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## Summary

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

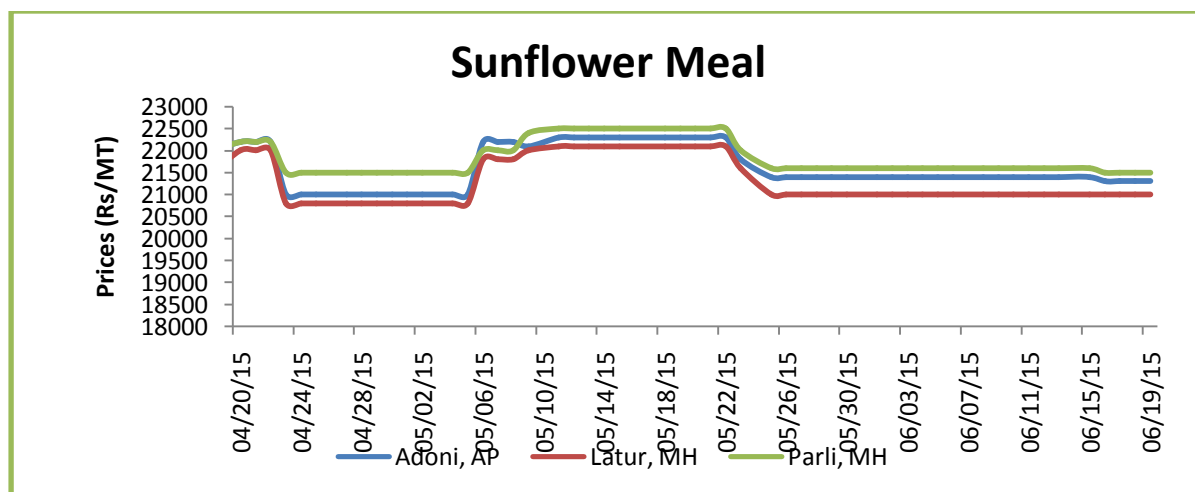
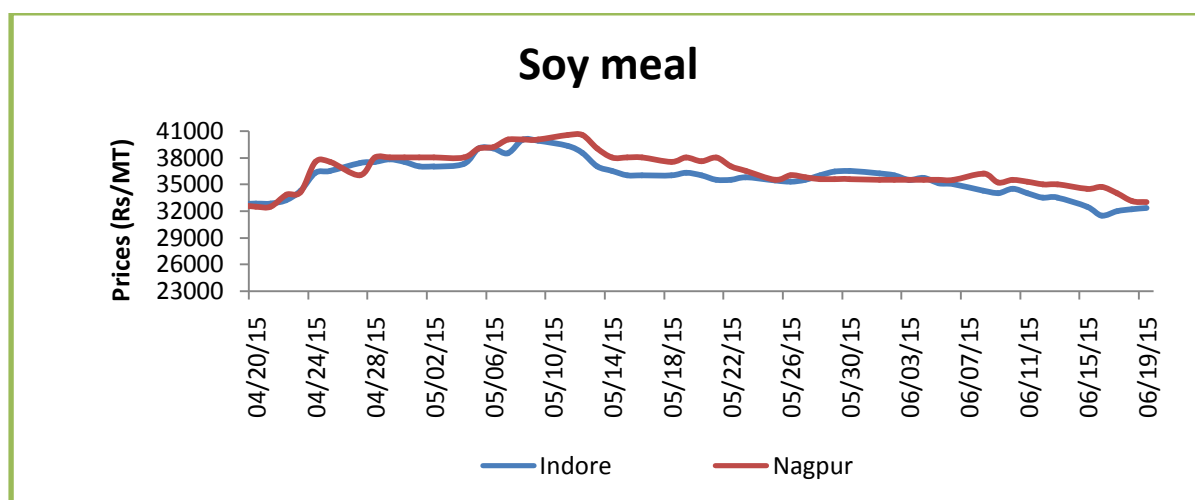
The domestic soybean extended losses primarily on better than expected advancement of the seasonal rains, monsoon, towards the soybean growing region, during the week under review

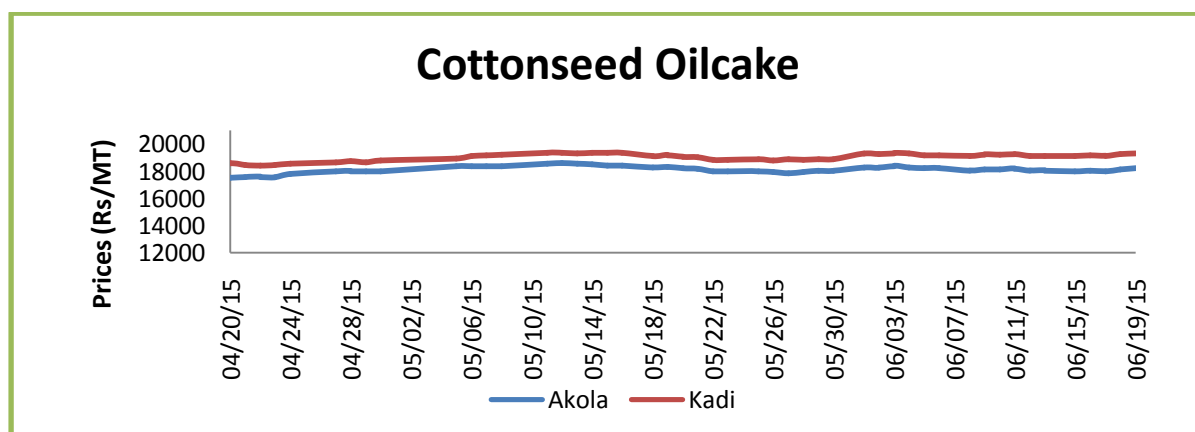
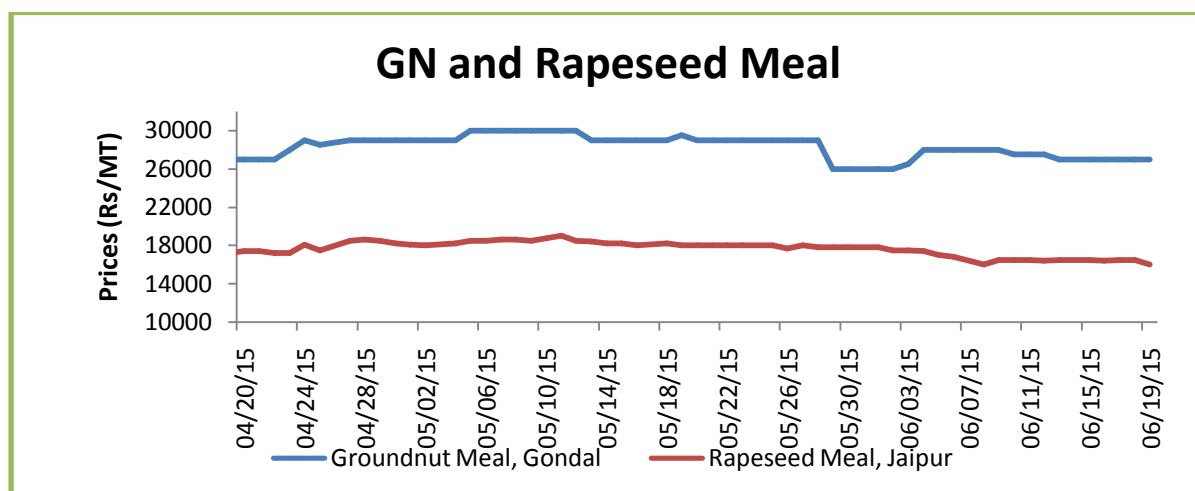
The domestic soy meal fell in tandem with soybean followed by weak domestic and overseas demand during the week under review.

Better than expected advancement of monsoon and adequate rains last week in the key soy growing regions remained bearish for the meal too.

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

## Trend – Raw Material, Feed





Source: AgriWatch

#### Executive Summary

Soybean and meal declined on bearish domestic and global factors while rapeseed-mustard edged-up strong fundamentals during the week under review.

Better than expected rains over the soybean growing region in India remained pressurizing factor for domestic bean. But wet soy field in US mid-west limited the losses in benchmark soybean. Better palm oil exports from Malaysia and Indonesia remained supportive for domestic rapeseed-mustard.

#### Soybean:

- ❖ The domestic soybean extended losses primarily on better than expected advancement of the seasonal rains, monsoon, towards the soybean growing region, during the week under review.
- ❖ Considering the current scenario, as the delay is not severe, if the monsoon advances at the current pace, the domestic soybean planting will not be hit in coming days.
- ❖ The soybean planting has commenced in Maharashtra and Madhya Pradesh and it is gaining momentum. Rajasthan is yet to start sowing, as farmers were waiting for rain spells which was experienced during the week.

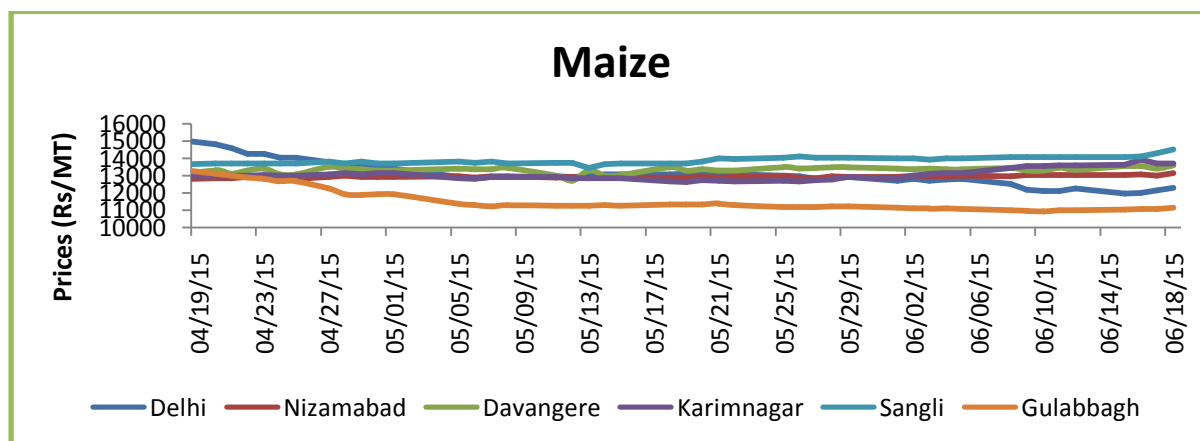
- ❖ However, distribution pattern of the seasonal rains will be a decisive factor in crop development and yield potential.
- ❖ India's actual rainfall for the period 01.06.15 to 19.06.15 is recorded at 93% which is above the normal 84.6% while departure is reported at 10%. Currently, the rains are adequate for soybean planting across the key growing regions.
- ❖ US soybean planting is reported at 87% by 14 Jun which is slightly below 5 year average of 90% and also below from 91% during the same period last year.
- ❖ Argentina's recently harvested 2014/15 soybean crop is estimated at 61 million tonnes by the agriculture ministry, raising its previous forecast of 60 million tonnes.
- ❖ Crude oil, WTI- NYMEX, is hovering around US \$ 60 per barrel and currently at 59.97 which had recovered to US \$ 63 per barrel a couple of weeks back.
- ❖ *Better than expected seasonal rains, higher edible oil imports, lower soy meal shipments, fall in Ramadan palm oil demand and sluggish crude remained bearish for the beans. However, increased soil moisture in the US mid-west has hurt the soybean planting and the crop condition which has limited the fall in the beans. Consistent Chinese buying will keep the bean prices stronger too.*

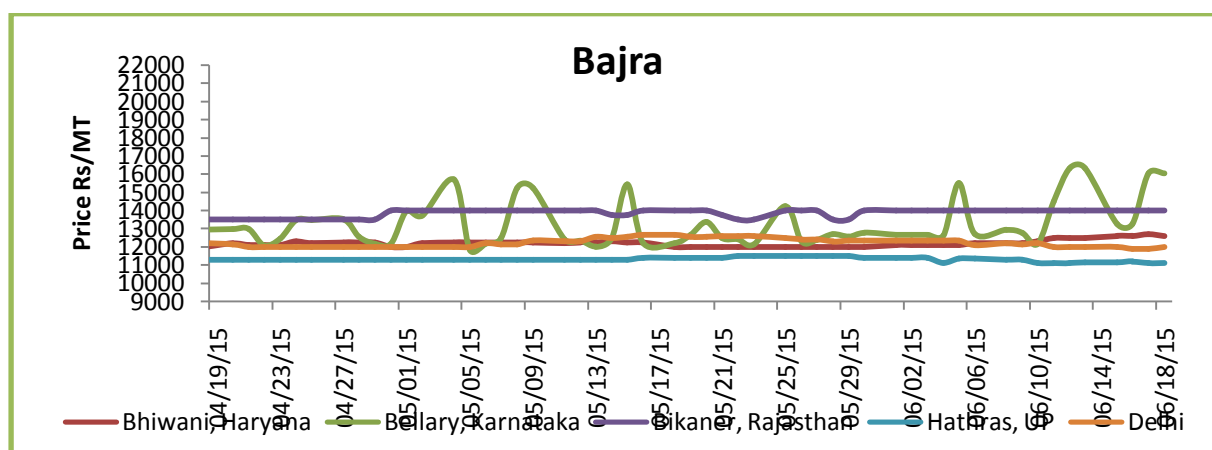
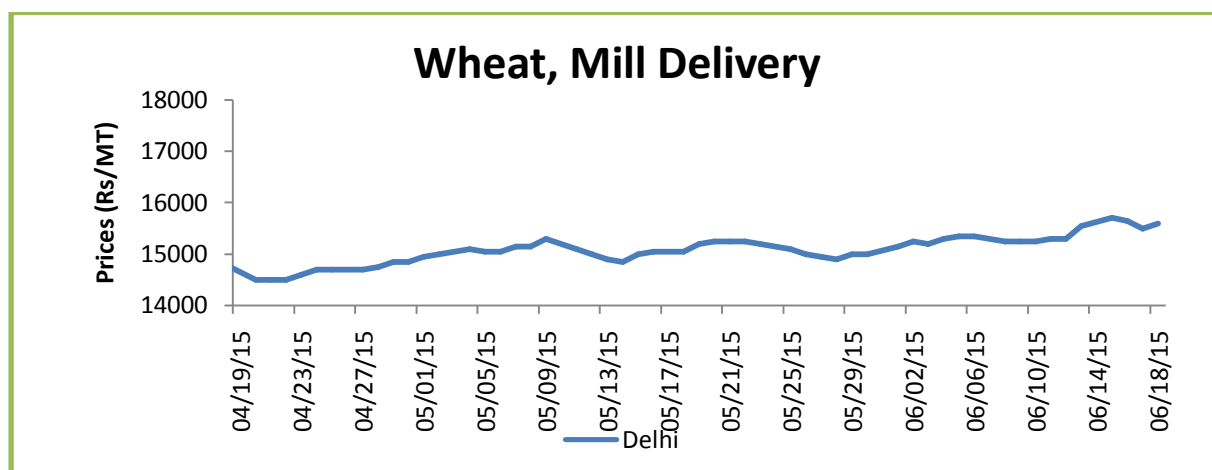
#### **Soy meal:**

- ❖ The domestic soy meal fell in tandem with soybean followed by weak domestic and overseas demand during the week under review.
- ❖ Better than expected advancement of monsoon and adequate rains last week in the key soy growing regions remained bearish for the meal too.
- ❖ The global soy product supplies scenario including soy meal is expected to remain bearish this season due to record bean production in US and South America.
- ❖ India's soy meal export sales remained weak in the current and last season due to competitive South American soy meal prices.
- ❖ Overall, the domestic meal consumption fell in recent weeks. But, the meal prices have fell in recent weeks too.
- ❖ India's monthly soy meal exports in the month of May witnessed gains y-o-y, after several months, showing an increase by 71% over the same period last year. But, the exports in May were below 5 year average of 10,62,65 MT.
- ❖ A large number of feed manufacturers in South-East Asian countries are aggressively looking to import soy meal at the competitive price.
- ❖ China is expected to place orders for rapeseed meal in coming weeks to give boost in the meal exports.
- ❖ 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.
- ❖ *The soy meal prices are likely to continue range-bound movement with weak bias followed by improved supply scenario in near-term.*

**RM Seed:**

- ❖ RM seed edged-up on buying support in the cash market and positive news on palm oil exports from Malaysia and Indonesia.
- ❖ However, the Ramadan demand is over and the palm oil shipments from Malaysia and Indonesia have much reduced from previous weeks, yet the exports from Malaysia and Indonesia are in positive zone from same period last month.
- ❖ According to SGS, Malaysia's June 1-15 palm oil exports rose by 6.7% at 782,854 tons (733,613). European Union imported 152,300 tons (133,930), China 149,770 tons (196,735), India 148,800 tons (162,280), Pakistan 22,300 tons (31,500) and United States 21,650 tons (23,800). Values in bracket imply values of last month.
- ❖ Tight domestic rapeseed-mustard supplies and strong demand from crushers remained bullish for the seed market.
- ❖ Shipments of Malaysian palm oil products for May increased by 44.7% to 1,553,281 tonnes from 1,073,482 tonnes shipped during April, cargo surveyor Intertek Testing Services reported on 1 Jun 2015.
- ❖ India imported 1,371,662 tonnes (1,033,550 tonnes) of vegetable oils in May 2015, increase of 33%. Edible oil import was 1,358,688 tonnes (1,022,004 tonnes) in May 2015, rise of 33%. Values in brackets represent values in the same period last year.
- ❖ Further, China is expected to place the rapeseed meal of Indian origin after it has lifted the ban imposed in 2011. This will once again push up India's rapeseed prices in coming days.
- ❖ The all India seed arrivals are gradually falling and they were reported total of about 8,40,000 bags during the week under review compared to about 98,50,00 bags previous week. In Rajasthan the supplies too were reported lower at about 5,15,000 bags compared to about 5,90,000 bags previous week.
- ❖ *The outlook for rapeseed-mustard remains stronger for medium and long-term owing to the tight supplies due to lower production this season. Tight supplies in seed, better Malaysian palm oil exports and China's renewed demand in rapeseed meal of Indian origin will lend support to the rapeseed-mustard prices at higher level. But, higher Malaysian palm oil stock and improved palm oil production will pressurize the domestic seed market.*





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

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

The Cabinet Committee on Economic Affairs has given its approval to increase the MSP of Maize by Rs. 15 per quintal to Rs. 1325 per quintal for kharif season of 2015-16. (Source: PIB)

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs. 15 per quintal to Rs. 1350 per quintal. Starch feed makers quoted maize steady at Rs. 1350 per quintal as compared to last week.

As per IBIS data, exports of corn were reported around 7870 tons for the period of 8<sup>th</sup> -14<sup>th</sup> Jun '15 mainly to Nepal.

Maize is moving towards Kolkata at Rs. 1275-1300 per quintal, sourced from Bihar. Maize could trade steady in the near term.

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). In Nizamabad, around 30-35% maize sowing has been completed.

Maize is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1420 per quintal, Rs. 1440 per quintal, Rs. 1390 per quintal, Rs. 1420 per quintal and Rs. 1440 per quintal respectively, sourced from Davangere. It is expected to trade steady for the near term. In Davangere, maize sowing has been completed around 25-30%.

In Delhi, maize traded firm by Rs. 20 per quintal to Rs 1220 per quintal as compared to last week. Maize could trade slightly firm in the near term amid stockiest and poultry feed makers demand. Stock of maize could be around 400 tons.

Maize market is likely to trade steady in the near term.

As per USDA, U.S accumulated corn export figures reached to 34,064,836 metric tons for the 2014-15 marketing year. Exports of 10,44,859 MT were up 27 percent from the last week and 6 percent from the prior 4-week average; reported by U.S to Mexico (283,400 MT), Japan (272,200 MT), Saudi Arabia (78,800 MT), Peru (75,900 MT), Taiwan (74,100 MT), and South Korea (65,500 MT) for the period Jun 5- 11, 2015.

Preliminary Japanese government data shows that Japan's use of corn in animal feed production fell to 45.1% in the Apr'15 from 46.8% during the same month last year while users' reliance on alternatives such as wheat and barley also decreased but the use of Sorghum increased. (Source: Reuters)

China's Heilongjiang province has agreed to provide subsidy for maize processor to encourage more use of domestic maize and avoid imports. The subsidies, which have already been doubled this year to 200 yuan per tonne, will be doubled again to 400 yuan (\$64.43) per tonne of corn they process from April 17. It will have bearish impact on global maize market as Chinese processors are not going to import in bulk quantity. (Source: Reuters).

Wheat cash market starts firming up in all major markets and more gain is expected in the near to medium term. Arrivals have decreased in major north and central Indian markets due to farmer's engagement in preparation for paddy nursery. Besides, short covering by local millers in anticipation of emerging short supply of FAQ varieties lends support to the cash market fundamental.

Local millers have started taking position in futures market taking advantage of lower price in NCDEX. Arrivals in major mandis have decreased and procurement season is heading towards end now. There is a short supply of FAQ varieties in open market and supply from central pool through OMSS is expected to start by mid-July. Millers would cover their needs for festive demand, starting from July. All these developments hint towards firm market.

India has exported 16459.20 tonne wheat in the second week of June till 14<sup>th</sup> at an average FOB price of \$259.32 per tonne. During the same period wheat import was registered at 61750.43 tonne at an

Ave CiF of \$288.17 per tonne. Wheat has been imported from Australia. Wheat import volume is likely to increase in the weeks ahead.

Wheat stock in central pool was registered at 403.51 lakh tonne as on 1<sup>st</sup> June 2015. The highest quantity of wheat is available in north and west zone. It is almost 280 lakh tonne in northern states while western states have around 100 lakh tonne wheat stock. Under buffer norms India needs to maintain 245.80 and 30 lakh tonne and strategic reserve on 1<sup>st</sup> July, 2015.

Total wheat procurement was registered at 273.9 lakh tonne as on 11.06.2015 against 268.15 lakh tonne till date last year. Punjab has contributed 99.52 lakh tonne so far, followed by Haryana 67.55 lakh tonne. M.P. contribution stands at around 72.61 lakh tonne. Rajasthan has procured only 12.82 lakh tonne. Overall procurement is up by 2.14 percent this year.

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.

Global wheat market is likely to trade steady to slightly firm due to US lower crop size, below normal prospects for Australian wheat. Likely imposition of export tax by Russia may be supportive for global wheat market. However, any one way spike is unlikely as there is lots of wheat in global market. Overall sentiment for June remains firm.

## 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	2.0
3	30.0	8.0	6.00	93.0	207.0	119.0	237.0	269.0	338.0	261.0	54.0	7.0
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 firm as bajra traded down vs. maize. We expect that maize could trade slightly firm in the near term and keep maize spread with



bajra firm 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	-289.0
4	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0	-198.0	-298.0
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 maize spread with jowar firm 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	-69.0
3	-71.0	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	-164.0	-27.5	383.0	43.0	-58.0
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 firm during last week and is expected to be firm in next week also amid firm movement in maize.

### 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	-259.0
3	-302.0		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0	-79.0	75.0	-167.5	-288.0
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 both could trade firm and keep maize spread with wheat intact 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)		
	19-June-15	12-June-15	Parity To
Indore (MP)	32300	33500	Gujarat, MP
Kota	32000	34000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	33000	34500	Mumbai, Maharashtra
Nagpur (42/46)	33000	35000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33700	35300	Andhra, AP, Kar, TN
Latur	33500	34300	-
Sangli	33800	35000	Local and South
Sholapur	33500	35000	Local and South
Akola	32700	34700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	33500	35200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	32000	33000	-

**Soy DOC at Port**

Centers	Port Price	
	19-June-15	12-June-15
Kandla (FOR) (INR/MT)	32850	34000
Kandla (FAS) (USD/MT)	515	531

**International Soy DOC**

Argentina FOB \$/MT	18-Jun-15	11-Jun-15	Change
Soybean Pellets	364	352	12
Soybean Cake Meal	364	352	12
Soybean Meal	372	360	12
Soy Expellers	372	360	12

**Sunflower (DOC) Rates**

Centers	Ex-factory rates (Rs/ton)		
	19-Jun-15	12-Jun-15	Change
Adoni	21300	21400	-100

Khamgaon	NA	NA	-
Parli	21500	21600	-100
Latur	21000	21000	Unch

#### Groundnut Meal

Groundnut Meal	19-Jun-15	12-Jun-15	Change
Basis 45% O&A, Saurashtra	27300	28000	-700
Basis 40% O&A, Saurashtra	24300	25000	-700
GN Cake, Gondal	27000	27500	-500

#### Mustard DOC/Meal

Mustard DOC/Meal	19-Jun-15	12-Jun-15	Change
Jaipur (Plant Delivery)	16000	16400	-400
Kandla (FOR)	17000	17300	-300

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

Market	Grade	17-Jun-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Red	1200	1200	1300	1200	1420
Davangere	Loose	1250	1350	1270	1300	NA
Nizamabad	Bilty	1275	1275	1270	1240	1400
Ahmadabad	Feed	1330	1310	1300	1325	1490
	Starch	1330	1330	1350	1360	1550

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	165.06	146.55	169.41	231.3
Cost and Freight	215.06	201.55	229.41	266.32

#### 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	
<b>Total</b>	<b>4075617</b>	<b>2668918</b>	<b>3512217</b>	<b>1210954</b>	<b>233136</b>

#### Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>18-Jun-15</u>	<u>11-Jun-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1604	1448	156
		Hybrid	Bangalore	1600	2100	-500
Jowar	Karnataka	White	Bangalore	2050	2050	Unch
		White	Bellary	1406	1322	84
Maize	Karnataka	Yellow	Davangere	1250	1300	-50
	Andhra Pradesh	Yellow	Nizamabad	1240	1240	Unch
Rice	Haryana	IR8	Karnal	2000	2000	Unch
		Parmal Raw	Karnal	2250	2400	-150
Soy meal	Madhya Pradesh	DOC	Indore	3220	3400	-180
	Maharashtra	DOC	Sangli	3350	3500	-150
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2130	2140	-10
	Maharashtra	Ex-factory	Latur	2100	2100	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1650	1650	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2700	2750	-50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	963	962	1
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	906	909	-3

**Note: Prices Rs./ Qtl**

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