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Summary

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

The domestic soybean extended losses tracking weakness in international benchmark and weak buying in the cash market, during the week under review. The domestic buyers were anticipating further fall in the bean prices.

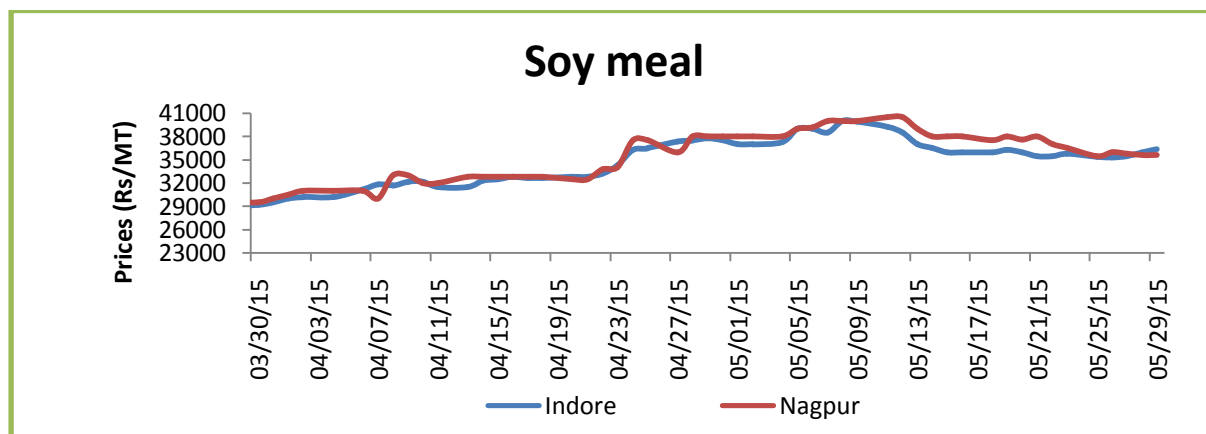
Soy meal extended losses in sync with soybean lead to bearish global supply scenario during the week under review.

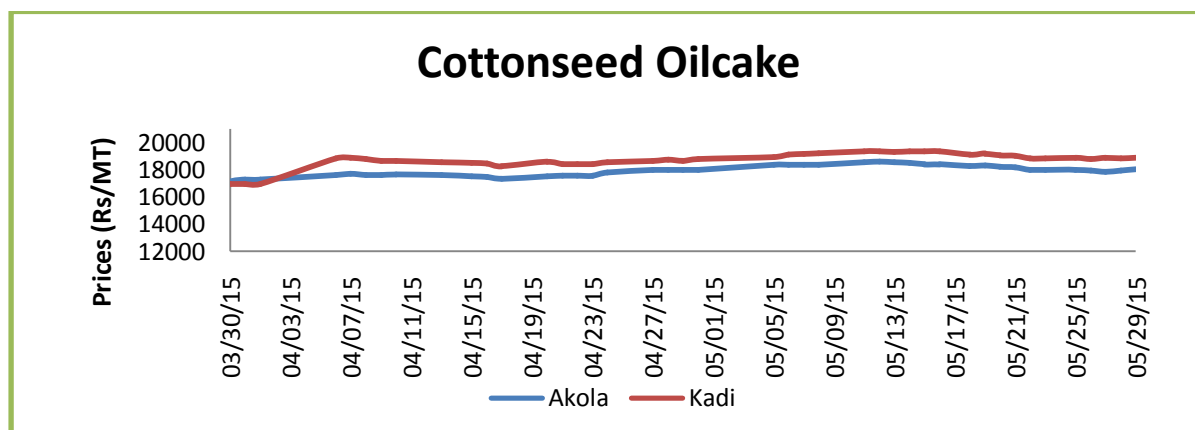
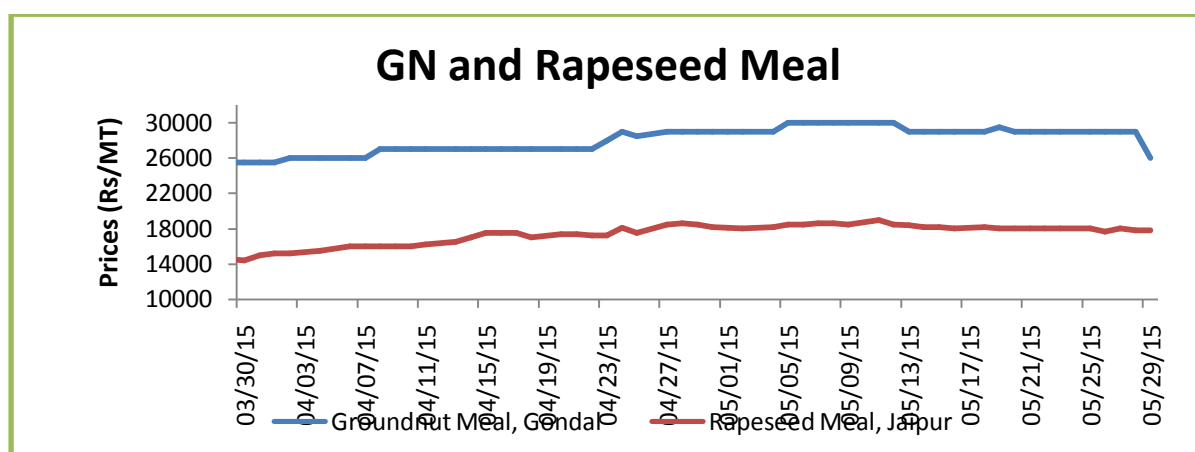
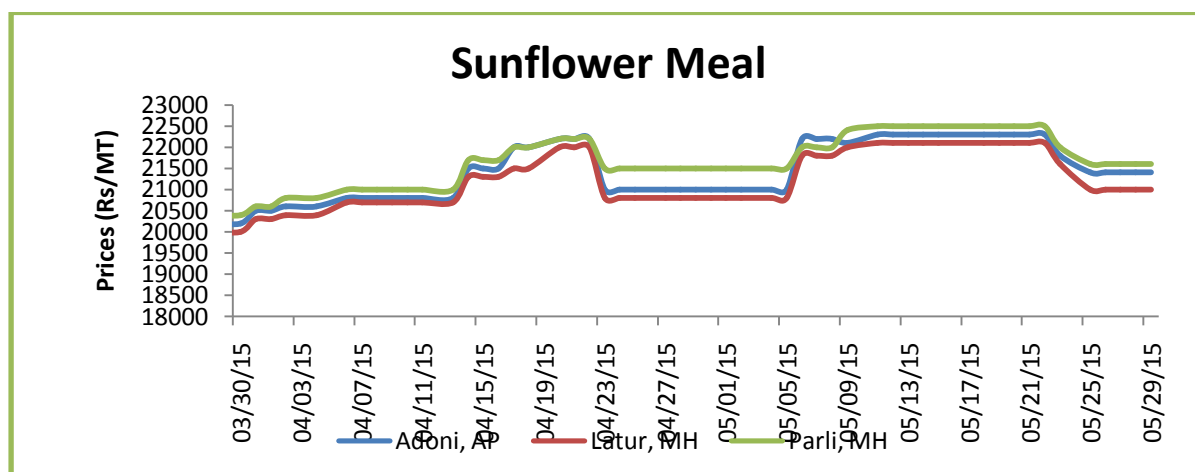
Soy meal witnessed downtrend in the international benchmark, CBOT, right from the beginning of the May month on comfortable supplies and steady global demand during the period.

However, recovery in CBOT soy meal was marked in mid-May but the prices still remained below previous months.

Overall maize cash markets traded steady to weak except Gadag, Khanna and Sangli during the week under review.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean and meal extended losses on weak buying in anticipation of further fall in the prices and better US soybean planting, which is underway. However, the rapeseed-mustard witnessed continued gains on better buying in cash market during the week under review. Correction in crude during the week remained a negative factor for the beans.

Soybean:

- ❖ The domestic soybean extended losses tracking weakness in international benchmark and weak buying in the cash market, during the week under review. The domestic buyers were anticipating further fall in the bean prices.
- ❖ US soybean planting is underway and both planting and emergence are higher than 5 year average during the same period, which is due to favourable weather for planting and crop development. Weather in US mid-west needs to be closely monitored which will influence the CBOT in coming days.
- ❖ Record soybean production in US and South America continued to pressure the international benchmark.
- ❖ The strike by Argentina's crushing workers is still continuing which is hurting the export sales and shifting the demand to US.
- ❖ Besides, crude oil skid after testing US \$ 63.62 per barrel and it is currently under US \$ 60.
- ❖ Both the factors remained negative for soybeans.
- ❖ IMD has predicted monsoon to hit Kerala by the end of May, which is expected to be weak with 93% of long period average. The IMD said that an east-west shear zone of monsoon turbulence has formed over peninsular tip on Wednesday. The event will slow down the onset phase of the monsoon over Kerala where it hits first in mainland.
- ❖ *Improved palm oil shipments from Malaysia, 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.*

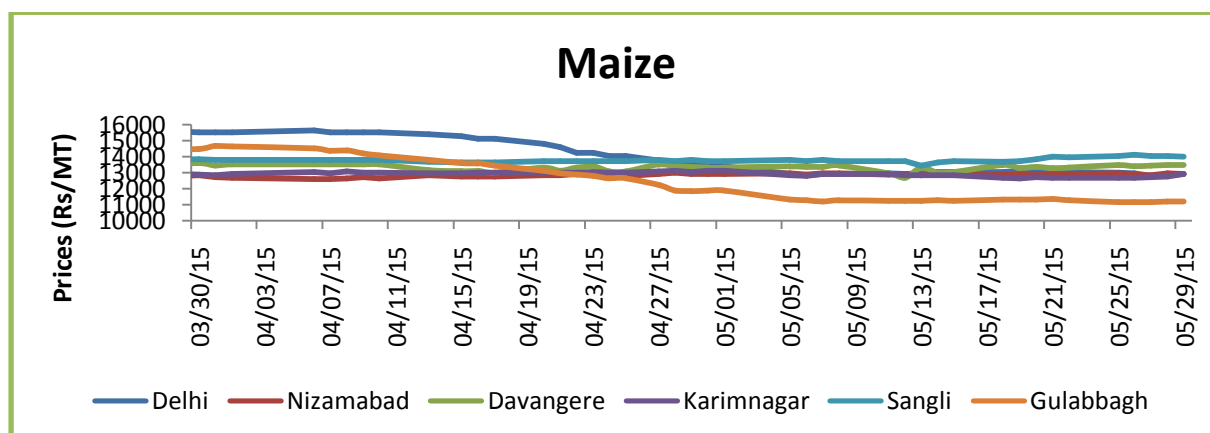
Soy meal:

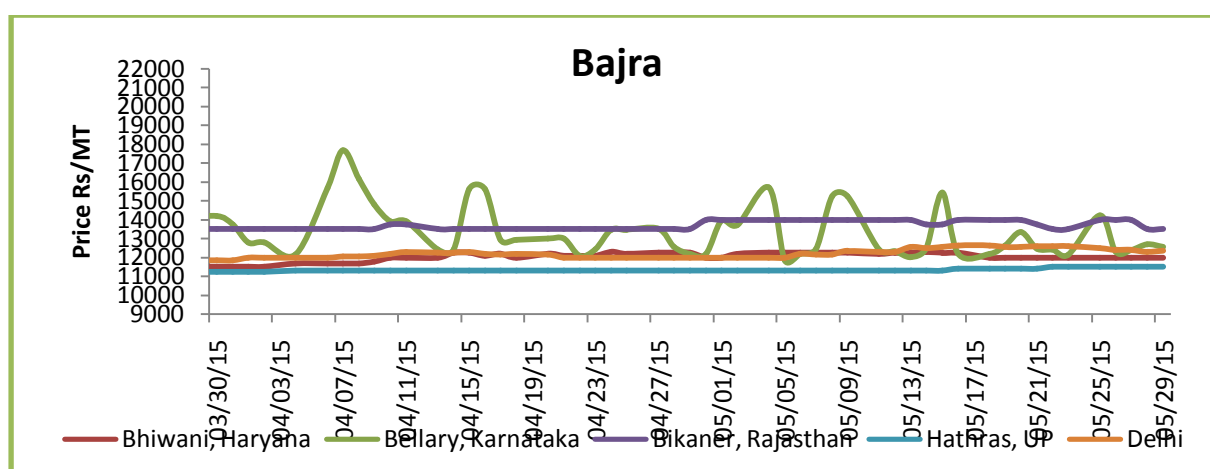
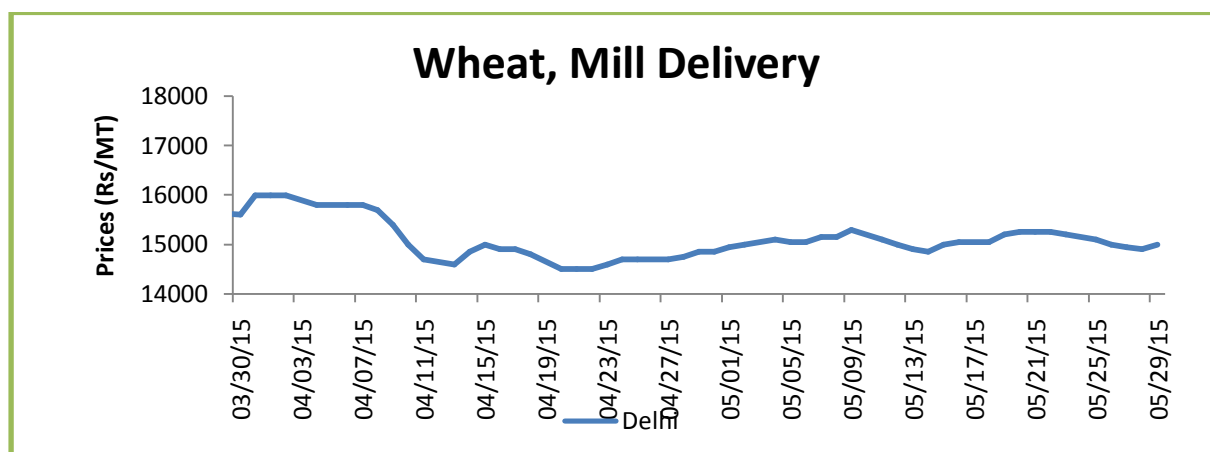
- ❖ Soy meal extended losses in sync with soybean lead to bearish global supply scenario during the week under review.
- ❖ Soy meal witnessed downtrend in the international benchmark, CBOT, right from the beginning of the May month on comfortable supplies and steady global demand during the period.
- ❖ However, recovery in CBOT soy meal was marked in mid-May but the prices still remained below previous months.
- ❖ South Korea's leading feed manufacturer Nonghyup Feed Inc (NOFI) has bought 55,000 tonnes of soy meal which is expected to be sourced from South America, as reported by European trade participants.
- ❖ The price quoted for the meal was US \$ 377.99/tonne c & f and a US \$1-a-tonne surcharge for additional port unloading for arrival on Oct. 20.
- ❖ In another consignment South Korea's Korea Feed Association (KFA) has bought 12,000 tonnes of rapeseed meal to be sourced from India.
- ❖ The meal was quoted at US \$ 299.98/tonne c & f and US \$1.75 a tonne surcharge for additional port unloading for the delivery on July 20.
- ❖ The KFA also bought additional 50,000 tonnes of soy meal during the last week of May.

- ❖ 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 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 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.
- ❖ 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 steady to weak except Gadag, Khanna and Sangli during the week under review.

As poultry and starch feed makers have stock in hand; they are not demanding maize at this time. In Ahmadabad region of Gujarat, poultry feed makers quoted maize down by Rs. 20 per quintal to Rs. 1290 per quintal. Starch feed makers also quoted maize down at Rs. 1310 per quintal as compared to last week.

As per IBIS data, exports of corn were reported around 0.011 million tons for the period of 18-24 May'15 mainly to Nepal, Singapore and Malaysia.

Maize is moving towards Kolkata at Rs. 1300 per quintal and Punjab at Rs. 1325 per quintal, sourced from Bihar. Arrivals are expected to get over mid June.

In A.P, as per trade sources, farmers are likely to shift 10-12% maize crop area towards soybean. Stock of maize could be around 1,00,000 tons(50,000 Government and 50,000 in the hands of Private traders).

Maize is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1330 per quintal, Rs. 1380 per quintal, Rs. 1300 per quintal, Rs. 1360 per quintal and Rs. 1380 per quintal respectively, sourced from Davangere.

In Delhi, maize traded down by Rs. 25 per quintal to Rs 1260 per quintal as compared to last week. Maize could trade steady to weak in the near term also due to arrival pressure. Stock of maize could be around 200 tons.

Maize market is likely to trade steady to slightly weak due to arrival pressure amid sluggish feed makers demand.

As per USDA, U.S accumulated corn export figures reached to 31,236,630 metric tons for the 2014-15 marketing year. Exports of 10,70,800 MT were down 1 percent from the last week and 7 percent from the prior 4-week average; reported by U.S to Japan (393,100 MT), Mexico (231,400 MT), Colombia (130,900 MT), South Korea (115,200 MT), Honduras (45,700 MT, including 13,500 MT late reporting), and the Dominican Republic (34,000 MT) for the period May 15- 21, 2015.

IGC raised its forecasts for the 2015/16 global corn production by 10 million tons to 961 million tons from the previous forecast due to upward revision in Brazil, U.S and China but still below last season's 997 million tons.

Brazilian farmers have started harvesting their second annual corn crop in top grains growing state Mato Grosso and Parana. The government expects a second corn crop of 48 million tons this year. (Source: Reuters)

Indonesian importers have purchased about 75,000 tons of corn in two consignments from South America, likely to be sourced from Brazil at around \$192 a tonne c&f for July shipment. (Source: Reuters)

Wheat physical market trades slightly lower during the week under review. Normal trading activities were seen in major bench mark markets. There is a gossip in the market that bulk users including local millers, DFM have procured considerable quantity of wheat this year in the beginning of the season at Rs 1300-1350 per qtl and have covered their lean season requirements. At price front there is uncertainty in the market and govt's release mechanism would play a crucial role in the months ahead.

Rake loading from Kota, Baran, Bundi region of Rajasthan for Bangalore and Kerala is continued at Rs Rs 1750/1775 per qtl. on delivered basis. Luster loss wheat for the same destination is being loaded at Rs 1680/1690 per qtl.

Local millers and DFM (Delhi Flour mill) are active in western markets of U.P and purchasing wheat at Rs 1540/Rs1550 per qtl. on delivered basis. Local miller are buying wheat at Rs 1450 to Rs 1460

per qtl. Major stake holders are taking position in forward contracts and it hints that price of wheat may move north ward from current level.

There is a gossip in the market that around 1 million tonne wheat from Uttar Pradesh entered into Haryana markets and so procurement figure in Haryana is up this year. Procurement at MSP and issue over shriveled grains, discoloured grains disturbed smooth procurement in U>P and farmers of U>P preferred it to sell it in Haryana.

Total wheat procurement was registered at 265.78 lakh tonne as on 25.05.2015 against 261.39 lakh tonne till date last year. Punjab has contributed 98.72 lakh tonne so far, followed by Haryana 67.55 lakh tonne. M.P. contribution stands at around 71.94 lakh tonne. Rajasthan has procured only 11.68 lakh tonne. Overall procurement is higher by 1.68 percent this year.

South Indian Millers imported 1751.34 metric tonne of wheat from Australia during the week ended 24th May, 2015 at Average CIF \$298.91 per tonne at Tuticorin port. The highest and the lowest CIF value was recorded at \$301 and \$296 per tonne. More import is expected this week and volume may be higher.

Indian wheat exporters managed to export 2581.86 tonne wheat during the week ended 24th May, 2015. The export volume has come down from last week as prices of milling wheat in domestic market firmed up. Average FOB quote for exported quantity is \$278.52 per tonne. The highest and the lowest quotes were registered at \$339.65 and \$24.96 per tonne. Due to higher price gap Indian exporters are unable to ship more quantity.

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.

Crop loss and US wheat growing belt supported CBOT wheat market but firmness could not sustain due to pressure from Black Sea Region crop and improved weather condition in US wheat growing belt. CBOT wheat market may dip further in the near term. Export sales from US data is not very encouraging and IGC has revised up global production estimate from 705 to 715 MMT.

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				41.0

*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 bajra traded down vs. maize. We expect that trend could continue and keep maize spread with bajra firm 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	-218.0
4	-	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0	-198.0
5	1012.0											
6	-	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5	-202.5
7	1120.0											
8	-	-740.0		-770.0				-61.0				-221.0
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	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				-3.0

*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 amid firm movement in barley.

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				-176.0

*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)		
	29-May-15	22-May-15	Parity To
Indore (MP)	36400	35500	Gujarat, MP
Kota	36200	35800	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	36400	37300	Mumbai, Maharashtra
Nagpur (42/46)	35600	37000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	37000	37700	Andhra, AP, Kar, TN
Latur	36600	37500	-
Sangli	37300	37000	Local and South
Sholapur	37000	37500	Local and South
Akola	35400	36500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	36200	37400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	35000	35500	-

Soy DOC at Port

Centers	Port Price	
	29-May-15	21-May-15
Kandla (FOR) (INR/MT)	35750	36500
Kandla (FAS) (USD/MT)	561	574

International Soy DOC

Argentina FOB \$/MT	28-May-15	21-May-15	Change
Soybean Pellets	350	348	2
Soybean Cake Meal	350	348	2
Soybean Meal	358	356	2
Soy Expellers	358	356	2

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	29-May-15	22-May-15	Change
Adoni	21400	22300	-900
Khamgaon	NA	NA	-
Parli	21600	22500	-900
Latur	21000	22100	-1100

Groundnut Meal

Groundnut Meal	29-May-15	22-May-15	Change
Basis 45% O&A, Saurashtra	28000	29000	-1000
Basis 40% O&A, Saurashtra	25000	26000	-1000
GN Cake, Gondal	26000	29000	-3000

Mustard DOC/Meal

Mustard DOC/Meal	29-May-15	22-May-15	Change
Jaipur (Plant Delivery)	17800	18000	-200
Kandla (FOR)	18600	18800	-200

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	29-May-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Hybrid	1265	1300	1300	1330	1400
Davangere	Loose	1250	1250	1250	1300	1400
Nizamabad	Bilty	1270	1270	1280	1260	1300
Ahmadabad	Feed	1300	1310	1360	1315	1425
	Starch	1330	1350	1400	1350	1470

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	170.67	140.83	167.52	223.65
Cost and Freight	220.67	195.83	227.52	258.65

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	46670
Apr	305033	313832	100311	75884	18017
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	233136

Feed Ingredient Prices at a Glance

Commodity	State	Variety	Centre	29-May-15	22-May-15	Change
Bajra	Karnataka	Hybrid	Bellary	1257	1242	15
		Hybrid	Bangalore	1700	1650	50
Jowar	Karnataka	White	Bangalore	2550	2550	Unch
		White	Bellary	1261	1215	46
Maize	Karnataka	Yellow	Davangere	1200	1200	Unch

	Andhra Pradesh	Yellow	Nizamabad	1240	1240	Unch
Rice	Haryana	IR8	Karnal	1800	2000	-200
		Parmal Raw	Karnal	2000	1900	100
Soy meal	Madhya Pradesh	DOC	Indore	3640	3550	90
	Maharashtra	DOC	Sangli	3730	3700	30
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2140	2230	-90
	Maharashtra	Ex-factory	Latur	2100	2210	-110
Mustard	Rajasthan	Plant delivery	Jaipur	1780	1800	-20
Groundnut Meal	Gujarat	GN Cake	Gondal	2600	2900	-300
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	944	942	2
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	901	900	1

Note: Prices Rs./Qtl

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