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Summary

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

The soybean rebound tracking gains in the international market during the week under review. Gains in crude and weakness in US dollar eventually pushed up the CBOT soybeans.

Besides, rising Malaysian palm oil lifted the international oils and fats markets lending additional boost to the market.

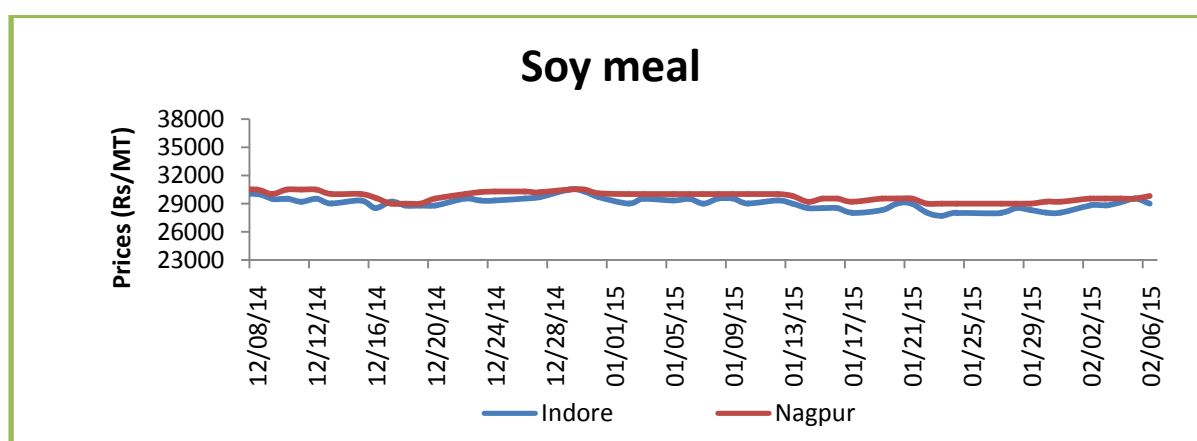
However, record soybean production estimates by various analysts for Brazil and Argentina after a bigger US soybean and lower crude limited the gains.

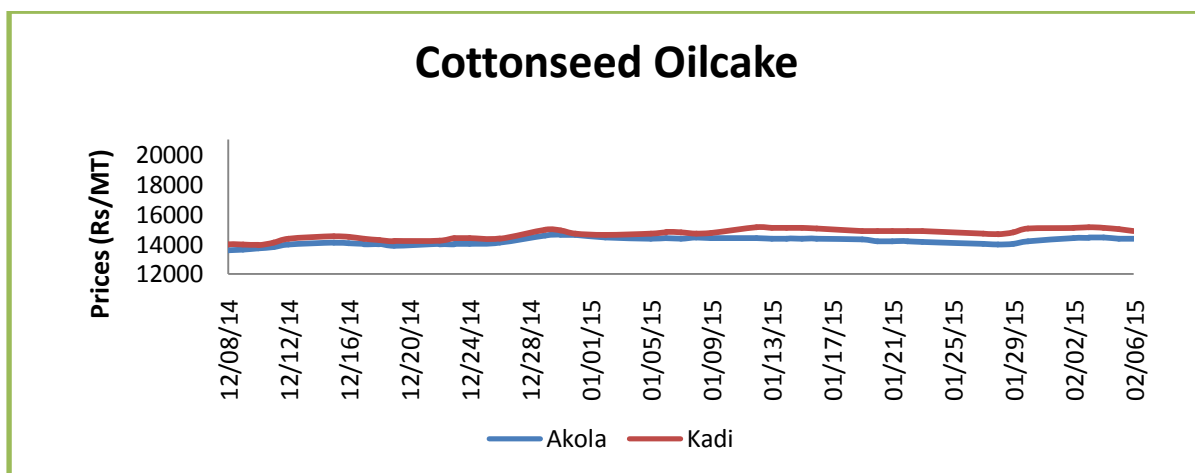
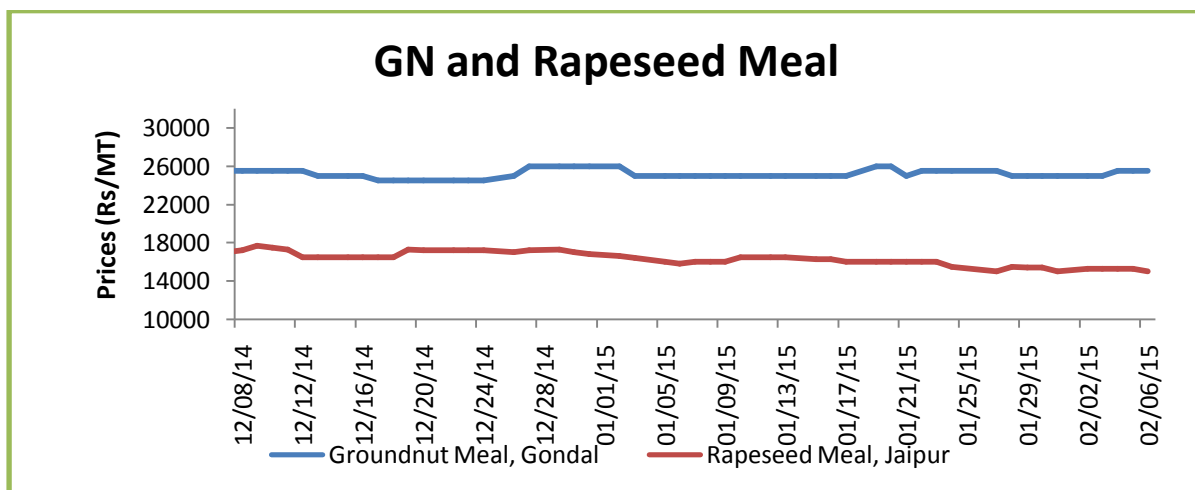
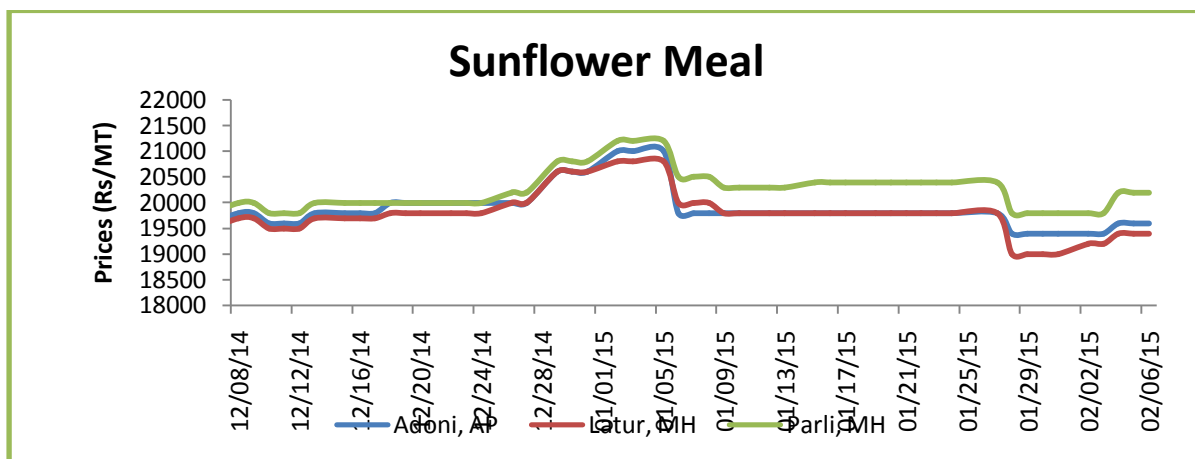
Soy meal rebound in tandem with the soybean after straight 4-week fall. Gains in crude and weakness in US dollar in recent days remained supportive for the meal, which was the biggest loser in the international benchmark, CBOT.

Overall major cash markets of maize were steady to range bound during the week under review. Prices of maize decreased slightly in Delhi, Bagalkot, Gadag and Sangli while traded unchanged in Davangere, Shimoga, Khanna and Ludhiana market. Prices of maize were firm in Ranebennur and Nizamabad as compared to last week.

We expect domestic maize market could be slightly firm on international cues amid low quality maize availability in domestic market.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean and meal rebound tracking gains in the international market while RM seed fell ahead new crop supply during the week under review.

Soybean:

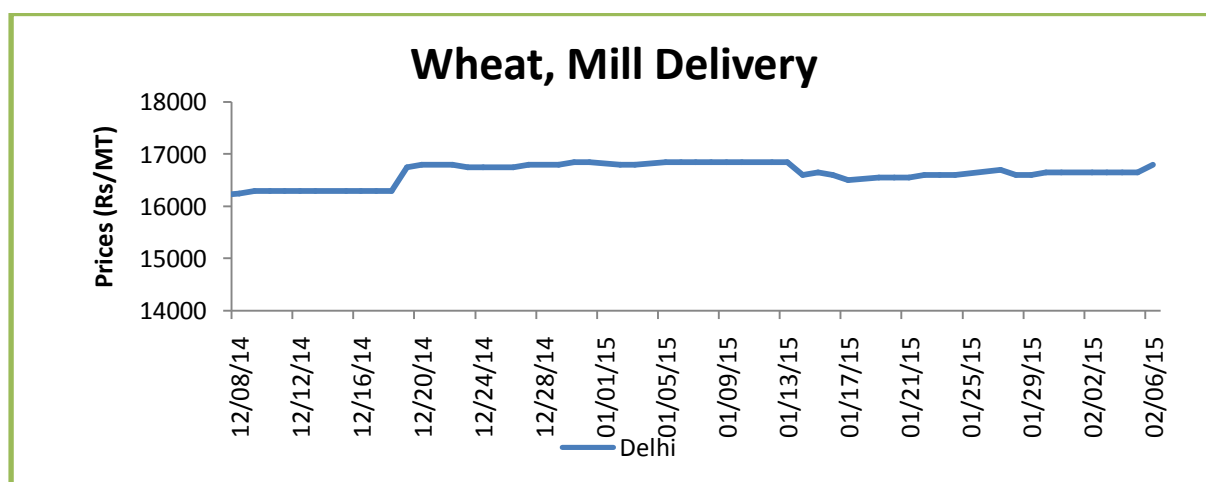
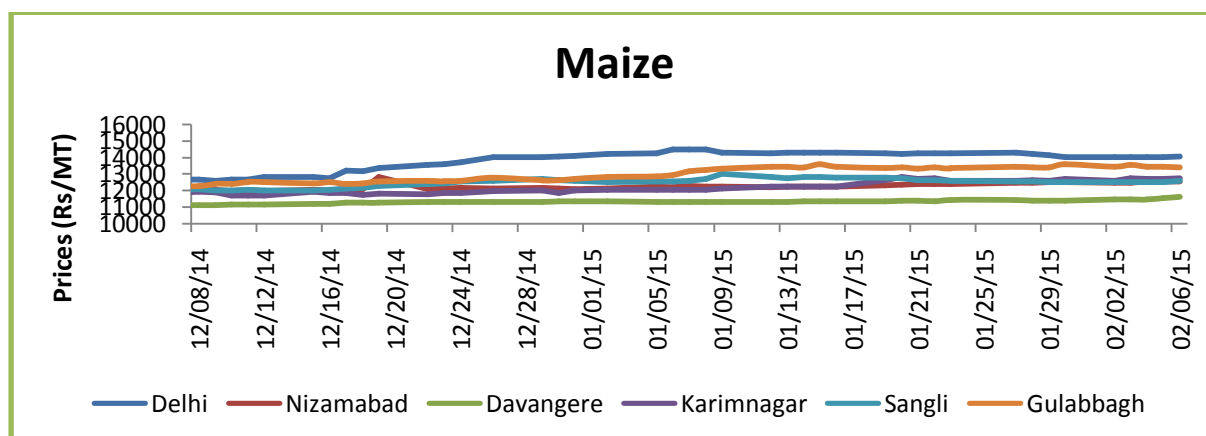
- ❖ The soybean rebound tracking gains in the international market during the week under review. Gains in crude and weakness in US dollar eventually pushed up the CBOT soybeans.
- ❖ Besides, rising Malaysian palm oil lifted the international oils and fats markets lending additional boost to the market.
- ❖ However, record soybean production estimates by various analysts for Brazil and Argentina after a bigger US soybean and lower crude limited the gains.
- ❖ Both, Brazil and Argentina are likely to harvest record soybean in 2014/15. Argentina's area under soybean is reported around 20.4 million hectares and expected to produce 54.5-55 million tonnes of soybean.
- ❖ Besides, Brazil's 2014/15 soybean production estimates vary from record 93.9 - 95.5 million tonnes. Analyst Safras and Mercado have trimmed the Brazil's soybean out to 95 million tonnes from 95.9 million earlier.
- ❖ Argentina's soybean production is estimated record-high at 57 million tonnes in the 2014-15 season, the Buenos Aires Grains Exchange forecast in its first harvest forecast for 2014/15.
- ❖ Farmers in the Pampas grains belt will start harvesting soy in the month of March. Argentina's highest production to date stood at 55 million tonnes, harvested in the 2009-10 season.
- ❖ In yet, another development, early soybean crop harvest is getting started in some parts of Brazil. Mixed result for soy yield witness from farms.

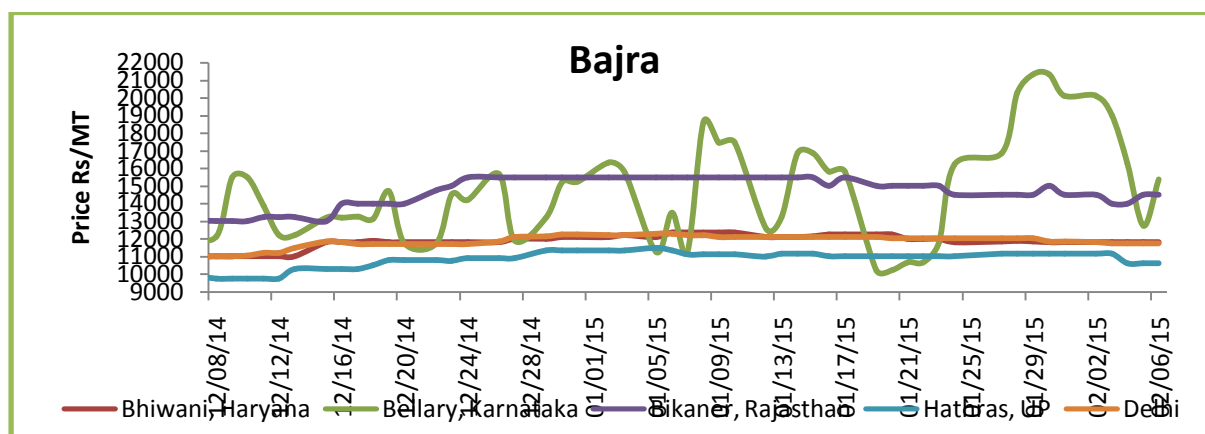
Soy meal:

- ❖ Soy meal rebound in tandem with the soybean after straight 4-week fall. Gains in crude and weakness in US dollar in recent days remained supportive for the meal, which was the biggest loser in the international benchmark, CBOT.
- ❖ However, India's soy meal exports continued to be slow and are much below expectations. This is due to the competitive international meal prices, including the meal of US, Brazil and Argentine origin compared the meal of Indian origin. India's soy meal exports figures are discussed below, which are sharply lower as compared to the previous years.
- ❖ Bearish global supply scenario will keep the soy meal prices lower this season, though global demand for oils and fats are rising every year.
- ❖ As discussed earlier, even domestic soy meal demand remained sluggish in recent months due to poor off-take from poultry industry, which was reeling under stress for lower than expected poultry demand.
- ❖ The soy meal prices are likely to feature mild gains on need based buying this week but overall remain under pressure on bearish global supply scenario.

RM Seed:

- ❖ RM seed fell consecutive 5th week on weak global and domestic factors during the week in review.
- ❖ In the latest development in the RM seed, the commencement of the new crop seed supplies in the domestic market remained bearish for the seed. Besides, lower BMD CPO in conjunction with soy and crude mineral oil remained pressurising factors.
- ❖ Favourable weather in the seed growing states remained beneficial for the standing RM seed crop. The rains will eventually boost the RM seed yield.
- ❖ However, the domestic planted area is reportedly lower by 7.6% (65.14 lha) compared to the same period last year. India's area under RM seed was 71.4 lakh hectares in 2013.
- ❖ Though the seed prices fell in recent days, but the better overseas demand in rapeseed extract of Indian origin this season from major destinations like Iran, Vietnam and Indonesia limited the losses in the seed.
- ❖ Exports of Malaysian palm oil products for January fell 14.6 percent to 1,109,188 tonnes from 1,298,461 tonnes shipped during December - cargo surveyor Societe Generale de Surveillance.
- ❖ The domestic RM seed is expected to feature mild gains in short-term but weakness in BMD CPO and expected new crop supplies from February will limit the gains in the medium-term.





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

Overall major cash markets of maize were steady to range bound during the week under review. Prices of maize decreased slightly in Delhi, Bagalkot, Gadag and Sangli while traded unchanged in Davangere, Shimoga, Khanna and Ludhiana market. Prices of maize were firm in Ranebennur and Nizamabad as compared to last week.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize down in a range of Rs. 1280-1330 per quintal while starch feed makers quoted maize firm in a range of Rs. 1300-1375 per quintal during last week.

As per ministry of agriculture, maize have been sown in 14.92 lakh hectares as of 30th January, 2015 during Rabi season, lower by 0.56 lakh hectares as compared to last year.

Lower acreage reported in A.P, Bihar, Gujarat, Jharkhand, Maharashtra and Telangana.

As per trade sources, in Bihar, around 5-7% area has shifted towards wheat. However, weather conditions are favorable at the time which will lead to higher yield.

A.P. crop is expected to arrive in the first week of March while Bihar crop is expected to arrive till the third week of March.

As per IBIS data, exports of corn were reported around 0.022 million tons for the period of 26th Jan to 1st Feb'15 mainly to Malaysia, B'desh and Vietnam.

As per trade sources, around 5-7% maize crop area has shifted towards wheat crop. However, weather conditions are favorable at the time which will lead to higher yield. Bihar crop is expected to arrive till the third week of March.

Maize is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1300 per quintal, Rs. 1300 per quintal, Rs. 1200 per quintal, Rs. 1330 per quintal and Rs. 1330 per quintal respectively, sourced from Davangere. As per trade sources, one rake was loaded for SKM, Erode at Rs. 1240 per quintal. Maize could trade slightly firm amid higher demand.

In Delhi, hybrid maize traded down by Rs. 20 per quintal to Rs 1430 per quintal as compared to last week, sourced from Karnataka. Sources revealed that stock of maize could be around 1500 quintal. Maize could trade steady to weak in the near term.

As per USDA, U.S accumulated corn export figures reached to 15,323,510 metric tons for the 2014-15 marketing year. Exports of 7,14,800 MT were down by 14 percent from the last week but up 14 percent from the prior 4-week average; reported by U.S to Japan (185,900 MT), Colombia (175,100 MT), Mexico (135,400 MT), Costa Rica (39,500 MT), El Salvador (31,000 MT), and Honduras (28,000 MT) for the period January 23-29, 2015.

Informa raised its Argentine corn production forecast by 1 million tons to 23 million tons for 2014/15 from the previous forecast. It also raised Brazil's 2014/15 all-corn harvest by 0.55 million tons to 72.8 million tons. The all-corn figure includes 28.8 million tons of main-crop corn and 44 million tons of winter corn. (Source: Reuters)

Wheat stock in central pool was registered at 220.14 Lakh tonne against the required buffer norm of 74.60 Lakh tonne as on 1st April, 2015. The government has revised its buffer norms for wheat and rice on 22.01 2015. Agriwatch expects three million tonne more off take from central pool stock by the end of March, 2015. This means the new season would start with 19 million tonne wheat carry out. As bumper crop is on the card this season government would easily meet procurement target of 30 million tonne. As crop size is expected to be larger, supply side would remain at comfortable level.

According to IBIS (provisional data), export of wheat in the month of January was 0.35 Lakh tones which is around 93% less than last year at the same month, which was 5.65 Lakh tones in 2014. The reason behind the lower export is attributed to disparity from other exporting countries like U.S.A., EU and Australia.

New wheat crop in Swarashtra region of Gujarat is expected to hit the market by 20th February followed by Madhya Pradesh wheat. New arrival, lower export demand and continuous wheat release from central pool stock would not allow market to go for any bull run. However, wheat crop size in Gujarat is smaller and it would not impact wheat prices in other states.

Wheat crop in major growing region in India is in good condition and recent rains in Punjab, especially in Faridkot and Bathinda region have benefited the late shown crop and it would ensure better growth for standing crop. Recent rainfall has given much needed respite to the wheat farmers in the region, they can apply fertilizers like urea to the wheat crop without irrigation. Moisture level in field has increased and there is no need of canal irrigation immediately.

Wheat cash markets in India trades range bound and any jump from current level is unlikely due to smooth supply side from central pool stock and virtually negligible demand for export. Besides, crop condition is satisfactory so far and better yield is expected this year on the back of favorable weather condition throughout the growing regions.

As of now (06.02.2015) 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 306.35 lakh hectares against corresponding period of 2013-14(315.32 lakh hectares).

According to IBIS, export of wheat in the fourth week of January (19-23 Jan) was around 1138 MT. The major export destination of Indian wheat was China from Mundra port which accounted 648 MT at an average FOB price of \$309.95/Tn .Other countries were UAE and Jordan.

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 500 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 slightly firm as feed ingredients prices were steady to firm during last week.

Spreads

Maize Average Weekly spread with Bajra

Week	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15
1	129.0	160.0	109.0	-0.83	-17.0	27.0	0.00	59.0	144.0	180.0	180.00	252.0
2	146.0	162.5	83.0	-20.0	25.0	20.0	-3.00	62.0	202.0	164.0	227.0	
3	141.0	161.0	28.0	-62.0	30.0	8.0	6.00	93.0	207.0	119.0	237.0	
4	155.0	158.0	20.0	-65.0	42.5	-0.8	63.0	154.0	182.5	139.0	244.0	
5			5.0		30.0		60.0				242.0	

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

Maize Average Weekly spread with Jowar

Week	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15
1	269.0	-101.0	-604.0	-	-	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0	-72.0
2	342.0	-145.0	-615.0	-940.0	-902.0	-768.0	-773.0	-760.0	-198.0	-253.0	-53.0	
3	354.0	-141.0	-966.0	-	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	
4	207.0	-240.0	-1078.0	-	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	
5				-	-740.0		-770.0				-61.0	

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

As the table depicts, maize spread with jowar traded down during last week as maize traded down with the steady movement in jowar prices. We expect trend could continue in the near term and keep maize spread with jowar down as compared to last week.

Maize Average Weekly spread with Barley

Week	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15
1	102.5	180.0	144.0	47.0	-95.0	-128.0	-112.0	-122.5	-166.0	-155.0	-29.0	-174.0
2	137.0	217.5	85.0	0.0	-88.0	-102.0	-117.0	-100.0	-40.0	-149.0	20.0	
3	144.0	258.0	61.0	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	
4	163.0	208.0	87.0	-80.0	-107.5	-109.0	-105.0	-90.0	-154.0	-110.0	-200.0	
5			78.0		-140.0		-110.0				-211.0	

*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 and is expected to be down in next week.

Maize Average Weekly spread with Wheat

Week	Mar'14	Apr'14	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15
1	-175.0	-55.0	-57.5	-182.5	-277.0	-240.0		-309.0	-324.0	-296.0	-212.0	-240.0
2	-109.0	17.5	-122.5	-222.5	-246.0	-270.0	-269.0	-306.0	-297.5	-297.5	-160.0	
3	-120.0	6.0	-173.0	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	
4	-26.0	-36.0	-169.0	-301.0	-252.0		-288.0	-302.5	-306.0	-292.0	-138.0	
5			-173.0		-240.0		-297.5				-154.0	

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

As the table depicts, maize spread with wheat traded down as wheat traded firm during last week. We expect that wheat could trade steady to slightly 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)		
	6-Feb-15	30-Jan-15	Parity To
Indore (MP)	29000	28000	Gujarat, MP
Kota	29000	28000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30500	29500	Mumbai, Maharashtra
Nagpur (42/46)	29800	29200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	30100	28600	Andhra, AP, Kar, TN
Latur	30400	30000	-
Sangli	31000	30000	Local and South
Sholapur	29800	30000	Local and South
Akola	29500	28300	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	29900	28500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	29000	28000	-

Soy DOC at Port

Centers	Port Price	
	6-Feb-15	30-Jan-15
Kandla (FOR) (INR/MT)	29050	29000
Kandla (FAS) (USD/MT)	471	470

International Soy DOC

Argentina FOB \$/MT	5-Feb-15	29-Jan-15	Change
Soybean Pellets	404	413	-9
Soybean Cake Meal	404	413	-9
Soybean Meal	412	421	-9
Soy Expellers	412	421	-9

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	6-Feb-15	30-Jan-15	Change
Adoni	19600	19400	200
Khamgaon	NA	NA	-
Parli	20200	19800	400
Latur	19400	19000	400

Groundnut Meal

Groundnut Meal	6-Feb-15	30-Jan-15	Change
Basis 45% O&A, Saurashtra	25000	24700	300
Basis 40% O&A, Saurashtra	22000	21700	300
GN Cake, Gondal	25500	25000	500

Mustard DOC/Meal

Mustard DOC/Meal	6-Feb-15	30-Jan-15	Change
Jaipur (Plant Delivery)	15000	15400	-400
Kandla (FOR)	15700	16400	-700

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	06-Feb-15	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1430	1435	1450	1420	1445
Davangere	Loose	1100	1100	1060	1210	1300
Nizamabad	Bilty	1265	1260	1224	1250	1325
Ahmedabad	Feed	1330	1310	1400	1310	1470
	Starch	1375	1350	1380	1350	1550

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	180.02	181.4	181.2	214.56
Cost and Freight	230.02	236.4	241.2	249.56

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	29071
Nov	443488	397659	517103	503269	110806
Dec	611157	798041	510698	451314	193832
Total	2937018	4075617	2668918	3512217	1210954

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>6-Feb-15</u>	<u>30-Jan-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1536	2133	-597
		Hybrid	Bangalore	1550	1650	-100
Jowar	Karnataka	White	Bangalore	1700	1950	-250
		White	Bellary	1451	1527	-76
Maize	Karnataka	Yellow	Davangere	1100	1100	Unch
	Andhra Pradesh	Yellow	Nizamabad	1225	1220	5
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2900	2800	100
	Maharashtra	DOC	Sangli	3100	3000	100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1960	1940	20
	Maharashtra	Ex-factory	Latur	1940	1900	40
Mustard	Rajasthan	Plant delivery	Jaipur	1500	1540	-40
Groundnut Meal	Gujarat	GN Cake	Gondal	2550	2500	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1488	1505	-17
Cottonseed Oil	Maharashtra	Ex- Mandi	Akola	1437	1420	17

Cake						
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Note: Prices Rs./ Qtl

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