groundnut Meal (Rs/MT) | 19-Jan-22 | 18-Jan-22 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 37000 | 37000 | Unch |
| Basis 40%, Saurashtra | 32000 | 33000 | -1000 |
| GN Cake, Gondal | 38000 | 39000 | -1000 |

| Mustard DOC | 19-Jan-22 | 18-Jan-22 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 24000 | 24800 | -800 |

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|--------------------|-------|-------|-------|
| Kandla (FOR Rs/MT) | 24800 | 25800 | -1000 |
|--------------------|-------|-------|-------|

| Mumbai Oil Meal Quotes: | | | |
|-------------------------|-----------|-----------|--------|
| Rs/M.T. | 19-Jan-22 | 18-Jan-22 | Change |
| G.N. Extr (45%) | 37500 | 38000 | -500 |
| Kardi Extr | NA | NA | - |
| Undec Cottonseed Exp | 37000 | 37500 | -500 |
| Rice Bran Extr. | NA | NA | - |
| Sunflower Extr. | 32000 | 31000 | 1000 |
| Rapeseed Extr. | NA | NA | - |
| Soymeal 48% | 55304 | 55304 | Unch |
| Castor Extr. | 10850 | 11050 | -200 |

Outlook: Soymeal prices in domestic market expected to trade range bound amid tight crush margin and slackened soymeal export demand. Soymeal indore prices are likely to trade between 50,000-55,000 in near term.

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