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## Summary

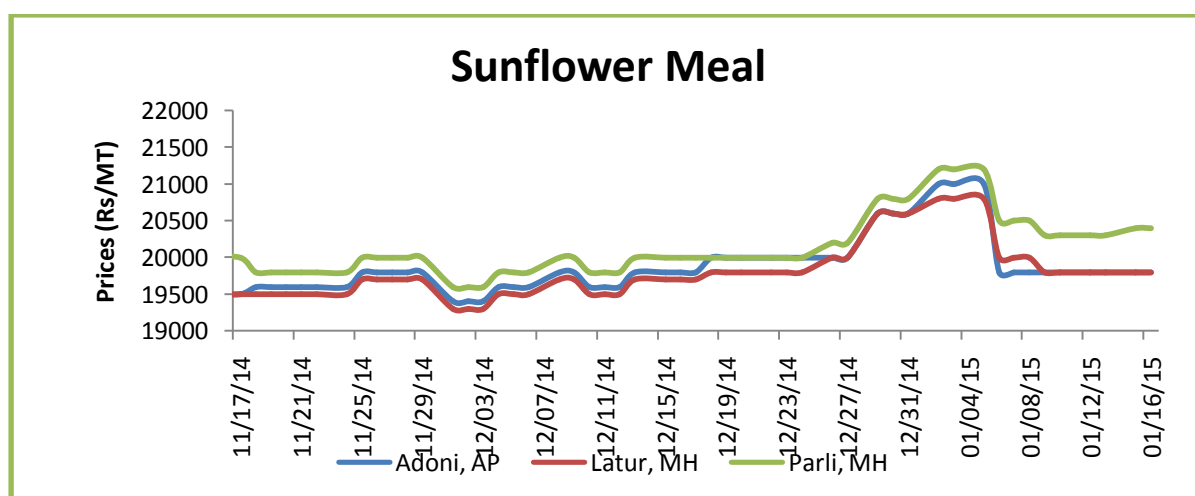
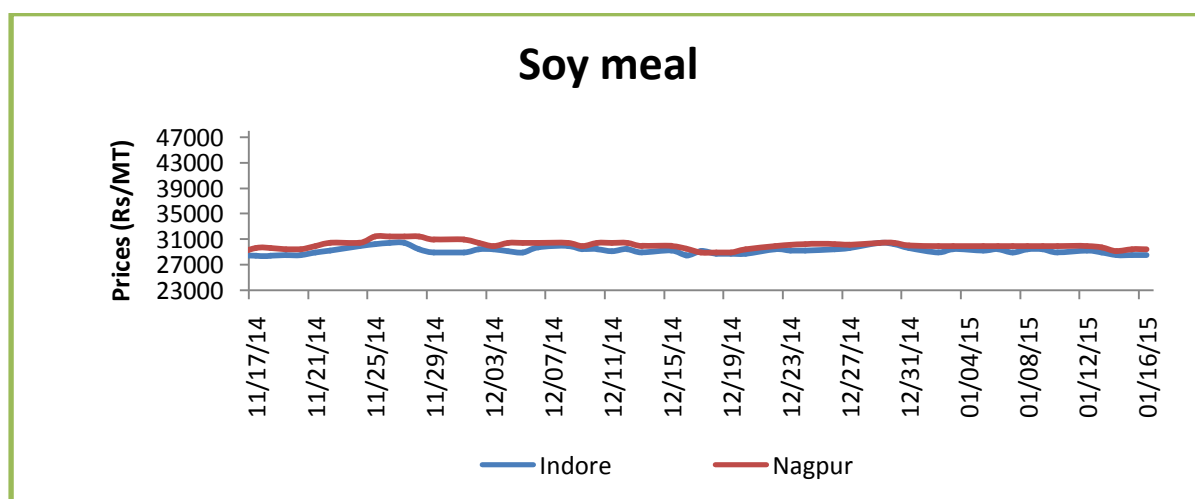
Overall, the key feed ingredients prices witnessed mixed tone during the week in review.

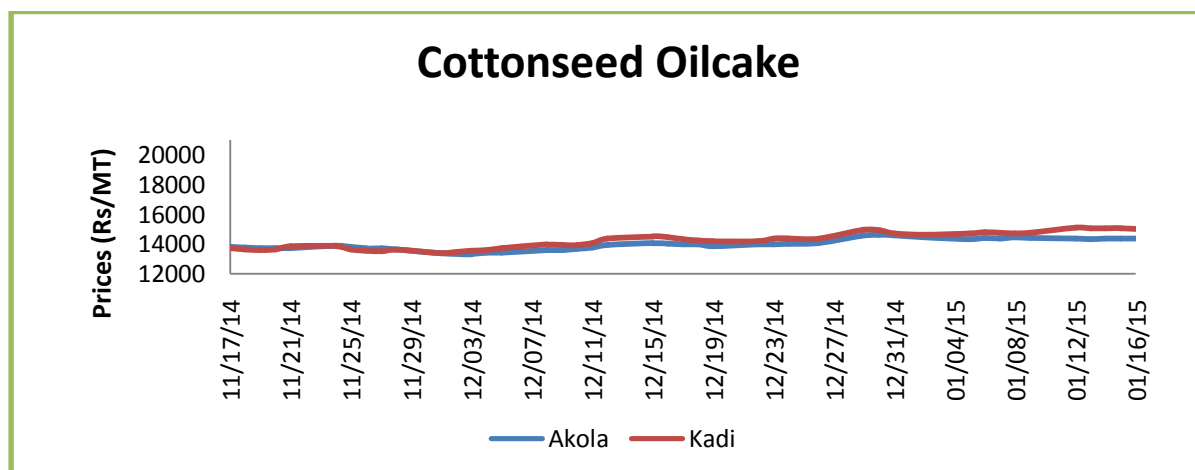
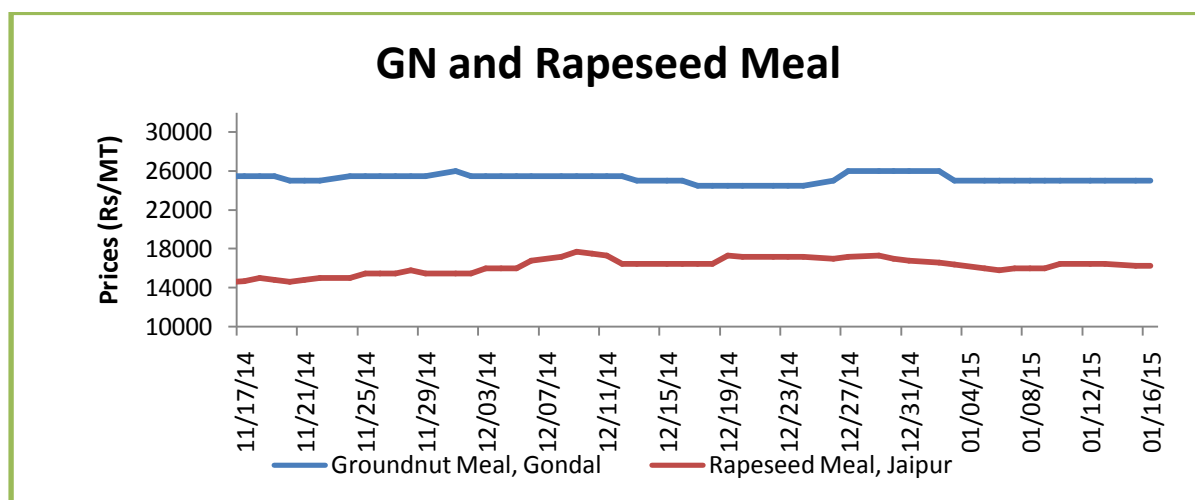
The domestic soybean edged-lower tracking losses in CBOT soybean initially on expectation of bearish USDA report and later bearish oilseeds figure in the report released during the week.

Soy meal prices fell in tandem with soybean during the week under review. The soy meal prices in the benchmark CBOT fell almost 3-month low during the week followed by lower than expected US soybean crushings, which further pressured the domestic soy meal.

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, RM seed and soy meal fell on weak global cues and sluggish buying in cash market during the week under review.

### Soybean:

- ❖ The domestic soybean edged-lower tracking losses in CBOT soybean initially on expectation of bearish USDA report and later bearish oilseeds figure in the report released during the week.
- ❖ Further, sluggish activity featured in the cash market due to the festival Makar Sankranti during the week. The sellers were not keen on selling the bean at the current prices.
- ❖ The domestic soybean arrivals in Madhya Pradesh were witnessed between 0.2 – 1.0 lakh bags from 1.0 – 1.25. The supplies are gradually falling w-o-w.
- ❖ The domestic soybean crushing units or the solvent extractors are facing severe crisis on disparity in crushings followed by weak soy meal export sales and cheaper imports of edible oil.

- ❖ At the international front, Chinese soybean buying stood strong in recent weeks to cover their stocks.
- ❖ China has imported a record 8.53 million tonnes of soybeans in December which is up 41.5% on the month and 16.8% higher than the previous record set in December 2013, revealed customs data.
- ❖ Pakistan's importers bought about 66,000 tonnes of soybeans from US and it is currently in talks about buying about 60,000 tonnes from Brazil also.

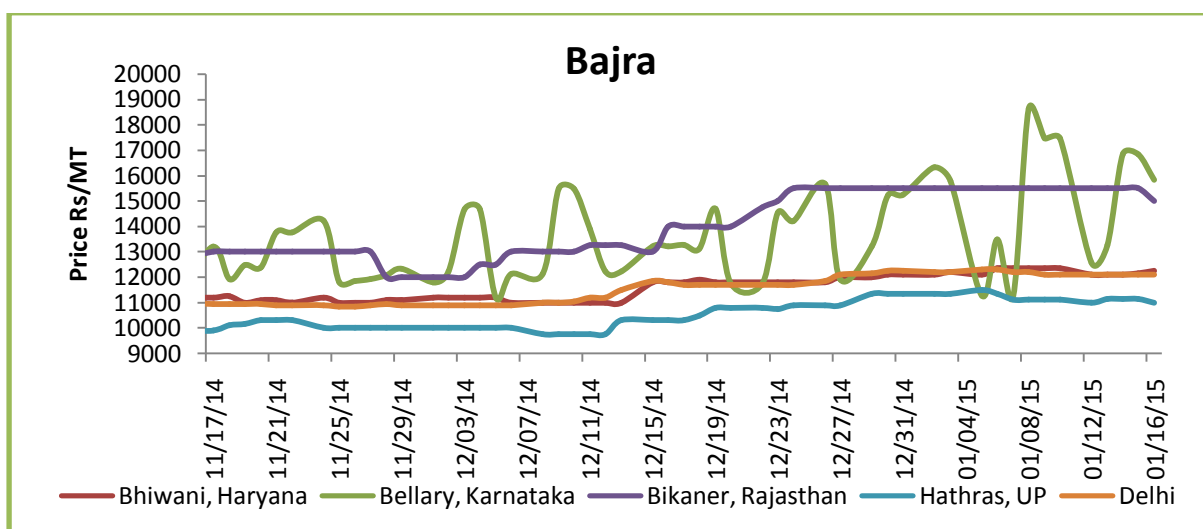
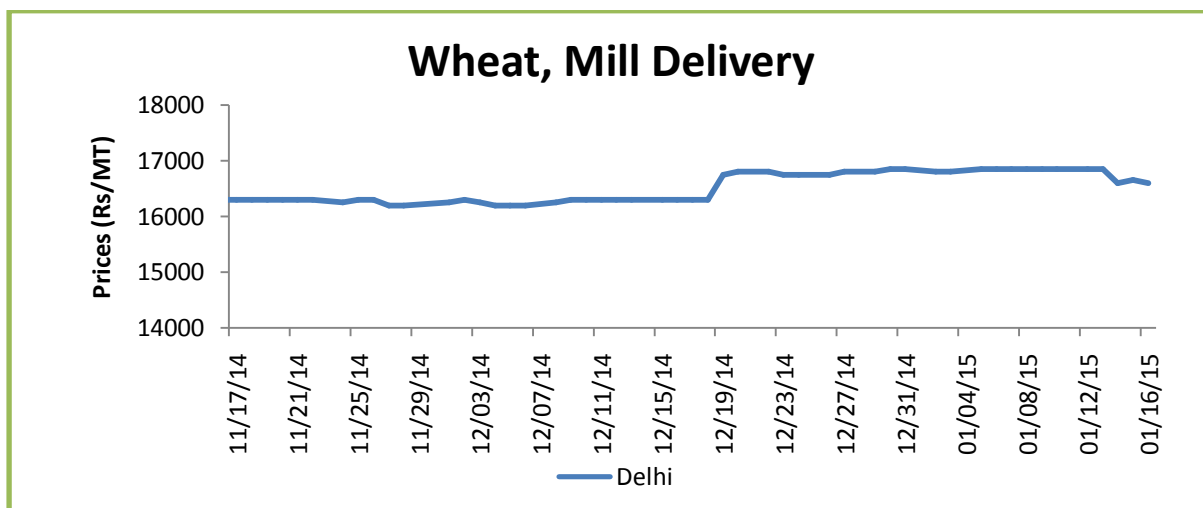
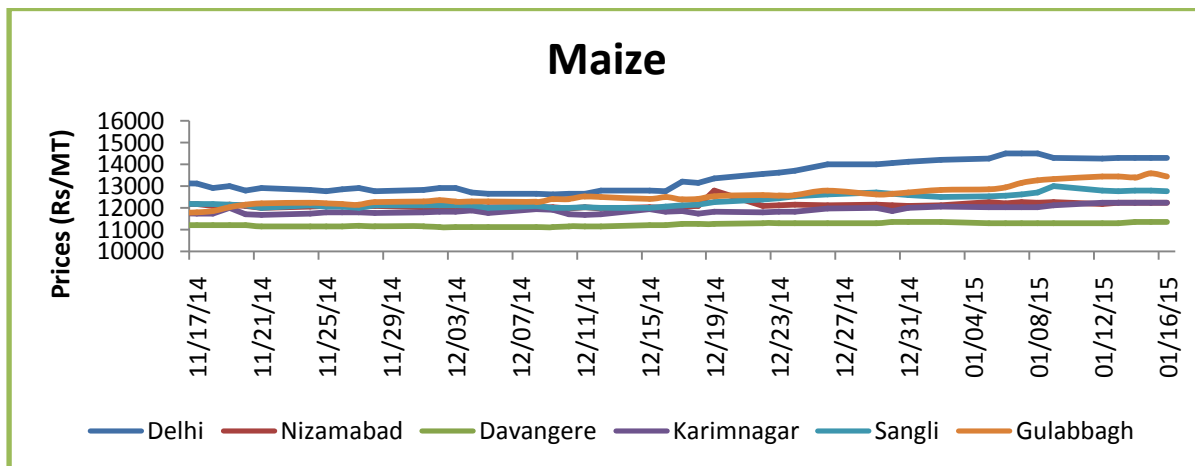
#### **Soy meal:**

- ❖ Soy meal prices fell in tandem with soybean during the week under review. The soy meal prices in the benchmark CBOT fell almost 3-month low during the week followed by lower than expected US soybean crushings, which further pressured the domestic soy meal.
- ❖ The National Oilseed Processors Association in a monthly report for December reported soybean crushers in the United States processed 165.383 million bushels of soybeans in December. The volume was below the record-large crush during the same period in 2013 but was below the market expectations.
- ❖ Besides, weakness in crude mineral oil continued to pressure the meal market.
- ❖ India's soy meal exports continued to be weak followed by attractive US and South American meal prices.
- ❖ Further, the domestic demand from poultry industry is still sluggish due to lower than expected demand in poultry products. The market is expecting the poultry demand with the end of the local festivals which restricted the consumption of the non-vegetarian food.
- ❖ 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 declined tracking losses in Malaysian palm oil and sluggish buying in the spot market during the week under review.
- ❖ Further, beneficial rains in the major RM seed growing region remained positive for the RM seed yield which too remained bearish for the seed market. However, the domestic planted area is reportedly lower by 7.7% compared to the same period last year. India's area under RM seed was 71.4 lakh hectares in 2013.
- ❖ The early crop harvesting of the mustard seed crop is expected to commence from mid-February.
- ❖ We expect the seed prices to recover with the better seasonal demand in mustard oil.
- ❖ Further, Better overseas demand in rapeseed extract of Indian origin this season from major destinations like Iran, Vietnam and Indonesia will push up the seed prices once again.
- ❖ Recent flood in the major palm growing region of Malaysia has already hit the Malaysian palm oil production.
- ❖ Malaysian palm oil products exports for Jan. 1-15 fell 11.8 percent to 545,410 tons from 618,134 tons shipped during Dec. 1-15 - cargo surveyor Societe Generale de Surveillance.

India imported 69,700 tons of palm oil products (during 1-15 Jan. 2015) v/s 140,972 tons same period of last month from Malaysia.



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 Davangere, Shimoga, Bagalkot, Gadag, Khanna while traded unchanged in Delhi and Ludhiana market as compared to last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize in a range of Rs. 1360-1400 per quintal while starch feed makers quoted maize in a range of Rs. 1350-1425 per quintal during last week.

As per ministry of agriculture, maize have been sown in 12.70 lakh hectares as on 9th January, 2015 during Rabi season, lower by 0.31 lakh hectares as compared to last year As weather conditions are favourable for maize crop; we expect that will help to get the better yield as compared to last year and lead to production also.

As per IBIS data, exports of corn were reported around 0.032 million tons for the period of 5th Jan to 11th Jan'15 mainly to Malaysia, Vietnam and Sri Lanka.

In Gulabghat mandi, maize bilty traded in a range of Rs. 1325-1435 per quintal. Maize is moving towards Kolkata at Rs. 1500-1525 per quintal on delivered basis sourced from Naugachia region of Bihar.

Maize crop contains 14 moisture. It is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1300 per quintal, Rs. 1350 per quintal, Rs. 1200 per quintal, Rs. 1300 per quintal and Rs. 1300 per quintal respectively, sourced from Davangere. Maize could trade slightly firm amid higher demand.

In Delhi, hybrid maize traded steady at Rs 1450 per qtl. as compared to last week, sourced from Karnataka. Sources revealed that stock of maize could be around 2500 quintal. Maize could trade steady in the near term.

As per USDA, U.S accumulated corn export figures reached to 13,015,185 metric tons for the 2014-15 marketing year. Exports of 4,00,200 MT were down 22 percent from the last week and 40 percent from the prior 4-week average; reported by U.S to Japan (186,700 MT), Mexico (129,900 MT), Colombia (30,700 MT), Peru (27,500 MT), and Taiwan (16,100 MT) for the period January 02-08, 2015.

European traders told that South Korea's Korea Corn Processing Industry Association (KOCOPIA) purchased about 50,000 tons of corn at \$214.70 a ton c&f including surcharge for unloading at a second port for shipment from the U.S. Pacific North West coast between Apr. 5-25 or from the U.S. Gulf between Mar. 15 to Apr. 5 with arrival in South Korea around May 10. (Source: Reuters)

USDA lowered its outlook for 2014/15 domestic corn ending stocks by 3.06 MMT to 47.06 MMT while lowered its outlook for world corn ending stock by 3.05 MMT to 189.15 MMT.

Informa Economics raised its forecast for U.S. 2015 corn plantings by 0.602 million acres to 88.612 million acres. (Source: Reuters)

Global wheat market has firmed up in last one month and downward correction is unlikely at this point of time. Improved price in major exporting nations and the tax imposition on Russian export may go in favor of Indian wheat export in the months ahead. Export volume from India may increase now. However, Tough Challenge from EU, who supplies cheaper wheat at this point of time, lays ahead India. Wheat price in international market has increased by 20 percent in last one and a half month on increasing concern on Russian supply.

Russia plans to introduce a duty of at least 35 euros (\$41) per tonne on shipments from February to curb a rise in domestic prices. The likely gap in the absence of Russia may be fulfilled by India sitting on huge stock pile of wheat with new crop hardly two months away from now. The Asian Buyers need 3.5 to 4 million tonne wheat between Feb to July and India has potential to supply 2 million tonne wheat in the given period.

Indonesia, Vietnam, Malaysia and Bangladesh may resume buying from India due to freight advantage over European cargoes. Southeast Asian buyers pay a freight rate of \$12-\$15 a tonne to get wheat from India against \$30 to get grain from Ukraine. India may start issuing tenders to sell wheat from reserves from February. Government stocks were at 25.1 million tonnes as of January 1, more than 2 times of required quantity.

The government is yet to decide on tenders but there are discussions going on between trading companies and the Food Corporation of India on export prospects and prices. Central govt. would procure wheat from farmers at about \$230 per tonne this season, higher by 3.7 percent from last year.

In the export market, Indian wheat was offered by private traders at \$275/76 per tonne free on board, while French wheat was sold at \$248.94-250.25 recently. Australian standard wheat is at \$270 and Ukraine milling wheat is available for \$265. Due to freight advantage India has good chance to offload wheat in the international market in bulk volume.

Despite lower area coverage(303.51lakh ha) under wheat so far production of wheat is bound to increase this year due to favorable weather conditions throughout the main growing regions of north and central India. Crop Condition in Punjab, Haryana, Rajasthan, Bihar and Uttar Pradesh has been rated excellent so far. Decreasing temperature and high moisture level availability in the field provide good growth condition for the standing crop. Early sown varieties are now in panicle formation stages while late sown varieties are in sprouting stages.

Global wheat market may trade steady to weak due to ample supply in the world market. Recently market showed firmness due to weather concern in USA and Russia restriction on wheat export, however recent weather updates has calm down the concern of wheat crop in USA and Global wheat production started pressuring the wheat market. Market may test the first support level of 520 cent per bushel in the short term & 480 cent per bushel in medium term. We expect market to trade in the range of \$185 to \$215 per T.

## Outlook

Feed prices are expected to trade steady as feed ingredients prices were mixed 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	227.0
3	107.0	141.0	161.0	28.0	-62.0	30.0	8.0	6.00	93.0	207.0	119.0	237.0
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 bajra traded down with the steady movement in maize prices. We expect that both could trade steady in the near term and keep maize spread with bajra steady 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	-	-	-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	-53.0
3	201.0	354.0	-141.0	-966.0	-	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0
4	245.0	207.0	-240.0	-1078.0	-	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	
5					-	-740.0		-770.0				

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

As the table depicts, maize spread with jowar traded steady as both traded steady during last week. We expect that both could trade steady in the near term also and keep maize spread with jowar intact as compared to last 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	20.0
3	102.5	144.0	258.0	61.0	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0
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 down during last week. We expect that barley could trade steady to slightly firm in the near term and keep maize spread with barley down 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	-160.0
3	-221.0	-120.0	6.0	-173.0	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0
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 wheat traded down during last week. We expect that wheat could trade steady to slightly weak in the near term and keep maize spread with wheat slightly 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)		
	16-Jan-2015	9-Jan-2015	Parity To
Indore (MP)	28500	28800-29500	Gujarat, MP
Kota	28200	28800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29700	30500	Mumbai, Maharashtra
Nagpur (42/46)	29500	30000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29100	30500	Andhra, AP, Kar, TN
Latur	30800	30800	-
Sangli	30100	30500	Local and South
Sholapur	30100	30400	Local and South
Akola	28800	29200	Andhra, Chattisgarh,

			Orrisa,Jharkhand, WB
Hingoli	29000	29900	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	28200	28700	-

#### Soy DOC at Port

Centers	Port Price	
	16-Jan-2015	9-Jan-2015
Kandla (FOR) (INR/MT)	29025	29550
Kandla (FAS) (USD/MT)	569	474

#### International Soy DOC

Argentina FOB \$/MT	15-Jan-15	8-Jan-15	Change
Soybean Pellets	402	422	-20
Soybean Cake Meal	402	422	-20
Soybean Meal	410	430	-20
Soy Expellers	410	430	-20

#### Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	16-Jan-15	9-Jan-15	Change
Adoni	19800	19800	Unch
Khamgaon	NA	NA	-
Parli	20400	20300	100
Latur	19800	19800	Unch

#### Groundnut Meal

Groundnut Meal	16-Jan-15	9-Jan-15	Change
Basis 45% O&A, Saurashtra	25500	25500	Unch
Basis 40% O&A, Saurashtra	22500	22500	Unch
GN Cake, Gondal	25000	25000	Unch

#### Mustard DOC/Meal

Mustard DOC/Meal	16-Jan-15	9-Jan-15	Change
Jaipur (Plant Delivery)	16300	16000	300
Kandla (FOR)	17400	17500	-100

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

Market	Grade	16-Jan-15	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1450	1450	1300	1410	1530
Davangere	Loose	1120	1080	1080	1200	1340
Nizamabad	Bilty	Closed	1224	1225	1275	1370
Ahmedabad	Feed	1380	1400	1250	1280	1500
	Starch	1380	1375	1250	1300	1550

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	188.98	164.25	181.5	214.98
Cost and Freight	238.98	219.25	241.5	249.98

#### 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	29071
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>906316</b>

**Feed Ingredient Prices at a Glance**

Commodity	State	Variety	Centre	16-Jan-15	9-Jan-15	Change
Bajra	Karnataka	Hybrid	Bellary	1685	1746	-61
		Hybrid	Bangalore	1500	1800	-300
Jowar	Karnataka	White	Bangalore	2000	2100	-100
		White	Bellary	1593	1511	82
Maize	Karnataka	Yellow	Davangere	1100	1080	20
	Andhra Pradesh	Yellow	Nizamabad	1200	NA	-
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2850	2950	-100
	Maharashtra	DOC	Sangli	3010	3050	-40
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1980	1980	Unch
	Maharashtra	Ex-factory	Latur	1980	1980	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1630	1600	30
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2500	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1504	1477	27
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1438	1441	-3

**Note: Prices Rs./ Qtl**

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