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## Summary

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

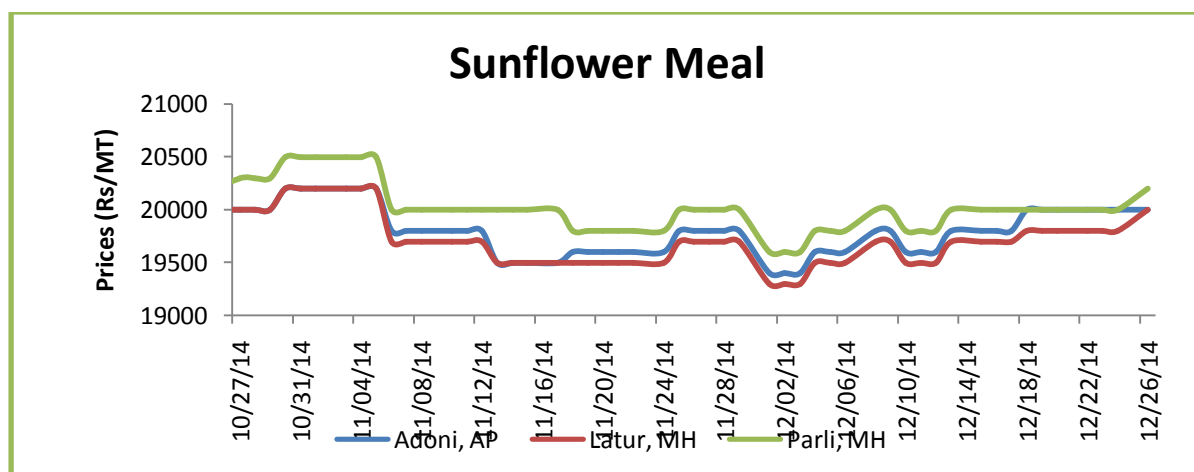
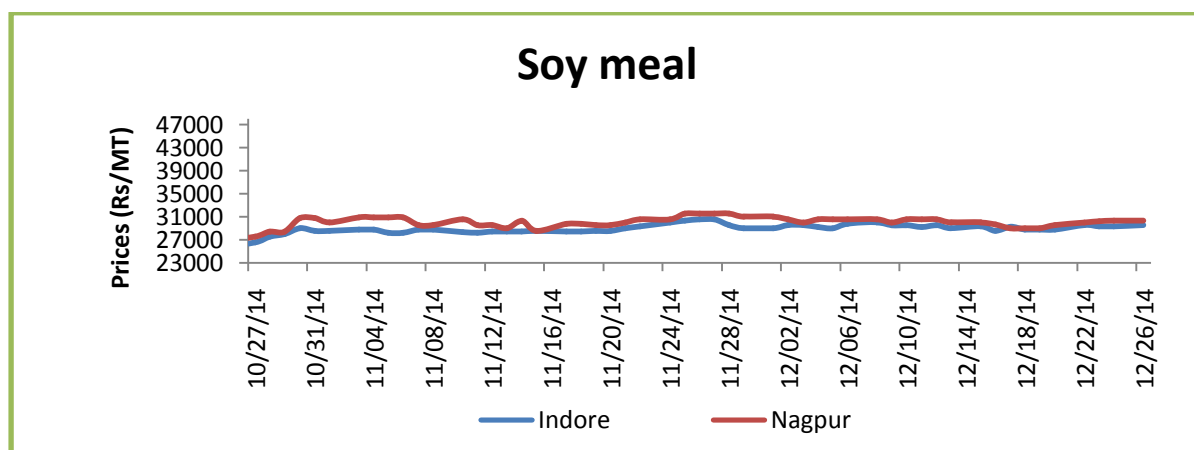
The domestic soybean rebound on recovery in international soybean benchmark and improved crushers demand in cash markets during the week under review.

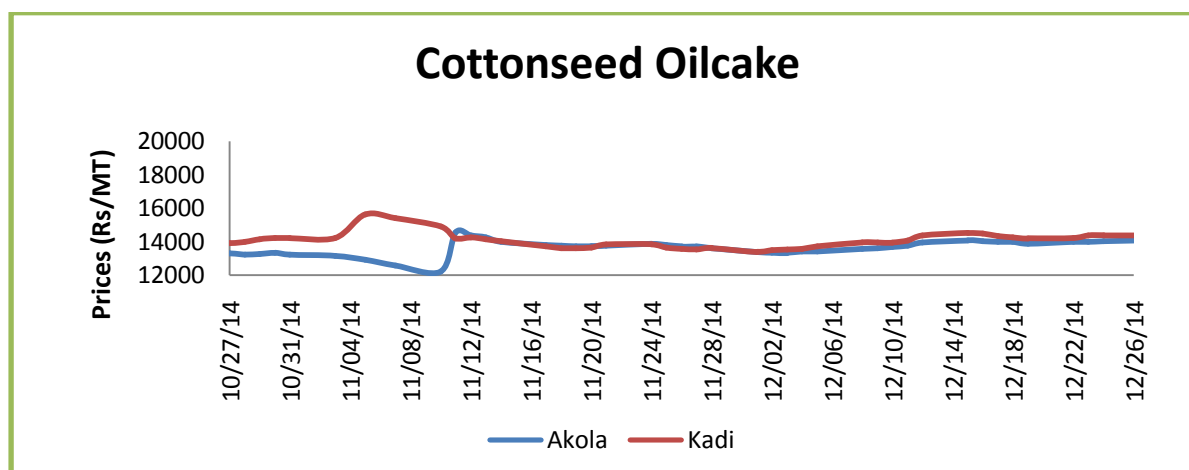
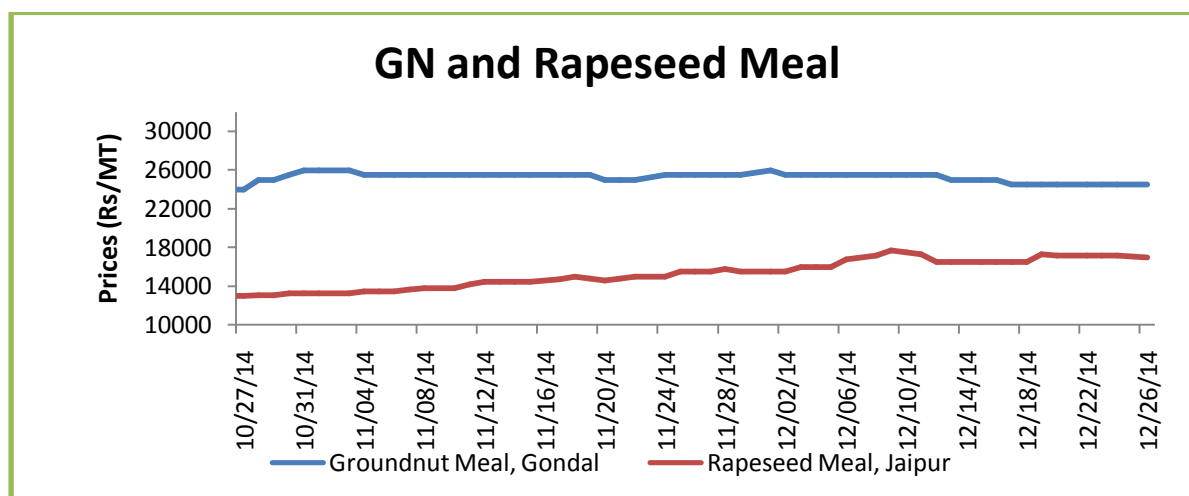
Gains in CBOT soybeans couples with Malaysian palm oil and crude mineral oil during the week remained supportive.

Soy meal posted gains in tandem with soybean tracking higher international oils and fats market during the week under review. Better US weekly soy meal sales to key destinations kept the CBOT meal stronger.

Overall steady to firm sentiments witnessed in major cash markets of maize except khanna market during the week under review.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

Soybean, meal and RM seed witnessed gains tracking gains in the international oils and fats market and improved buying in the domestic cash markets during the week under review.

### Soybean:

- ❖ The domestic soybean rebound on recovery in international soybean benchmark and improved crushers demand in cash markets during the week under review.
- ❖ Gains in CBOT soybeans couples with Malaysian palm oil and crude mineral oil during the week remained supportive.
- ❖ The domestic soybean supplies continued to fall from its peak, the daily average arrivals in Madhya Pradesh fell to 1.0 – 1.25 lakh bags this week which were 1.0 - 1.5 lakh bags previous week and 4.5 – 5 lakhs from its peak this in the start of the season.
- ❖ Finance Ministry, Govt. of India, has finally increased the import duty on crude and refined by 5% to 7.5% on crude and 15% on refined oils from 2.5% and 10% respectively. The move will boost the soybean prices and protect the farmers and solvent extractors/crushing industry.

- ❖ Though weekly US soybean sales were low with net sales of 696,000 MT for 2014/2015 were down 14 percent from the previous week and 27 percent from the prior 4-week average but continued Chinese buying with expected higher demand in the bean lent support to the market.
- ❖ The bean prices are supported by the increasing demand for oilmeals and for vegetable oils for food in the international market.

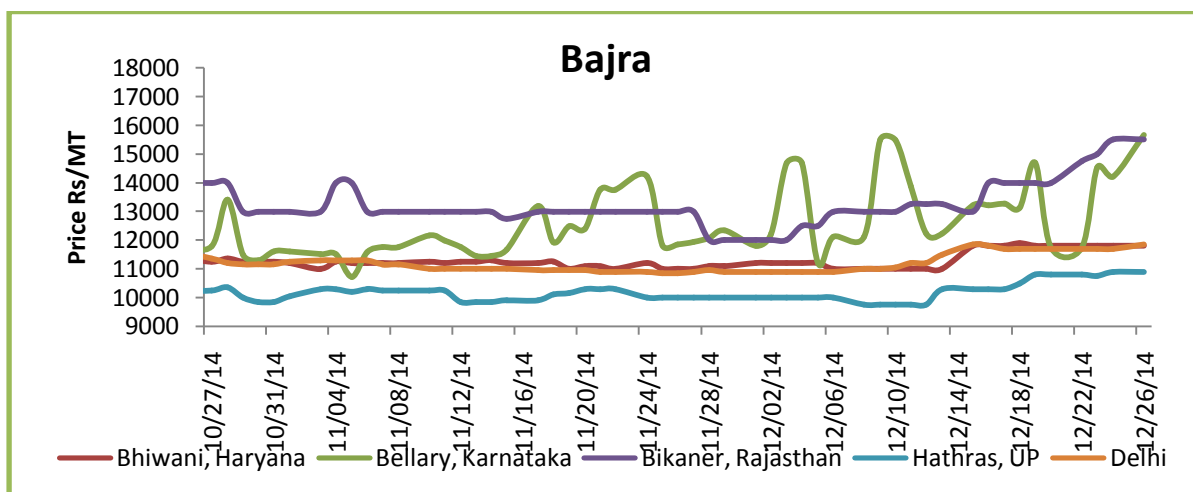
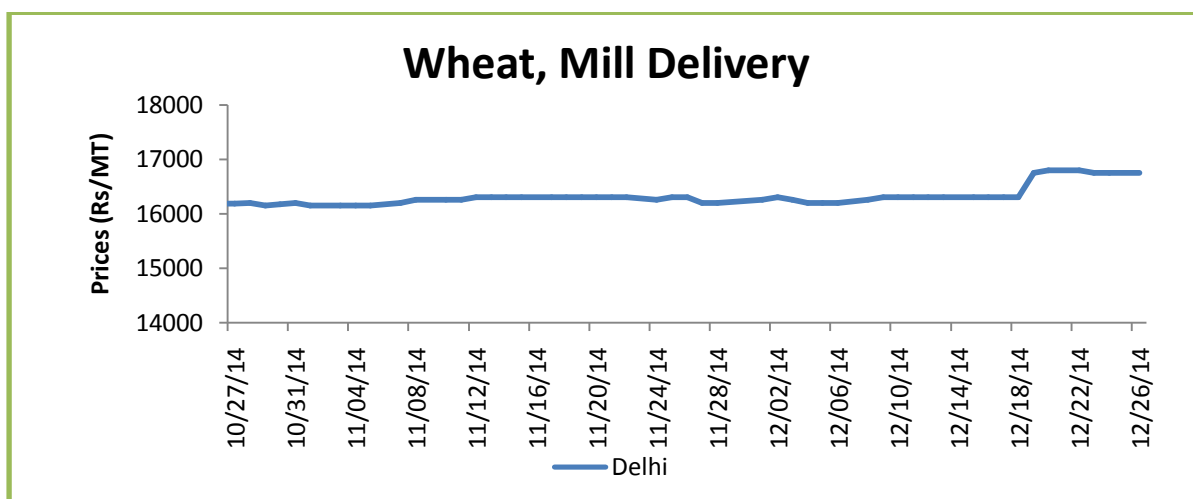
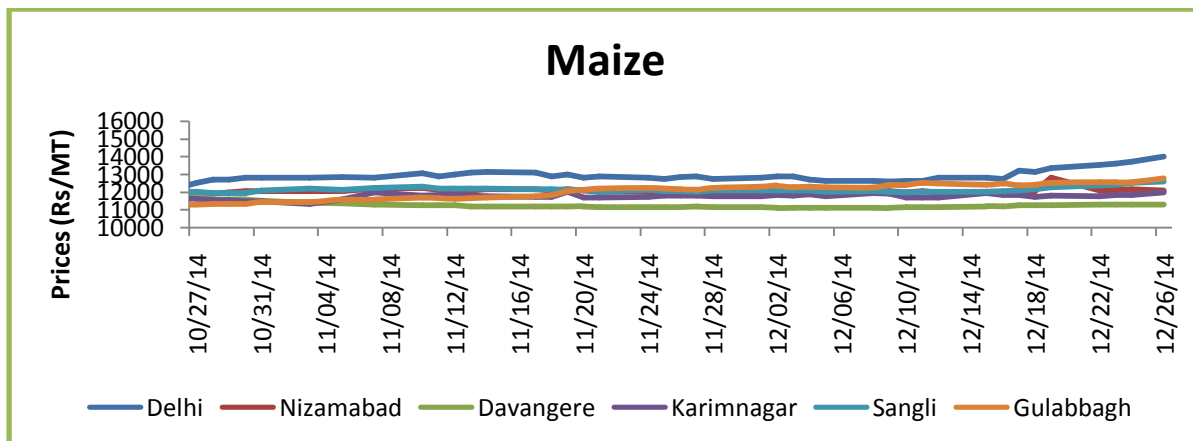
**Soy meal:**

- ❖ Soy meal posted gains in tandem with soybean tracking higher international oils and fats market during the week under review. Better US weekly soy meal sales to key destinations kept the CBOT meal stronger.
- ❖ US weekly soybean cake and meal net sales reported include 146,800 MT for 2014/2015 were up 65 percent from the previous week and 5 percent from the prior 4-week average. Increases were reported for Italy (77,100 MT, including 76,200 MT switched from unknown destinations), Mexico (71,000 MT), Thailand (45,000 MT, switched from unknown destinations), Colombia (21,700 MT, including 6,000 MT switched from unknown destinations), Peru (20,000 MT), and Canada (12,700 MT).
- ❖ Decreases were reported for unknown destinations (127,900 MT) and Honduras (400 MT). Exports of 298,000 MT were down 3 percent from the previous week, but up 4 percent from the prior 4-week average. The primary destinations were Italy (72,100 MT), Indonesia (52,600 MT), Mexico (34,100 MT), Venezuela (30,000 MT), and Colombia (21,100 MT) (Source: USDA).
- ❖ Besides, reports of increasing Malaysian palm oil exports in recent weeks after a prolonged lackluster trade in BMD CPO, kept the palm oil prices higher during the period.
- ❖ However, the underlying fundamental for domestic soy meal is not so positive, as overseas demand is still weak.

**RM Seed:**

- ❖ RM seed continued its upward trend on good buying support by the millers and the stockists during the week under review.
- ❖ Improved seasonal demand in the mustard oil has boosted in seed buying by the solvent extractors.
- ❖ In a major development, Finance Ministry, Govt. of India, has finally increased the import duty on crude and refined by 5% to 7.5% on crude and 15% on refined oils from 2.5% and 10% respectively. The move will boost the soybean prices and protect the farmers and solvent extractors/crushing industry.
- ❖ This will make edible oil imports dearer for India which will lend support to the domestic oilseeds at higher levels in near-term.
- ❖ Besides, better overseas demand in rapeseed extract of Indian origin this season from 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. 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.



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

Overall steady to firm sentiments witnessed in major cash markets of maize except khanna market during the week under review. Prices of maize increased in Delhi, Davangere, Shimoga, Bagalkot, Sangli and Ahmadabad while traded unchanged in Gadag, Nizamabad and Ludhiana market as compared to last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 45 per quintal to Rs. 1250-1325 per quintal while starch feed makers quoted maize firm by Rs. 40 per quintal to Rs. 1200 - 1300 per quintal as compared to last week.

As per ministry of agriculture, maize have been sown in 10.58 lakh hectares as on 19th December, 2014 during Rabi season, lower by 0.62 lakh hectares as compared to last year.

Export demand may improve from the third week of January as likely firm sentiment in the global market to some extent would provide opportunity for Indian exporters to ship some quantity from January end. However, if prices in domestic market continue to move northward, it will impact export opportunity negatively.

As per IBIS data, exports of corn were reported around 0.033 million tons for the period of 15<sup>th</sup> Dec to 21<sup>st</sup> Dec'14 mainly to Vietnam, Malaysia and Srilanka.

In Gulabghat mandi, maize bilty traded down by Rs. 10 per quintal to Rs. 1340 per quintal as compared to last week. Maize is moving towards Kolkata at Rs. 1450-1475 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. 1250 per quintal, Rs. 1250 per quintal and Rs. 1160 per quintal respectively, sourced from Davangere. Any steep fall from current level is unlikely. No major demand is being witnessed from users industries at this point of time.

In Delhi, hybrid maize traded firm by Rs. 80 per quintal to Rs 1380 per qtl. as compared to last week, sourced from U.P. Sources revealed that stock of maize could be around 3000 quintal. Firmness could continue 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 0.05 million tons at this time. Maize could trade steady to range bound in the near term despite lower arrival.

As per Argentina's agriculture ministry, China has approved imports of one of Argentina's genetically modified varieties of corn, Syngenta's SYN. VX Agrisure Viptera. (Source: Reuters)

**Despite delayed sowing in lower land in Bihar and Uttar Pradesh** crop condition of standing crop is satisfactory so far. Decreasing temperature remains favorable for wheat crop and no major fall in

production is expected at this point of time. Almost 80 percent sowing has been completed and one-two showers of winter rains may ensure better growth for sprouting stages.

**Rake loading by private trade has decreased considerably** in the second fortnight of December. Fresh demand may be seen in the second week of January. Recent firmness in wheat market is due to seasonal factors. Farmers are engaged in sowing activities and arrivals from their end have decreased considerably. Demands in domestic market remain normal against lower supply. Flour millers may turn to central pool stock to meet their immediate demands.

**Wheat stock in govt.'s granary on 15th December** was recorded at 26.38 million tonne against 27.20 million tonne on 1st December, 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.

**During last two weeks coverage area under wheat** has recovered considerably on the back of favorable weather condition in major growing states. The considerable increase has been registered in Madhya Pradesh where it is now (46.82 lakh hectares) 103 percent in comparison to normal area (45.18 lakh hectares) of the state. However it is lagging behind by around 10 % from last year area (51.93 lakh hectares) coverage till 19 December. Overall wheat area coverage has reached 92% in comparison to normal area so far.

**As of now Wheat area has slightly decreased by around 3%** in comparison to last year till date. As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 279.60 lakh hectares against corresponding period of 2013-14 (286.90 lakh hectares).

**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.

Global wheat market may trade steady to weak due to lower demand in the holiday season and ample supply in the world market. Market may test the first resistance level of 560 cent per bushel in the short term. We expect market to trade in the range of \$210 to \$250 per T.

## Outlook

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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  | 119.0  |
| 4    | 145.0  | 134.0  | 155.0  | 158.0  | 20.0   | -65.0  | 42.5    | -0.8   | 63.0   | 154.0  | 182.5  | 139.0  |
| 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 firm as maize traded firm vs. bajra as compared to last week. We expect that trend could continue in the near term and keep maize spread with bajra firm 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 | -207.0 |
| 4    | 320.0  | 245.0  | 207.0  | -240.0 | -1078.0 | -      | -727.5  | -781.0 | -795.0 | -792.0 | -228.0 | -180.0 |
| 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 firm as maize traded firm with the steady price movement in jowar. 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  | -137.0 |
| 4    | 170.0  | 143.0  | 163.0  | 208.0  | 87.0   | -80.0  | -107.5  | -109.0 | -105.0 | -90.0  | -154.0 | -110.0 |
| 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 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 | -290.0        |
| 4    | -197.0 | -177.0 | -26.0  | -36.0  | -169.0 | -301.0 | -252.0  |        | -288.0 | -302.5 | -306.0 | <b>-292.0</b> |
| 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 to firm in the near term and keep maize spread with wheat down for the next week.

Annexure

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

##### **Soy DOC Rates at Different Centres**

| Centres        | Ex-factory rates (Rs/ton) |             |   |
|----------------|---------------------------|-------------|---|
|                | 26-Dec-14                 | 19-Dec-14   | Parity To   |
| Indore (MP)    | 29000-29500               | 28600-28800 | Gujarat, MP   |
| Kota           | 29200                     | 28500       | Rajasthan, Del, Punjab, Haryana                     |
| Dhulia/Jalna   | 30500                     | 30000       | Mumbai, Maharashtra                                 |
| Nagpur (42/46) | 30300                     | 28500-29000 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded         | 30200                     | 30700       | Andhra, AP, Kar, TN                                 |
| Latur          | 30500                     | 30000       | -   |
| Sangli         | 30700                     | 30200       | Local and South                                     |
| Sholapur       | 30700                     | 30500       | Local and South                                     |
| Akola          | 29200                     | 28800       | Andhra, Chattisgarh, Orrisa, Jharkhand, WB          |
| Hingoli        | 29700                     | 29700       | Andhra, Chattisgarh, Orrisa, Jharkhand, WB          |
| Bundi          | 29200                     | 28500       | -   |

**Soy DOC at Port**

| Centers               | Port Price |           |
|-----------------------|------------|-----------|
|                       | 26-Dec-14  | 19-Dec-14 |
| Kandla (FOR) (INR/MT) | 30150      | 29950     |
| Kandla (FAS) (USD/MT) | 474        | 475       |

**International Soy DOC**

| Argentina FOB \$/MT | 25-Dec-14 | 18-Dec-14 | Change |
|---------------------|-----------|-----------|--------|
| Soybean Pellets     | NA        | 430       | -      |
| Soybean Cake Meal   | NA        | 430       | -      |
| Soybean Meal        | NA        | 438       | -      |
| Soy Expellers       | NA        | 438       | -      |

**Sunflower (DOC) Rates**

| Centers  | Ex-factory rates (Rs/ton) |           |        |
|----------|---------------------------|-----------|--------|
|          | 26-Dec-14                 | 19-Dec-14 | Change |
| Adoni    | 20000                     | 20000     | Unch   |
| Khamgaon | NA                        | NA        | -      |
| Parli    | 20200                     | 20000     | 200    |
| Latur    | 20000                     | 19800     | 200    |

**Groundnut Meal**

| Groundnut Meal            | 26-Dec-14 | 19-Dec-14 | Change |
|---------------------------|-----------|-----------|--------|
| Basis 45% O&A, Saurashtra | 25000     | 25000     | Unch   |
| Basis 40% O&A, Saurashtra | 22000     | 22000     | Unch   |
| GN Cake, Gondal           | 24500     | 24500     | Unch   |

**Mustard DOC/Meal**

| Mustard DOC/Meal        | 26-Dec-14 | 19-Dec-14 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant Delivery) | 17000     | 17300     | -300   |
| Kandla (FOR)            | 18000     | 18300     | -300   |

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

| Market    | Grade  | 26-Dec-14 | Week Ago | Month Ago | 2 Month Ago | Year Ago |
|-----------|--------|-----------|----------|-----------|-------------|----------|
| Delhi     | Hybrid | 1350      | 1290     | 1270      | 1460        | 1520     |
| Davangere | Bilty  | 1100      | 1080     | 1080      | 1200        | 1400     |
| Nizamabad | Bilty  | 1225      | 1225     | 1225      | 1235        | 1360     |
| Ahmedabad | Feed   | 1300      | 1240     | 1280      | 1280        | 1480     |
|           | Starch | 1275      | 1220     | 1280      | 1300        | 1550     |

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

|                  | Argentina | Brazil | US     | India (Bihar Origin) |
|------------------|-----------|--------|--------|----------------------|
| FOB              | 202.36    | 197.90 | 190.87 | 199.71               |
| Cost and Freight | 252.36    | 252.90 | 250.87 | 234.71               |

**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**

| <u>Commodity</u>    | <u>State</u>   | <u>Variety</u> | <u>Centre</u> | <u>26-Dec-14</u> | <u>19-Dec-14</u> | <u>Change</u> |
|---------------------|----------------|----------------|---------------|------------------|------------------|---------------|
| Bajra               | Karnataka      | Hybrid         | Bellary       | 1567             | 1470             | 97            |
|                     |                | Hybrid         | Bangalore     | 1350             | 1400             | -50           |
| Jowar               | Karnataka      | White          | Bangalore     | 1950             | 1950             | Unch          |
|                     |                | White          | Bellary       | 1410             | 1448             | -38           |
| Maize               | Karnataka      | Yellow         | Davangere     | 1100             | 1080             | 20            |
|                     | Andhra Pradesh | Yellow         | Nizamabad     | 1150             | 1150             | Unch          |
| Rice                | Haryana        | IR8            | Karnal        | NA               | NA               | -             |
|                     |                | Parmal Raw     | Karnal        | 2200             | 2200             | Unch          |
| Soy meal            | Madhya Pradesh | DOC            | Indore        | 2950             | 2880             | 70            |
|                     | Maharashtra    | DOC            | Sangli        | 3070             | 3050             | 20            |
| Sunflower Meal      | Andhra Pradesh | Ex-factory     | Adoni         | 2000             | 2000             | Unch          |
|                     | Maharashtra    | Ex-factory     | Latur         | 2000             | 1980             | 20            |
| Mustard             | Rajasthan      | Plant delivery | Jaipur        | 1700             | 1730             | -30           |
| Groundnut Meal      | Gujarat        | GN Cake        | Gondal        | 2450             | 2450             | Unch          |
| Cottonseed Oil Cake | Gujarat        | Ex- Mandi      | Kadi          | 1438             | 1421             | 17            |
| Cottonseed Oil Cake | Maharashtra    | Ex- Mandi      | Akola         | 1409             | 1389             | 20            |

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

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