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## Summary

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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.

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.

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 lead to uncertainty in their soy meal usage.

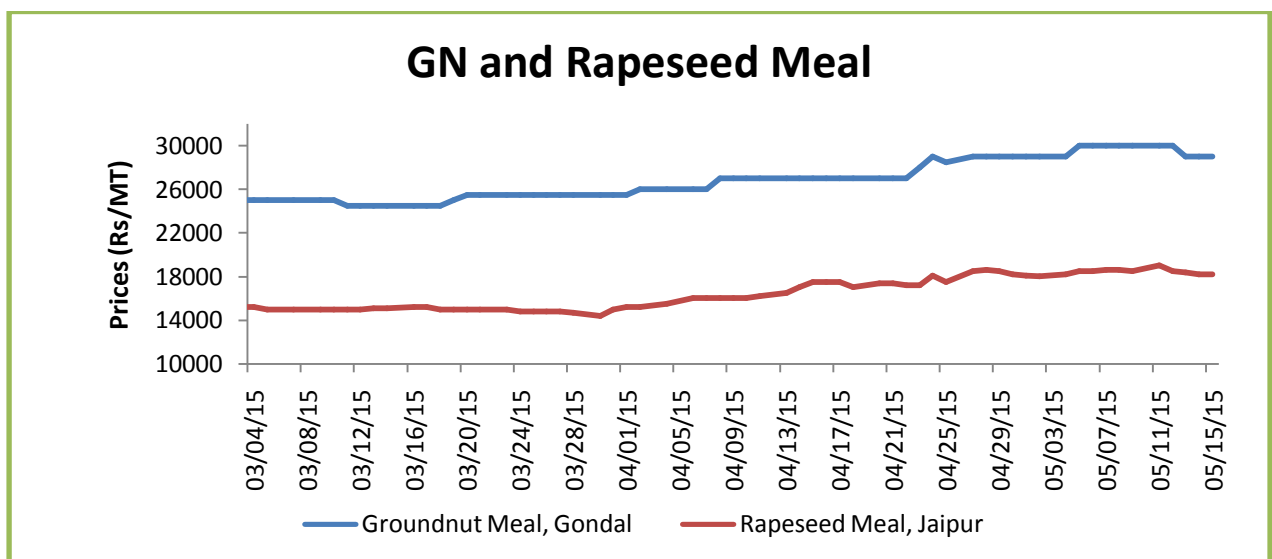
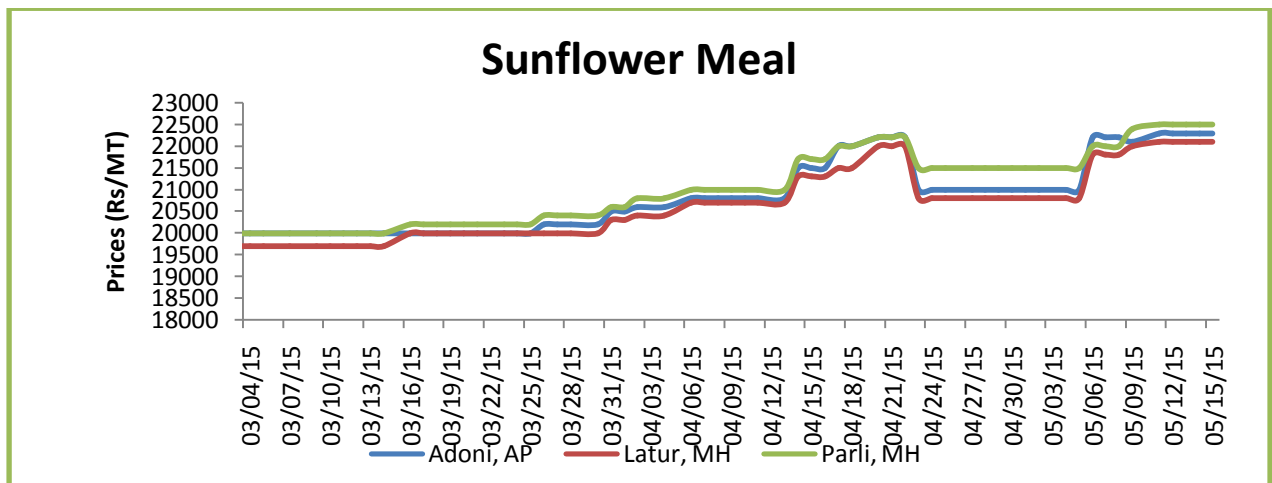
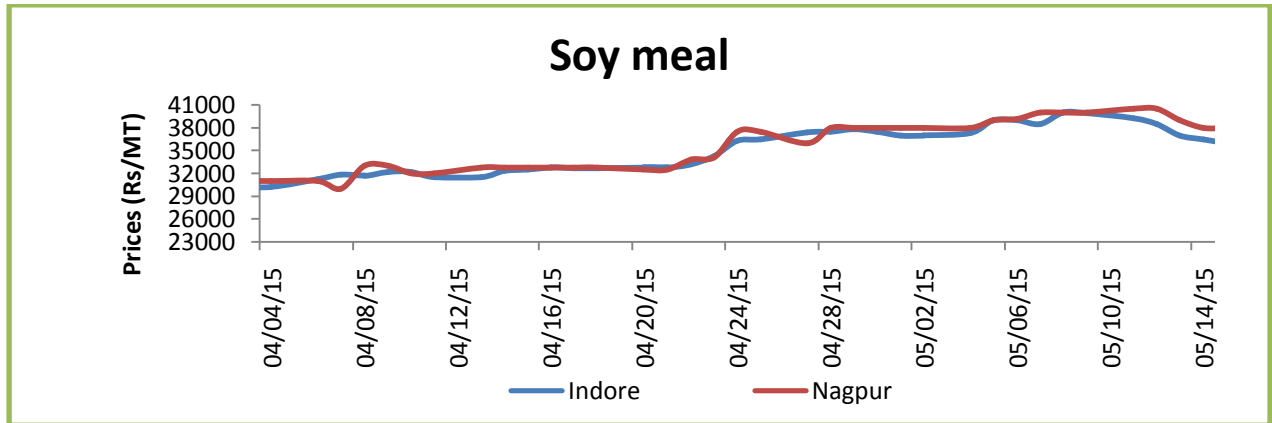
Gain in the crude oil prices, weak Indian rupee against US dollar and diminishing soybean supplies in the cash market support the market sentiments.

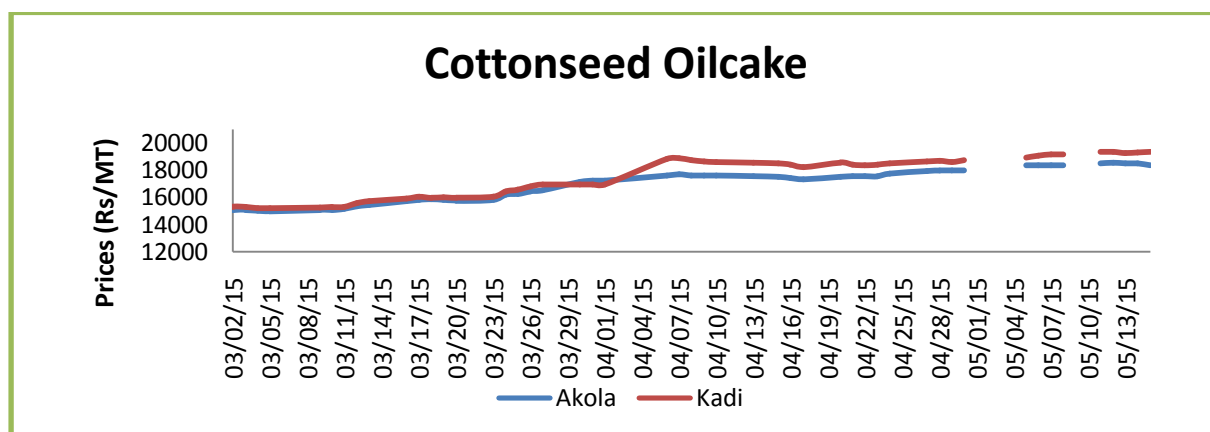
Forecast of 2015 Southwest monsoon rains below normal this season and surge in crude remained supportive for the soybean market.

Cash maize markets continued to trade under pressure during the week under review. However, some improvement was seen in north and south Indian markets due to weather affected arrivals and reports of quality damage in Bihar. As arrivals from newly harvested crop in Bihar continue, any upward momentum is unlikely at this point of time.

Unseasonal rains and higher moisture content in the grains restricts stockists to buy higher quantity as self life of grain (maize) is said to be decreased and stockists avoid bulk buying from Bihar. Availability of dried and quality crop is lower and it may push price up from mid June when arrivals starts decreasing. Feed and starch industries are fulfilling only their immediate requirements.

## 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:**

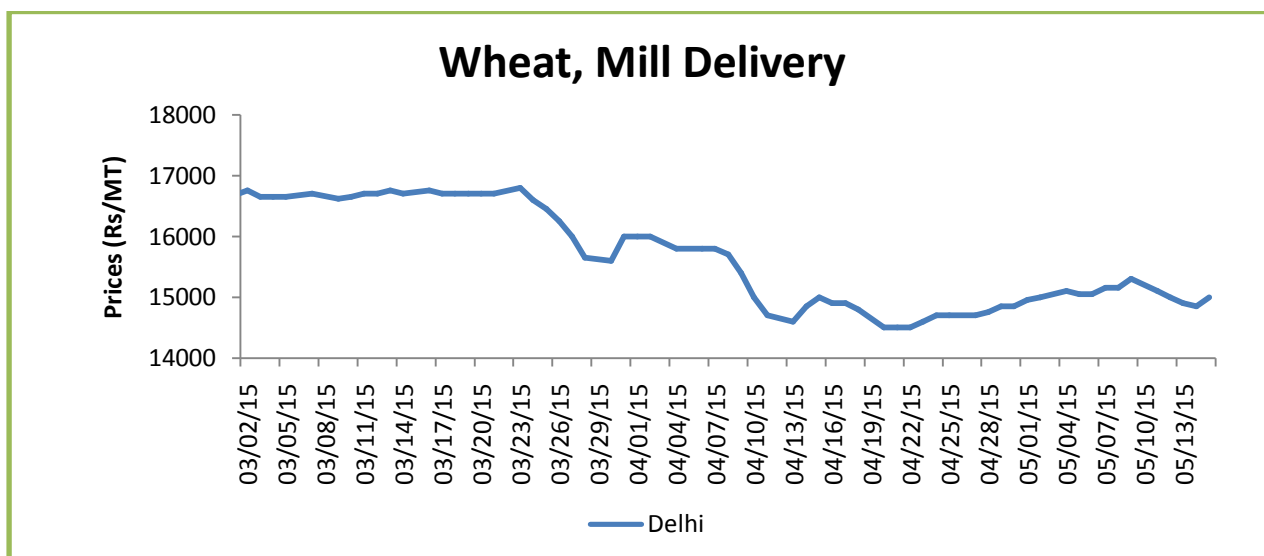
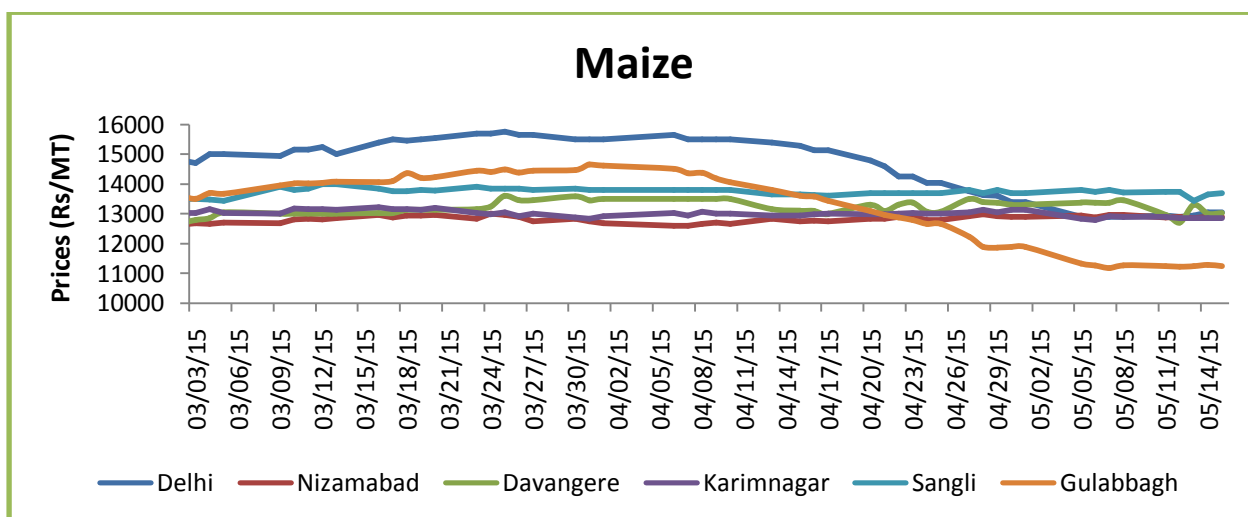
- ❖ Currently soy meal FOR (Kandla) is hovering around Rs 40,000 per tons during the week v/s Rs 38,000 per tons last week. Though CBOT soy complex has surged in recent days, supporting the domestic soy complex but reports of bird flu in Iowa, US, has lead to uncertainty in their soy meal usage. The event is reported to have strike nearly 10 million bird 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 caps excessive gains in the near term. However, weak US dollar index and gains in the crude oil prices may caps 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).

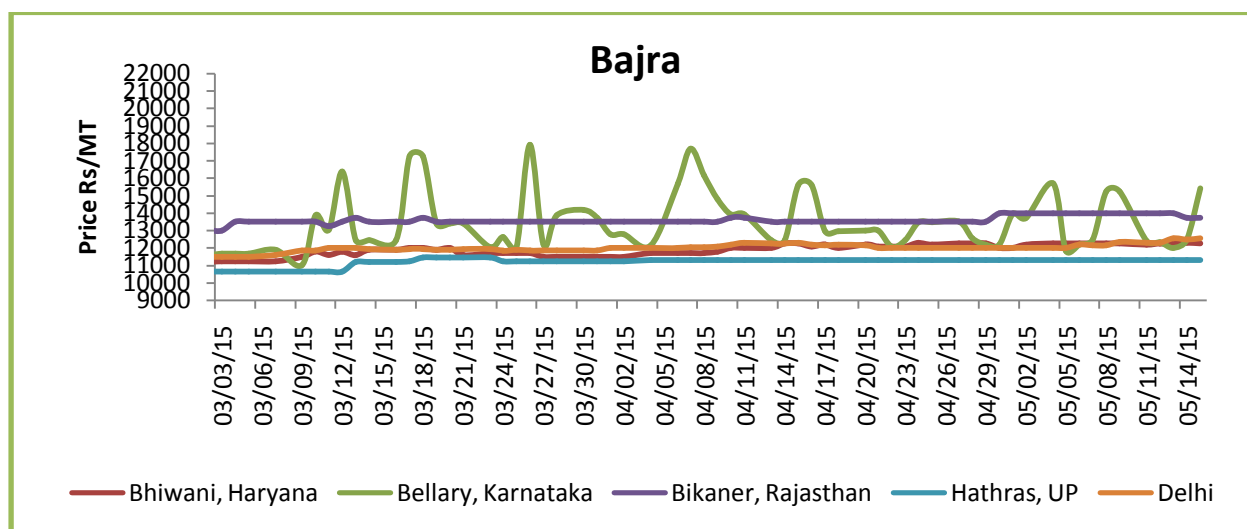
- ❖ Considering the current scenario, we feel that India may not be able to regain the lost market this season which it lost last season due to prices competitive in US, and South American meal followed by record supply scenario.
- ❖ Preference of the soy meal of Indian origin mainly by the South-East 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:

Cash maize markets continued to trade under pressure during the week under review. However, some improvement was seen in north and south Indian markets due to weather affected arrivals and reports of quality damage in Bihar. As arrivals from newly harvested crop in Bihar continue, any upward momentum is unlikely at this point of time.

Unseasonal rains and higher moisture content in the grains restricts stockists to buy higher quantity as self life of grain (maize) is said to be decreased and stockists avoid bulk buying from Bihar. Availability of dried and quality crop is lower and it may push price up from mid June when arrivals starts decreasing. Feed and starch industries are fulfilling only their immediate requirements.

There is a general gossip in the market that around 10 percent crop quality In Bihar has got damaged while around 15% crop quality is affected in AP due to bad weather condition during April and first half of May. It may affect total availability of quality crop June onward and would push prices up early than normal expectation. Around 55 % harvesting is over in A.P. now.

Agriculture statistics Division, DES has released Third Adv estimates of Production of foodgrains for 2014-15 on 13.05.15. It has revised Maize production estimate down by 0.23 MMT to 22.74 MMT. In Second Adv Est. maize production was estimated at 22.97 MMT. The minor decrease in third Adv Est is mainly attributed to inclement weather conditions in April. India has produced 24.26 million tonne maize in 2013-14. Target for the year was 23 million tonne.

## Wheat:

Wheat cash market stayed steady to slightly firm on affected arrivals in major markets of wheat growing regions. Farmers have slowed down their release in anticipation of better price realization after procurement getting over by June end. They are well aware of the fact that 20 to 25 percent quality of the crop got damaged this year and it may continue to fuel price in the second half of the year.



Total wheat procurement was registered at 256.26 lakh tonne as on 19.05.2015 against 253.1 lakh tonne till date last year. Punjab has contributed 97.38 lakh tonne so far, followed by Haryana 67.55 lakh tonne. M.P. contribution stands at around 67.78 lakh tonne. Rajasthan has procured only 10.55 lakh tonne.

Punjab procurement contribution has decreased this year so far by 7.49 percent while Haryana contribution has increased by 5.32 percent. M.P. too has contributed 2.98 percent more wheat till date. Wheat procurement in Rajasthan has decreased by 29.29 percent.

Agriculture statistics Division, DES has released Third Adv estimates of Production of foodgrains for 2014-15 on 13.05 2015. It has revised wheat production estimate down by 4.9 MMT to 90.78 MMT. In second Adv Est. production was estimated at 95.76 MMT. The drastic decrease in third Adv. Est is mainly attributed to inclement weather conditions in March and April. India has produced 95.85 million tonne wheat in 2013-14.

South Indian millers have imported 4307 tonne Australian and Russian wheat last week at Tutikorin port at an average CIF price of \$296.36 and \$269.93 per tonne. Around 3243 tonne Australian and 1064 tonne Russian wheat have been imported last week. More wheat shipment is expected in May. As per market sources deals for 6 lakh tonne wheat import has been struck so far from Australia and Russia.

Exporters buying are not very encouraging as parity is negative for Indian wheat exporters. However some export is being taking place in countries like Taiwan, UAE, Indonesia and Philippines at an average FOB price of \$265.44 Per tonne, basis Kandla.

Rake loading continues from Kota region to south India at Rs 1770-75 on delivered basis. In local market it is being delivered to mills at Rs 1530-35 per qtl. FAQ and other fine varieties are ruling higher as short supply of quality grain is being felt in all mandis with declining arrivals.

According to IBIS, export of Indian wheat from 4th to 10th May, 2015 was registered at around 15215.14 MT at an average FoB price of \$265.36./tonne, basis Kandla. The major export destination of Indian wheat were Taiwan, UAE from Pipavav/Kandla port.

## Outlook

Feed prices are expected to trade range bound to slightly firm as feed ingredients prices have improved slightly.

## 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)		
	15-May-15	8-May-15	Parity To
Indore (MP)	36000	40000	Gujarat, MP
Kota	36300	39500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	37500	41000	Mumbai, Maharashtra
Nagpur (42/46)	38000	40000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	37800	39600	Andhra, AP, Kar ,TN
Latur	36800	40000	-
Sangli	37500	39800	Local and South
Sholapur	38300	39500	Local and South
Akola	37000	40500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	37500	39500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	35200	38300	-

#### Soy DOC at Port

Centers	Port Price	
	15-May-15	8-May-15
Kandla (FOR) (INR/MT)	37000	40000
Kandla (FAS) (USD/MT)	582	625

#### International Soy DOC

Argentina FOB USD/MT	14-May-15	7-May-15	Change
Soybean Pellets	346	358	-12
Soybean Cake Flour	346	358	-12
Soya Meal	354	366	-12
Soy Expellers	354	366	-12

#### Sunflower (DOC) Rates

#### Ex-factory rates (Rs/ton)

Centers	15-May-15	8-May-15	Change
Adoni	22300	22200	100
Khamgaon	NA	NA	-
Parli	22500	22000	500
Latur	22100	21800	300

Groundnut Meal (Rs/MT)	15-May-15	8-May-15	Change
Basis 45%, Saurashtra	29500	31000	-1500
Basis 40%, Saurashtra	26500	28000	-1500
GN Cake, Gondal	29000	30000	-1000

Mustard DOC/Meal	15-May-15	8-May-15	Change
Jaipur (Plant delivery)	18200	18600	-400
Kandla (FOR Rs/MT)	19000	19500	-500
Sri Ganganagar	2140	2160	-20

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

Market	Grade	15-May-15	8-May-15	15-Apr-15	15-May-14	15-May-13
Delhi	Red	1310	1270	1490	1330	1400
Davangere	Bilty	1250	1280	1270	1280	1250
Shimoga	Bilty	1260	1280	1250	1255	1250
Ranebennur	Bilty	NA	NA	1335	1360	NA
Bagalkot	Hybrid/Local	1350	1306	1288	NA	1320
Gadag	Local	1243	NA	1245	1229	1272
Nizamabad	Bilty	1270	1270	1275	1260	1240
Khanna	Bilty	1425	1500	1575	1450	1350
Ludhiana	Bilty	NA	NA	1600	1425	NA
Sangli	Bilty	1370	1371	1365	1320	1383
Ahmedabad	Feed	1290	1300	1425	1320	1300
	Starch	1325	1325	1460	1380	1330

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

As on 15.5.2015	Argentina	Brazil	US	India
FOB	175.39	149.62	173.86	224.32

Cost and Freight	225.39	204.62	233.86	259.32
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**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>15-May-15</u>	<u>8-May-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1544	1525	19
		Hybrid	Bangalore	1650	1650	Unch
Jowar	Karnataka	White	Bangalore	2450	2500	-50
		White	Bellary	1178	1186	-8
Maize	Karnataka	Yellow	Davangere	1200	1200	Unch
	Andhra Pradesh	Yellow	Nizamabad	1240	1230	10
Rice	Haryana	IR8	Karnal	2000	2000	Unch
		Parmal Raw	Karnal	1900	1900	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3600	4000	-400
	Maharashtra	DOC	Sangli	3750	3980	-230
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2230	2220	10
	Maharashtra	Ex-factory	Latur	2210	2180	30
Mustard	Rajasthan	Plant delivery	Jaipur	1820	1860	-40
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	3000	-100

Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1935	1919	16
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1840	1858	-18

**Note: Prices Rs./Qtl**

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