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Summary

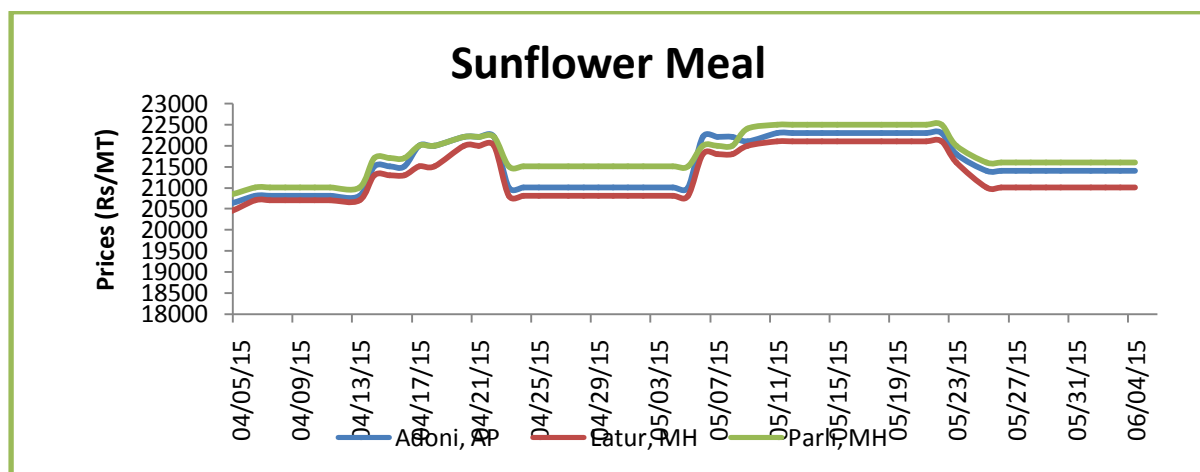
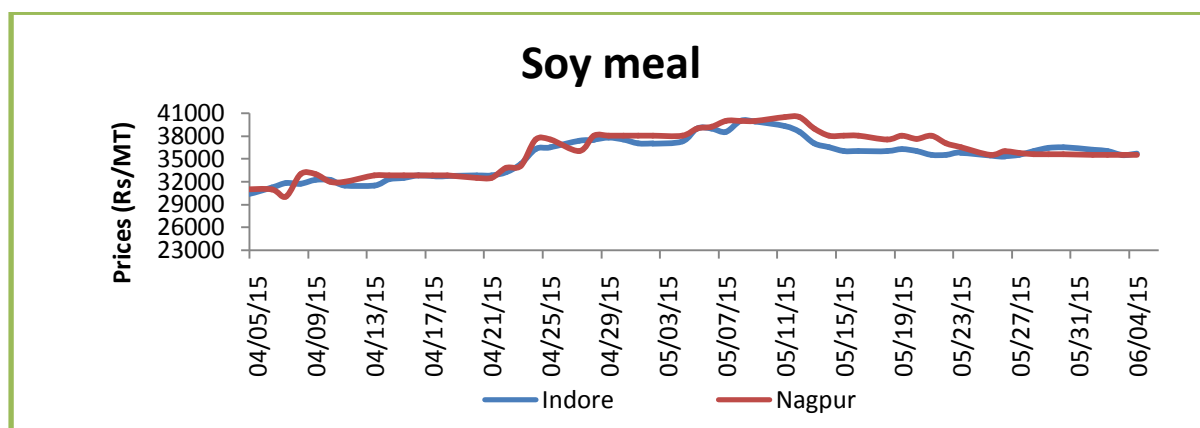
Overall, the key feed ingredients prices witnessed mixed tone during the week in review.

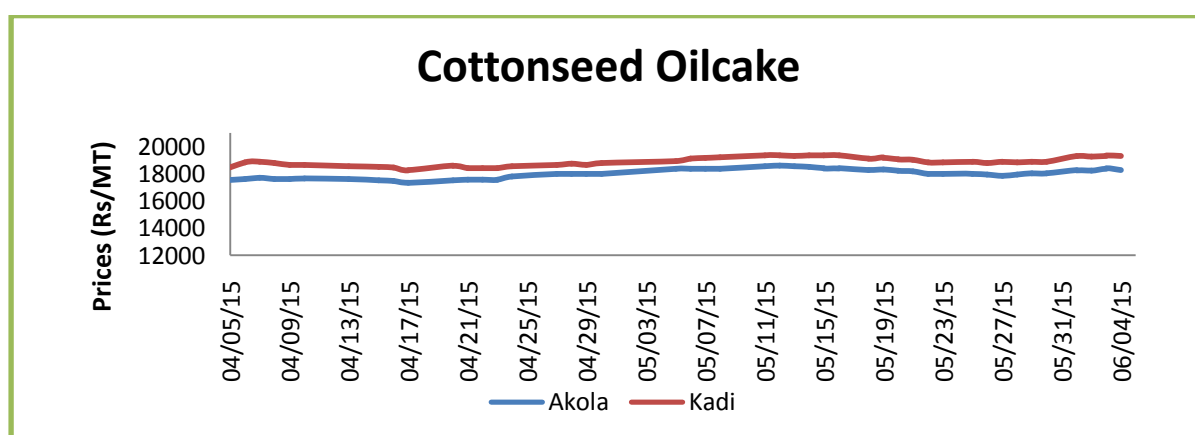
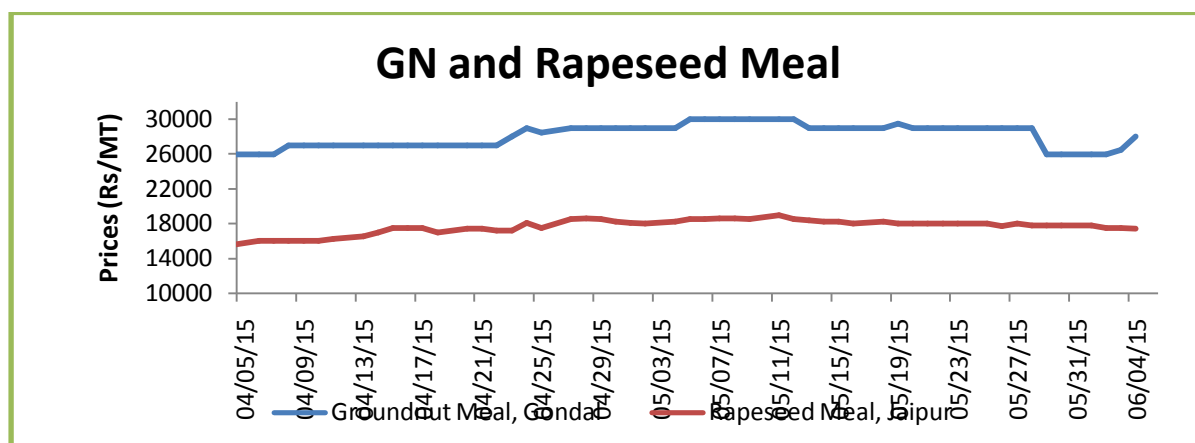
The domestic soybean witnessed gains tracking firm CBOT soybean and IMD's bullish 2nd stage long range South West monsoon rainfall.

Soy meal rebound in sync with soybean tracking gains in CBOT soy meal and forecast of weaker monsoon followed by prediction of 90% chance of El-Nino in the Northern Hemisphere this season.

Overall maize cash markets traded mixed during the week under review.

Trend – Raw Material, Feed





Source: AgriWatch

Executive Summary

Soybean and meal featured gains in tandem with rapeseed-mustard primarily on better buying and supportive international oils and fats benchmark – CBOT and BMD.

IMD's recent forecast of weaker monsoon at 88% of Long Period Average from 93% of LPA remained bullish for Indian oilseeds during the week under review.

Soybean:

- ❖ The domestic soybean witnessed gains tracking firm CBOT soybean and IMD's bullish 2nd stage long range South West monsoon rainfall.
- ❖ In the IMD's Operational 2nd stage long range Forecast for the 2015 Southwest monsoon rainfall is likely to be 88% of the Long Period Average (LPA) compared to the previous forecast of 93% of the LPA.
- ❖ The advent of seasonal rains over the soybean growing region decides the timing of the soybean planting in India, which usually begins in the second half of Jun.
- ❖ India's soybean planting intention is expected to be near previous season which was about 110.22 lakh hectares and to note that the 2014 area under bean was already 9.8% lower than the 2013.

- ❖ US soybean planting is reported at 71%, by 31 May, which is slightly above 5 year average of 70% but lower when compared to 75% during the same period last year. Soybean emergence is reported at 49% slightly higher than 5 year average of 45% and above 46% during the same period last year. The factor is bearish for the international soybean for short-term.
- ❖ Crude oil, WTI- NYMEX, have skid after testing US \$ 63.62 per barrel and it is currently under US \$ 60.
- ❖ China is estimated to import a record 77 million tons of the oilseed in 2015/16 (Oct-Sept), a surge of 5.5% from the previous year, according to an official published report.
- ❖ The Argentine government raised its soybean production for the 2014/15 soybean harvest by 1 million tons to 60 million tons, last week.
- ❖ *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.*

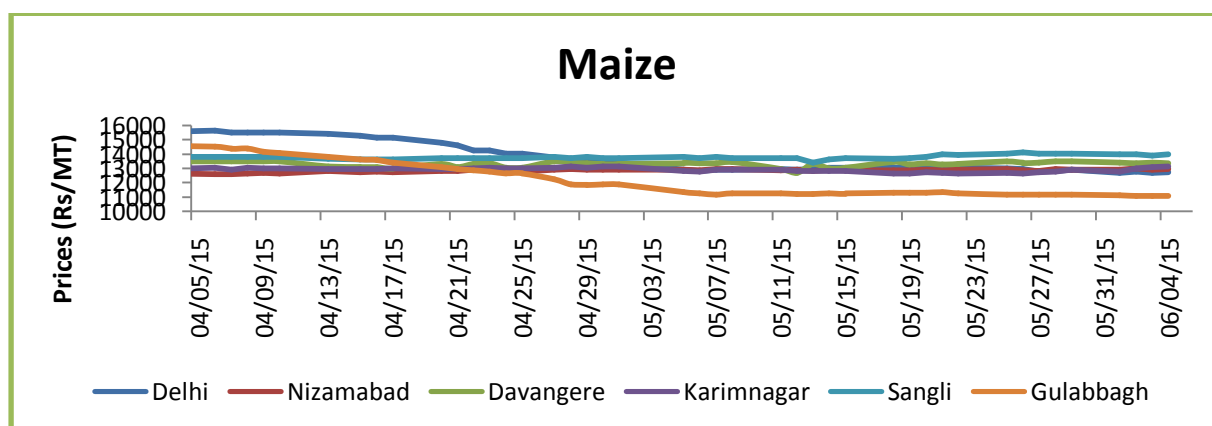
Soy meal:

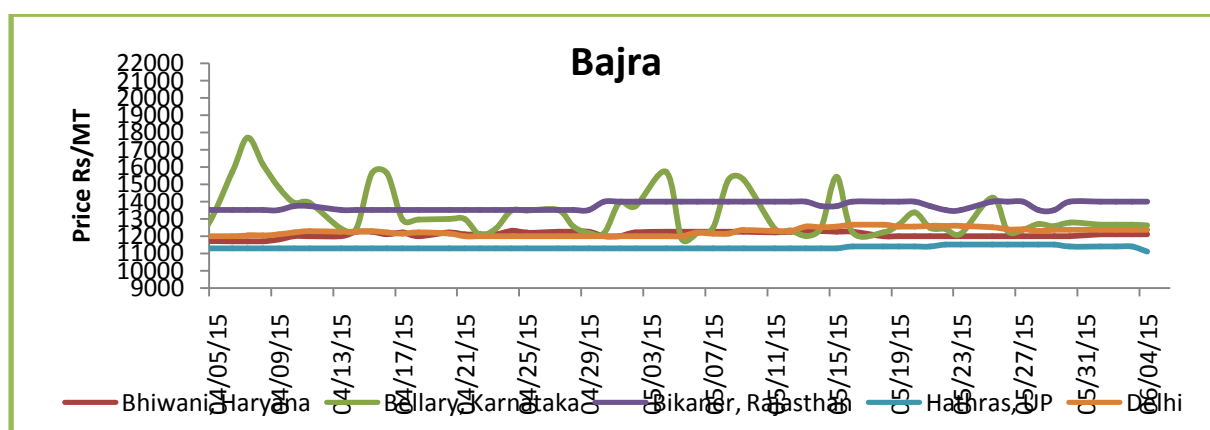
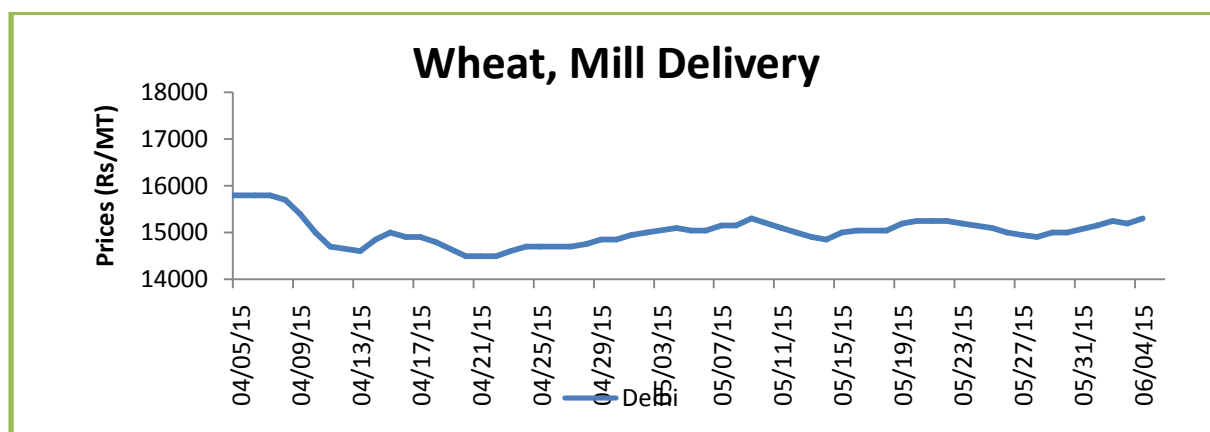
- ❖ Soy meal rebound in sync with soybean tracking gains in CBOT soy meal and forecast of weaker monsoon followed by prediction of 90% chance of El-Nino in the Northern Hemisphere this season.
- ❖ Weak and erratic distribution of seasonal rains will negatively hit the soybean yield subsequently leading to lower domestic soy meal production this season.
- ❖ However, bumper 2014/15 soybean production in US and South America has increased the availability of soy meal at competitive price at which the soy meal of Indian origin is not available.
- ❖ The G3 soy meal prices remained competitive since last season, hence, India's soy meal export sales continued to remain weak over a year.
- ❖ India's monthly soy meal exports in May witnessed gains y-o-y, after several months, showing an increase by 71% over the same period last year.
- ❖ We expect India's rapeseed-mustard meal exports to increase in coming months with China's decision of lifting ban on the meal sourced from India which was imposed three years back in 2011 on traces of malachite green.
- ❖ The India's 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.
- ❖ *India's soy meal shipment during May, 2015 was 14,045 tons as compared to 8,221 tons in May, 2014, showing an increase by 70.85% over the same period of last year.*
- ❖ *Of total oil meal shipments in May, soy meal comprised of 14,045 tons, rapeseed meal (35,188 tons), rice-bran extraction (2,500 tons) and castor seed meal was (31,487 tons).*
- ❖ *On a financial year basis, the export during April 2015 to May 2015 is 32,062 tons as compared to 84,104 tons in the same period of previous year showing a decrease of 61.88%.*

- ❖ During current Oil year, (October – September), total exports during October 2014 to May, 2015 is 5,81,689 tons as against 20,48,685 tons last year, showing a decrease by 71.60%.
- ❖ 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.
- ❖ The soy meal prices are likely to feature range-bound movement with firm bias in near-term.

RM Seed:

- ❖ RM seed continued to post gains on better buying, falling supplies and surge in BMD CPO during the week under review.
- ❖ Fall in seed production this season and reports of higher palm oil exports from Malaysia and Indonesia ahead of Ramadan remained positive for the seed.
- ❖ Further China's decision of lifting the ban on rapeseed meal of Indian origin worked as catalyst in boosting the domestic RM seed prices.
- ❖ Agriwatch has pegged India's rapeseed-mustard 2015/16 production at 5.9 million tons, down by 24% at 7.7 million tons last season. The fall in output is due to the yield loss owing to unseasonal rains in Feb. and Mar. this season.
- ❖ Shipments of Malaysian palm oil products for May increased by 44.7% to 1,553,281 tons from 1,073,482 tons shipped during April, cargo surveyor, Intertek Testing Services reported on 1 Jun 2015.
- ❖ Malaysian palm oil inventories are likely to fall in May, with rising palm oil exports above 40% which is the biggest monthly rise in 8-1/2 years.
- ❖ *Better buying in newly harvested seed by the millers and the stockists will boost the seed prices in near to medium-term. Besides, falling Malaysian palm oil inventories with better palm oil exports will lend additional support to the seed prices. However, Malaysia's decision of cancellation on imposing export duty on palm oil may limit the gains.*





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

Overall maize cash markets traded mixed 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 steady at Rs. 1300 per quintal. Starch feed makers also quoted maize steady at Rs. 1300-1330 per quintal as compared to last week.

As per IBIS data, exports of corn were reported around 33669 tons for the month of May'15 mainly to Nepal, Singapore and Malaysia.

Maize is moving towards Kolkata at Rs. 1275-1300 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. 1400 per quintal, Rs. 1420 per quintal, Rs. 1350 per quintal, Rs. 1400 per quintal and Rs. 1400 per quintal respectively, sourced from Davangere. It is expected to trade steady for the near term.

In Delhi, maize traded down by Rs. 20 per quintal to Rs 1240 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 32,194,007 metric tons** for the 2014-15 marketing year. Exports of 9,57,400 MT were down 11 percent from the last week and 13 percent from the prior 4-week average; reported by U.S to Mexico (351,500 MT), Japan (205,400 MT), Peru (99,000 MT), Colombia (90,200 MT), China (58,500 MT), and Costa Rica (40,100 MT) for the period May 22- 28, 2015.

South Korea's largest feed maker **Nonghyup Feed Inc purchased some 138,000 tons of optional-origin yellow corn** in two consignments for December arrival. A first consignment of 69,000 tons was purchased at the outright price of \$183.79 a tonne c&f for arrival in South Korea on Dec. 20. A second consignment of 69,000 tons was purchased at \$184.00 a tonne c&f for arrival in South Korea on Dec. 30. (Source: Reuters)

As per the latest crop progress report released by USDA, **corn has been planted 95% as of 31st May, 2015**, higher by 1% from the last year and 5 year average period. Corn has been emerged 84%, higher by 7% from the last year and 5% from the last 5 year average period. 74% crop of corn is in good to excellent condition.

Wheat physical market stayed steady to slightly firm 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 1325-1350 per qtl and have covered their lean season requirements to some extent.

Govt.'s release mechanism in the second quarter, beginning from July, of the year would be very crucial to direct the prevailing cash market sentiments. Govt. would release wheat through OMSS at Rs 1550 per qtl in Punjab ,Haryana and Rajasthan from July,2015. It would help to ease emerging tight supply side for FAQ varieties.

Rake loading from Kota, Baran, Bundi region of Rajasthan for Bangalore and Kerala is continued at Rs 1760/1780 per qtl. on delivered basis. Luster loss wheat for the same destination is being loaded at Rs 1690/1700 per qtl.

Local millers and DFM (Delhi Flour mill) are active in western markets of U.P and purchasing wheat at Rs 1550/Rs1560 per qtl. on delivered basis. Local millers are buying wheat at Rs 1460 to Rs 1470 per qtl. Major stake holders are taking position in NCDEX in forward contacts and it hints that price of wheat may move north ward from current level.

Total wheat procurement was registered at 271.68 lakh tons as on 04.06.2015 against 280.23 lakh tons till date last year. Punjab has contributed 99.52 lakh tons so far, followed by Haryana 67.55 lakh tons. M.P. contribution stands at around 72.61 lakh tons. Rajasthan has procured only 12.48 lakh tons. Overall procurement is lower by 3.05 percent this year.

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

Indian wheat exporters managed to export 2581.86 tons 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 ton. The highest and the lowest quotes were registered at \$339.65 and \$24.96 per ton. 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 food grains 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 tons 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 figures from US data are not very encouraging and IGC has revised global production estimate from 705 to 715 MMT. All these developments hint towards steady to weak global 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	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15
1	-17.0	27.0	0.00	59.0	144.0	180.0	180.00	252.0	332.0	356.0	119.0	21.0
2	25.0	20.0	-3.00	62.0	202.0	164.0	227.0	247.0	322.0	352.0	67.5	
3	30.0	8.0	6.00	93.0	207.0	119.0	237.0	269.0	338.0	261.0	54.0	
4	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 down as maize traded down vs. bajra. We expect that trend could continue and keep maize spread with bajra down for the next week.

Maize Average Weekly spread with Jowar

Week	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15
1	-	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0	-72.0	-16.0	50.0	-181.0	-248.0
2	1037.0											
3	-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	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5	-202.5	
6	-740.0		-770.0				-61.0				-221.0	

*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	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15
1	-95.0	-128.0	-112.0	-122.5	-166.0	-155.0	-29.0	-174.0	-116.0	340.0	219.0	-30.0
2	-88.0	-102.0	-117.0	-100.0	-40.0	-149.0	20.0	-175.0	-84.0	390.0	134.0	
3	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	-164.0	-27.5	383.0	43.0	
4	-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	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15
1	-277.0	-240.0		-309.0	-324.0	-296.0	-212.0	-240.0	-117.0	-43.0	-134.0	-210.0
2	-246.0	-270.0	-269.0	-306.0	-297.5	-297.5	-160.0	-192.5	-97.0	167.5	-184.0	
3	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0	-79.0	75.0	-167.5	
4	-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 with the firm movement in 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)		
	5-June-15	29-May-15	Parity To
Indore (MP)	35100	36400	Gujarat, MP
Kota	35000	36200	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	36200	36400	Mumbai, Maharashtra
Nagpur (42/46)	35500	35600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	36200	37000	Andhra, AP, Kar, TN
Latur	36500	36600	-
Sangli	36300	37300	Local and South
Sholapur	36000	37000	Local and South
Akola	35200	35400	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	36100	36200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	35300	35000	-

Soy DOC at Port

Centers	Port Price	
	5-June-15	29-May-15
Kandla (FOR) (INR/MT)	35600	35750
Kandla (FAS) (USD/MT)	557	561

International Soy DOC

Argentina FOB \$/MT	4-Jun-15	28-May-15	Change
Soybean Pellets	348	350	-2
Soybean Cake Meal	348	350	-2
Soybean Meal	356	358	-2
Soy Expellers	356	358	-2

Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	5-Jun-15	29-May-15	Change
Adoni	21400	21400	Unch
Khamgaon	NA	NA	-
Parli	21600	21600	Unch
Latur	21000	21000	Unch

Groundnut Meal

Groundnut Meal	5-Jun-15	29-May-15	Change
Basis 45% O&A, Saurashtra	28500	28000	500
Basis 40% O&A, Saurashtra	25500	25000	500
GN Cake, Gondal	28000	26000	2000

Mustard DOC/Meal

Mustard DOC/Meal	5-Jun-15	29-May-15	Change
Jaipur (Plant Delivery)	17000	17800	-800
Kandla (FOR)	17700	18600	-900

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	4-Jun-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Red	1250	1265	1300	1310	1460
Davangere	Loose	1270	1250	1250	1300	1400
Nizamabad	Bilty	1275	1270	1280	1260	1360
Ahmadabad	Feed	1300	1300	1350	1350	1460

	Starch	1320	1330	1350	1370	1500
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FOB, C&F – Maize at Various Destinations (USD/ton)

	Argentina	Brazil	US	India (Bihar Origin)
FOB	171.46	144.38	169.5	230.35
Cost and Freight	221.46	199.38	229.5	265.35

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	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

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>4-Jun-15</u>	<u>29-May-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1264	1257	7
		Hybrid	Bangalore	1700	1700	Unch
Jowar	Karnataka	White	Bangalore	2550	2550	Unch
		White	Bellary	1276	1261	15
Maize	Karnataka	Yellow	Davangere	1220	1200	20
	Andhra Pradesh	Yellow	Nizamabad	1240	1240	Unch
Rice	Haryana	IR8	Karnal	2000	1800	200
		Parmal Raw	Karnal	2350	2000	350
Soy meal	Madhya Pradesh	DOC	Indore	3570	3640	-70
	Maharashtra	DOC	Sangli	3700	3730	-30
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2140	2140	Unch
	Maharashtra	Ex-factory	Latur	2100	2100	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1740	1780	-40

Groundnut Meal	Gujarat	GN Cake	Gondal	2800	2600	200
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	965	944	21
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	914	901	13

Note: Prices Rs./Qtl

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