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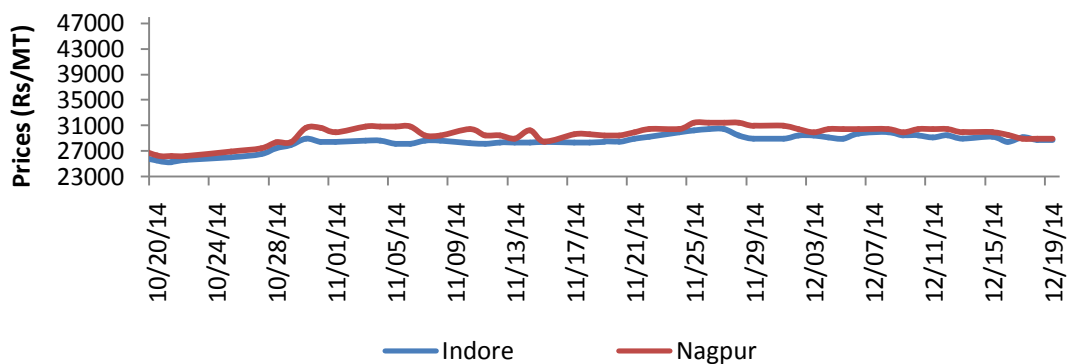
Summary

Soybean and meal fell tracking weak global factors while RM seed extended gains on continued buying support and reports of lower than expected planting in India.

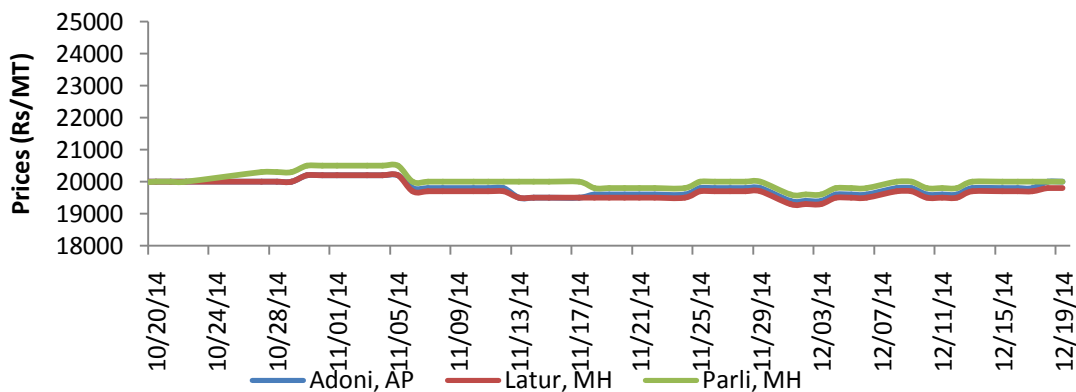
- ❖ Soybean fell on multiple factors during the week under review. Bearish global soybean supply scenario and sharp fall in crude remained negative factors for the domestic soybean market.
- ❖ Need based buying was featured in the domestic cash market in anticipation of further fall in the bean prices while sellers were not keen in offloading their produce at the current price. However, the market participants feel that the India's soybean production is lower than the estimated.
- ❖ Soy meal fell primarily due to global supply pressure and poor overseas demand of Indian origin, during the week under review.
- ❖ India's soy meal exports sales are weaker than the expected this season coupled with lower domestic demand in the same.
- ❖ RM seed extended previous gain on supportive buying from solvent extractors and the stockists during the period under review.
- ❖ Continued seed buying with the improved demand in mustard oil remained supportive for the seed.
- ❖ The demand in mustard oil consumption improves during winter with increased consumption of snacks and fries.
- ❖ Argentine soybean planting has reached 67% of the 20.6 million hectares expected to be sown this season, the exchange said in a report.
- ❖ Brazil's 2014/15 soybean crop is 96% planted, AgRural said in the week, the planting is up from 92% a week ago and slightly behind the historical average of 98% for this time of year.
- ❖ 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.

Trend – Raw Material, Feed

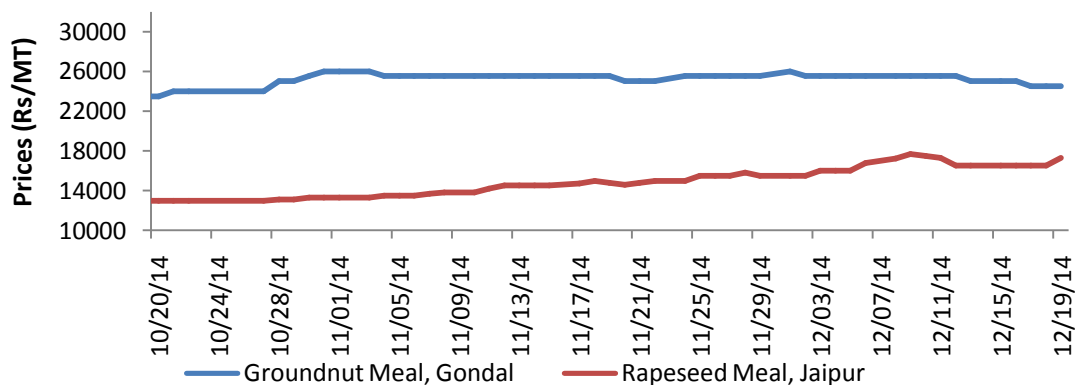
Soy meal

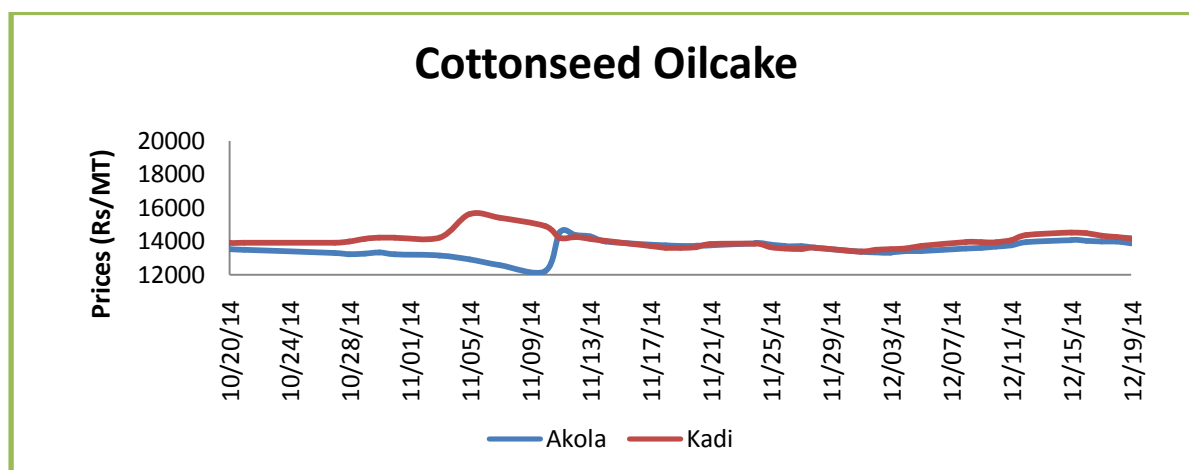


Sunflower Meal



GN and Rapeseed Meal





Source: AgriWatch

Executive Summary

Soybean and meal fell tracking weak global factors while RM seed extended gains on continued buying support and reports of lower than expected planting in India.

Soybean:

- ❖ Soybean fell on multiple factors during the week under review. Bearish global soybean supply scenario and sharp fall in crude remained negative factors for the domestic soybean market.
- ❖ Need based buying was featured in the domestic cash market in anticipation of further fall in the bean prices while sellers were not keen in offloading their produce at the current price. However, the market participants feel that the India's soybean production is lower than the estimated.
- ❖ The domestic soybean supplies continued to fall from its peak, the daily average arrivals in Madhya Pradesh fell to 1.0 - 1.5 lakh bags this week which were 1.25- 2.0 lakh bags previous week and 4.5 – 5 lakhs about a month back.
- ❖ Further, weakness in Malaysian palm oil, the benchmark CBOT soybean witnessed losses during the week. US weekly export sales in bean were lower. The net US soybean sales of 810,300 MT for 2014/2015 were down 31% from the previous week and 20% from the prior 4-week average.
- ❖ However, US November 2014 soybean crush is reported up at 161.21 million bushels (Mln bu) from 160.14 Mln bu in Nov 2013. This is even higher than the crush figures in October'14 which was 157.96 Mln bu.

- ❖ The crush is lower than the market expectations of 165.40 Mln bu. according the average of estimates in a Reuter's poll.

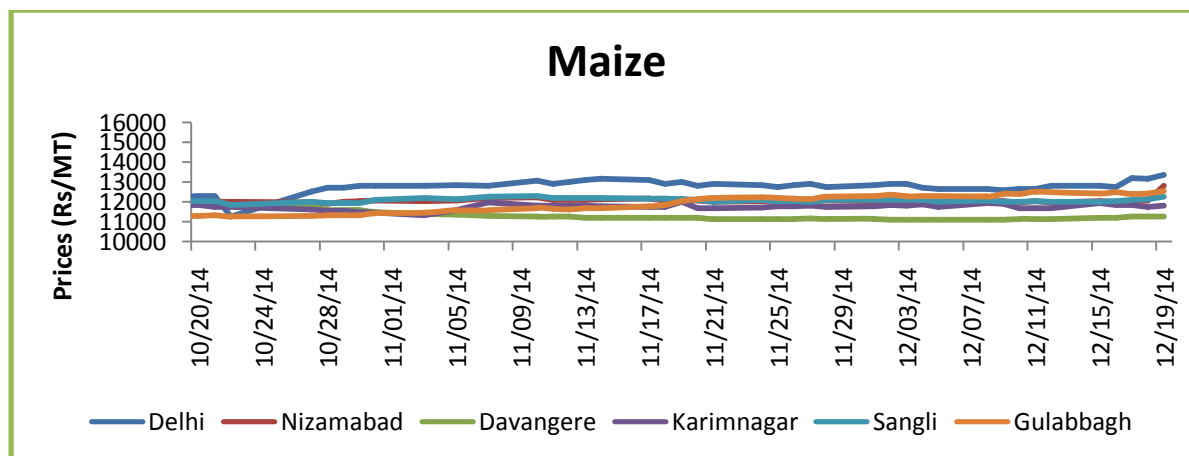
Soy meal:

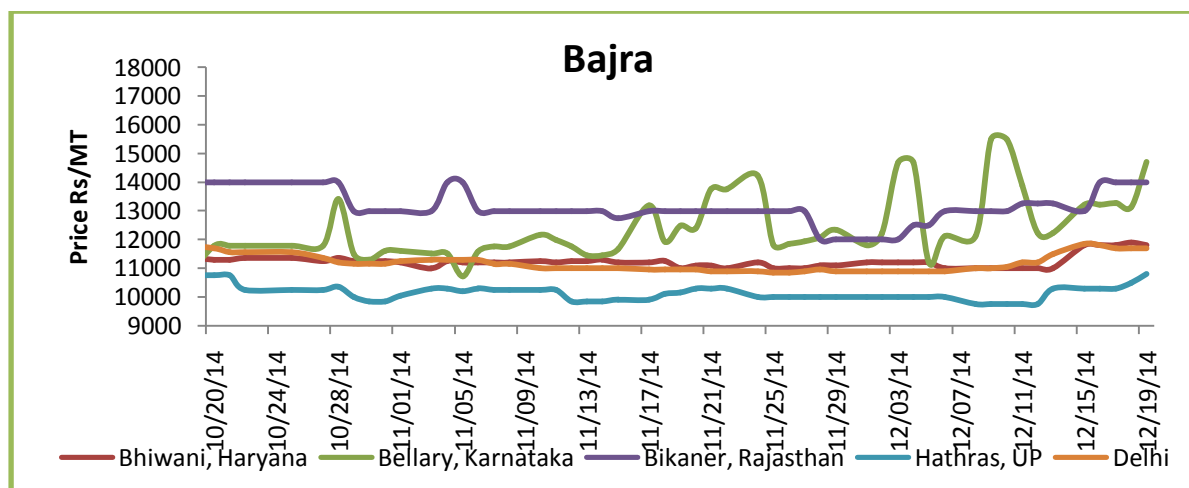
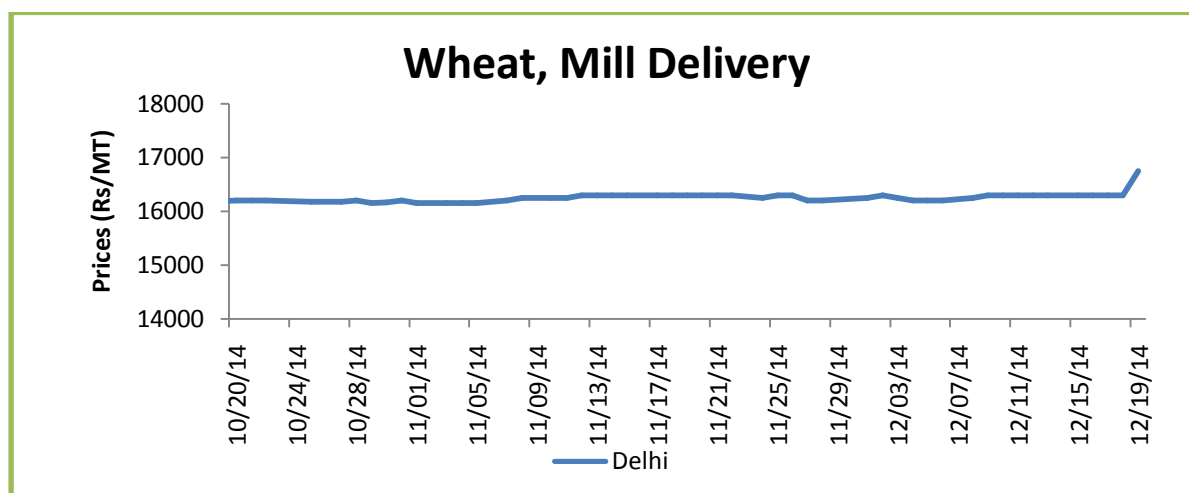
- ❖ Soy meal fell primarily due to global supply pressure and poor overseas demand of Indian origin, during the week under review.
- ❖ India's soy meal exports sales are weaker than the expected this season coupled with lower domestic demand in the same.
- ❖ Competitive meal price of US and South American origin this season due to the higher supply scenario despite commencement of India's new soybean season, when crushing is in full swing remained negative for Indian meal exports.
- ❖ Besides, the domestic demand for meal from major consuming poultry industry continues to be dull due to lower than expected demand in poultry products and recent bird-flu concern in few parts of Kerala.
- ❖ 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.
- ❖ Steep fall in crude over 40% in last six months remained a bearish factor for the soy meal.
- ❖ As discussed earlier, the overseas meal demand slightly improved m-o-m but it remained significantly lower compared to the same period last year.

RM Seed:

- ❖ RM seed extended previous gain on supportive buying from solvent extractors and the stockists during the period under review.
- ❖ Continued seed buying with the improved demand in mustard oil remained supportive for the seed.
- ❖ The demand in mustard oil consumption improves during winter with increased consumption of snacks and fries.

- ❖ Further, improved overseas demand in rapeseed extract of Indian origin this season has boosted the shipments to major destinations like Iran, Vietnam and Indonesia continued to lend support to the seed.
- ❖ India's mustard seed planting is lagging by 5% compared to the same period last year and. We expect India's total area under RM seed this season will be below previous season. India's area under RM seed was 71.4 lakh hectares in 2013.
- ❖ 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, rains over growing regions last week have boosted the soil moisture.
- ❖ As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$699, RBD palm oil to US \$723, Crude and refined palmolein to 731, 734 (US dollar per metric tons) respectively.
- ❖ Moreover, USD 849 per ton is set as a new base import price for crude soybean oil. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.





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 Gadag and Khanna while it increased in Delhi, Bagalkot and Sangli. Remained traded unchanged as compared to last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 15 per quintal to Rs. 1225-1280 per quintal while starch feed makers quoted maize down by Rs. 10 per quintal to Rs. 1200 -1260 per quintal as compared to last week.

As per ministry of agriculture, maize have been sown in 9.73 lakh hectares as on 12th December, 2014 during Rabi season, higher by 0.05 lakh hectares as compared to last year.

As per IBIS data, exports of corn were reported around 0.029 million tons for the period of 8th Dec to 14th Dec'14 mainly to Malaysia, Vietnam, Srilanka and Canada.

In Gulabbagh mandi, maize bilty traded steady at 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 14-15% moisture. It is moving towards Bangalore, Nammakal and Chitradurga at Rs. 1230 per quintal, Rs. 1250 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. 20 per quintal to Rs 1280-1300 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. Maize could trade steady to range bound in the near term.

As per USDA, U.S accumulated corn export figures reached to 10,689,843 metric tons for the 2014-15 marketing year. Exports of 7,54,000 MT were up 11 percent from the last week and 24 percent from the prior 4-week average; reported by U.S to Japan (271,000 MT), Mexico (219,800 MT), Peru (64,000 MT), South Korea (60,400 MT), Venezuela (30,000 MT), and Panama (23,400 MT) for the period December 05- December 11, 2014.

Preliminary Japanese government data shows that Japan's use of corn in animal feed production rose to 44.8% in the Oct'14 from 43.6% during the same month last year as users' reliance on alternatives such as sorghum, wheat and barley decreased. (Source: Reuters)

As per European traders, South Korea's largest feedmaker Nonghyup Feed Inc. purchased 69,000 tons of corn at \$214.46 a ton c&f plus a \$1.25 a ton surcharge for additional port unloading from Cargill, for Apr. 15, 2015, arrival. (Source: Reuters)

Wheat

With decreasing temperature and almost favorable weather in major wheat growing areas wheat production is likely to improve this year despite lower sowed area in major states like Madhya Pradesh and Uttrakhand. Overall wheat area till 19th December, 2014 lags behind by around 2 percent. Area under wheat crop has been registered at 268.26 lakh ha against 273.12 lakh ha in the second week of December.

Lower wheat area coverage in Madhya Pradesh has been the major cause of concern at this point of time and sowing has entered in the last phase here. So it would be very difficult to get recovery in overall wheat area in this state. Area under wheat in the state has been registered at 41.42 lakh ha against 48.89 lakh ha last year, almost 15 percent lower than last year. However, area under wheat in Rajasthan has increased by 5 percent till 12 December. It is likely to compensate loss in Madhya Pradesh to some extent. Wheat area in Rajasthan

has been 25 lakh ha till 12 December. In other states progressive sowing is normal and crop condition is good to satisfactory till now.

Wheat prices remain steady to firm due to lean season factors and short supply of high grade wheat from government and private ends. Farmers are also engaged in sowing of wheat as weather condition is favorable for better crop production.

According to IBIS, export of wheat in the second week of December (08-14 Dec) was around .49 Thousand Mt. The major export destination of Indian wheat was UAE from Mundra port which accounted .12 thousand MT at an average FOB price of \$363.01/Tn .Other countries were Jordan and Malaysia.

Wheat stock in govt.'s granary on 01st December was recorded at 27.20 million tonne against 30.13 million tonne on 1st November, 2014. India needs 8.2 million tonne wheat as buffer stock and 3 million tonne as strategic reserve as on 1st January, 2014. Actual holding with govt. is at comfortable stage and supply side would be ample throughout the season.

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.

Outlook

Feed prices are expected to trade steady to slightly firm as feed ingredients prices may move slightly up and would influence feed price in the weeks ahead..

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, Orissa, Jharkhand, WB |
| Hingoli | NA | 30100 | Andhra, Chattisgarh, Orissa, Jharkhand, WB |
| Bundi | 29500 | 29000 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|-----------|
| | 19-Dec-14 | 12-Dec-14 |
| Kandla (FOR) (INR/MT) | 29950 | 30675 |
| Kandla (FAS) (USD/MT) | 475 | 491 |

International Soy DOC

| Argentina FOB \$/MT | 18-Dec-14 | 10-Dec-14 | Change |
|---------------------|-----------|-----------|--------|
| Soybean Pellets | 430 | 442 | -12 |
| Soybean Cake Meal | 430 | 442 | -12 |
| Soybean Meal | 438 | 450 | -12 |
| Soy Expellers | 438 | 450 | -12 |

Sunflower (DOC) Rates

| Centers | Ex-factory rates (Rs/ton) | | |
|----------|---------------------------|-----------|--------|
| | 19-Dec-14 | 12-Dec-14 | Change |
| Adoni | 20000 | 19600 | 400 |
| Khamgaon | NA | NA | - |
| Parli | 20000 | 19800 | 200 |
| Latur | 19800 | 19500 | 300 |

Groundnut Meal

| Groundnut Meal | 19-Dec-14 | 12-Dec-14 | Change |
|---------------------------|-----------|-----------|--------|
| Basis 45% O&A, Saurashtra | 25000 | 25800 | -800 |
| Basis 40% O&A, Saurashtra | 22000 | 22800 | -800 |
| GN Cake, Gondal | 24500 | 25500 | -1000 |

Mustard DOC/Meal

| Mustard DOC/Meal | 19-Dec-14 | 12-Dec-14 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant Delivery) | 17300 | 16500 | 800 |
| Kandla (FOR) | 18300 | 17800 | 500 |

Maize Spot Market Prices (Rs. /Quintal)

| Market | Grade | 19-Dec-14 | Week Ago | Month Ago | 2 Month Ago | Year Ago |
|-----------|--------|-----------|----------|-----------|-------------|----------|
| Delhi | Hybrid | 1290 | 1280 | 1290 | 1450 | 1525 |
| Davangere | Bilty | 1080 | 1080 | 1080 | 1200 | 1400 |
| Nizamabad | Bilty | 1225 | 1225 | 1220 | 1240 | 1385 |
| Ahmedabad | Feed | 1240 | 1240 | 1280 | 1350 | 1510 |
| | Starch | 1220 | 1260 | 1280 | 1350 | 1590 |

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

| | Argentina | Brazil | US | India (Bihar Origin) |
|-----------------------------|-----------|--------|--------|----------------------|
| FOB | 203.15 | 197.2 | 189.37 | 206.81 |
| Cost and Freight (Thailand) | 253.15 | 252.2 | 249.37 | 241.81 |

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 | 868 |
| Oct | 404960 | 223594 | 49840 | 182724 | |
| Nov | 443488 | 397659 | 517103 | 503269 | |
| Dec | 611157 | 798041 | 510698 | 451314 | |
| Total | 2937018 | 4075617 | 2668918 | 3512217 | 877245 |

Feed Ingredient Prices at a Glance

| <u>Commodity</u> | <u>State</u> | <u>Variety</u> | <u>Centre</u> | <u>19-Dec-14</u> | <u>12-Dec-14</u> | <u>Change</u> |
|------------------|----------------|----------------|---------------|------------------|------------------|---------------|
| 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 | Gujarat | Ex- Mandi | Kadi | 1438 | 1372 | 66 |

| | | | | | | |
|------------------------|-------------|-----------|-------|------|------|----|
| Cake | | | | | | |
| Cottonseed Oil Cake | Maharashtra | Ex- Mandi | Akola | 1397 | 1344 | 53 |

Note: Prices Rs./ Qtl

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