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Summary

No major movement was seen in feed ingredients market during the week under review. Almost all major markets traded range bound except maize.

The domestic soybean featured significant gains primarily on buying support and bullish near-term global factors during the week under review.

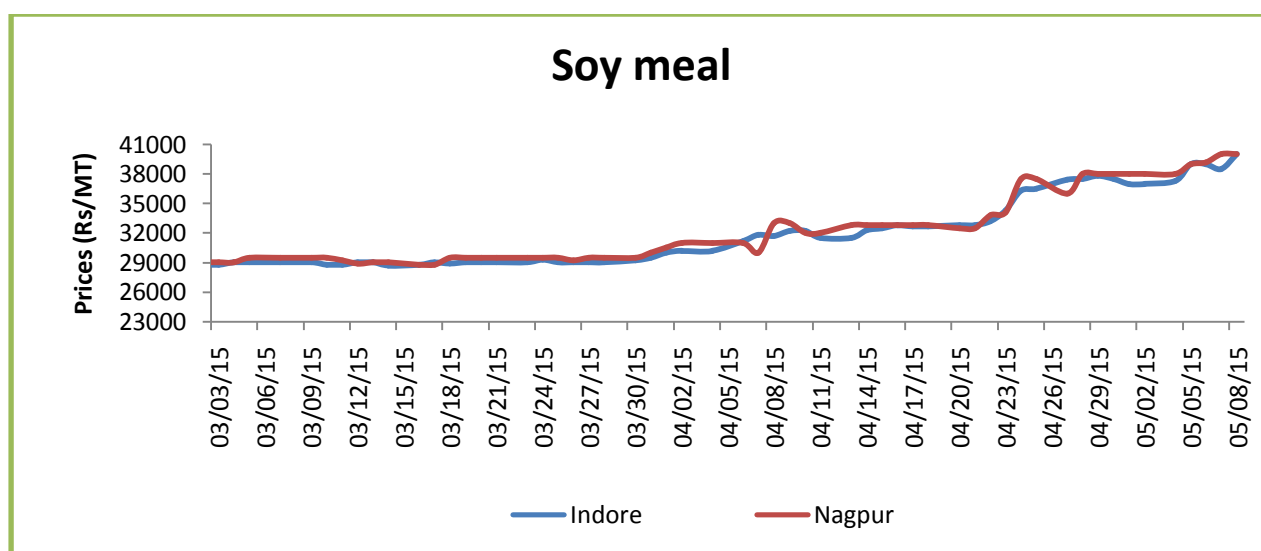
Gain in the crude oil prices, weak Indian rupee against US dollar and diminishing soybean supplies in the cash market support the market sentiments.

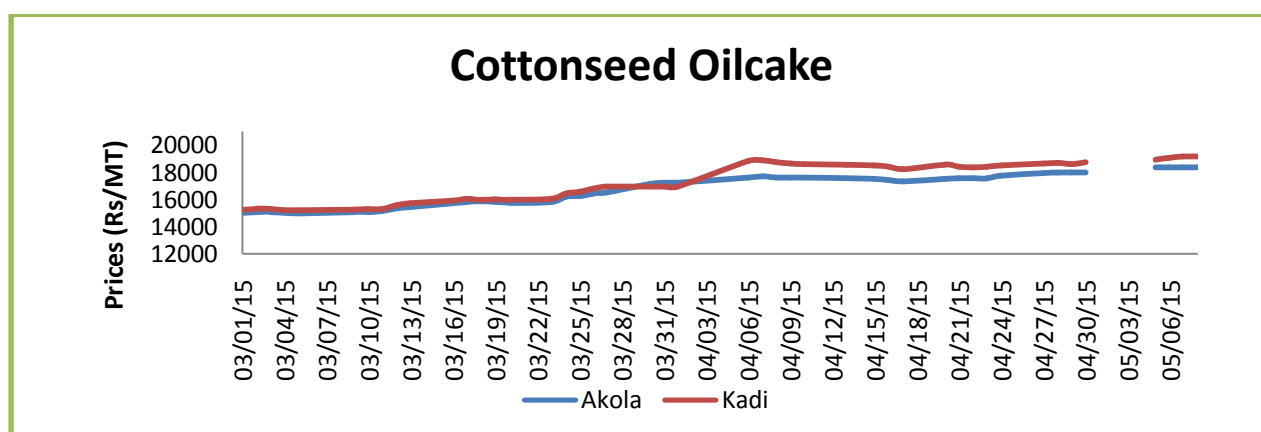
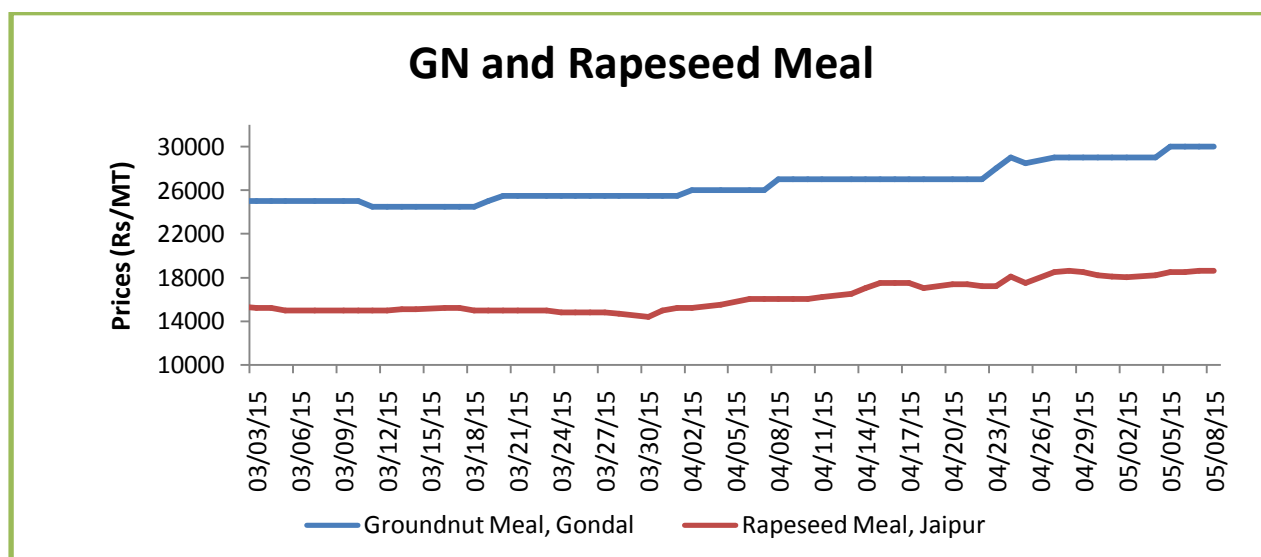
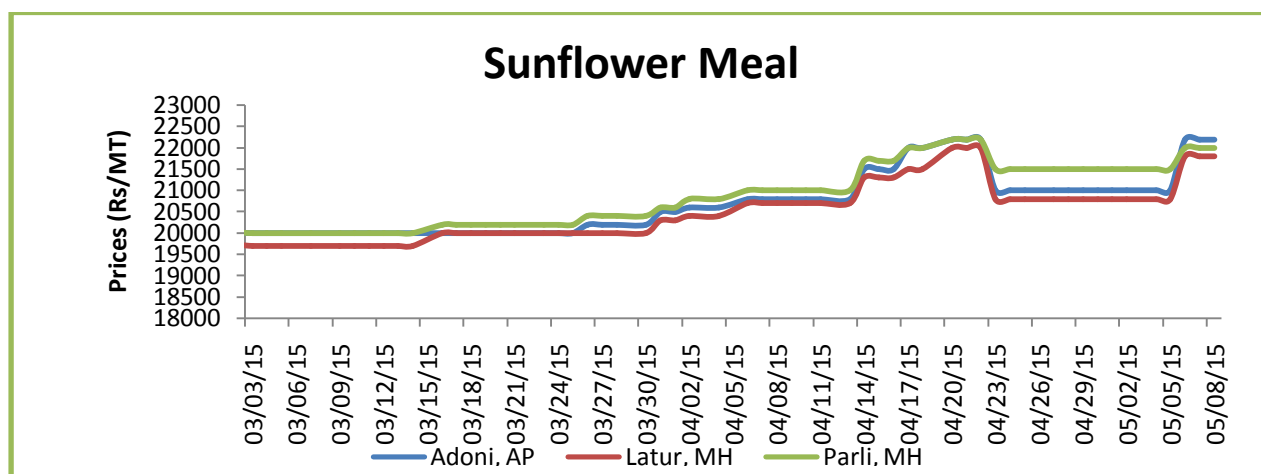
Forecast of 2015 Southwest monsoon rains below normal this season and surge in crude remained supportive for the soybean market.

Soy meal moved up in tandem with soybean with buying support in anticipation of further rise in the meal prices during the week under review. Stronger crude and supply disruptions from South America will continue to lend support to the meal prices at higher levels.

Overall maize cash markets traded firm except Delhi and Ahmadabad during the week under review. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 50 per quintal to Rs. 1300 per quintal. Starch feed makers also quoted maize down by Rs. 25 per quintal to Rs. 1325 per quintal as compared to last week.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean, meal and rapeseed-mustard featured gains on better buying in cash market and recent gains in international crude during the week under review. The market participants are anticipating

prices to get stronger in coming days after they remained lower for quite a long time in recent months. Continued buying in rapeseed-mustard, by millers and the stockists, is witnessed in the cash market.

Soybean:

- ❖ The domestic soybean featured significant gains primarily on buying support and bullish near-term global factors during the week under review.
- ❖ Gain in the crude oil prices, weak Indian rupee against US dollar and diminishing soybean supplies in the cash market support the market sentiments.
- ❖ 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 in last couple of weeks 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.
- ❖ SOPA has slashed its soybean production estimate for 2014-15 to 10 million tons, down 0.4 million tons from previous estimate owing to yield losses. Moreover, SOPA urge to the central government to stop soybean trade on exchanges due to speculation in the lean season.
- ❖ On the international front, lean season in US and gains in the crude oil prices may support the soybean complex with a high volatility. Supply side remain supporting the bears and soybean yield reported fair to good over key growing areas for South American countries. Good demand from wholesalers due to ongoing wedding season and diminishing oilseeds arrivals in the domestic cash market will keep the soy complex prices range bound to slightly firm tone for short term.

Soy meal:

- ❖ Currently soy meal FOR (Kandla) is hovering around Rs 40,000 per tons during the week v/s Rs 38,000 per tons last week. Though CBOT soy complex has surged in recent days,

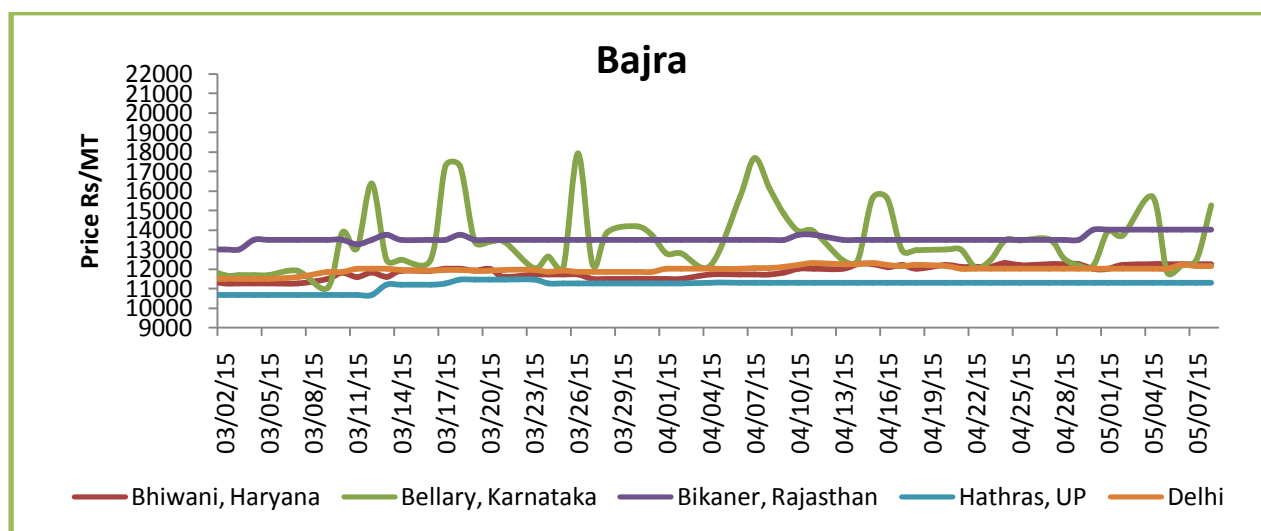
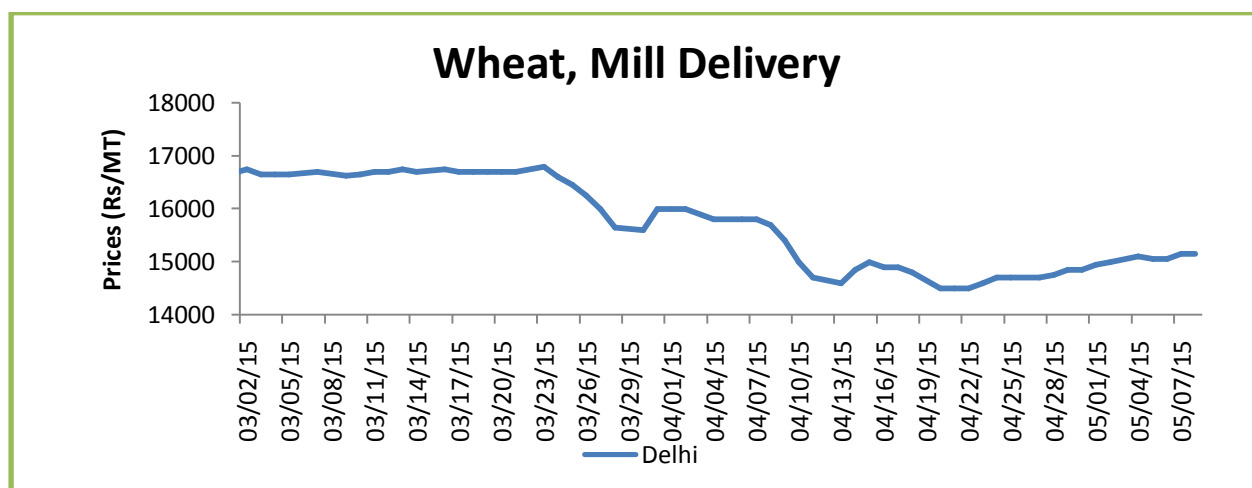
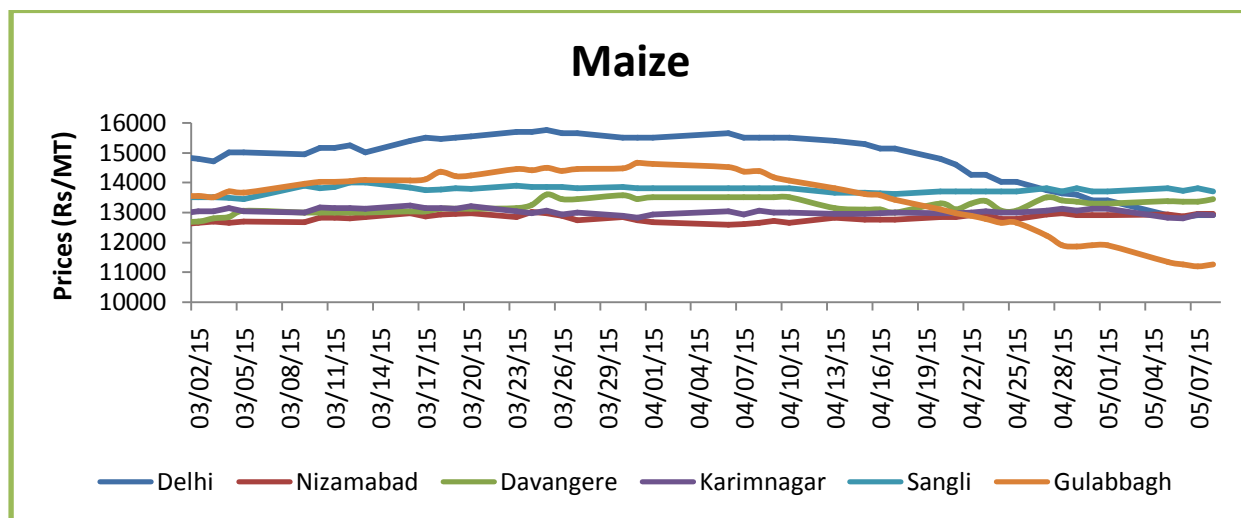
supporting the domestic soy complex but reports of bird flu in Iowa, US, has led to uncertainty in their soy meal usage. The event is reported to have struck nearly 10 million birds in the state. If the gains in the CBOT soy meal are limited, it will negatively affect the Indian meal prices.

- ❖ On the international front, good weather over key US soybean growing regions, rapid planting and surge in the soy/corn ratio support the planting prospects in US which may cap excessive gains in the near term. However, weak US dollar index and gains in the crude oil prices may cap downside risk in the prices.
- ❖ India exported 6.46 lac tons soy meal in FY 2014-15, registering a decline of 77.25% over previous FY 2013-14, when soybean meal exports were 28.41 lac tons.
- ❖ India's soy meal exports declined to 46,670 tonnes in March from 64,514 tonnes in Feb., the Solvent Extractors' Association of India. Of total oilmeal shipments in Mar., soy meal comprised of 45,917 tonnes, rapeseed meal (64,668 tonnes), ricebran extraction (5,200 tonnes) and castorseed meal was (71,575 tonnes).
- ❖ Considering the current scenario, we feel that India may not be able to regain the lost market this season which it lost last season due to prices competitive in US, and South American meal followed by record supply scenario.
- ❖ Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal will continue to lend support to the domestic soy meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea could be seen as the major destinations for Indian soy meal exports.

RM Seed:

- ❖ RM seed witnessed uptrend, successive fourth week, on supportive buying. Lower than expected domestic rapeseed-mustard crop and strength crude in the international market remained supportive factor for the seed market.
- ❖ The millers and the stockists continued to remain 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.
- ❖ Agriwatch has pegged India's rapeseed-mustard 2015/16 production at 5.9 million tonnes, down by 24% at 7.7 million tonne last season.
- ❖ The harvesting of the seed is complete and the arrivals across the key market centers have rose.
- ❖ Firmness in the crude oil prices and lower domestic mustard crop adds fuel to the market sentiments. Moreover, trade estimates for mustard seed output pegged at 52-54 lakh tons. Market participants are anticipating further gains in RM seed and oil prices in the coming days.
- ❖ As per Reuter's poll, palm oil stocks in Malaysia, likely rose to a five-month high at the end of April due to rising CPO output and outpaced export demand. Malaysia's palm inventories may rose 14.3 percent from March to 2.13 million tons in April.
- ❖ Shipments of Malaysian palm oil products for April fell 5.5% to 1,077,114 tonnes from 1,140,355 tonnes shipped during March, cargo surveyor Societe Generale de Surveillance reported at the end of the month April.
- ❖ Malaysian crude palm oil prices seen lower in the second half of 2015 to an average of ringgit 1,770 (\$487) per tons, if biodiesel demand stay weak. Moreover, palm oil prices will average 2,260 ringgit a ton s in the first half of 2015. On the inventories front, Malaysia palm oi stocks to drop below 1.6 million tons in Q2, says James Fry.
- ❖ *Aggressive buying in newly harvested seed by the millers and the stockists in will boost the seed prices in near to medium-term.*



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

Maize:

- Overall maize cash markets traded firm except Delhi and Ahmadabad during the week under review. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 50 per quintal to Rs. 1300 per quintal.
- Starch feed makers also quoted maize down by Rs. 25 per quintal to Rs. 1325 per quintal as compared to last week. In A.P., as per trade sources, around 15% crop quality is affected due to bad weather condition and around 45% maize harvesting has done till date.
- As moisture level is higher in newly harvested crop exporters and bulk users are not active in Bihar. From mid may dry maize would be available and by then fresh buying interest could be seen.

Wheat:

- Cash wheat markets trades firm in the week under review as private participation for quality wheat has improved and they offer higher prices for fine grade wheat. Lower arrivals of quality seed in M.P and Rajasthan continues to support cash market throughout the major wheat growing states.
- Rake loading continues from Kota region for J&K, Odissa and Karnataka at Rs 1630, Rs 1640, Rs 1710 per qtl respectively on delivered basis. FAQ and other fine varieties are ruling higher as short supply of quality grain is being felt in all mandis. Millers are not ready to pay higher price for poor quality wheat. Coloured wheat fine variety from Rajasthan and M.P is being traded at Rs 1780 to Rs 1800 for South India.
- Lok-1 in local markets of M.P is being traded at Rs 1450 to Rs 1800 per qtl. Arrivals too have increased from 26000 qtl to 19500 qtl. in Indore. Mill delivery faq is being traded at Rs 1485/1500 per qtl. Mill delivery wheat in Kota is being traded at Rs 1460/Rs 1470 per qtl. while arrival have increased to 38,000 qtl. to 41000 during the week.
- Total wheat procurement was registered at 225.04.26 lakh tonne as on 06.05.2015 against 234.32 lakh tonne till date last year. Punjab has contributed 91.42 lakh tonne so far, followed by Haryana 63.84 lakh tonne. M.P. contribution stands at around 54.23 lakh tonne. Rajasthan have procured 7.86 lakh tonne. Rajasthan contribution is likely to be lower by 40 percent this year.
- In a latest development, the Centre has decided to reimburse the amount of value cut from the minimum support price (MSP) for wheat to the procurement agencies in six states. This assistance from Centre has come after easing the quality norms for wheat procurement in six states including Punjab and Haryana. Other states are Madhya Pradesh, Rajasthan, Uttar Pradesh and Gujarat.
- According to IBIS, export of Indian wheat in 20 th to 26 th April 2015 was around 12131 MT at an average FoB price of \$267.09./tonne. The major export destination of Indian wheat was UAE from Pipavav/Kandla port which accounted 9561 MT at an average FOB price of \$271.91/Tn .Other major countries were Taiwan and Nepal. Weekly Data for May is awaited.

- 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.

Outlook

Feed prices are expected to trade range bound as feed ingredients prices were mixed during last week.

Spreads

Maize Average Weekly spread with Bajra

Week	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15
1	-0.83	-17.0	27.0	0.00	59.0	144.0	180.0	180.00	252.0	332.0	356.0	119.0
2	-20.0	25.0	20.0	-3.00	62.0	202.0	164.0	227.0	247.0	322.0	352.0	
3	-62.0	30.0	8.0	6.00	93.0	207.0	119.0	237.0	269.0	338.0	261.0	
4	-65.0	42.5	-0.8	63.0	154.0	182.5	139.0	244.0	320.0	361.0	225.0	
5		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	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15
1	-	-	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0	-72.0	-16.0	50.0	-181.0
2	1032.0	1037.0										
3	-940.0	-902.0	-768.0	-773.0	-760.0	-198.0	-253.0	-53.0	-75.0	16.0	63.0	
4	-	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0	
5	1012.0											
6	-	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5	
7	1120.0											
8	-	-740.0		-770.0				-61.0				
9	1172.0											

*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	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15
1	47.0	-95.0	-128.0	-112.0	-122.5	-166.0	-155.0	-29.0	-174.0	-116.0	340.0	219.0
2	0.0	-88.0	-102.0	-117.0	-100.0	-40.0	-149.0	20.0	-175.0	-84.0	390.0	
3	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	-164.0	-27.5	383.0	
4	-80.0	-107.5	-109.0	-105.0	-90.0	-154.0	-110.0	-200.0	-127.0	121.0	327.5	
5		-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	Jun'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15
1	-182.5	-277.0	-240.0		-309.0	-324.0	-296.0	-212.0	-240.0	-117.0	-43.0	-134.0
2	-222.5	-246.0	-270.0	-269.0	-306.0	-297.5	-297.5	-160.0	-192.5	-97.0	167.5	
3	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0	-79.0	75.0	
4	-301.0	-252.0		-288.0	-302.5	-306.0	-292.0	-138.0	-132.0	-37.0	37.0	
5		-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 with the firm movement in 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)		
	8-May-15	1-May-15	Parity To
Indore (MP)	40000	37000	Gujarat, MP
Kota	39500	37500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	41000	39000	Mumbai, Maharashtra
Nagpur (42/46)	40000	38000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	39600	38400	Andhra, AP, Kar, TN
Latur	40000	38000	-
Sangli	39800	38400	Local and South
Sholapur	39500	38500	Local and South
Akola	40500	37500	Andhra, Chattisgarh,

			Orrisa, Jharkhand, WB
Hingoli	39500	37500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	38300	37500	-

Soy DOC at Port

Centers	Port Price	
	8-May-15	1-May-15
Kandla (FOR) (INR/MT)	40000	38000
Kandla (FAS) (USD/MT)	625	598

International Soy DOC

International Soy DOC			
Argentina FOB USD/MT	7-May-15	30-Apr-15	Change
Soybean Pellets	358	371	-13
Soybean Cake Flour	358	371	-13
Soya Meal	366	379	-13
Soy Expellers	366	379	-13

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	8-May-15	1-May-15	Change
Adoni	22200	21000	1200
Khamgaon	NA	NA	-
Parli	22000	21500	500
Latur	21800	20800	1000

Groundnut Meal (Rs/MT)	8-May-15	1-May-15	Change
Basis 45%, Saurashtra	31000	30000	1000
Basis 40%, Saurashtra	28000	27000	1000
GN Cake, Gondal	30000	29000	1000

Mustard DOC/Meal	8-May-15	1-May-15	Change
Jaipur (Plant delivery)	18600	18100	500

Kandla (FOR Rs/MT)	19500	18800	700
Sri Ganganagar	2160	2085	75

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	8-May-15	1-May-15	10-Apr-15	8-May-14	8-May-13
Delhi	Red	1270	1300	1500	1340	1500
Davangere	Bilty	1280	1250	1300	1230	1300
Shimoga	Bilty	1280	1250	1250	1260	1250
Ranebennur	Bilty	NA	NA	1280	1290	NA
Bagalkot	Hybrid/Local	1306	1291	1255	1232	1201
Gadag	Local	NA	NA	1332	1101	1283
Nizamabad	Bilty	1270	NA	1270	1260	1240
Khanna	Bilty	1500	1475	1575	1450	1450
Ludhiana	Bilty	NA	NA	1670	1425	NA
Sangli	Bilty	1371	Closed	1380	1315	1377
Ahmadabad	Feed	1300	1350	1440	1300	1310
	Starch	1325	1350	1480	1340	1365

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

As on 8.5.2015	Argentina	Brazil	US	India
FOB	172.15	147.61	172.79	225.84
Cost and Freight	222.15	202.61	232.79	260.84

Soy Meal Exports (In MT):

Month	2011	2012	2013	2014	2015
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	
Total	4075617	2668918	3512217	1210954	168449

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>8-May-15</u>	<u>1-May-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1525	1395	130
		Hybrid	Bangalore	1650	1600	50
Jowar	Karnataka	White	Bangalore	2500	2400	100
		White	Bellary	1186	1217	-31
Maize	Karnataka	Yellow	Davanger e	1200	1200	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1230	1240	-10
Rice	Haryana	IR8	Karnal	2000	2000	Unch
		Parmal Raw	Karnal	1900	1900	Unch
Soy meal	Madhya Pradesh	DOC	Indore	4000	3700	300
	Maharashtra	DOC	Sangli	2980	3840	-860
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2220	2100	120
	Maharashtra	Ex-factory	Latur	2180	2080	100
Mustard	Rajasthan	Plant delivery	Jaipur	1860	1810	50
Groundnut Meal	Gujarat	GN Cake	Gondal	3000	2900	100
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1919	1878	41
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1858	1800	58

**Note: Prices
Rs./Qtl**

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