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## Summary

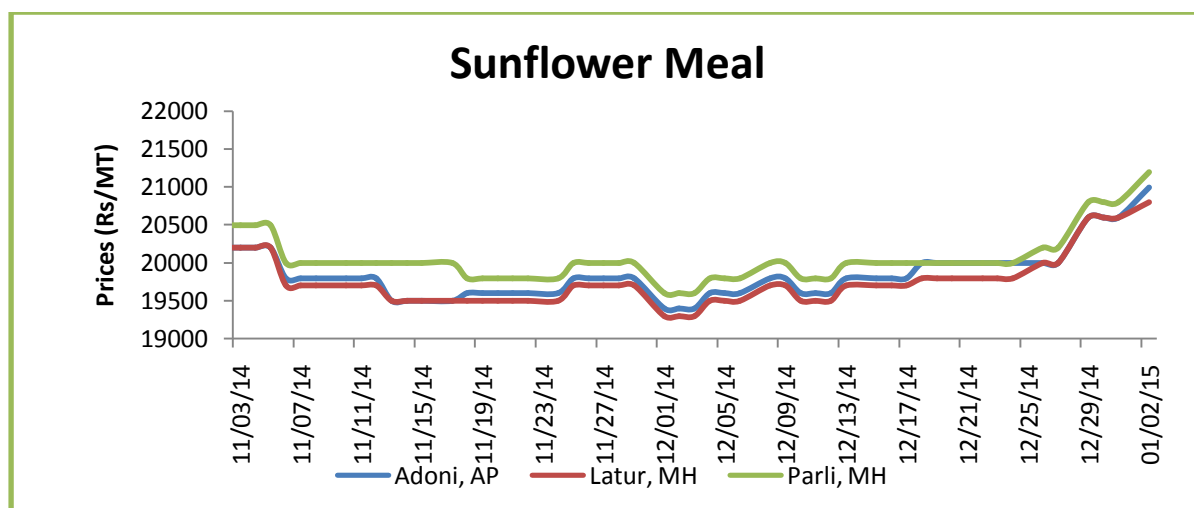
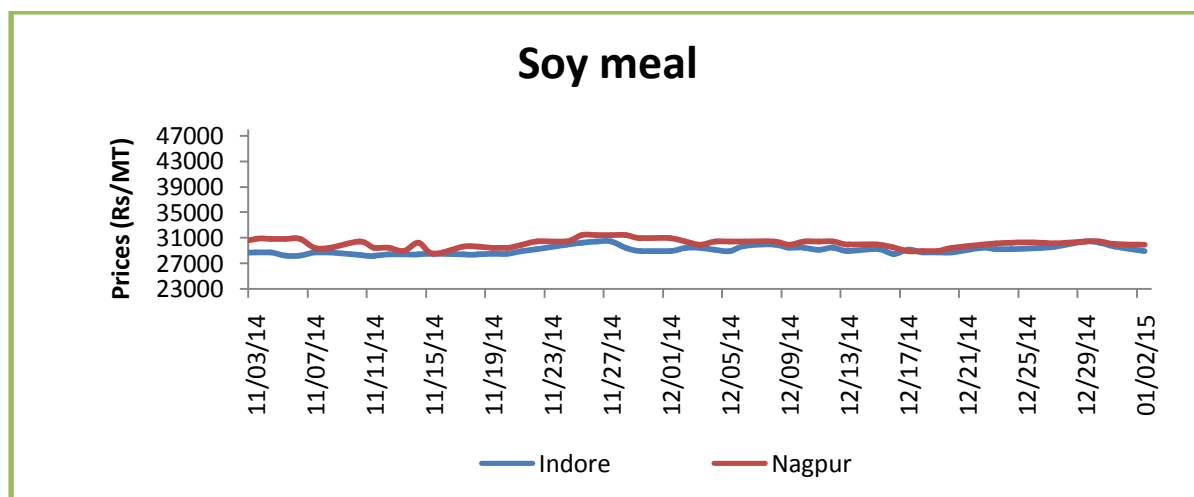
Overall, the key feed ingredients prices witnessed steady to firm tone during the week in review.

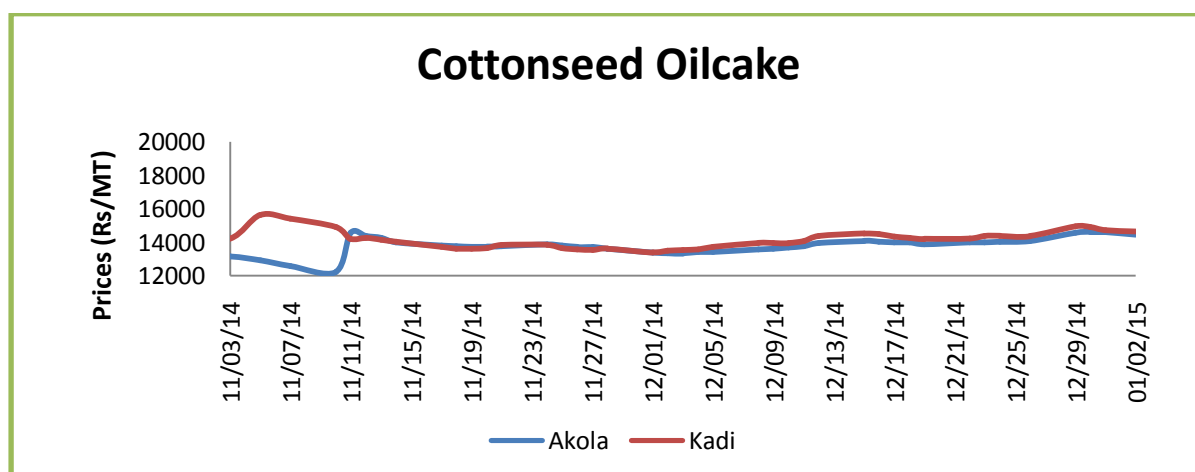
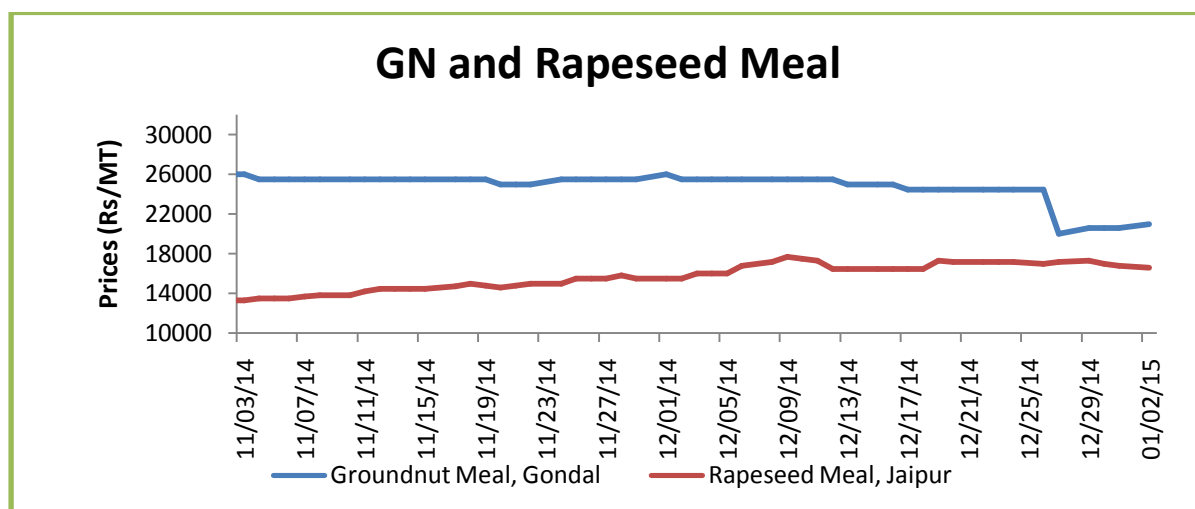
Soybean prices rose on w-o-w basis during the week under review. Lower soybean arrivals in the major cash market on y-o-y basis and need based demand for oil millers support the bulls. However, bearish global soybean fundamentals and sharp fall in crude remained negative factors for the domestic soybean market which could limit the upside.

Soy meal posted gains in tandem with soybean tracking higher international oils and fats market during the week under review.

Overall steady to firm sentiments witnessed in major cash markets of maize except Sangli 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:**

- ❖ Soybean prices rose on w-o-w basis during the week under review. Lower soybean arrivals in the major cash market on y-o-y basis and need based demand for oil millers support the bulls. However, bearish global soybean fundamentals and sharp fall in crude remained negative factors for the domestic soybean market which could limit the upside.
- ❖ The domestic soybean supplies continued to fall from its peak, the daily average arrivals in Madhya Pradesh fell to 0.76 lakh bags (weekly average) this week which were 1.2 lakh bags previous week and 4.5 – 5 lakhs about a month back.
- ❖ Further, monsoon floods in key palm producing region of Malaysian may support the market for short term in anticipation of lower inventories in Dec and Jan. However, weak US weekly

export sales in bean and good crop prospects for South American soybean crop may cap the excessive gains.

- ❖ 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.

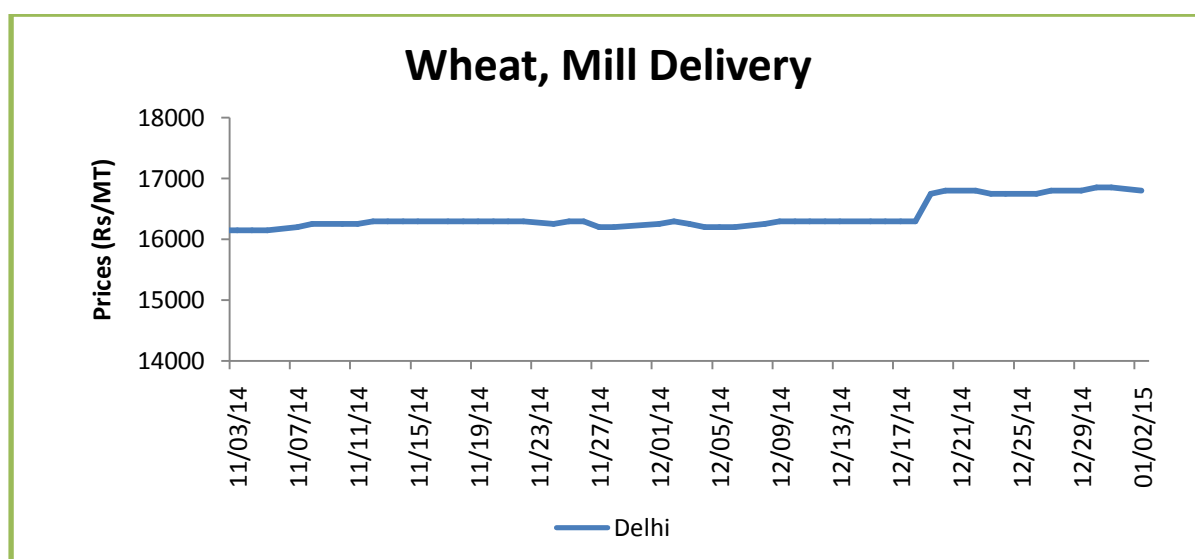
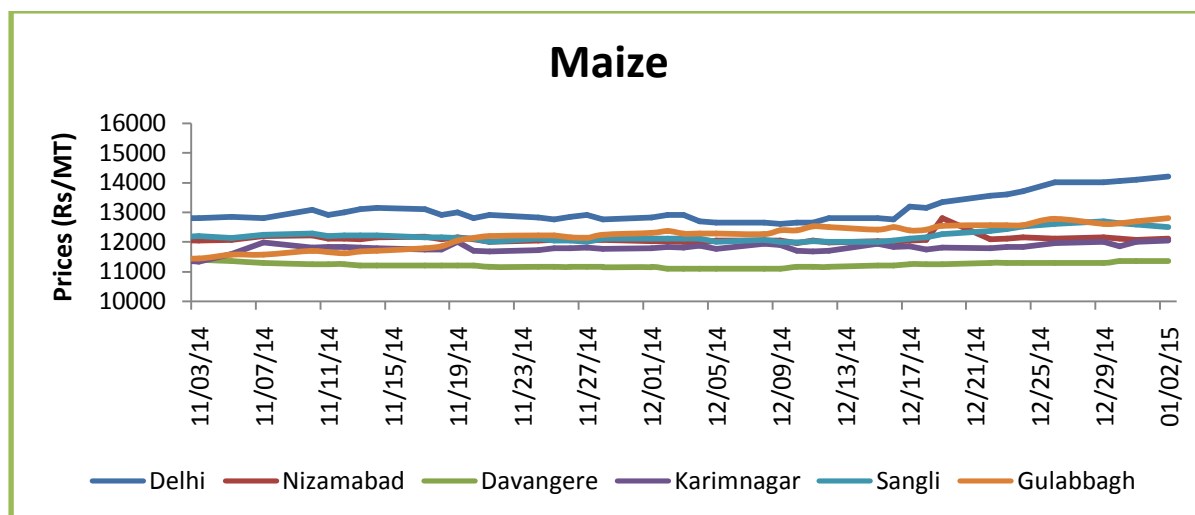
#### **Soy meal:**

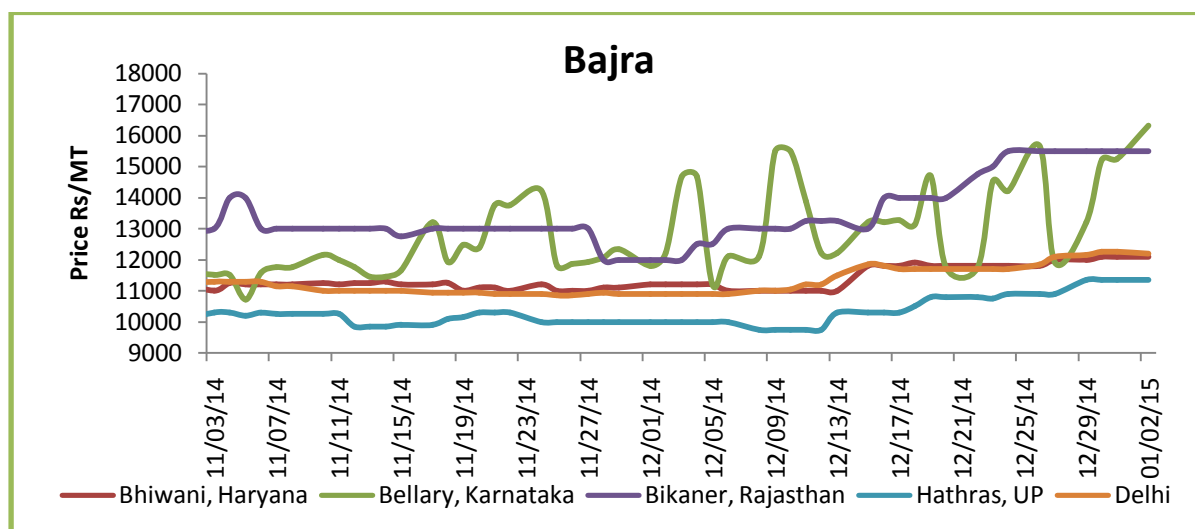
- ❖ Soy meal posted gains in tandem with soybean tracking higher international oils and fats market during the week under review.
- ❖ US weekly soybean cake and meal net sales reported include 157,900 MT for 2014/2015 were down 24 percent from the previous week and 6 percent from the prior 4-week average. Increases were reported for Guatemala (59,600 MT, including 6,700 MT switched from unknown destinations), Mexico (25,000 MT), unknown destinations (23,900 MT), Honduras (10,400 MT), Canada (8,900 MT), and Colombia (6,100 MT, including 5,000 MT switched from unknown destinations and decreases of 100 MT). Decreases were reported for Jamaica (800 MT). Net sales of 1,400 MT for 2015/2016 were for Mexico. Exports of 186,300 MT were down 26 percent from the previous week and 30 percent from the prior 4-week average. The primary destinations were Vietnam (48,600 MT), the Philippines (43,100 MT), Cuba (22,500 MT), Mexico (20,300 MT), Colombia (16,000 MT), and Canada (10,600 MT). (Source: USDA).
- ❖ 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.
- ❖ Sources revealed that prices likely to remain firm till the new crop arrive in the market. New mustard seed crop likely to arrive in the second half of February. Market participants expect mustard seed output seen at 67-68.50 lakh tons for 2014-15 oil year. Last year, Indian farmers planted 71.30 lakh hectares of mustard all over India and output was estimated at 78 lakh tons.
- ❖ On the supply side, we are expecting mustard oil production in 2014-15 at 26.22 lakh tons with a crushing of 69 lakh tons of mustard seed. Lower production mainly attributed to lower sowing and high temperature in the initial stage. Mustard oil output estimate pegged at 28.12 lakh tons for 2013-14 oil year - Agriwatch estimates. USDA projected mustard seed production for 2014-15 at 75 lakh tons up two lakh tons from last year.
- ❖ 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.





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 Sangli market during the week under review. Prices of maize increased in Delhi, Shimoga, Bagalkot and Khanna while traded unchanged in Davangere, Gadag and Ludhiana market as compared to last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 75 per quintal to Rs. 1300-1400 per quintal while starch feed makers quoted maize firm by Rs. 75 per quintal to Rs.1300 - 1375 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 0.036 million tons for the period of 22<sup>nd</sup> Dec to 28<sup>th</sup> Dec'14 mainly to Vietnam, Malaysia and B'desh.

In Gulabbagh mandi, maize bilty traded slightly firm by Rs. 10 per quintal to Rs. 1350 per quintal as compared to last week. Maize is moving towards Kolkata at Rs. 1525 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 14-16% moisture. It is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1230 per quintal, Rs. 1230 per quintal, Rs. 1150 per quintal, Rs. 1240 per quintal and Rs. 1230 per quintal respectively, sourced from Davangere. Maize could trade steady to firm amid higher demand.

In Delhi, hybrid maize traded firm by Rs. 50 per quintal to Rs 1430 per qtl. as compared to last week, sourced from U.P. Sources revealed that stock of maize could be around 2000 quintal. Maize could trade slightly firm in the near term due to lower stock in the market.

In Nizamabad, arrivals of maize reported nil during last week. Sources revealed that government of A.P. has quantity of maize around 0.05 million tons at this time.

As per USDA, U.S accumulated corn export figures reached to 12,104,584 metric tons for the 2014-15 marketing year. Exports of 6,67,800 MT were down 11 percent from the last week and 9 percent from the prior 4-week average; reported by U.S to Mexico (180,800 MT), Peru (163,200 MT), Japan (161,800 MT), Colombia (100,100 MT), Costa Rica (26,200 MT), and Canada (13,500 MT) for the period December 19- December 25, 2014.

The Argentine government expects 5.5 million hectares of corn to be planted in the 2014/15 season. (Source: Reuters)

As per USDA, private exporters reported sales of 157,500 tons of U.S. corn to Mexico for delivery in the 2014/15 marketing year, which started on Sept. 1.

In patan district of Gujarat wheat prices are in the range of Rs 1930-1960/Quintal which is coming from the private stock .Despite of good arrival from the private stock and demand from local millers is which is not push the prices down. Local millers may shift to government stock in near term once stocks in private hand stock get thinning. However wheat price from government warehouse too rule in the same range for ex mill.

Wheat crop in eastern Gujarat is in good condition and standing crop is in sprouting stage as per Agriwatch team. Second irrigation is almost done in the region and we expect that better production prospects for coming season if weather sustain till harvesting.

According to IBIS, export of wheat in the last week of December (22-28 Dec) was around 26 Thousand Mt. The major export destination of Indian wheat was U.A.E. from Mundra port which accounted 25 thousand MT at an average FOB price of \$318.29/Tn .Other countries were Italy and Malaysia.

As of now Wheat area has slightly decreased by around 1% in comparison to last year till date .As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 293.16 lakh hectares against corresponding period of 2013-14(294.30 lakh hectares).

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 95 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.

Global wheat market may trade steady to weak due to ample supply in the world market. Market may test the first support level of 560 cent per bushel in the short term. We expect market to trade in the range of \$200 to \$240 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	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15
1	132.5	129.0	160.0	109.0	-0.83	-17.0	27.0	0.00	59.0	144.0	180.0	180.00
2	134.0	146.0	162.5	83.0	-20.0	25.0	20.0	-3.00	62.0	202.0	164.0	
3	107.0	141.0	161.0	28.0	-62.0	30.0	8.0	6.00	93.0	207.0	119.0	
4	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	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15
1	318.0	269.0	-101.0	-604.0	- 1032.0	- 1037.0	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0
2	293.0	342.0	-145.0	-615.0	-940.0	-902.0	-768.0	-773.0	-760.0	-198.0	-253.0	
3	201.0	354.0	-141.0	-966.0	- 1012.0	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	
4	245.0	207.0	-240.0	-1078.0	- 1120.0	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	
5					- 1172.0	-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 decrease in the prices of jowar. We expect that jowar could trade steady in the near term and keep maize spread with jowar firm in the next week.

**Maize Average Weekly spread with Barley**

Week	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15
1	158.0	102.5	180.0	144.0	47.0	-95.0	-128.0	-112.0	-122.5	-166.0	-155.0	-29.0
2	135.0	137.0	217.5	85.0	0.0	-88.0	-102.0	-117.0	-100.0	-40.0	-149.0	
3	102.5	144.0	258.0	61.0	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	
4	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	Feb'14	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15
1	-176.0	-175.0	-55.0	-57.5	-182.5	-277.0	-240.0		-309.0	-324.0	-296.0	-212.0
2	-177.0	-109.0	17.5	-122.5	-222.5	-246.0	-270.0	-269.0	-306.0	-297.5	-297.5	
3	-221.0	-120.0	6.0	-173.0	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	
4	-177.0	-26.0	-36.0	-169.0	-301.0	-252.0		-288.0	-302.5	-306.0	-292.0	
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 firm as maize traded firm during last week. We expect that both could trade steady to firm 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)		
	2-Jan-2015	26-Dec-14	Parity To
Indore (MP)	29000	29000-29500	Gujarat, MP
Kota	29200-29300	29200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29400	30500	Mumbai, Maharashtra
Nagpur (42/46)	30000	30300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	30500	30200	Andhra, AP, Kar, TN
Latur	30600	30500	-
Sangli	30500	30700	Local and South
Sholapur	30500	30700	Local and South
Akola	29400	29200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	29900	29700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	29200	29200	-

**Soy DOC at Port**

Centers	Port Price	
	2-Jan-2015	26-Dec-14
Kandla (FOR) (INR/MT)	30000	30150
Kandla (FAS) (USD/MT)	474	474

**International Soy DOC**

Argentina FOB \$/MT	31-Dec-14	25-Dec-14	Change
Soybean Pellets	NA	NA	-
Soybean Cake Meal	NA	NA	-
Soybean Meal	NA	NA	-
Soy Expellers	NA	NA	-

#### Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	2-Jan-15	26-Dec-14	Change
Adoni	21000	20000	1000
Khamgaon	NA	NA	-
Parli	21200	20200	1000
Latur	20800	20000	800

#### Groundnut Meal

Groundnut Meal	2-Jan-15	26-Dec-14	Change
Basis 45% O&A, Saurashtra	26000	25000	1000
Basis 40% O&A, Saurashtra	23000	22000	1000
GN Cake, Gondal	26000	24500	1500

#### Mustard DOC/Meal

Mustard DOC/Meal	2-Jan-15	26-Dec-14	Change
Jaipur (Plant Delivery)	16600	17000	-400
Kandla (FOR)	17500	18000	-500

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

Market	Grade	2-Jan-15	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1415	1350	1270	1450	1480
Davangere	Loose	1100	1100	1070	1250	1340
Nizamabad	Bilty	NA	1225	1225	1275	1360
Ahmedabad	Feed	1400	1300	1260	1250	1520
	Starch	1350	1275	1230	1300	1575

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	198.62	198.45	180.71	203
Cost and Freight	248.62	253.45	240.71	238

**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	
<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>2-Jan-15</u>	<u>26-Dec-14</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1633	1567	66
		Hybrid	Bangalore	1800	1350	450
Jowar	Karnataka	White	Bangalore	1950	1950	Unch
		White	Bellary	1861	1410	451
Maize	Karnataka	Yellow	Davangere	1100	1100	Unch
	Andhra Pradesh	Yellow	Nizamabad	NA	1150	-
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2900	2950	-50
	Maharashtra	DOC	Sangli	3050	3070	-20
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2100	2000	100
	Maharashtra	Ex-factory	Latur	2080	2000	80
Mustard	Rajasthan	Plant delivery	Jaipur	1660	1700	-40
Groundnut Meal	Gujarat	GN Cake	Gondal	2600	2450	150
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1464	1438	26
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1446	1409	37

**Note: Prices Rs./ Qtl**

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