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Summary

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

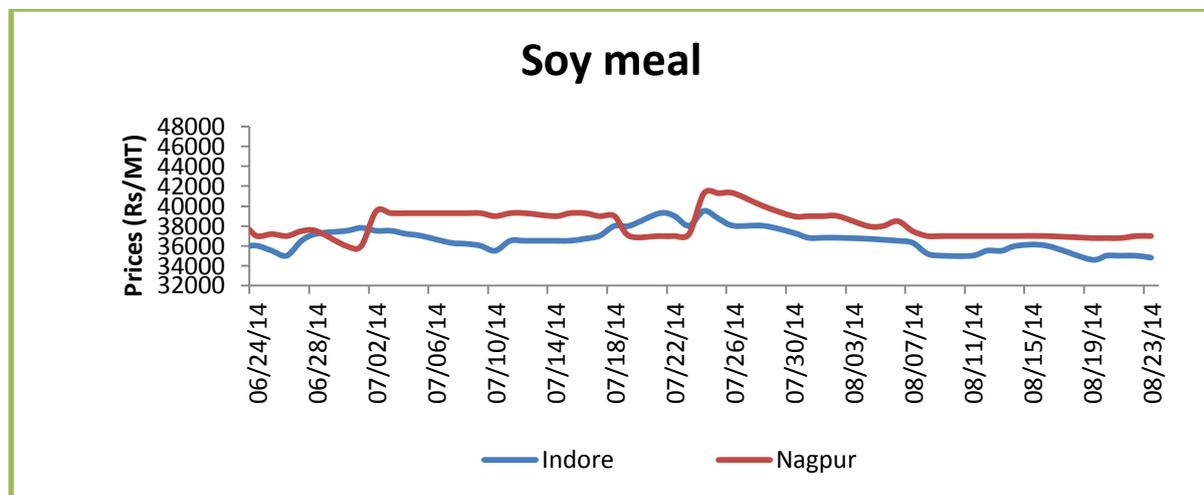
Soybean fell straight 4th week on bearish global factors and lower domestic crushing demand. Availability of edible oils at competitive price in the international market has boosted India's imports in the same in recent months.

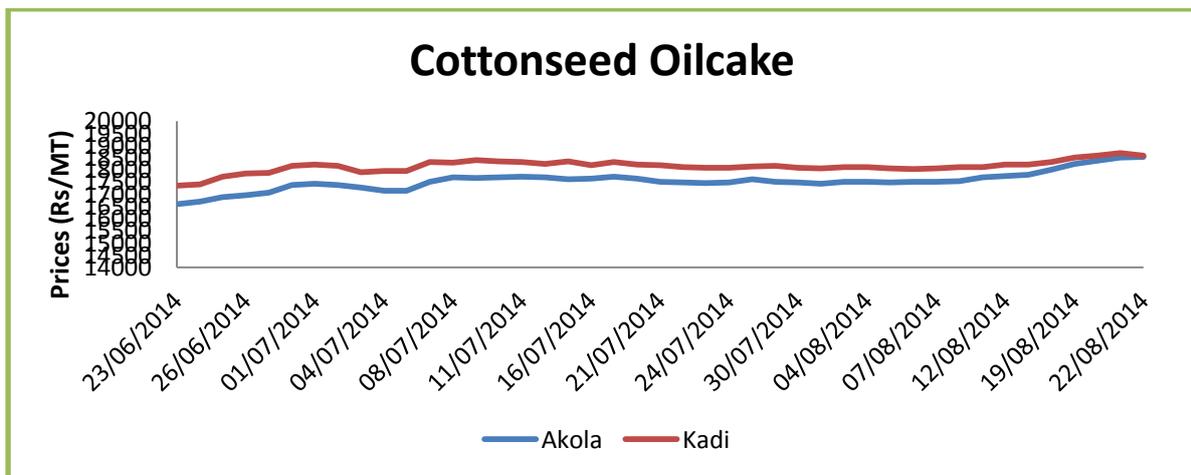
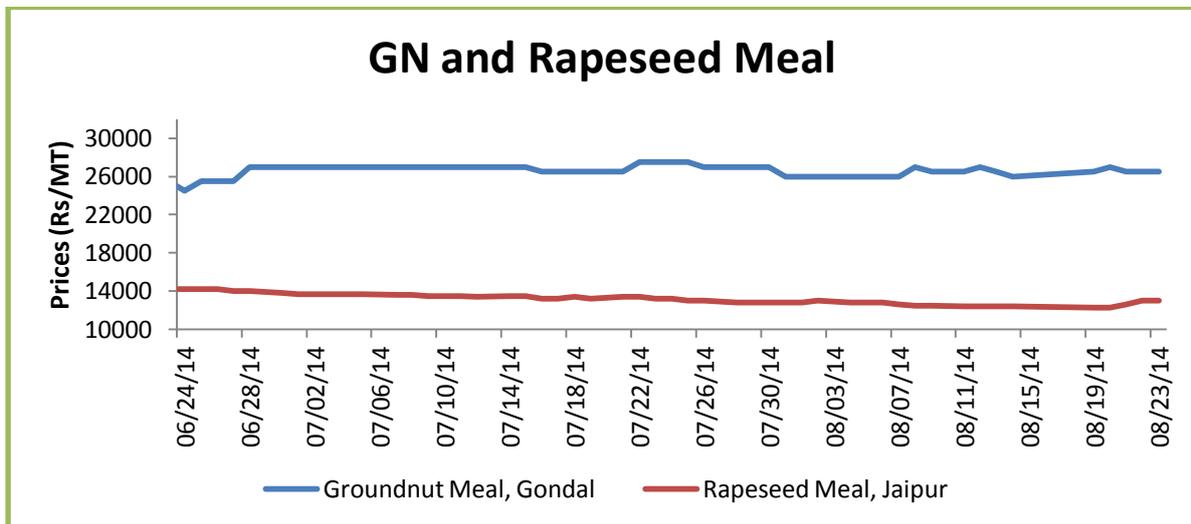
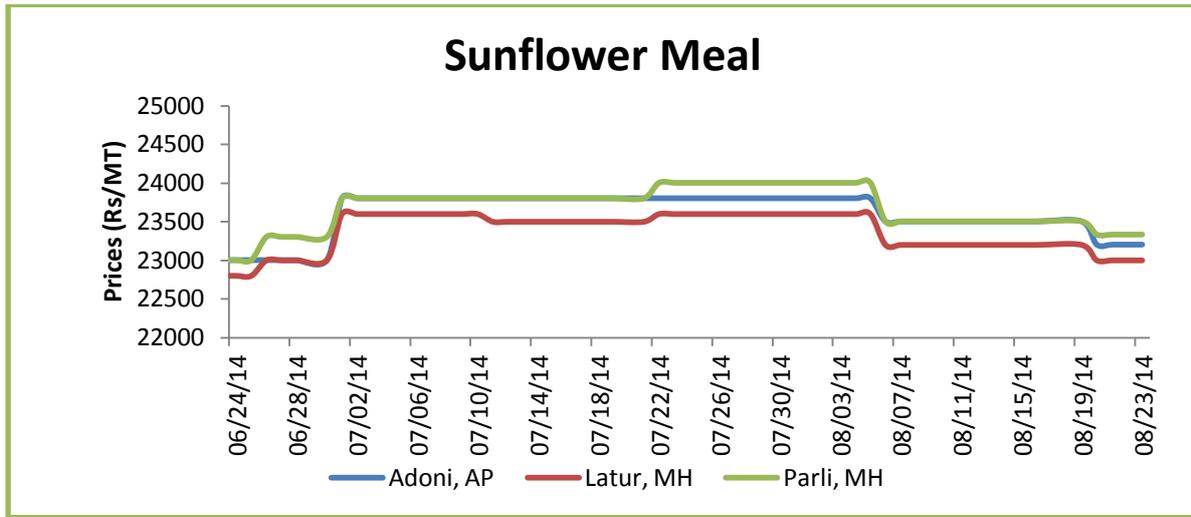
Soy meal continued downtrend in tandem with soybean during the period under review. India's sluggish soy meal export sales this season remained the key factor for the weakness in soy meal.

In a major development, It is noted that the soy meal price spread between Argentina and India has narrowed which was wider for quite some time owing to the competitive Argentine meal prices as compared to India's.

Overall steady to weak 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 arrivals.

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:

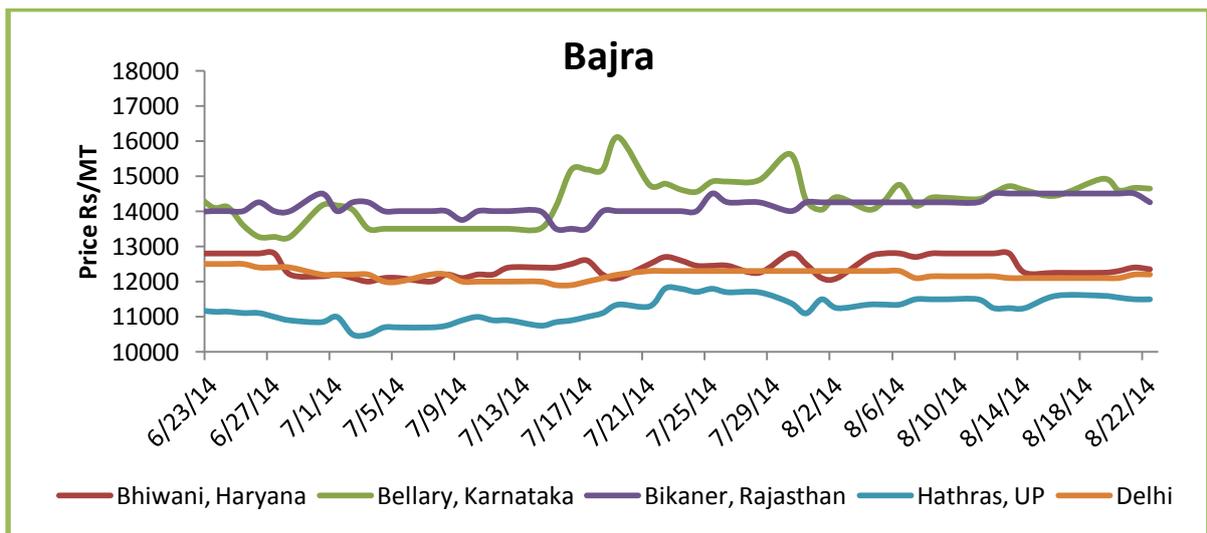
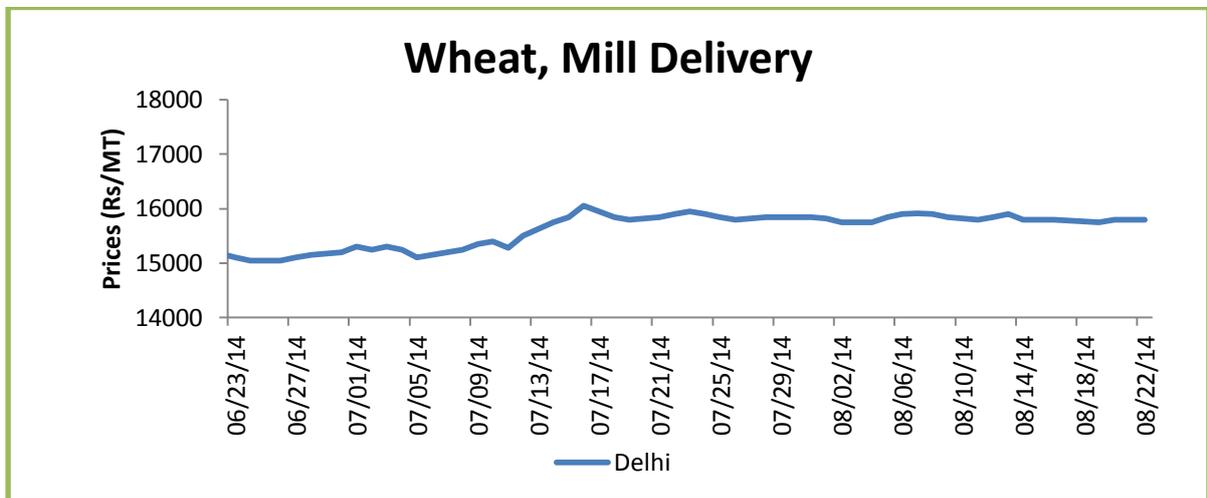
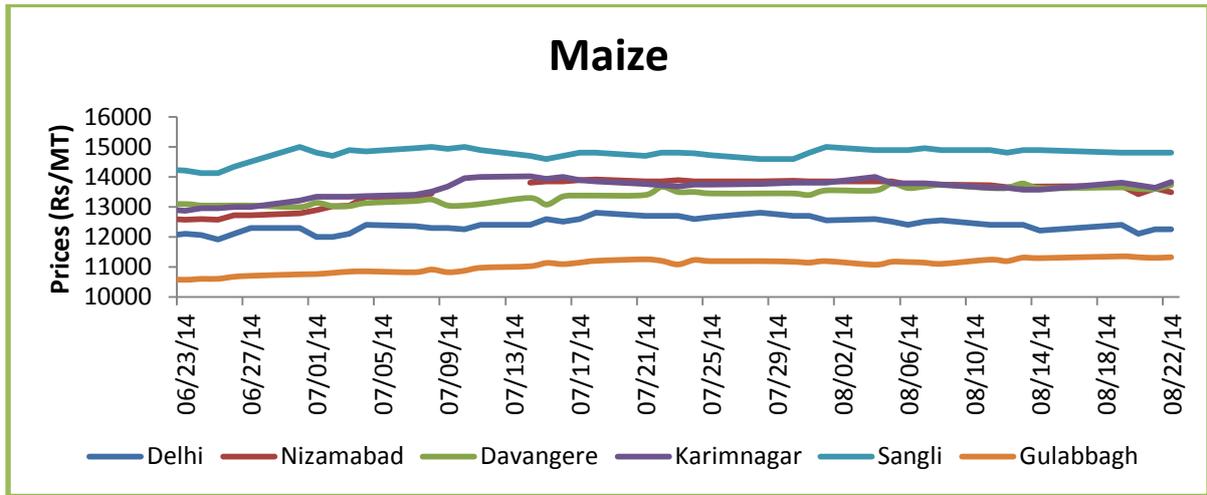
- ❖ Soybean fell straight 4th week on bearish global factors and lower domestic crushing demand. Availability of edible oils at competitive price in the international market has boosted India's imports in the same in recent months.
- ❖ The international analyst, Lanworth has raised its forecast of the U.S. 2014 soybean yield to 46.7 bushels per acre from 46.4 previously. This translates to U.S. soybean production of 3.855 billion bushels, up from USDA's projection at 3.816 billion bushels.
- ❖ India's area coverage under soybean, as on 21 Aug 2014, was reported at 109.09 lakh ha compared to 121.3 lha (-10%) during the same period last year. The all India departure of monsoon on 22 August is reported at -19% which was -42% early in July.

Soy meal:

- ❖ Soy meal continued downtrend in tandem with soybean during the period under review. India's sluggish soy meal export sales this season remained the key factor for the weakness in soy meal.
- ❖ In a major development, It is noted that the soy meal price spread between Argentina and India has narrowed which was wider for quite some time owing to the competitive Argentine meal prices as compared to India's.
- ❖ India's July export sales plunged 94%.
- ❖ India's oilmeal exports fell to 177,011 tonnes in July from 282,703 tonnes a year earlier.

RM Seed:

- ❖ RM seed fell consecutive third week on cautious buying during the week in review. Weak global factors including drastic fall in BMD CPO and lower CBOT soybeans continued to pressure the oilseeds market.
- ❖ Sluggish buying was featured in the cash market in anticipation of further fall in the prices.
- ❖ Continued fall in Malaysian palm oil owing to lower exports eventually leading to the boost in the inventories remained prime factor for the pressure in the domestic RM seed. The domestic RM seed closely tracks BMD CPO.
- ❖ The seed prices are likely to rebound on upcoming festive mustard oil demand in near-term.



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

As per 4th advance estimates, maize production is estimated at 24.35 million tons for 2013-14.

Overall steady to weak sentiments witnessed in major spot markets of maize during the week under review. Prices of maize decreased in Delhi, Davangere, Gadag and Sangli while it got firmer in Ranebennur and, 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. 1360-1380 per quintal while starch feed makers quoted maize down by Rs. 30 per quintal to Rs.1300-1320 per quintal as compared to last week, sourced from U.P.

In Gulabghat mandi, maize was quoted steady at Rs. 1110 per quintal as compared to last week. As per trade sources, maize is moving towards Kolkata at Rs. 1250-1275 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. 1400 per quintal, Rs. 1520 per quintal and Rs. 1350 per quintal respectively, sourced from Davangere. Government has release tender for 1 lakh ton at Rs. 1260-1362 per quintal and is likely to release further which could weigh on market sentiments.

As per USDA, U.S accumulated corn export figures reached to 44,872,035 metric tons for the 2013-14 marketing year. Exports of 11,44,300 MT were up 59% from the last week and 25% from the prior 4-week average; reported by U.S. to South Korea (315,600 MT), Mexico (253,900 MT), Japan (206,200 MT), Egypt (172,900 MT), Colombia (71,500 MT), Costa Rica (37,000 MT), and Morocco (27,300 MT) for the period Aug 08- Aug 14, 2014.

The European Union granted last week licence to import 84,000 tons of maize, taking the volume so far this season to 1.85 million tons.

Lanworth lowered its corn production forecast for U.S by 0.032 billion bushels to 14.734 billion bushels for 2014 from the last month as it reduced yield forecast to 174.5 bpa but above the USDA latest figures. The USDA this month projected the U.S. corn yield at 167.4 bpa, above the historic 2009 high of 164.7, and production at 14.032 billion bushels. (Source: Reuters)

The Buenos Aires Grains Exchange said that Argentine farmers are likely to reduce the planting area of corn by 10 percent to 3.2 million hectares in the 2014/15 season due to low international prices for the crop and high sowing costs. (Source: Reuters)

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 46.6% in the June'14 from 42% during the same month last year as users' reliance on alternatives such as sorghum, wheat and barley decreased. (Source: Reuters)

As per the latest crop progress report released by USDA, 70% crop of corn has been done, higher by 21% from the last year and 7% from the last 5 year average period. Besides, 22% crop of corn has

been dented, higher by 12% from the last year but below 5% from the last 5 year average period. 72% corn crop is in good to excellent condition as of 17th August, 2014, below 1% from the last week but higher by 11% from the last year.

Despite disparity on export front and bearish outlook in global wheat market Indian exporters managed to offload some quantity of wheat in markets like Vietnam, Djibouti, U.A.E., Philippines etc around \$284/tons on FoB basis through Kandla, Mundra etc. ports. As per ibis data wheat export from India was registered 14,953 tons during 11th to 17th August. However, global wheat market seems to be in surplus state and opportunity for Indian exporters remains still unfavorable.

Wheat cash market trades steady to slightly down on ample supply side and weak demand from bulk consumers. 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 ton against world availability of wheat in the range of \$245 to \$250 per ton.

Wheat allocation (around 10 million tons) 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.

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 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	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	8.0
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 bajra traded firm during last week. 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	-896.0
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 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	-112.0
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 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 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)		
	22-Aug-14	14-Aug-14	Parity To
Indore (MP)	34700-35000	36000	Gujarat, MP
Kota	33800-38000	35000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	37000	37500	Mumbai, Maharashtra
Nagpur (42/46)	NA	37000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	NA	37000	Andhra, AP, Kar, TN
Latur	31300	38000	-
Sangli	38000	38000	Local and South
Sholapur	NA	38000	Local and South
Akola	NA	35500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	NA	38000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	33800	34500	-

Soy DOC at Port

Centers	Port Price	
	22-Aug-14	14-Aug-14
Kandla (FOR) (INR/MT)	36500	37000
Kandla (FAS) (USD/MT)	604	606

International Soy DOC

Argentina FOB \$/MT	21-Aug-14	14-Aug-14	Change
Soybean Pellets	485	465	20
Soybean Cake Meal	485	465	20
Soybean Meal	493	473	20
Soy Expellers	493	473	20

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	22-Aug-14	14-Aug-14	Change
Adoni	23200	23500	-300
Khamgaon	NA	NA	-
Parli	23300	23500	-200
Latur	23000	23200	-200

Groundnut Meal

Groundnut Meal	22-Aug-14	14-Aug-14	Change
Basis 45% O&A, Saurashtra	28500	28500	Unch
Basis 40% O&A, Saurashtra	26000	26500	-500
GN Cake, Gondal	26500	26000	500

Mustard DOC/Meal

Mustard DOC/Meal	22-Aug-14	14-Aug-14	Change
Jaipur (Plant Delivery)	13000	12400	600
Kandla (FOR)	14000	13400	600

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	22 Aug,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1220	1230	1270	1180	1460
Davangere	Bilty	1320	1370	1350	1300	1500
Nizamabad	Bilty	NA	NA	NA	1240	1500

Ahmedabad	Feed	1380	1380	1410	1325	1650
	Starch	1300	1350	1390	1340	1525

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	180.71	183	193.8	240
Cost and Freight (Thailand)	230.71	238	253.8	275

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

Commodity	State	Variety	Centre	22-Aug-14	14-Aug-14	Change
Bajra	Karnataka	Hybrid	Bellary	1464	1460	4
		Hybrid	Bangalore	1650	1650	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1689	1343	346
Maize	Karnataka	Yellow	Davangere	1320	1370	-50
	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	3500	3600	-100
	Maharashtra	DOC	Sangli	3800	3800	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2320	2350	-30
	Maharashtra	Ex-factory	Latur	2300	2320	-20

Mustard	Rajasthan	Plant delivery	Jaipur	1300	NA	-
Groundnut Meal	Gujarat	GN Cake	Gondal	2650	2600	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1858	1831	27
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1853	1800	53

Note: Prices Rs./ Qtl

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