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## Summary

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

Soybean continued downtrend on weak global cues and sluggish demand in domestic cash market during the week under review.

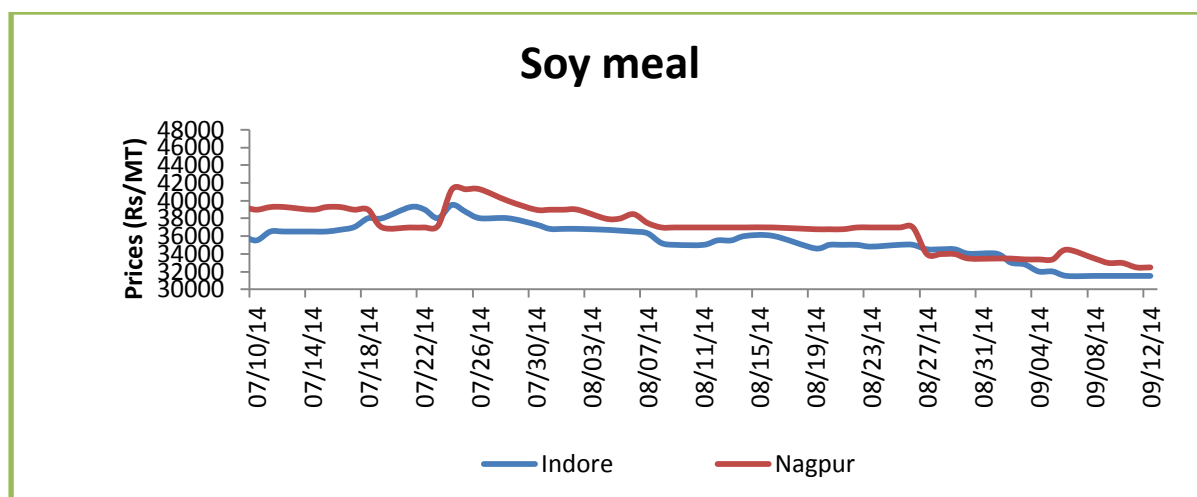
US benchmark, CBOT, new-crop soybean futures (Nov. contract) fell below US \$10 a bushel pressured by record-high forecast of US supply followed by higher yield with favourable weather condition in US mid-west.

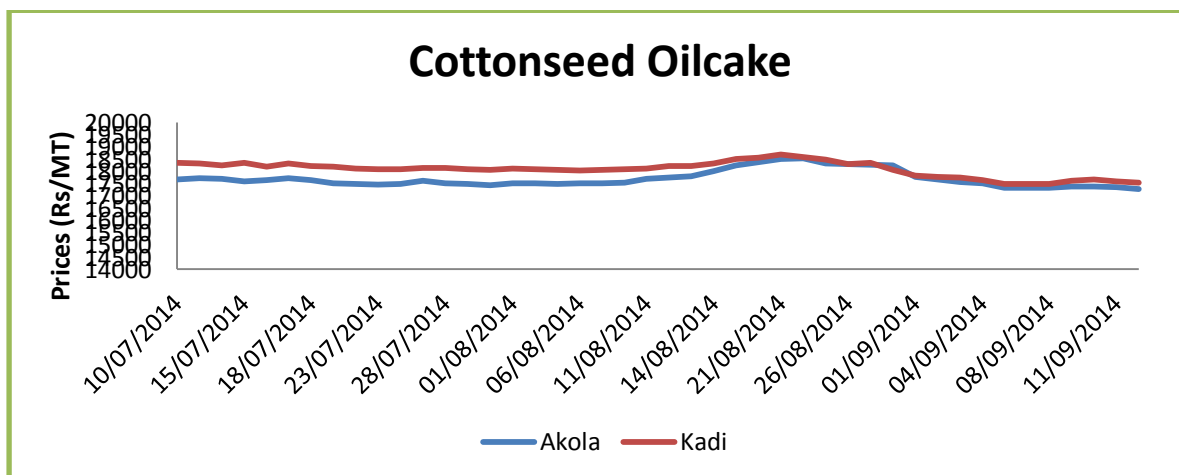
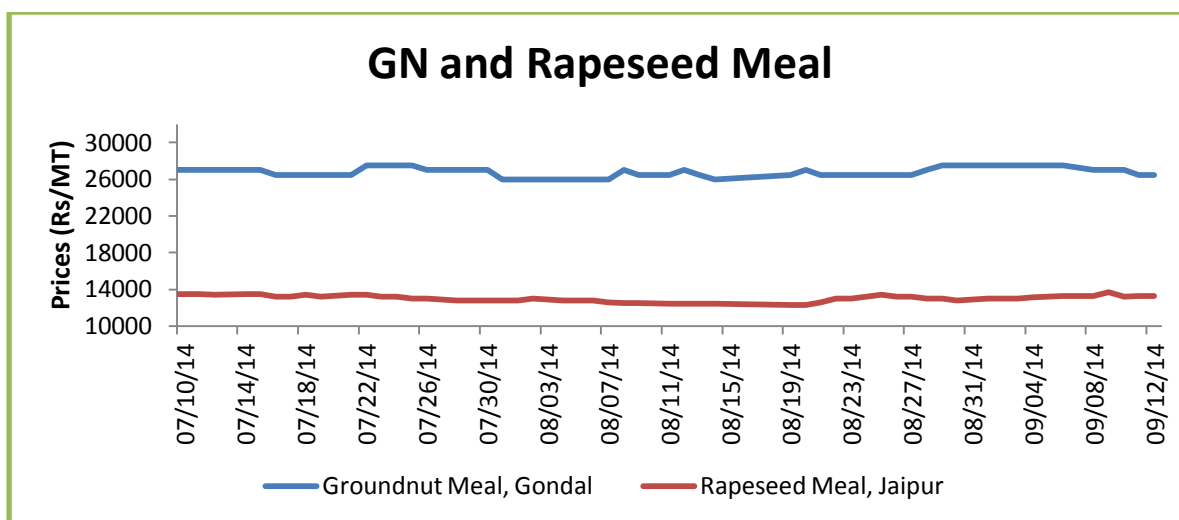
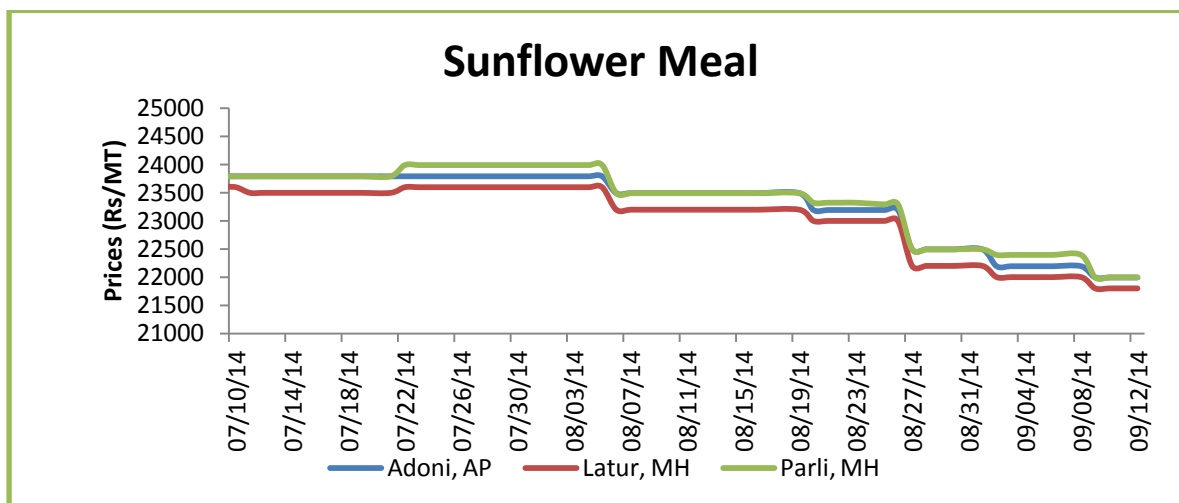
Soy meal continued downtrend in line with the soybean, primarily on weak soy meal export sales, lower crushing and sluggish activity.

Unattractive Indian meal prices compared to the meal of South American origin have hit the Indian meal exports during the season.

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 weak due to ample stock in the private and government stock.

## 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 continued downtrend on weak global cues and sluggish demand in domestic cash market during the week under review.
- ❖ US benchmark, CBOT, new-crop soybean futures (Nov. contract) fell below US \$10 a bushel pressured by record-high forecast of US supply followed by higher yield with favourable weather condition in US mid-west.
- ❖ In the September USDA report, U.S. oilseed production for 2014/15 is projected at 3.913 billion bushels (116.2 million tons), up 2.5% last month. As discussed earlier, 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.
- ❖ US soybean crop is reported under good condition. Soybeans crop as on Sep 07, dropping leaves is reported at 12% slightly lower from 5 year average at 17% and slightly up from 10% during the same period last year.

### Soy meal:

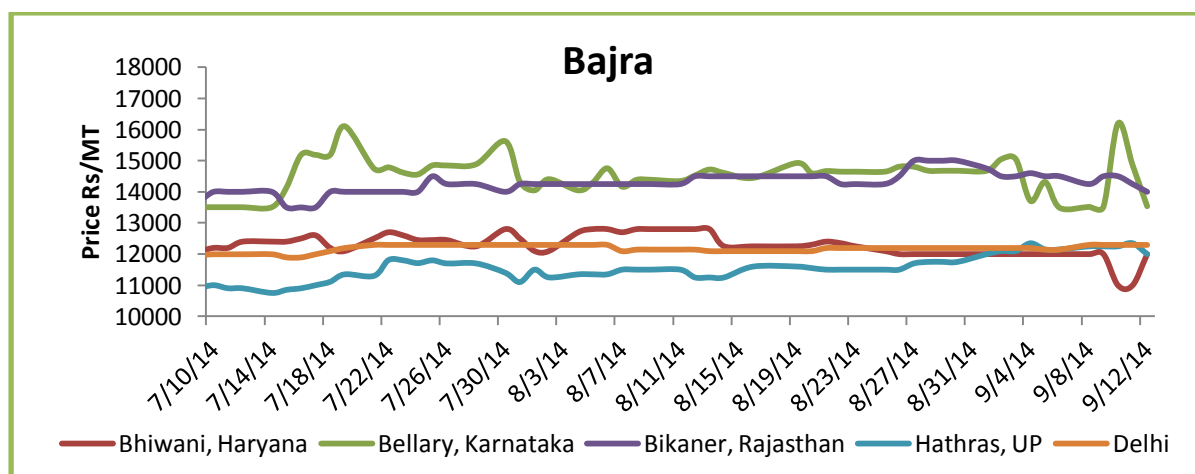
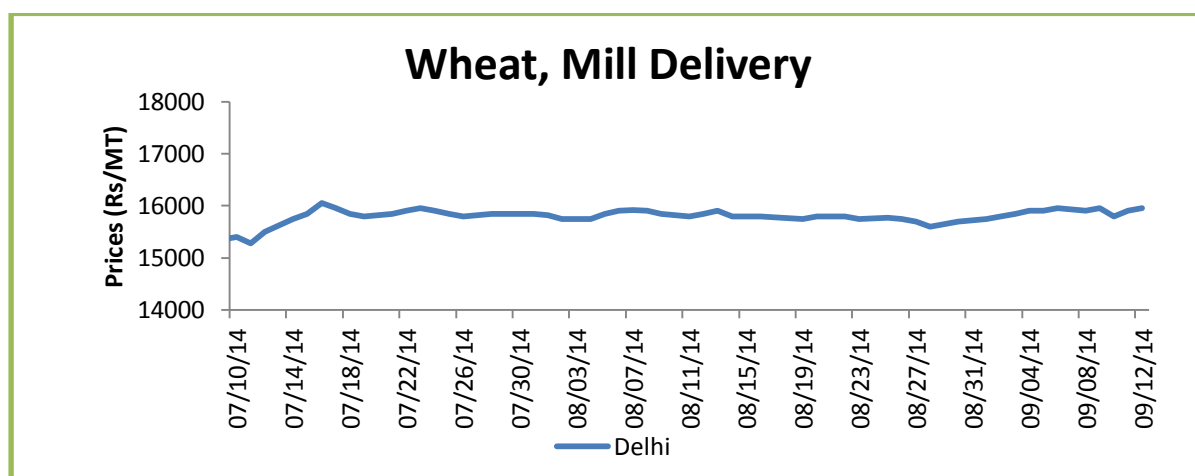
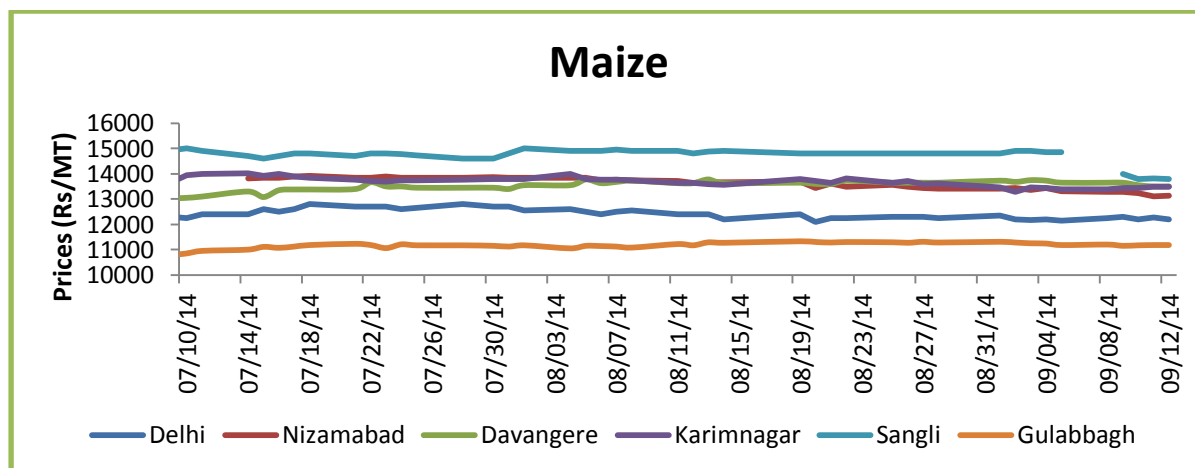
- ❖ Soy meal continued downtrend in line with the soybean, primarily on weak soy meal export sales, lower crushing and sluggish activity.
- ❖ Unattractive Indian meal prices compared to the meal of South American origin have hit the Indian meal exports during the season.
- ❖ The US is likely to produce 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.
- ❖ It is noted that the soy meal price spread between Argentina and India has narrowed second consecutive month which remained wider for quite long owing to the competitive Argentine meal prices as compared to India's.
- ❖ India's soy meal shipments plunged 98.5% Y-o-Y in August.

### RM Seed:

- ❖ RM seed featured gains in benchmark, Jaipur, on supportive buying during the week in review. Further, recovery in the BMD CPO lent support to the domestic RM seed prices.
- ❖ Improved demand in rapeseed/mustard seed oil ahead upcoming festivities has lead to fresh RM seed buying by the stockists and the millers. The crushing of the seed has increased in
- ❖ Cargo surveyor Intertek Testing Services showed that Malaysian palm oil shipments during 1-10 September surged 41 percent compared with the same period a month ago. However,

the shipments in previous weeks were quite weak which resulted in inflating the palm oil stocks in Malaysia.

- ❖ Malaysian palm oil inventories rose 22 percent to 2.05 million tons in August compared to the last month highest since March 2013 due to lower demand for palm oil and higher palm oil production.



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

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 10 per quintal to Rs. 1350-1380 per quintal while starch feed makers quoted maize down by Rs. 30 per quintal to Rs.1290-1310 per quintal as compared to last week, sourced from U.P.

As per IBIS data, exports of corn were reported around 0.0134 million tons for the period of Sep1 to Sep 7, 2014 mainly to Malaysia, Sri Lanka, China and Nepal.

In Gulabghat mandi, maize quotes remained steady at Rs. 1100-1110 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. 1380 per quintal, Rs. 1480 per quintal and Rs. 1350 per quintal respectively, sourced from Davangere.

As per USDA, U.S accumulated corn export figures reached to 47,375,093 metric tons for the 2013-14 marketing year. Exports for the period ending August 31 of 507,500 MT were up noticeably from the prior year's total of 18,044,200 MT; reported by U.S. to Japan (244,200 MT), Mexico (119,500 MT), Saudi Arabia (71,500 MT), Honduras (31,800 MT), and Colombia (19,900 MT). Exports for September 1-4 totaled 695,500 MT reported by U.S to Mexico (196,700 MT), Japan (142,900 MT), South Korea (133,100 MT), Spain (66,000 MT), and El Salvador (28,600 MT).

As per Reuters news, Argentina is likely to produce lower corn this season due to low international prices, high inflation and stringent export regulations.

As per USDA, corn ending stocks for U.S are forecasted higher by 4.91 million tons to 50.84 million tons for 2014/15 from the last month forecast. While, Global corn ending stocks are projected at 189.91 million tons for 2014/15, higher by 2.09 million tons from the last month forecast.

The CNGOIC cut its estimate for China's 2014 corn output by 8.5 million tons to 213.8 million tons from last month estimate after drought damaged corn crops in three northeast provinces; down 2.2 percent from the last year. (Source: Reuters)

As per European traders, a group of Israeli private buyers bought 80,000 tonnes of corn, likely to be sourced from Ukraine. One 40,000 tons corn consignment was purchased at a premium of 128 cents a bushel c&f over the Chicago December corn contract for the shipment Nov. 20 to Dec. 10. Another 40,000 tons corn consignment was purchased at 120.5 cents a bushel c&f over the Chicago March corn contract, for shipment between Dec. 20, and Jan. 10. (Source: Reuters)

As per Rosario grains exchange, Argentina's farmers will reduce the country's corn planting area for the 2014/15 season by 16 percent to 3.7 million hectares compared with the previous season as high inflation fuels production costs. (Source: Reuters)

As per the latest crop progress report released by USDA, 95% crop of corn has been dough, higher by 4% from the last year and 1% from the last 5 year average period. Besides, 69% crop of corn has been dented, higher by 8% from the last year but below 5% from the last 5 year average period. 15% crop has matured, higher by 7% from the last year but below 11% from the last 5 year average period. 74% corn crop is in good to excellent condition as of 7th September, 2014, same from the last week but higher by 20% from the last year.

Wheat cash market continues to trade steady to slightly lower on the back of ample supply side through private and govt.'s channel. Millers have started buying from central pool stock as per their requirements. Private stockists too are releasing stock with diminishing possibility of firmness.

Market is well aware of emerging scenario that govt. has allocated 10 million ton wheat for OMSS for rest of the season, up to March, 2015. It would ensure ample supply throughout the season and not allow market to move up beyond a certain level. Export opportunity has turned pale and Indian wheat remains uncompetitive.

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.

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 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 weak as feed ingredients prices traded weak 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	-3.00
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 traded down as bajra traded higher vs. maize during last week. We expect that trend could continue in the near term and keep maize spread with bajra down 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	-781.6
2	366.0	492.0	460.0	317.0	293.0	342.0	-145.0	-615.0	-940.0	-902.0	-768.0	-773.0
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 firm as maize traded firm with the steady movement in jowar prices. 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	-112.0
2	191.0	231.0	187.5	143.0	135.0	137.0	217.5	85.0	0.0	-88.0	-102.0	-117.0
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 traded firm vs. maize. 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)		
	12-Sep-14	5-Sep-14	Parity To
Indore (MP)	31500	32000	Gujarat, MP
Kota	31000	32500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33000	34300	Mumbai, Maharashtra
Nagpur (42/46)	32000-32500	32900-33400	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33700	34800	Andhra, AP, Kar, TN
Latur	29500	29500	-
Sangli	34000	36000	Local and South
Sholapur	33700	34800	Local and South
Akola	31500	33000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33100	34100	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	31000	31700	-

#### Soy DOC at Port

Centers	Port Price	
	12-Sep-14	5-Sep-14
Kandla (FOR) (INR/MT)	29200	29500
Kandla (FAS) (USD/MT)	480	488

**International Soy DOC**

Argentina FOB \$/MT	11-Sep-14	4-Sep-14	Change
Soybean Pellets	410	430	-20
Soybean Cake Meal	410	430	-20
Soybean Meal	418	438	-20
Soy Expellers	418	438	-20

**Sunflower (DOC) Rates**

Centers	Ex-factory rates (Rs/ton)		
	12-Sep-14	5-Sep-14	Change
Adoni	22000	22200	-200
Khamgaon	NA	NA	-
Parli	22000	22400	-400
Latur	21800	22000	-200

**Groundnut Meal**

Groundnut Meal	12-Sep-14	5-Sep-14	Change
Basis 45% O&A, Saurashtra	27000	28000	-1000
Basis 40% O&A, Saurashtra	24000	25500	-1500
GN Cake, Gondal	26500	27500	-1000

**Mustard DOC/Meal**

Mustard DOC/Meal	12-Sep-14	5-Sep-14	Change
Jaipur (Plant Delivery)	13300	13200	100
Kandla (FOR)	14300	14100	200

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

Market	Grade	12 Sep,2014	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1225	1215	1235	1220	1450
Davangere	Bilty	1300	1300	1350	1370	1475
Ahmedabad	Feed	1380	1375	1390	1400	1500
	Starch	1310	1305	1350	1350	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
<b>FOB</b>	167.72	169	182.7	238
<b>Cost and Freight (Thailand)</b>	217.72	224	242.7	273

**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	2778
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>876377</b>

### Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>12-Sep-14</u>	<u>5-Sep-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1353	1431	-78
		Hybrid	Bangalore	1700	1800	-100
Jowar	Karnataka	White	Bangalore	2425	2400	25
		White	Bellary	1458	1781	-323
Maize	Karnataka	Yellow	Davangere	1250	1250	Unch
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	2200	1900	300
		Parmal Raw	Karnal	2500	2500	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3150	3200	-50
	Maharashtra	DOC	Sangli	3400	3600	-200
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2200	2220	-20
	Maharashtra	Ex-factory	Latur	2180	2200	-20
Mustard	Rajasthan	Plant delivery	Jaipur	1330	1320	10
Groundnut Meal	Gujarat	GN Cake	Gondal	2650	2750	-100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1755	1748	7
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1729	1733	-4

**Note: Prices Rs./ qtl**

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