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## Summary

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

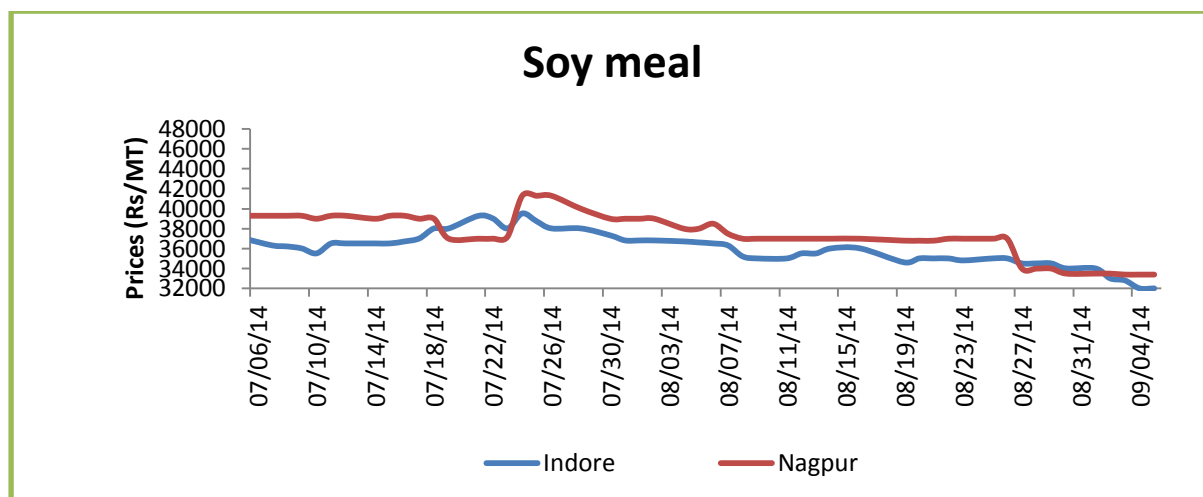
Soybean plunged extending previous losses primarily on weak global factors and dull activity in domestic bean market, during the period under review.

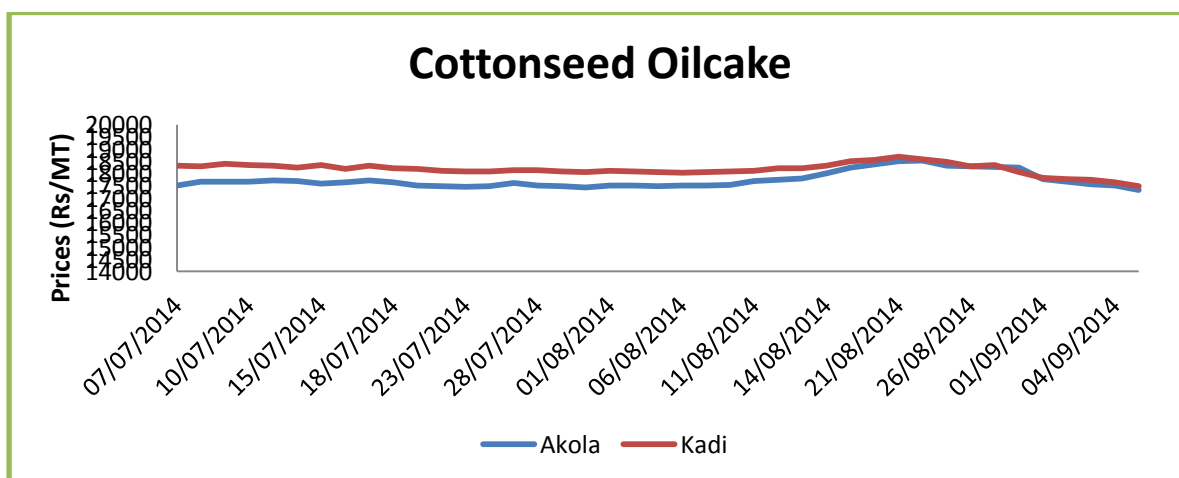
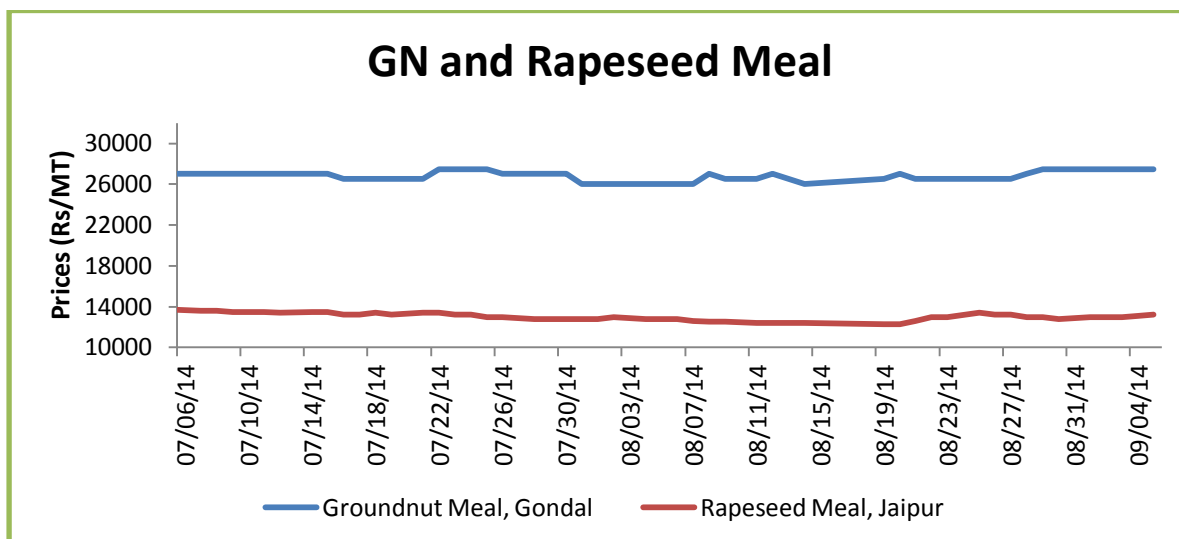
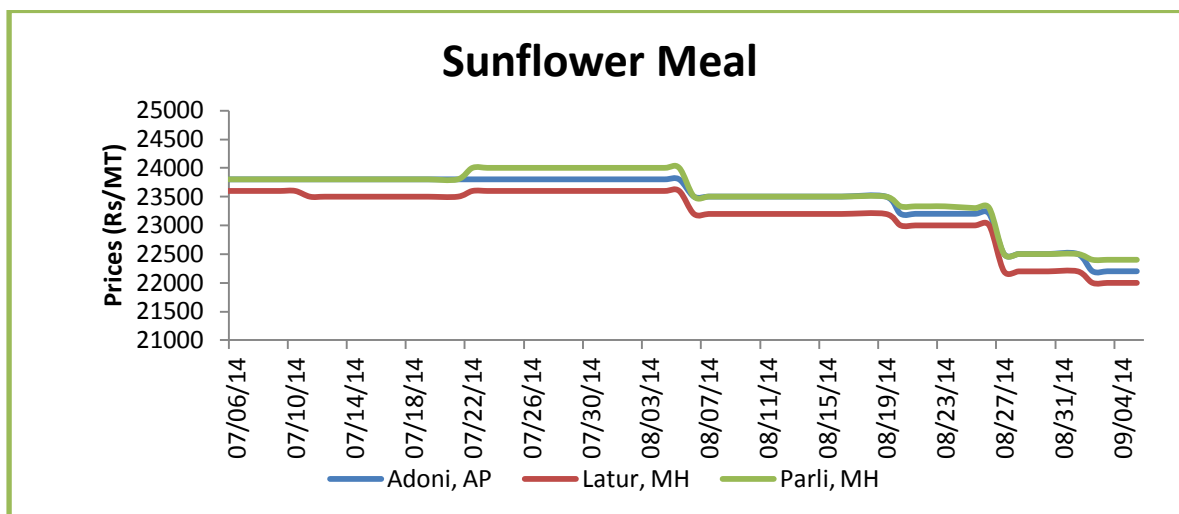
Overall, the CBOT soybean is under pressure after the forecast for record US soybean production estimates (by several analysts) followed by higher acreage and favourable weather in the US mid-west.

Soy meal fell in tandem with the soybean during the week under review. Poor soy meal exports from India this season followed by limited availability and uncompetitive prices compared to the International meal continued to remain bearish for domestic meal.

Mixed 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 firm due to less arrival in the mandis.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

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Soybean, soy meal and RM seed fell on weak global factors pressuring oils and fats market during the period under review.

### Soybean:

- ❖ Soybean fell straight fourth month on continued bearish global factors and sluggish buying in the domestic market, during the week under review.
- ❖ Benchmark CBOT soybean is reeling under pressure after the forecast for favourable weather in the US mid-west, soy growing region, while BMD CPO is currently reeling under pressure witnessing five-year low due to weak export sales with lower Chinese and EU demand.
- ❖ Private analytics firm Informa Economics raised its estimates of U.S. 2014 soybean production to 3.876 billion bushels, from 3.7 billion previously. Informa raised its soy yield forecast to 46.1 bushels per acre, from 44.5 in August.
- ❖ Lanworth has already 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.

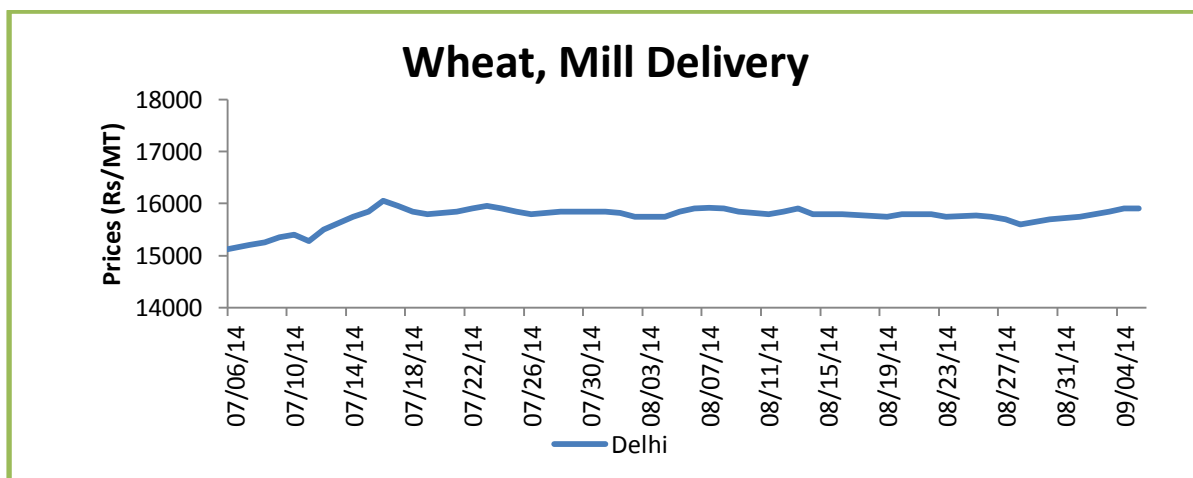
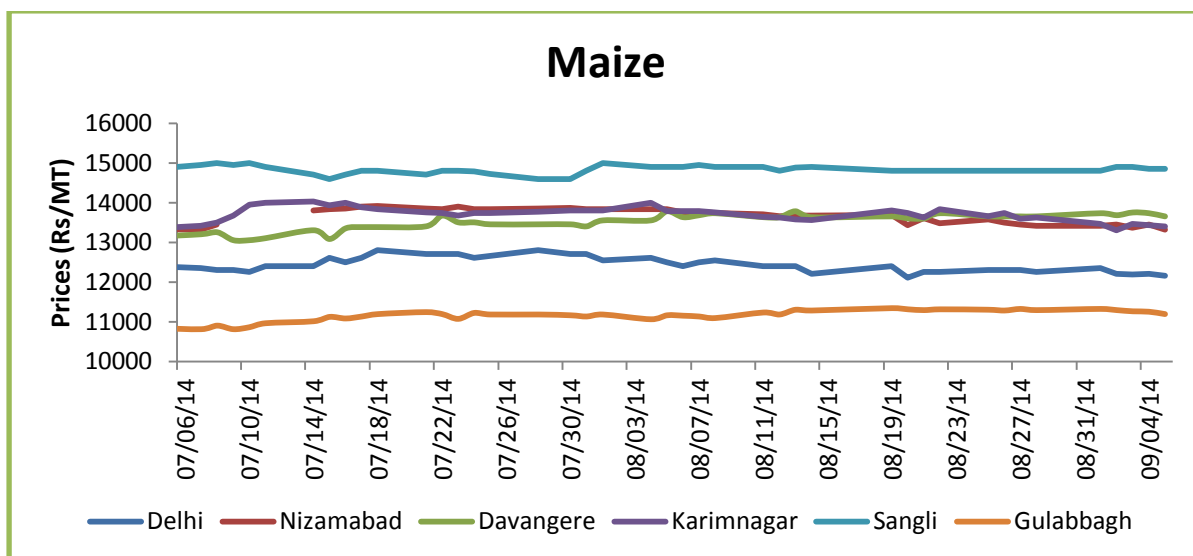
### Soy meal:

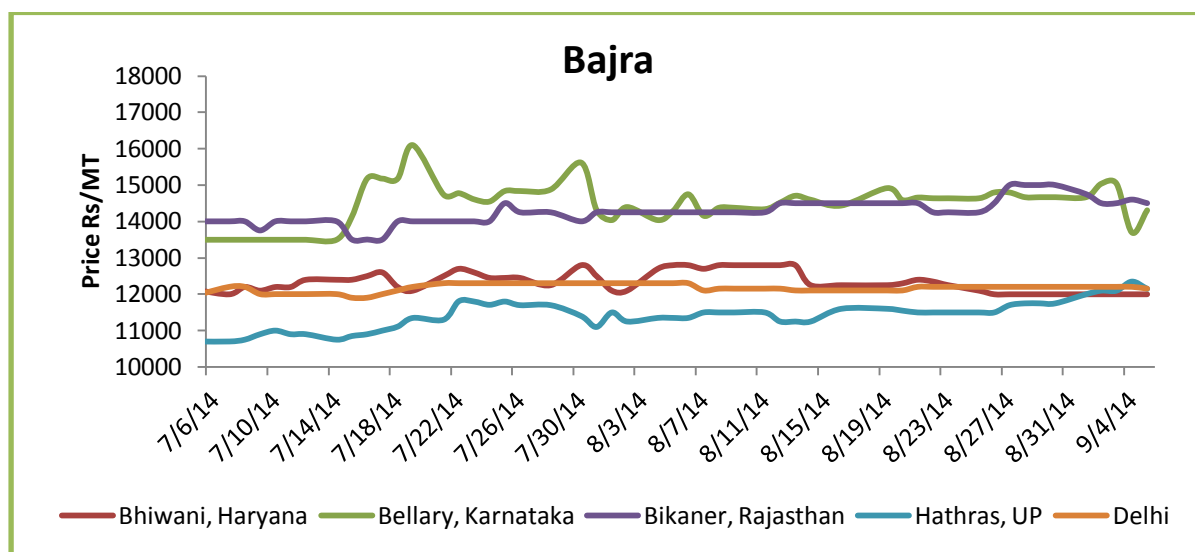
- ❖ Soy meal witnessed losses in sync with the soybean during the month under review. India's weak export sales during the season followed by limited availability and uncompetitive prices compared to the International meal continued to remain bearish for domestic meal.
- ❖ India's soy meal shipments plunged 98.5% Y-o-Y in August. India's soy meal shipments during August 2014 was just 2778 tones as compared to 1,83,965 tones in the same period of previous year.
- ❖ Bearish soybean supply scenario this season will improve the availability of meal which will weigh on the soy meal prices in coming months.
- ❖ Indian soy meal exporters are facing great difficulties in finding demand for the upcoming season. The forward bookings for new crop (Nov-Dec delivery) are currently very low.

### RM Seed:

- ❖ RM seed prices witnessed mild losses in benchmark, Jaipur, the fall was limited due to supportive buying in cash market by the stockists and the millers.
- ❖ Renewed demand in mustard oil followed by festivities and likely improvement in 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.
- ❖ Exports of Malaysian palm oil products fell 4.8 percent from a month earlier to 1,288,117 tonnes in August, cargo surveyor Intertek Testing Services said, however it improved from

steeper losses earlier in the month of August as improved demand from India offset weaker imports by China and Europe. Fall in exports will consequently improve the palm oil inventories pressuring benchmark BMD CPO which will further weigh on domestic RM seed prices.





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 in Delhi, Ludhiana and Ahmadabad while it traded firm in Pune, Gadag, Sangli and it traded almost unchanged Davangere last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 5 per quintal to Rs. 1360-1390 per quintal while starch feed makers quoted maize down by Rs. 20 per quintal to Rs.1305-1340 per quintal as compared to last week, sourced from U.P.

In Gulabbagh 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. 1250-1275 per quintal on delivered basis sourced from Naugachia region of Bihar. Higher carry forward stock amid lower export demand could keep prices under pressure.

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.

As per USDA, U.S accumulated corn export figures reached to 46,867,610 metric tons for the 2013-14 marketing year. Exports of 10,22,600 MT were up 2% from the last week and 5% from the prior 4-week average; reported by U.S. to Mexico (257,200 MT), Japan (233,700 MT), South Korea (181,100 MT), Colombia (71,800 MT), Spain (66,100 MT), Egypt (65,000 MT), the Dominican Republic (42,300 MT), and Panama (17,200 MT) for the period Aug 22- Aug 28, 2014.

As per China Meteorological Administration, several rounds of rainfall over the last two weeks have eased the drought in China's Corn Belt in the northeast, though parts of Liaoning are still dry. (Source: Reuters)

The European Union granted last week licence to import 121,000 tons of maize, taking the volume so far this season to 2 million tons.

As per Korean traders, The Korea Feed Association purchased 63,000 tons of corn from CJ Int'l, Brazil, at \$218.50 a ton c&f, likely to be arrive at the port of Incheon. (Source: Reuters)

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As per the latest crop progress report released by USDA, 90% crop of corn has been dough, higher by 8% from the last year and 1% from the last 5 year average period. Besides, 53% crop of corn has been dented, higher by 14% from the last year but below 6% from the last 5 year average period. 8% crop has matured, higher by 4% from the last year but below 8% from the last 5 year average period. 74% corn crop is in good to excellent condition as of 31st August, 2014, higher by 1% from the last week and 18% from the last year.

European traders told that South Korea's Korea Corn Processing Industry Association purchased 55,000 tons of corn from Vitol at \$224.97 a ton c&f for arrival around Jan. 15, 2015. The price includes surcharges for extra port unloading. (Source: Reuters)

The International Grains Council raised its world corn production forecast by 4 million tons to 973 million tons, from last month's forecast but still below the prior seasons record 982-million ton harvest

According to IBIS (provisional data), export of wheat in the month of August was 0.43 Lakh tones which is around 69% less than last year at the same month, which was 1.37 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.

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.

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 steady as feed ingredients prices traded mixed tone during last week.

## Spreads

### Maize Average Weekly spread with Bajra

Week	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14
1	232.0	237.5	205.0	127.0	132.5	129.0	160.0	109.0	-0.83	-17.0	27.0	0.00
2	275.5	233.0	192.5	135.0	134.0	146.0	162.5	83.0	-20.0	25.0	20.0	
3	241.25	223.3	160.0	122.0	107.0	141.0	161.0	28.0	-62.0	30.0	8.0	
4	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 is zero as both commodities traded at the same rate. We expect that both could trade steady to firm and keep maize spread with bajra intact as compared to last week.

### Maize Average Weekly spread with Jowar

Week	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14
1	364.0	487.5	450.0	357.0	318.0	269.0	-101.0	-604.0	-	-	-785.0	<b>-781.6</b>
2	366.0	492.0	460.0	317.0	293.0	342.0	-145.0	-615.0	-940.0	-902.0	-768.0	
3	400.0	471.6	436.0	310.0	201.0	354.0	-141.0	-966.0	-	-902.0	-896.0	
4	368.0	450.0	446.0	320.0	245.0	207.0	-240.0	-1078.0	-	-727.5	-781.0	
5		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 almost same as compared to last week s both commodities traded steady. We expect that jowar could trade steady in the near term and keep maize spread with jowar in the positive zone.

### Maize Average Weekly spread with Barley

Week	Oct'13	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14
1	195.0	237.5	185.0	127.0	158.0	102.5	180.0	144.0	47.0	-95.0	-128.0	<b>-112.0</b>
2	191.0	231.0	187.5	143.0	135.0	137.0	217.5	85.0	0.0	-88.0	-102.0	
3	178.75	216.7	157.0	150.0	102.5	144.0	258.0	61.0	-68.0	-71.0	-112.0	
4	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 decreased as barley traded firm during last week. We expect that barley could trade steady in the near term and keep maize spread with barley firm 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)		
	5-Sep-14	29-Aug-14	Parity To
Indore (MP)	32000	33500-34500	Gujarat, MP
Kota	32500	33600-33800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34300	34600	Mumbai, Maharashtra
Nagpur (42/46)	32900-33400	33500-34000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN

Nanded	34800	35100	Andhra, AP, Kar ,TN
Latur	29500	30000	-
Sangli	36000	37800	Local and South
Sholapur	34800	36800	Local and South
Akola	33000	34000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	34100	34800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	31700	33700	-

**Soy DOC at Port**

Centers	Port Price	
	5-Sep-14	29-Aug-14
Kandla (FOR) (INR/MT)	29500	35500
Kandla (FAS) (USD/MT)	488	587

**International Soy DOC**

Argentina FOB \$/MT	4-Sep-14	28-Aug-14	Change
Soybean Pellets	430	461	-31
Soybean Cake Meal	430	461	-31
Soybean Meal	438	469	-31
Soy Expellers	438	469	-31

**Sunflower (DOC) Rates**

Centers	Ex-factory rates (Rs/ton)		
	5-Sep-14	29-Aug-14	Change
Adoni	22200	22500	-300
Khamgaon	NA	NA	-
Parli	22400	22500	-100
Latur	22000	22200	-200

**Groundnut Meal**

Groundnut Meal	5-Sep-14	29-Aug-14	Change
Basis 45% O&A, Saurashtra	28000	28500	-500
Basis 40% O&A, Saurashtra	25500	26500	-1000

GN Cake, Gondal	27500	27500	Unch
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#### Mustard DOC/Meal

Mustard DOC/Meal	5-Sep-14	29-Aug-14	Change
Jaipur (Plant Delivery)	13200	13000	200
Kandla (FOR)	14100	14000	100

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

Market	Grade	5 Sep,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1215	1220	1260	1230	1440
Davangere	Bilty	1300	1300	1350	1370	NA
Ahmedabad	Feed	1365	1380	1400	1370	1600
	Starch	1305	1335	1360	1350	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	167.52	169	184.8	241
Cost and Freight (Thailand)	217.52	224	244.8	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

Commodity	State	Variety	Centre	5-Sep-14	29-Aug-14	Change
Bajra	Karnataka	Hybrid	Bellary	1431	1467	-36
		Hybrid	Bangalore	1800	1750	50
Jowar	Karnataka	White	Bangalore	2400	2450	-50
		White	Bellary	1781	1638	143
Maize	Karnataka	Yellow	Davangere	1250	1250	Unch
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	1900	1800	100
		Parmal Raw	Karnal	2500	2400	100
Soy meal	Madhya Pradesh	DOC	Indore	3200	3450	-250
	Maharashtra	DOC	Sangli	3600	3780	-180
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2220	2250	-30
	Maharashtra	Ex-factory	Latur	2200	2220	-20
Mustard	Rajasthan	Plant delivery	Jaipur	1320	1300	20
Groundnut Meal	Gujarat	GN Cake	Gondal	2750	2750	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1748	1805	-57
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1733	1825	-92

**Note: Prices Rs./ qtl**

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