



June 27th 2016

Market Report.....

RBI Reference Rate

INR/1USD = 67.9000

INR/1Euro = 74.8801

INR /100 Jap. Yen = 66.6900

INR/1Pound Sterling =90.9113

Statement on Brexit by Dr. Raghuram G. Rajan, Governor

“It looks increasingly clear that the United Kingdom has voted to exit the European Union. Markets are trying to factor the consequences of this development and this has already led to sharp corrections in financial markets around the world.

The Indian economy has good fundamentals, low short term external debt, and sizeable foreign exchange reserves. These should stand the country in good stead in the days to come.

The Reserve Bank of India is continuously maintaining a close vigil on the market developments, both domestically and internationally, and will take all necessary steps, including providing liquidity support (both dollar and INR), to ensure orderly conditions in financial markets.”

The rupee shook off some of its earlier weakness and recovered 12 paise to 67.84 against the dollar today on increased selling of the US currency by banks and exporters.

A weak domestic stock market and dollar’s strength against some currencies overseas poured cold water on the rupee’s gain, dealers said. The rupee, hit by the Brexit panic wave, had plunged as much as 71 paise to end at a four-month low of 67.96 on Friday on fresh demand for the US currency. Dollar rose overseas on Friday amid a sharp fall in equities across the globe.

Gold climbed on Monday, trading near a more than two-year peak reached in the previous session, as investors sought refuge in the safe-haven amid economic and political uncertainty after Britain voted to exit the European Union.

Bullion surged 4.8 per cent on Friday, its biggest single-day gain since January 2009, as the British exit, or Brexit, forced a selloff in risky assets from industrial commodities to stocks and sterling.



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Spot gold rose as much as 1.5 per cent to \$1,335.30 an ounce and was trading at \$1,325.80 by 0251 GMT, up 0.8 per cent. The metal rallied as much as 8 per cent on Friday to peak at \$1,358.20, the highest since March 2014.

Snapshots of the India-Britain trade relationship

- * Britain ranks 12th in terms of India's bilateral trade with individual countries.
- * Also among just seven in 25 top countries with which India enjoys trade surplus.
- * Bilateral trade was worth \$14.02 billion in 2015-16; exports were \$8.83 billion and imports \$5.19 billion, giving India a positive trade balance of \$3.64 billion.
- * Britain is third largest investor in India with cumulative inward flow of \$22.56 billion between 2000-2015.
- * India is also the third largest investor in Britain with an estimated investment of \$2.75 billion last year.
- * Bilateral trade in services in 2014 amounted to around 2.5 billion pounds.
- * There are an estimated more than 800 Indian-owned businesses in Britain with over 110,000 employees. Best known is Tata Motors making the Jaguar Land Rover.
- * Other Indian firms in Britain include IT, pharmaceutical, creative and financial services majors.
- * India invests more in Britain than in the rest of Europe combined, as per the Confederation of Indian Industry

Indian Agro Commodity Prices

27-06-16	India	
	Ex INR/MT	FOB USD/MT
Soyabean	38000	601
Rapeseed	48200	750
Soy Meal	34300	540
Rapeseed meal	20000	320
Soya Flour	46000	720
Soya Lecithin NGM	110000	1700
Corn	14800	242
Wheat	17500	282
Bajra(millet)	16000	258



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SBM EX Indore INR/MT 34300-35000, FOB Kandla 491 USD/MT

Rapeseed Meal FOB Kandla 291 USD/MT

Guar Gum Prices Ex Mandi 55450 INR/MT

Soybean Prices Ex Mandi 36000 to 38500 INR/MT

Maize Prices Ex Mandi 16000 to 17500 INR/MT

Rice Bran Ex Kolkata \$185

Lecithin:

Imported lecithin, is imported 1274 MT of value USD 1222810. Average Imported price of lecithin from Argentina is USD 760 per MT and average value per shipment is 26035 USD.

Average price of lecithin from Brazil is USD 450 per MT and average value per shipment is 35539 USD.

India exported lecithin worth USD 3597298 during May 2016 with total quantity of 575 MT. Netherlands is the largest buyer of lecithin accounting for exports worth USD 2026638 during May 2016 followed by Spain and Belgium which imported lecithin worth USD 270596 and USD 212764 respectively.

Nhava Sheva Sea accounted for 50.1% of exports followed by Nagpur and Mandideep which account for 43.7% and 3.6% of exports respectively. Average price of lecithin per unit is USD 1955 per MT and average value per shipment is 36336 USD.

Guar Gum:

Guar markets are fluctuating and moving up again due to rising crude prices, today Jodhpur Guar Split prices/market closed at the level of INR 56.50 per kg.

After a continuous decline, rig count has begun to stabilize and looking for some increase with bottoming out of crude prices, this along with expectation of lower sowing area in the next season will give support to guar prices in near term.

India exported guar meal worth USD 17744057 during May 2016 with total quantity of 2287 MT. United States is the largest buyer of guar gum accounting for exports worth USD 6,548,564 during May 2016 followed by China and Germany which imported guar gum worth USD 3,405,495 and USD 1,410,870 respectively.

Mundra accounted for 44.8% of exports followed by Bhagat ki Kothi - Jodhpur ICD and Garhi Harsaru - Gurgaon ICD which account for 21.4% and 12.4% of exports respectively.



Average price of guar gum per unit is USD 7.76 and average value per shipment is 36,361.

Fish Oil:

India exported fish oil worth USD 867041 during May 2016 with total quantity of 1041 MT. Australia is the largest buyer of fish oil accounting for exports worth USD 662,154 during May 2016 followed by Ethiopia and Djibouti which imported fish oil worth USD 94,203 and USD 93,902 respectively.

Mangalore Sea accounted for 76.4% of exports followed by Nhava Sheva Sea and Bangalore Air Cargo which account for 22.7% and 0.7% of exports respectively.

Average price of fish oil per unit is USD 0.83 and average value per shipment is 21,676.

India exported **fish meal** worth USD 455,736 during May 2016 with total quantity of 42,580. Bangladesh is the largest buyer of fish meal accounting for exports worth USD 418,908 during May 2016 followed by Sri Lanka which imported fish meal worth USD 36,828.

Average price of fish meal per unit is USD 10.70 and average value per shipment is 37978 USD.

Soyabean:

Soyabean futures edged marginally higher on NCDEX

Soyabean futures edged marginally higher on NCDEX as farmers reducing their sowing area under soybean by 10-20% due to shortage of certified seeds. However, some gains were capped on higher output hopes as monsoon rains covered almost the entire country, narrowing the deficit since the season started on June 8.

The contract for July delivery was trading at Rs 3820.00, up by 0.21% or Rs 8.00 from its previous closing of Rs 3812.00. The open interest of the contract stood at 65140 lots.

The contract for October delivery was trading at Rs 3703.00, up by 0.11% or Rs 4.00 from its previous closing of Rs 3699.00. The open interest of the contract stood at 24160 lots on NCDEX.

Oilmeals Export Have Declined by 94 pc in May

The exports of oilmeals have declined by 94% to 7,737 tonnes in May, due to lower availability of oilseeds and higher prices in the domestic market. The country had exported 121,000 tonnes of oil meal in the same period last year.

As per report compiled by industry body Solvent Extractors Association (SEA), the overall export of oilmeals during April-May 2016 is reported at 97,779 tonnes compared to 3,03,977 tonnes during the same period of last year, down by 68% due to lesser availability of oilseeds for crushing and continuous disparity in exporting oilmeals in the international market.



South Korea, Iran and Thailand are the major importers of oilmeal from India. Oilmeal export to South Korea has declined by 74% to 47,202 tonnes in the first two months of the current financial year from 1.79 lakh tonnes in the year ago period.

India maize prices up; US corn prices up on hot weather, DDGS prices follow

Following Brexit vote, coupled with very good growing conditions in the US, the corn prices were down considerably. While following the vote, the markets dropped faster, there was some uptrend, but overall, corn turned cheap in the US. Jul contract down 12.16% to \$151.33/MT; Sept down 12.11% to 153.44/MT; Dec down 12.13% to \$155.19/MT. Following the downtrend on CBOT, FOB prices have also softened and were indicated in the range \$185-195/MT (For both US Gulf and PNW for the period July-Sept. Argentina/Brazil origin corn is priced at \$183-186/MT July delivery and Black sea corn at \$202/MT or higher on FOB basis. The growing conditions in the US remain very good and about 75% of the crop is in good to excellent condition.

As the corn prices in the US dropped, DDGS followed and is currently priced on FOB basis (US Gulf) at \$212/Mt (July) and \$207/MT (Sep). Delivered price of Vietnam \$278-263/Mt (July-Spet) and To China \$285-260/MT (July-Sep). The protein co-products, CGM price was down \$10/MT to \$615/Mt (FOB). US SBM is priced at \$438-444/MT (48% protein) and 46.5% Protein SBM delivered price to Asia is indicated at \$480-484/MT.

US ethanol price too is down by about 4.8% following drop in corn prices. On CBOT, US ethanol's prices between \$0.422/litre in July to \$0.405/litre in Oct 2016. China continue to buy US ethanol and from Jan-April 2016 has bought 416 million litres at an average FOB price of \$0.44/litre.

The tender for 50,000 MT of Non GM corn import last week was opened and one bid of \$254-255/MT (CNF Gujarat ports) was received. This is high price as there is not much corn available in Ukraine which supplied corn to India earlier. Indian maize prices continue to move up on futures as well as the spot markets. Jun contract expired on Jun 20, 2016, up 1.05% to Rs.15360/MT; Jul up 6.67% to Rs.164760/MT; Aug up 6.52% to Rs.16830/MT; Sept 6.81% to Rs.17100/MT Oct up 5.31% to Rs.15480/MT. Oct is the first of the Khariff Contracts and in one week saw an increase. Spot prices in key markets were up on demand from poultry and starch sector and also based on the higher import price of corn from the world market. Nizamand up 4.36% to Rs.16890/Mt; Davangere up 2.61% to Rs.17675/MT; Karimnagar up 3.62% to Rs.16916/MT, Sangli up 5.11% to Rs.18500/MT and Gulabghat up 8.63% to Rs.15727/MT. Delivered price top South India (Tamil Nadu, poultry hub) remain high at Rs.18250/MT. Maize sowing at this time is lagging by about 11% against last year, Bajra and Small millets is up by 62% and 24% respectively. Soybean sowing is down by 86% at this time. It is still too early to say how much corn will be sown, now that the entire India is covered by monsoon, the pace of sowing could increase.



Pulses Prices Increased due to Lower Domestic Production

Pulses prices have increased due to their under-cultivation and inadequate domestic production, while the spike in vegetable prices have more to do with market forces than production, Chief Economic Advisor (CEA) Arvind Subramanian said.

Inadequate production have led to a spike in pulse prices in a context of a shift in dietary habits, in which pulses have become the core of the diet among Indians. The central government has incentivized their cultivation by raising the MSP, besides taking other measures to encourage farmers to produce these on preferential basis.

Commerce Minister Nirmala Sithrman said earlier this week that India is negotiating with neighboring Myanmar and other countries towards creating a buffer stock of up to 8 lakh tons eventually.

India produces 17 LT of pulses annually, as against the requirement of 23 LT, and the country has been importing pulses for decades.

Kharif Sowing Declined Further in the 3rd week of June

Sowing of kharif crops declined further in the 3rd week of June, despite considerable progress in monsoon rains, with the total area sown falling by almost 24 % to 124.94 lakh hectares (lh) compared with 164.10 lh at this time last year.

Till June 24, Rice has been sown on 19.86 lh (21.86 lh), pulses on 9.66 lh (12.19 lh) and coarse cereals on 17.60 lh (18.19 lh). The steepest fall has been in the sowing of oilseeds, which was just 6.97 lh (27.85 lh).

Sowing of cotton in the period fell to 19.07 lh against 34.87 lh last year. Sowing of sugarcane, however, experienced a marginal increase to 44.38 lh (41.58 lh).

Till June 17, the gap in sowing compared with the previous year was 10 per cent.

The Indian Council of Agricultural Research (ICAR) hopes to see a total food grain production of 270 million tons (mt) this year.

Sowing may improve in the coming week if rainfall continues and advances, as predicted by the India Meteorological Department.



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NCDEX Today Spot

Bajra, Jaipur

INR/Quintal



Maize, Davengere

INR/Quintal





Soybean, Indore

INR/Quintal



SBM, Indore

INR/MT



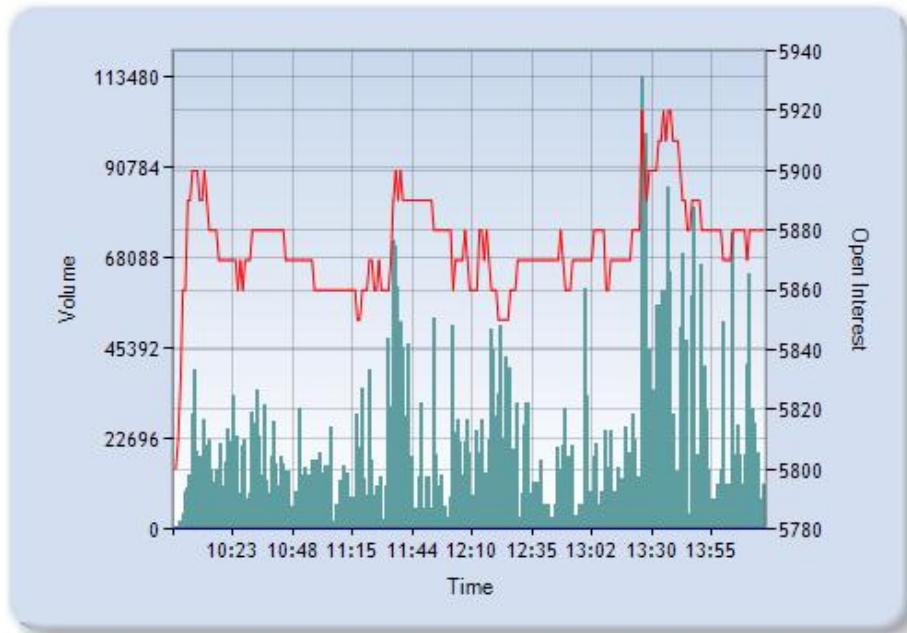


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NCDEX Today Future

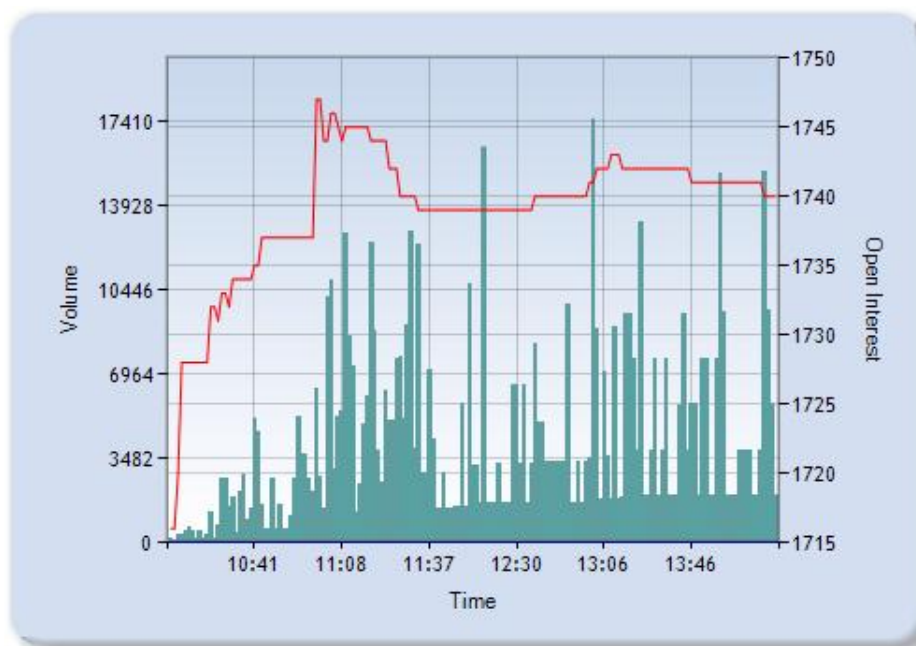
Guar Gum (20 Oct 2016)

INR/Quintal



Maize - Feed/Industrial Grade (20 Sep 2016)

INR/Quintal

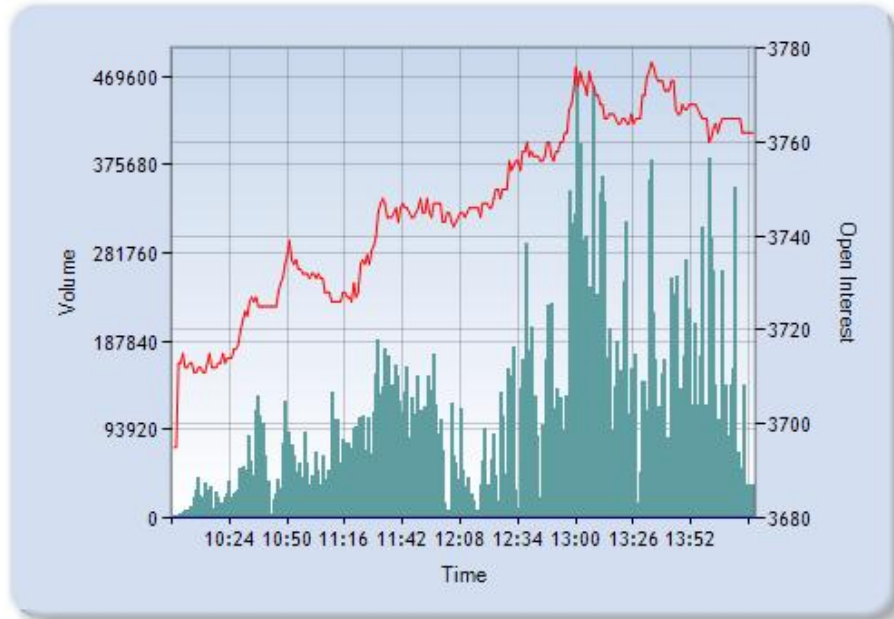




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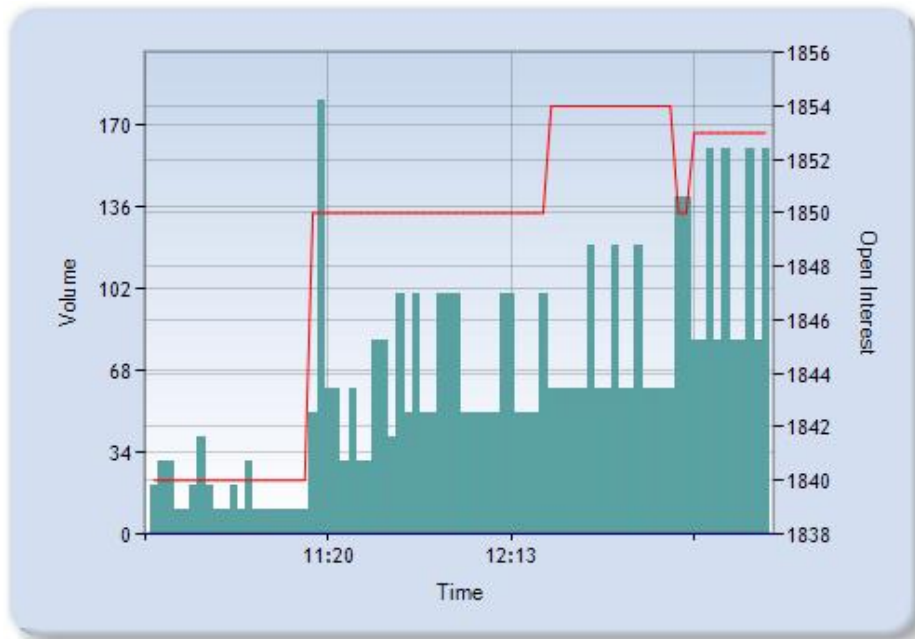
Soy Bean (20 Oct 2016)

INR/Quintal



Wheat (20 Oct 2016)

INR/Quintal





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Ref Soya Oil (20 Oct 2016)

INR/10Lit

