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Summary

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

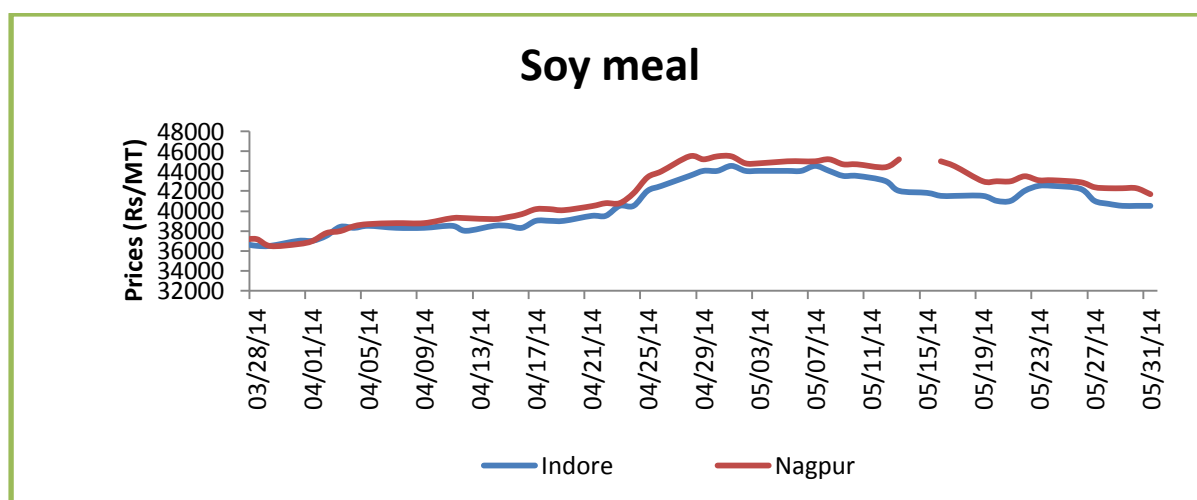
Soybean declined on weak buying mainly from crushers followed by lower export sales in meal and sluggish physical demand in soy oil. The factors remained discouraging for the crushers/solvent extractors due to negative crush margin.

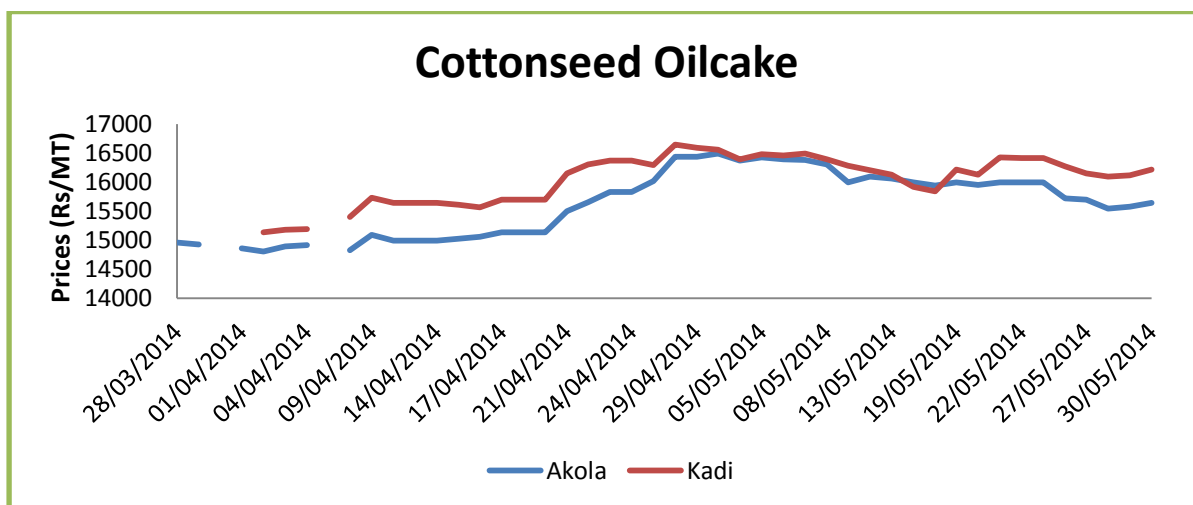
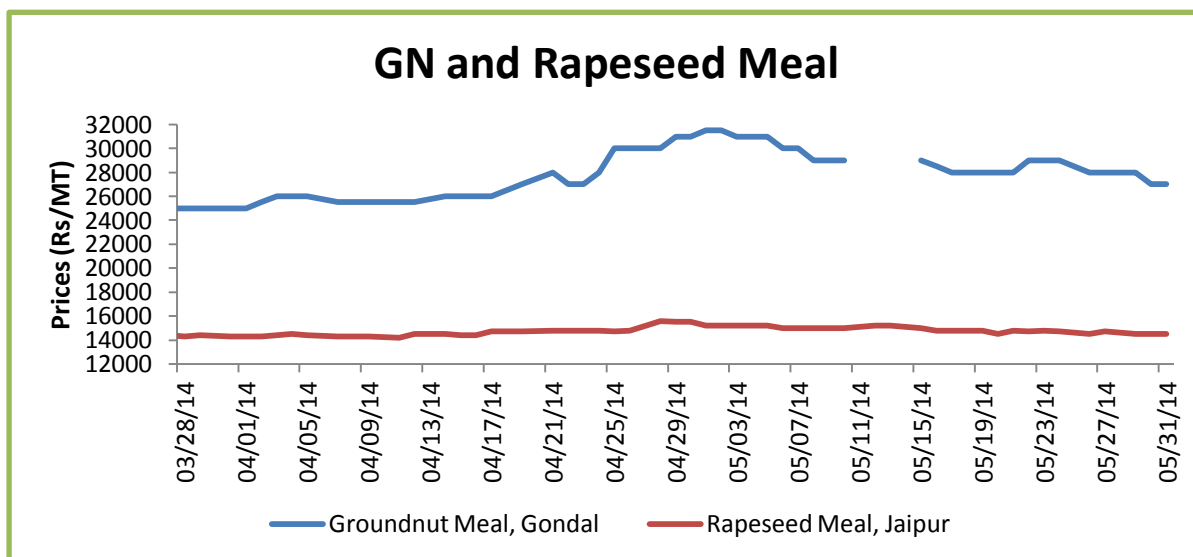
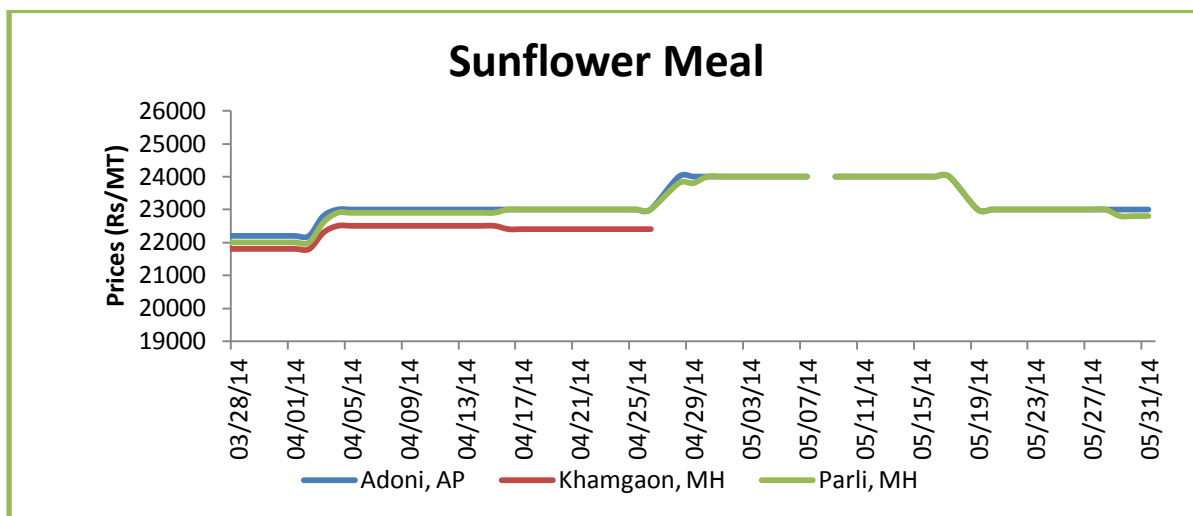
Soy meal prices eased in sync with soybean primarily due to by weak export sales during the season. Further, competitive South-American meal prices mainly towards peak season shifted the meal demand towards South-America.

As discussed negative crush margin in crushing soybean has discouraged the solvent extractors. Soybean crushing is already weak due 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 steady to slightly weak due to arrival pressure in the market.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean, soy meal and rapeseed/mustard extended losses on cautious buying in domestic cash market and weak Malaysian palm oil during the week under review.

Soybean declined on weak buying mainly from crushers followed by lower export sales in meal and sluggish physical demand in soy oil. The factors remained discouraging for the crushers/solvent extractors due to negative crush margin.

Higher vegoil imports by India in previous months and comfortable stock in the same has hit it's offtake in physical market. India in recent months has imported refined RBD palmolein (898715 vs 874187 MT), crude sunflower oil (688846 vs 510118 MT), and degummed crude soy oil (641286 vs 299727 MT) in huge volume during Nov – Apr, leading to the rise in inventories.

Besides oilmeal exports including soy meal remained weak during the season. Again the traders seemed cautious for fear of strong measures against food inflation by the new government.

The US soybean planting is picking up the pace and planting is reported at 59% by 25 May which is above 5 year average of 56% and also ahead from 41% during the same period last year. Soybean emergence is reported at 25% slightly lower than 5 year average of 27% and above 12% during the same period last year.

Further, the prospects of India's soybean planting too are good as the overall realization to farmers in soybean is good.

We feel the soybean prices to recover on weak supplies and expected scarcity of good quality bean for seeding this season.

Soy meal prices eased in sync with soybean primarily due to by weak export sales during the season. Further, competitive South-American meal prices mainly towards peak season shifted the meal demand towards South-America.

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The domestic soy meal demand from poultry feed industry is reported to be steady.

However, the global soy meal trade is reported at the normal pace. A Philippines based syndicate of animal feed makers has bought 83,475 metric tons of soy meal from US and Argentina in a tender closed 27 May 2014.

Reportedly, one consignment of 39,475 MT of soy meal was bought at US \$91.5/MT over CBOT October soy meal contract for Oct. 5-25 shipment from Argentina. The other consignment of 44,000 MT was purchased at a premium of US \$96/MT over CBOT Dec. soy meal contract for Nov. 10-30 shipment from the US Pacific Northwest coast.

Further, another group of Philippines based feed makers bought about 120,000 MT of soy meal on the tender which closed Apr. 15.

India's soy meal export during April 2014 was 0.76 Lac tones as compared to 1.00 lac tones in the same period of previous year showing a decrease of 24.35%.

During current Oil year, (October - September), exports during October 2013 to April, 2014 were 20.40 Lac tones as against 26.97 Lac tones last year, showing a decrease by 24.36%.

Partially, export of soy meal suffered during first and fourth quarter due to poor availability of soybean and corresponding lower crushing.

The soy meal prices are expected to feature steady to firm-tone on weak soybean supplies and likely scarcity of quality beans for seeding this season.

RM seed prices witnessed mild losses in benchmark Jaipur tracking weakness in Malaysian palm oil during the week in review. Need based buying featured in the key physical markets among buyers including stockists and millers. The traders seemed cautious for fear of strong measures against food inflation by the new government during the week.

The seed arrivals, India, have fallen in recent weeks from earlier 6.0-7.0 lakh bags to 2.4-2.5 lakh bags during the week under review.

Falling BMD CPO after the reports of higher palm oil stocks in Malaysia for Apr and rising palm oil production continued to pressure the domestic mustard seed. The buyers were in wait and watch situation anticipating further fall in the prices.

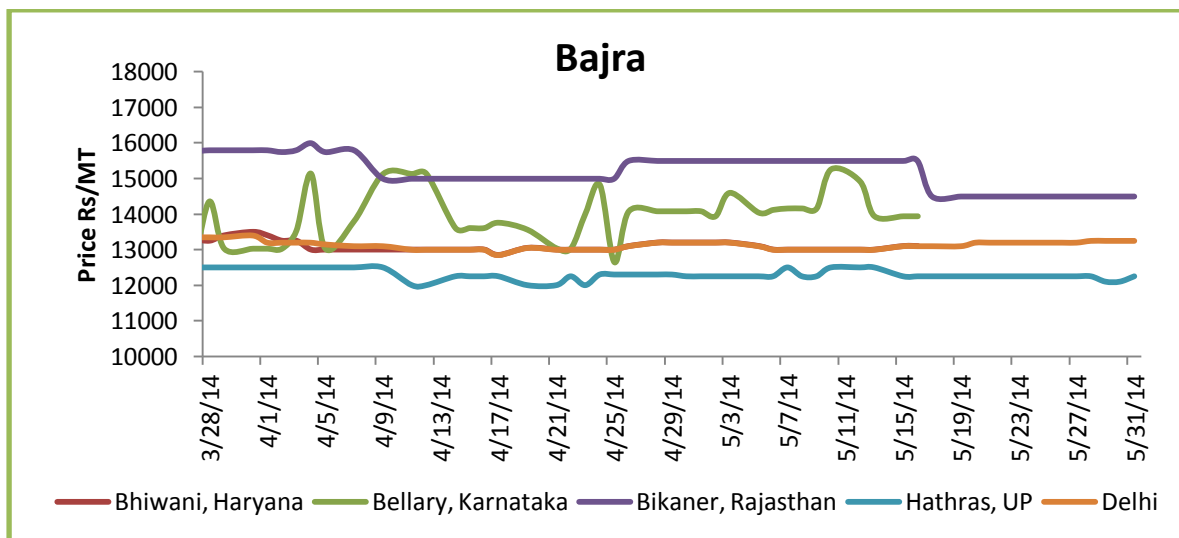
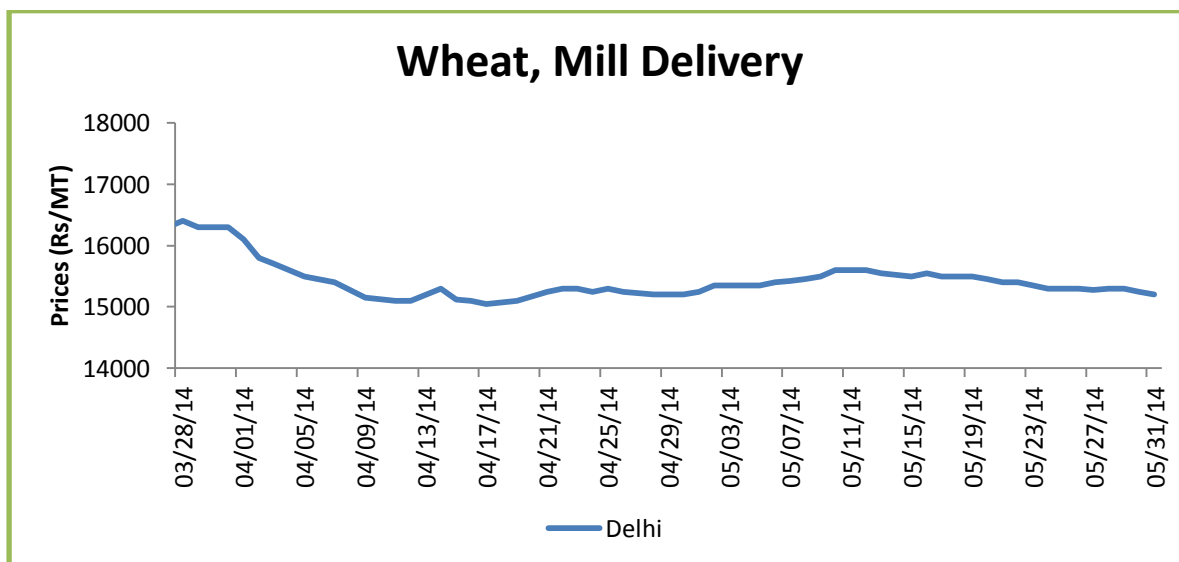
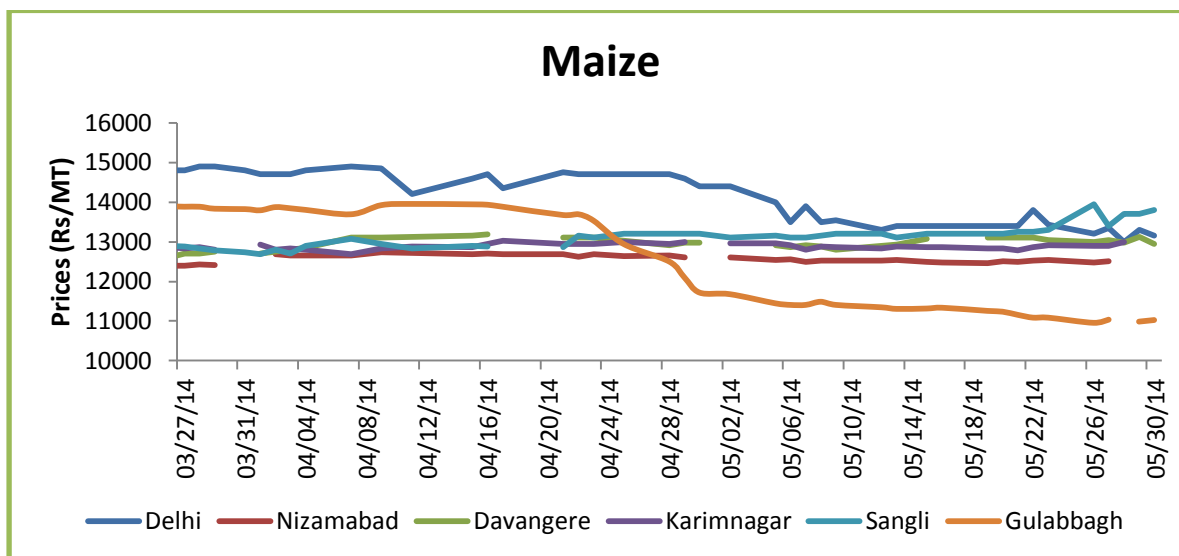
We expect fresh buying in near-term from stockists and millers to build up seed inventories in the peak season.

As discussed, 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 since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. CPO, Jul contract, at BMD is currently ruling around 2,400 ringgit per tonne. 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 rebound on declining peak 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 steady at Rs. 1280-1320 per quintal while starch feed makers quoted maize steady at Rs.1240-1390 per quintal as compared to last week, sourced from Maharashtra.

In the Khanna market of Punjab, the maize was quoted down by Rs. 30 per quintal to Rs.1370 per quintal as compared to last week. On daily basis, arrivals of maize reported around 13-14 motors. Sources revealed that maize stock could be around 400 motors.

In Gulabbagh mandi, maize was quoted down by Rs. 20 per quintal to Rs. 1090-1160 per quintal as compared to last week due to higher crop arrivals. Sources revealed that new crop contained 14% moisture. Besides, during last week, it moved towards vizag port at Rs. 1290-1360 per quintal, sourced from Gulabbagh and Kolkata at Rs. 1220-125 per quintal, sourced from Naugachia region of Bihar.

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

We expect maize market to trade lower amid higher arrivals from Bihar. However, any steep fall from current level is unlikely .Export and domestic demand continues.

As per USDA, U.S accumulated corn export figures reached to 32,654,216 metric tons for the 2013-14 marketing year which is up by 4% from the last week and 1% from the prior 4-week average. Exports of 1,210,200 MT were reported by U.S. to Mexico (277,300 MT), Egypt (208,700 MT), Japan (205,300 MT), Colombia (142,600 MT), South Korea (67,800 MT), Vietnam (65,000 MT), and Portugal (59,600 MT) for the period May 16- May 22, 2014.

As per Reuter news, U.S traders told that South Korea's largest animal feed maker Nonghyup Feed Inc purchased 120,000 tons of optional-origin corn for \$249.99 per ton including freight. 60,000 tons was for delivery in South Korea by Dec. 10 and 60,000 tons for delivery by Dec. 20.

With decreasing CBOT futures and restricted demand from importing countries amid ample supply in local market prices of wheat in domestic market remain under pressure. FOR Kandla decrease slightly from Rs 1630 to Rs 1620 per qtl. in last three days. However, any steep dip from current level is unlikely. Wheat cash market may trade steady to slightly weak in the first week of June.

Private buyers are engaged in restricted buying and supply continues only to needy private millers. Export demand too is not very encouraging at this point of time as higher global production estimates from various reputed agencies make global wheat price outlook bearish in the weeks ahead.

Black Sea Region crop is due in July, followed by Australia in October. Demand from major importers is likely to remain steady. Besides, bumper corn production estimate also remain price limiting factors for wheat as both the commodities are used for animal feed at large scale.

Export of wheat from India may decline for the month of July and August as FoB offered at that time is less competitive than the Black Sea region. Russia is offering USD 290-295/tons of wheat as compares with a price of \$305 being quoted for Indian wheat and around \$320 to \$330 a ton offered for U.S and Australia for the same period of time. Generally wheat domestic market prices increase from July onwards due to starting of the lean season.

Downward movement on CBOT continues to pressurize Indian wheat export, CBOT July contract is now hovering at USD 234 and market observers expect more dip in the near term. Nearby month on CBOT shows its first resistance at USD 217. At present USA Fob is at USD 255-265/ton and Indian Fob at USD 280-285/ton and if the difference continue to widen opportunity for Indian wheat in global market would turn blemish. Besides, Indian wheat price starts firming up July onward and it is termed as negative for Indian wheat exporters. Black Sea Region Crop too is due in July, followed by Australian wheat in October. All these factors denote bearish outlook.

Wheat cash market seems under pressure as supply side remains balanced. Global wheat market too remains un-supportive to the cash market fundamentals. Wheat (milling grade) price in Delhi extended its loss and more dip is expected in the weeks ahead. Rake loading from Rajasthan to Kottam continues at Rs 1900 per quintal. For Bangalore delivered price has been quoted at 1880 per quintal. Export through private trade continues. However, July onward volume may decrease due to higher domestic price. Traders expect market to move up in July and global market would dip from current level.

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					5.0

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

As the table depicts, in Delhi spot market, maize spread with bajra decreased as bajra traded slightly firm with the decrease in maize prices. We expect that both commodities could follow the previous week trend 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					-1172.0

*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					-173.0

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

As the table depicts, maize spread with wheat decreased as maize traded down vs. wheat. We expect that both commodities could trade steady to weak due to arrival pressure and keep maize spread with wheat down 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					78.0

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

As the table depicts, in Delhi spot market, maize spread with barley decreased as barley traded slightly firm 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)		
	30-May-14	23-May-14	Parity To
Indore (MP)	40500	42500	Gujarat, MP
Kota	41000	41800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	42800	43800	Mumbai, Maharashtra
Nagpur (42/46)	42300	43100	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	42000	43500	Andhra, AP, Kar, TN
Latur	42700	43000	-
Sangli	42900	44000	Local and South
Sholapur	-	44500	Local and South
Akola	42000	42500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	-	43000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	42500	41500	-

Soy DOC at Port

Centers	Port Price	
	30-May-14	23-May-14
Kandla (FOR) (INR/MT)	41000	42250
Kandla (FAS) (USD/MT)	695	722

International Soy DOC

Argentina FOB \$/MT	29-May-14	22-May-14	Change
Soybean Pellets	535	541	-6
Soybean Cake Meal	535	541	-6
Soybean Meal	543	549	-6
Soy Expellers	543	549	-6

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	30-May-14	23-May-14	Change
Adoni	23000	23000	Unch
Khamgaon	NA	NA	-
Parli	22800	23000	-200
Latur	22600	22800	-200

Groundnut Meal

Groundnut Meal	30-May-14	23-May-14	Change
Basis 45% O&A, Saurashtra	28500	29500	-1000
Basis 40% O&A, Saurashtra	26500	27000	-500
GN Cake, Gondal	27000	29000	-2000

Mustard DOC/Meal

Mustard DOC/Meal	30-May-14	23-May-14	Change
Jaipur (Plant Delivery)	14500	14800	-300
Kandla (FOR)	15700	16000	-300

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	30 May, 2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1330	1340	1430	1500	1090
Davangere	Bilty	1300	1300	1260	Closed	1400
Nizamabad	Bilty	1260	1260	1250	1260	1310
Ahmedabad	Feed	1315	1300	Closed	1325	1460
	Starch	1350	1390	Closed	1370	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	218.8	210.45	222.89	243.00
Cost and Freight (Thailand)	268.8	265.45	282.89	278.00

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	76000
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	
Total	2937018	4075617	2668918	3512217	364443

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>30-May-14</u>	<u>23-May-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1465	1461	4
		Hybrid	Bangalore	1400	1400	Unch
Jowar	Karnataka	White	Bangalore	1800	1800	Unch
		White	Bellary	1324	1458	-134
Maize	Karnataka	Yellow	Davangere	1250	1250	Unch
	Andhra Pradesh	Yellow	Nizamabad	1220	1220	Unch
Rice	Haryana	IR8	Karnal	2000	2200	-200
		Parmal Raw	Karnal	2500	2400	100
Soy meal	Madhya Pradesh	DOC	Indore	4050	4250	-200
	Maharashtra	DOC	Sangli	4290	4400	-110
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2300	2300	Unch
	Maharashtra	Ex-factory	Latur	2280	2280	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1450	1480	-30
Groundnut Meal	Gujarat	GN Cake	Gondal	2700	2900	-200
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1622	1600	22
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1564	1641	-77

Note: Prices (Rs. per Qtl.)

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