

## ***Contents:***

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- ❖ **Summary**
- ❖ **Trend – Raw Material, Feed**
- ❖ **Outlook**
- ❖ **Spreads**
- ❖ **Annexure - Prices**

## Summary

Overall, the key feed ingredients prices witnessed weak tone during the week in review.

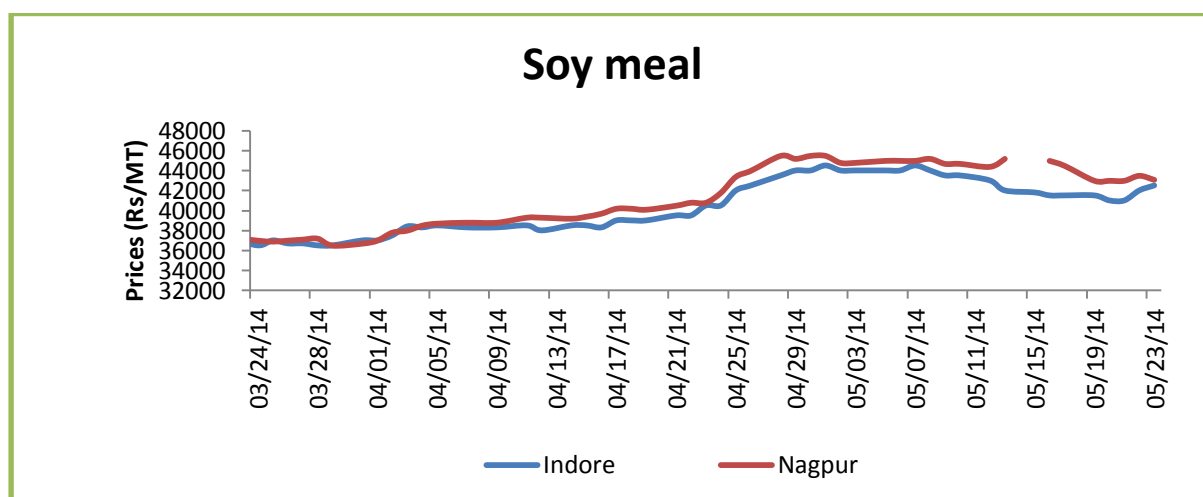
Soybean fell on weak demand from solvent extractors followed by lower demand in soy oil and feeble export sales in soy meal. Higher vegoil imports in previous months which raised the inventories lead to further fall in the domestic crushings which was already facing disparity with lower export sales in soy meal this season.

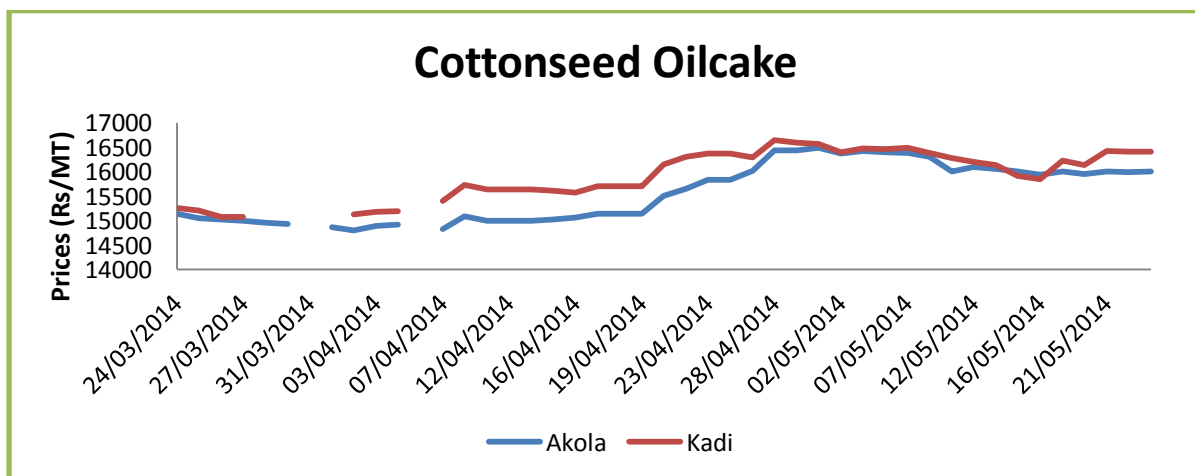
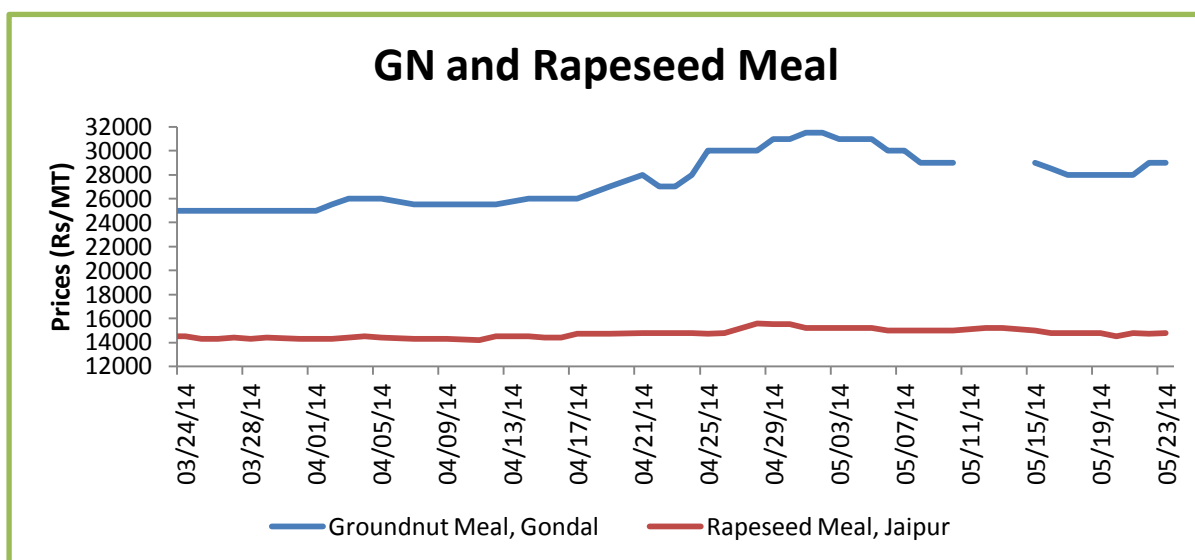
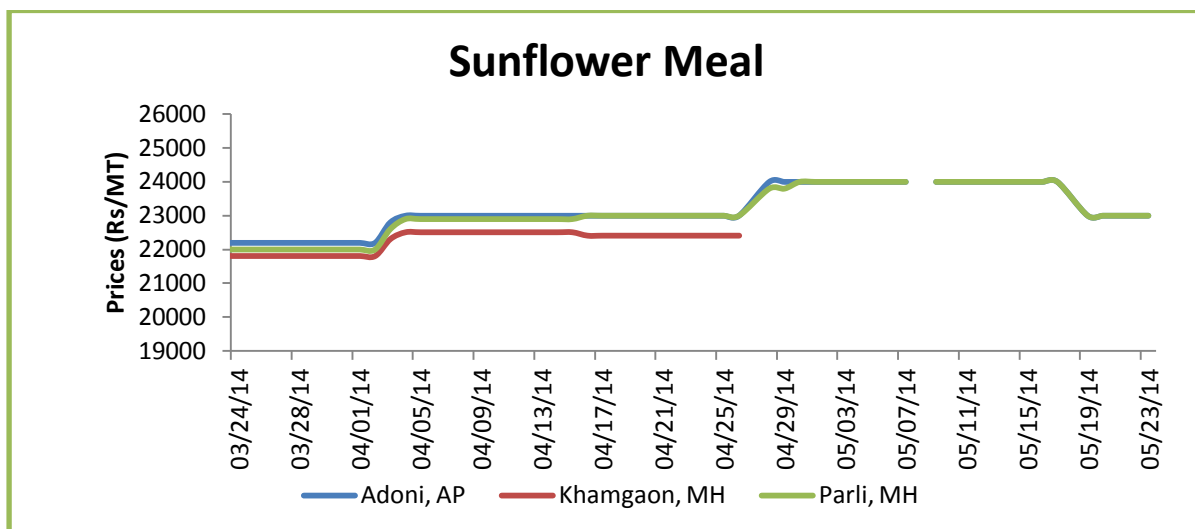
Reports of higher palm oil inventories in Apr. with Malaysia remained another bearish factor for oil and fats market. Palm oil stock reached to 1.77 MMT in April, which was 1.69 MMT in March. This is not only pressuring the CPO prices but also major oilseeds.

Soy meal prices fell in tandem with soybean followed by weak overseas meal demand of Indian origin. Wide disparity in crushing soybean has discouraged the solvent extractors. The crushing is already lower owing to feeble demand in soy oil and fall in soy meal shipments.

Mixed sentiments reported in major spot markets of maize during last week. However, Key spot wheat mill delivery prices traded weak due to arrival pressure in the market.

## Trend – Raw Material, Feed





Source: AgriWatch

Soybean, soy meal and rapeseed/mustard plunged on weak global cues and decline in domestic demand during the week under review.

Soybean fell on weak demand from solvent extractors followed by lower demand in soy oil and feeble export sales in soy meal. Higher vegoil imports in previous months which raised the inventories lead to further fall in the domestic crushings which was already facing disparity with lower export sales in soy meal this season.

Reports of higher palm oil inventories in Apr. with Malaysia remained another bearish factor for oil and fats market. Palm oil stock reached to 1.77 MMT in April, which was 1.69 MMT in March. This is not only pressuring the CPO prices but also major oilseeds.

However, Indian soybean cultivators may face the problem getting quality seed for sowing this season as the soybean crop was badly hit due to heavy rains in 2013, which lead to unhealthy growth in soybean. Further, soybean exports for seeding (allowed only in very small quantity) have slightly increased this year to destinations which prefer non-GM soybean farming. This will further lead to scarcity in the soybeans for domestic seeding this season.

Indian farmers are expected to plant soybean slightly higher this season on better bean prices, the area under planted soybean in 2013 stood at 12.2 Mn ha up 14.3% from 10.6 Mn ha in 2012.

US soybean planting is reported at 33% by 18 May which is below 5 year average of 38% but ahead from 21% during the same period last year. Soybean emergence is reported at 9% slightly below 5 year average of 11% and above 3% during the same period last year.

Overall, the Chinese soybean demand remained firm followed by concern over tight supplies. China bought 6.5 million metric tons of soybeans in April, up 63% from a same period last year and the highest ever for the month. The nation exported three times more soybean meal in April than 12 months earlier.

Brazilian soybean harvesting is almost done while it is underway in Argentina. Argentine farmers have become reserved sellers due to weakening of the currency – Peso who are further concerned that the government may soon devalue the official exchange rate.

We feel that the domestic soybean prices have bottomed-out and it should recover during the week.

Soy meal prices fell in tandem with soybean followed by weak overseas meal demand of Indian origin. Wide disparity in crushing soybean has discouraged the solvent extractors. The crushing is already lower owing to feeble demand in soy oil and fall in soy meal shipments.

The domestic demand from poultry feed industry is steady and there is no fresh buying in the same.

China imported about 6.5 million metric tons of soybeans in April, up 63% from a same period last year and the highest ever for the month eventually crushings improved and it exported three times more soybean meal in April compared to the corresponding period last year.

China exported the extra soy meal in April and now running out of the supply. The China's poultry, aquaculture and hogs industry is rising and they are running out of oilmeals including soy and rapeseed meal.

We feel the soy meal prices will rebound after considerable fall in recent weeks.

The RM seed prices declined tracking losses in Malaysian palm oil and sluggish buying activity in the seed in major market centers.

The seed arrivals, India, are gradually falling after it peaked to 7.0 lakh bags previous month. It has eased to 2.35-2.5 lakh bags during the week under review.

The seed buyers refrained from the market anticipating further fall in the price. The BMD CPO fell after the reports of higher palm oil stocks in Malaysia for Apr.

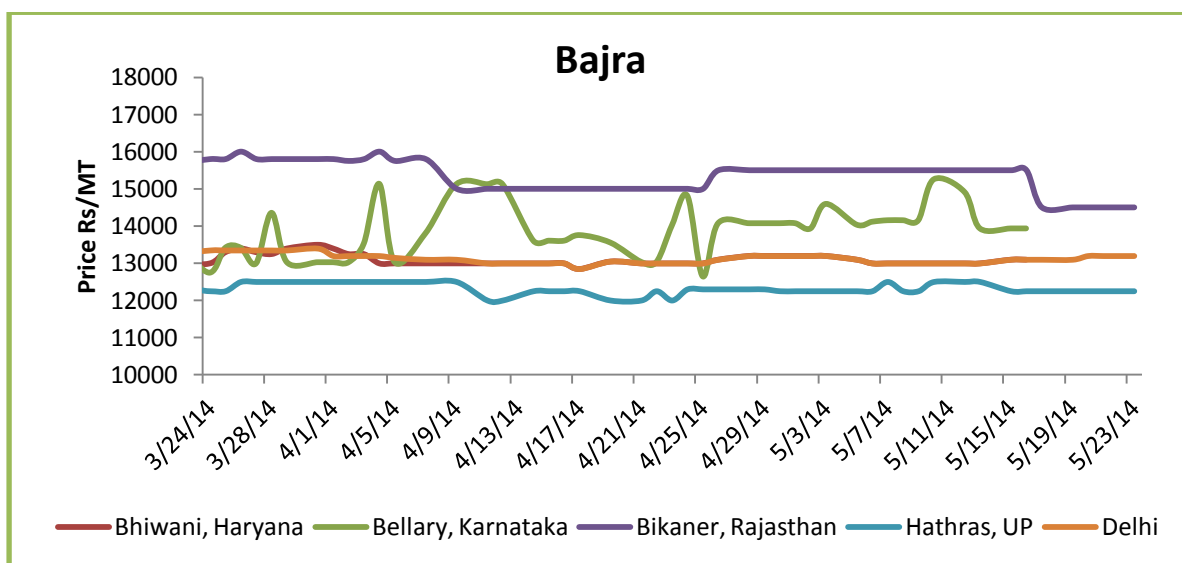
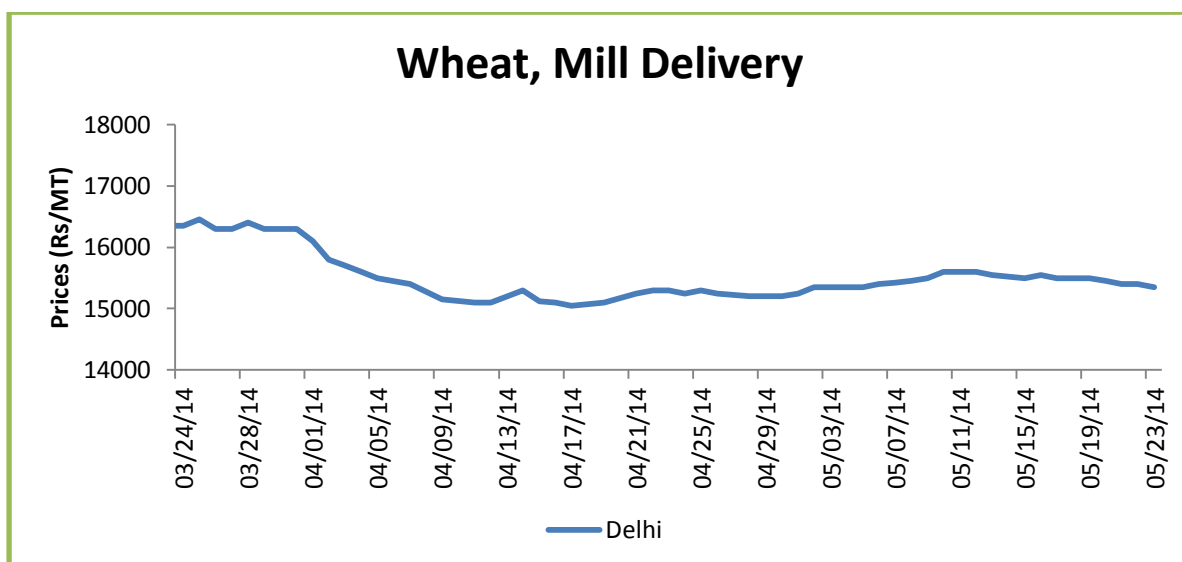
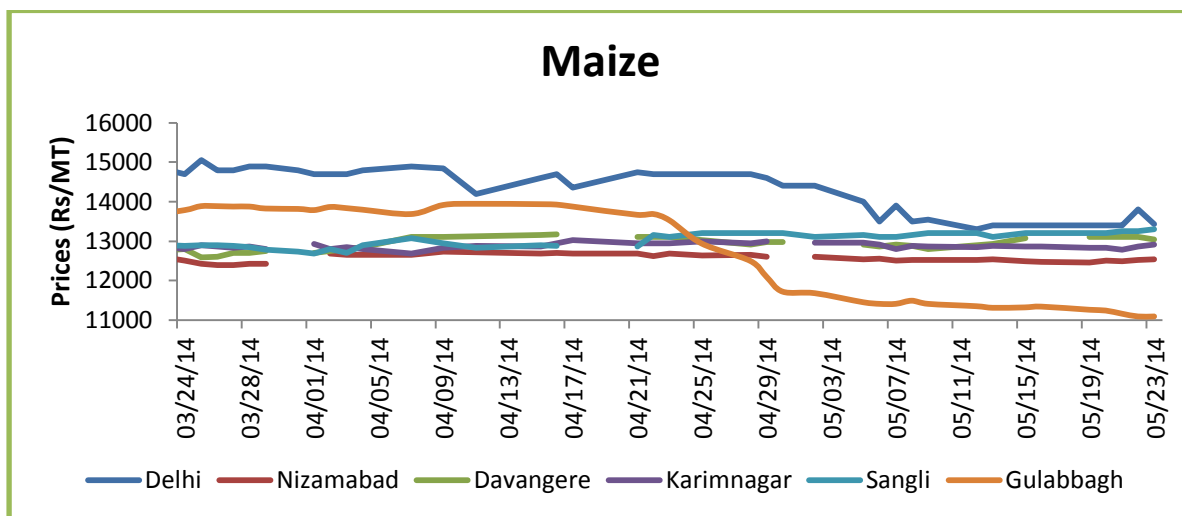
However, we expect renewed buying in near-term from stockists and millers to build up seed inventories in the peak season.

The stock of palm oil in Malaysia is being reported a 3 months high in April. Palm oil stock reached to 1.77 MMT in April, which was 1.69 MMT in March. The stockpile in Malaysia is exerting pressure on the benchmark prices, BMD.

The bench mark prices have noticed a drastic fall of 12 percent since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. The palm oil production on other hand is being estimated at 1.53 million tonnes, 2.4 percent higher and highest since December 2013. Malaysian Palm oil export recorded at 1.29 MMT, 3.8 percent higher than the 1.24 MMT export in March.

The domestic seed prices are expected to move in upwards direction with falling supplies and buying interest among stockists and solvent extractors.

Overall, underlying current in oils and fats market is bullish, though few bearish factors are prevalent in the market will limit the upside in short-term.



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

Mixed sentiments reported in major spot markets of maize during last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 10 per quintal to Rs. 1280-1320 per quintal while starch feed makers quoted maize down by Rs. 10 per quintal to Rs.1280-1390 per quintal as compared to last week, sourced from Maharashtra.

In the Khanna market of Punjab, the maize was quoted down by Rs. 50 per quintal to Rs.1400 per quintal as compared to last week. On daily basis, arrivals of maize reported around 10-11 motors. Sources revealed that maize stock could be around 200 motors.

As per third advance estimate of crop production, Maize production is expected at 24.19 million tons for 2013-14 which was 22.26 million tons for 2012-13.

In Gulabbagh mandi, maize was quoted firm by Rs. 50 per quintal to Rs. 1130-1180 per quintal as compared to last week amid higher demand. Sources revealed that new crop contained 14% moisture. Besides, during last week, it moved towards vizag port at Rs. 1330-1380 per quintal, sourced from Gulabbagh and Kolkata at Rs. 1225-1300 per quintal, sourced from Naugachia region of Bihar.

As per trade sources, maize is moving towards Bangalore and Nammakal at Rs. 1400 per quintal and Rs. 1450 per quintal respectively, sourced from Davangere.

We expect that maize prices could trade down amid higher arrivals from Bihar but down could be limited due to higher domestic and export demand.

As per USDA, U.S accumulated corn export figures reached to 31,444,015 metric tons for the 2013-14 marketing year which is up by 13% from the last week but down 12% from the prior 4-week average. Exports of 1,159,100 MT were reported by U.S. to South Korea (312,300 MT), Japan (230,200 MT), Colombia (209,400 MT), Mexico (187,300 MT), Taiwan (83,200 MT), Egypt (65,200 MT), and Guatemala (22,800 MT) for the period May 9- May 15, 2014.

U.S traders told that South Korea's Korea Corn Processing Industry Association bought 55,000 tons of U.S. corn at \$266.50 per ton, including cost and freight, for arrival by Aug. 25.

As per Reuter news, Argentina will produce 31.1 million tons of corn in the current 2013/14 harvest, up from a previous estimate of 29.8 million tons due to increase in expected yield.

European traders told that South Korea's Major Feedmill Group has purchased 198,000 tons of corn from Toepfer International for November to December arrival. The purchase was comprised of 68,000 tons of South American origin corn for arrival around Nov. 25 at \$260.54 a ton c&f plus a \$1.50 a ton surcharge for unloading at an additional port. Another 65,000 tons which can be sourced from any origin for arrival around Dec. 4 was purchased at \$259.64 a ton c&f plus a \$1.50 a ton surcharge for unloading at an additional port. A further 65,000 tons which can be sourced from any

origin for arrival around Dec. 13 was purchased at \$258.64 a ton c&f plus a \$1.50 per ton surcharge. (Source: Reuter)

As per Reuter news, preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 46.2% in the Mar'14 from 42.2% during the same month last year as users' reliance on alternatives such as sorghum, wheat and barley decreased.

Wheat cash market may trade slightly lower from current level due to ample supply in the market against subdued demand from private exporters. With the ending of long stretched election phase, interstate movement started once again and it has eased supply in the open market.

Wheat FAQ variety is being quoted at Rs 1530 per qtl. in Delhi. Prices have decreased by Rs 25 per qtl. in a week time. Agriwatch expects market to stabilize near Rs 1500 to Rs 1510 per qtl. in a couple of week.

Export demand for Indian wheat is expected to remain subdued as buyers are well aware of bearish global market fundamentals in the short and medium term. Supply side is expected to be higher than normal global demand.

Agriculture Ministry in its third advance estimate for the crop year 2013-14 (July-June) has estimated the wheat production at record level of 958.5 lakh tons. In 2012-13 crop years, output stood at 935.10 lakh tons.

Wheat procurement has crossed 26.68 million ton against 25 million ton last year. Govt. had fixed procurement target for 2014-15 at 31 million ton. Target is unlikely to be met as arrival pressure has decreased considerably. Procurement may end up with 28/29 million ton this year.

As on May 22, the procurement in Punjab so far is at 114.38 lakh tons, 5.45% higher than the last year's level of 108.46 lakh tons at the same time. Similarly in Haryana, procurement has risen to 64.73 lakh tons as compare to 58.70 lakh tons at the same time during marketing year 2013-14.

Procurement in Madhya Pradesh and Rajasthan has also increased to 68.06 lakh tons and 16.26 lakh tons respectively so far from 62.06 lakh tons and 11.80 lakh tons at same time last year. However, in Uttar Pradesh procurement has decreased to 3.17 lakh tons so far, as compared to 6.60 lakh tons last year.

According to IBIS (provisional data), export of wheat in the month of April was 4.27 Lakh tones which is around 48% less than last year at the same month, which was 8.32 Lakh tones in April 2013.

International market is likely to trade steady to slightly weak due to improved weather condition. However in medium term market is expected to trade slightly down due to expectation of good wheat production.

## Outlook

Feed prices are expected to trade down as feed ingredients prices traded weak during last week.

## Spreads

### Maize Average Weekly spread with Bajra

Week	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14
1	-5.0	2.50	137.00	145.00	232.0	237.5	205.0	127.0	132.5	129.0	160.0	109.0
2	-9.0	29.00	200.00	204.00	275.5	233.0	192.5	135.0	134.0	146.0	162.5	83.0
3	-38.0	57.00	212.00	197.50	241.25	223.3	160.0	122.0	107.0	141.0	161.0	28.0
4	-49.0	120.00	124.00	190.00	230.0	207.5	153.0	145.0	134.0	155.0	158.0	20.0
5			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 decreased as compared to last week as bajra traded slightly firm with the steady movement in maize prices. We expect that maize could trade down amid arrival pressure and keep maize spread with bajra down as compared to last week.

### Maize Average Weekly spread with Jowar

Week	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14
1	88.0	175.00	230.00	321.66	364.0	487.5	450.0	357.0	318.0	269.0	-101.0	-604.0
2	146	175.00	295.00	402.00	366.0	492.0	460.0	317.0	293.0	342.0	-145.0	-615.0
3	243	197.00	305.00	390.00	400.0	471.6	436.0	310.0	201.0	354.0	-141.0	-966.0
4	229	250.00	334.00	327.00	368.0	450.0	446.0	320.0	245.0	207.0	-240.0	-1078.0
5			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 jowar could trade steady in the near term and keep maize spread with jowar down for the next week.

### Maize Average Weekly spread with Wheat

Week	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14
1	-132	-112.5	-107.5	-104.0	-128.0	-132.5	-186.2	-160.0	-176.0	-175.0	-55.0	-57.5
2	-133	-134.0	-125.0	-122.0	-139.0	-150.0	-175.0	-166.0	-177.0	-109.0	17.5	-122.5
3	-87.50	-182.5	-121.0	-152.0	-180.0	-205.0	-187.0	-191.0	-221.0	-120.0	6.0	-173.0
4	-82.50	-105.00	-75.0	-135.0	-157.0	-205.8	-126.0	-197.0	-177.0	-26.0	-36.0	-169.0
5			-66.0		-140.0		-131.0					

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

As the table depicts, maize spread with wheat increased as wheat traded down as compared to maize prices. We expect that both commodities could trade down due to arrival pressure and keep maize spread with wheat intact as compared to last week.

### Maize Average Weekly spread with Barley

Week	Jun'13	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14
1	213.0	133.0	165.0	244.0	195.0	237.5	185.0	127.0	158.0	102.5	180.0	144.0
2	185.0	115.0	199.0	220.0	191.0	231.0	187.5	143.0	135.0	137.0	217.5	85.0
3	143.0	140.0	224.0	190.0	178.75	216.7	157.0	150.0	102.5	144.0	258.0	61.0
4	147.5	185.0	270.0	197.0	158.0	189.2	171.0	170.0	143.0	163.0	208.0	87.0
5			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 down for the next week.

Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	23-May-14	16-May-14	Parity To
Indore (MP)	42500	41500	Gujarat, MP
Kota	41800	42000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	43800	44500	Mumbai, Maharashtra
Nagpur (42/46)	43100	45000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	43500	44000	Andhra, AP, Kar, TN
Latur	43000	44000	-
Sangli	44000	NA	Local and South
Sholapur	44500	NA	Local and South
Akola	42500	44100	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	43000	NA	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	41500	43200	-

**Soy DOC at Port**

Centers	Port Price	
	23-May-14	16-May-14
Kandla (FOR) (INR/MT)	42250	42000
Kandla (FAS) (USD/MT)	722	714

**International Soy DOC**

Argentina FOB \$/MT	22-May-14	15-May-14	Change
Soybean Pellets	541	535	6
Soybean Cake Meal	541	535	6
Soybean Meal	549	543	6
Soy Expellers	549	543	6

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	23-May-14	16-May-14	Change
Adoni	23000	24000	-1000
Khamgaon	NA	NA	-
Parli	23000	24000	-1000
Latur	22800	23600	-800

**Groundnut Meal**

Groundnut Meal	23-May-14	16-May-14	Change
Basis 45% O&A, Saurashtra	29500	29500	Unch
Basis 40% O&A, Saurashtra	27000	27500	-500
GN Cake, Gondal	29000	28500	500

**Mustard DOC/Meal**

Mustard DOC/Meal	23-May-14	16-May-14	Change
Jaipur (Plant Delivery)	14800	14800	Unch
Kandla (FOR)	16000	16000	Unch

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

Market	Grade	23 May, 2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1340	1330	1450	1460	1350
Davangere	Bilty	1300	1350	1300	1250	1300
Nizamabad	Bilty	1260	1250	1260	1260	1260
Ahmedabad	Feed	1300	1310	1280	1360	1390
	Starch	1390	1310	1355	1375	1450

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	223.13	215.35	222.25	255.0
Cost and Freight (Thailand)	273.13	270.35	282.25	290

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

Month	2010	2011	2012	2013	2014
Jan	240318	574996	474993	620133	364443
Feb	220552	540360	344240	577589	183550
Mar	163666	410537	460464	320265	223204
Apr	60264	305033	313832	100311	
May	60575	176819	142588	97546	
Jun	98400	117600	180987	213564	
Jul	166632	139547	168341	107038	
Aug	176138	165510	10005	183555	
Sep	290868	225921	6525	173381	
Oct	404960	223594	49840	182724	
Nov	443488	397659	517103	503269	
Dec	611157	798041	510698	451314	
<b>Total</b>	<b>2937018</b>	<b>4075617</b>	<b>2668918</b>	<b>3512217</b>	<b>364443</b>

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>23-May-14</u>	<u>16-May-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1461	1394	67
		Hybrid	Bangalore	1400	1400	Unch
Jowar	Karnataka	White	Bangalore	1800	1800	Unch
		White	Bellary	1458	1472	-14
Maize	Karnataka	Yellow	Davangere	1250	1300	-50
	Andhra Pradesh	Yellow	Nizamabad	1220	1220	Unch
Rice	Haryana	IR8	Karnal	2200	2200	Unch
		Parmal Raw	Karnal	2400	2400	Unch
Soy meal	Madhya Pradesh	DOC	Indore	4250	4150	100
	Maharashtra	DOC	Sangli	4400	4500	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2300	2400	-100
	Maharashtra	Ex-factory	Latur	2280	2360	-80
Mustard	Rajasthan	Plant delivery	Jaipur	1480	1480	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	2850	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1600	1584	16
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1641	1594	47

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

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