

## ***Contents:***

---

- ❖ **Summary**
- ❖ **Trend – Raw Material, Feed**
- ❖ **Outlook**
- ❖ **Spreads**
- ❖ **Annexure - Prices**

## Summary

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

Soybean continued downtrend on weak global cues and sluggish activity in the domestic bean market, during the week under review.

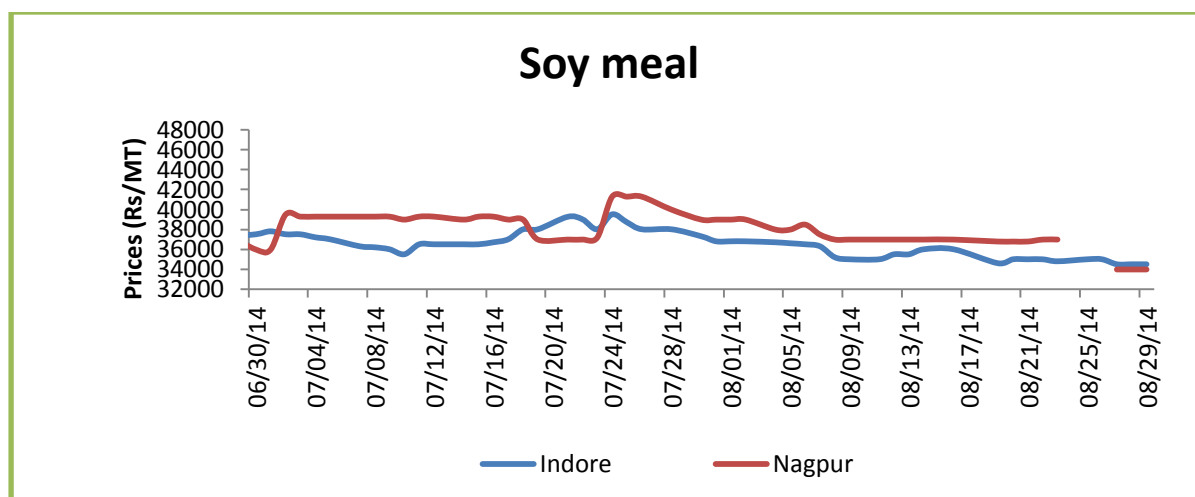
CBOT soybean is under pressure by the forecast for favourable weather in the US mid-west while BMD CPO is currently five-year low due to weak export sales with lower Chinese demand.

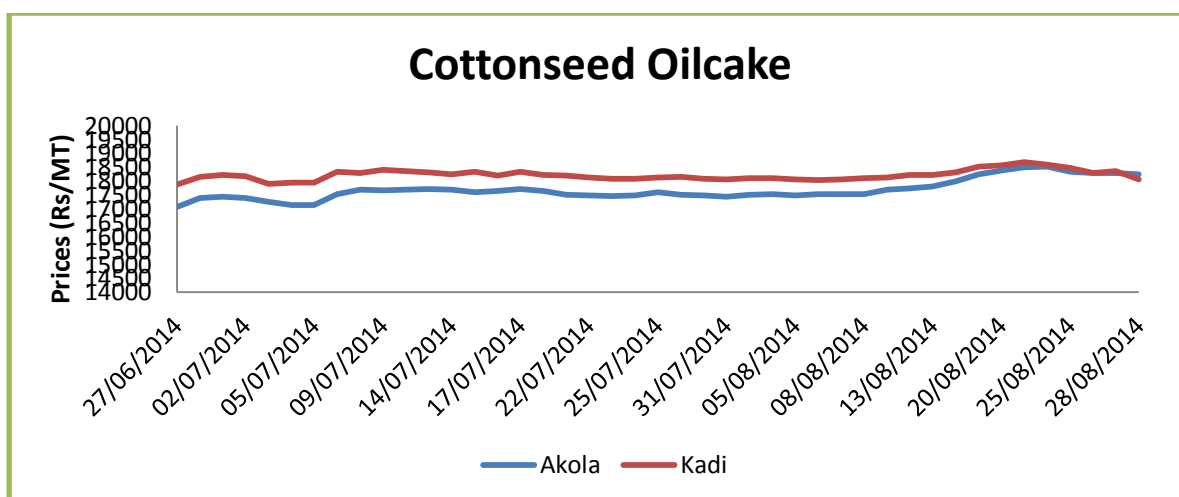
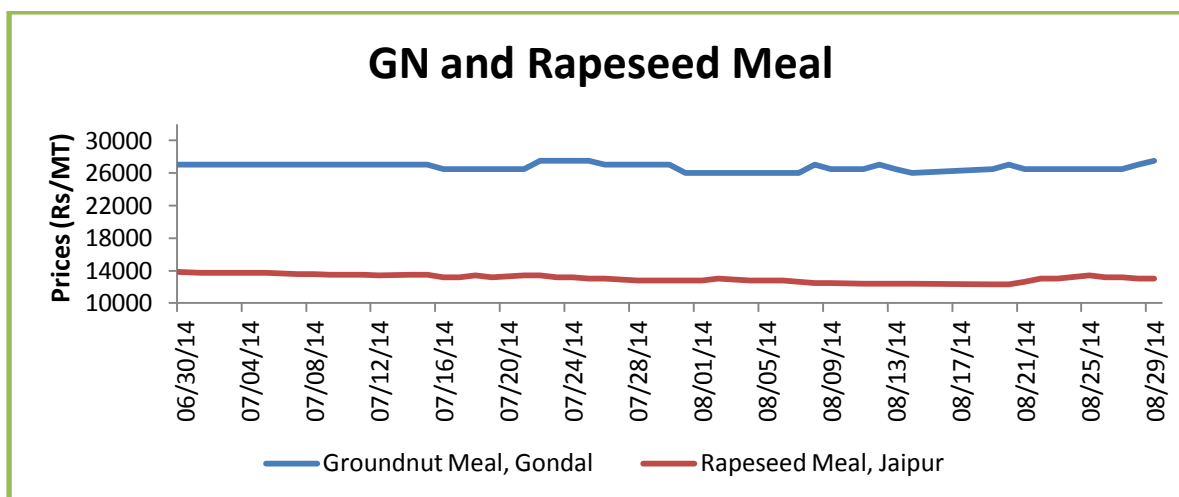
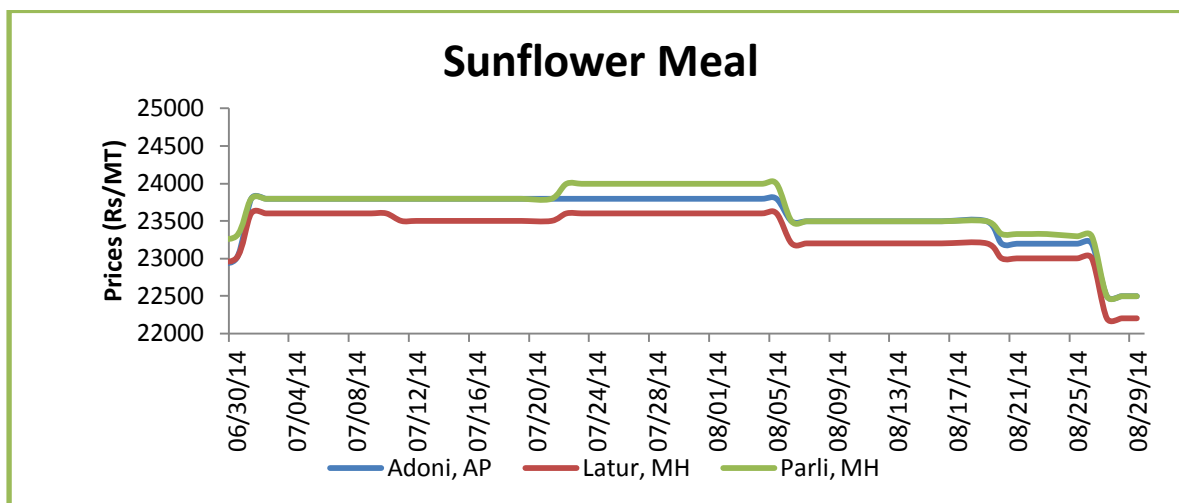
Soy meal witnessed losses in sync with the soybean during the week under review. India's weak export sales during the season followed by limited availability and uncompetitive prices compared to the International meal continued to remain bearish for domestic meal.

Not only feeble overseas demand during the current season; Indian soy meal exporters are also facing great difficulties in finding demand for the upcoming season.

Overall steady to slightly weak sentiments witnessed in major spot markets of maize during the week under review. Besides, Key spot wheat mill delivery prices also traded steady to slightly weak due to more arrivals and sluggish demand.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

---

Soybean and soy meal continued downtrend on weak global factors in the complex while RM seed rebound on fresh domestic buying during the week under review.

### **Soybean:**

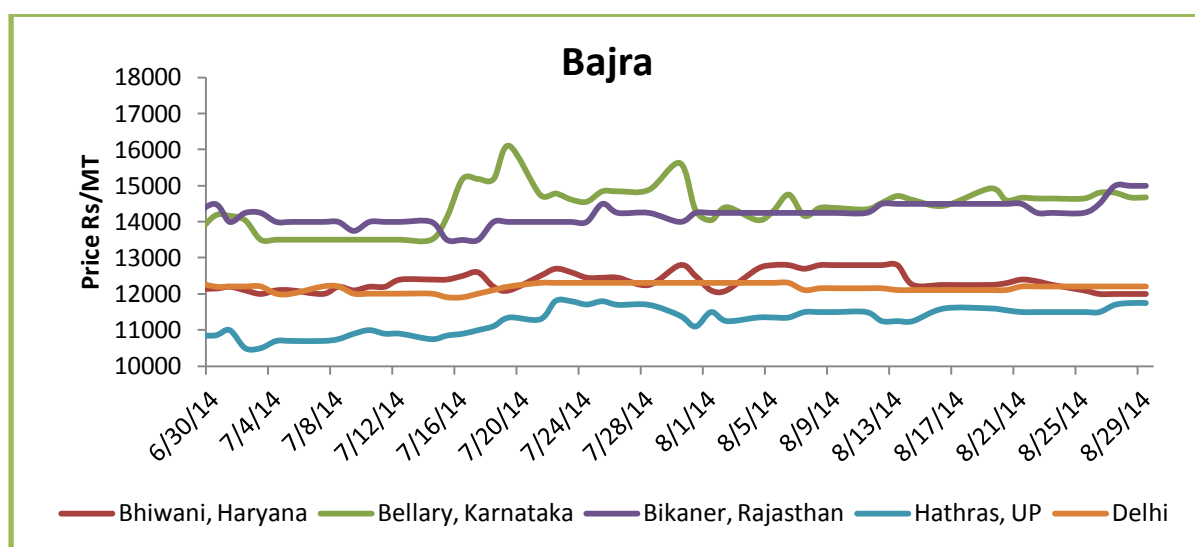
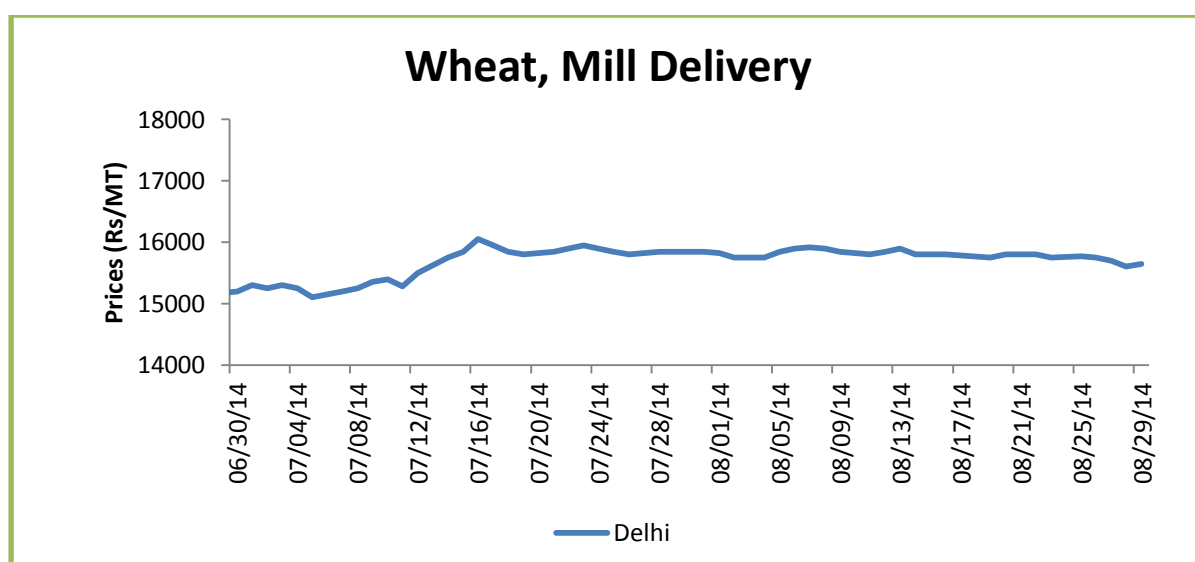
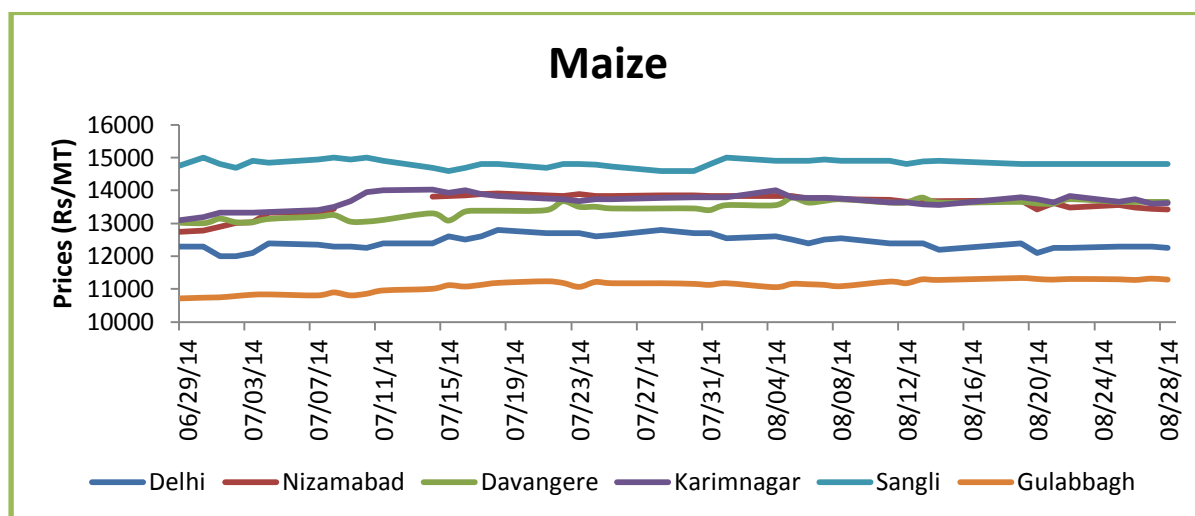
- ❖ Soybean continued downtrend on weak global cues and sluggish activity in the domestic bean market, during the week under review.
- ❖ CBOT soybean is under pressure by the forecast for favourable weather in the US mid-west while BMD CPO is currently five-year low due to weak export sales with lower Chinese demand.
- ❖ 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. Pro Farmer's US soybean output estimate is in line with the USDA.
- ❖ India's area coverage under soybean this season is expected to fall by 10% compared to previous year. The all India departure of monsoon on 29 August is reported at -18% which was -42% early in July.

### **Soy meal:**

- ❖ Soy meal witnessed losses in sync with the soybean during the week under review. India's weak export sales during the season followed by limited availability and uncompetitive prices compared to the International meal continued to remain bearish for domestic meal.
- ❖ Not only feeble overseas demand during the current season; Indian soy meal exporters are also facing great difficulties in finding demand for the upcoming season.
- ❖ The US is likely to produce record soybean in 2014/15 followed by rise in the planted area and likely better yield with favorable weather for the standing crop in Mid-west. This will eventually increase the global soy meal supplies this season.
- ❖ Narrowing price spread is a positive signal for India with expectation of buyers diverting back with the harvest of new soybean crop in late October.
- ❖ India's July soy meal export sales plunged 94%.

### **RM Seed:**

- ❖ RM seed rebound after straight three-week fall. Temporary spurt in BMD CPO slightly pulled-up the RM seed prices leading to some buying in the seed in key markets.
- ❖ Likely fresh seasonal demand in mustard oil during upcoming festivities and renewed demand in the same from West Bengal will lend support to the seed prices at higher levels. The stockists and the millers will cover their stock in view of the upcoming demand.
- ❖ In recent weeks, the domestic seed market was reeling under pressure primarily due to the sharp fall in Malaysian palm oil (BMD CPO) owing to lower export sales from the major producers and thus leading to rise in the inventory.



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

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

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 5 per quintal to Rs. 1350-1385 per quintal while starch feed makers quoted maize firm by Rs. 40 per quintal to Rs.1320-1360 per quintal as compared to last week, sourced from U.P.

As per IBIS data, exports of corn were reported around 0.0197 million tons for the period of 18<sup>th</sup> Aug to 24 Aug'14 mainly to Sri Lanka, Malaysia, Bahrain and Nepal.

In Gulabghat mandi, maize quotes remained steady at Rs. 1110 per quintal as compared to last week. As per trade sources, maize is moving towards Kolkata at Rs. 1275-1300 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. 1400 per quintal, Rs. 1500 per quintal and Rs. 1330 per quintal respectively, sourced from Davangere.

As per USDA, U.S accumulated corn export figures reached to 45,845,059 metric tons for the 2013-14 marketing year. Exports of 10,02,700 MT were down 10% from the last week but up 6% from the prior 4-week average; reported by U.S. to Japan (278,900 MT), Mexico (262,200 MT), South Korea (224,500 MT), Colombia (65,100 MT), Peru (46,000 MT), the Philippines (43,400 MT), and Canada (28,300 MT) for the period Aug 15- Aug 21, 2014.

As per the latest crop progress report released by USDA, 83% crop of corn has been dough, higher by 16% from the last year and 5% from the last 5 year average period. Besides, 35% crop of corn has been dented, higher by 14% from the last year but below 8% from the last 5 year average period. 73% corn crop is in good to excellent condition as of 24th August, 2014, higher by 1% from the last week and 14% from the last year.

As projected earlier by Agriwatch the CACP (Commission for Agricultural Costs and Prices) has recommended increasing the minimum support price of wheat by a nominal Rs 50 to Rs 1,450 a quintal this year. The Rabi crops of this year will be marketed in 2015-16 starting April.

Wheat cash market stays steady to slightly weak on higher arrivals from upcountry markets and lower offtake by millers in major consuming centers. Besides, continuous holidays restricted normal course of trading. Recommended hike of Rs 50 per qtl. may support market to some extent October onward. Supply side is likely to be at comfortable level even in the lean season.

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 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 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 September.

## 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	-0.8
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	-781.0
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 maize spread with jowar in the positive 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	-109.0
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)		
	29-Aug-14	22-Aug-14	Parity To
Indore (MP)	33500-34500	34700-35000	Gujarat, MP
Kota	33600-33800	33800-38000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34600	37000	Mumbai, Maharashtra



Nagpur (42/46)	33500-34000	37000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	35100	37000	Andhra, AP, Kar, TN
Latur	30000	31300	-
Sangli	37800	38000	Local and South
Sholapur	36800	38300	Local and South
Akola	34000	35200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	34800	NA	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	33700	33800	-

#### Soy DOC at Port

Centers	Port Price	
	29-Aug-14	22-Aug-14
Kandla (FOR) (INR/MT)	35500	36500
Kandla (FAS) (USD/MT)	587	604

#### International Soy DOC

Argentina FOB \$/MT	28-Aug-14	21-Aug-14	Change
Soybean Pellets	461	485	-24
Soybean Cake Meal	461	485	-24
Soybean Meal	469	493	-24
Soy Expellers	469	493	-24

#### Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	29-Aug-14	22-Aug-14	Change
Adoni	22500	23200	-700
Khamgaon	NA	NA	-
Parli	22500	23300	-800
Latur	22200	23000	-800

#### Groundnut Meal

Groundnut Meal	29-Aug-14	22-Aug-14	Change
Basis 45% O&A, Saurashtra	28500	28500	Unch

Basis 40% O&A, Saurashtra	26500	26000	500
GN Cake, Gondal	27500	26500	1000

#### Mustard DOC/Meal

Mustard DOC/Meal	29-Aug-14	22-Aug-14	Change
Jaipur (Plant Delivery)	13000	13000	Unch
Kandla (FOR)	14000	14000	Unch

#### Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	29 Aug,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1220	1220	1260	1190	1472
Davangere	Bilty	1300	1320	1350	1300	1450
Nizamabad	Bilty	NA	NA	NA	1240	1500
Ahmedabad	Feed	1380	1380	1405	1350	1670
	Starch	1335	1300	1380	1330	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	179.63	182.8	191.6	241
Cost and Freight (Thailand)	229.63	237.8	251.6	276

#### 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	

<b>Total</b>	<b>2937018</b>	<b>4075617</b>	<b>2668918</b>	<b>3512217</b>	<b>866917</b>
--------------	----------------	----------------	----------------	----------------	---------------

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>29-Aug-14</u>	<u>22-Aug-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1467	1464	3
		Hybrid	Bangalore	1750	1650	100
Jowar	Karnataka	White	Bangalore	2450	2200	250
		White	Bellary	1638	1689	-51
Maize	Karnataka	Yellow	Davangere	1300	1320	-20
	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	3450	3500	-50
	Maharashtra	DOC	Sangli	3780	3800	-20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2250	2320	-70
	Maharashtra	Ex-factory	Latur	2220	2300	-80
Mustard	Rajasthan	Plant delivery	Jaipur	1300	1300	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2750	2650	100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1805	1858	-53
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1825	1853	-28

**Note: Prices Rs./ Qtl**
**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt. Ltd.