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Summary

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

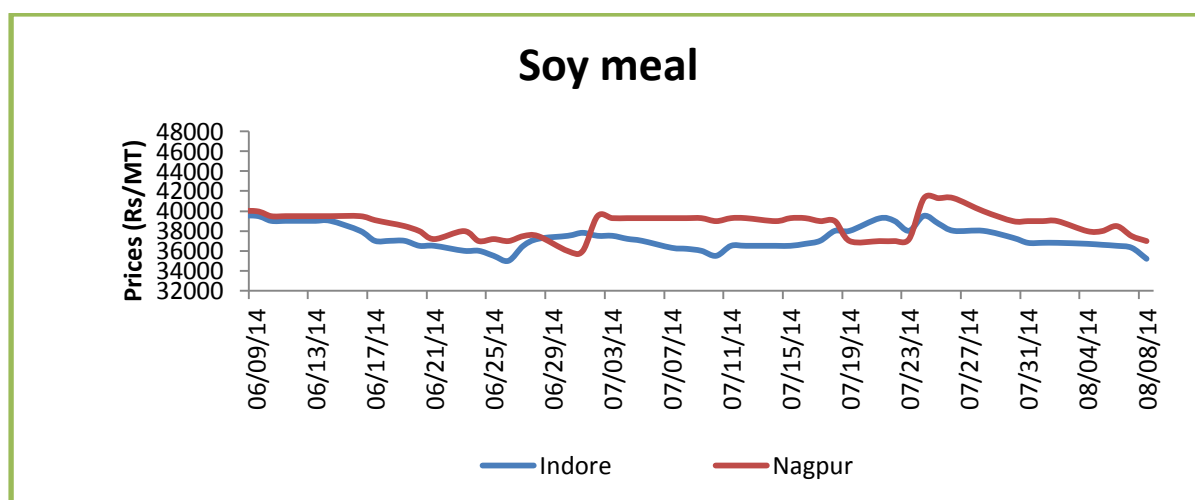
Soybean extended losses in cash market on weak crusher's buying and spurt in the supplies during the week in review. Disparity in soybean crushing is already discouraging for the crushers with improved cheaper imports in edible oils and lower soy meal export sales this season.

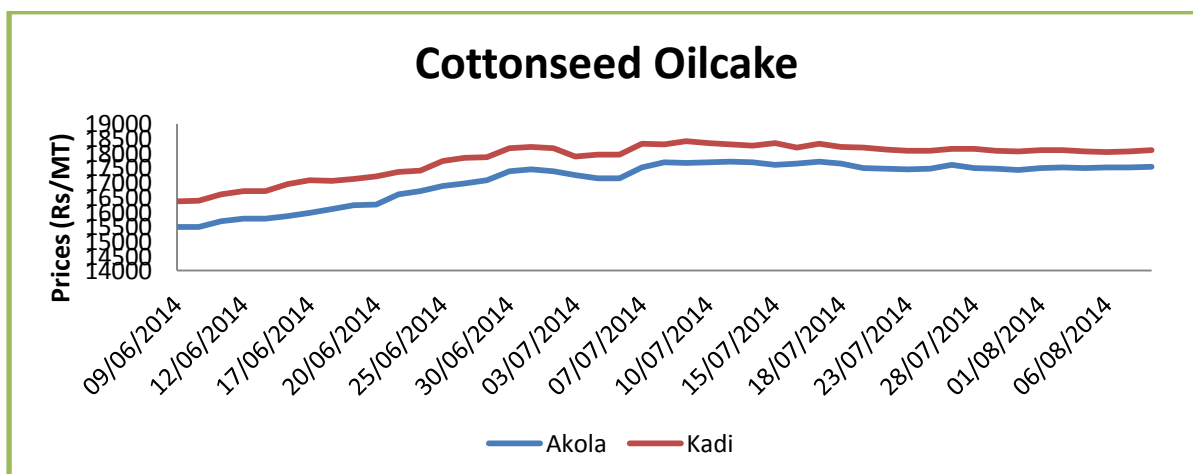
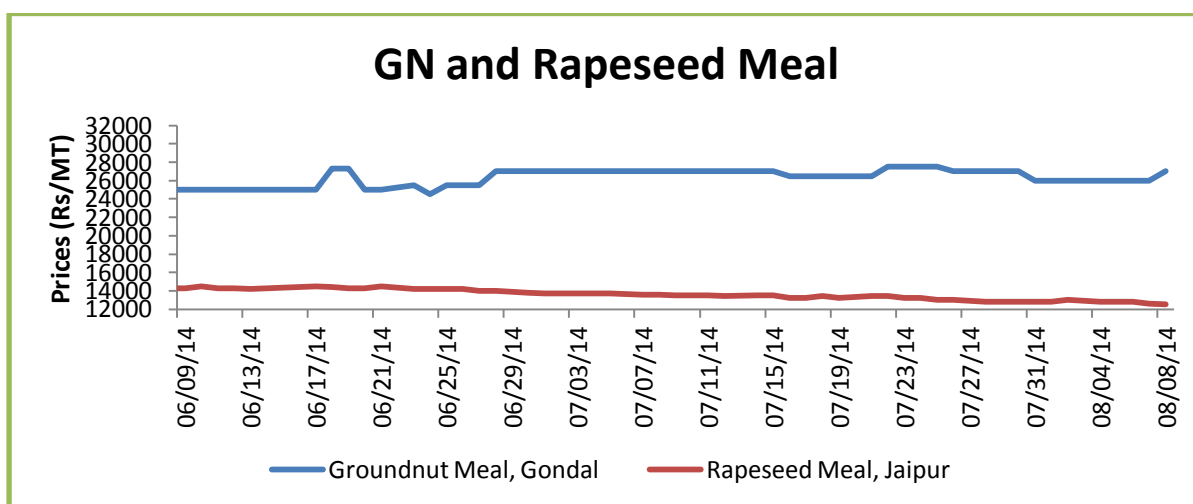
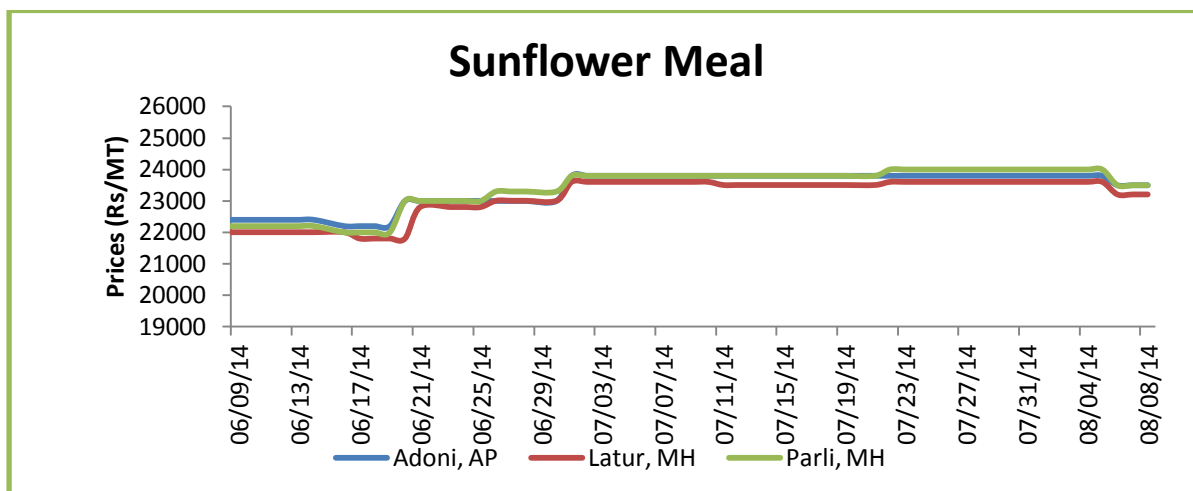
Soy meal featured losses in tandem with soybean pressured the weak international market during the week under review.

Weak soy meal export sales and international soy meal buyers shifting to South-America for competitive price remained a prime pressurizing factor for domestic meal. India's July export sales plunged 94%.

Mixed sentiments witnessed in major spot markets of maize during the week under review. Besides, Key spot wheat mill delivery prices traded steady to slightly weak due to more arrival from OMSS.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean, soy meal and RM seed fell in tandem on weak buying and sluggish international oil and fats market. However, the fall in RM seed was limited in anticipation of better crusher's buying for upcoming mustard oil demand in near-term.

Soybean:

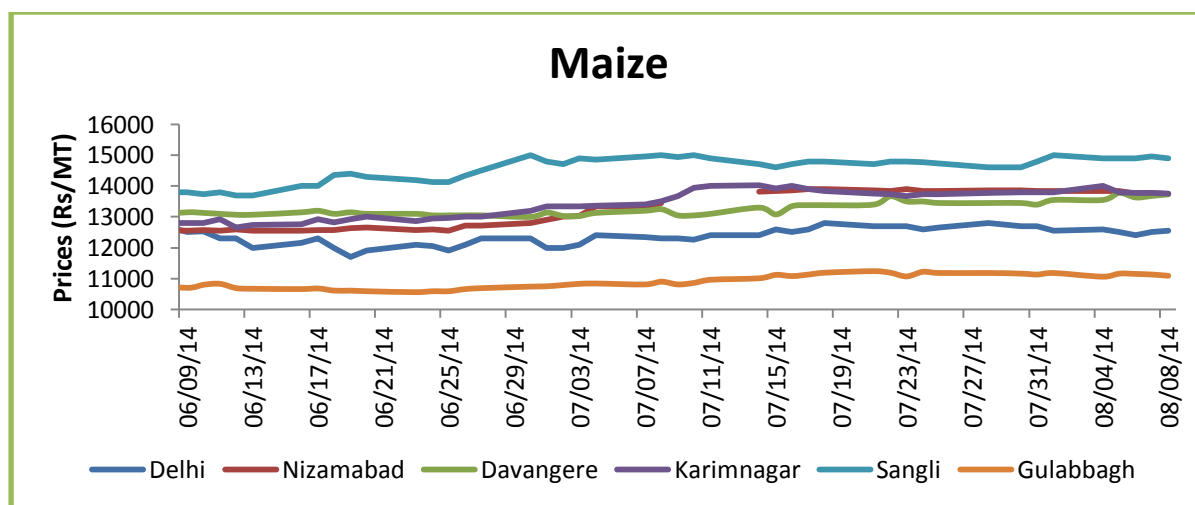
- ❖ Soybean extended losses in cash market on weak crusher's demand and spurt in the supplies during the week in review. Disparity in soybean crushing is already discouraging for the crushers with improved cheaper imports in edible oils and lower soy meal export sales this season.
- ❖ India's area coverage 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.
- ❖ India's soybean area coverage this season is expected to fall, around 10%, compared to previous year (122.2 lha) as there are reports of soybean farmers shifting their area to cotton and rice, these are the crops which can be planted little late whereas soybean can't be stretched too long.

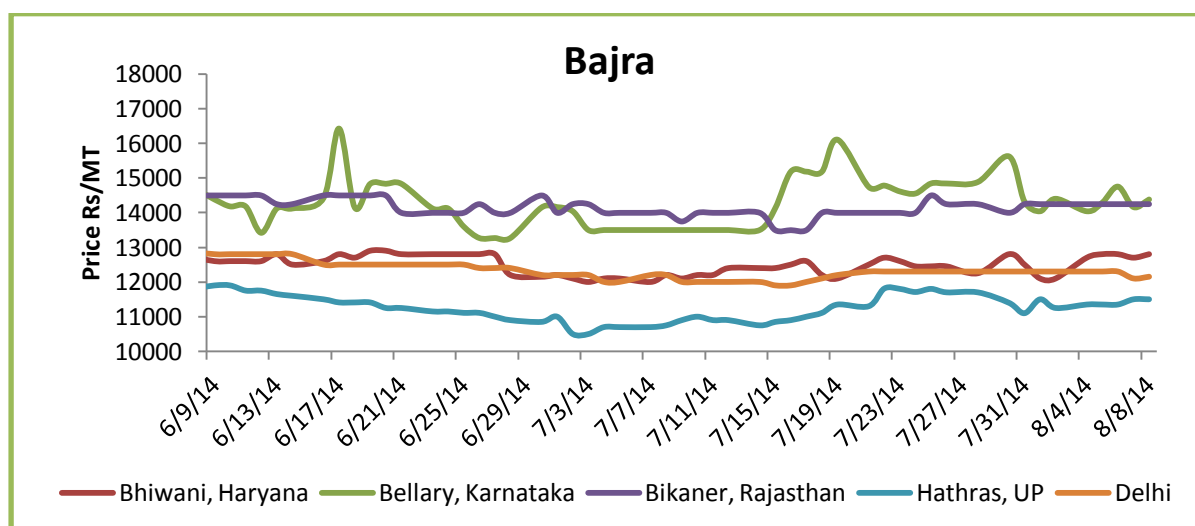
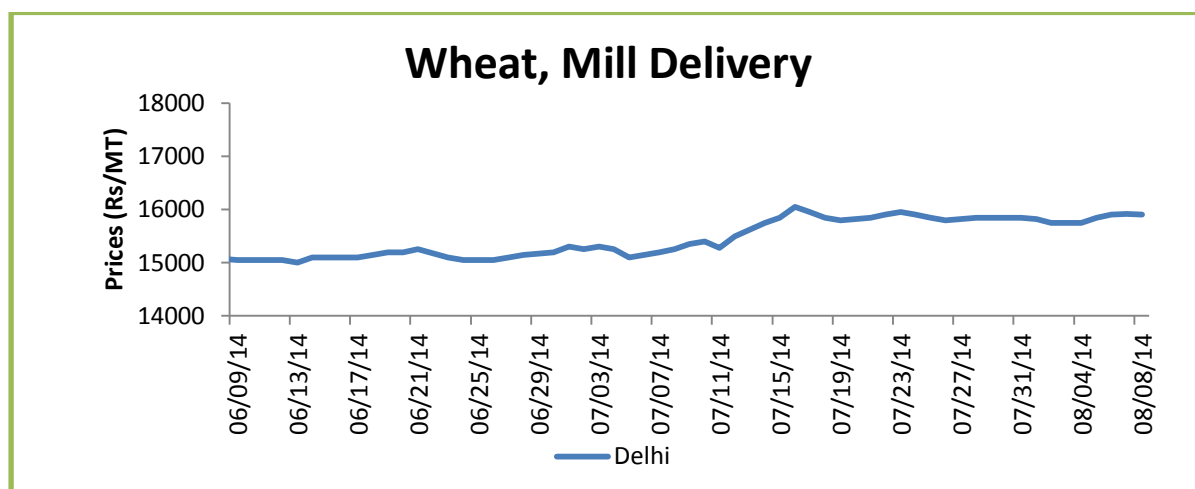
Soy meal:

- ❖ Soy meal featured losses in tandem with soybean pressured the weak international market during the week under review.
- ❖ Weak soy meal export sales and international soy meal buyers shifting to South-America for competitive price remained a prime pressurizing factor for domestic meal. India's July export sales plunged 94%.

RM Seed:

- ❖ RM seed witnessed mild losses primarily pressured by the bullish global oilseeds supply factors. Overall, the RM seed buying remained active in recent weeks.
- ❖ Both crushers and the stockists are seen active in the cash market to cover their stock to meet the upcoming oil demand in coming days.





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

Mixed sentiments witnessed in major spot markets of maize during the week under review. Prices of maize decreased slightly in Delhi, Ranebennur, Gadag, Sangli and Ahmedabad while it got firmer in Davangere. It traded almost unchanged in Ludhiana and Shimoga last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 20 per quintal to Rs. 1380-1400 per quintal while starch feed makers quoted maize down by Rs. 30 per quintal to Rs.1350-1360 per quintal as compared to last week, sourced from U.P.

In Gulabbagh mandi, maize was quoted steady at Rs. 1100-1150 per quintal as compared to last week. As per trade sources, maize is moving towards Kolkata at Rs. 1250-1310 per quintal on delivered basis sourced from Naugachia region of Bihar and stock of maize could be around 16-18 lakh tons in the Bihar market.

As per trade sources, maize is moving towards Bangalore, Nammakal and Chitradurga at Rs. 1450 per quintal, Rs. 1540 per quintal and Rs. 1380 per quintal respectively, sourced from Davangere. Market is expected to move range bound.

As per USDA, U.S accumulated corn export figures reached to 43,005,924 metric tons for the 2013-14 marketing year. Exports of 1,071,700 MT were up 24% from the last week and 8% from the prior 4-week average; reported by U.S. to Japan (363,200 MT), Mexico (191,300 MT), South Korea (190,300 MT), Peru (96,100 MT), Israel (69,000 MT), Colombia (56,600 MT), and Panama (19,700 MT) for the period July 25- July 31, 2014.

European traders told that South Korea's Major Feedmill Group has purchased 110,000 tons of corn from BTG at \$223.21 a ton c&f plus a \$1.50 a ton surcharge for additional port unloading. 55,000 tons was for Dec. 31, 2014, arrival and another 55,000 tons for Jan. 13, 2015 arrival. (Source: Reuters)

The Agriculture Ministry's Conab crop supply agency raised its production forecast for Brazil's 2013/14 corn crop by 0.35 million tons to 78.55 million tons from the last month forecast. Corn exports from Brazil are likely to be 21 million tons from the 2013/14 crop. (Source: Reuters)

The European Union granted this week licence to import 490,000 tons of maize, taking the volume so far this season to 1.6 million tons.

Informa Economics raised its U.S. corn production forecast for 2014 to 13.988 billion bushels, from 13.731 billion bushels in the last month.

According to an official announcement in Brazil's Federal Register on Wednesday, Brazil's government approved 500 million reais (\$218 million) in corn subsidies for farmers. (Source: Reuters)

As per the latest crop progress report released by USDA, 90% crop of corn is at silking stage, higher by 6% from the last year and 2% from the last 5 year average period. 36% crop of corn has been dough, higher by 19% from the last year and 7% from the last 5 year average period. 73% corn crop is in good to excellent condition as of 3rd August, 2014, lower by 2% from the last week but higher by 9% from the last year.

Major wheat cash markets trade steady to slightly firm due to restricted arrivals as farmers are busy with kharif sowing. Wheat release from central pool stock through tendering process is expected from next week. Besides demand from south and north Indian miller's continues. In Delhi market wheat traded Rs 15 per qtl. up to Rs 1590 per quintal in last three days. Market participants say that uptrend in Delhi market would not continue as rescheduled tendering date would remain restrictive to the market fundamental. Wheat price may hover in the range of RS 1580 to Rs 1600 per qtl. Old wheat sourced from Govt. godowns in Delhi would cost around Rs 1560/1570 including freight and labour.

According to IBIS (provisional data), export of wheat in the month of July was 1.37 Lakh tones which is around 69% less than last year at the same month, which was 4.46 Lakh tones in July 2013. The reason behind the lower export is attributed to disparity from other exporting countries like U.S.A., Russia and Ukraine.

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.

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 tonne (US & Black Sea Region) while Indian exporters are not able to offer below \$280 per tonne. The huge difference of \$50 per tonne would not allow smooth export from India in next four –five months.

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 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	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14
1	145.00	232.0	237.5	205.0	127.0	132.5	129.0	160.0	109.0	-0.83	-17.0	27.0
2	204.00	275.5	233.0	192.5	135.0	134.0	146.0	162.5	83.0	-20.0	25.0	
3	197.50	241.25	223.3	160.0	122.0	107.0	141.0	161.0	28.0	-62.0	30.0	
4	190.00	230.0	207.5	153.0	145.0	134.0	155.0	158.0	20.0	-65.0	42.5	
5		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 vs. bajra. We expect that maize could trade steady with the decrease in bara prices and keep maize spread with bajra firm as compared to last week.

Maize Average Weekly spread with Jowar

Week	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14
1	321.66	364.0	487.5	450.0	357.0	318.0	269.0	-101.0	-604.0	-	-	-785.0
2	402.00	366.0	492.0	460.0	317.0	293.0	342.0	-145.0	-615.0	-940.0	-902.0	
3	390.00	400.0	471.6	436.0	310.0	201.0	354.0	-141.0	-966.0	-	-902.0	
4	327.00	368.0	450.0	446.0	320.0	245.0	207.0	-240.0	-1078.0	-	-727.5	
5	372.00		370.0		422.0					-	-740.0	

*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 that both commodities could trade steady in the near term and keep keep maize spread with jowar in the negative zone.

Maize Average Weekly spread with Wheat

Week	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14
1	-104.0	-128.0	-132.5	-186.2	-160.0	-176.0	-175.0	-55.0	-57.5	-182.5	-277.0	-240.0
2	-122.0	-139.0	-150.0	-175.0	-166.0	-177.0	-109.0	17.5	-122.5	-222.5	-246.0	
3	-152.0	-180.0	-205.0	-187.0	-191.0	-221.0	-120.0	6.0	-173.0	-306.0	-302.0	
4	-135.0	-157.0	-205.8	-126.0	-197.0	-177.0	-26.0	-36.0	-169.0	-301.0	-252.0	
5		-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 was unchanged as both commodities traded down during last week. We expect that both could trade steady and keep maize spread with wheat intact during next week.

Maize Average Weekly spread with Barley

Week	Sep'13	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14
1	244.0	195.0	237.5	185.0	127.0	158.0	102.5	180.0	144.0	47.0	-95.0	-128.0
2	220.0	191.0	231.0	187.5	143.0	135.0	137.0	217.5	85.0	0.0	-88.0	
3	190.0	178.75	216.7	157.0	150.0	102.5	144.0	258.0	61.0	-68.0	-71.0	
4	197.0	158.0	189.2	171.0	170.0	143.0	163.0	208.0	87.0	-80.0	-107.5	
5		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 increased as barley traded down vs. maize during last week. We expect that barley could trade down in the near term also and keep maize spread with barley firm for the near term.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	8-Aug-14	1-Aug-14	Parity To
Indore (MP)	35200	36500-36800	Gujarat, MP
Kota	35000	36000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	38000	38300	Mumbai, Maharashtra
Nagpur (42/46)	37000	39000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	37000	39000	Andhra, AP, Kar, TN
Latur	38000	39800	-
Sangli	38000	40000	Local and South
Sholapur	38000	40000	Local and South
Akola	35500	37500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	38000	38800	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	33000	36500	-

Soy DOC at Port

Centers	Port Price	
	8-Aug-14	1-Aug-14
Kandla (FOR) (INR/MT)	37000	38000
Kandla (FAS) (USD/MT)	601	624

International Soy DOC

Argentina FOB \$/MT	7-Aug-14	30-Jul-14	Change
Soybean Pellets	456	460	-4
Soybean Cake Meal	456	460	-4
Soybean Meal	464	468	-4
Soy Expellers	464	468	-4

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	8-Aug-14	1-Aug-14	Change
Adoni	23500	23800	-300
Khamgaon	NA	NA	-
Parli	23500	24000	-500
Latur	23200	23600	-400

Groundnut Meal

Groundnut Meal	8-Aug-14	1-Aug-14	Change
Basis 45% O&A, Saurashtra	27000	27500	-500
Basis 40% O&A, Saurashtra	25000	25500	-500
GN Cake, Gondal	27000	26000	1000

Mustard DOC/Meal

Mustard DOC/Meal	8-Aug-14	1-Aug-14	Change
Jaipur (Plant Delivery)	12500	12800	-300
Kandla (FOR)	13500	13800	-300

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	8 Aug,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1235	1260	1240	1280	1400
Davangere	Bilty	1350	1320	1350	1330	1460
Nizamabad	Bilty	NA	NA	NA	1250	1490
Ahmedabad	Feed	1390	1400	1350	1340	1550
	Starch	1355	1380	1350	1360	1425

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	188.78	181.9	198.6	239
Cost and Freight (Thailand)	238.78	236.9	258.6	274

Soy Meal Exports (In MT):

Month	2010	2011	2012	2013	2014
Jan	240318	574996	474993	620133	364444
Feb	220552	540360	344240	577589	183551
Mar	163666	410537	460464	320265	232176
Apr	60264	305033	313832	100311	75884
May	60575	176819	142588	97546	8226
Jun	98400	117600	180987	213564	2636
Jul	166632	139547	168341	107038	6682
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	866917

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>8-Aug-14</u>	<u>1-Aug-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1438	1404	34
		Hybrid	Bangalore	1700	1650	50
Jowar	Karnataka	White	Bangalore	2050	2150	-100
		White	Bellary	1760	1709	51
Maize	Karnataka	Yellow	Davangere	1350	1280	70
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	1800	1800	Unch
		Parmal Raw	Karnal	2300	2300	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3520	3680	-160
	Maharashtra	DOC	Sangli	3800	4000	-200
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2350	2380	-30
	Maharashtra	Ex-factory	Latur	2320	2360	-40
Mustard	Rajasthan	Plant delivery	Jaipur	1250	1280	-30
Groundnut Meal	Gujarat	GN Cake	Gondal	2700	2600	100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1810	1811	-1
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1753	1750	3

Note: Prices Rs./ Qtl

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