AGRIWATCH

Feed Ingredients Weekly

25 May 2015

Contents:

Summary

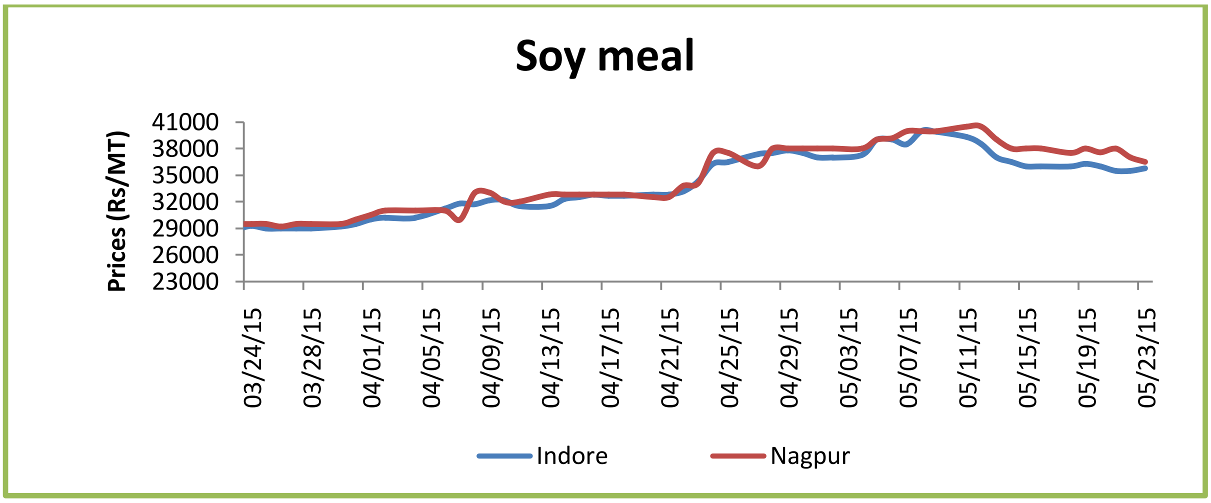
Overall, the key feed ingredients prices witnessed weak tone during the week in review.

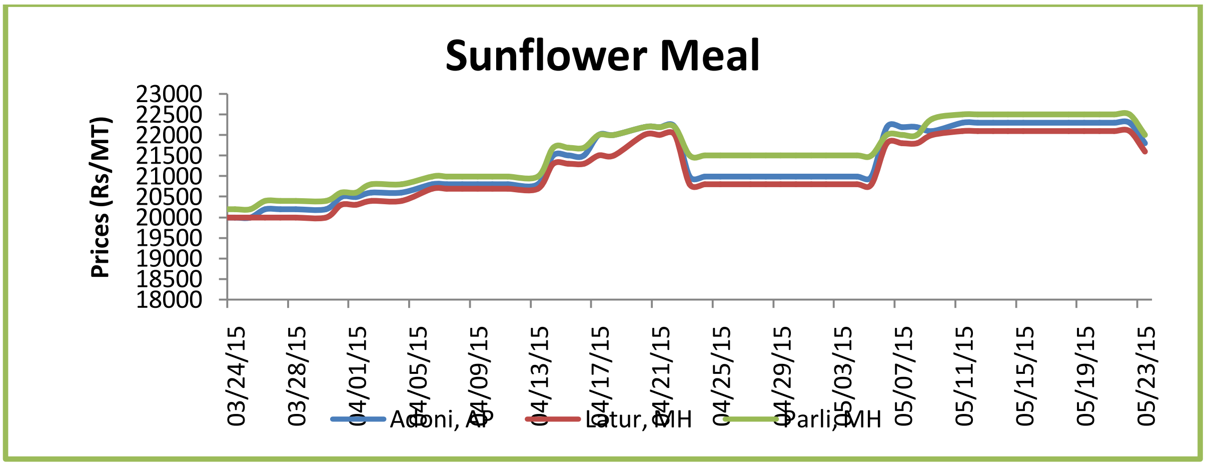
The domestic soybean fell after it rallied in recent days. Weak international soy benchmark which fell to the seven-month low followed by forecast of good weather for soybean planting and its development in US, the soybean planting is underway in growing states in US.

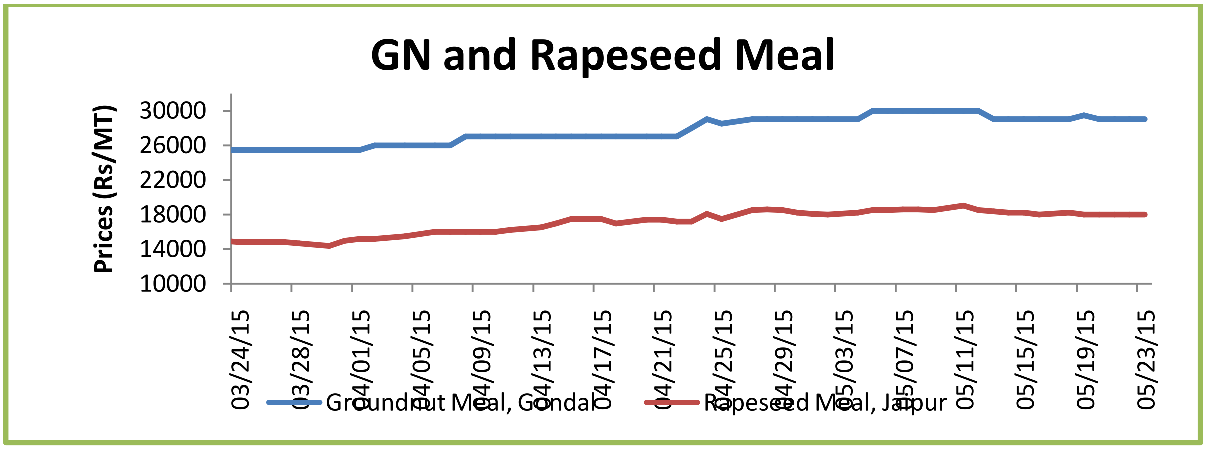
Soy meal witnessed losses in tandem with soybean and weak export sales during the week under review. Spillover impact of the weak international soy benchmark, CBOT, followed by poor exports from US and export hurdles in South America remained pressurizing factors.

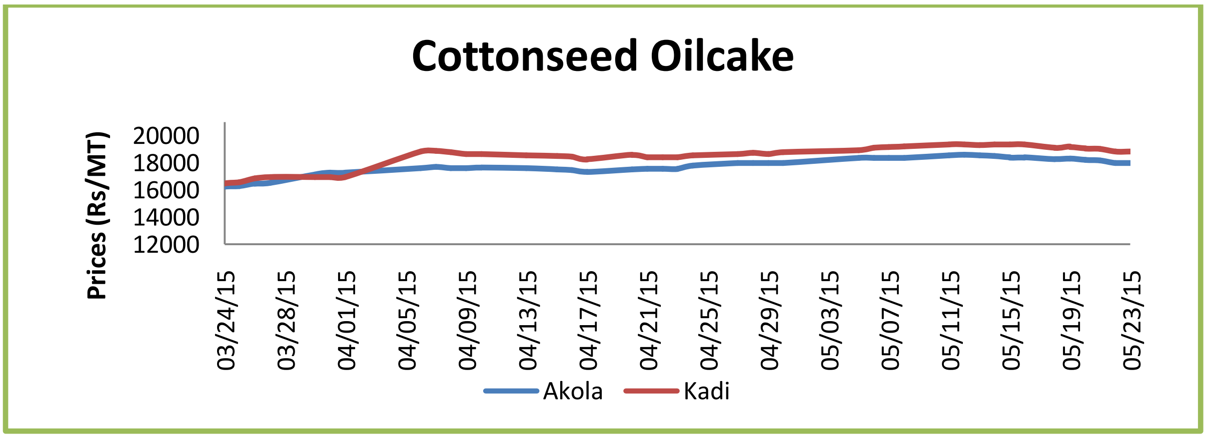
Overall maize cash markets traded weak except Shimoga, Sangli and Ahmadabad during the week under review.

Trend – Raw Material, Feed









Source: AgriWatch

Executive Summary

Soybean, meal edged-lower in anticipation of further fall in the prices while rapeseed-mustard extended previous gains on better buying in cash market during the week under review. Correction in bean and meal was expected, but rising crude may rebound the market in coming days.

Soybean:

- The domestic soybean fell after it rallied in recent days. Weak international soy benchmark which fell to the seven-month low followed by forecast of good weather for soybean planting and its development in US, the soybean planting is underway in growing states in US.
- The domestic buyers were cautious anticipating further fall in the soybean market. The sellers had to quote lower to boost the off-take.
- The monsoon is expected to hit Kerala by the end of May, but forecast of lower than normal monsoon may hit the soybean planting and the crop development in coming weeks.
- 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 ± 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.

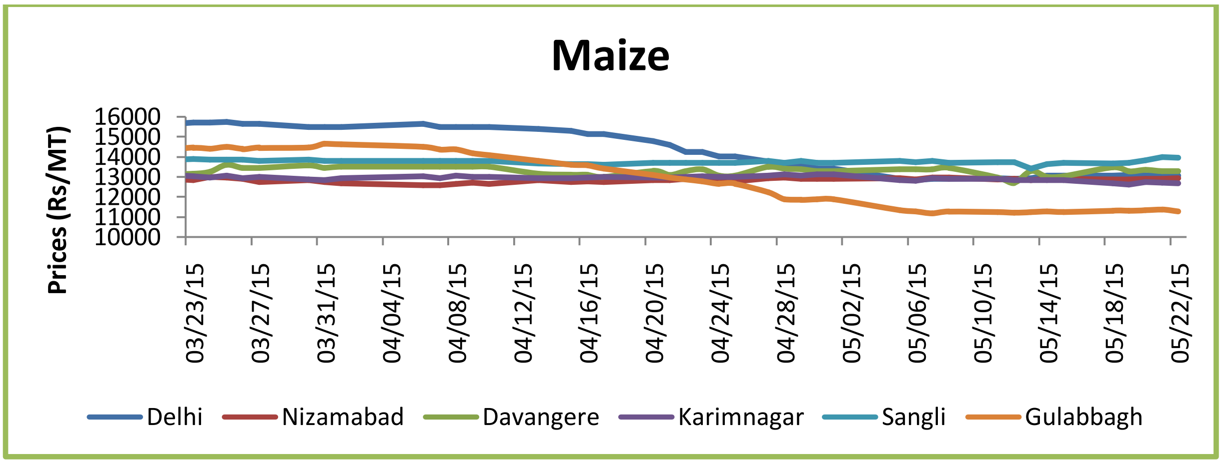
- Besides, the strike by the crushing workers in Argentina has hit the soybean trade at the major Argentina's grain hub, port Rosario, buyers have boycotted purchases to pressurize the government to resolve their wage demands.
- The event continued to pressure the CBOT which was already under pressure from record supply scenario in US, Brazil and Argentina this season.
- The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tonnes to 60 million tonnes.
- *Strength in crude, better Chinese buying and good buying support in the domestic market will keep the bean prices stronger. But improved edible oil imports and disparity in soybean crushings and lower soy meal export sales of Indian origin will limit the gains.*

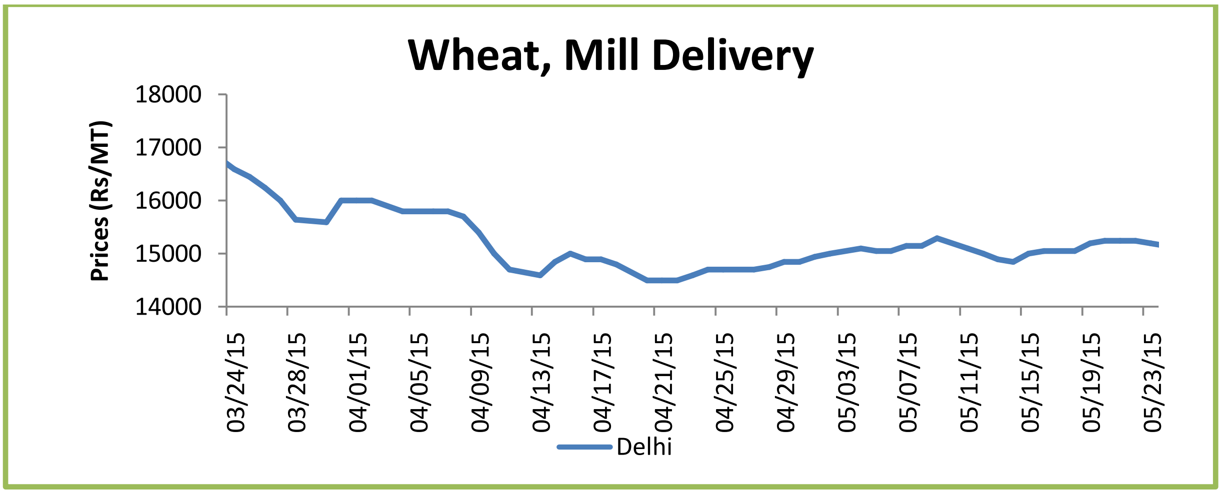
Soy meal:

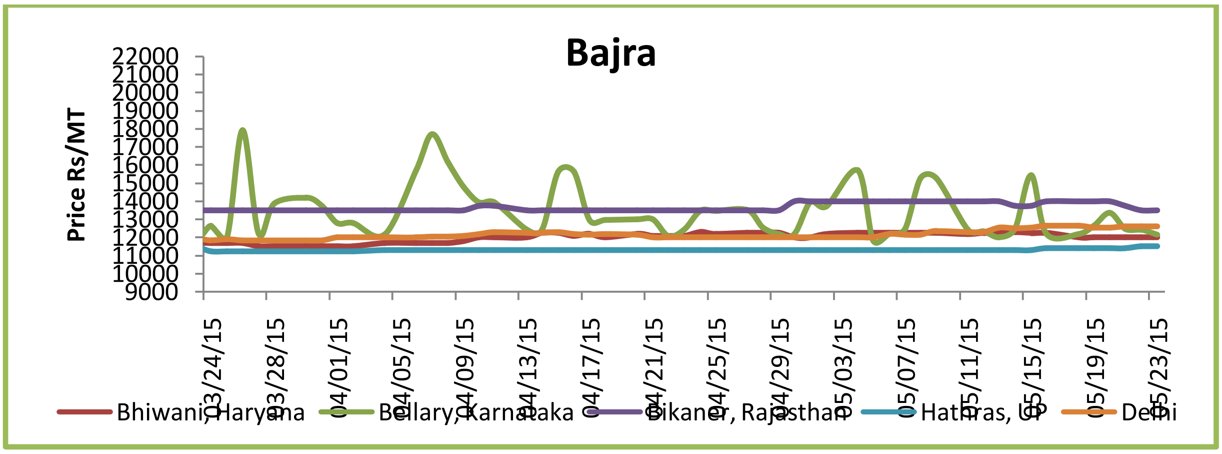
- Soy meal witnessed losses in tandem with soybean and weak export sales during the week under review. Spillover impact of the weak international soy benchmark, CBOT, followed by poor exports from US and export hurdles in South America remained pressurizing factors.
- India's soy meal exports in April fell 61% month-on-month while it declined by 80% y-o-y. The exports were already weak this season which was added on the weakness prevailed in 2013-14 period.
- The bird flu is still prevalent in South India and the poultry unit owners are cautious in some parts of Kerala and Andhra Pradesh. Reports in other parts of the country off and on negatively affect the poultry production and consumption as well.
- In a major development, China is likely to lift a ban on rapeseed meal sourced from India which was imposed three years back in 2011 on traces of malachite green, said China's quarantine authority.
- In a step forward, China and India has signed a sanitary protocol to ensure India's rapeseed meal matches the China's quality standards said China's quality watchdog, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ).
- India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.
- China proved to be the largest rapeseed meal buyer of Indian origin.
- Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago. China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate published this week.
- The poultry unit owners and cattle feed manufactures 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.
- South Korea's Major Feedmill Group (MFG) is has floated tender to buy 40,000 to 55,000 tonnes of soy meal to be sourced from South America or the U.S. Gulf Coast for Oct. 30 delivery.
- *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 primarily on better buying and lower production estimate this season.
- Fall in planted area under seed his season and unprecedented rains in February and March which negatively hit the potential yield potential are the factors attributed for the lower seed production.
- As discussed earlier, 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.
- The all India seed arrivals have gradually fell and reported total of about 15,85,000 bags during the week under review compared to about 16,85,000 bags previous week. In Rajasthan the supplies were too reported lower at about 9,70,000 bags compared to about 10,15,000 bags previous week.
- The rapeseed-mustard prices got an additional boost with the news that China will lift a ban on rapeseed meal sourced from India which was imposed three years back in 2011 on traces of malachite green, said China's quarantine authority.
- China proved to be the largest rapeseed meal buyer of Indian origin. The step will certainly lend support to the
- Shipments of Malaysian palm oil products for May. 1-20 increased to 48.1% to 1,046,966 tonnes from 706,753 tonnes shipped during Apr. 1-20, cargo surveyor Societe Generale de Surveillance said on Wednesday.
- *Aggressive buying in newly harvested seed by the millers and the stockists will boost the seed prices in near to medium-term. However, higher Malaysian palm oil inventories and 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 markets traded weak except Shimoga, Sangli and Ahmadabad during the week under review. In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 10 per quintal to Rs. 1310 per quintal. Starch feed makers also quoted maize down at Rs. 1320-1350 per quintal as compared to last week.

As per IBIS data, exports of corn were reported around 0.0075 million tons for the period of 11-17 May'15 mainly to Nepal, Singapore and UAE.

Maize is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1360 per quintal, Rs. 1400 per quintal, Rs. 1300 per quintal, Rs. 1380 per quintal and Rs. 1380 per quintal respectively, sourced from Davangere.

In Delhi, maize traded down by Rs. 15 per quintal to Rs 1285 per quintal as compared to last week. Maize could trade steady to weak in the near term also due to arrival pressure.

As per USDA, U.S accumulated corn export figures reached to 30,165,817 metric tons for the 2014-15 marketing year. Exports of 10,79,500 MT were down 3 percent from the last week and 5 percent from the prior 4-week average; reported by U.S to Mexico (267,800 MT), Japan (229,900 MT), Colombia (214,300 MT), Taiwan (133,600 MT), South Korea (91,000 MT), and Saudi Arabia (75,500 MT) for the period May 08- 14, 2015.

Wheat cash market trades firm due to declining arrivals and short supply of milling grade wheat in Uttar Pradesh, Gujarat, Punjab and Haryana. However, moderate decline featured in Madhya Pradesh(Bhopal). 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.

Rake loading from Kota region of Rajasthan for Bangalore is continued at Rs 1770 per qtl. it includes Rs225 per qtl. freight and other expenses for milling quality. Luster loss wheat for the same destination is being loaded at Rs 1700 per qtl. Procurement agencies in Rajasthan would not be able to get higher quantity as private trade is paying higher price than MSP.

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 only10.55 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 to90.78 MMT. In second Adv Est. production was estimated at95.76 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.

According to IBIS, export of Indian wheat from11th to 17th May, 2015 was registered at around 4589.87 MT at an average FoB price of $259.37./tonne,basis Kandla. The major export destination of Indian wheat was Taiwan, UAE and Jordan from Pipavav/Kandla port.

Global wheat market is likely to trade steady to slightly firm due to heavy rains last week in US wheat growing belt and fear of lower acreage in Australia. However, Black Sea Region crop would not allow market to move up one way. Down ward correction is likely in the weeks ahead.

Outlook

Feed prices are expected to trade down as feed ingredients prices were weak 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	67.5
3	-62.0	30.0	8.0	6.00	93.0	207.0	119.0	237.0	269.0	338.0	261.0	54.0
4	-65.0	42.5	-0.8	63.0	154.0	182.5	139.0	244.0	320.0	361.0	225.0	**38.0**
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. 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	-1032.0	-1037.0	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0	-72.0	-16.0	50.0	-181.0
2	-940.0	-902.0	-768.0	-773.0	-760.0	-198.0	-253.0	-53.0	-75.0	16.0	63.0	-218.0
3	-1012.0	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0	-198.0
4	-1120.0	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5	**-202.5**
5	-1172.0	-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	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	134.0
3	-68.0	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	-164.0	-27.5	383.0	43.0
4	-80.0	-107.5	-109.0	-105.0	-90.0	-154.0	-110.0	-200.0	-127.0	121.0	327.5	**20.0**
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	-184.0
3	-306.0	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0	-79.0	75.0	-167.5
4	-301.0	-252.0		-288.0	-302.5	-306.0	-292.0	-138.0	-132.0	-37.0	37.0	**-168.0**
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 vs. wheat during last week. We expect that trend could continue 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)		
	22-May-15	15-May-15	Parity To
Indore (MP)	35500	36000	Gujarat, MP
Kota	35800	36300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	37300	37500	Mumbai, Maharashtra
Nagpur (42/46)	37000	38000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	37700	37800	Andhra, AP, Kar ,TN
Latur	37500	36800	-
Sangli	37000	37500	Local and South
Sholapur	37500	38300	Local and South

Akola	36500	37000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	37400	37500	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	35500	35200	-

Soy DOC at Port

Centers	Port Price	
	21-May-15	15-May-15
Kandla (FOR) (INR/MT)	36500	37000
Kandla (FAS) (USD/MT)	574	582

International Soy DOC

Argentina FOB $/MT	21-May-15	14-May-15	Change
Soybean Pellets	348	346	2
Soybean Cake Meal	348	346	2
Soybean Meal	356	354	2
Soy Expellers	356	354	2

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	22-May-15	15-May-15	Change
Adoni	22300	22300	Unch
Khamgaon	NA	NA	-
Parli	22500	22500	Unch
Latur	22100	22100	Unch

Groundnut Meal

Groundnut Meal	22-May-15	15-May-15	Change
Basis 45% O&A, Saurashtra	29000	29500	-500
Basis 40% O&A, Saurashtra	26000	26500	-500
GN Cake, Gondal	29000	29000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	22-May-15	15-May-15	Change
Jaipur (Plant Delivery)	18000	18200	-200
Kandla (FOR)	18800	19000	-200

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	22-May-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Hybrid	1300	1310	1425	1340	1400
Davangere	Loose	1250	1250	1250	1300	1300
Nizamabad	Bilty	1270	1270	1280	1260	1240
Ahmadabad	Feed	1310	1290	1390	1300	1330
	Starch	1350	1325	1440	1330	1400

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	177.17	147.97	171.26	224
Cost and Freight	227.17	202.97	231.26	259

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

Commodity	State	Variety	Centre	22-May-15	15-May-15	Change
Bajra	Karnataka	Hybrid	Bellary	1242	1544	-302
		Hybrid	Bangalore	1650	1650	Unch
Jowar	Karnataka	White	Bangalore	2550	2450	100
		White	Bellary	1215	1178	37
Maize	Karnataka	Yellow	Davangere	1200	1200	Unch
	Andhra Pradesh	Yellow	Nizamabad	1240	1240	Unch
Rice	Haryana	IR8	Karnal	2000	2000	Unch
		Parmal Raw	Karnal	1900	1900	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3550	3600	-50
	Maharashtra	DOC	Sangli	3700	3750	-50
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2230	2230	Unch
	Maharashtra	Ex-factory	Latur	2210	2210	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1800	1820	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	2900	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	942	968	-26
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	900	920	-20

Note: Prices Rs./ Qtl