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Summary

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

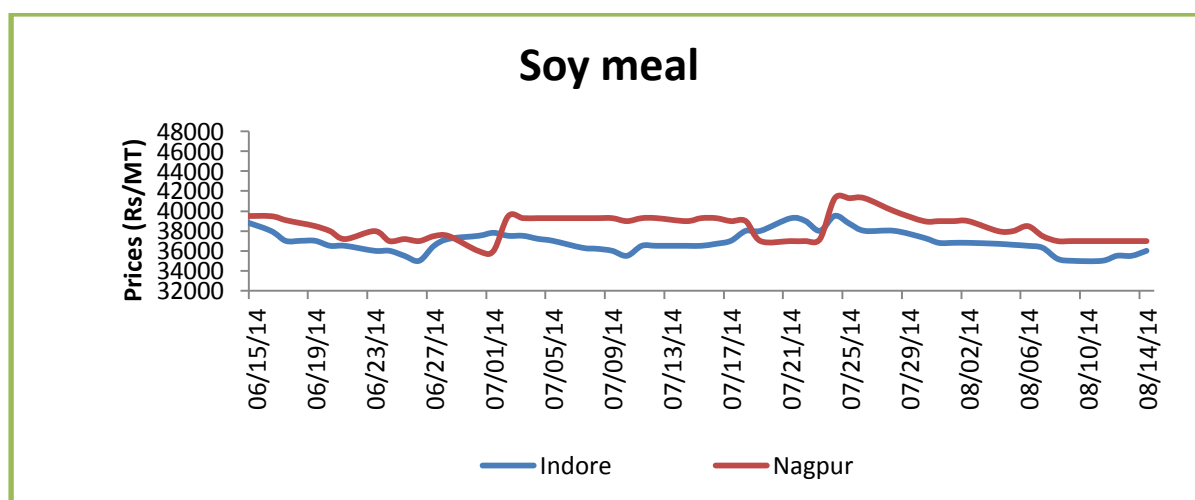
Soybean continued downtrend on weak solvent extractors demand on continued lower crushings. India's improved cheaper imports of edible oils, which rose 18- month high in July and lower soy meal export sales this season remained bearish for the beans.

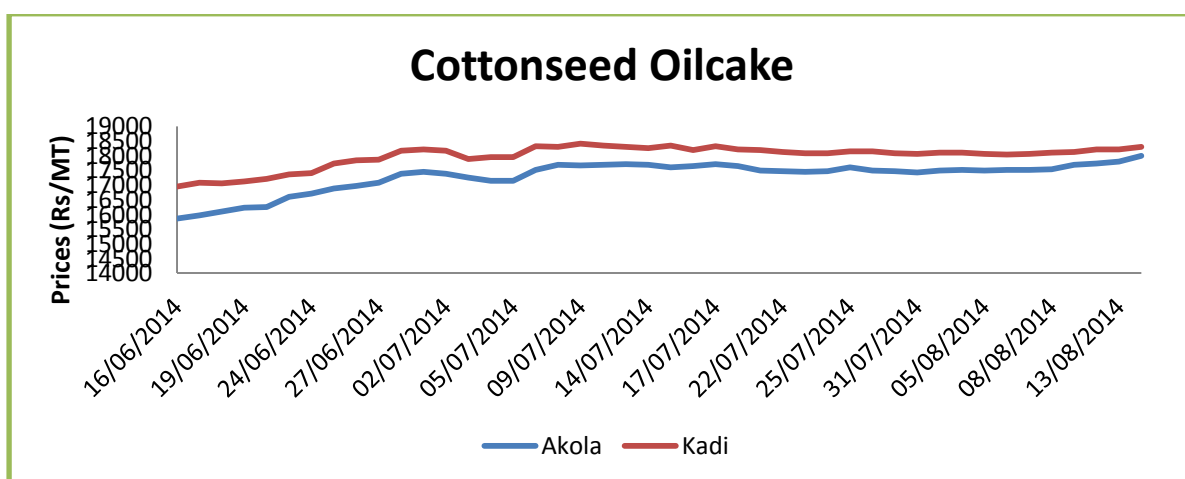
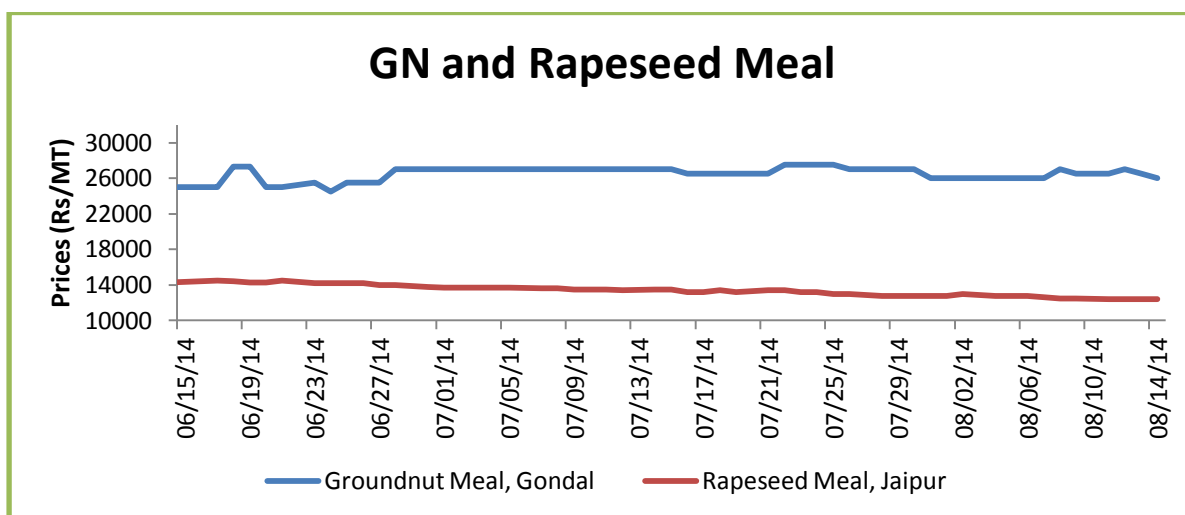
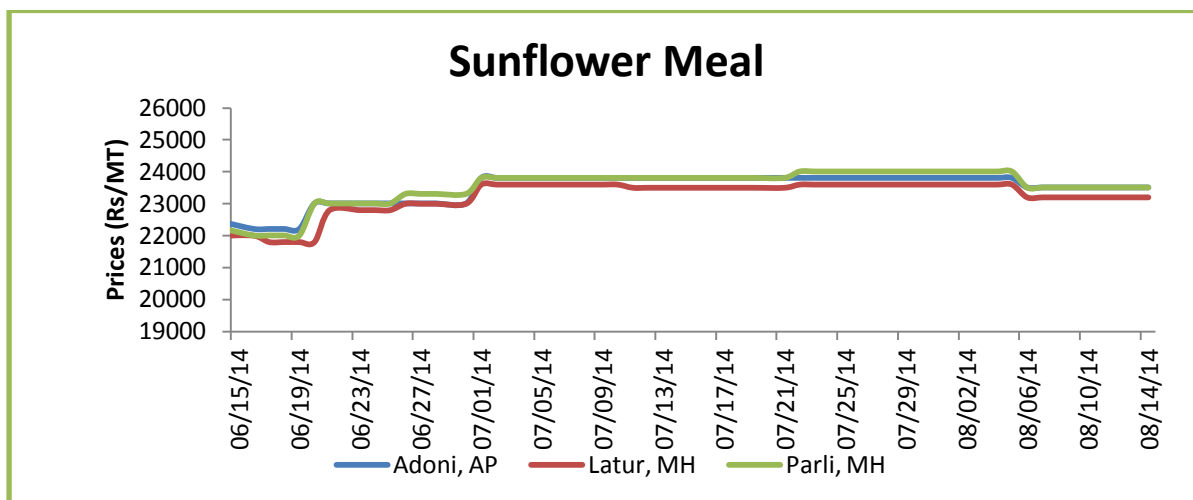
Soy meal continued to witness losses in sync with soybean primarily on weak export sales this season and sluggish soy complex in domestic front.

Further, 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%.

Overall steady to slightly firm sentiments witnessed in major spot markets of maize during the week under review. Besides, Key spot wheat mill delivery prices traded steady to slightly firm due to less arrival.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean, soy meal and RM seed fell in sync consecutive second week on lackluster buying. RM seed got a setback which posted continuous gains in past several weeks.

Soybean:

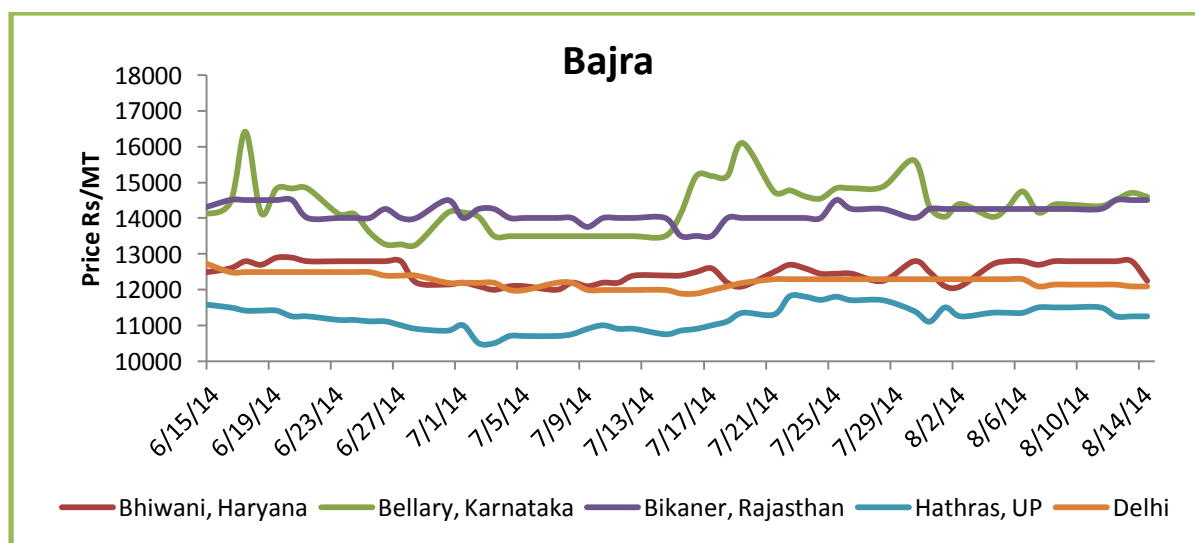
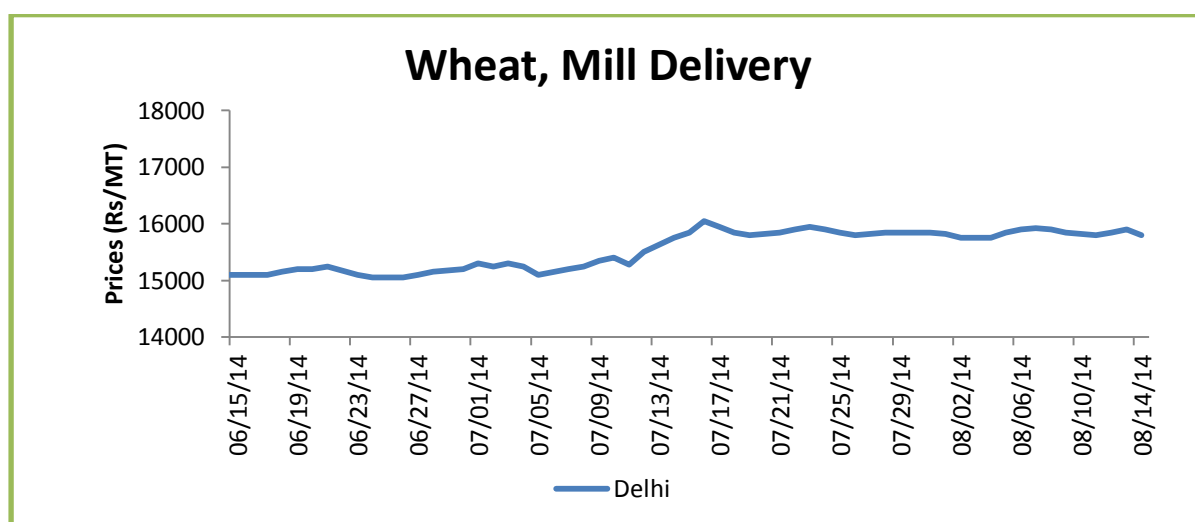
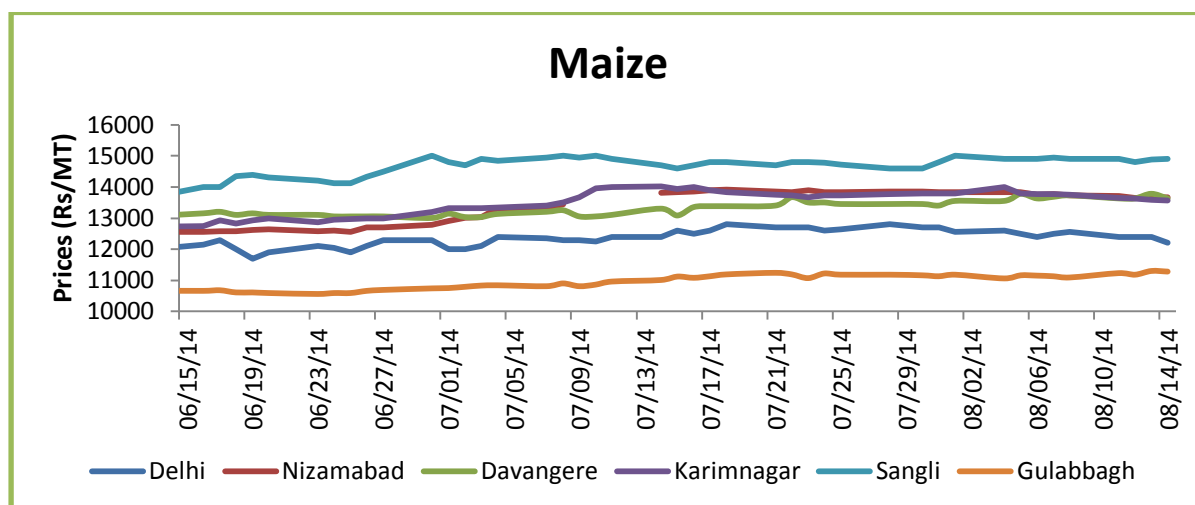
- ❖ Soybean continued downtrend on weak solvent extractors demand and sluggish crushings. India's improved cheaper imports of edible oils, which rose 18- month high in July and lower soy meal export sales this season remained bearish for the beans.
- ❖ India's area coverage under soybean, as on 14 Aug 2014, was reported at 107.77 lakh ha compared to 121.04 lha (-11%) during the same period last year. The planting has picked up with the improved rains in the growing region. The all India departure of monsoon on 17 August is reported at -17% which was -42% early in July, a positive sign of recovery.
- ❖ 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 continued to witness losses in sync with soybean primarily on weak export sales this season and sluggish soy complex in domestic front.
- ❖ Further, 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 featured losses consecutive second week after straight gains for last 2 months. Bearish global oilseeds supply scenario primarily due to expected record US soybean crop and continued falling BMD CPO in recent days.
- ❖ Cautious buying was featured as the key buyers, crushers and stockists, anticipate further fall in the seed prices.
- ❖ The seed prices are likely to rebound on likely improved buying in near-term.



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

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

In Ahmadabad region of Gujarat, poultry feed makers quoted maize steady at Rs. 1380-1400 per quintal while starch feed makers quoted maize down by Rs. 10 per quintal to Rs.1330-1350 per quintal as compared to last week, sourced from U.P.

In Gulabghat mandi, maize was quoted down by Rs. 40 per quintal to Rs. 1100-1110 per quintal as compared to last week. As per trade sources, maize is moving towards Kolkata at Rs. 1250-1300 per quintal on delivered basis sourced from Naugachia region of Bihar.

As per trade sources, maize is moving towards Bangalore, Nammakal and Chitradurga at Rs. 1450-1460 per quintal, Rs. 1520-1550 per quintal and Rs. 1420 per quintal respectively, sourced from Davangere. Market is expected to trade down on the expectation of Government release and good weather conditions.

As per USDA, U.S accumulated corn export figures reached to 43,727,747 metric tons for the 2013-14 marketing year. Exports of 7,21,800 MT were down 33% from the last week and 25% from the prior 4-week average; reported by U.S. to Mexico (212,300 MT), South Korea (131,600 MT), Japan (120,200 MT), Venezuela (70,000 MT), the Netherlands (60,400 MT), Guatemala (58,800 MT), and Taiwan (24,100 MT) for the period Aug 01- Aug 7, 2014.

Korean traders told that South Korea's Korea Corn Processing Industry Association purchased 55,000 tons of corn from Bunge at \$226.45 a ton c&f, including a surcharge for unloading at a second port for the arrival by Dec. 25, 2014. Besides, South Korea's Feed Leaders Committee purchased 60,000 tons of feed corn at \$219.49 a ton c&f plus \$1.50 surcharge for extra port unloading for Jan. 25, 2015 arrival. (Source: Reuters)

As per USDA, Private exporters reported the sale of 107,600 tons of U.S. corn to Mexico and 130,000 tons of U.S. corn to unknown destinations, both for 2014/15 delivery.

According to the Trade Ministry, the Dau Tu (Investment) newspaper reports, Vietnam has spent \$681 million to import nearly 2.7 million tons of corn in the first seven months of 2014, a rise of 137.2 percent in value from the last year as imported corn is still priced lower than domestic corn. (Source: Reuters)

The CNGOIC slightly cut its estimate for China's 2014 corn output to 222.3 million tons due to drought in central China, still higher by 1.7 percent from the last year as higher overall planted acreage this year compensates for any damage to crops. (Source: Reuters)

USDA increased corn production forecast for U.S by 172 million bushels to 14032 million bushels from the last month forecast for 2014/15; slightly below from the trade estimates. This increase was mainly due to increase in yield by 2.1 bushels/ acre to 167.4 bushels/ acre. Besides, corn ending stocks are forecasted higher by 7 million bushels to 1,808 million bushels for 2014/15.

As per USDA, Global corn ending stocks are projected at 192.53 million tons for 2014/15 and 172.85 million tons for 2013/14.

USDA kept unchanged its production and export & import estimates for Argentina, South Africa and China' crop of corn for 2014/15 from the last month estimates

As per Reuters news, South Korea's largest animal feed maker Nonghyup Feed Inc purchased 65,000 tons of feed corn from Bunge at \$219.37 a ton c&f for arrival on Jan. 20.

As per the latest crop progress report released by USDA, 96% crop of corn is at silking stage, higher by 3% from the last year and 1% from the last 5 year average period. 54% crop of corn has been dough, higher by 24% from the last year and 8% from the last 5 year average period. Besides, 11% crop of corn has been dented, higher by 6% from the last year but below 5% from the last 5 year average period. 73% corn crop is in good to excellent condition as of 10th August, 2014, same from the last week but higher by 9% from the last year.

Wheat cash market trades steady to slightly down on ample supply side and weak demand from bulk consumers. Export demand for Indian wheat remains at its low ebb due to wide difference in FOB quotes. South Indian millers have covered their immediate demand and they are not in a hurry to buy wheat before August. Wheat in the domestic market is being traded in the range of Rs 1450 to Rs 1550 per qtl. at various trading hubs. Indian FOB quotes hover in between \$285 to 286 per tonne against world availability of wheat in the range of \$245 to \$250 per tonne.

Wheat allocation (around 10 million tonnes) through OMSS for next eight months at fixed reserved price (Rs 1500 and Rs 1570 per qtl. for the old and new crop respectively) would not allow market to get firmer. However, more dip from current level is unlikely from current level.

Wheat export from India is bound to decline by 13 to 15 percent this year due to lower price in the global market and importers have more options to source wheat and resultantly bargain. FAO estimates that Wheat supply would be around 881 mt, compared with the required 699 mt—surplus of 182 mt in 2014-15. This indicates over supply in global market and restricts Indian opportunity to export.

Wheat offtake from central pool stock would remain restricted in the month of August despite tender is being invited in various states like Rajasthan, M.P. Haryana and Punjab at pre determined reserve price. As wheat in the open market is available around Govt.'s reserve price, so private buyers would prefer to buy from the market first as they get credit at least for 15 days and get

benefit of 1.5 percent cash discount. Rake loading from Kota region of Rajasthan to south India(Karnataka) is being loaded at Rs 1860 per qtl. on delivered basis.

Wheat market is likely to stay steady to slightly up in Aug/Sept. However, any spike at this point of time is unlikely as supply sides from private and govt.'s end remain ample.

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.

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 as feed ingredients prices traded mixed 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	20.0
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 both could trade steady and keep maize spread with bajra intact 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	-768.0
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 firm as jowar traded down vs. Maize during last week. We expect that both commodities could trade steady in the near term and keep keep maize spread with jowar unchanged for the near term.

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	-270.0
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 decreased as wheat traded firm 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	-102.0
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 both could trade steady in the near term and keep maize spread with barley unchanged as compared to last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	14-Aug-14	8-Aug-14	Parity To
Indore (MP)	36000	35200	Gujarat, MP
Kota	35000	35000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	37500	38000	Mumbai, Maharashtra
Nagpur (42/46)	37000	37000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	37000	37000	Andhra, AP, Kar, TN
Latur	38000	38000	-
Sangli	38000	38000	Local and South
Sholapur	38000	38000	Local and South
Akola	35500	35500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	38000	38000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	34500	33000	-

Soy DOC at Port

Centers	Port Price	
	14-Aug-14	8-Aug-14
Kandla (FOR) (INR/MT)	37000	37000
Kandla (FAS) (USD/MT)	606	601

International Soy DOC

Argentina FOB \$/MT	14-Aug-14	7-Aug-14	Change
Soybean Pellets	465	456	9
Soybean Cake Meal	465	456	9
Soybean Meal	473	464	9
Soy Expellers	473	464	9

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	14-Aug-14	8-Aug-14	Change
Adoni	23500	23500	Unch
Khamgaon	NA	NA	-
Parli	23500	23500	Unch
Latur	23200	23200	Unch

Groundnut Meal

Groundnut Meal	14-Aug-14	8-Aug-14	Change
Basis 45% O&A, Saurashtra	28500	27000	1500
Basis 40% O&A, Saurashtra	26500	25000	1500
GN Cake, Gondal	26000	27000	-1000

Mustard DOC/Meal

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

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	179.13	181.3	194.1	239
Cost and Freight (Thailand)	229.13	236.3	254.1	274

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	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>14-Aug-14</u>	<u>8-Aug-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1460	1438	22
		Hybrid	Bangalore	1650	1700	-50
Jowar	Karnataka	White	Bangalore	2200	2050	150
		White	Bellary	1343	1760	-417
Maize	Karnataka	Yellow	Davangere	1370	1350	20
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	1800	1800	Unch
		Parmal Raw	Karnal	2400	2300	100
Soy meal	Madhya Pradesh	DOC	Indore	3600	3520	80
	Maharashtra	DOC	Sangli	3800	3800	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2350	2350	Unch
	Maharashtra	Ex-factory	Latur	2320	2320	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	NA	1250	-
Groundnut Meal	Gujarat	GN Cake	Gondal	2600	2700	-100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1831	1810	21
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1800	1753	47

Note: Prices Rs./ Qtl

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