

Contents:

- ❖ **Summary**
- ❖ **Trend – Raw Material, Feed**
- ❖ **Outlook**
- ❖ **Spreads**
- ❖ **Annexure - Prices**

Summary

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

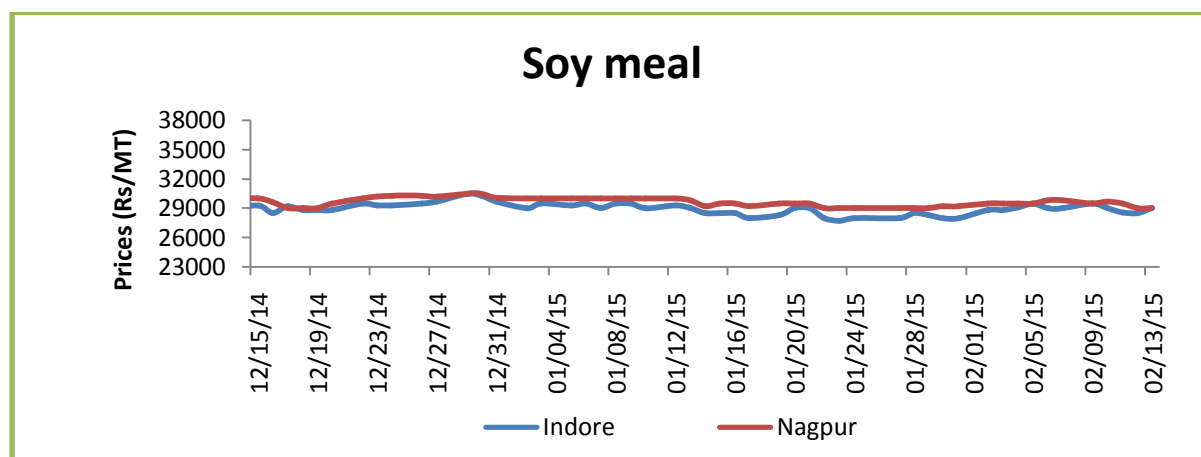
The soybean fell on sluggish buying activity in cash market during the week under review. Uncertainty of international oils and fats market, which is reeling under global supply pressure and commencement of early rapeseed-mustard supplies remained negative for the domestic soybean market.

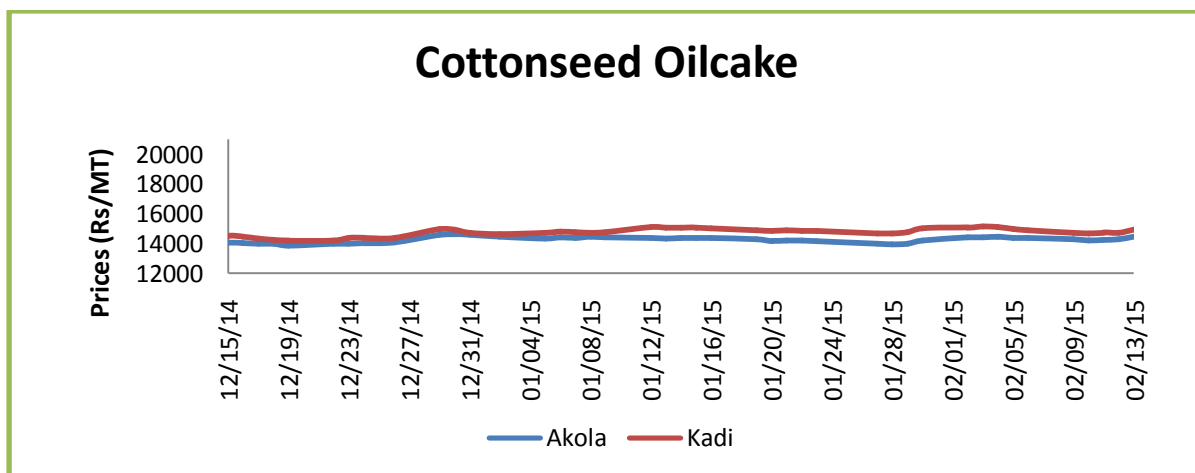
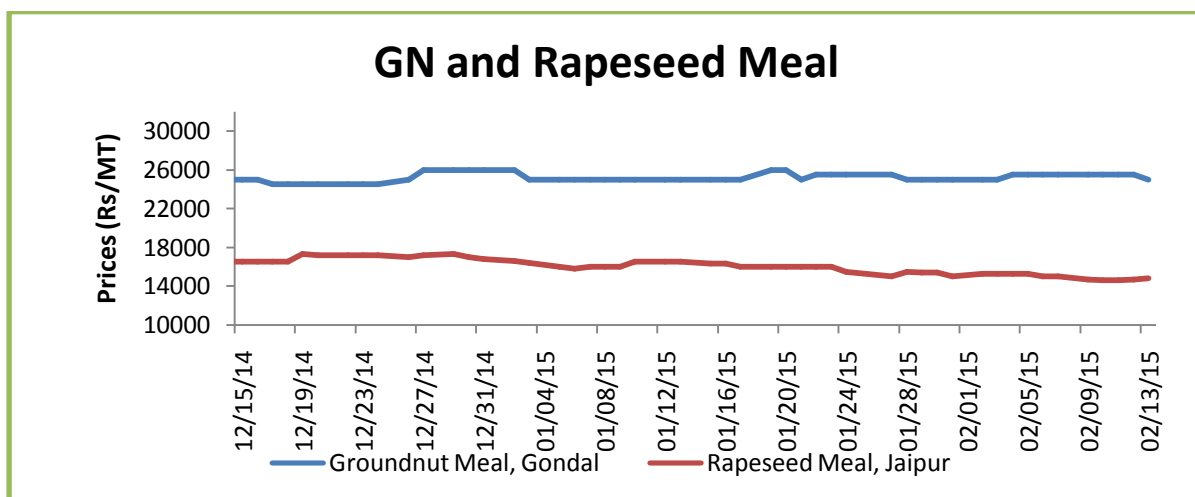
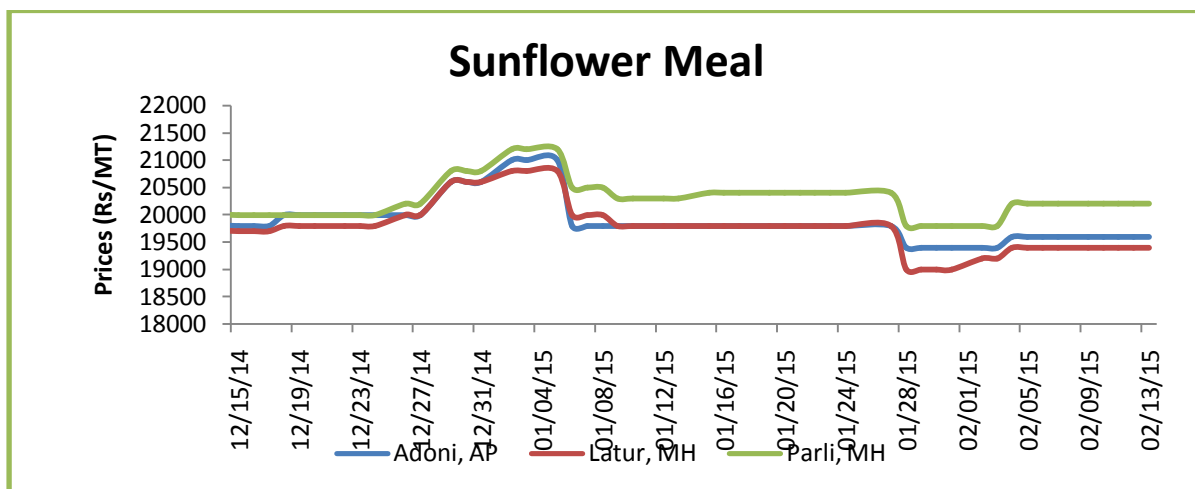
Weak soy meal export sales and disparity on crushing the bean continued to remain negative domestic factors.

Soy meal edged-lower in tandem with soybean tracking weakness in international market and weak India's soy meal exports during the week under review. However, the meal prices may get boost to some extent if the recent gains in crude sustain in coming days.

Overall maize cash market traded steady to slightly firm except Delhi and Gadag during the week under review. Prices of maize increased in Shimoga, Bagalkot, Sangli and Ahmadabad while traded unchanged in Davangere, Nizamabad, Khanna and Ludhiana market.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean, meal and RM seed edged-lower in tandem on feeble buying in the physical market and uncertain global oils and fats market during the period under review. The underlying factors continue to remain weak.

Soybean:

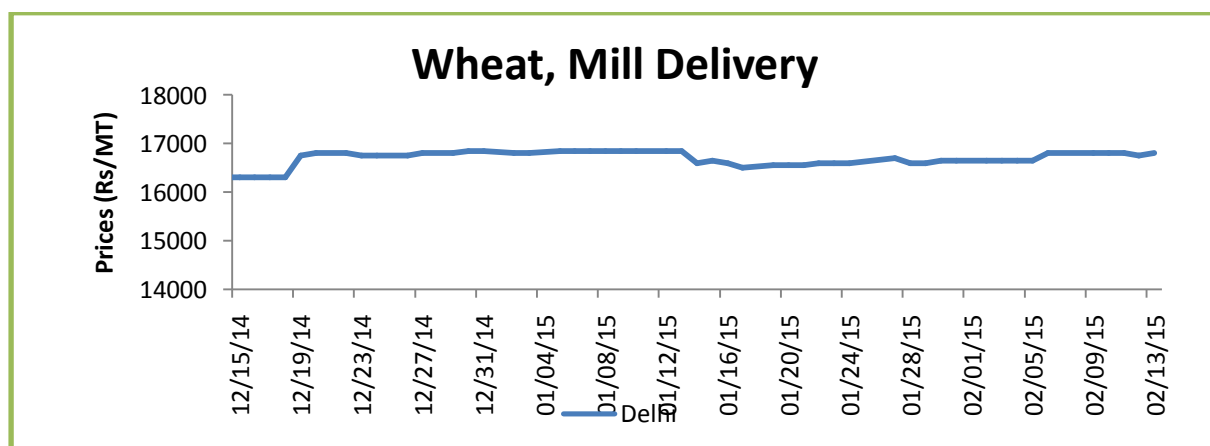
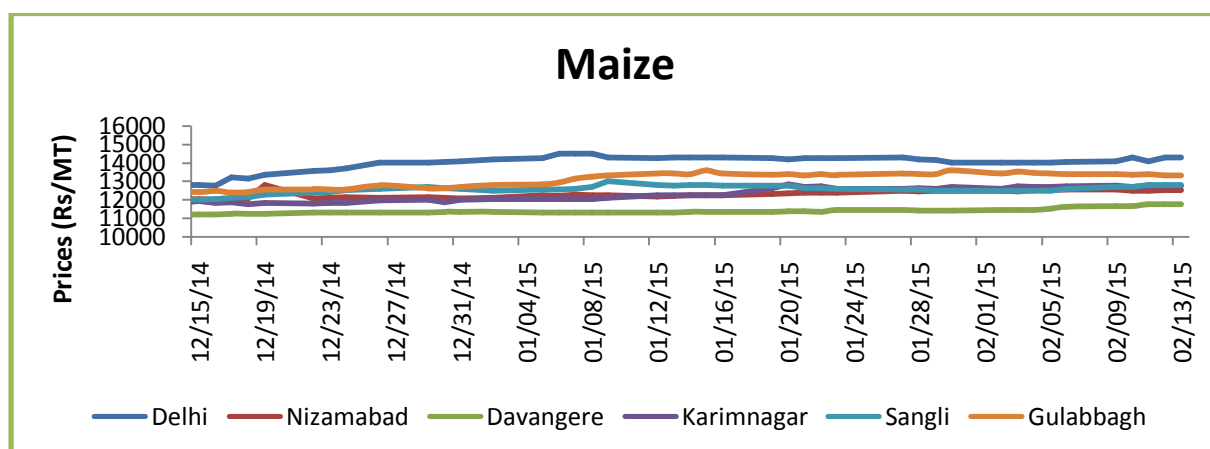
- ❖ The soybean fell on sluggish buying activity in cash market during the week under review. Uncertainty of international oils and fats market, which is reeling under global supply pressure and commencement of early rapeseed-mustard supplies remained negative for the domestic soybean market.
- ❖ Weak soy meal export sales and disparity on crushing the bean continued to remain negative domestic factors.
- ❖ The domestic soybean market was in the wait and watch situation previous week but slight gains in crude and a couple of bullish news in the international palm oil may lend support to the soy prices during the upcoming week. However, underlying factors remain bearish for the medium and long term.
- ❖ The domestic soybean closely tracks international benchmark, the CBOT, which remained under continued pressure followed by weakness in crude and increased global soybean supply scenario this season showed some signs of recovery with some gains in the crude during the week in review.
- ❖ Recent rains over the key soybean growing areas of Argentina and Brazil, where the crop was initially under stress due to dry weather and lower soil moisture, remained positive this will result in boost in the potential yield output. Argentina has more benefited from the rains.

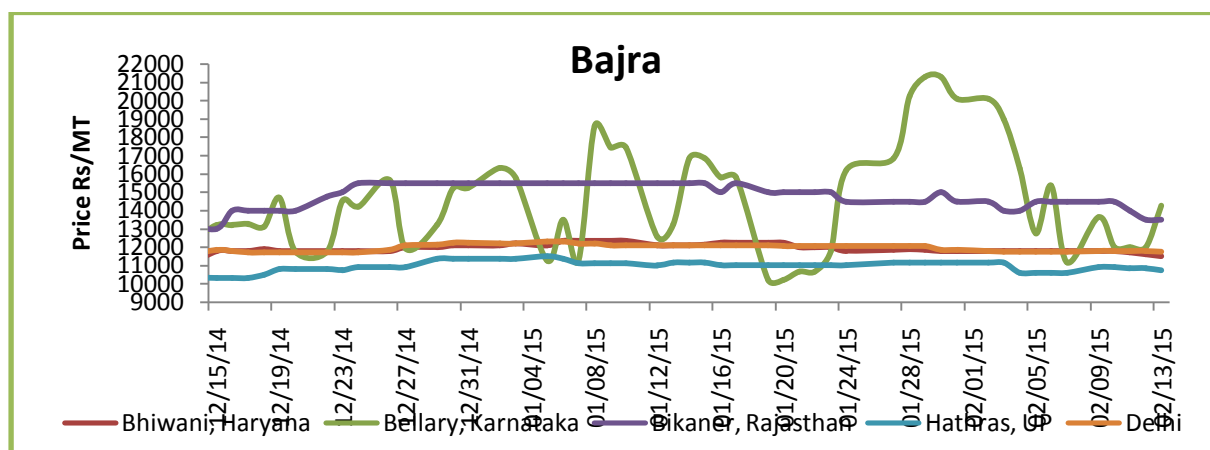
Soy meal:

- ❖ Soy meal edged-lower in tandem with soybean tracking weakness in international market and weak India's soy meal exports during the week under review. However, the meal prices may get boost to some extent if the recent gains in crude sustain in coming days.
- ❖ India's soy meal shipments continued to be weak and are much below expectations. The exports could not recover even this year which were already lower last season.
- ❖ As discussed earlier, fall in exports is primarily 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 are sharply lower as compared to the previous years.
- ❖ Higher global supply scenario with estimates of record production in US and South America will keep the soy meal prices lower this season, though global demand for oils and fats are rising every year.
- ❖ The report of latest outbreak of avian influenza in Kureepuzha, Kerala has further hit the poultry demand from Kerala and South India. The similar event in recent months had already negatively affected the poultry industry earlier, which is the largest consuming industry of soy meal in India.

RM Seed:

- ❖ RM seed continued downtrend, over one month, on new domestic seed supplies and weakness in Malaysian palm oil.
- ❖ India's area under rapeseed-mustard this season is reported lower over 8% at 65.17 lha compared to 71.08 lha previous season. India's area under RM seed was 71.4 lakh hectares in 2013.
- ❖ This translate into lower production in the seed, but favourable weather in the key seed growing states in previous months will boost the yield and the offset the fall in output to some extent.
- ❖ Malaysian palm oil (BMD CPO) is the driving force for the domestic rapeseed mustard. As India is one of the largest edible oil importer especially palm oil.
- ❖ India's vegetable oil imports in January were at 1,095,466 tons (including 1,082,670 tons of edible oils and 12,796 tons of non-edible oils), down from 1,139,586 tons in the previous month. Indian buyers imported 69,997 tons of RBD palmolein, 580,695 tons of CPO, and 224,430 tons of CDSO in January - SEA of India.
- ❖ As per MPOB's report, Malaysian palm oil end-stocks fell to their lowest in six months due to floods in the first week of January over key oil palm producing regions. Inventories in Malaysia fell 12.2 percent in January to 1.77 million tons against a revised 2.01 tons at the end of December and production plunged to 1.16 million tons (-15 pct m-o-m).





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

Overall maize cash market traded steady to slightly firm except Delhi and Gadag during the week under review. Prices of maize increased in Shimoga, Bagalkot, Sangli and Ahmadabad while traded unchanged in Davangere, Nizamabad, Khanna and Ludhiana market.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 20 per quintal to Rs. 1350 per quintal while starch feed makers quoted maize firm by Rs. 25 per quintal to Rs. 1400 per quintal as compared to last week.

As per ministry of agriculture, maize have been sown in 15.37 lakh hectares as of 13th February, 2015 during Rabi season, lower by 0.16 lakh hectares as compared to last year. Lower acreage reported in A.P, Bihar, Gujarat and Jharkhand. 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 0.066 million tons for the period of 2nd Feb to 8th Feb'15 mainly to Bangladesh, Indonesia and Vietnam.

Maize crop contains around 13-14% moisture and it is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1300 per quintal, Rs. 1330 per quintal, Rs. 1250 per quintal, Rs. 1340 per quintal and Rs. 1340 per quintal respectively, sourced from Davangere. Despite the continued demand for maize; prices are unlikely to move up due to low quality arrival. As per trade sources, around 8-10% arrival is damaged and fungus affected.

In Delhi, hybrid maize traded down by Rs. 5 per quintal to Rs 1425 per quintal as compared to last week, sourced from Karnataka. Sources revealed that stock of maize could be around 4000 quintal. Maize could trade steady in the near term.

As per USDA, U.S accumulated corn export figures reached to 15,942,422 metric tons for the 2014-15 marketing year. Exports of 6,18,900 MT were down by 13 percent from the last week and 9 percent from the prior 4-week average; reported by U.S to Mexico (247,900 MT), Japan (91,900 MT), Saudi Arabia (69,000 MT), Portugal (68,200 MT), the Dominican Republic (49,300 MT), Guatemala (32,500 MT), and Colombia (24,400 MT) for the period January 30- February 5, 2015.

South Korea's largest feed maker, NOFI, purchased 128,000 tons of corn for August/September arrival from the optional origin. 65,000 tons of corn was bought at \$203.48 a ton c&f plus a \$1.50 a ton surcharge for extra port unloading for arrival around Aug. 20. Remained 63,000 tons was purchased at \$205.40 a ton c&f plus a \$1.50 a ton surcharge for additional port unloading for arrival around Aug. 30. (Source: Reuters)

USDA increased its outlook for world corn ending stock by 0.49 MMT to 189.64 MMT for 2014/15 from the last month forecast.

European traders told that Taiwan's maize industry procurement association MFIG has purchased 60,000 tons corn, likely to be sourced from U.S. 2,690 tons of corn was purchased at \$208.98 a ton c&f; remained bought at premium of 128.60 cents per bushel c&f over the Chicago July corn contract for the shipment between Apr. 1-20 from the U.S. Gulf or Apr. 15 to May 4 from the U.S. Pacific North West coast. (Source: Reuters)

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)

According to IBIS, export of Indian wheat in the first week of February (02-08 Feb) was around 958 MT at an average FoB price of \$316.34/tonne. The major export destination of Indian wheat was UAE from Mundra port which accounted 306 MT at an average FOB price of \$305.96.10/Tn .Other major countries were Philippines and Taiwan

As of now (13.02.2015)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).

New wheat crop in Ahmadabad region of Gujarat is in good condition and is expected to hit the market by 2-3 rd week of March. However, arrival of old crop is very low and is around 1000-1500 bags. Prices of good quality wheat like lokwan is moving in the range of Rs 1750-1800/ quintal and mill quality around Rs 11650-1700/ quintal.

The Inflation of wheat has increased to -1.63% in the month of January as compare to -2.46% in the month of December.WPI has increased to 216.6 in January as compare to 214.5 in the month of December.

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.

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 \$182 to \$210 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	247.0
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 down as maize traded down with the firm movement in bajra prices. We expect that both could trade steady in the near term and keep maize spread with bajra intact 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	-75.0
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 that both could trade steady in the near term and keep maize spread with jowar unchanged 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	-175.0
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 down during last week and is expected to be steady 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	-192.5
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 firm as wheat traded down 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)		
	13-Feb-15	6-Feb-15	Parity To
Indore (MP)	28500-29000	29000	Gujarat, MP
Kota	28200-28300	29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	30000	30500	Mumbai, Maharashtra
Nagpur (42/46)	28500-29000	29800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29600	30100	Andhra, AP, Kar, TN
Latur	29700	30400	-
Sangli	30200	31000	Local and South
Sholapur	29300	29800	Local and South
Akola	29000	29500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	29400	29900	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	28500	29000	-

Soy DOC at Port

Centers	Port Price	
	13-Feb-15	6-Feb-15
Kandla (FOR) (INR/MT)	29000	29050
Kandla (FAS) (USD/MT)	467	471

International Soy DOC

Argentina FOB \$/MT	12-Feb-15	5-Feb-15	Change
Soybean Pellets	401	404	-3
Soybean Cake Meal	401	404	-3
Soybean Meal	409	412	-3
Soy Expellers	409	412	-3

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	13-Feb-15	6-Feb-15	Change
Adoni	19600	19600	Unch
Khamgaon	NA	NA	-
Parli	20200	20200	Unch
Latur	19400	19400	Unch

Groundnut Meal

Groundnut Meal	13-Feb-15	6-Feb-15	Change
Basis 45% O&A, Saurashtra	24500	25000	-500
Basis 40% O&A, Saurashtra	21500	22000	-500
GN Cake, Gondal	25000	25500	-500

Mustard DOC/Meal

Mustard DOC/Meal	13-Feb-15	6-Feb-15	Change
Jaipur (Plant Delivery)	14800	15000	-200
Kandla (FOR)	15800	15700	100

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	13-Feb-15	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1425	1430	1450	1390	1425
Davangere	Loose	1100	1100	1100	1270	1370
Nizamabad	Bilty	1265	1265	1225	1260	1320
Ahmedabad	Feed	1350	1330	1380	1300	1470
	Starch	1400	1375	1400	1340	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	178.44	177.95	182	221.49
Cost and Freight	228.44	232.95	242	256.49

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	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>13-Feb-15</u>	<u>6-Feb-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1426	1536	-110
		Hybrid	Bangalore	1500	1550	-50
Jowar	Karnataka	White	Bangalore	1700	1700	Unch
		White	Bellary	1524	1451	73
Maize	Karnataka	Yellow	Davangere	1100	1100	Unch
	Andhra Pradesh	Yellow	Nizamabad	1225	1225	Unch
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2900	2900	Unch
	Maharashtra	DOC	Sangli	3020	3100	-80
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1960	1960	Unch
	Maharashtra	Ex-factory	Latur	1940	1940	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1480	1500	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2550	-50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1494	1488	6
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1445	1437	8

Note: Prices Rs./ Qtl

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