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## Summary

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

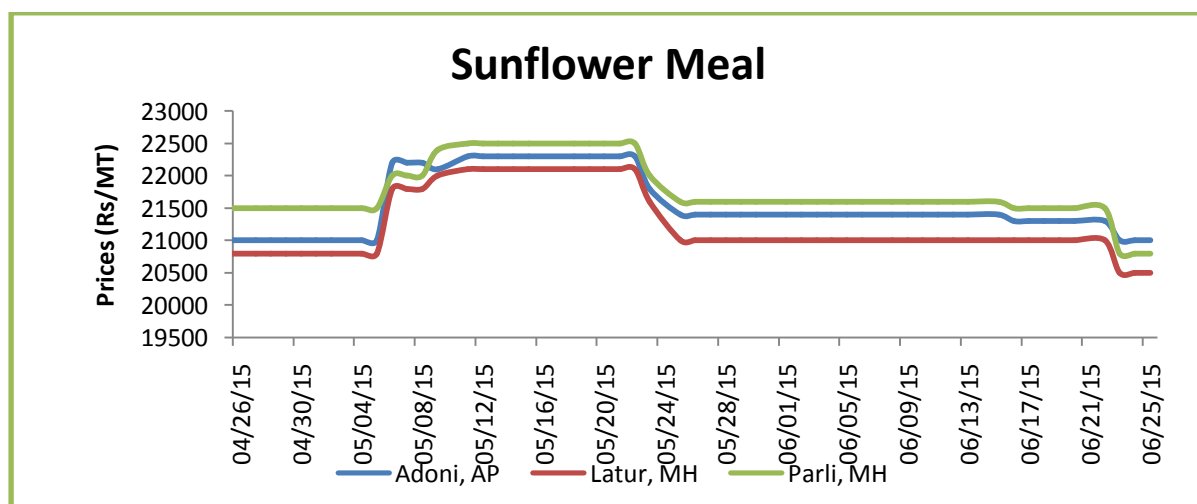
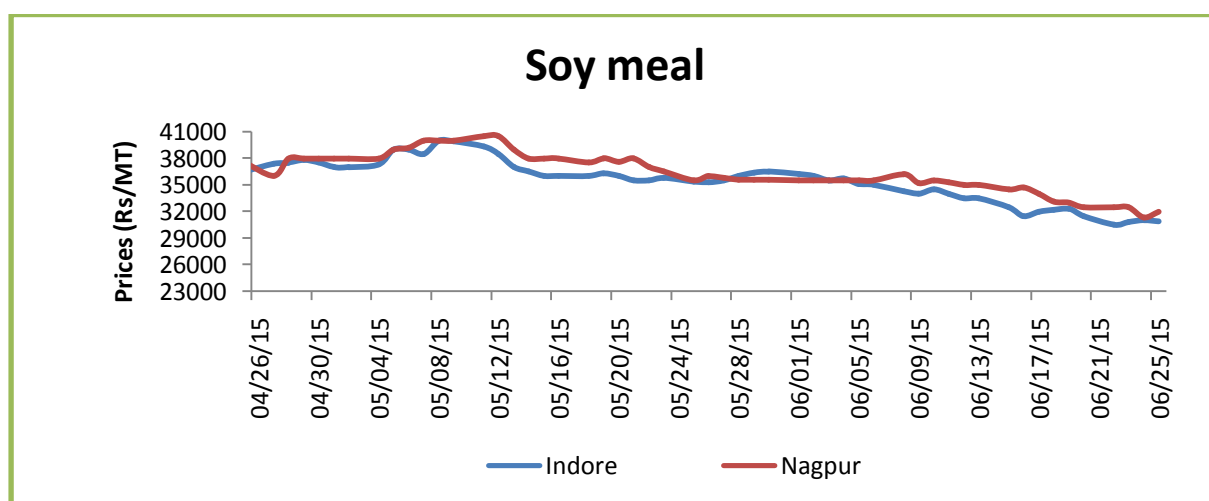
The domestic soybean continued downtrend with better than expected seasonal rains. The rains were adequate for land preparation and planting for the soybeans in the key growing regions.

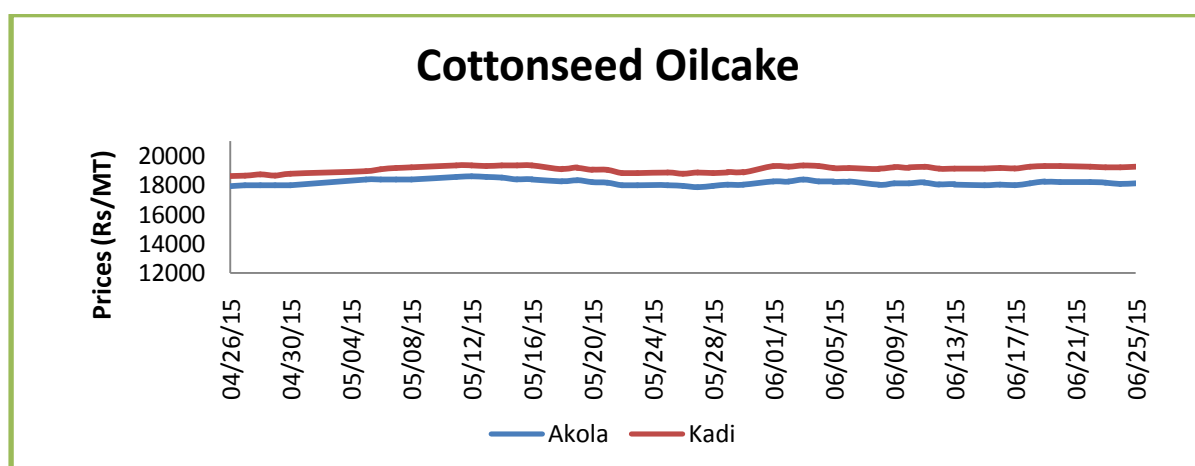
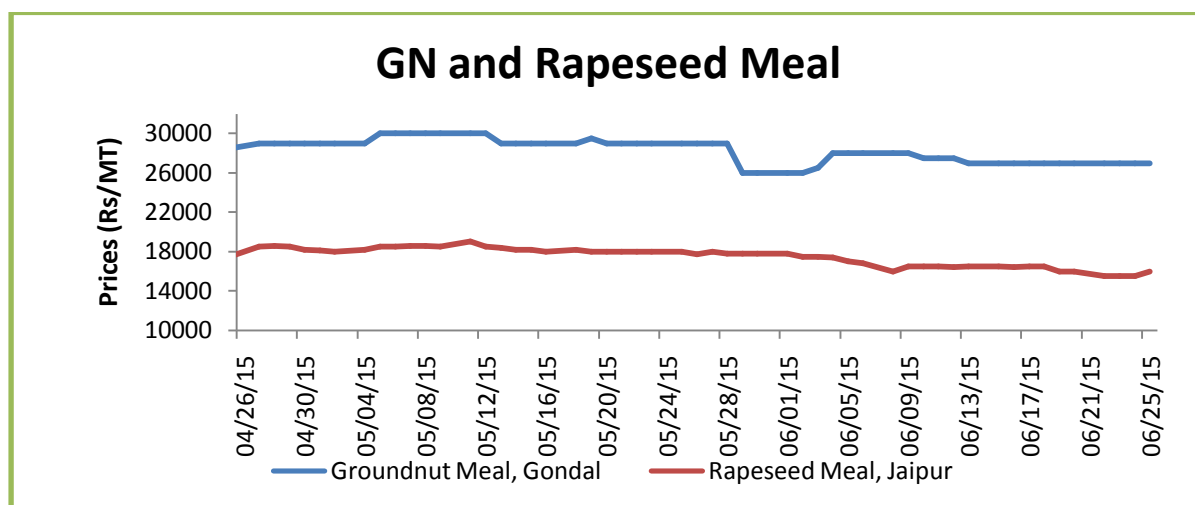
The domestic soy meal declined in sync with soybean on bearish fundamentals during the period under review.

Better seasonal rains which favoured the domestic soy planting remained pressurizing factor for the meal, which was already suffering from weak exports since last couple of seasons.

Overall maize cash markets traded firm as feed makers demanded maize at the lower rate during the week under review and market is likely to be steady to firm with the continued demand.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

Soybean and meal and rapeseed-mustard fell in tandem on bearish domestic fundamentals during the week under review.

Monsoon has progressed far better than expected and the seasonal rains have gripped whole of India during the week, which was much needed for *khari* oilseeds planting.

Better palm oil exports from Malaysia and Indonesia remained supportive for BMD CPO while heavy rains in US mid-west pushed up the CBOT soybean.

### Soybean:

- ❖ The domestic soybean continued downtrend with better than expected seasonal rains. The rains were adequate for land preparation and planting for the soybeans in the key growing regions.
- ❖ However, some of the soy growing pockets have received excess rains which have increased the soil India's actual rainfall for the period 01.06.15 to 26.06.15 is recorded at 167.5 mm

which is above the normal at 132.2 mm and the departure is reported at 27%. Currently, the rains are adequate for soybean planting across the key growing regions.

- ❖ All the key soy growing regions of Malwa-West MP, Vidharba - Maharashtra and East Rajasthan has received excess rainfall. Besides, Saurashtra - Gujarat has received excess rains raising concern over kharif groundnut crop.
- ❖ India's soybean planting intention is expected to be slightly higher by about 5% due to lower planting intentions in cotton, in the state of Maharashtra, the major area is expected to shift to soybean. India's 2014/15 soybean planting was in 110.22 lakh hectares which was already lower by 9.8% than in 2013.
- ❖ Further, wet weather in US mid-west has hurt the remaining soybean planting and the worst affected are Missouri and Kansas.
- ❖ Crude oil, WTI- NYMEX, is hovering around US \$ 60 per barrel and currently at US \$ 59.63 per barrel.
- ❖ *Better than expected seasonal rains, higher edible oil imports, lower soy meal shipments will pressure the domestic soybean market. However, recent rains in the US mid-west have hurt the remaining soybean planting in the region. This will limit any sharp fall in near-term in addition to consistent Chinese buying.*

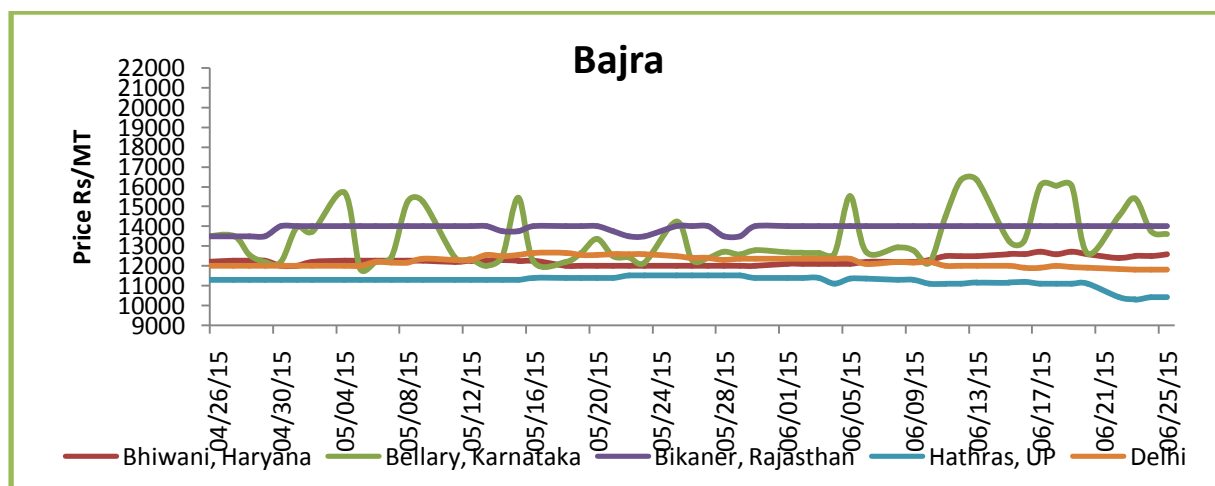
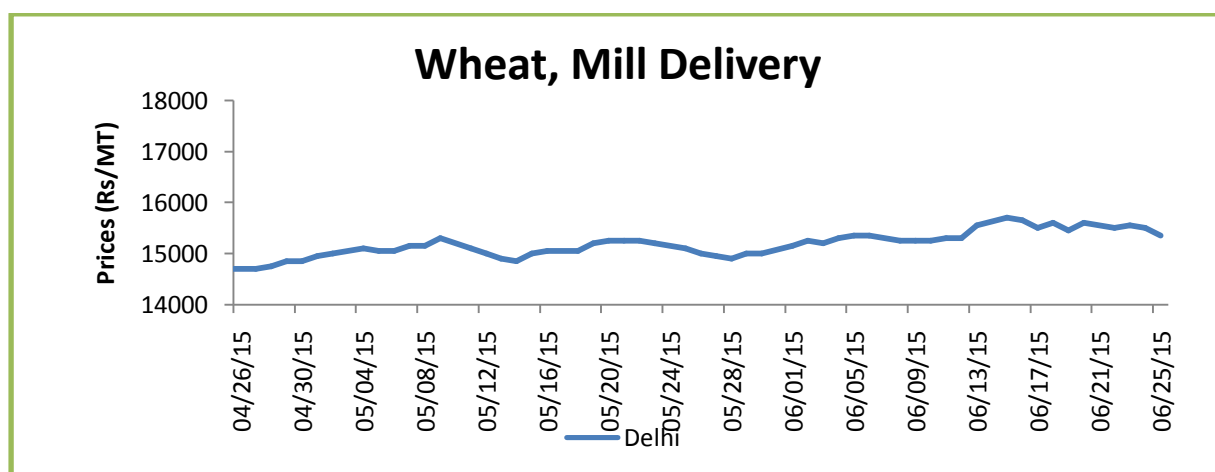
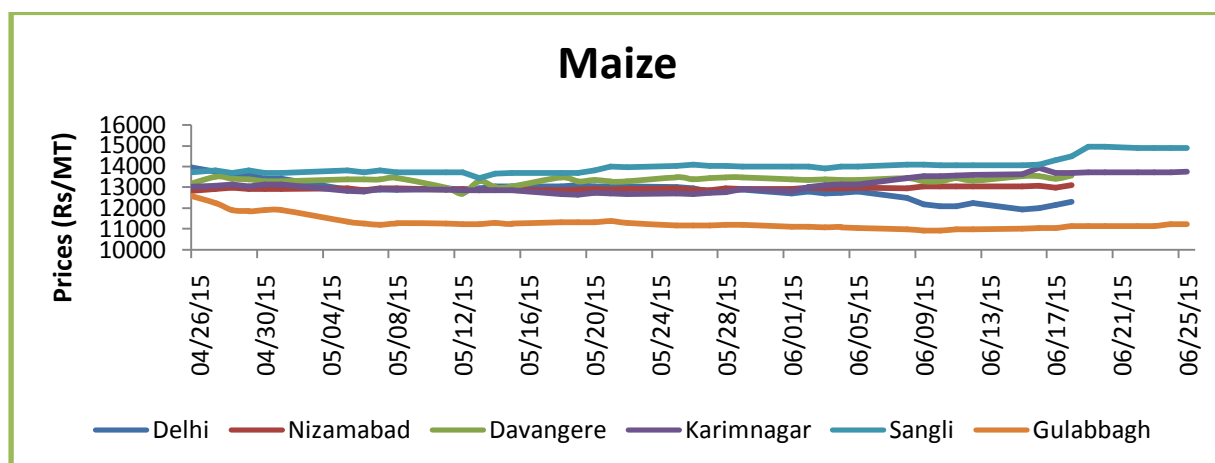
#### **Soy meal:**

- ❖ The domestic soy meal declined in sync with soybean on bearish fundamentals during the period under review.
- ❖ Better seasonal rains which favoured the domestic soy planting remained pressurizing factor for the meal, which was already suffering from weak exports since last couple of seasons.
- ❖ India's soy meal exports failed to pick-up due to increased global supply scenario followed by record soybean production in the key growing which eventually increased the global soy meal supplies at competitive price compared to meal of Indian origin.
- ❖ Soy meal and rapeseed meal prices on Europe's have got dearer on concern about unfavourable weather for soy bean crop development in the US and rapeseed crops in Germany.
- ❖ The soy meal exports from Argentina have surged in June after the strike in May which had disrupted the meal shipments from the country during the month.
- ❖ In EU, the rapeseed meal stood strong on concern dryness is stressing rapeseed crops in Germany, in most years the EU's largest rapeseed producer. Germany's 2015 winter rapeseed crop is expected to decline 20% from a year earlier to 4.99 million tonnes, forecasted by Germany's association of farm co-operatives this week.
- ❖ Sunflower meal prices too firmed-up on expectations of lower than estimated rapeseed output in Europe which could shift demand to sunflower meal.
- ❖ The heat wave concern is over with onset of monsoon, the chicken and egg prices have surged due to heat wave which has killed above 17 million birds in recent weeks.
- ❖ Overall, the domestic meal consumption fell in recent weeks.

- ❖ 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.
- ❖ India's rapeseed meal exports fell from 2011 and China's rapeseed meal imports declined as well after the ban.
- ❖ *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-lower in tandem with soybean and meal and in anticipation of further fall in the seed prices during the week under review.
- ❖ The seed is pressured by weak soybean and negative palm oil export sales (Jun 1-25) from Malaysia as Ramadan buying is over. However, the domestic rapeseed-mustard fundamentals in medium and long-term remain strong.
- ❖ China has identified India's 5 rapeseed-mustard crushing plants for rapeseed-mustard meal imports, which has recently lifted ban from meal of Indian origin. This will lend support to the seed prices at higher levels in cash market.
- ❖ According to SGS Malaysia Palm oil exports fell by 0.8 percent during June 1-25 from 1,404,964 tons to 1,393,204 in May 1-25, fall of 0.8 percent m-o-m. Weaker palm oil export sales from Malaysia will pressure BMD CPO and limit the gains in domestic rapeseed-mustard.
- ❖ But, tight domestic rapeseed-mustard supplies and strong demand from crushers remained bullish for the seed market.
- ❖ Higher imports is due to zero export duty on palm oil by Indonesia and Malaysia (except April 2015) since October 2014 and less demand of CPO for bio diesel, pushed the export of palm oil to India to reduce swelling stock held by the exporting countries i.e. Indonesian and Malaysia. Due to higher prices of oilseeds and lesser realization of oils and meals domestically, resulted in record imports of vegetable oils into India, said Solvent Extractors' Association of India (SEA).
- ❖ The all India seed arrivals are gradually falling and they were reported total of about 7,30,000 bags during the week under review compared to about 8,40,000 bags previous week. In Rajasthan the supplies too were reported lower at about 4,45,000 bags compared to about 5,15,000 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 firm as feed makers demanded maize at the lower rate during the week under review and market is likely to be steady to firm with the continued demand.

In India, around 16.56 million hectare has been sown which is slightly higher than last year's 13.41 million hectare covered during same period last year.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs 10 per quintal to Rs. 1360 per quintal. Starch feed makers also quoted maize firm by Rs. 20 per quintal to Rs. 1375 per quintal as compared to last week.

As per IBIS data, exports of corn were reported around 9119 tons for the period of 15<sup>th</sup> -21<sup>th</sup> Jun '15 mainly to Nepal followed by Philippines, Yemen and Malaysia.

Maize is moving towards Kolkata at Rs.1300 per quintal, sourced from Bihar. Maize could trade steady to slightly firm in the near term due to feed makers demand.

In A.P, as per trade sources, farmers are likely to shift 5-7% maize crop area towards soybean. Stock of maize could be around 21,000 tons (20,000 Government and 1,000 in the hands of Private traders). Around 70-80% maize sowing has been completed.

Maize is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1480 per quintal, Rs. 1480 per quintal, Rs. 1420 per quintal, Rs. 1440 per quintal and Rs. 1460 per quintal respectively, sourced from Davangere. It is expected to trade steady to slightly firm for the near term. In Davangere, maize sowing has been completed around 60%. As per trade sources, around 5% cotton area has shifted towards maize.

In Delhi, maize traded steady at Rs 1200-1220 per quintal as compared to last week. Maize could trade slightly firm in the near term amid stockist and poultry feed makers demand. Stock of maize could be around 400 tons.

Maize market is likely to trade steady to slightly firm due to feed makers demand.

As per USDA, U.S accumulated corn export figures reached to 35,190,811 metric tons for the 2014-15 marketing year. Exports of 11,25,975 MT were up 8 percent from the last week and 16 percent from the prior 4-week average; reported by U.S to Japan (468,700 MT), Mexico (204,700 MT), South Korea (124,600 MT), Colombia (96,000 MT), Taiwan (71,400 MT), and China (61,100 MT) for the period Jun 12- 18, 2015.

IGC has revised global corn production estimate up from 961 to 963 MMT for 2015-16. Corn consumption for 2015/16 has too been revised up to 976 MMT from the prior season's 974 million tons.

Wheat cash market trades steady to slightly weak on lower offtake from millers and sluggish trading activities in markets due to rains. Better advancement of monsoon and good rains fall throughout the country have impacted market sentiments. Weak futures too have weakened inner tone. Overall sentiment remains weak in the short term. Premium grade would continue to trade steady to firm.

At present, rake loading from Kota region of Rajasthan to South Indian states is being done at Rs 1760 to Rs 1770 per qtl for milling grade wheat. If bulk users source it from Punjab and Haryana costing would go up slightly. Besides, there is a fear over quality of wheat procured this year. So, local millers will continue to prefer wheat from open market first.

India has exported 3624.07 tonne wheat in the third week of June till 21<sup>th</sup>. at an ave FOB price of \$273.88 per tonne. During the same period wheat import was registered at 5745.03 tonne at an Ave CIF of \$295.85 per tonne. Wheat has been imported from Australia and is likely to continue.

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 wheat under buffer and strategic reserve on 1<sup>st</sup> July, 2015.

Total wheat procurement was registered at 276.19 lakh tonne as on 25.06.2015 against 270.68 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 12.95 lakh tonne. Overall procurement is up by 0.46 percent this year

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.

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 Baira

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	32.5
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. 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	-768.0	-773.0	-760.0	-198.0	-253.0	-53.0	-75.0	16.0	63.0	-218.0	-289.0
3	-902.0	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0	-198.0	-298.0
4	-727.5	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5	-202.5	-287.0
5	-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 firm during last week as maize traded firm with the steady price movement in jowar. We expect maize spread with jowar firm for next week also.

## 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	-37.0
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	-242.0
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 firm as wheat traded down with the firm movement in maize during last week. We expect maize spread with wheat firm for next week.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centres

Centres	Ex-factory rates (Rs/ton)		
	26-Jun-15	19-June-15	Parity To
Indore (MP)	30800	32300	Gujarat, MP
Kota	30500	32000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	32000	33000	Mumbai, Maharashtra
Nagpur (42/46)	32000	33000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32400	33700	Andhra, AP, Kar, TN
Latur	32400	33500	-
Sangli	32900	33800	Local and South
Sholapur	32800	33500	Local and South
Akola	31500	32700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	32100	33500	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	30500	32000	-

#### Soy DOC at Port

Centers	Port Price	
	26-Jun-15	19-June-15
Kandla (FOR) (INR/MT)	30800	32850
Kandla (FAS) (USD/MT)	484	515

#### International Soy DOC

Argentina FOB \$/MT	25-Jun-15	18-Jun-15	Change
Soybean Pellets	372	364	8
Soybean Cake Meal	372	364	8
Soybean Meal	380	372	8
Soy Expellers	380	372	8

#### Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	26-Jun-15	19-Jun-15	Change
Adoni	21000	21300	-300
Khamgaon	NA	NA	-
Parli	20800	21500	-700
Latur	20500	21000	-500

**Groundnut Meal**

Groundnut Meal	26-Jun-15	19-Jun-15	Change
Basis 45% O&A, Saurashtra	26800	27300	-500
Basis 40% O&A, Saurashtra	23800	24300	-500
GN Cake, Gondal	27000	27000	Unch

**Mustard DOC/Meal**

Mustard DOC/Meal	26-Jun-15	19-Jun-15	Change
Jaipur (Plant Delivery)	16000	16000	Unch
Kandla (FOR)	16800	17000	-200

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

Market	Grade	25-Jun-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Red	1215	1200	1290	1170	1415
Davangere	Loose	1370	1250	1250	1300	1500
Nizamabad	Bilty	NA	1275	1270	1240	1390
Ahmadabad	Feed	1360	1330	1300	1350	1570
	Starch	1360	1330	1335	1330	1530

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	171.06	152.87	183.07	248.73
Cost and Freight	221.06	207.87	243.07	283.73

**Soy Meal Exports (In MT):**

Month	2011	2012	2013	2014	2015
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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>25-Jun-15</u>	<u>18-Jun-15</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1360	1604	-244
		Hybrid	Bangalore	1600	1600	Unch
Jowar	Karnataka	White	Bangalore	2050	2050	Unch
		White	Bellary	1291	1406	-115
Maize	Karnataka	Yellow	Davangere	1320	1250	70
	Andhra Pradesh	Yellow	Nizamabad	NA	1240	-
Rice	Haryana	IR8	Karnal	1950	2000	-50
		Parmal Raw	Karnal	2200	2250	-50
Soy meal	Madhya Pradesh	DOC	Indore	3090	3220	-130
	Maharashtra	DOC	Sangli	3290	3350	-60
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2100	2130	-30
	Maharashtra	Ex-factory	Latur	2050	2100	-50
Mustard	Rajasthan	Plant delivery	Jaipur	1600	1650	-50
Groundnut Meal	Gujarat	GN Cake	Gondal	2700	2700	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1925	1926	-1
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1813	1818	-5

**Note: Prices**  
**Rs./Qtl**

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