

REENGRAM PRICES TO BE AT Rs.5500-6000 / QUINTAL AT HARVEST

Pulses price skyrocketed in 2015 and became the major cause for the high food inflation. A sharp fall in overall pulses production and increase in imports took prices higher. The kharif arrivals in key states of Maharashtra and Karnataka but arrivals were low and prices were already at double the levels of December, 2014. Additional triggers would be fall in global output due to drought in Myanmar, Canada and Australia. However, continued stock limits on traders and the centre's determination to contain prices of pulses through increased imports will ensure price gains in 2016 won't be as high as in 2015.

India's growing population and increasing preference for healthy food means ever-rising demand for protein foods like pulses, more so for the vegetarian population. Close to 90 per cent of the area under pulses cultivation depends upon the monsoon. The result: India's pulses productivity is less than half of that in Canada, one of the top pulses exporters.

In an encouraging sign of rise in pulses production, the country has seen a gradual rise in the growth rate of pulses output at 2.61 per cent during the last four decades, which has surpassed the growth rate of rice, wheat and all cereals together.

Agriculture Ministry data shows that during the last four decades (1970 – 2010) the production of pulses in the country has witnessed a gradual upward trend and notably it has more or less remained nearly 18 million tones since 2010. Earlier the production hovered around 14-15 million tones. Anticipating normal monsoon the gram price forecasts for greengram at the time of harvest i.e. September & October, 2016 have been estimated using the modal prices of Tandur market. The forecasts along with the present market sentiments showed the prices per quintal of greengram would be around Rs. 5500 – 6000 / Q at kharif harvest period.

REDGRAM PRICES TO HOVER AROUND Rs. 7,000 AT HARVEST

The prices of some of the pulses have doubled since March, 2015. Redgram and blackgram have seen the biggest spurt in prices. To combat this price rise, the cabinet committee on Economic Affairs recently approved the creation of buffer stock for which the centre procure 50,000 tonnes of pulses from the kharif and 1 lakh tones from rabi crop of 2015-16. There has been a rise in minimum support prices of all the major pulses in the last three years, but despite this, the production has declined. There has been a 13 per cent drop in pulses production in 2014-15 compared with 2013-14. There has been a 25 per cent rise in imports between 2014-15 and 2013-14. To boost the availability of pulses in the domestic market and bring down prices of the key protein source, the centre has to import 15,000 tonnes of redgram in 2015. India purchases redgram mainly from eastern African nations and Myanmar.

In 2013-14, the production of pulses touched an all time high of 19.78 million tones. However, due to unfavourable weather conditions in the current season, the pulses production in 2015-16 is likely to stay at 17.30 million tones. Figures suggest that the growth rate in pulses production during this decade has been at 2.61 per cent, which has been higher than that of rice that stands at 1.59 per cent, wheat at 1.89 per cent and all cereals together at 1.88 per cent. Expecting normal monsoon in 2016-17, the Agricultural Market Intelligence Centre of S. V. Agricultural College, Tirupati has forecasted the prices of redgram at the time of harvest i.e. January 2017, using the modal prices of Tandur Market. The results of the analysis and given the present market sentiments the prices per quintal of redgram will hover around Rs. 7,000 – 7,500/Quintal. Hence farmers can take their sowing decision.

MAIZE PRICES LIKELY TO MOVE AROUND Rs. 1400/Q AT HARVEST

The production of maize in US this year would be as found in 2015. The global production in 2016-17 is expected to reach 98.2 crore tones, which is expected to create pressure on the prices of maize in 2016-17. This year severe drought across the country has resulted in poor flow of maize, the main feed for the poultry industry. There will be a shortfall of 4 million tones of maize this year. According to the trade sources, the Indian Government has made an important agreement with 5 nations but the extent of imports are not clear. With the arrivals expected in the coming months the prices are a bit stagnant. Given the global scenario which hints a surplus production this year and assuming the normal kharif maize area, the Agricultural Market Intelligence Centre of S. V. Agricultural College, Tirupati has forecasted the prices of maize at kharif harvest period of 2016-17, using the modal prices of Nizamabad market. The results of the analysis and the present market sentiments together showed that the price per quintal of maize in October, 2016 would be around Rs. 1350-1400.

SOYABEAN PRICES LIKELY TO BE AROUND Rs. 3000 / QUINTAL AT HARVEST

Short supplies due to lower volumes of crushing and the expectations of lower output following a forecast for a below normal monsoon helped soybean futures surge to a high of Rs. 4,142 per Quintal by May, 2015. The US and Latin America recorded a bumper crop of soybean in 2015. Therefore, higher global output and the fall in the export demand prompted global buyers to seek out cheaper sources. As a result, soybean plummeted to a low of Rs.3,062 in August, 2015. China signing an agreement to buy more US soybean came as a safety net and triggered a reversal to a high of Rs.4,120 by October, 2015. On domestic front, the monsoon ending with a 14 per cent deficit increased supply concerns and aided the price reversal. Recent data from soybean processor's Association of India showed that 111 lakh hectares have been covered under soybean in this kharif 2015 season, lower than the 116 lakh hectares estimated initially by the Government. Production was estimated at 86 lakh tones down about 4 per cent from 90 lakh tones in the previous season.

According to the econometric analysis of soybean modal prices of Nizamabad market supported by market survey and prevailing market sentiments the prices are likely to be around Rs. 3000-3200/- Quintal.

TURMERIC PRICES TO RULE AROUND Rs. 8,000/ QUINTAL AT HARVEST

The prices of spices were badly hit this year, barring turmeric. A fall in output following reduced acreage on the back of poor monsoons propped up prices. Turmeric production in India has declined over the last few years as lower returns found farmers to shift to other remunerative crops. As per the trade sources, the production of turmeric in 2015-16 may decline by about 5 to 10 per cent to 6.8 lakh tones compared to 7.3 lakh tones produced last year. About 60 per cent of India's total production comes from Andhra Pradesh. The trade sources indicated that the present stocks stand at 10-15 lakh bags and the expected output of 2015-16 would be 30-35 lakh bags. Under the circumstances, the Agricultural Market Intelligence Centre of S. V. Agricultural College, Tirupati has forecasted the prices of turmeric harvest period using the modal prices of Nizamabad market. The results of the analysis indicated that the prices would be around Rs. 7500 to 8000/Q in January, 2017.

SUNFLOWER PRICES ARE EXPECTED NEARER TO MSP AT KHARIF HARVEST

Nearly 70 per cent of domestic oil requirement is met through imports. According to Solvent Extractors Association of India the major imported oils are palm oil, soya oil and sunflower oil. Annually India is importing 15 million metric tones of oil. Palm oil and sunflower oil are imported in raw form. Russia, turkey and Argentina are also exporting sunflower oil. But India imports 95% of its sunflower oil requirement from Ukraine. In 2014-15 India imported 1.5 million tones of sunflower oil from Ukraine. Asuming normal area in kharif 2016-17, the prices that are likely to prevail at harvest are forecasted using modal prices of sunflower in Kurnool market. It was also supported by market survey. This effort has resulted in arriving to arrive at the prices at harvest which are likely to move around Rs.3700/Qunital.

GROUNDNUT PRICES LIKELY TO BE AROUND Rs. 4500/q AT HARVEST

El nino – induced dry weather in Indonesia and Malaysia (account for 85 per cent of global production) together with forest fire in Indonesia will impact production of palm oil. Thus a decline in the global stock-to-use ratio and firm demand will strengthen palm oil prices this year. However, subdued demand for bio-fuel due to low crude oil prices will limit any price rise.

India is the second largest producer of groundnut in the world. On the global front, China leads in production, making up some 42 per cent of overall production. India (12 per cent) and the US (8 per cent) follow it. Although India and China are the world's largest producers of groundnut, they account for a small part of international trade, because most of their production is consumed domestically. Major producers / exporters of groundnut are the US, Argentina, Sudan, Senegal and Brazil, while the major importers are EU, Canada and Japan. For this year 2016-17, groundnut in shall production target is around 80 per cent for kharif season and rest for rabi season. To help the farmers in taking sowing decisions in 2016 kharif, the Agricultural Market Intelligence Centre of S. V. Agricultural college, Tirupati has forecasted groundnut prices at harvest using econometric analysis of modal prices of Kurnool market. Coupled with market survey and considering the present market sentiments, the kharif harvest prices (2016) are likely to be around Rs. 4,500 to 4,700/Qunital.

COTTON PRICES TO BE AT Rs. 4,500 / QUINTAL AT HARVEST

Cotton fell below Rs. 14,000/ bale at the start of 2015 on de-stocking and import curbs by China. The year 2015 ended with an unexpected export demand from Pakistan. While world cotton production is estimated lower in 2015-16, for the fourth successive season, additional spinning demand may come from Vietnam and Bangladesh. As a result further weakening of cotton prices may not happen in the coming months. China was importing nearly 60 lakh bales from India till four seasons ago. But in the last three seasons China has reduced its imports significantly. Last year India exported 10 to 15 lakh bales to China and this year it is no better. Given this State of affairs, and assuming normal area in kharif 2016-17, an attempt is made to forecast the prices of cotton at harvest period. Towards this end, the modal prices of Warangal were made use of. The results of the analysis in addition to the market survey indicated that the price / Quintal would be around Rs. 4,500 at harvest

CHILLI PRICE AT HARVEST WILL NOT BE LESS THAN Rs.9000/ QUNITAL

The year 2014 witnessed a record export of 3,47,000 tonnes of chilli valued at Rs. 35.7 crore. The production in Madhya Pradesh was affected for two successive years i.e 2014 and 2015 and the extent of downfall in production was to an extent of 35-40 per cent during both the years. In Andhra Pradesh inadequate rains in 2015-16 are likely to affect the production by 25-30 per cent despite an increase in the area. There will be a supply response next year in all the chilli growing regions of the country given the present price line. With an expectation of normal monsoon and expected supply response, it is essential to forecast the prices in January, 2017 (harvest period). To forecast the prices, modal prices of chillies in Guntur were used analysed through econometric analysis. The analysis was supported by market survey. Given the present market sentiments and the results of the analysis the price / Q will not be less than Rs. 9000 at harvest time in January, 2017.