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## Summary

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

Soybean witnessed gains on improved buying support in the physical market during the week under review.

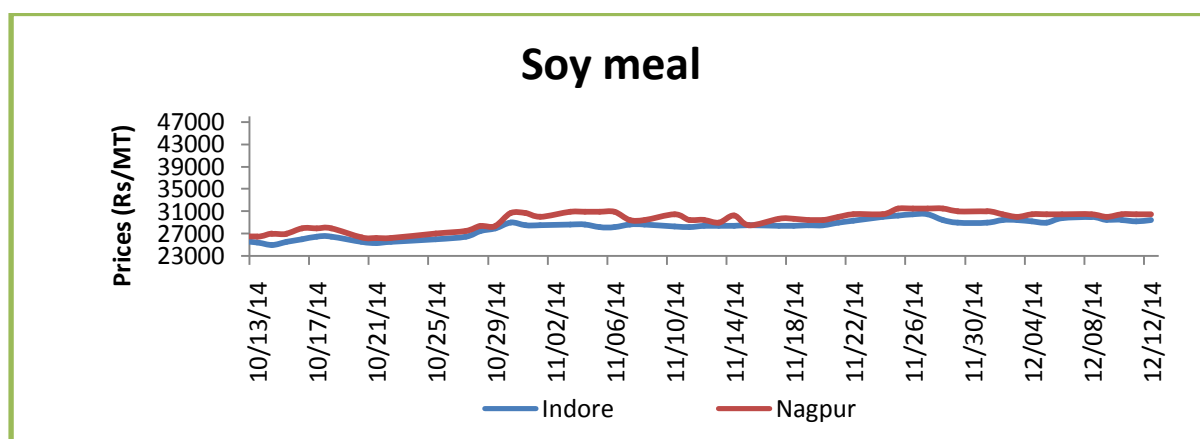
Continued fall in the soybean supplies in recent weeks in the domestic cash markets remained positive for the market. Further, gains in benchmark CBOT soy complex in recent days and improved Chinese soybean buying remained supportive international factors too.

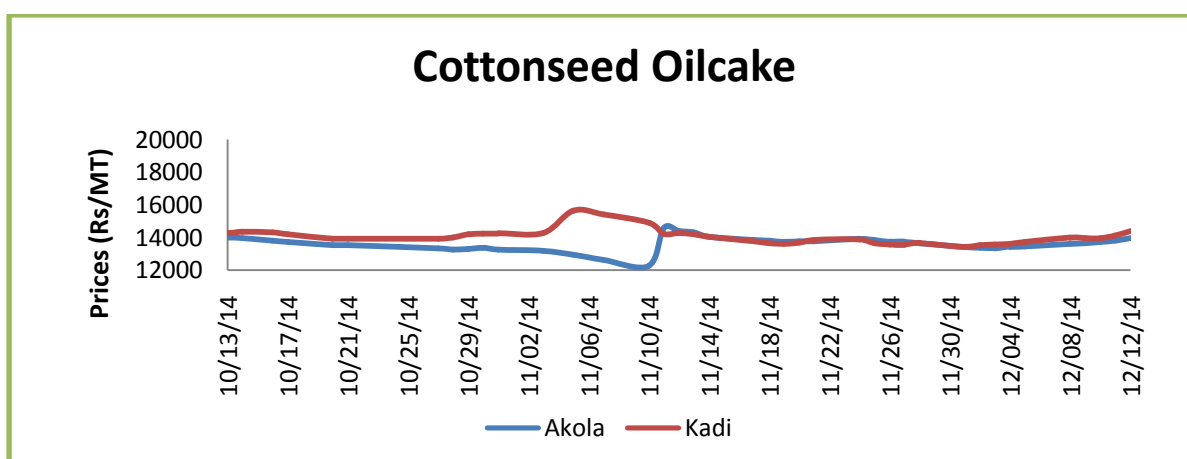
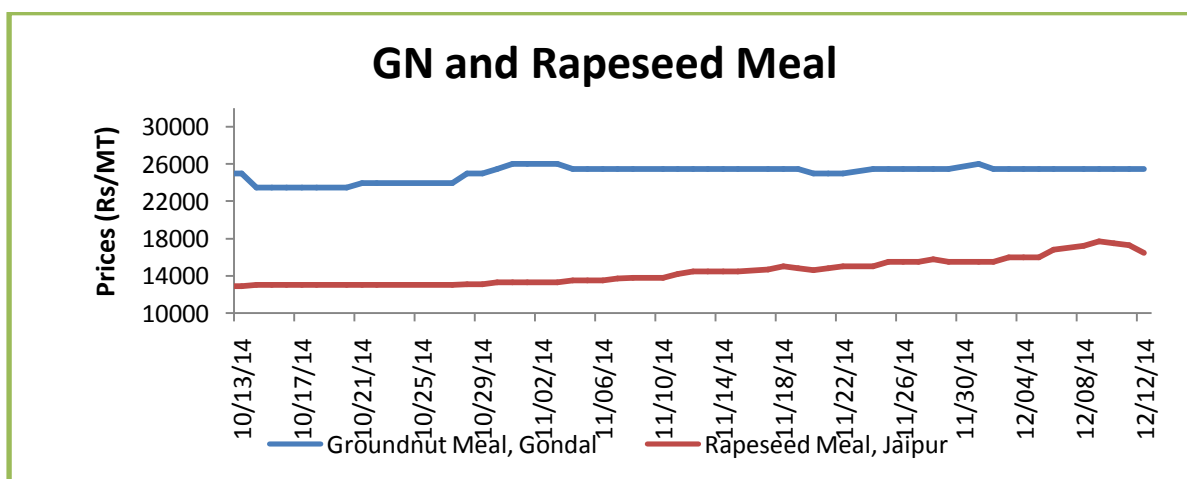
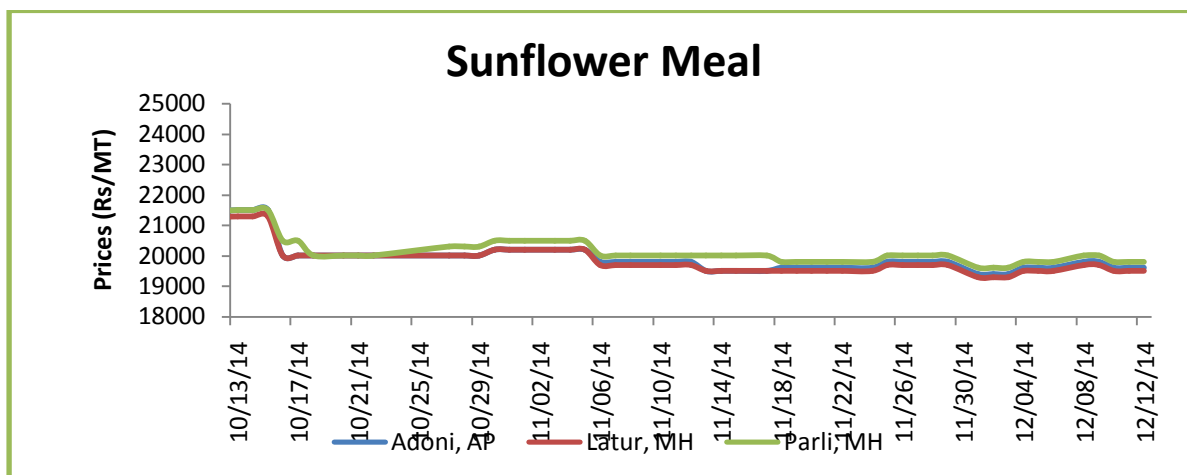
Soy meal featured gains in anticipation of higher overseas and seasonal domestic demand during the week under review.

The demand of the international soy meal buyer's shift towards India with the advent of new marketing season followed by improved soybean crushing.

More or less steady sentiments witnessed in major spot markets of maize during the week under review.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

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Soybean and meal and RM seed posted gains in tandem primarily on supportive buying in the cash market during the week under review. Recent gains in CBOT soybeans and Malaysian palm oil remained supportive too.

### Soybean:

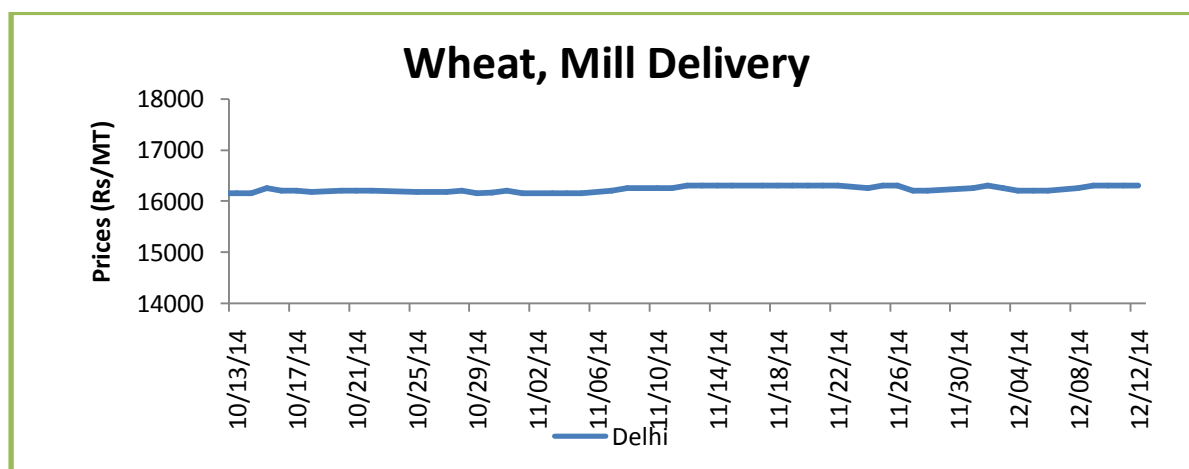
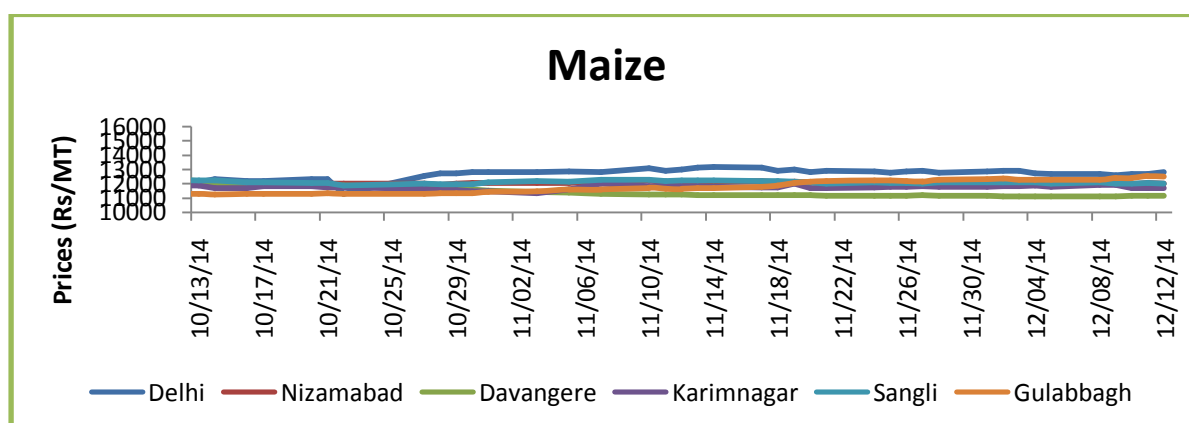
- ❖ Soybean witnessed gains on improved buying support in the physical market during the week under review.
- ❖ Continued fall in the soybean supplies in recent weeks in the domestic cash markets remained positive for the market. Further, gains in benchmark CBOT soy complex in recent days and improved Chinese soybean buying remained supportive international factors too.
- ❖ The domestic soybean supplies continued to fall from its peak, the daily average arrivals in Madhya Pradesh fell to 1.25- 2.0 lakh bags this week which were 2 - 3 lakh bags previous week and 4.5 – 5 lakhs about a month back.
- ❖ China imported 6.03 million tonnes of soybeans in November which is up 47.1% from 4.10 million tonnes in October which remained positive for the soybean market.
- ❖ However, weak soy meal export sales limited the gains in the beans.
- ❖ The USDA report was mostly neutral for soybean. The soybean production estimate of US, Brazil and Argentina in the December World Agriculture Supply and Demand report by USDA is kept intact compared the estimates in November.
- ❖ The US soybean production estimates are at 107.73 Mln T, Brazil's 94 Mln T and Argentina's 55 Mln T, the figures are same as Nov.

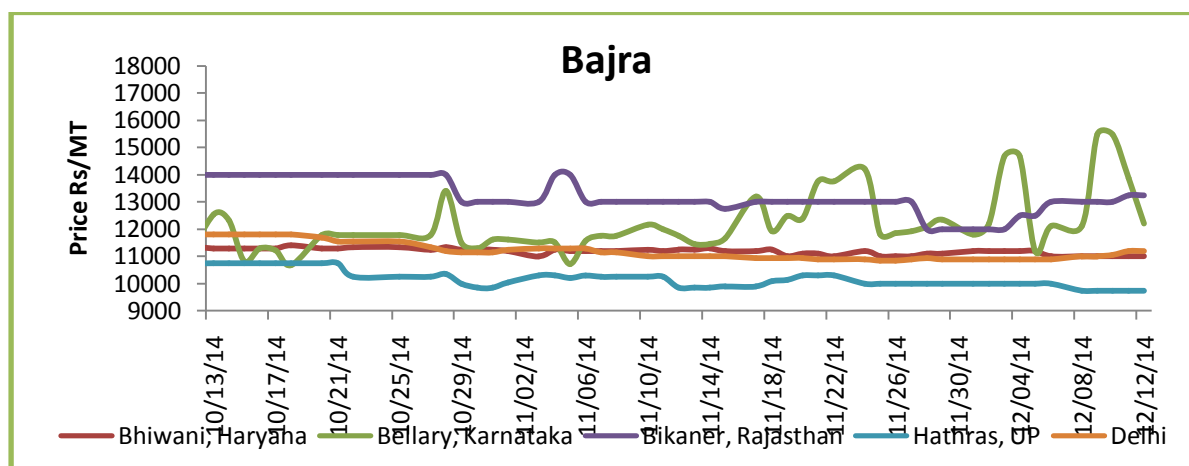
### Soy meal:

- ❖ Soy meal featured gains in anticipation of higher overseas and seasonal domestic demand during the week under review.
- ❖ The demand of the international soy meal buyer's shift towards India with the advent of new marketing season followed by improved soybean crushing.
- ❖ Seasonally the domestic increase in poultry consumption during winter subsequently pushes up the demand in soy meal for the poultry feed used as a key ingredient which keeps local meal prices stable.
- ❖ As discussed earlier, the overseas meal demand slightly improved m-o-m but it remained significantly lower compared to the same period last year.
- ❖ The domestic meal demand has already suffered to some extent with the recent concern of the outbreak of bird-flu in some parts of Kerala.
- ❖ Further, bearish global supply scenario and weakness in crude in conjunction with subdued Malaysian palm oil limited the upside in domestic soy meal.
- ❖ India's soy meal shipments in Nov. 2014 rose 282% as compared to Oct.'14 but it was 78% lower than the same period last year.

### RM Seed:

- ❖ RM seed continued upward trend on supportive buying from millers and the stockists with improved mustard oil demand in the major consuming centers like West Bengal and Kashmir.
- ❖ The demand in mustard oil consumption improves during winter with increased consumption of snack and fries.
- ❖ Further, India's continued rapeseed extract shipments to major destinations like Iran, Vietnam and Indonesia continued to lend support to the seed.
- ❖ India's mustard seed planting is lagging by 7% compared to the same period last year and. We expect India's total area under RM seed to be near previous season, which was 71.4 lakh hectares.
- ❖ The fall in planting pace was due to warm weather in most of the growing areas initially where farmers waited for the rain spells so that the soil moisture improves.
- ❖ However, the recent rains over growing regions will boost the soil moisture.
- ❖ Malaysian palm oil stocks for November rose 5.2 percent to 2,278,369 tons v/s 2,166,525 tons at the end of October. Last year at the same time stocks were 1,978,685 tons. On the production front, Malaysia's palm oil production during Jan-Nov, 2014 stood at 18.3 million tons, 4.57% higher from the last year of the corresponding year.





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

More or less steady sentiments witnessed in major spot markets of maize during the week under review. Prices of maize decreased slightly in Bagalkot while it increased in Delhi and Gadag. Remained traded unchanged as compared to last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 10 per quintal to Rs. 1230-1265 per quintal while starch feed makers quoted maize steady at Rs.1210 -1270 per quintal as compared to last week.

As per ministry of agriculture, maize have been sown in 8.52 lakh hectares as on 5th December, 2014 during Rabi season, higher by 1.79 lakh hectares as compared to last year.

As per IBIS data, exports of corn were reported around 0.047 million tons for the period of 1st Dec to 7th Dec'14 mainly to Turkey, Malaysia, Vietnam and Srilanka.

In Gulabbagh mandi, maize bilty traded firm by Rs. 100 per quintal to Rs. 1350 per quintal as compared to last week. Maize is moving towards Kolkata at Rs. 1425-1450 per quintal on delivered basis sourced from Naugachia region of Bihar. Maize could trade slightly firm amid good demand from Kolkata feed makers.

Maize crop contains 16-17% moisture. It is moving towards Bangalore, Nammakal and Chitradurga at Rs. 1230 per quintal, Rs. 1230 per quintal and Rs. 1150 per quintal respectively, sourced from Davangere. Maize could trade steady in the near term.

In Delhi, hybrid maize traded firm by Rs. 10 per quintal to Rs 1270-1280 per qtl. as compared to last week, sourced from U.P. Sources revealed that stock of maize could be around 700 quintal. Maize could trade steady to firm in the near term amid good demand of poultry feed makers.

In Nizamabad, maize crop contains around 14% moisture, bilty quoted steady at Rs. 1225 per quintal as compared to last week. Sources revealed that government of A.P. has quantity of maize around

0.04 million tons at this time and continues procuring at the MSP. Maize could trade steady to range bound in the near term.

As per USDA, U.S accumulated corn export figures reached to 99,35,825 metric tons for the 2014-15 marketing year. Exports of 6,78,300 MT reported by U.S to Japan (246,400 MT), Peru (103,900 MT), Mexico (95,000 MT), Colombia (77,000 MT), Costa Rica (38,400 MT), and Saudi Arabia (36,300 MT) for the period November 28- December 04, 2014.

As per the statistics bureau, China's corn production is down by 2.33 million tons to 215.67 million tons this year as compared to last year. (Source: Reuters)

As per European traders, The Korea Feed Association's Busan section purchased 60,000 tons of corn from Japanese trading house Mitsubishi at \$210.88 a ton c&f for arrival around Apr. 25, 2015, plus a \$1.50 a ton surcharge for additional port unloading. Besides, South Korea's largest feedmaker Nonghyup Feed Inc. purchased 68,000 tons of corn from ADM Asia at \$210.88 a ton c&f plus a \$1.50 a ton surcharge for additional port unloading for arrival around Apr. 5. (Source: Reuters)

Wheat sowing in lower land in Bihar is running smoothly while 80 percent sowing in upper land is complete now. The early sowed crop has entered in sprouting stage and farmers are engaged in second irrigation and applying fertilizers to it. The crop condition is good and decreasing temperature in major growing belt is considered beneficial to all wheat crops either in till ring or sprouting stages .Area is likely to increase slightly this year under wheat as harvesting of paddy crop in upper and lower land finished 10 to 15 days earlier. One-two shower of light winter rains expected by next week may ensure better growth of the standing crop. Over all condition of wheat crop throughout the state is satisfactory so far.

According to latest report of USDA, Wheat production of India may reach to 95.5 MMT. The cause for the US agency's optimism is unknown since sowing of wheat is trailing this year. The area is down despite Rs 50 hike in the minimum support price for wheat at Rs 1450 per quintal this year.

As of now Wheat area has slightly decreased by around 4% in comparison to last year till date .As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 241.91 lakh hectares against corresponding period of 2013-14(251.32 lakh hectares).

Ministry of Consumer Affairs, Food & Public Distribution has taken the decision (effective for kharif 2014-15 and rabi 2015-16) clearly denotes that if any state govt. announces bonus over and above MSP, the center govt will limit procurement according to requirements of food grains for TPDS/OWS. The same is applicable in DCP states too where states procure foodgrains on behalf of central govt. If the states procure more than fixed quantity, they will not only have to bear the burden of additional expenses but also be responsible for the disposal of the surplus quantity. For non DCP states FCI will not take part in procurement oppression if the concerned states decide to offer bonus over and above MSP. The concerned states will be fully responsible to handle the entire procurement oppression including movement and storage and mobilization of resources.

The immediate impact of the decision will be lower procurement by DCP states as no state would like to bear the additional burden and expenses of the surplus procurement. By applying this decision central govt. too would ensure to avoid unnecessary burden of unlimited procurement. Besides, it will ensure higher supply of grains in open market and stability in the market to some extent.

According to IBIS, export of wheat in the first week of December (01-07 Dec) was around 23 Thousand Mt. The major export destination of Indian wheat was Turkey from Kandla port which accounted 22 thousand MT at an average FOB price of \$352.92/Tn .Other countries were Philippines and UAE.

Global wheat market may trade steady to firm due to unfavorable weather condition. Market may test the first resistance level of 590 cent per bushel in the short term. However, better production world over and higher marketable surplus would not allow market to go for any Bull Run. We expect market to trade in the range of \$190 to \$220 per T.

## Outlook

Feed prices are expected to trade firm as feed ingredients prices were steady to firm during last week.

## Spreads

### Maize Average Weekly spread with Bajra

Week	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14
1	127.0	132.5	129.0	160.0	109.0	-0.83	-17.0	27.0	0.00	59.0	144.0	180.0
2	135.0	134.0	146.0	162.5	83.0	-20.0	25.0	20.0	-3.00	62.0	202.0	164.0
3	122.0	107.0	141.0	161.0	28.0	-62.0	30.0	8.0	6.00	93.0	207.0	
4	145.0	134.0	155.0	158.0	20.0	-65.0	42.5	-0.8	63.0	154.0	182.5	
5					5.0		30.0		60.0			

\*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 maize traded firm vs. maize as compared to last week. We expect that trend could continue in the near term and keep maize spread with bajra down for next week.



**Maize Average Weekly spread with Jowar**

Week	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14
1	357.0	318.0	269.0	-101.0	-604.0	-	-	-785.0	-781.6	-669.0	-532.0	-230.0
2	317.0	293.0	342.0	-145.0	-615.0	-940.0	-902.0	-768.0	-773.0	-760.0	-198.0	-253.0
3	310.0	201.0	354.0	-141.0	-966.0	-	-902.0	-896.0	-873.0	-547.0	-200.0	
4	320.0	245.0	207.0	-240.0	-1078.0	-	-727.5	-781.0	-795.0	-792.0	-228.0	
5	422.0					-	-740.0		-770.0			

\*Market Center: Delhi. Maize – loose price. Maize prices less Jowar

As the table depicts, maize spread with jowar traded down as jowar traded firm vs. maize as compared to last week. We expect that jowar could trade steady in the near term and keep maize spread with jowar firm as compared to last week.

**Maize Average Weekly spread with Barley**

Week	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14
1	127.0	158.0	102.5	180.0	144.0	47.0	-95.0	-128.0	-112.0	-122.5	-166.0	-155.0
2	143.0	135.0	137.0	217.5	85.0	0.0	-88.0	-102.0	-117.0	-100.0	-40.0	-149.0
3	150.0	102.5	144.0	258.0	61.0	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	
4	170.0	143.0	163.0	208.0	87.0	-80.0	-107.5	-109.0	-105.0	-90.0	-154.0	
5					78.0		-140.0		-110.0			

\*Market Center: Delhi. Maize – loose price. Maize prices less Bajra

As the table depicts, in Delhi spot market, maize spread with barley traded slightly 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.

**Maize Average Weekly spread with Wheat**

Week	Jan'14	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14
1	-160.0	-176.0	-175.0	-55.0	-57.5	-182.5	-277.0	-240.0		-309.0	-324.0	-296.0
2	-166.0	-177.0	-109.0	17.5	-122.5	-222.5	-246.0	-270.0	-269.0	-306.0	-297.5	-297.5
3	-191.0	-221.0	-120.0	6.0	-173.0	-306.0	-302.0		-312.5	-318.0	-307.0	
4	-197.0	-177.0	-26.0	-36.0	-169.0	-301.0	-252.0		-288.0	-302.5	-306.0	
5					-173.0		-240.0		-297.5			

\*Market Center: Delhi. Maize – loose price. Maize prices less Wheat

As the table depicts, maize spread with wheat traded down as wheat traded firm vs. maize during last week. We expect that wheat could trade steady in the near term and keep maize spread with wheat firm for the next week.

Annexure

**Oil Meal Prices at Key Spot Markets:**

**Soy DOC Rates at Different Centres**

Centres	Ex-factory rates (Rs/ton)		
	12-Dec-14	5-Dec-14	Parity To
Indore (MP)	29200-29500	29000	Gujarat, MP
Kota	29100-29200	29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30500	29800	Mumbai, Maharashtra
Nagpur (42/46)	30500	30500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	NA	30500	Andhra, AP, Kar, TN
Latur	31000	30300	-
Sangli	31000	30500	Local and South
Sholapur	30900	30500	Local and South
Akola	29200	29000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	NA	30100	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	29500	29000	-

**Soy DOC at Port**

Centers	Port Price	
	12-Dec-14	5-Dec-14
Kandla (FOR) (INR/MT)	30675	30750
Kandla (FAS) (USD/MT)	491	497

**International Soy DOC**

Argentina FOB \$/MT	10-Dec-14	4-Dec-14	Change
Soybean Pellets	442	428	14
Soybean Cake Meal	442	428	14
Soybean Meal	450	436	14
Soy Expellers	450	436	14

#### Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	12-Dec-14	5-Dec-14	Change
Adoni	19600	19600	Unch
Khamgaon	NA	NA	-
Parli	19800	19800	Unch
Latur	19500	19500	Unch

#### Groundnut Meal

Groundnut Meal	12-Dec-14	5-Dec-14	Change
Basis 45% O&A, Saurashtra	25800	25800	Unch
Basis 40% O&A, Saurashtra	22800	22800	Unch
GN Cake, Gondal	25500	25500	Unch

#### Mustard DOC/Meal

Mustard DOC/Meal	12-Dec-14	5-Dec-14	Change
Jaipur (Plant Delivery)	16500	16000	500
Kandla (FOR)	17800	17000	800

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

Market	Grade	12-Dec-14	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1280	1270	1310	1460	1525
Davangere	Bilty	1080	1080	1080	1150	1340
Nizamabad	Bilty	1225	1225	1220	1250	1400
Ahmedabad	Feed	1240	1250	1280	1340	1500
	Starch	1260	1260	1290	1370	1575

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	199.8	192.55	189.96	203.44
Cost and Freight (Thailand)	249.8	247.55	249.96	238.44

**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	2778
Sep	290868	225921	6525	173381	868
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>877245</b>

**Feed Ingredient Prices at a Glance**

Commodity	State	Variety	Centre	12-Dec-14	5-Dec-14	Change
Bajra	Karnataka	Hybrid	Bellary	NA	1120	-
		Hybrid	Bangalore	1250	1350	-100
Jowar	Karnataka	White	Bangalore	NA	1275	-
		White	Bellary	1279	1988	-709
Maize	Karnataka	Yellow	Davangere	1050	1030	20
	Andhra Pradesh	Yellow	Nizamabad	NA	NA	-
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2200	2400	-200
Soy meal	Madhya Pradesh	DOC	Indore	2950	2900	50
	Maharashtra	DOC	Sangli	3100	3050	50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1960	1960	Unch
	Maharashtra	Ex-factory	Latur	1950	1950	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1650	1600	50
Groundnut Meal	Gujarat	GN Cake	Gondal	2550	2550	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1438	1372	66

Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1397	1344	53
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**Note: Prices Rs./ Qtl**

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