



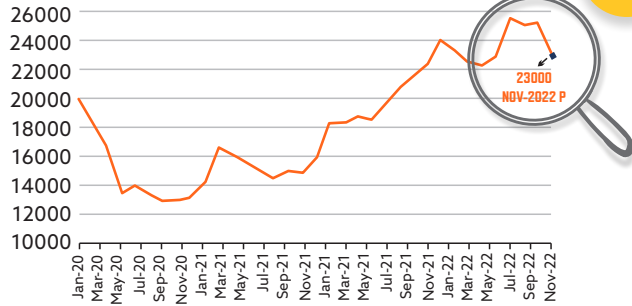
# MARKET BYTE

India | Vol. 19 September 2022

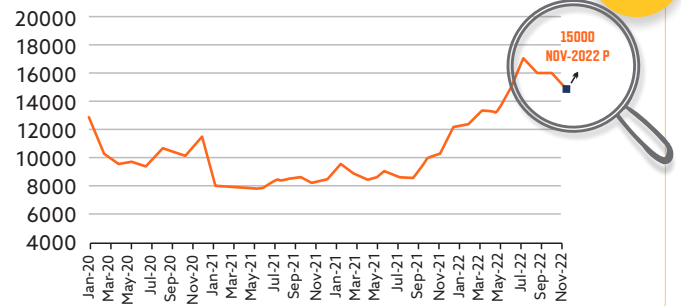


## PRICE OUTLOOK

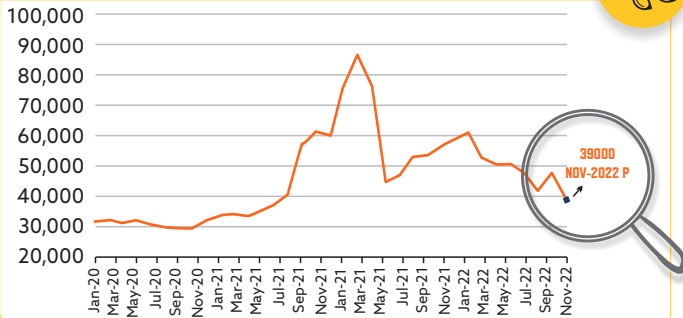
### Maize price trend (INR per MT)



### DORB price trend (INR per MT)

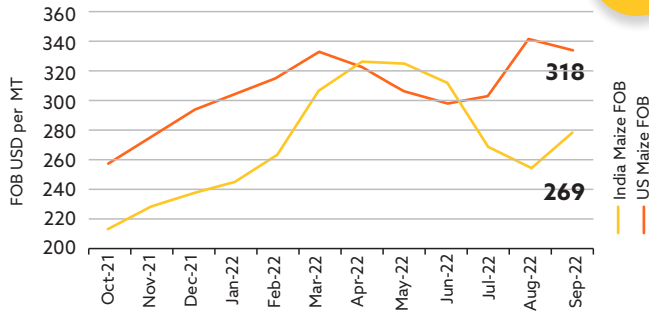


### Soybean meal price trend (INR per MT)

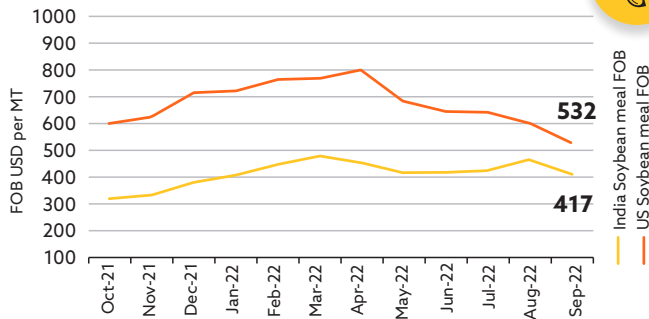


## EXPORT PARITY CHART

### Maize export parity (USD per MT)



### Soybean meal export parity (USD per MT)



## SPOT Price (INR per MT)



16-Sep-2022	09-Sep-2022	Week change
16,000	17,000	-1,000



**Maize**  
Gulabghab  
Nizambad

16-Sep-2022	09-Sep-2022	Week change
25,000	25,000	0
24,300	24,625	-325



16-Sep-2022	09-Sep-2022	Week change
42,900	41,250	1,650



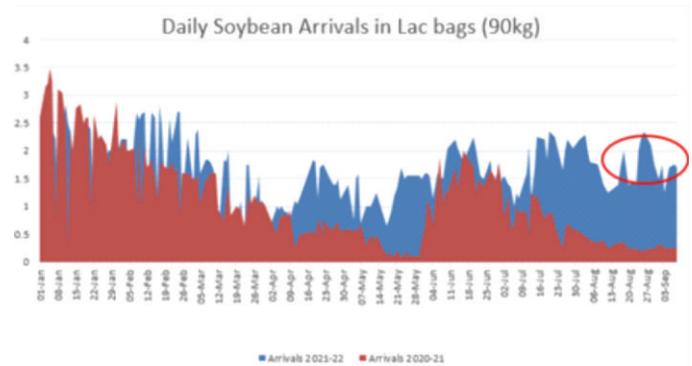
## Where Could Soybean Prices Be this Fall?

The price of Agricultural products, including Soybean usually move in three stages. First, price hover around cost of production; Second, prices change in response to economic shocks (e.g., Russia-Ukraine war pushed the price higher); Third, supply and demand change in response to elevated prices.

Currently soybean prices are on falling trend due to supply and demand change. Compared to September last year, the average price of soybean is 37% lower and soymeal is 45% lower in 2022. The prices may further down as expectation of higher supply due to bumper harvest and lower demand both from poultry farmers as well as crushers.

## Domestic Supply - Demand

Higher soybean supply in major mandis as farmers are liquidating their old excess stocks due to higher kharif production in the upcoming season. All India daily arrivals of soybean increased by 40%.



As per Govt. of India, crop situation report on 09/09/2022, Total soybean sowing area for Kharif 2022 is almost like 2021 (120.479 Lakh Ha. in 2022 Vs 120.713 Lakh Ha. in 2021). Higher plantation reported in Andhra Pradesh, Telangana, Karnataka, Maharashtra, Rajasthan, Bihar, and Uttar Pradesh. Lower plantation reported in Madhya Pradesh, Chhattisgarh compared to last year.



### State wise Kharif Soybean area in India (as on 09/09/2022)

State	Area Covered (Lakh Ha)			Diff in %
	2022	2021	Diff	
Andhra Pradesh	0.1	0.0	0.1	241%
Arunachal Pradesh	0.0	0.0	0.0	10%
Bihar	0.3	0.3	0.0	7%
Chhattisgarh	0.4	0.5	(0.1)	-17%
Gujarat	2.2	2.2	(0.0)	-1%
Jharkhand	0.0	0.0	0.0	0%
Karnataka	4.4	3.8	0.5	14%
M.P	50.2	55.1	(5.0)	-9%
Maharashtra	48.8	46.0	2.7	6%
Rajasthan	11.5	10.6	0.9	8%
Telangana	1.7	1.4	0.3	23%
Uttar Pradesh	0.5	0.3	0.1	46%
Uttarakhand	0.1	0.1	0.0	0%
Others	0.3	0.2	0.1	48%
<b>Total</b>	<b>120.5</b>	<b>120.7</b>	<b>(0.2)</b>	<b>0%</b>

Despite heavy and continuous rain in the major crop producing states, the crops are almost on the good condition and ensuring higher production in the coming months. This has boosted the farmers to liquidate their old excess stock before the new crop hit the market.

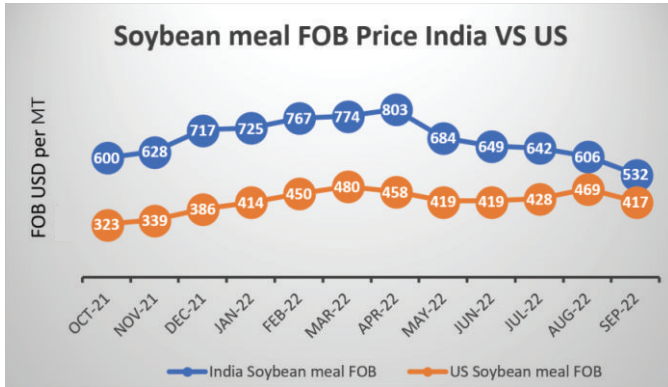
The huge unsold inventory and higher production will also lead to high opening stock (according to SOPA, the carry forward inventory will be 27.22 Lakh tonnes), which will also hit the market sentiment in the coming days.

On the demand side, lower demand from soybean processors despite normal margin in crushing as many plants are on maintenance. Due to sawan month and season variation, demand from poultry producers as well low in the past month has further pulled the prices downward.

### International Front

The availability of soybean in the World market is increasing as Argentina is creating special exchange rate for its soybean producers to incentivise exports, lower imports reported from China, higher US soybean crop and increased outlook on Brazil soybean plantation. The World ending stocks are expected near 101.2 MMT. This has impacted the FOB price of Soybean and the price parity between Indian Soybean and Global soybean has now reduced so much (\$300 to \$120). yet it needs to further diminish to revive export sales from India and promote crushing.





On the total, expectation of higher Kharif production, excess inventories and softening of global edible oil prices will keep the soybean price on bearish trend in the coming months.

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**References:**

NCDEX, SEA of India, investing.com & USDA

Declining Oil prices like International crude oil price is also boosting inflow of duty-free crude soybean oil imports under tariff rate. Softening edible oil prices in the global market has pushed the soy oil prices in the domestic market.



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