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## Summary

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

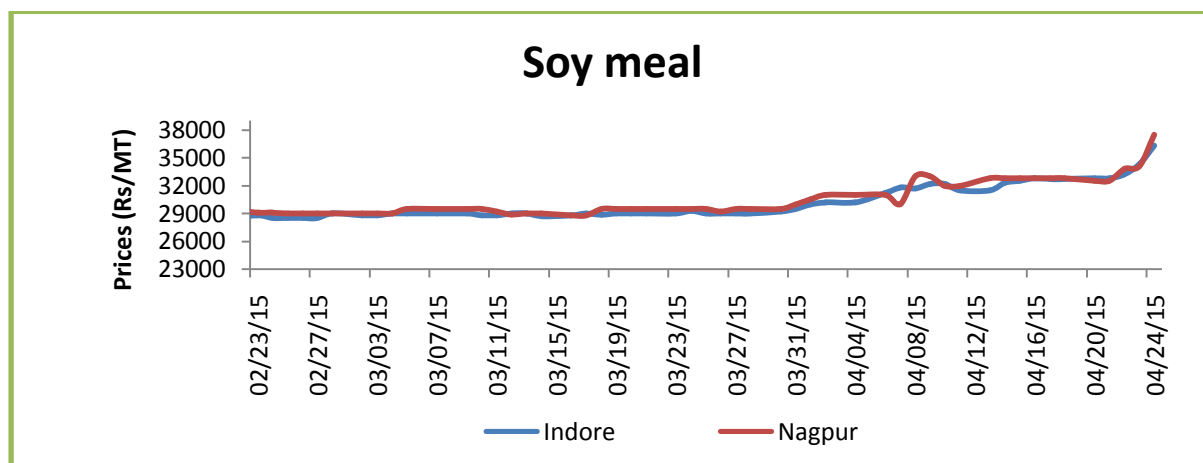
The domestic soybean extended previous gains on buying support, forecast of 2015 Southwest monsoon rains below normal this season and surge in crude remained supportive for the soybean market.

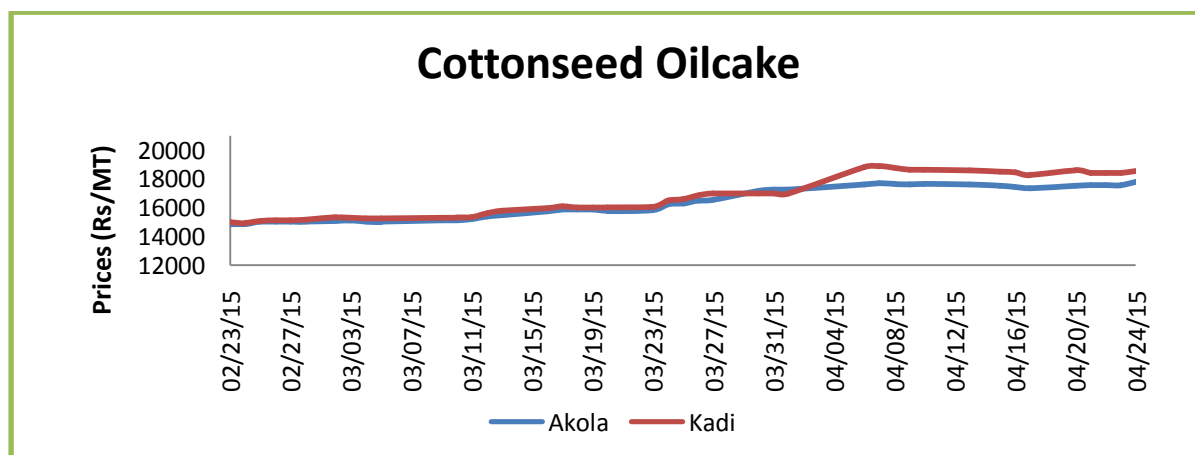
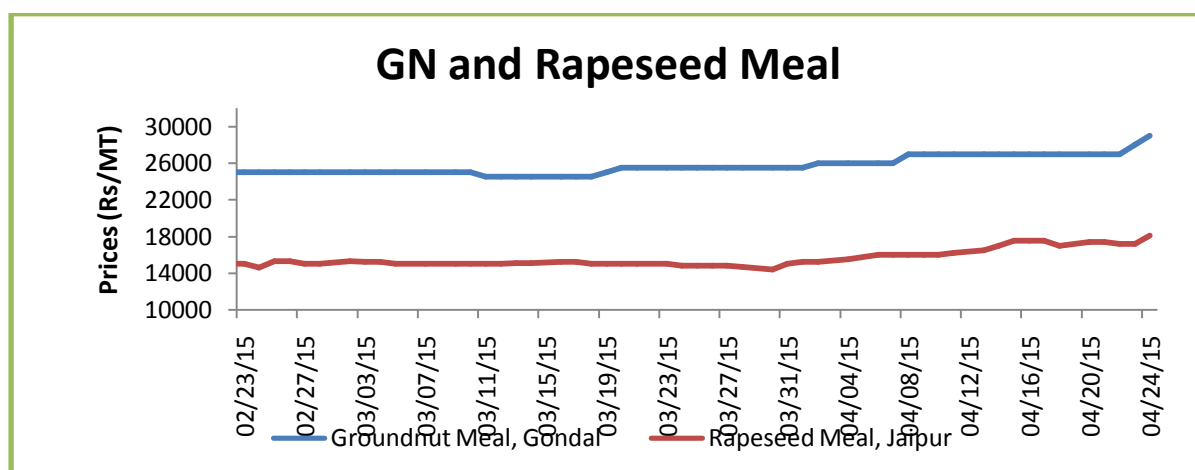
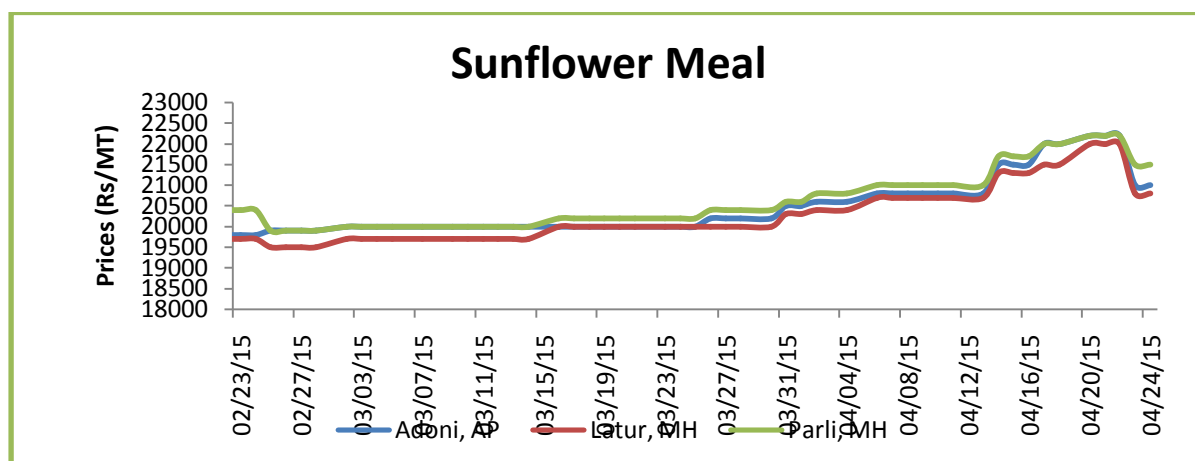
Soy meal improved on buying support and short-term bullish global and domestic factors during the week in review. Higher crude and supply disruptions from South America will lend support to the meal prices at higher levels.

Further, the ban on poultry products from Kerala is expected to be lifted in next couple of weeks. Tamil Nadu had imposed the poultry ban in November last year, sourced from Kerala, due to outbreak of bird flu in three districts of the state including Alappuzha, Kottayam and Pathanamthitta, when several thousand birds were culled at the time of outbreak in the state.

Overall maize cash market traded mixed during the week under review. Maize prices are likely to trade steady to firm in the coming weeks as crop quality and arrivals are affected due to bad weather conditions.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

Soybean, meal and rapeseed-mustard moved up in tandem primarily on supportive buying and gains in international crude during the week under review. The buyers are anticipating prices to move up in the same after they remained lower for quite a long time in recent months. Aggressive buying in rapeseed-mustard, by millers and the stockists, is witnessed in the cash market.

#### **Soybean:**

- ❖ The domestic soybean extended previous gains on buying support, forecast of 2015 Southwest monsoon rains below normal this season and surge in crude remained supportive for the soybean market.
- ❖ The domestic soybean prices jumped by 5% in cash market during the week, which is a big gain witnessed in a week, since last several weeks.
- ❖ The buyers are ready to cover their stocks at higher quotes in anticipation of further rise in the bean prices in coming days.
- ❖ In the IMD's Operational long range Forecast for the 2015 Southwest monsoon rainfall is likely to be 93% of the Long Period Average (LPA) with a model error of  $\pm 5\%$ . The deficiency probability is forecast at 33% while 35% below normal. The event is likely to hit the soybean area, production and yield this season, as the kharif oilseeds are rainfed.
- ❖ China's soybean purchases are now gaining momentum and expected to be up in April/June 2015. Recently, the Chinese imports eased due to supply hurdle in South America followed by port worker's and trucker's strike.
- ❖ *Rising crude, better Chinese buying and good buying support in the domestic market will push up the bean prices. But improved edible oil imports and disparity in soybean crushings and lower soy meal export sales of Indian origin will limit the gains.*

#### **Soy meal:**

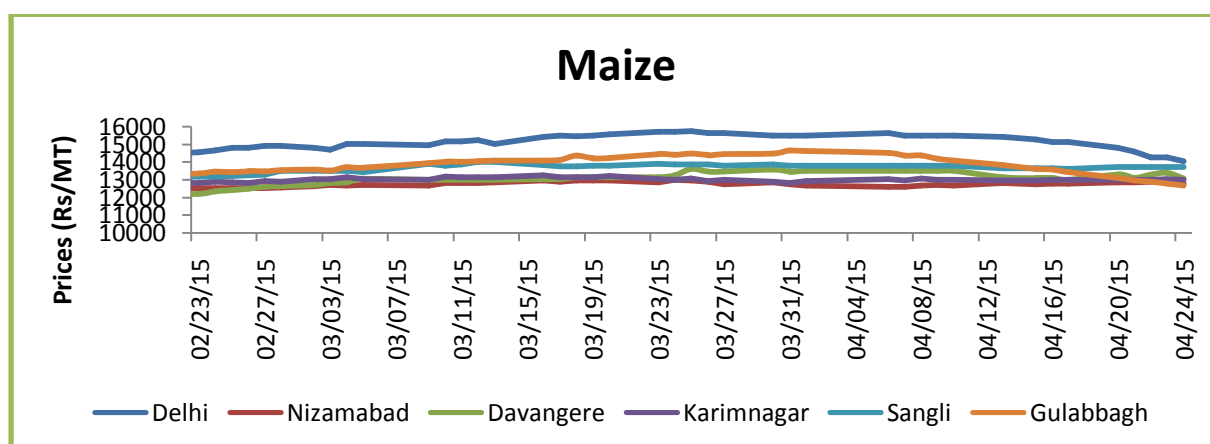
- ❖ Soy meal improved on buying support and short-term bullish global and domestic factors during the week in review. Higher crude and supply disruptions from South America will lend support to the meal prices at higher levels.
- ❖ Further, the ban on poultry products from Kerala is expected to be lifted in next couple of weeks. Tamil Nadu had imposed the poultry ban in November last year, sourced from Kerala, due to outbreak of bird flu in three districts of the state including Alappuzha, Kottayam and Pathanamthitta, when several thousand birds were culled at the time of outbreak in the state.
- ❖ The decision will boost the poultry production, thus leading to increase in the soy meal demand for poultry feed production.
- ❖ But, the reports of return of bird flu in India mainly in Telangana and Manipur have hit the poultry consumption mainly in urban areas. The consumption has been largely affected in urban areas but it is stable in rural areas. The chicken sales in Hyderabad fell as much as 80%. The culling of poultry fowls in affected areas of Manipur had begun since 20 April.
- ❖ The poultry unit owners continued to cover their stocks in rapeseed-mustard oil cake and soy meal followed by rise in seasonal supply at lower prices, remained supportive for the oil meal market.
- ❖ However, India's soy meal exports continued to remain weak and it was recorded 80% lower y-o-y in the month of March'15.
- ❖ India's near and medium-term fundamentals remain bearish for domestic soy meal mainly due to weak international prices with higher global soy supply scenario and lower crude. The

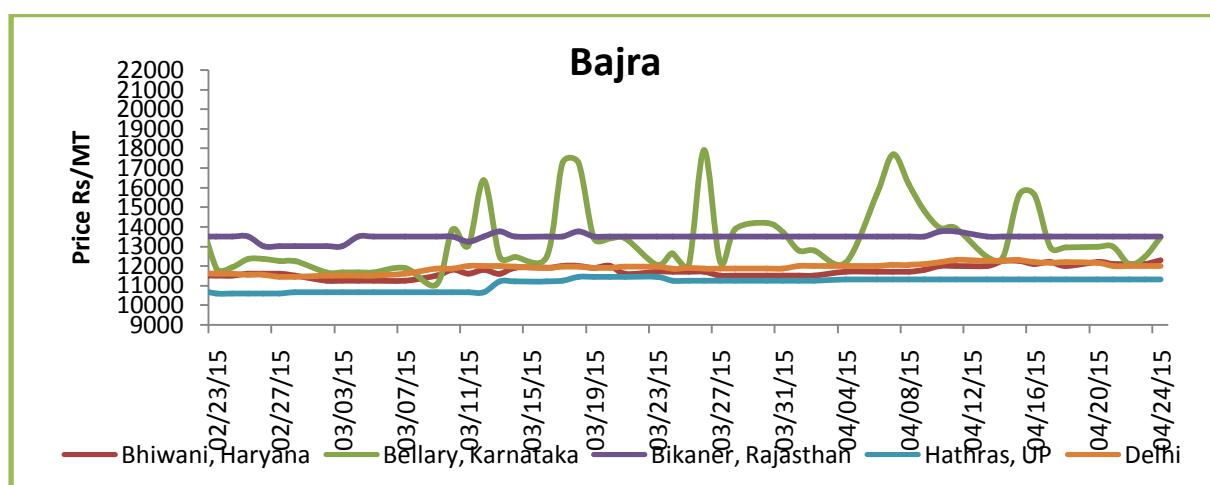
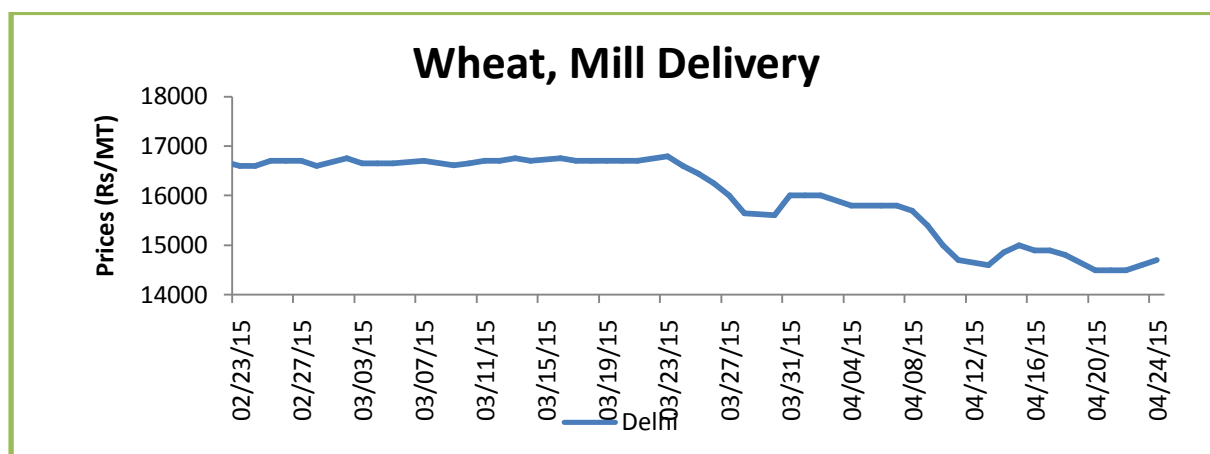
competitive S. American soy meal price compared to India's, remained negative factor for domestic meal.

- ❖ *The soy meal prices will continue to gain in near-term tracking firmness in crude and domestic buying.*

#### **RM Seed:**

- ❖ RM seed continued upward trend, consecutive third week, on supportive buying and gains in the international oils and fats benchmark. Rising crude in the international market remained supportive factor for the seed market.
- ❖ The millers and the stockists are the major buyers who are covering their stocks for future. The medium and long-term outlook for rapeseed-mustard remains stronger owing to the lower seed production this season.
- ❖ Fall in planted area under seed this season and unprecedented rains in February and March which negatively hit the potential yield potential are the factors attributed for the lower seed production.
- ❖ The harvesting of the seed is complete and the arrivals across the key market centers have rose.
- ❖ The seed supplies across the major mandis are at its peak with progressive harvesting and the daily all India arrivals is reported around 5.0 lakh bags a day. However, the all India will not be able to surpass or reach the previous year's high of 7 lakh bags a day yet, which were witnessed at the end of March 2014.
- ❖ Malaysia will once again slash its crude palm oil export tax to zero for the month of May against 4.5 percent in April. Malaysia had imposed 4.5% export tax on crude palm oil for April, ending the period of duty-free exports starting in Sept 2014.
- ❖ The step will give Malaysian producers and exporters a good advantage over their Indonesian counterparts. Once again the exemption of export duty by Malaysia and Indonesia will make the availability of palm oil cheaper for India which will subsequently weigh on the RM seed prices.
- ❖ *Aggressive buying in newly harvested seed by the millers and the stockists in will boost the seed prices in near to medium-term. However, Malaysia's decision of cancellation on imposing export duty on palm oil may weigh on the seed prices.*





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

**Overall maize cash market traded mixed** during the week under review. Maize prices are likely to trade steady to firm in the coming weeks as crop quality and arrivals are affected due to bad weather conditions.

**In Bihar, around 20-25% maize harvesting is over** so far. Undoubtedly, recent showers and storm that lashed in the growing region has damaged around 8-10% quality of the crop. As expected more rains may occur in the weeks ahead and it may increase quality loose to the unaccepted level and shelf life of grains is likely to decrease.

In Ahmadabad region of Gujarat, **poultry feed makers quoted maize down by Rs. 30 per quintal to Rs. 1400** per quintal. **Starch feed makers also quoted maize down at Rs. 1420** per quintal as compared to last week. Around 60% maize harvesting has done till the week.

**As per IBIS data, exports of corn were reported around 0.004 million tons** for the period of 13-19 Apr'15 mainly to Singapore and Malaysia.

Maize is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1360 per quintal, Rs. 1400 per quintal, Rs. 1280 per quintal, Rs. 1350 per quintal and Rs. 1350 per quintal respectively, sourced from Davangere. Market is likely to trade range bound in the near term.

In Delhi, maize traded down by Rs. 90 per quintal to Rs 1400 per quintal as compared to last week as arrivals from Bihar has started into the market. Sources revealed that stock of maize could be around 2500 quintal.

**As per USDA, U.S accumulated corn export figures reached to 25,572,551 metric tons for the 2014-15 marketing year.** Exports of 10,41,100 MT were up 20 percent from the last week and 10 percent from the prior 4-week average; reported by U.S to Japan (289,100 MT), Mexico (218,600 MT), Saudi Arabia (158,400 MT), South Korea (138,900 MT), Colombia (71,900 MT), and Taiwan (69,300 MT) for the period Apr 10- 16, 2015.

As per the latest crop progress report released by USDA, **corn has been planted 9% as of 19th April, 2015**, higher by 3% from the last year but lower by 4% from the last 5 year average period.

Preliminary Japanese government data shows that **Japan's use of corn in animal feed production fell to 44.4% in the Feb'15** from 46% during the same month last year while users' reliance on alternatives such as wheat and barley also decreased but the use of Sorghum increased. (Source: Reuters)

**Argentina has authorized the export of an additional 3.5 million tons of the 2014/2015 corn crop.** The South American country had already authorized the export of 8 million tons of corn late last year. (Source: Reuters)

**Cash wheat market trades under pressure due to** slower pace of procurement at various centers during the week under review. Private participants remained active in Rajasthan and Madhya Pradesh where FAQ varieties are available easily.

**Rake loading continues from Kota region for J&K, Odissa, and Karnataka** at Rs 1570, Rs 1585, Rs 1660 per qtl on delivered basis. It is luster loss wheat. FAQ varieties is ruling higher and millers are not ready to pay higher price. Loading is being done for luster loss wheat. Coloured wheat fine variety from Rajasthan M.P is being traded at Rs 1760 for South India.

**Wheat arrivals in the markets of Western Uttar Pradesh have started** increasing with improvement in weather and rising temperature. Almost 80 percent harvesting is over now in Uttar Pradesh. Major players like ITC, LD, Sun Star are not active in Uttar Pradesh as quality arriving in mandis are below their expectation. These companies are sourcing wheat from Rajasthan and Madhya Pradesh and offers 1505 to Rs 1510 per qtl having moisture level up to 12 percent.

**Lok-1 premium grade wheat in M.P. is being traded** at Rs 1800 per qtl. Arrivals too have increased from 15000 qtl to 25000 qtl. in Indore. Mill delivery faq is being traded at Rs 1470 per qtl. Mill

delivery wheat in Kota is being traded at Rs 1450 per qtl. while arrival have increased to 40,000 qtl. Lok-1 bulity is being traded at Rs 1700 per qtl.

**With opening of weather arrival of better quality is expected** to increase and private trade may offer Rs 1460 to Rs1485 per qtl for fine varieties from this week. Quality wheat price would continue to rule between Rs 1450 to Rs 1650 per qtl in Madhya Pradesh. Daha quality in loose is being traded at Rs 1360 per qtl. in Rajasthan.

**Wheat arrivals in Bulandshahar in Uttar Pradesh have decreased** from 2000 qtl. to 1500 qtl per day as farmers are not getting attractive price. Local millers are buying wheat at Rs 1300 to Rs 1450 depending on quality of the grain having moisture content of 11 percent and 13 percent. No arrivals have been reported from old crop.

**According to IBIS, export of Indian wheat in 13<sup>th</sup> to 19<sup>th</sup> April 2015** was around 2701MT at an average FoB price of \$268.22./tonne. The major export destination of Indian wheat was Malaysia from Pipavav port which accounted 973MT at an average FOB price of \$266.91/Tn. Other major countries were Taiwan and UAE.

**Traders expect below 90 million tonne wheat crop this year against govt.'s** estimate of around 96 million tonne. Agriwatch estimates 91.14 million tonne wheat production this year. Out of them 25 to 30 percent quality of the crop is expected to be below normal grade. It may push fine grade wheat price up from the start of July. Generally procurement continues till June.

Global wheat market is likely to trade steady to slightly weak due to eased weather concern in US and Australia. Black sea region crop too would put pressure on global wheat market. Higher supply in importing countries too would continue to put pressure on international wheat market.

## 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	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15
1	109.0	-0.83	-17.0	27.0	0.00	59.0	144.0	180.0	180.00	252.0	332.0	356.0
2	83.0	-20.0	25.0	20.0	-3.00	62.0	202.0	164.0	227.0	247.0	322.0	352.0
3	28.0	-62.0	30.0	8.0	6.00	93.0	207.0	119.0	237.0	269.0	338.0	261.0
4	20.0	-65.0	42.5	-0.8	63.0	154.0	182.5	139.0	244.0	320.0	361.0	225.0
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 vs. bajra. We expect that maize could trade weak as compared to last week and keep maize spread with bajra down for the next week.

#### Maize Average Weekly spread with Jowar

Week	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15
1	-604.0	-	-	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0	-72.0	-16.0	50.0
2	-615.0	-940.0	-902.0	-768.0	-773.0	-760.0	-198.0	-253.0	-53.0	-75.0	16.0	63.0
3	-966.0	-	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0
4	-1078.0	-	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5
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 price movement in jowar. We expect trend could continue in the near term and keep maize spread with jowar down for next week.

#### Maize Average Weekly spread with Barley

Week	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15
1	144.0	47.0	-95.0	-128.0	-112.0	-122.5	-166.0	-155.0	-29.0	-174.0	-116.0	340.0
2	85.0	0.0	-88.0	-102.0	-117.0	-100.0	-40.0	-149.0	20.0	-175.0	-84.0	390.0
3	61.0	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	-164.0	-27.5	383.0
4	87.0	-80.0	-107.5	-109.0	-105.0	-90.0	-154.0	-110.0	-200.0	-127.0	121.0	327.5
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 down in next week also.

#### Maize Average Weekly spread with Wheat

Week	May'14	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15
1	-57.5	-182.5	-277.0	-240.0		-309.0	-324.0	-296.0	-212.0	-240.0	-117.0	-43.0
2	-122.5	-222.5	-246.0	-270.0	-269.0	-306.0	-297.5	-297.5	-160.0	-192.5	-97.0	167.5
3	-173.0	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0	-79.0	75.0
4	-169.0	-301.0	-252.0		-288.0	-302.5	-306.0	-292.0	-138.0	-132.0	-37.0	37.0
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 maize traded down vs. wheat during last week. We expect that wheat could trade firm and keep maize spread with wheat down as compared to last week.

#### Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	24-Apr-15	17-Apr-15	Parity To
Indore (MP)	36000-36300	32700	Gujarat, MP
Kota	36000	33000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	37500	32500	Mumbai, Maharashtra
Nagpur (42/46)	37500	32400-32800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	38000	33400	Andhra, AP, Kar, TN
Latur	38000	32700	-
Sangli	37000	33200	Local and South
Sholapur	37000	32800	Local and South
Akola	36800-37000	32100	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	41200	33000	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	35700	32400-32500	-

#### Soy DOC at Port

Centers	Port Price	
	24-Apr-15	17-Apr-15
Kandla (FOR) (INR/MT)	36500	33500
Kandla (FAS) (USD/MT)	576	537

#### International Soy DOC

Argentina FOB \$/MT	23-Apr-15	16-Apr-15	Change
Soybean Pellets	361	352	9
Soybean Cake Meal	361	352	9
Soybean Meal	369	360	9
Soy Expellers	369	360	9

**Sunflower (DOC) Rates**

Centers	Ex-factory rates (Rs/ton)		
	24-Apr-15	17-Apr-15	Change
Adoni	21000	22000	-1000
Khamgaon	NA	NA	-
Parli	21500	22000	-500
Latur	20800	21500	-700

**Groundnut Meal**

Groundnut Meal	24-Apr-15	17-Apr-15	Change
Basis 45% O&A, Saurashtra	29000	27500	1500
Basis 40% O&A, Saurashtra	26000	24500	1500
GN Cake, Gondal	29000	27000	2000

**Mustard DOC/Meal**

Mustard DOC/Meal	24-Apr-15	17-Apr-15	Change
Jaipur (Plant Delivery)	18100	17500	600
Kandla (FOR)	18800	18500	300

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

Market	Grade	24-Apr-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Hybrid	1400	1480	NA	NA	Closed
Davangere	Loose	1250	1270	1350	1290	NA
Nizamabad	Bilty	1285	1275	NA	1260	1275
Ahmadabad	Feed	1400	1410	1430	1270	1340
	Starch	1425	1450	1450	1330	1450

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	170.37	152.16	178.46	224.92
Cost and Freight	220.37	207.16	238.46	259.92

**Soy Meal Exports (In MT):**

<u>Month</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Jan	574996	474993	620133	364444	103934
Feb	540360	344240	577589	183551	64515
Mar	410537	460464	320265	232176	
Apr	305033	313832	100311	75884	
May	176819	142588	97546	8226	
Jun	117600	180987	213564	2636	
Jul	139547	168341	107038	6682	
Aug	165510	10005	183555	2778	
Sep	225921	6525	173381	868	
Oct	223594	49840	182724	29071	
Nov	397659	517103	503269	110806	
Dec	798041	510698	451314	193832	
<b>Total</b>	<b>4075617</b>	<b>2668918</b>	<b>3512217</b>	<b>1210954</b>	<b>168449</b>

**Feed Ingredient Prices at a Glance**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>24-Apr-15</u>	<u>17-Apr-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1347	1295	52
		Hybrid	Bangalore	1550	1550	Unch
Jowar	Karnataka	White	Bangalore	NA	2050	-
		White	Bellary	1262	1415	-153
Maize	Karnataka	Yellow	Davangere	1225	1220	5
	Andhra Pradesh	Yellow	Nizamabad	NA	1240	-
Rice	Haryana	IR8	Karnal	1900	2050	-150
		Parmal Raw	Karnal	1950	2100	-150
Soy meal	Madhya Pradesh	DOC	Indore	3630	3270	360
	Maharashtra	DOC	Sangli	3700	3320	380
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2100	2200	-100
	Maharashtra	Ex-factory	Latur	2080	2150	-70
Mustard	Rajasthan	Plant delivery	Jaipur	1810	1750	60
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	2700	200
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1854	1826	28
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1779	1734	45

**Note: Prices Rs./Qtl**

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