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## Summary

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

Soybean rebound after straight six week fall on renewed buying during the week in review. However, lower soy meal export sales and improved vegoil imports by India limited the gains.

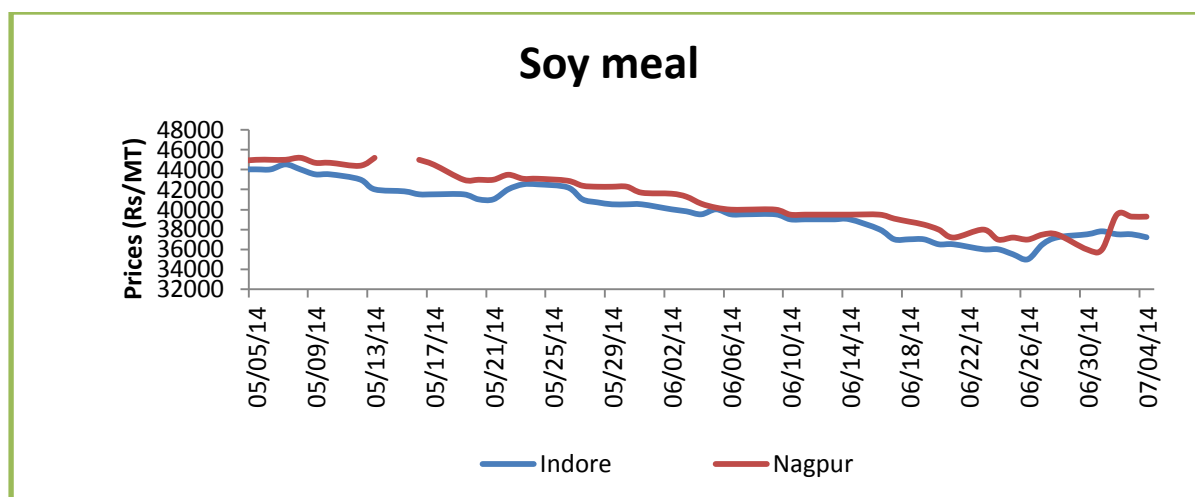
India's edible oil imports rose in recent weeks anticipating renewed demand during monsoon and upcoming festivities in coming months. Lower export duty by the major palm oil exporting countries remained supportive for India's imports in the same.

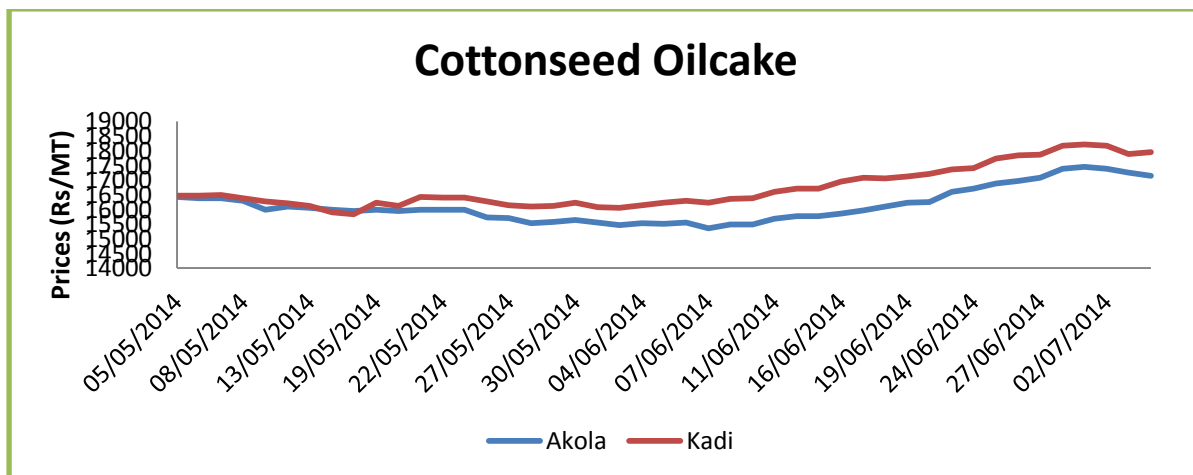
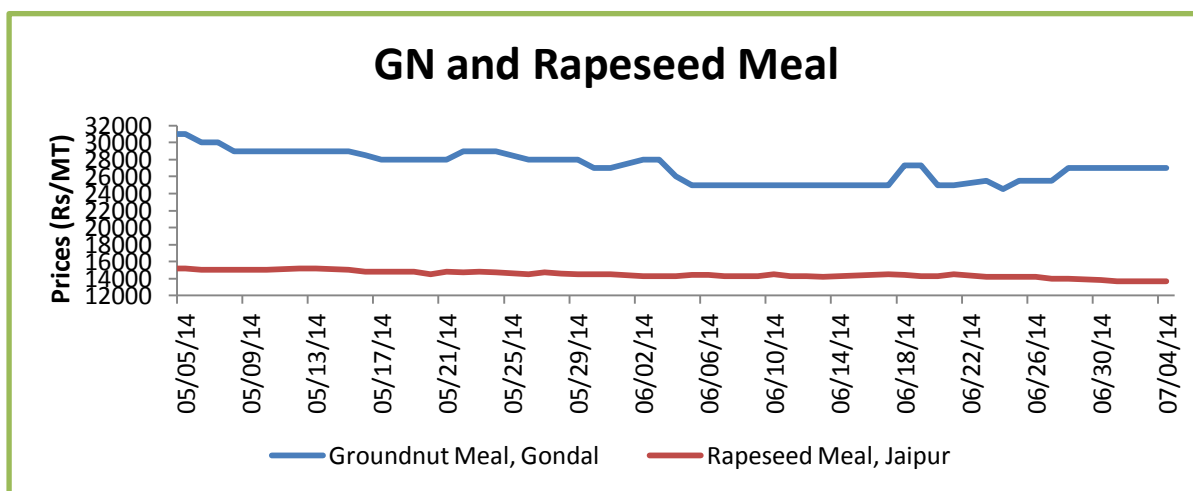
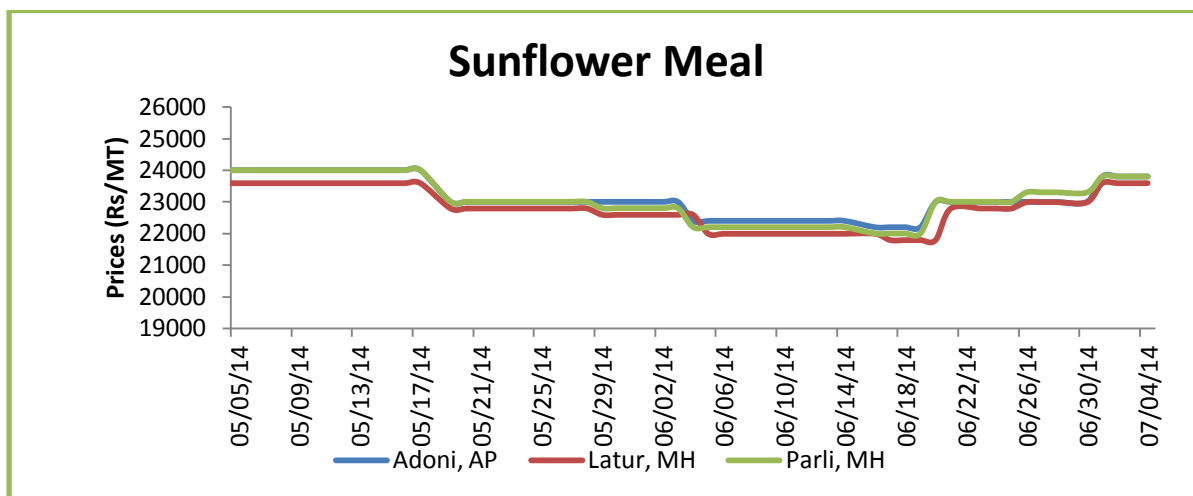
Soy meal witnessed gains in tandem with soybean after consecutive six week fall. However, to weak soy meal export sales and poor domestic demand from feed manufacturers has limited the gains.

Besides, sharp fall in international soy meal in recent weeks additionally pressured the domestic meal market. Higher US soybean planting pace compared to the average and better crop condition followed by in the US mid-west remained bearish for the market.

Overall steady to firm sentiments witnessed in major spot market of maize during last week. Besides, key spot wheat mill delivery prices traded steady to slightly firm due to less arrival.

## Trend – Raw Material, Feed





Source: AgriWatch

Soybean, soy meal rebound on buying support after straight six week fall further rapeseed/mustard too extended gains on buying support.

**Soybean:**

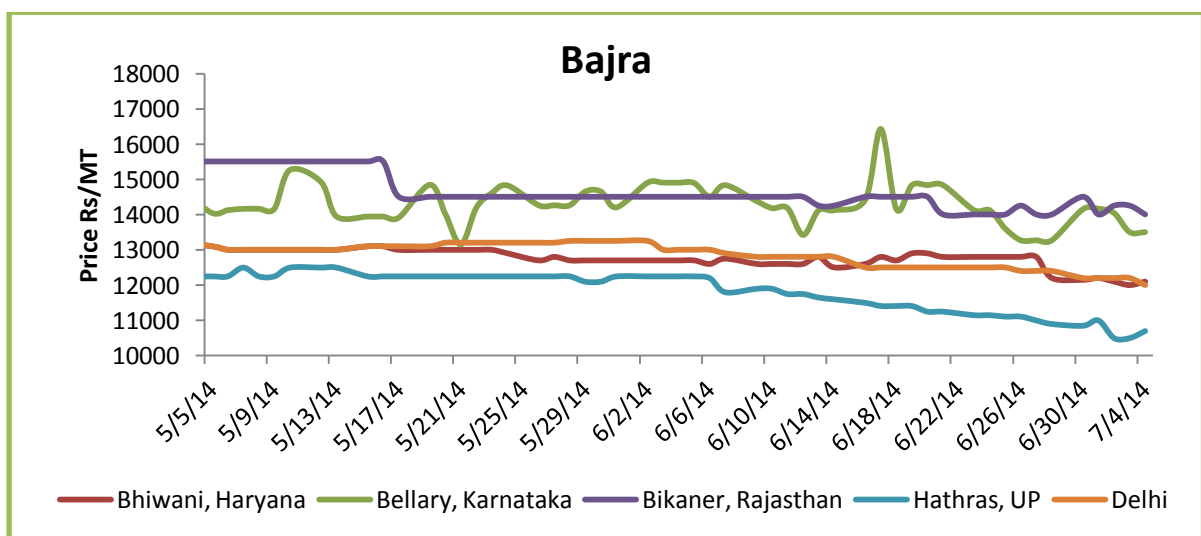
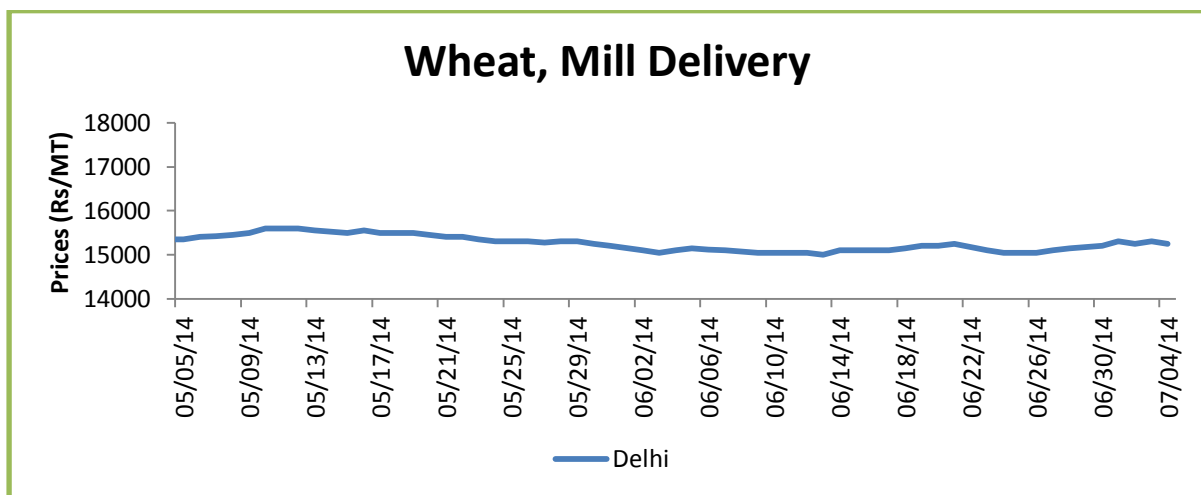
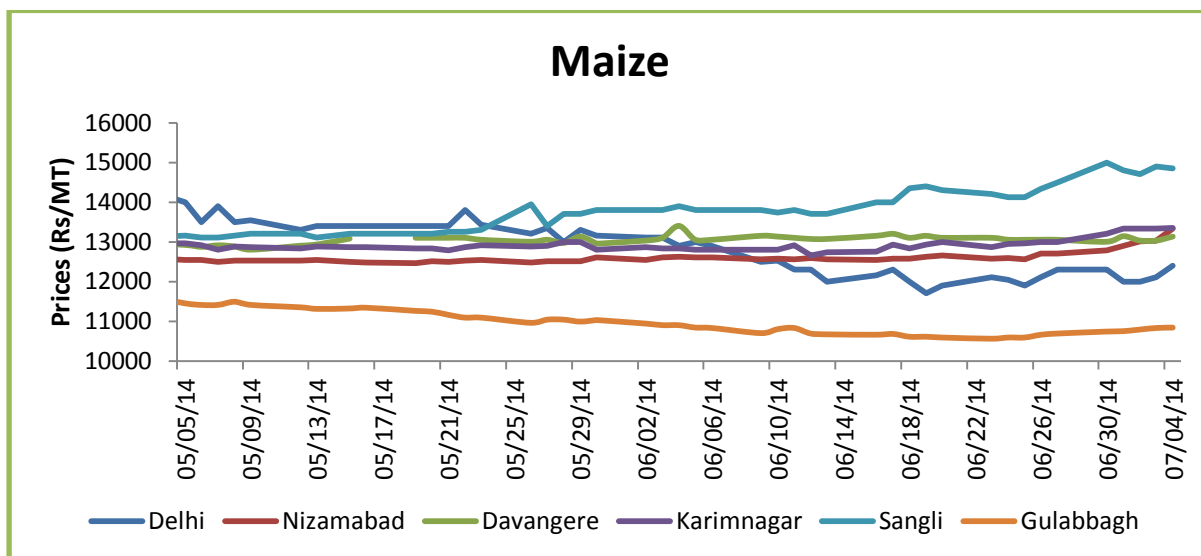
- ❖ Soybean rebound after straight six week fall on renewed buying during the week in review. However, lower soy meal export sales and improved vegoil imports by India limited the gains.
- ❖ India's area coverage under soybean, as on 26 Jun 2014, was reported at 1.01 lakh compared to 1.77 during the same period last year. The coverage reported is mainly in the irrigated area.
- ❖ Most of the soybean growing regions of the major producing states have reported the rainfall departure around -60%. The situation has already hampered the pace in soybean planting this season and it is expected to be slow till the monsoon intensifies in the growing areas.

**Soy meal:**

- ❖ Soy meal witnessed gains in tandem with soybean after consecutive six week fall. However, to weak soy meal export sales and poor domestic demand from feed manufacturers has limited the gains.
- ❖ India's soy meal shipments during June 2014 was just 2636 tones as compared to 2,13,483 tones in the same period of previous year, a fall of 99%.

**RM Seed:**

- ❖ RM seed witnessed gains on supportive buying and falling seed supplies from its peak. The seed buying has improved on expected rise in edible oil demand for festivities in upcoming weeks.
- ❖ Indonesia has slashed the export tax to 10.5 percent for July from 12 percent in April thru June. Malaysia lowered the exports tax from 5.5 per cent during April-June to 5 per cent for July. The factors are favouring India's palm oil imports. India's RM seed closely track Malaysian palm oil.



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

Overall steady to firm sentiments witnessed in major spot market of maize during last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 20 per quintal to Rs. 1350-1380 per quintal while starch feed makers quoted maize firm by Rs. 10 per quintal to Rs. 1300-1350 per quintal as compared to last week, sourced from Bihar. Besides, in the Khanna market of Punjab, the maize was quoted steady at Rs. 1200-1210 per quintal as compared to last week. On daily basis, arrivals of maize reported around 17 motors which contained around 14% moisture. Sources revealed that maize stock could be around 250 motors.

In Gulabghat mandi, maize was quoted down by Rs. 15 per quintal to Rs. 1080-1120 per quintal as compared to last week, contained moisture level of 15%. As per trade sources, maize is moving towards Kolkata at Rs. 1100-1150 per quintal, sourced from Naugachia region of Bihar and stock of maize could be around 18-20 lakh ton in the Bihar market.

As per trade sources, maize is moving towards Bangalore and Nammakal at Rs. 1430-1450 per quintal and Rs. 1450 per quintal respectively, sourced from Davangere.

In Delhi, red maize quoted firm by Rs. 40 per quintal to Rs. 1190-1230 per quintal as compared to last week, sourced from Bihar.

As per USDA, U.S accumulated corn export figures reached to 37,961,256 metric tons for the 2013-14 marketing year. Exports of 909,500 MT were down 16% from the last week and 18% from the prior 4-week average; reported by U.S. to South Korea (193,000 MT), Egypt (156,600 MT), Mexico (135,100 MT), Japan (78,900 MT), the Netherlands (66,000 MT), Saudi Arabia (64,100 MT), and Colombia (62,000 MT) for the period Jun 20- Jun 26, 2014.

European traders told that South Korea's Korea Corn Processing Industry Association has purchased about 55,000 tons of food-grade corn likely to be sourced from the United States and South America at \$243.30 a ton c&f for arrival at the ports of Incheon and Kunsan by Nov. 10. (Source: Reuters)

Informa Economics reduced its U.S corn production outlook for 2014 to 13.731 billion bushels from 13.766 billion bushels but raised its yield forecast by 1.5 bushels per acre to 165. (Source: Reuters)

As per European Traders, Taiwan Sugar Corp. has purchased 20,000 tons of U.S origin corn. About 15,000 tons of the corn was bought at the flat price of \$252.20 a ton c&f while 5,000 tons was purchased at the basis price of 222.30 cents a bushel c&f over the Chicago December corn contract. The tender had sought shipment from the U.S. Gulf from Aug. 2-16 or from the U.S. Pacific Northwest coast from Aug. 17-31.

As per USDA, Private exporters reported the sale of 176,000 tons of U.S. corn to Egypt for delivery in the 2014/15 marketing year, which will start on Sept. 1

Buenos Aires Grains Exchange said in its weekly crop report that dry weather on the Pampas grain belt helped Argentine farmers speed up the pace of corn harvesting this week. Growers have collected 52 percent of their 2013/14 commercial use corn. (Source: Reuters)

As per National Grain and Oil Trade Centre, China's government sold 1,559,340 tons of corn this week at an average price of between 2,130 yuan and 2,229 yuan (\$340-\$360) per ton.

As per European traders, Italian importers bought at least 70,000 tons of corn from the Black Sea region including Ukraine in the past two to three weeks. The deals included old crop corn traded at \$260 a ton c&f for spot shipment to Italian Adriatic ports and new crop corn was purchased at prices including \$225 a ton c&f for November shipment to Italian Adriatic ports. (Source: Reuters)

As per the latest crop progress report released by USDA, 5% crop of corn is at silking stage, higher by 2% from the last year but lower by 4% from the last 5 year average period. 75% corn crop is in good to excellent condition as of 29th Jun, 2014, higher by 1% from the last week and 8% from the last year.

Demand for wheat from south India has declined in recent weeks as prices of wheat continue to trade under pressure in central and north Indian market. Private stockists are unwilling to retain stock as export opportunity has almost diminished amid bearish global outlook. Farmers in Uttar Pradesh still have ample marketable surplus and they sell it at very competitive price. Wheat cash market may stay steady next week. However, fresh demand from millers may support market by the end of July.

Finally wheat procurement ended on 30th June with 28 million ton, higher by 3 million ton from last year. Despite slower start in the beginning of April, FCI and other govt's agencies manage to buy 28 million ton wheat against the set target of 31 million ton for MY 2014-15.

Punjab and M.P. emerged the biggest contributors to the central pool kitty contributing 11.6 and 7.0 million ton respectively. Both the states have contributed 10.8 and 6.3 million ton last year. Haryana has contributed 6.4 million ton this year against 5.8 million ton last year. Rajasthan and Uttar Pradesh have brought 2.5 and 0.59 million ton wheat this year.

This year private trades purchasing has increased over 100 percent from last year. Private trades including millers have brought 7 million tons of wheat against 3 million ton last year. Due to 3 million ton higher procurement central pool stock has reached 42 million ton in the beginning of June. It is quite higher than actual requirement under buffer norm and strategic reserves

With the end of procurement season and increasing demands for wheat products prices of wheat may increase by Rs 30 to Rs 50 per quintal. By the end of July, private trades have restricted release of wheat in open market as prices are not matching their interest. They had procured wheat at higher than MSP in anticipation of higher export. Now prices in the open market are hovering near MSP and so they have decided to hold on stock at least for two months. Now their retaining cost

including procurement cost has gone up to Rs 1550 per quintal against the prevailing rate of Rs 1400 to Rs 1500 per quintal in various mandis of Uttar Pradesh.

ITC can start procuring wheat once again in Uttar Pradesh. Government would start releasing wheat for OMSS July end and price for OMSS may be revised slightly up (Rs 50 per qtl.) from last year. All these developments may encourage wheat price in the weeks ahead.

Demand for wheat product in festive season is expected by the end of July and it will help wheat price to get firmer in the weeks ahead. However, supply side will remain ample as farmers in UP still holds 20-30 % marketable surplus stock in their hands, the stock will continue to hit market in July.

With the commencement of harvesting in the black sea region pressure on global wheat market continues. Wheat may hover in the range of \$240 to \$255 per tonne in the month of July. Russia, Ukraine, US would remain the main suppliers to the global market. Any unexpected spike is unlikely in the month of July.

## Outlook

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

## Spreads

### Maize Average Weekly spread with Bajra

Week	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14
1	137.00	145.00	232.0	237.5	205.0	127.0	132.5	129.0	160.0	109.0	-0.83	-17.0
2	200.00	204.00	275.5	233.0	192.5	135.0	134.0	146.0	162.5	83.0	-20.0	
3	212.00	197.50	241.25	223.3	160.0	122.0	107.0	141.0	161.0	28.0	-62.0	
4	124.00	190.00	230.0	207.5	153.0	145.0	134.0	155.0	158.0	20.0	-65.0	
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 increased as maize traded firm during last week. We expect that both commodities could trade steady in the near term and keep maize spread with bajra intact as compared to last week.



**Maize Average Weekly spread with Jowar**

Week	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14
1	230.00	321.66	364.0	487.5	450.0	357.0	318.0	269.0	-101.0	-604.0	-1032.0	- 1037.0
2	295.00	402.00	366.0	492.0	460.0	317.0	293.0	342.0	-145.0	-615.0	-940.0	
3	305.00	390.00	400.0	471.6	436.0	310.0	201.0	354.0	-141.0	-966.0	-1012.0	
4	334.00	327.00	368.0	450.0	446.0	320.0	245.0	207.0	-240.0	-1078.0	-1120.0	
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 firm as jowar traded down during last week. We expect jowar could trade steady in the near term and keep maize spread with jowar slightly firm as compared to last week.

**Maize Average Weekly spread with Wheat**

Week	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14
1	-107.5	-104.0	-128.0	-132.5	-186.2	-160.0	-176.0	-175.0	-55.0	-57.5	-182.5	-277.0
2	-125.0	-122.0	-139.0	-150.0	-175.0	-166.0	-177.0	-109.0	17.5	-122.5	-222.5	
3	-121.0	-152.0	-180.0	-205.0	-187.0	-191.0	-221.0	-120.0	6.0	-173.0	-306.0	
4	-75.0	-135.0	-157.0	-205.8	-126.0	-197.0	-177.0	-26.0	-36.0	-169.0	-301.0	
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 increased as wheat traded down during last week. We expect that wheat could trade steady to slightly firm and keep maize spread with wheat slightly down compared to last week

**Maize Average Weekly spread with Barley**

Week	Aug'13	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14
1	165.0	244.0	195.0	237.5	185.0	127.0	158.0	102.5	180.0	144.0	47.0	-95.0
2	199.0	220.0	191.0	231.0	187.5	143.0	135.0	137.0	217.5	85.0	0.0	
3	224.0	190.0	178.75	216.7	157.0	150.0	102.5	144.0	258.0	61.0	-68.0	
4	270.0	197.0	158.0	189.2	171.0	170.0	143.0	163.0	208.0	87.0	-80.0	
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 firm vs. maize during last week. We expect that both commodities could trade steady in the near term and keep maize spread with barley intact for the next week.

## Annexure

**Oil Meal Prices at Key Spot Markets:**
**Soy DOC Rates at Different Centres**

Centres	Ex-factory rates (Rs/ton)		
	4-Jul-14	27-Jun-14	Parity To
Indore (MP)	36200-37200	36500	Gujarat, MP
Kota	36000	35000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	38700	37500	Mumbai, Maharashtra
Nagpur (42/46)	39300	37500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	38500	Andhra, AP, Kar, TN
Latur	39000	38500	-
Sangli	39500	39000	Local and South
Sholapur	-	-	Local and South
Akola	38800	37000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	40000	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	36400	35000	-

**Soy DOC at Port**

Centers	Port Price	
	4-Jul-14	27-Jun-14
Kandla (FOR) (INR/MT)	39000	37500
Kandla (FAS) (USD/MT)	652	620

**International Soy DOC**

Argentina FOB \$/MT	3-Jul-14	26-Jun-14	Change
Soybean Pellets	472	498	-26
Soybean Cake Meal	472	498	-26
Soybean Meal	480	506	-26
Soy Expellers	480	506	-26

**Sunflower (DOC) Rates**

Centers	Ex-factory rates (Rs/ton)		
	4-Jul-14	27-Jun-14	Change
Adoni	23800	23000	800

Khamgaon	NA	NA	-
Parli	23800	23300	500
Latur	23600	23000	600

#### Groundnut Meal

Groundnut Meal	4-Jul-14	27-Jun-14	Change
Basis 45% O&A, Saurashtra	28000	27000	1000
Basis 40% O&A, Saurashtra	26000	25000	1000
GN Cake, Gondal	27000	25500	1500

#### Mustard DOC/Meal

Mustard DOC/Meal	4-Jul-14	27-Jun-14	Change
Jaipur (Plant Delivery)	13700	14000	-300
Kandla (FOR)	14700	15300	-600

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

Market	Grade	7 July,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1190	1190	1280	1430	1450
Davangere	Bilty	1370	1300	1330	1260	1450
Nizamabad	Bilty	NA	Closed	1250	1250	1500
Ahmedabad	Feed	1380	1360	1340	1300	1625
	Starch	1340	1330	1360	1330	1600

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	198.62	193.7	201.6	242.0
Cost and Freight (Thailand)	248.7	261.6	277	248.7

#### 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	
<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>7-Jul-14</u>	<u>27-Jun-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1350	1327	23
		Hybrid	Bangalore	1750	1800	-50
Jowar	Karnataka	White	Bangalore	2100	2300	-200
		White	Bellary	1604	1514	90
Maize	Karnataka	Yellow	Davangere	1250	1250	Unch
	Andhra Pradesh	Yellow	Nizamabad	NA	1200	-
Rice	Haryana	IR8	Karnal	1800	1800	Unch
		Parmal Raw	Karnal	2400	1800	600
Soy meal	Madhya Pradesh	DOC	Indore	3720	3650	70
	Maharashtra	DOC	Sangli	3950	3900	50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2380	2300	80
	Maharashtra	Ex-factory	Latur	2360	2300	60
Mustard	Rajasthan	Plant delivery	Jaipur	1370	1400	-30
Groundnut Meal	Gujarat	GN Cake	Gondal	2700	2550	150
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1795	1787	8
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1714	1707	7

**Note: Prices Rs. /qtl**
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