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## Summary

Overall, the key feed ingredients prices witnessed steady to weak sentiments except maize during the week in review.

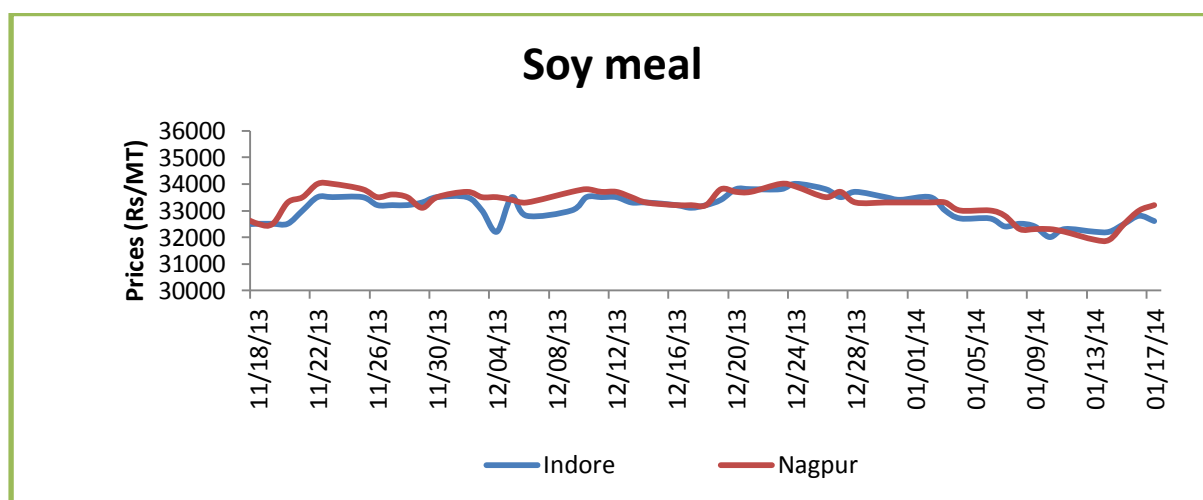
Domestic soybean extended losses on sluggish buying from crushers/processors due to disparity on crushing. Poor soy meal shipments and higher edible oil imports has made the crushing unviable. Besides, bearish international factors like higher soybean production estimates for South America and lower palm oil export sales from major exporters engulfed the oils and fats markets eventually pressuring domestic market.

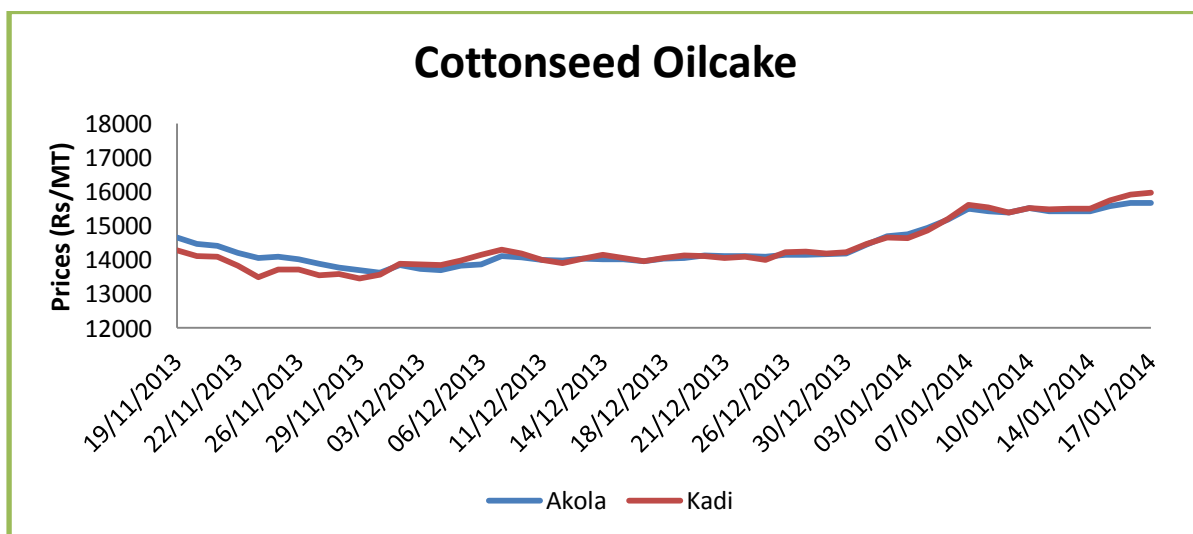
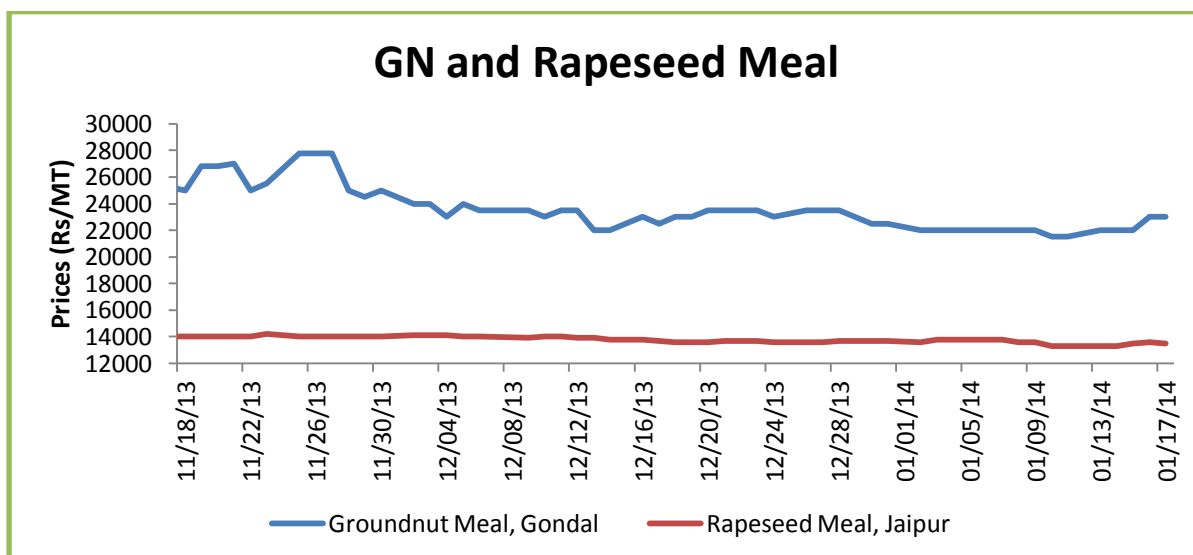
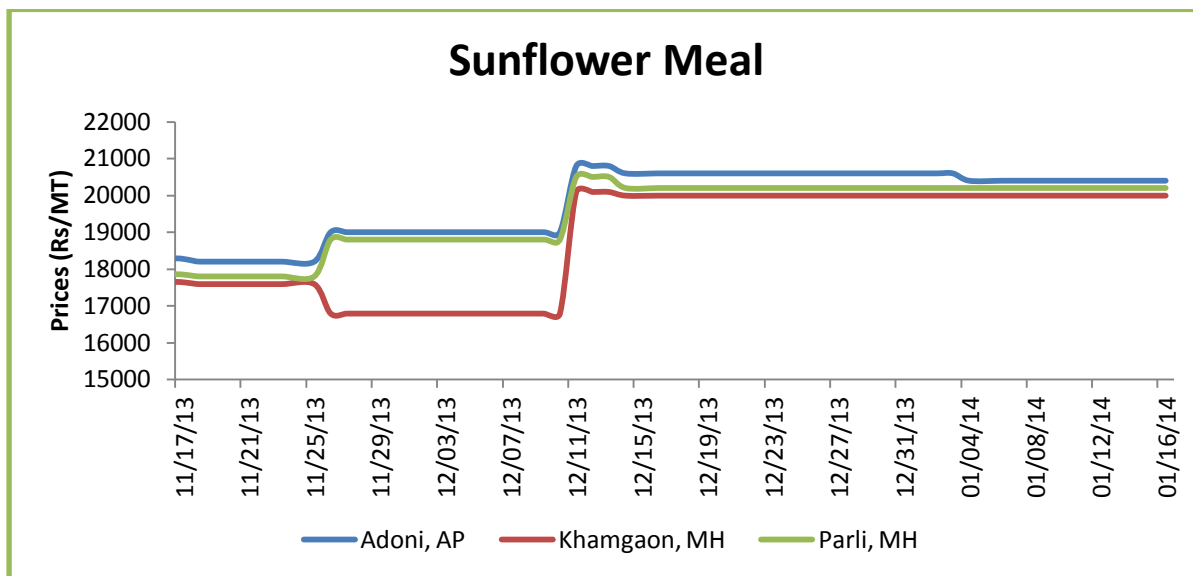
Soy meal fell on weak Indian export sales and reports are higher soybean production in South America. Besides, better supplies due to record high US soybean crushings in the first 4 months of marketing year remained bearish for the market too.

Overall steady to firm sentiments witnessed in most of the major spot markets of maize during last week.

Key spot wheat mill delivery prices traded steady to moderately weak due to good expectation of crop this year.

## Trend – Raw Material, Feed





Source: AgriWatch

Overall, soybean, soy meal and rapeseed/mustard fell during the week in review. However, the prices showed signs of recovery towards the weekend but failed to suppress the previous week's level.

Domestic soybean extended losses on sluggish buying from crushers/processors due to disparity on crushing. Poor soy meal shipments and higher edible oil imports has made the crushing unviable. Besides, bearish international factors like higher soybean production estimates for South America and lower palm oil export sales from major exporters engulfed the oils and fats markets eventually pressuring domestic market.

Besides, there is still imports parity in soy oil of Argentine origin at Indian ports, cautious soybean buyers due to the quality concern this season has made the imports attractive for the importers.

The domestic demand in soy oil and meal is moderate and likely to be flat in near-term. Soy meal exports are likely to ease considering the previous trend, mainly due to demand diversion towards South America.

However, record higher US soybean crushings in first 4 months of US soy marketing season indicating fast disappearance and huge Chinese soybean imports limited the losses in soybean.

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Besides, demand shift towards South America and forward bookings ahead new crop in the region continue to pressure the Indian soy meal market. India's soy meal export sales in the month of December fell by 8.5%.

The export enquiries in soy meal continue to be low due to demand shift as South American meal prices are competitive compared to India's.

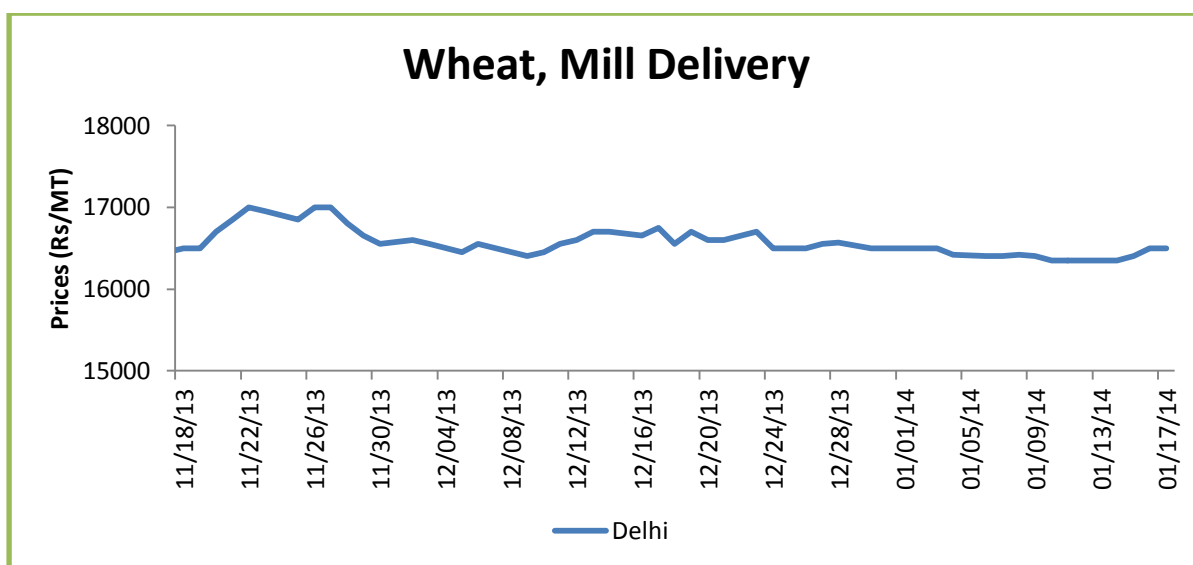
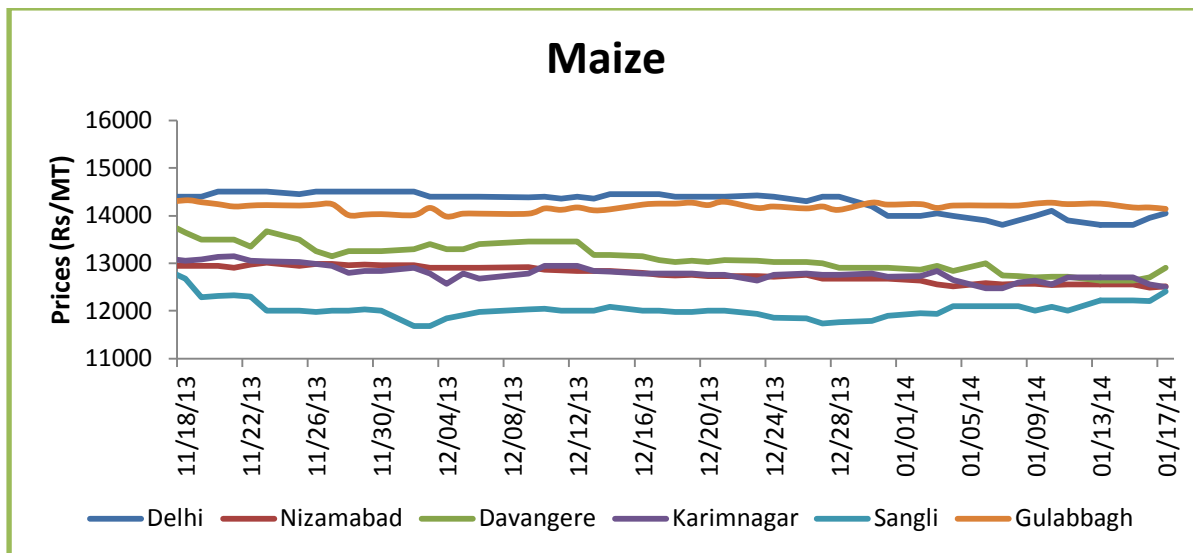
The RM seed prices declined tracking losses in soybean and weak global oil and fats market. Better edible oil imports including soy, palm and sunflower oils remained bearish for the seed leading to fall in demand of crusher. Further, increase in domestic planting acreage in the seed this season added to the bears.

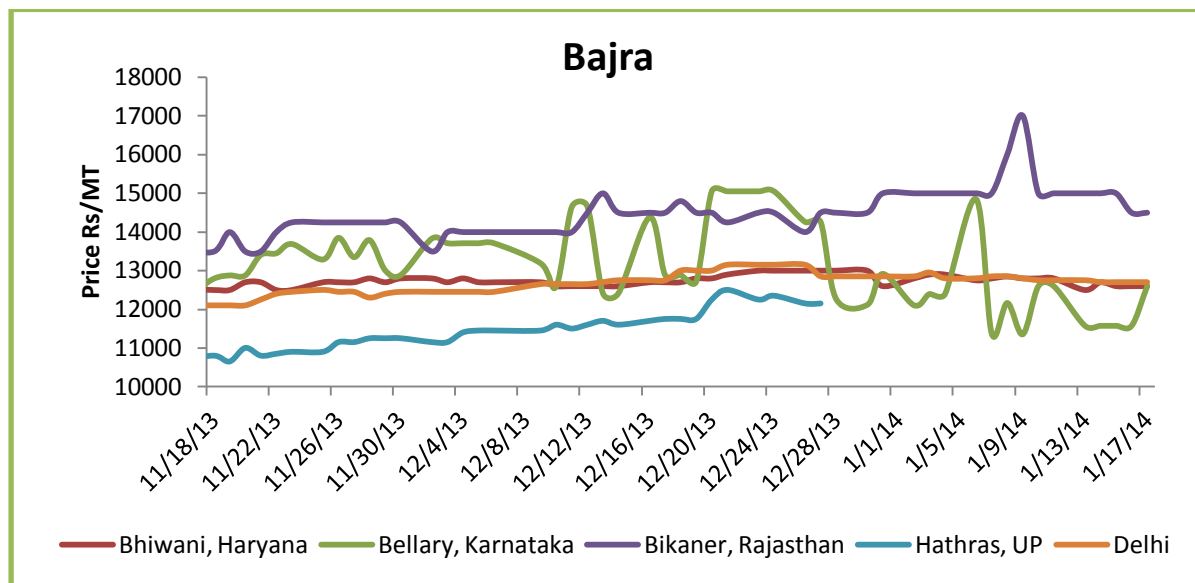
Besides, recent fall in palm oil exports from major exporters kept the lid in the international palm oil prices. Exports of Malaysian palm oil products for Jan 1-15 fell 28 percent to 460,248 tons, from the corresponding period of the last year - cargo surveyor Intertek Testing Services.

The edible oil inventories are Edible oils stock as on 1st January, 2014 at various ports of India is estimated at 745,000 tons which includes (CPO 450,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 25,000 tons, Crude Sunflower Oil 100,000 tons and Canola Rape Oil 20,000 tons) and about 850,000 tons in pipelines.

The RM seed prices are likely to remain under downward pressure due to weak global and domestic factors in near-term.

Again, sizeable increase in RM seed and other rabi oilseeds acreage domestically, rise in US and South American soybean production estimates, lower crude will continue to create downwards pressure in the oilseeds. Recent rise in import duty in refined edible oils has failed to boost the seed prices.





Source: Agriwatch (Prices: Maize-Industrial/Feed Grade. Wheat-Mill Delivery: Lawrence Road, Delhi)

Overall steady to firm sentiments witnessed in most of the major spot markets of maize during last week.

In Ahmadabad region of Gujarat, Poultry feed makers quoted maize firm by Rs. 35 per quintal in a range of Rs. 1235-1310 per quintal. Besides, starch feed makers quoted maize firm by Rs. 10 per quintal in a range of Rs.1230-1300 per quintal as compared to last week, sourced from Maharashtra and crop contains around 14% moisture.

However, in the Khanna market of Punjab, the maize was quoted steady at Rs. 1480 per quintal as compared to last week. On daily basis, arrivals of maize reported around 8-9 motors, contained 14% moisture, sourced from Maharashtra and Himachal. Sources revealed that maize stock could be around 200 motors.

Maize is moving towards hyderabad at Rs. 1220 per quintal, sourced from warrangal and karimnagar. Sources revealed that maize could trade down as second crop of maize has started in the warrangal and karimnagar market.

As per trade sources, in Davangere, maize crop contain 14% moisture. Maize is moving towards Bangalore and Kolkata at Rs. 1300 and Rs. 1240 per quintal respectively, sourced from Karnataka

As per USDA, U.S. accumulated corn export figures reached to 12,577,407 metric tons for the 2013-14 marketing year which is higher by ~81% from the last marketing year during the same period and 12% from the last week. Exports of 6,74,500 MT were reported by U.S. to Japan (226,100 MT), Mexico (148,900 MT), South Korea (58,800 MT), Egypt (41,500 MT), and Colombia (34,900 MT) for the period Jan 3- Jan 9, 2014.

As per Reuter, South Korea's largest animal feed maker Nonghyup Feed Inc. has purchased 70,000 tons of U.S.-origin corn from Dreyfus at a premium of 195.00 cents a bushel c&f over the Chicago

May corn contract for arrival by May 30. Offers for a further 70,000 tons of corn sought for arrivals by May 20 were rejected.

As per the Indonesian Feedmills Association, Indonesia's corn imports are likely to increase 20 percent from last year to 3.6 million tons in 2014, on rising demand for animal feed. (Source: Reuter)

Wheat sowing area increased this year by 6.33 percent so far(17<sup>th</sup> Jan,2014) from 295 lakh ha. to 313.69 lakh ha.on the back of good monsoon and higher water availability in the major wheat growing regions.

This year wheat production may break all previous records of production as weather remains favourable till now for better growth of the crop. Market participants have started saying that wheat production this year may touch 100 million tonne provided weather remain congenial to the crop in the month of February and March.

The Inflation of wheat has increased to 7.40% in the month of December as compare to 7.26% in the month of November.WPI has increased to 220.5 in December as compare to 217.1 in the month of November.

Wheat stock in central pool warehouses was registered at 28.04 million T as compared to 31.06million T on same time last year. It is higher than actual requirement of 11.12 million tonne on 1st Jan.'2014.The highest accumulated stock is in Punjab (10.72 million T) followed by Haryana (5.97 million Tonne) and Madhya Pradesh (4.20 million tonne) as on 01.01.2014.

In MMTC Wheat export tender of 60,000 MTs from Pipava port 5 bids were received. Highest bid was by Alghurair at \$277.50/MT for 30,000 tonnes followed by Agro Corp. at \$275.59/MT for 30,000 tonnes and the lowest bid was at \$274.00.

In a STC Wheat export tender of 1.2 Lakh T from Wizag port 5 bids were received, highest bid was at \$279.59/MT and lowest at \$275.59.In another wheat export tender by PEC of 1.2 Lakh T from Kandla port highest and lowest bids was \$281.31 and \$278.00 respectively.

Government has set the production target at 92.5 Metric tonnes for 2013-14.Going by the current crop condition and higher area coverage production is expected to be much higher than the set target.

New crop from Gujarat is expected to hit market in the first week of Feburary. Wheat production in Gujarat, Rajasthan, Madhya Pradesh and Uttar Pradesh is likely to increase considerably due to higher area coverage and congenial weather.

International wheat market is likely to trade steady to slightly firm on buyer's fresh interest at present level. However in medium term market is expected to trade slightly up due to some damage report in U.S. wheat growing area due to excessive cold.

## Outlook

Feed prices are expected to trade steady to firm in the coming days on the expectation of increase in demand.

## Spreads

### Maize Average Weekly spread with Bajra

Week	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14
1	113.0	86.0	106.0	71.00	-5.0	2.50	137.00	145.00	232.0	237.5	205.0	127.0
2	82.50	112.5	145.0	33.00	-9.0	29.00	200.00	204.00	275.5	233.0	192.5	135.0
3	93.75	110.0	154.0	-100.0	-38.0	57.00	212.00	197.50	241.25	223.3	160.0	
4	102.0	110.0	86.0	-104.0	-49.0	120.00	124.00	190.00	230.0	207.5	153.0	
5				-72.0			132.00		234.0		152.0	

\*Market Center: Delhi. Maize – loose price. Maize prices less Bajra

As the table depicts, in Delhi spot market, maize spread with bajra increased as compared to last week as bajra traded slightly down with the steady price movement in maize. Sources revealed that both commodities could trade steady to firm in the near term and keep maize spread with bajra firm as compared to last week.

### Maize Average Weekly spread with Jowar

Week	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14
1	107.0	142.0	265.0	171.0	88.0	175.00	230.00	321.66	364.0	487.5	450.0	357.0
2	80.0	172.5	322.0	133.0	146	175.00	295.00	402.00	366.0	492.0	460.0	317.0
3	147.5	178.0	320.0	-23.0	243	197.00	305.00	390.00	400.0	471.6	436.0	
4	170.0	244.0	205.0	0.83	229	250.00	334.00	327.00	368.0	450.0	446.0	
5				53.0			372.00		370.0		422.0	

\*Market Center: Delhi. Maize – loose price. Maize prices less Jowar

As the table depicts, maize spread with jowar traded down as jowar traded firm during last week. We expect that trend could continue in the near term and keep maize spread with jowar slightly down as compared to last week.

### Maize Average Weekly spread with Wheat

Week	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14
1	-90.8	-59.0	-97	67	-132	-112.5	-107.5	-104.0	-128.0	-132.5	-186.2	-160.0
2	-143	-14.0	-220	32	-133	-134.0	-125.0	-122.0	-139.0	-150.0	-175.0	-166.0
3	-81.25	-2.50	-179	-140	-87.50	-182.5	-121.0	-152.0	-180.0	-205.0	-187.0	
4	-47.5	29.0	76.0	-174	-82.50	-	-75.0	-135.0	-157.0	-205.8	-126.0	
5				-137		105.00	-66.0		-140.0		-131.0	

\*Market Center: Delhi. Maize – loose price. Maize prices less Wheat

As the table depicts, maize spread with wheat decreased during last week as wheat traded firm. We expect that wheat could trade steady to slightly weak due to expectation of a better crop and increase in quantity released by government and keep maize spread with wheat firm as compared to last week.

### Maize Average Weekly spread with Barley

Week	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14
1	71.67	152.0	327.5	290.0	213.0	133.0	165.0	244.0	195.0	237.5	185.0	127.0
2	62.50	189.0	369.0	283.0	185.0	115.0	199.0	220.0	191.0	231.0	187.5	143.0
3	122.5	239.0	383.0	122.5	143.0	140.0	224.0	190.0	178.75	216.7	157.0	
4	167.0	294.0	314.0	151.0	147.5	185.0	270.0	197.0	158.0	189.2	171.0	
5				196.0			272.0		190.0		155.0	

\*Market Center: Delhi. Maize – loose price. Maize prices less Bajra

As the table depicts, in Delhi spot market, maize spread with barley increased as barley traded down during last week. We expect that barley could trade steady in the near term and keep maize spread with barley slightly firm as compared to last week.

Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	17.1.2014	10.1.2014	Parity To
Indore (MP)	32500-32600	32000	Gujarat, MP
Kota	32000	31500	Rajasthan, Del, Punjab, Haryana
Akola	32500	32500	Andhra, Chhattisgarh, Orissa, Jharkhand, WB
Hingoli	33000	32500	Andhra, Chhattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	32500	32500-32700	Andhra, AP, Karnataka ,TN
Dhulia/Jalna	33500	33500	Mumbai, Maharashtra
Nagpur (42/46)	33000-33200	32300	Chhattisgarh, Orissa, Bihar, Bangladesh, AP, Karnataka, TN
Sangli	33300	33000	Local and South
Solapur	33000	32700	Local and South
Bundi	33200-33300	31500-31700	-

**Soy DOC at Port**

Centers	Port Price	
	17.1.2014	10.1.2014
Kandla (FOR) (INR/MT)	34400	33550
Kandla (FAS) (USD/MT)	561	542

**International Soy DOC**

Argentina FOB \$/MT	16.1.2014	9.1.2014	Change
Soybean Pellets	520	506	14
Soybean Cake Meal	520	506	14
Soybean Meal	528	514	14
Soy Expellers	528	514	14

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	16.1.2014	10.1.2014	Change
Adoni	20400	20400	Unch
Khamgaon	20000	20000	Unch
Parli	20200	20200	Unch
Latur	20000	20000	Unch

**Groundnut Meal**

Groundnut Meal	17.1.2014	10.1.2014	Change
Basis 45% O&A, Saurashtra	23300	22700	600
Basis 40% O&A, Saurashtra	NR	NA	-
GN Cake, Gondal	23000	21500	1500

**Mustard DOC/Meal**

Mustard DOC/Meal	17.1.2014	10.1.2014	Change
Jaipur (Plant Delivery)	13500	13300	200
Kandla (FOR)	13500	14300	-800

**Maize Spot Market Prices (Rs. /Quintal)**

Market	Grade	18 Jan, 2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1410	1400	1450	1440	1525
Davangere	Bilty	1200	1200	1200	1230	1405
Nizamabad	Bilty	1275	1275	1245	1275	1370
Ahmedabad	Feed	1310	1250	1350	1300	1500
	Starch	1300	1280	1350	1290	1540

**FOB, C&F – Maize at Various Destinations (USD/ton)**

	Argentina	Brazil	US	India (Bihar Origin)
FOB	200.39	200.1	208.27	235
Cost and Freight (Thailand)	250.39	255.1	268.27	270

**Soy Meal Exports (In MT):**

<u>Month</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Jan	521243	240318	574996	474993	620133
Feb	375098	220552	540360	344240	577589
Mar	224639	163666	410537	460464	320265
Apr	100106	60264	305033	313832	100311
May	77018	60575	176819	142588	97546
Jun	109923	98400	117600	180987	213564
Jul	58268	166632	139547	168341	107038
Aug	127299	176138	165510	10005	
Sep	171955	290868	225921	6525	
Oct	219721	404960	223594	49840	
Nov	297340	443488	397659	517103	
Dec	328225	611157	798041	510698	
<b>Total</b>	<b>2610835</b>	<b>2937018</b>	<b>4075617</b>	<b>2668918</b>	

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>17-Jan-14</u>	<u>10-Jan-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1260	1260	Unch
		Hybrid	Bangalore	1380	1380	Unch
Jowar	Karnataka	White	Bangalore	1800	1800	Unch
		White	Bellary	1520	1428	92
Maize	Karnataka	Yellow	Davangere	1150	1150	Unch
	Andhra Pradesh	Yellow	Nizamabad	1225	1225	Unch
Rice	Haryana	IR8	Karnal	1950	2100	-150
		Parmal Raw	Karnal	2400	2400	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3260	3200	60
	Maharashtra	DOC	Sangli	3330	3300	30
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2040	2040	Unch
	Maharashtra	Ex-factory	Latur	2000	2000	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1350	1330	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2300	2150	150
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1597	1552	45
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1566	1552	14

**Note: Prices (Rs. per Qtl)**

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