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Summary

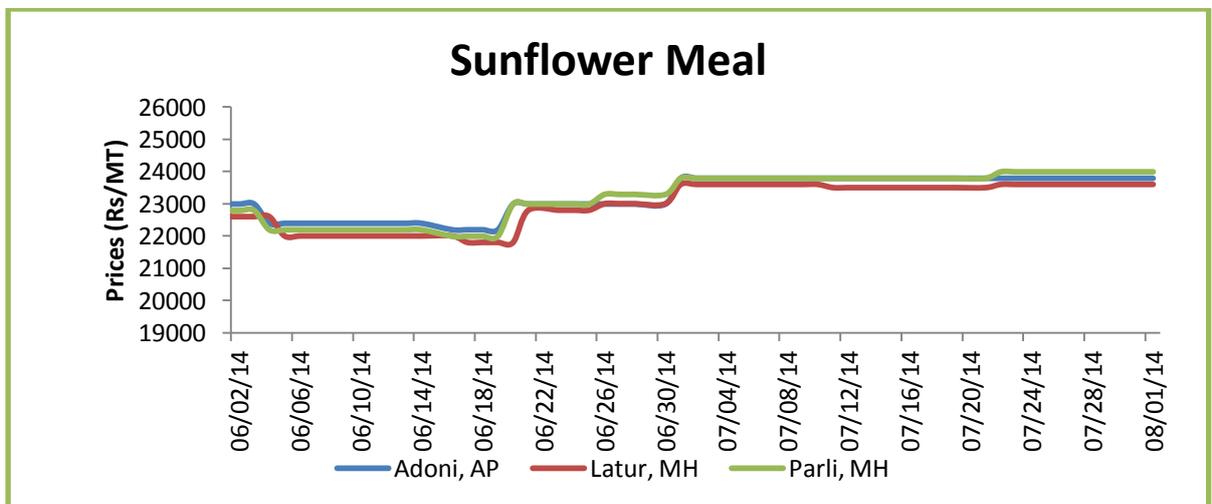
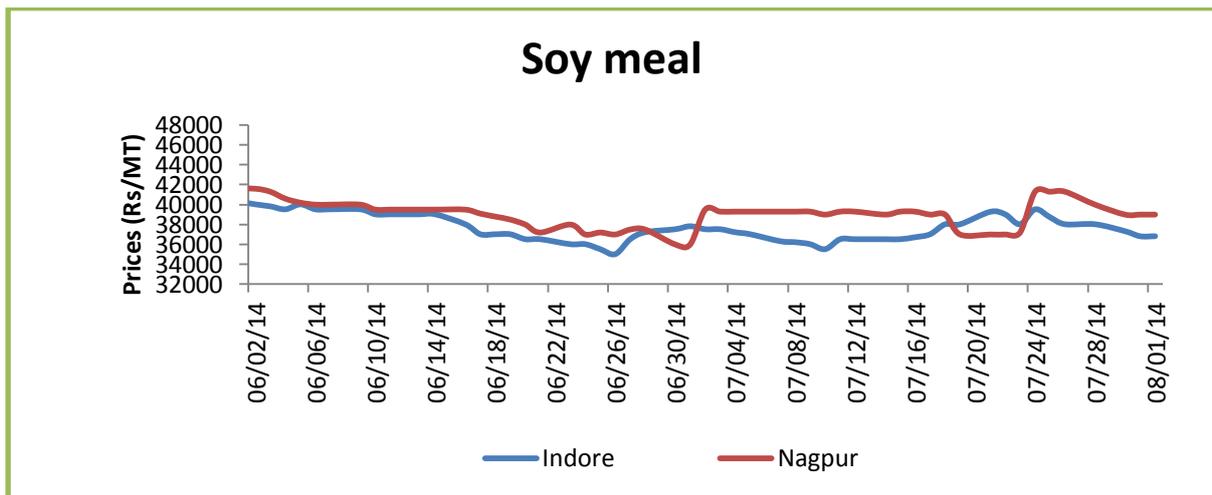
Overall, the key feed ingredients prices witnessed steady to weak tone during the week in review.

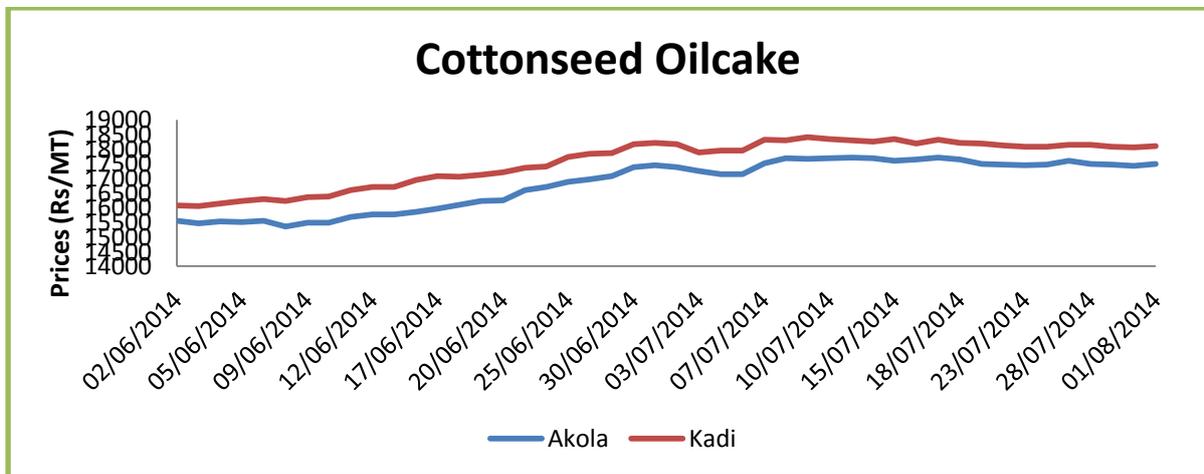
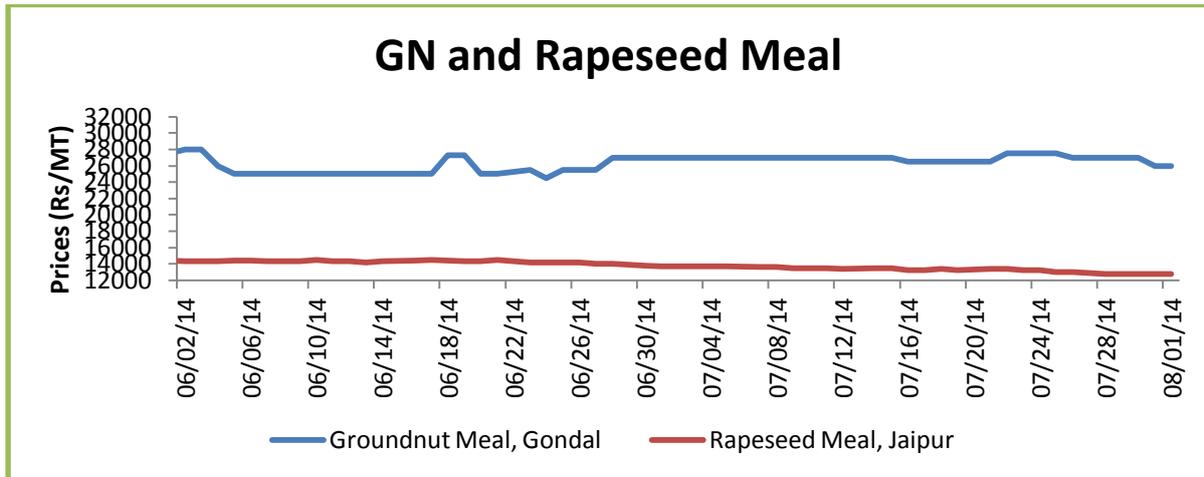
Soybean again fell on weak buying in cash market and sluggish international benchmark. Negative crush margin in soybean and weak soy meal export sales from India continues to pressure domestic soybeans.

Soy meal edged-lower in sync with soybean, weak global factors and poor meal exports from India remained negative factors for the meal during the month in review.

Cash maize markets traded mixed during the week under review. Besides, key spot wheat mill delivery prices traded steady to weak due to more arrival.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean and soy meal fell on weak buying and sluggish international soy market. However, RM seed continued to witness gains on supportive buying by the crushers and the stockists followed by renewed demand in the mustard oil during the period under review.

Soybean:

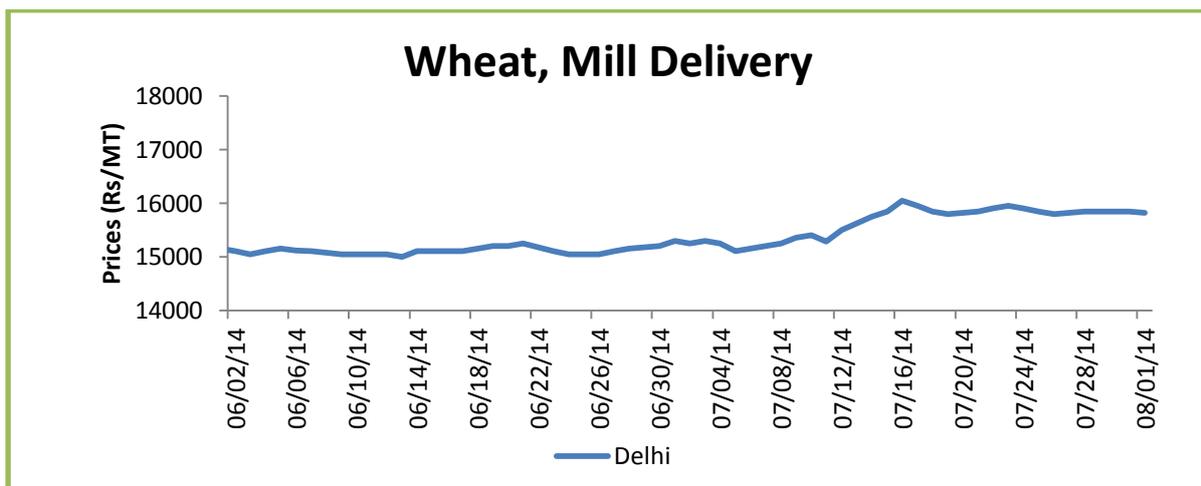
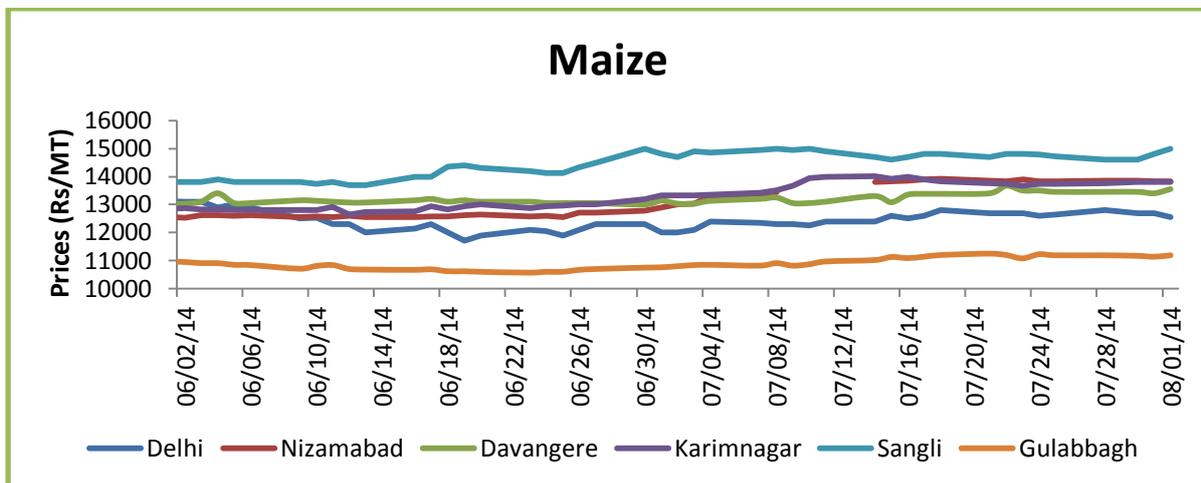
- ❖ Soybean fell on weak buying in cash market and sluggish international benchmark. Negative crush margin in soybean and weak soy meal export sales from India continues to pressure domestic soybeans.
- ❖ India’s area coverage under soybean, as on 31 Jul 2014, was reported at 95.39 lakh ha compared to 117 lha (-23%) during the same period last year.
- ❖ Improved rains in the soybean growing regions have boosted the lagging soy plantings during the week under review.

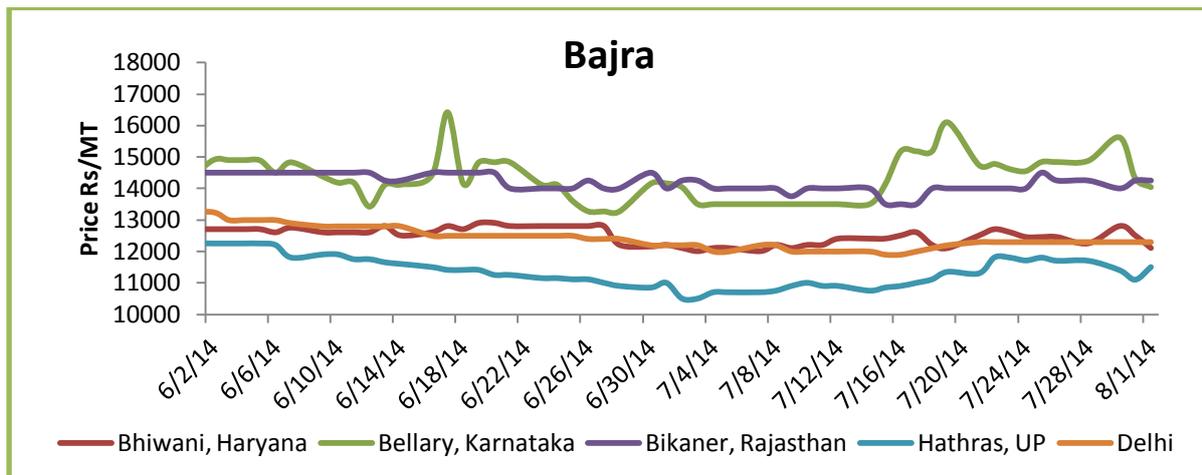
Soy meal:

- ❖ Soy meal edged-lower in sync with soybean, weak global factors and poor meal exports from India remained negative factors for the meal during the month in review.
- ❖ The US 2014/15 soybean crop is seen at record high this season which will boost the soy meal supplies this season globally. This will eventually pressure the domestic meal prices, if there is no renewed overseas demand in the same.

RM Seed:

- ❖ RM seed continued upward movement improved buying for crushing on likely fresh demand in mustard oil in days ahead. Both crushers and the stockists are seen active in the cash market to cover their stock to meet the oil demand in coming days.
- ❖ The mustard oil demand has already improved from pickle manufacturers and it is likely followed by the upcoming festivities in coming weeks. This has boosted the sentiments of crushers in crushing the seed in recent weeks.





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

Cash maize markets traded mixed during the week under review. Supply-demand side remained almost balanced. Demand from starch/feed industries continues but with slower pace due to rains in major producing and consuming states. Prices of maize decreased slightly in Delhi, Davangere, Ludhiyana and Ahmedabad while it got firmer in Ranebennur, Gadag and Sangli. It traded almost unchanged in Khanna and Shimoga last week.

As supply demand side remains balanced amid slower buying interest due to rain affected trading activities, cash market is expected to trade range bound with weak bias likely to continue this week. Bearish outlook and clue from overseas market too remain price limiting factors in the short term. Poor export demand would not allow market to go for any bull run in the short term.

However, maize prices may start getting firmer from mid-August to some extent due to seasonal factors as usual. Supply may start contracting from stockist's end and it may support price at current level. In brief, outlook for current week is bearish. However, it may trade up in the weeks ahead.

In Gulabghat mandi, maize was quoted down by Rs. 20 per quintal to Rs. 1120-1130 per quintal as compared to last week. The crop having 14 percent moisture level traded lower than expectation. As per trade sources, maize is moving towards Kolkata at Rs. 1325 per quintal on delivered basis sourced from Naugachia region of Bihar and stock of maize could be around 16-18 lakh tonne in the Bihar market.

As per trade sources, maize is moving towards Bangalore and Nammakal at Rs. 1325-30 per quintal and Rs. 1520-1530 per quintal respectively, sourced from Davangere. Government had released the 50,000 quintal of maize at Rs. 1250 per quintal in the third week of July. More dip is unlikely at this point of time. Market is expected to move range bound.

IGC latest release says that corn plunged 14 percent in July, the most since September 2011. World harvests of the grain and wheat will be larger than expected in June as prospects improve for crops

from the U.S. to Russia, boosting global cereal stockpiles to a 15-year high, according to latest release from International Grains Council.

The U.S. Department of Agriculture raised its estimates on global stockpiles for corn last month, signaling a growing glut. Bigger crops are helping to keep food inflation in check. Supplies are swelling at a time when the World Bank has cut its outlook for global expansion, signaling weaker demand for grains.

South Africa is going to harvest bumper maize crop this season, however farmers may stand to lose because of lower price this year. Total production may touch 13.5 million tonne this year against the domestic requirement of 10 million tonne. Higher production in South Africa and consequently higher availability for global market may pressurize maize price further.

However, carryout stock is lower in south Africa and efforts to offload maximum surplus stock may decrease actual realization in comparison to last year. Consumers like poultry industry and other end-users of maize were set to benefit. Consumers would, however, have to wait for three to four months before seeing a drop in processed maize prices in stores. Weakening rand to the dollar exchange rate may increase domestic import

The CACP (Commission for Agricultural Costs and Prices) would announce the MSP for rabi crop soon and market expects marginal increase in the MSP of wheat for 2014-15. Market participants are of the view that MSP may be increase from 2 to 3 percent for rabi crops to contain the inflationary pressure. Experts assume that wheat MSP might be fixed in between Rs 1420 to RS 1450 per quintal for ensuing rabi season.

Cash wheat market may trade slightly up from current level as arrivals in major markets of producing states like Uttar Pradesh, Punjab, Haryana and Bihar have contracted in recent weeks due to farmers engagements in paddy trans-planting. Lower arrivals from farmers end and increasing demand for wheat products ahead of festival season would remain supportive for the cash wheat market fundamentals. Wheat is being traded in the range of Rs 1450 to Rs 1575 per qtl. in various markets. Agriwatch expects market to move up at least by Rs 30 to RS 45 per qtl. from current level. Supply from private trades would continue.

However, any major spike in wheat market in the third quarter is unlikely due to intended supply of 10 million ton in next eight months from central pool stock at the base price of Rs 1500 and Rs 1575 per qtl. for old and new crop respectively. As wheat prices in Uttar Pradesh, Punjab, Haryana and Rajasthan are hovering around Rs 1450 to Rs 1575 per qtl. Currently, offtake from central pool would be lower than expectation.

With higher allocation of wheat govt. has ensured ample availability for the rest of the year and any attempt to drag wheat price up would not be materialized. Export window is not wide open now with declining price world over and private trades would have to release their stock in domestic

market. Global FOB quotes range \$230 to \$235 per ton (US & Black Sea Region) while Indian exporters are not able to offer below \$280 per ton. The huge difference of \$50 per ton would not allow smooth export from India In next four –five months.

Rake loading from Kota to South India continues at Rs 1840/Rs 1850 per qtl. on delivered basis. Wheat from Bulandshahar to Delhi is loaded at Rs 1575 to Rs 1580 per qtl. Millers in Punjab and Haryana are sourcing wheat from local markets as higher freight from Mathura region to Chandigarh and other markets in Punjab brings parity at negligible level. August Onward arrivals in markets would increase once again as by then farmers would have been finished paddy trans-planting.

With the commencement of harvesting in the black sea region pressure on global wheat market continues. Russia, Ukraine, US would remain the main suppliers to the global market. Any unexpected spike is unlikely in the coming week of August.

Outlook

Feed prices are expected to trade steady to weak as feed ingredients prices traded steady to weak 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	30.0
4	124.00	190.00	230.0	207.5	153.0	145.0	134.0	155.0	158.0	20.0	-65.0	42.5
5	132.00		234.0		152.0					5.0		30.0

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

As the table depicts, in Delhi spot market, maize spread with bajra decreased as maize traded down with the steady movement in bajra prices. 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	-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	-902.0
4	334.00	327.00	368.0	450.0	446.0	320.0	245.0	207.0	-240.0	-1078.0	-1120.0	-727.5

5	372.00		370.0		422.0						-1172.0		-740.0
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*Market Center: Delhi. Maize – loose price. Maize prices less Jowar

As the table depicts, maize spread with jowar traded down as maize traded down with the steady movement in jowar. We expect that both commodities could trade steady in the near term and keep maize spread with jowar intact 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	-302.0
4	-75.0	-135.0	-157.0	-205.8	-126.0	-197.0	-177.0	-26.0	-36.0	-169.0	-301.0	-252.0
5	-66.0		-140.0		-131.0					-173.0		-240.0

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

As the table depicts, maize spread with wheat increased as wheat traded down vs. maize during last week. We expect that wheat could trade down and keep maize spread with wheat in the positive tone.

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	-71.0
4	270.0	197.0	158.0	189.2	171.0	170.0	143.0	163.0	208.0	87.0	-80.0	-107.5
5	272.0		190.0		155.0					78.0		-140.0

*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 during last week. We expect that both could trade steady in the near term and keep maize spread with barley intact for the near term.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	1-Aug-14	25-Jul-14	Parity To
Indore (MP)	36500-36800	37800-38700	Gujarat, MP
Kota	36000	37000	Rajasthan, Del, Punjab, Haryana

Dhulia/Jalna	38300	39800	Mumbai, Maharashtra
Nagpur (42/46)	39000	41300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39000	39000	Andhra, AP, Kar, TN
Latur	39800	40800	-
Sangli	40000	41000	Local and South
Sholapur	40000	40500	Local and South
Akola	37500	39000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	38800	40500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	36500	37500	-

Soy DOC at Port

Centers	Port Price	
	1-Aug-14	25-Jul-14
Kandla (FOR) (INR/MT)	38000	39500
Kandla (FAS) (USD/MT)	624	657

International Soy DOC

Argentina FOB \$/MT	31-Jul-14	24-Jul-14	Change
Soybean Pellets	-	462	-
Soybean Cake Meal	-	462	-
Soybean Meal	-	470	-
Soy Expellers	-	470	-

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	1-Aug-14	25-Jul-14	Change
Adoni	23800	23800	Unch
Khamgaon	NA	NA	-
Parli	24000	24000	Unch
Latur	23600	23600	Unch

Groundnut Meal

Groundnut Meal	1-Aug-14	25-Jul-14	Change

Basis 45% O&A, Saurashtra	27500	28500	-1000
Basis 40% O&A, Saurashtra	25500	26500	-1000
GN Cake, Gondal	26000	27500	-1500

Mustard DOC/Meal

Mustard DOC/Meal	1-Aug-14	25-Jul-14	Change
Jaipur (Plant Delivery)	12800	13000	-200
Kandla (FOR)	13800	14000	-200

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	1 Aug,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1260	1275	1190	1330	1400
Davangere	Bilty	1320	1350	1350	1300	1460
Nizamabad	Bilty	NA	NA	1240	1260	1490
Ahmedabad	Feed	1400	1425	1360	1335	1540
	Starch	1380	1400	1340	1400	1420

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	191.73	183.05	197.64	241
Cost and Freight (Thailand)	241.73	238.5	257.64	276

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>1-Aug-14</u>	<u>25-Jul-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1404	1484	-80
		Hybrid	Bangalore	1650	1650	Unch
Jowar	Karnataka	White	Bangalore	2150	2150	Unch
		White	Bellary	1709	1747	-38
Maize	Karnataka	Yellow	Davangere	1280	1300	-20
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	1800	2000	-200
		Parmal Raw	Karnal	2300	2400	-100
Soy meal	Madhya Pradesh	DOC	Indore	3680	3870	-190
	Maharashtra	DOC	Sangli	4000	4100	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2380	2380	Unch
	Maharashtra	Ex-factory	Latur	2360	2360	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1280	1300	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2600	2750	-150
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1811	1814	-3
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1750	1761	-11

Note: Prices Rs./ Qtl
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