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## Summary

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

Soybean fell for consecutive third week on weak crushing eventually leading to feeble buying by the crushers and sluggish soy meal shipments from India this season.

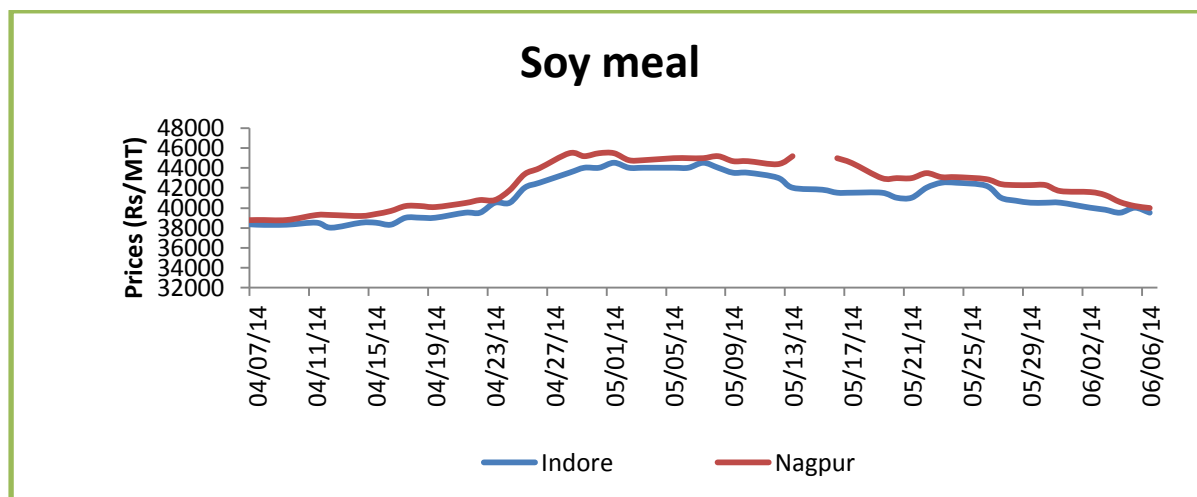
As discussed in previous week, India vegoil imports were higher in recent months which subsequently improved the domestic edible oil inventories. The wholesalers have adequate stocks and the domestic beans crushings are lower, limiting the fresh buying in edible oils.

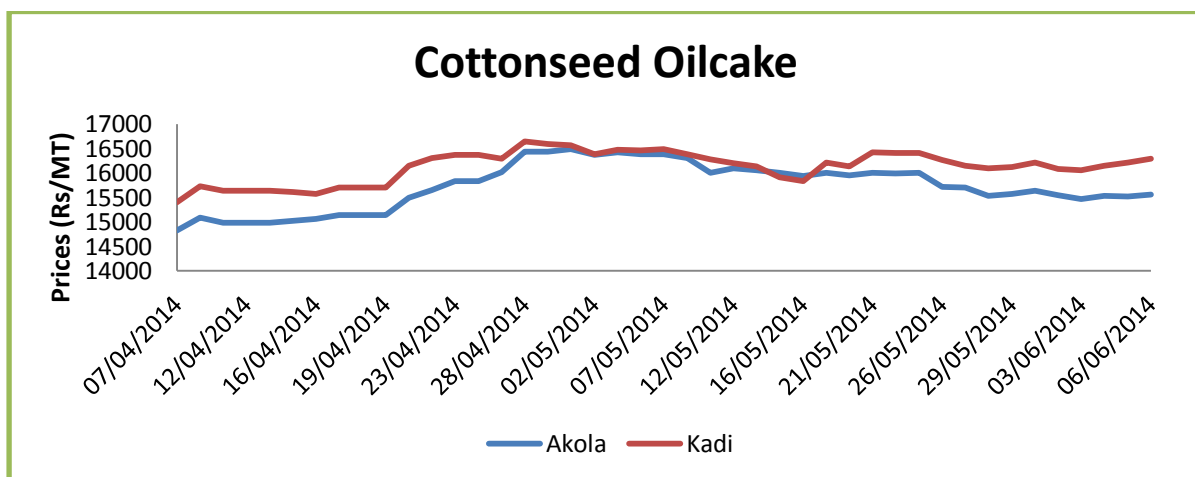
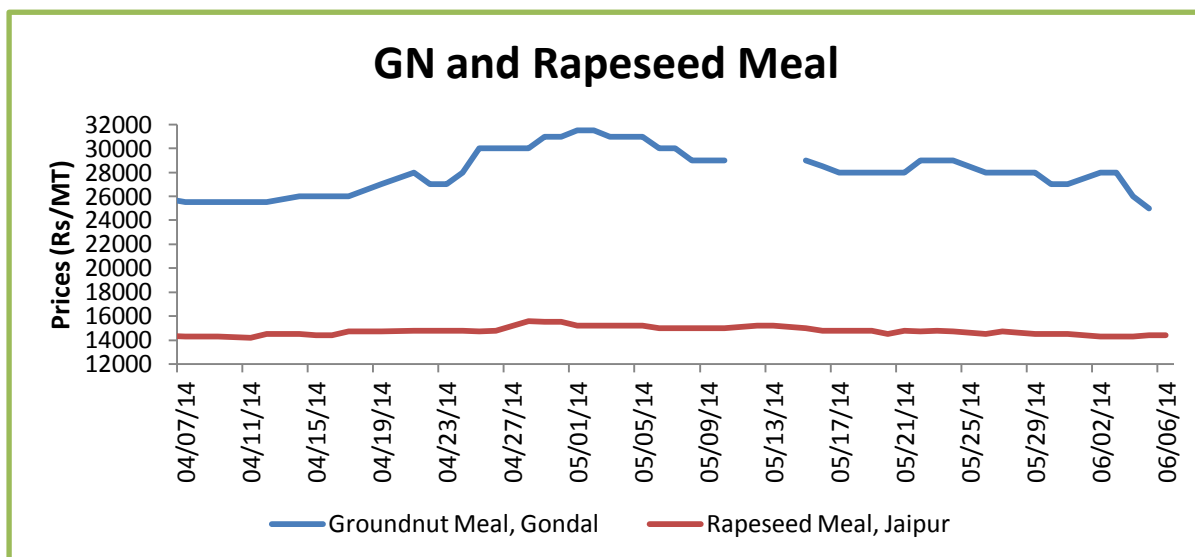
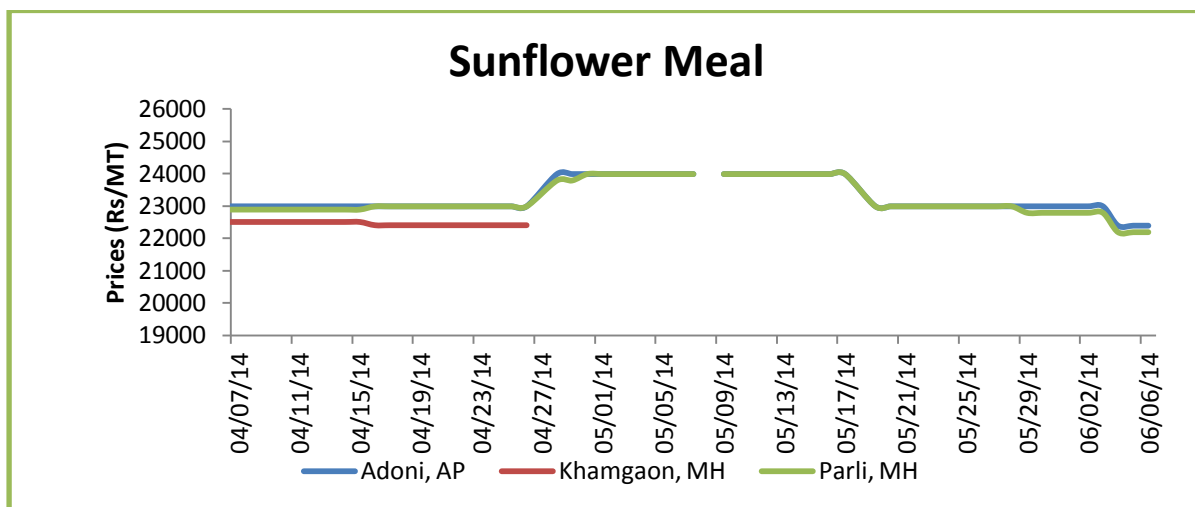
Soy meal continued downtrend in sync with soybean primarily on lower export sales and feeble domestic demand due to weak poultry demand.

The domestic soybean crushing is quite discouraging due to negative crush margin and weak soybean supplies.

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 continued downward trend consecutive third week on limited buying in domestic cash market and continued weakness Malaysian palm oil during the week under review.

Soybean fell for consecutive third week on weak crushing eventually leading to feeble buying by the crushers and sluggish soy meal shipments from India this season.

As discussed in previous week, India vegoil imports were higher in recent months which subsequently improved the domestic edible oil inventories. The wholesalers have adequate stocks and the domestic beans crushings are lower, limiting the fresh buying in edible oils.

The soybean cultivators will gear up for land preparation and subsequently planting after the south-west monsoon which has hit Kerala on 6 June. The planting starts first in the districts of Maharashtra, we expect it by the end of Jun as cited by the farmers. We expect India's soybean planting normal this season.

India's area under soybean in 2013 was up 14.3% at 12.2 Mn ha compared to 10.7 Mn ha in 2012.

US soybean planting is reportedly ahead 5 year average and also ahead previous year, this season. There are no reports of adverse weather for the crop in US mid-west by now.

US soybean imports have improved and imports are mainly from the major South American producers. Reportedly US soybean imports need to increase in May/Aug 2014 to prevent US soybean crushings from falling below the minimum level required.

Considering the current situation, we feel the soybean prices will recover on weak supplies and expected scarcity of good quality bean for seeding this season.

Soy meal continued downtrend in sync with soybean primarily on lower export sales and feeble domestic demand due to weak poultry demand.

The domestic soybean crushing is quite discouraging due to negative crush margin and weak soybean supplies.

India's oilmeal shipments almost halved in May from the corresponding period to 153,761 tonnes due to a plunge in soy meal shipments.

India's soy meal exports plunged to 8,226 tonnes in May from 96,492 tonnes during the same period last year. India's oilmeal shipments fell 9.8 percent from a year earlier to 4.3 million tonnes in the 2013/14 fiscal year that ended in March.

Competitive South-American meal prices mainly in and around the peak supply period have diverted the international meal demand towards South-America.

The soy meal prices are expected to recover on weak soybean supplies and likely scarcity of quality beans for seeding this season.

RM seed edged-lower straight third week in benchmark, Jaipur, tracking weakness in Malaysian palm oil during the week in review.

The seed supplies are gradually seen falling from its peak and limited buying was featured in the key cash markets among buyers including stockists and millers.

The buyers seemed cautious for fear of strong measures against food inflation by the new government during the week.

The all India seed arrivals fell to 2.0-2.3 lakh bags from 2.4-2.5 lakh bags a day from earlier 6.0-7.0 lakh bags to couple of weeks back.

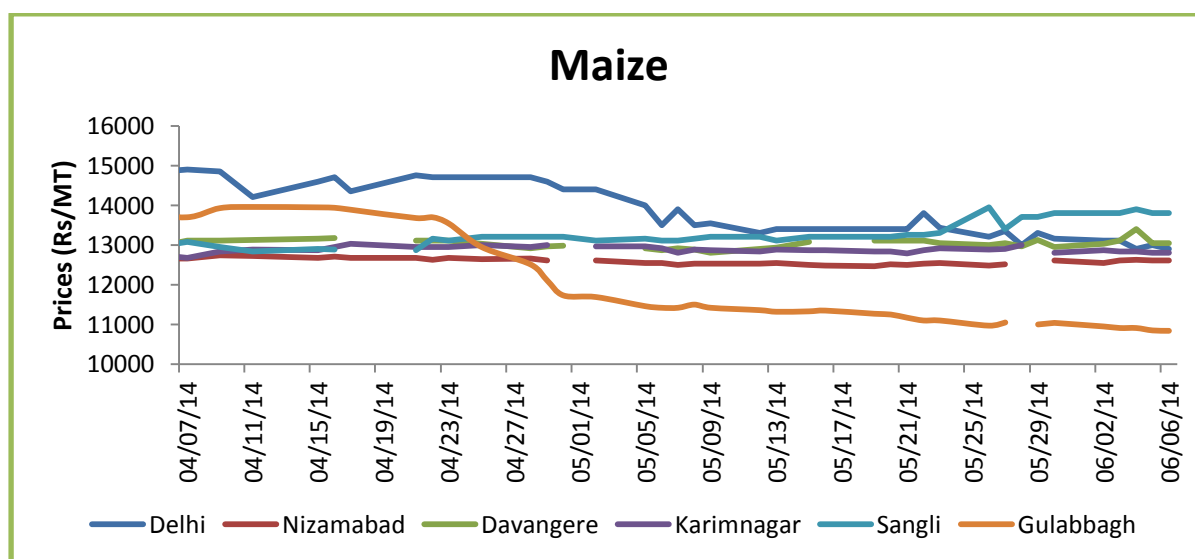
Continued fall in the Malaysian palm oil due to improved seasonal production and higher month-on-month inventories continues to exert pressure on domestic RM seed. The domestic RM seed closely tracks Malaysian palm oil.

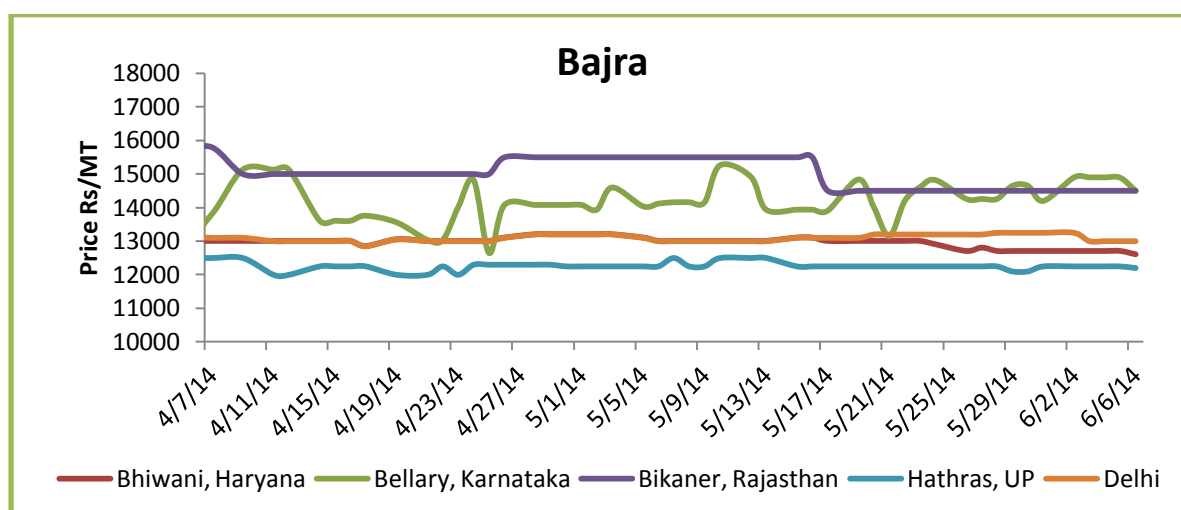
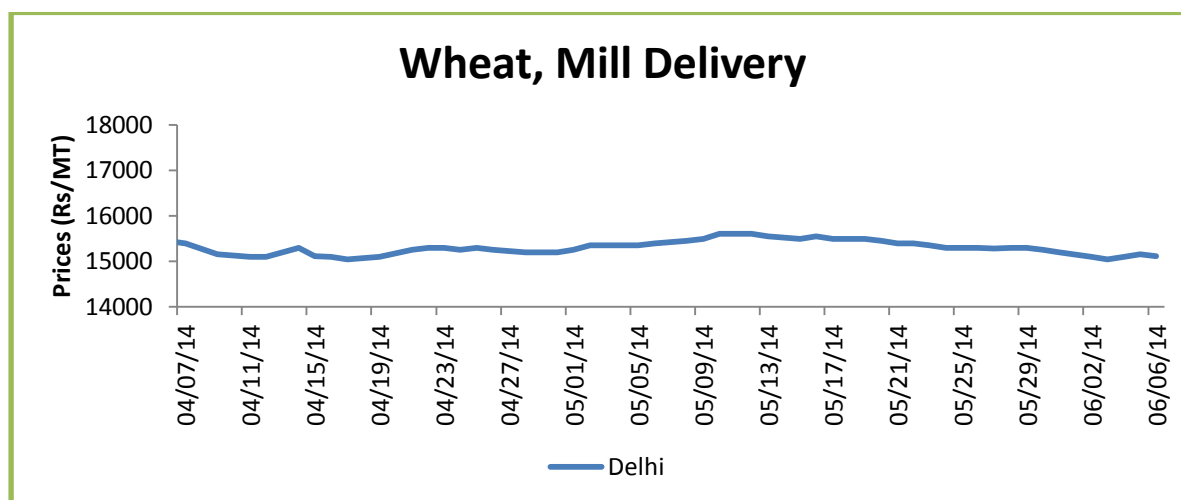
As discussed, the benchmark CPO prices have noticed a drastic fall since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. CPO, Jul contract, at BMD is currently ruling around 2,400 ringgit per tonne.

The Malaysian 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. Which is a bearish factor for the domestic mustard seed as it closely tracks the BMD CPO.

The RM seed prices are expected to recover on fresh buying in seed ahead upcoming mustard oil demand on festivities in weeks ahead.

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. However, for the coming weeks, we expect market to trade steady to slightly weak on the expectation of higher supply pressure in the market but any steep fall from current level is unlikely. Export and domestic demand continues.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 30 per quintal to Rs. 1320-1350 per quintal while starch feed makers quoted maize firm by Rs. 10 per quintal to Rs.1325-1400 per quintal as compared to last week, sourced from Maharashtra.

In the Khanna market of Punjab, the maize was quoted steady at Rs.1370 per quintal as compared to last week. On daily basis, arrivals of maize reported around 11-12 motors. Sources revealed that maize stock could be around 400 motors.

In Gulabbagh mandi, maize was quoted firm by Rs. 20 per quintal to Rs. 1100-1180 per quintal as compared to last week. Sources revealed that new crop contained 14% moisture. Besides, during last

week, it moved towards vizag port at Rs. 1300-1380 per quintal, sourced from Gulabbagh and Kolkata at Rs. 1220-1250 per quintal, sourced from Naugachia region of Bihar.

In Nizamabad, during last week, maize was quoted firm by Rs. 60 per quintal to Rs. 1260 per quintal as compared to last week. As per trade sources, government of A.P. has procured maize around 0.26 million tons. Besides, private traders have around 0.25 million tons stock of maize at this time.

Government is likely to release its stock in the market soon which could drag the prices down. On the expectation of government release, private traders have already started their stock release towards Bangalore and Nammakal at Rs. 1400 per quintal and Rs. 1480-1500 per quintal respectively, sourced from Davangere.

As per USDA, U.S accumulated corn export figures reached to 33,769,728 metric tons for the 2013-14 marketing year. Exports of 1,159,500 MT were down 1% from the last week and 3% from the prior 4-week average; reported by U.S. to Japan (207,400 MT), Colombia (188,100 MT), Mexico (152,800 MT), South Korea (132,800 MT), Egypt (130,800 MT), Taiwan (85,700 MT), and Vietnam (64,500 MT) for the period May 23- May 29, 2014

As per National Grain and Oil Trade Centre, China saw a fall in sales at a weekly state auction due to higher prices, while feed mills were shifting away from expensive corn to wheat. (Source: Reuters)

As per the latest crop progress report released by USDA, the corn crop has been planted 95% as of 1st Jun, 2014 in the corn growing regions of U.S., higher by 5% from the last year and 1% from the last 5 year average period. Besides, corn has been emerged 80% as of 1st Jun, 2014, higher by 9% from the last year but same from the last 5 year average period. 76% corn crop is in good to excellent condition, higher by 13% from the last year.

In the beginning of the season when CBOT was ruling higher and unresolved Crimea issue encouraged private traders to go for bulk buying as they saw better export opportunity in the global market. They continued buying and the quantity reached at all time high at 6.4 million ton this year.

However, export opportunity started turning blemish when Russia and Ukraine started offering wheat at \$275 per ton for long month delivery. With improved weather condition and higher production estimates CBOT decreased sharply. Buyers from India turned to Black Sea Region and demand decreased considerably for Indian wheat.

These developments in the month of May have pressurized cash wheat market and price of wheat decreased by Rs 50 to Rs 75 per quintal in last 15 days. Stock holders have started thinking to release wheat in local market in absence of export demand. Market is expected to trade steady to slightly firm from current level as market has absorbed the negative impact of lower export demand.

By the end of May, 2014 total arrival of wheat in major markets registered at 34 million ton. Out of total arrivals FCI and other state agencies have brought 76.82 percent, while private trade

contribution was registered at 23.18 percent. Actually, this year private trade's buying has increased considerably with hope of better export opportunity. Higher private participation encouraged wheat price in the season and prices continue to rule over MSP in many states. This year private trades, including flour mills, have brought around 6.4 million ton wheat.

Wheat stock in central pool warehouses was registered at 41.58 million T on 01 May compared to 34.40 million T on 1st May 2014. The highest accumulated stock is in Punjab (16.15 million T) followed by Madhya Pradesh (8.26 million ton) and Haryana (7.89 million Ton) as on 01.06.2014.

According to IBIS (provisional data), export of wheat in the month of May was 7.7 Lakh tones which is around 11% less than last year at the same month, which was 8.66 Lakh tones in April 2013.

There is a buzz in the market that major importers have turned to Black Sea Region due to cheaper availability there. Russia is offering wheat at \$275 per ton for long month delivery (August-Sept). Black Sea Region crop is due in July and with span of time quotes are likely to dip further. Indian Quotes in May month have been hovering in the region of \$280 to \$284 per ton on FOB basis Kandla.

International market is likely to trade steady to slightly weak due to improved weather condition. However, weather condition in next two months would be crucial and might decide the future course of price trend. Overall, outlook remains bearish given the normal weather condition.

## 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	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14
1	2.50	137.00	145.00	232.0	237.5	205.0	127.0	132.5	129.0	160.0	109.0	-0.83
2	29.00	200.00	204.00	275.5	233.0	192.5	135.0	134.0	146.0	162.5	83.0	
3	57.00	212.00	197.50	241.25	223.3	160.0	122.0	107.0	141.0	161.0	28.0	
4	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 is almost same as both commodities are trading more or less at same price level and expected to trade steady to slightly weak in the near term. We expect maize spread with bajra could be intact as compared to last week.



### Maize Average Weekly spread with Jowar

Week	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14
1	175.00	230.00	321.66	364.0	487.5	450.0	357.0	318.0	269.0	-101.0	-604.0	<b>-1032.0</b>
2	175.00	295.00	402.00	366.0	492.0	460.0	317.0	293.0	342.0	-145.0	-615.0	
3	197.00	305.00	390.00	400.0	471.6	436.0	310.0	201.0	354.0	-141.0	-966.0	
4	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 is trading higher against maize. We expect jowar could trade steady in the near term and keep maize spread with jowar down for the coming weeks.

### Maize Average Weekly spread with Wheat

Week	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14
1	-112.5	-107.5	-104.0	-128.0	-132.5	-186.2	-160.0	-176.0	-175.0	-55.0	-57.5	<b>-182.5</b>
2	-134.0	-125.0	-122.0	-139.0	-150.0	-175.0	-166.0	-177.0	-109.0	17.5	-122.5	
3	-182.5	-121.0	-152.0	-180.0	-205.0	-187.0	-191.0	-221.0	-120.0	6.0	-173.0	
4	- 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	Jul'13	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14
1	133.0	165.0	244.0	195.0	237.5	185.0	127.0	158.0	102.5	180.0	144.0	<b>47.0</b>
2	115.0	199.0	220.0	191.0	231.0	187.5	143.0	135.0	137.0	217.5	85.0	
3	140.0	224.0	190.0	178.75	216.7	157.0	150.0	102.5	144.0	258.0	61.0	
4	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)		
	06-Jun-14	30-May-14	Parity To
Indore (MP)	38500-39500	40500	Gujarat, MP
Kota	39000	41000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	40700	42800	Mumbai, Maharashtra
Nagpur (42/46)	40000	42300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	40500	42000	Andhra, AP, Kar, TN
Latur	40000	42700	-
Sangli	40800	42900	Local and South
Sholapur	-	-	Local and South
Akola	40500	42000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	39700	42500	-

**Soy DOC at Port**

Centers	Port Price	
	06-Jun-14	30-May-14
Kandla (FOR) (INR/MT)	40000	41000
Kandla (FAS) (USD/MT)	676	695

**International Soy DOC**

Argentina FOB \$/MT	5-Jun-14	29-May-14	Change
Soybean Pellets	534	535	-1
Soybean Cake Meal	534	535	-1
Soybean Meal	542	543	-1
Soy Expellers	542	543	-1

#### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	6-Jun-14	30-May-14	Change
Adoni	22400	23000	-600
Khamgaon	NA	NA	-
Parli	22200	22800	-600
Latur	22000	22600	-600

#### Groundnut Meal

Groundnut Meal	6-Jun-14	30-May-14	Change
Basis 45% O&A, Saurashtra	27000	28500	-1500
Basis 40% O&A, Saurashtra	25000	26500	-1500
GN Cake, Gondal	25000	27000	-2000

#### Mustard DOC/Meal

Mustard DOC/Meal	6-Jun-14	30-May-14	Change
Jaipur (Plant Delivery)	14400	14500	-100
Kandla (FOR)	15600	15700	-100

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

Market	Grade	6 Jun, 2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1280	1330	1430	1475	1425
Davangere	Bilty	1330	1300	1260	1250	1400
Nizamabad	Bilty	1250	1260	1250	1260	1350
Ahmedabad	Feed	1350	1315	1310	1325	1440
	Starch	1380	1350	1325	1370	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	205.91	201.75	218.1	244.8
Cost and Freight (Thailand)	255.91	256.75	278.1	280

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

<u>Month</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
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	
<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>6-June-14</u>	<u>30-May-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1450	1465	-15
		Hybrid	Bangalore	1400	1400	Unch
Jowar	Karnataka	White	Bangalore	1800	1800	Unch
		White	Bellary	1610	1324	286
Maize	Karnataka	Yellow	Davangere	1255	1250	5
	Andhra Pradesh	Yellow	Nizamabad	1250	1220	30
Rice	Haryana	IR8	Karnal	1900	2000	-100
		Parmal Raw	Karnal	2400	2500	-100
Soy meal	Madhya Pradesh	DOC	Indore	3950	4050	-100
	Maharashtra	DOC	Sangli	4080	4290	-210
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2240	2300	-60
	Maharashtra	Ex-factory	Latur	2200	2280	-80
Mustard	Rajasthan	Plant delivery	Jaipur	1440	1450	-10
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2700	-200
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1629	1622	7
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1556	1564	-8

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

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