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Summary

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

Soybean extended previous losses on weak demand for crushing followed by lower demand in domestic soy oil and meal leading to disparity in crush margin.

Increased y-o-y the imports of degummed soy oil since the beginning of Oil Year and lower soy meal export sales registered by India this season kept the domestic soy market sluggish. Even the imports of other edible oils increased in the recent months.

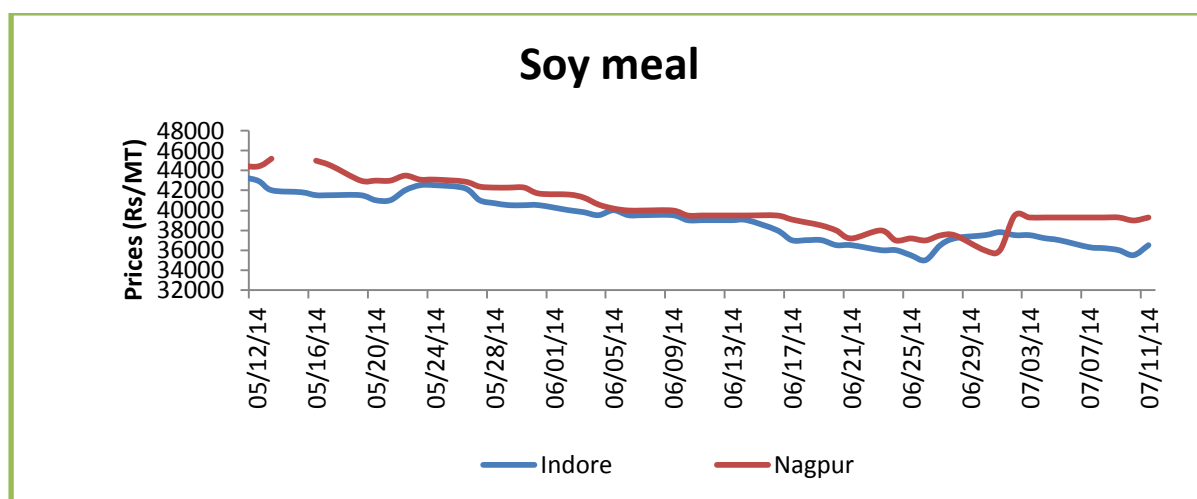
Besides, lower export duty by the major palm oil exporting countries remained supportive for India's imports in the same.

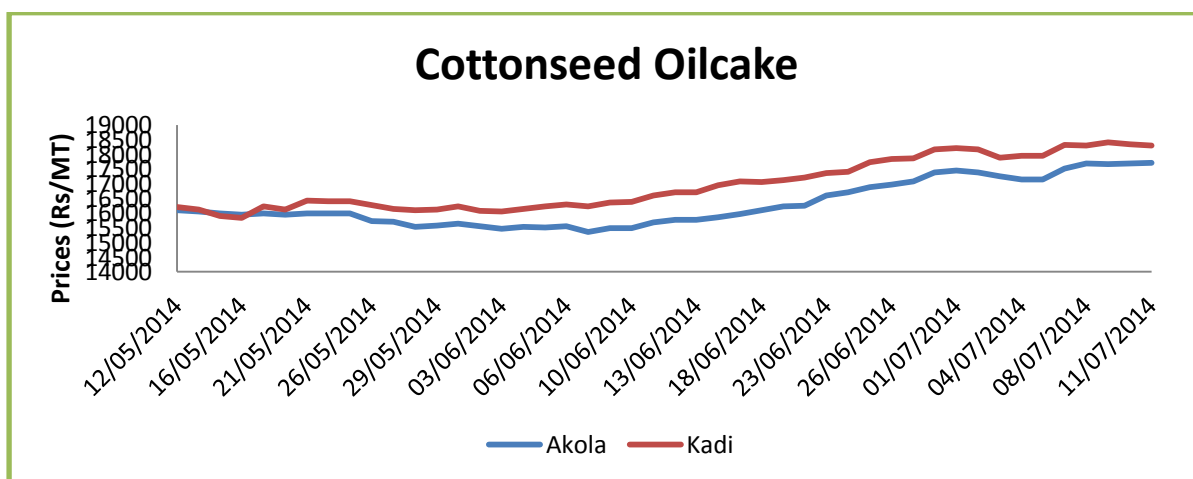
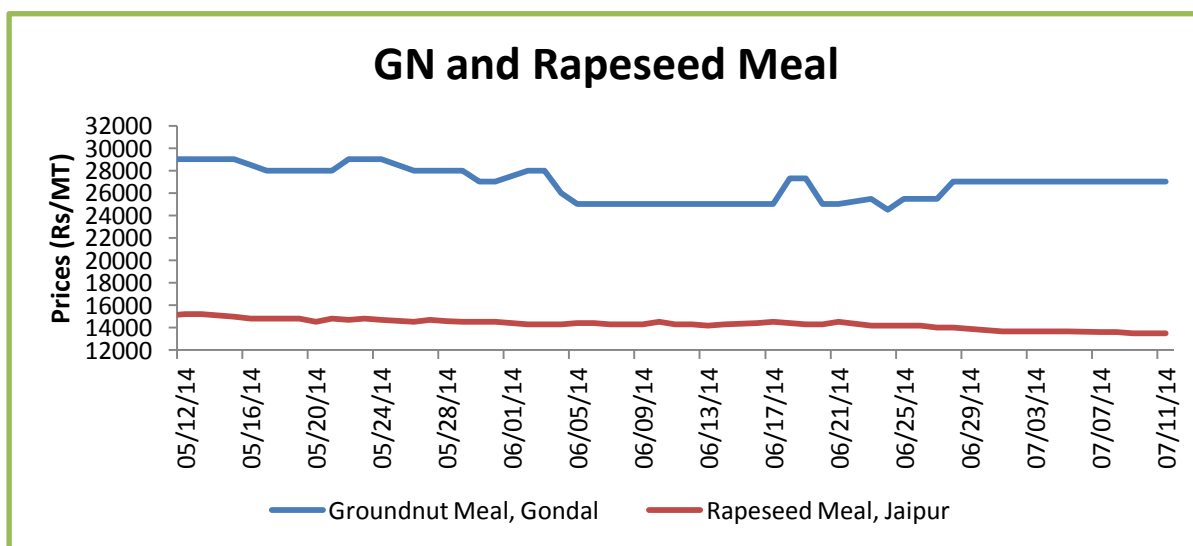
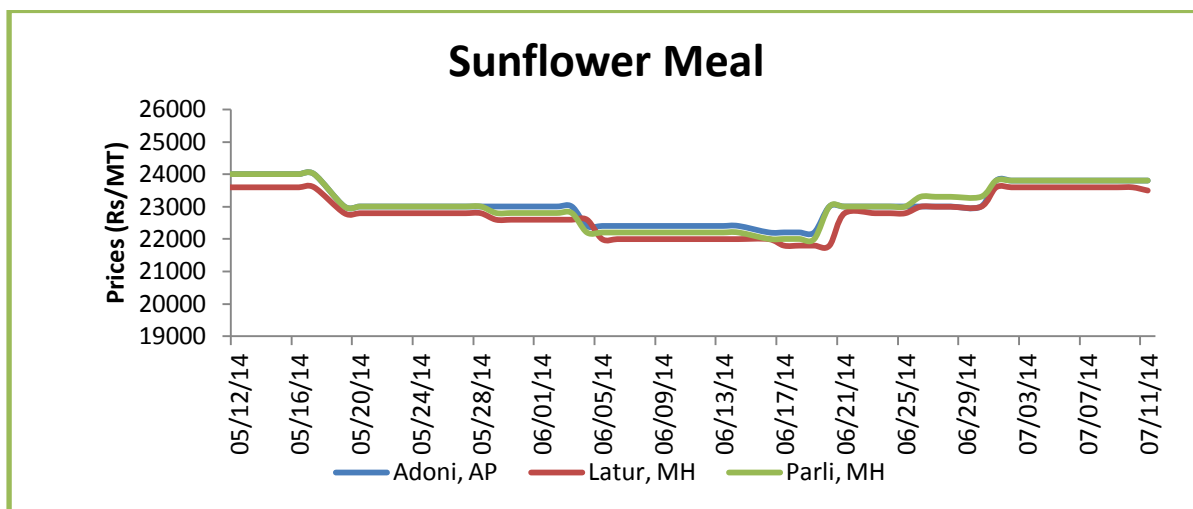
Soy meal fell in sync with soybean primarily due to fall in the soy meal exports and poor domestic demand in the same.

Further, weakness in international benchmark on bearish supply scenario continues to pressure the domestic 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 declined on outside market forces and lower domestic and exports demand in soy and its products. However, RM seed extended gains on buying support in anticipation of mustard oil demand in upcoming festivities.

Soybean:

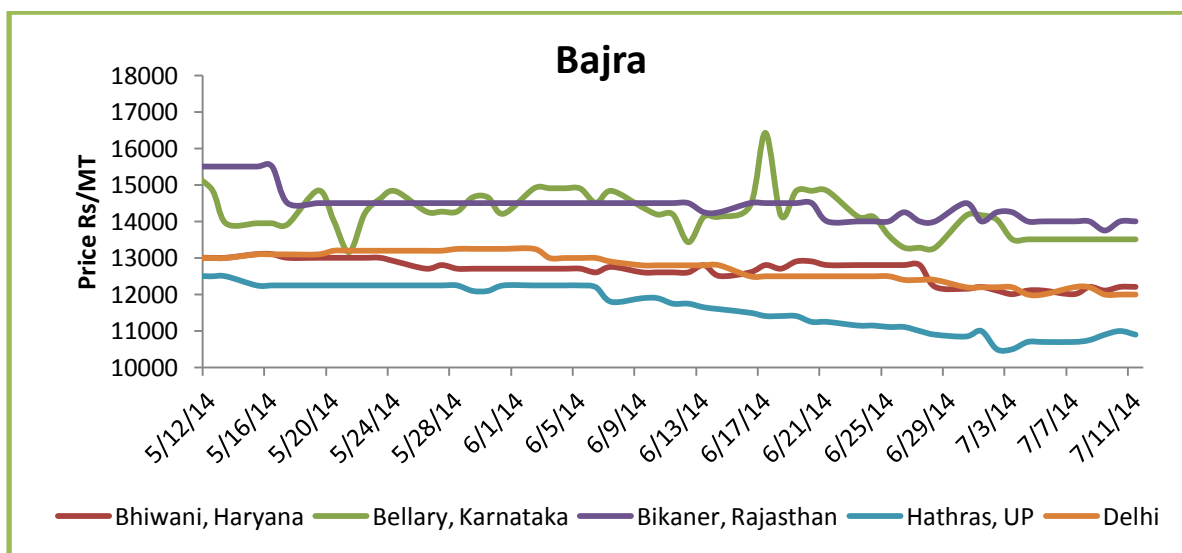
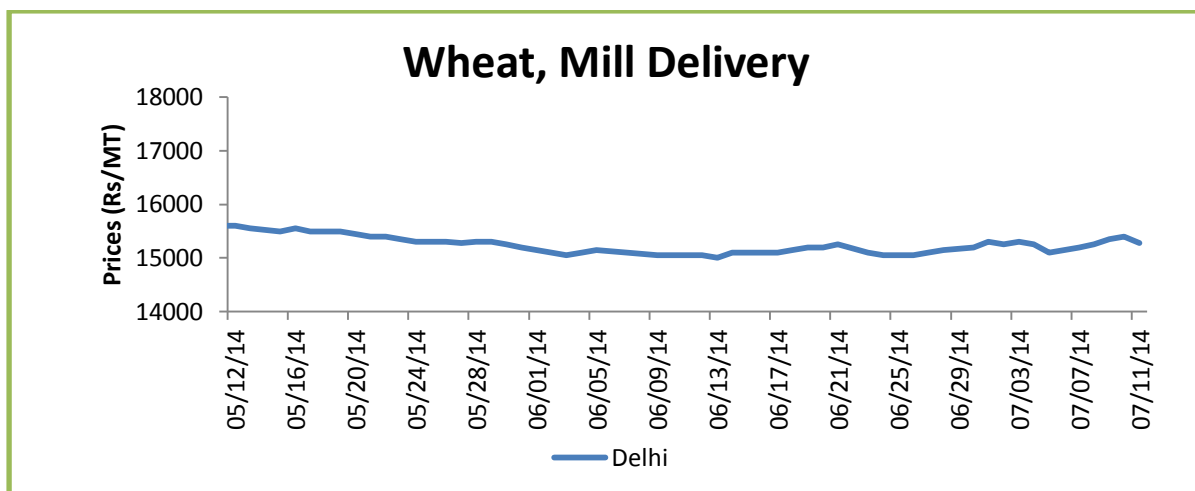
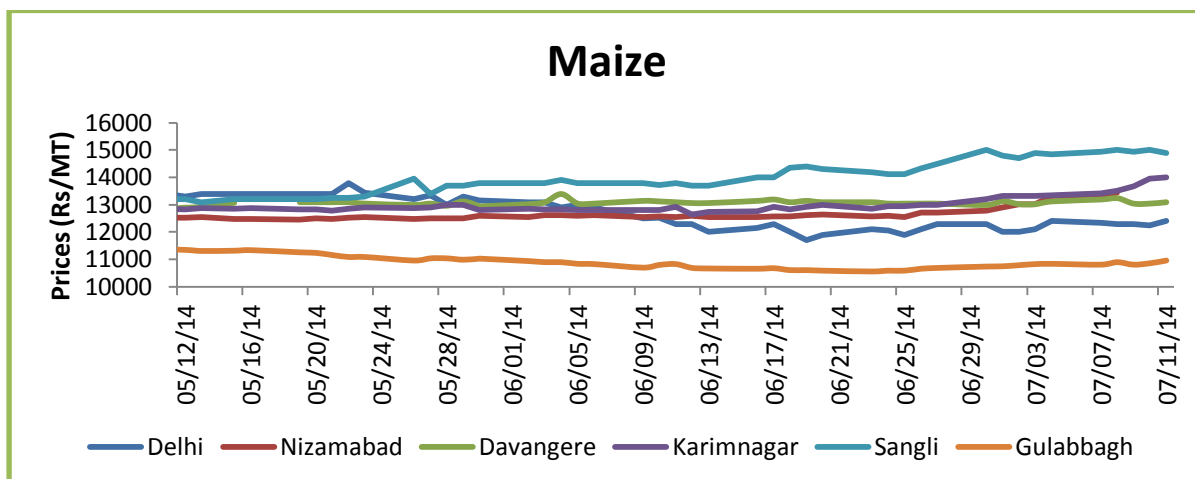
- ❖ Soybean fell on weak demand from crushers and sluggish soy meal export sales with improved vegoil imports by India in recent days.
- ❖ India's area coverage under soybean, as on 10 Jul 2014, was reported at 7.86 lakh ha compared to 83.5 lha during the same period last year. Most of the covered area is reported in the irrigated areas.
- ❖ Most of the soybean growing regions of the major producing states have reported the rainfall departure around -70%. The situation has hit the planting pace and may negatively affect the yield potential monsoon does not intensify in the growing areas.

Soy meal:

- ❖ Soy meal fell in tandem with soybean on weak soy meal export sales and poor domestic demand in the same.
- ❖ US soybean area is reported record high this season above 34 Mln Ha which is 11% higher compared to previous season. The weather in US mid-west is favourable for the recently planted soybean and if the situation remains conducive US is likely to produce record soybeans in 2014-15.
- ❖ 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 continued uptrend on supportive buying and declining supplies. The seed buying has improved on expected rise in edible oil demand for festivities in upcoming weeks.
- ❖ The millers and the stockists are covering their stock on expected rise in edible oil demand for festivities in upcoming weeks.



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. 1340-1400 per quintal while starch feed makers quoted maize steady at Rs.1300-1350 per quintal as compared to last week, sourced from Bihar. Sources revealed that starch feed makers have 2 months of stock in quantity. Besides, in the Khanna market of Punjab, the maize was quoted firm by Rs. 50 per quintal to Rs.1200-1260 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 Gulabbagh mandi, maize was quoted firm by Rs. 20 per quintal to Rs. 1100-1140 per quintal as compared to last week, contained moisture level of 14%. As per trade sources, maize is moving towards Kolkata at Rs. 1125-1200 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. 1450-1460 per quintal and Rs. 1560 per quintal respectively, sourced from Davangere.

In Delhi, red maize quoted firm by Rs. 10 per quintal to Rs. 1220-1240 per quintal as compared to last week, sourced from Bihar.

As per USDA, U.S accumulated corn export figures reached to 39,168,339 metric tons for the 2013-14 marketing year. Exports of 1,207,100 MT were up 33% from the last week and 15% from the prior 4-week average; reported by U.S. to Japan (334,100 MT), Mexico (233,000 MT), South Korea (181,700 MT), Taiwan (81,500 MT), Venezuela (80,000 MT), the Netherlands (66,000 MT), Egypt (66,000 MT), and Morocco (64,500 MT) for the period Jun 27- July 3, 2014.

As per Reuters news, The European Union this week awarded licence to import 31,500 tons of Ukrainian maize under a duty-free quota (launched in April and initially allows for up to 400,000 tons of Ukrainian maize to be imported until Oct. 31) as part of a trade deal between the EU and Kiev.

Government crop supply agency Conab raised its corn crop production forecast for Brazil for 2013/14 to 78.2 million tons from previous month's outlook of 77.89 million tons, citing better-than-expected yields but total corn output is still expected to be less than last year's record 81.5 million tons as farmers planted fewer corn fields amid low local prices for the grain.

As per the latest crop progress report released by USDA, 15% crop of corn is at silking stage, higher by 9% from the last year but lower by 3% from the last 5 year average period. 75% corn crop is in good to excellent condition as of 6th July, 2014, same from the last week but lower by 7% from the last year.

Wheat market is likely to move up from current level due to impending demand for wheat product like floor, Maida, Suzy. Notably demand for these product starts increasing from the first week of

August. During this period arrival in major mandis drastically decrease and dependence of major buyers like flour millers and other bulk and medium users for wheat increases on central pool stock. Government is likely to allocate wheat through OMSS from August onward. Price for OMSS may be high from Rs.35-50/quintal from last year. Market has sensed these developments and started firming up on the back of changed inner tone.

Wheat stock in central pool warehouses was registered at 39.37 million T on 01 July compared to 41.58 million T on 1st June 2014. The highest accumulated stock is in Punjab (15.56 million T) followed by Madhya Pradesh (7.93 million ton) and Haryana (7.55 million Ton) as on 01.07.2014.

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 \$250 to \$260 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 steady as feed ingredients prices traded mixed 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 | 25.0 |
| 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 positive.

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 | -902.0 |
| 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 | -246.0 |
| 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 maize traded firm 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 | -88.0 |
| 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 increased as maize traded firm vs. barley during last week. We expect that both commodities could trade steady in the near term and keep maize spread with barley in the positive tone.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

| Centres | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|-------------|---|
| | 11-Jul-14 | 4-Jul-14 | Parity To |
| Indore (MP) | 36200-36500 | 36200-37200 | Gujarat, MP |
| Kota | 35200-35300 | 36000 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna | 38000 | 38700 | Mumbai, Maharashtra |
| Nagpur (42/46) | 39300 | 39300 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 38500 | 39000 | Andhra, AP, Kar, TN |
| Latur | 38700 | 39000 | - |
| Sangli | 39500 | 39500 | Local and South |
| Sholapur | 37100 | - | Local and South |
| Akola | 37000 | 38800 | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |
| Hingoli | 38000 | 40000 | Andhra, Chattisgarh, Orrisa, Jharkhand, WB |
| Bundi | 35500 | 36400 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|----------|
| | 11-Jul-14 | 4-Jul-14 |
| Kandla (FOR) (INR/MT) | 37875 | 39000 |
| Kandla (FAS) (USD/MT) | 629 | 652 |

International Soy DOC

| Argentina FOB \$/MT | 10-Jul-14 | 3-Jul-14 | Change |
|---------------------|-----------|----------|--------|
| Soybean Pellets | 454 | 472 | -18 |
| Soybean Cake Meal | 454 | 472 | -18 |
| Soybean Meal | 462 | 480 | -18 |
| Soy Expellers | 462 | 480 | -18 |

Sunflower (DOC) Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|----------|--------|
| | 11-Jul-14 | 4-Jul-14 | Change |
| Adoni | 23800 | 23800 | Unch |
| Khamgaon | NA | NA | - |
| Parli | 23800 | 23800 | Unch |
| Latur | 23600 | 23600 | Unch |

Groundnut Meal

| Groundnut Meal | 11-Jul-14 | 4-Jul-14 | Change |
|---------------------------|-----------|----------|--------|
| Basis 45% O&A, Saurashtra | 28000 | 28000 | Unch |
| Basis 40% O&A, Saurashtra | 26000 | 26000 | Unch |
| GN Cake, Gondal | 27000 | 27000 | Unch |

Mustard DOC/Meal

| Mustard DOC/Meal | 11-Jul-14 | 4-Jul-14 | Change |
|-------------------------|-----------|----------|--------|
| Jaipur (Plant Delivery) | 13500 | 13700 | -200 |
| Kandla (FOR) | 14500 | 14700 | -200 |

Maize Spot Market Prices (Rs. /Quintal)

| Market | Grade | 11 July,2014 | Week Ago | Month Ago | 2 Month Ago | Year Ago |
|-----------|--------|--------------|----------|-----------|-------------|----------|
| Delhi | Hybrid | 1230 | 1190 | 1260 | 1340 | 1350 |
| Davangere | Bilty | 1370 | 1370 | 1330 | 1250 | 1525 |
| Nizamabad | Bilty | NA | NA | 1240 | 1260 | 1500 |
| Ahmedabad | Feed | 1390 | 1380 | 1325 | 1330 | 1600 |
| | Starch | 1320 | 1340 | 1375 | 1400 | 1600 |

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

| | Argentina | Brazil | US | India (Bihar Origin) |
|-----------------------------|-----------|--------|--------|----------------------|
| FOB | 188.48 | 187.2 | 191.46 | 244 |
| Cost and Freight (Thailand) | 238.48 | 242.2 | 251.46 | 279 |

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>11-Jul-14</u> | <u>4-Jul-14</u> | <u>Change</u> |
|---------------------|----------------|----------------|---------------|------------------|-----------------|---------------|
| Bajra | Karnataka | Hybrid | Bellary | NA | 1350 | - |
| | | Hybrid | Bangalore | 1800 | 1750 | 50 |
| Jowar | Karnataka | White | Bangalore | 2000 | 2100 | -100 |
| | | White | Bellary | 1620 | 1604 | 16 |
| Maize | Karnataka | Yellow | Davangere | 1320 | 1320 | Unch |
| | Andhra Pradesh | Yellow | Nizamabad | NA | NA | - |
| Rice | Haryana | IR8 | Karnal | 1800 | 1800 | Unch |
| | | Parmal Raw | Karnal | 2400 | 2400 | Unch |
| Soy meal | Madhya Pradesh | DOC | Indore | 3650 | 3720 | -70 |
| | Maharashtra | DOC | Sangli | 3950 | 3950 | Unch |
| Sunflower Meal | Andhra Pradesh | Ex-factory | Adoni | 2380 | 2380 | Unch |
| | Maharashtra | Ex-factory | Latur | 2360 | 2360 | Unch |
| Mustard | Rajasthan | Plant delivery | Jaipur | 1350 | 1370 | -20 |
| Groundnut Meal | Gujarat | GN Cake | Gondal | 2700 | 2700 | Unch |
| Cottonseed Oil Cake | Gujarat | Ex- Mandi | Kadi | 1831 | 1795 | 36 |
| Cottonseed Oil Cake | Maharashtra | Ex- Mandi | Akola | 1771 | 1714 | 57 |

Note: Prices Rs. /qtl

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