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Summary

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

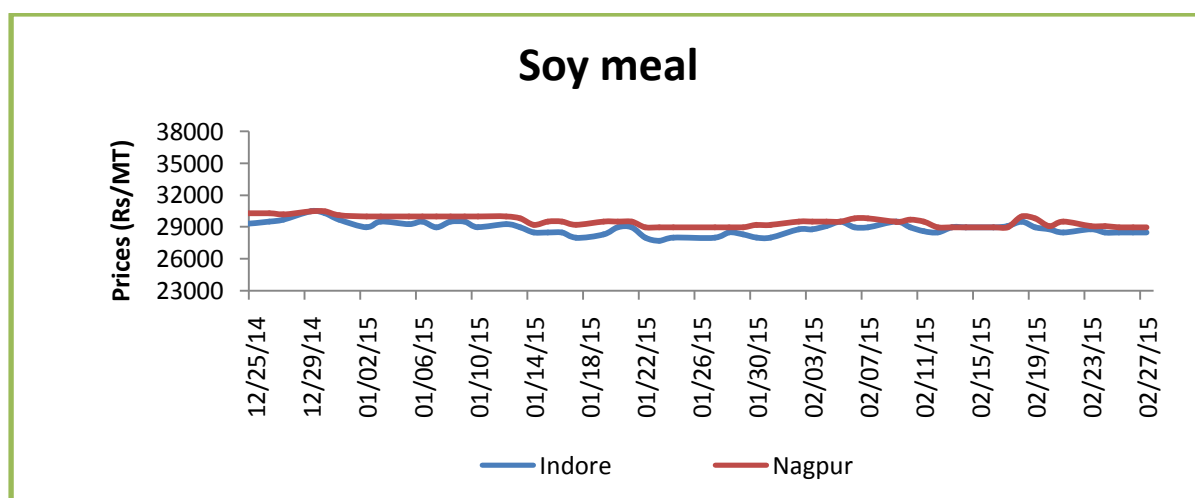
The soybean fell in the domestic cash market primarily due to the feeble buying and bearish global supply prospects during the week under review.

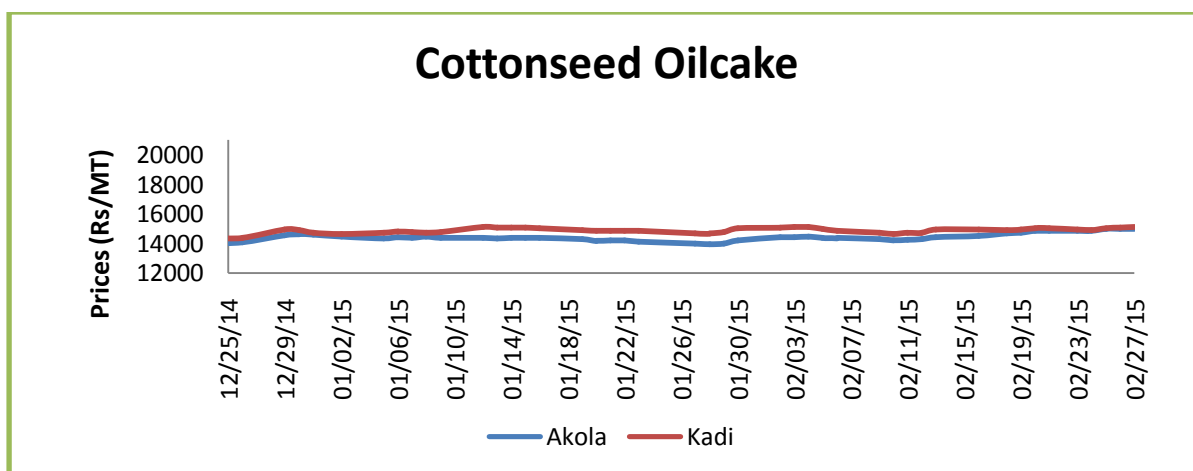
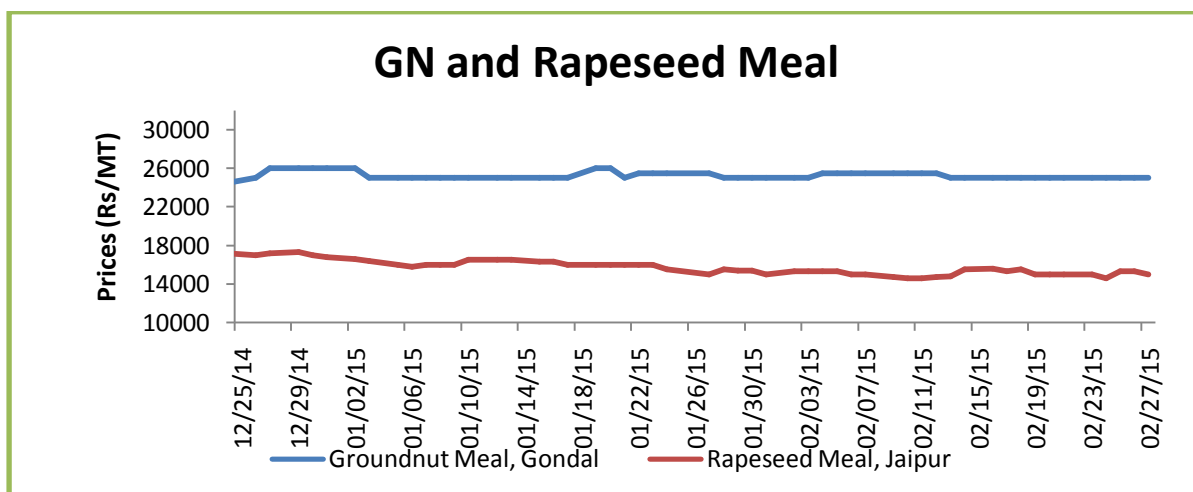
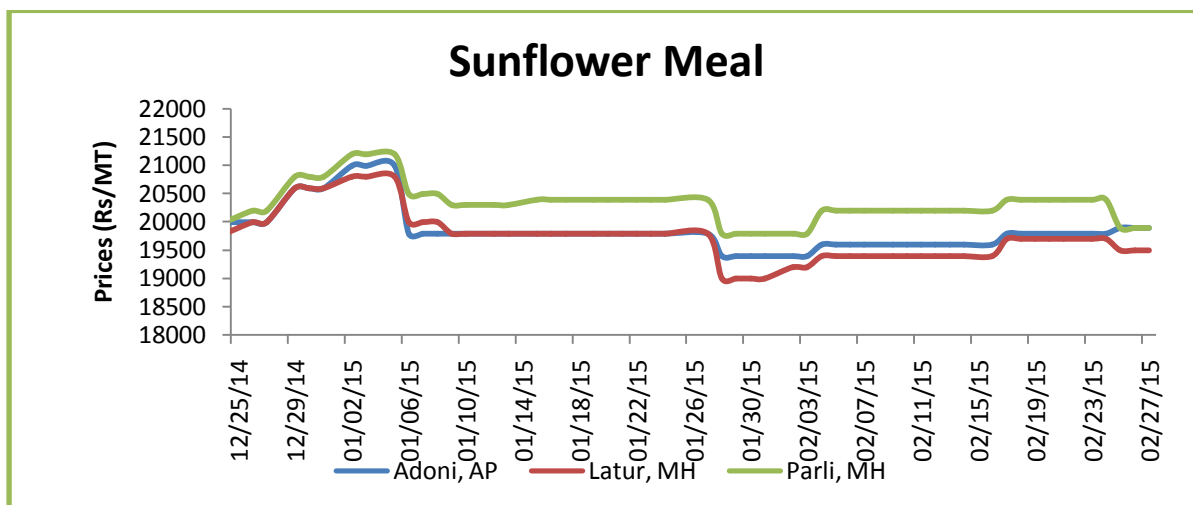
This is despite gains in CBOT soybeans boosted followed by trucker's strike in Brazil protesting against the new fuel tax. The event disrupted the soybean supply which is under harvest in Brazil. This will not only increase the congestion on roads but also at ports and support the bulls in near-term.

Soy meal edged-lower in tandem with soybean during the period under review. Weak soy meal export sales and bearish global supply scenario and lower crude remained negative factors for the meal.

Overall maize cash market traded steady to firm during the week under review.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean, meal and RM seed declined on feeble buying in cash domestic cash market and weak global factors during the week under review. The underlying factors continue to remain weak for the soy complex.

Soybean:

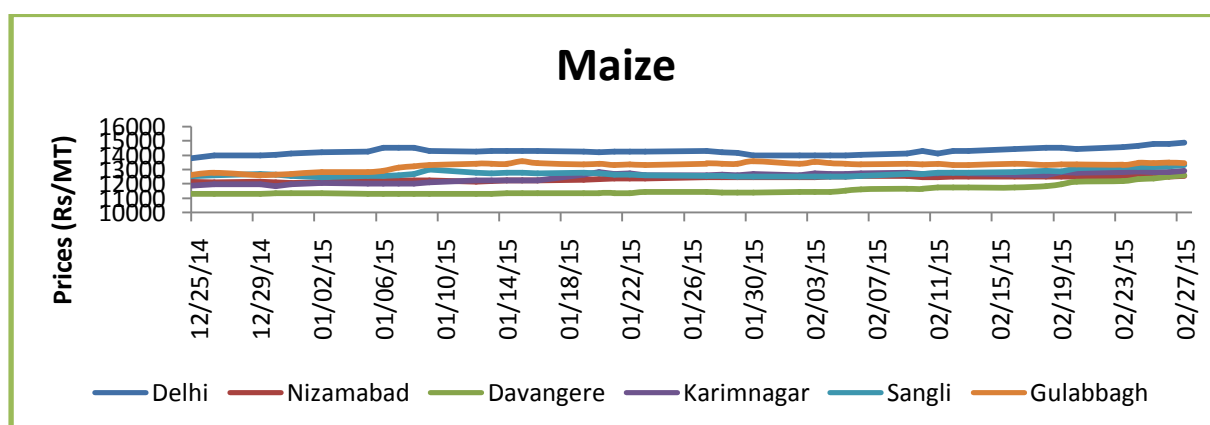
- ❖ The soybean fell in the domestic cash market primarily due to the feeble buying and bearish global supply prospects during the week under review.
- ❖ This is despite gains in CBOT soybeans boosted followed by trucker's strike in Brazil protesting against the new fuel tax. The event disrupted the soybean supply which is under harvest in Brazil. This will not only increase the congestion on roads but also at ports and support the bulls in near-term.
- ❖ Brazil's soybean harvest had done over 18.5% of the total cultivated soybean area in the country, which represents a considerable delay by 12.5% from last year figures and historical five-year average, the harvest should be 23% in the same period reported Vintage Market and advice note.
- ❖ Again in the fresh update, Argentina's 2014/15 soybean crop is estimated by the government at a record 58.0 million tonnes, up from 53.4 million in last season. Argentina's highest production to date stood at 55 million tonnes, harvested in the 2009-10 season.
- ❖ Besides, Brazil's 2014/15 soybean production estimates vary from record 93.9 - 95.5 million tonnes.
- ❖ The domestic soybean prices are expected to witness gains but the upside will be limited due to weak economic factors and bearish global soybean supply scenario.

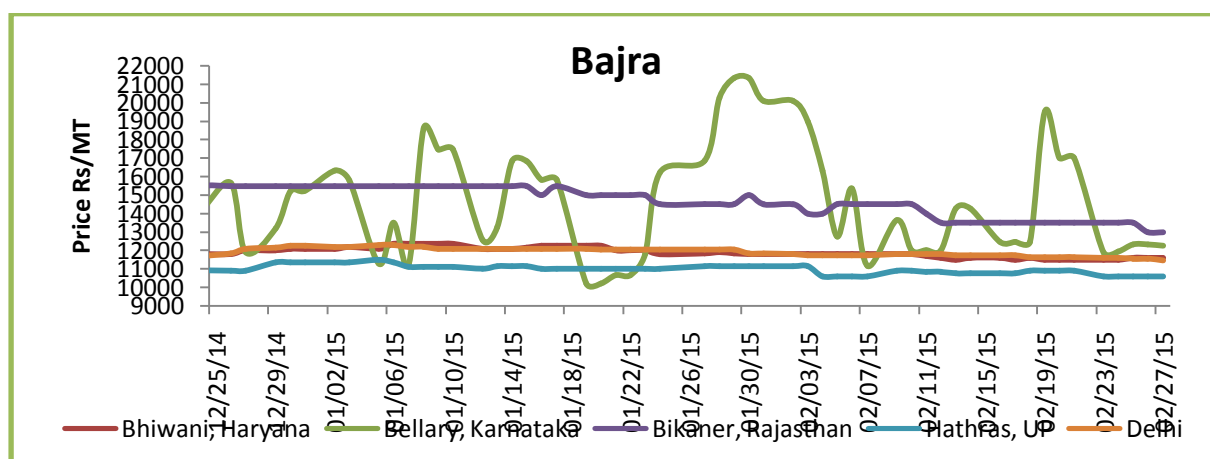
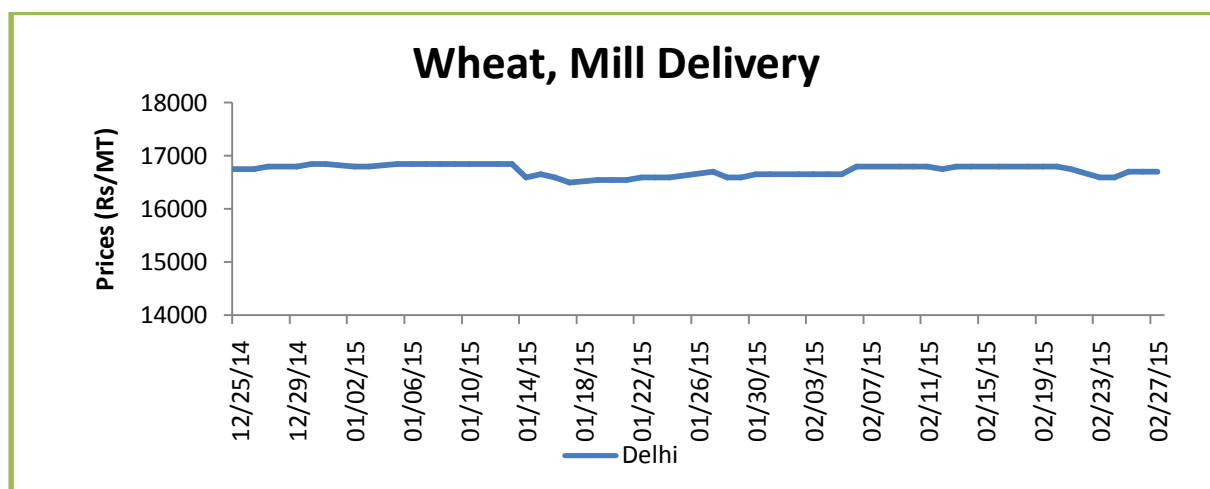
Soy meal:

- ❖ Soy meal edged-lower in tandem with soybean during the period under review. Weak soy meal export sales and bearish global supply scenario and lower crude remained negative factors for the meal.
- ❖ The underlying fundamentals for the meal continued to remain weak during the season. Higher supply outlook followed by record soybean production estimates in top soybean producing countries will limit any sharp rise in the meal prices during the season.
- ❖ In a latest development SOPA has requested MP government to withdraw taxes on the industry. The soy industry is disappointed at the budget proposals of MP State Government to levy one percent tax on soy meal / de-oiled cake. Being a highly competitive agro based industry, it should not be burdened with additional taxation, which significantly contributes to the agro-economy of the state, says SOPA.
- ❖ Neighboring state Maharashtra has no tax on soy meal/De-oiled cake and units in MP will become uncompetitive in comparison.

RM Seed:

- ❖ RM seed fell primarily on the domestic factors during the week under review. The domestic Rapeseed-mustard harvesting is gaining momentum and the new crop seed supplies increasing week-on-week.
- ❖ The all India seed arrivals spurt and was reported at 12,55,000 bags during the week under review compared to 5,35,000 bags previous week. In Rajasthan the supplies increased to 6,65,000 bags compared to 2,50,000 bags in the previous week.
- ❖ The seasonal rise in arrivals will continue till it reaches peak in coming weeks, which will weigh on the seed prices too. However, gains in BMD CPO may limit the losses. Bearish global oilseeds supply scenario will remain a negative factor for the seed.
- ❖ India is expected to harvest 7.36 million tonnes of rapeseed in the current crop year down from last year. Lower rapeseed production in the current season mainly attributed to the drop in India's mustard acreage (down 8 percent y-o-y) in the current season and dryness in the initial days of sowing - Farm Ministry.
- ❖ 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. Lower area is a bullish factor for the domestic RM seed.
- ❖ Exports of Malaysian palm oil products for February declined by 10.4% to 993,376 tonnes from 1,109,188 tonnes exported during January, cargo surveyor Societe Generale de Surveillance. Country wise export details – India imported 246,575 (162,900) tons, China 43,312 (209,800) tons and European Union 260,435 (185,706) tons. Values in brackets depict same period of the last month.
- ❖ Rising seasonal supplies in seed and exemption of export duty by Malaysia and Indonesia on palm oil will pressure the seed prices in near-term.





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

Overall maize cash market traded steady to firm during the week under review.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 30 per quintal to Rs. 1380-1430 per quintal while **starch feed makers quoted maize steady** at Rs. 1350-1450 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.

Bihar crop is expected to arrive till the third week of March.

As per IBIS data, exports of corn were reported around 0.020 million tons for the period of 16th Feb to 22nd Feb'15 mainly to Bangladesh and Vietnam.

Maize crop contains below 13 moisture and it is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1300 per quintal, Rs. 1330 per quintal, Rs. 1280 per quintal,

Rs. 1330 per quintal and Rs. 1350 per quintal respectively, sourced from Davangere. As per trade sources, around 8-10% arrival is damaged and fungus affected. Maize prices are likely to be steady to firm as good quality arrival is lower in quantity amid higher feed makers demand. As per trade sources, **one rake was loaded for SKM, Erode at Rs. 1360 per quintal** on 1st march'15 and **one rake for Suguna Foods, Bangalore at Rs. 1325 per quintal** during the week, sourced from Davangere.

In Delhi, hybrid maize traded firm by Rs. 40 per quintal to Rs 1480 per quintal as compared to last week due to low crop arrival. Sources revealed that stock of maize could be around 2500 quintal and is likely to trade steady to slightly weak in the near term.

As per USDA, U.S accumulated corn export figures reached to 17,503,777 metric tons for the 2014-15 marketing year. Exports of 8,65,100 MT were up by 24 percent from the last week and 21 percent from the prior 4-week average; reported by U.S to Japan (252,300 MT), Taiwan (138,300 MT), Mexico (126,900 MT), South Korea (124,100 MT), Algeria (92,700 MT), Egypt (64,700 MT), and Peru (33,000 MT) for the period February 13-19, 2015.

As per European traders, a group of Israeli private buyers purchased 90,000 tons corn, likely to be sourced from the Black Sea region but sellers can select origin. Some 35,000 tons of the corn was purchased at around \$176 a ton c&f and 55,000 tons of corn at about \$177 a ton c&f. If based on European Union or Black Sea supplies, the tender had sought shipment of 35,000 tons of corn between Apr. 25 and May 15 and 55,000 tons of corn between May 20 and June 10. (Source: Reuters)

South Korea's largest feedmaker Nonghyup Feed Inc. purchased up to 197,000 tons of corn for September arrival can be sourced from the Black Sea region, United States Gulf or Pacific coasts, South Africa or South America. It was purchased in three consignments all at \$203.90 a ton cost and freights plus a \$1.50 a ton surcharge for each additional port unloading. The amount of purchased corn can vary according to origin supplied. Two of the consignments can have a maximum of 65,000 tons of corn if sourced from South America or a minimum of 53,000 tons if sourced from the Black Sea/South Africa. The third consignment can have a minimum of 50,000 tons of corn if sourced from the U.S. Gulf or South Africa or 67,000 tons if sourced from other origins. (Source: Reuters)

According to the latest report of USDA Indian wheat export may come to 2 MMT due to uncompetitive prices and expectations of no government wheat exports. However, according to Agriwatch estimate Indian wheat export may reach to 3MMT due higher production and good demand of quality wheat like Tukda and Lokwan.

According to second advance estimate released by Indian government wheat production may reach to 95.76 MMT which is around 2 percent higher than the first estimate of 94.00 MMT. They have increased the wheat production estimate due to expectation of higher yield in major growing area despite lower area coverage as compare to last year.

According to IBIS, export of Indian wheat in the third week of February (16-22 Feb) was around 811 MT at an average FoB price of \$297.13/tonne. The major export destination of Indian wheat was UAE from Mundra port which accounted 388 MT at an average FOB price of \$298.88/Tn .Other major countries were Malaysia and Oman.

Fewer water supplies from the canal and increasing temperature in the maturity stage may affect the yield of wheat in the Rajkot region as it will make the seed to shrink more. As per farmers feedback area of wheat has decreased around 6-7 percent from last year and harvesting may start from 1st week of March.

New wheat crop in Ganganagar region of Rajasthan is expected to hit the market by first week of April. Wheat area in this region may have decreased around to 7-8% from last year due to lesser availability of canal water. Overall condition of wheat plant is good and farmers are expecting higher yield than last year.

New wheat crop in Bhilwara region of Rajasthan is expected to hit the market by last week of March. Wheat area in this region may have increased around to 10-12% from last year as late rainfall had discouraged farmers to plant mustard. However, wheat acreage in Rajasthan has decreased from last year. Overall condition of wheat plant is good and farmers are expecting higher yield than last year.

According to the state-wise target of wheat to be purchased from farmers during the Rabi marketing season, Punjab is expected to purchase 12 MMT of wheat in 2015-16 against 11.64 MMT in 2014-15 and Haryana 7 MMT in 2015-16 against 6.45 MMT in 2014-15. Procurement estimate for Madhya Pradesh is 6 MMT, Uttar Pradesh 3 MMT and Rajasthan 1.8 MMT. The targets were fixed at a meeting of food secretaries.

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. Market may test the first support level of 540 cent per bushel in the short term & 560 cent per bushel in medium term. We expect market to trade in the range of \$175 to \$205 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	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	269.0
4	155.0	158.0	20.0	-65.0	42.5	-0.8	63.0	154.0	182.5	139.0	244.0	320.0
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 maize traded firm with the fall in bajra prices. We expect that both could trade steady to weak 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	-84.0
4	207.0	-240.0	-1078.0	-	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0
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 firm during last week as Jowar traded down during last week. We expect that jowar could trade steady 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	-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	-164.0
4	163.0	208.0	87.0	-80.0	-107.5	-109.0	-105.0	-90.0	-154.0	-110.0	-200.0	-127.0
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	-192.5
3	-120.0	6.0	-173.0	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0
4	-26.0	-36.0	-169.0	-301.0	-252.0		-288.0	-302.5	-306.0	-292.0	-138.0	-132.0
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)		
	27-Feb-15	20-Feb-15	Parity To
Indore (MP)	28500	28800	Gujarat, MP
Kota	28000	28500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	29100	29100	Mumbai, Maharashtra
Nagpur (42/46)	28500-29100	29100	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	29600	29600	Andhra, AP, Kar, TN
Latur	29700	29700	-
Sangli	30100	30100	Local and South
Sholapur	29300	29300	Local and South
Akola	28700	29000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	29400	29400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	28200	28500	-

Soy DOC at Port

Centers	Port Price	
	27-Feb-15	20-Feb-15
Kandla (FOR) (INR/MT)	29500	29175
Kandla (FAS) (USD/MT)	477	469

International Soy DOC

Argentina FOB \$/MT	26-Feb-15	19-Feb-15	Change
Soybean Pellets	411	414	-3
Soybean Cake Meal	411	414	-3
Soybean Meal	419	422	-3
Soy Expellers	419	422	-3

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	27-Feb-15	20-Feb-15	Change
Adoni	19900	19800	100
Khamgaon	NA	NA	-
Parli	19900	20400	-500
Latur	19500	19700	-200

Groundnut Meal

Groundnut Meal	27-Feb-15	20-Feb-15	Change
Basis 45% O&A, Saurashtra	24500	24500	Unch
Basis 40% O&A, Saurashtra	21500	21500	Unch
GN Cake, Gondal	25000	25000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	27-Feb-15	20-Feb-15	Change
Jaipur (Plant Delivery)	15000	15000	Unch
Kandla (FOR)	16000	15600	400

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	27-Feb-15	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1480	1440	1450	1400	1510
Davangere	Loose	1220	1200	1100	1150	1350
Nizamabad	Bilty	NA	1280	1270	1260	1310
Ahmedabad	Feed	1400	1380	1330	1325	1460
	Starch	1440	1450	1340	1360	1500

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	174.51	177.65	178.3	235
Cost and Freight	224.51	232.65	238.3	270

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>3-Mar-15</u>	<u>24-Feb-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1225	1700	-475
		Hybrid	Bangalore	1500	1500	Unch
Jowar	Karnataka	White	Bangalore	1900	1750	150
		White	Bellary	1563	1414	149
Maize	Karnataka	Yellow	Davangere	1220	1200	20
	Andhra Pradesh	Yellow	Nizamabad	NA	1230	-
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	2850	2880	-30
	Maharashtra	DOC	Sangli	3010	3010	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	1990	1980	10
	Maharashtra	Ex-factory	Latur	1950	1970	-20
Mustard	Rajasthan	Plant delivery	Jaipur	1500	1500	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2500	2500	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1511	1505	6
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1500	1486	14

Note: Prices Rs./ Qtl

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