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## Summary

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

The domestic soybean could not remain at higher level and fell once again on weak international factors during the week under review.

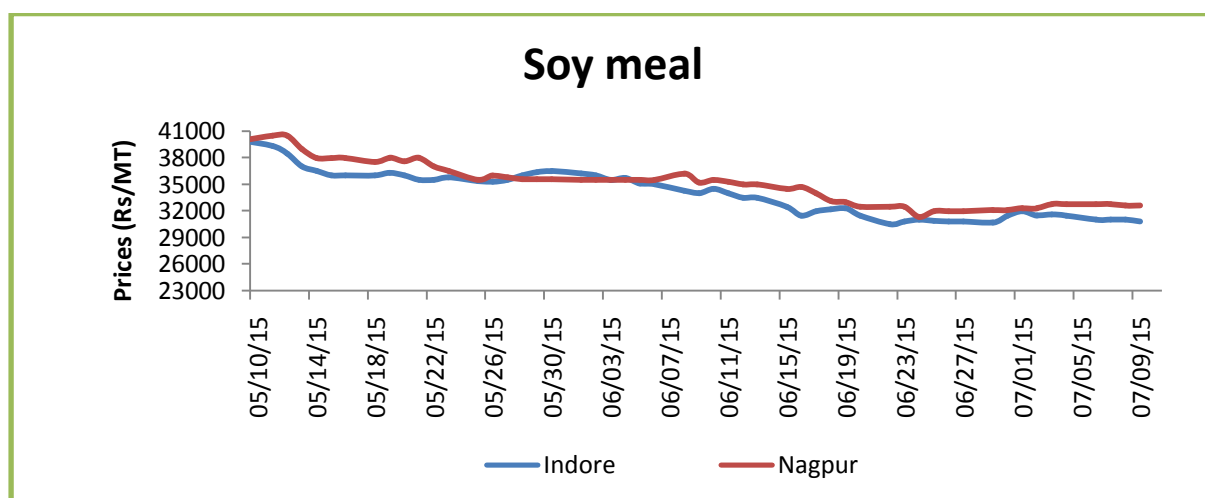
The fall in benchmark, CBOT, soybean led by Greece crisis and fall in crude by 8% pressured domestic soy during the week under review.

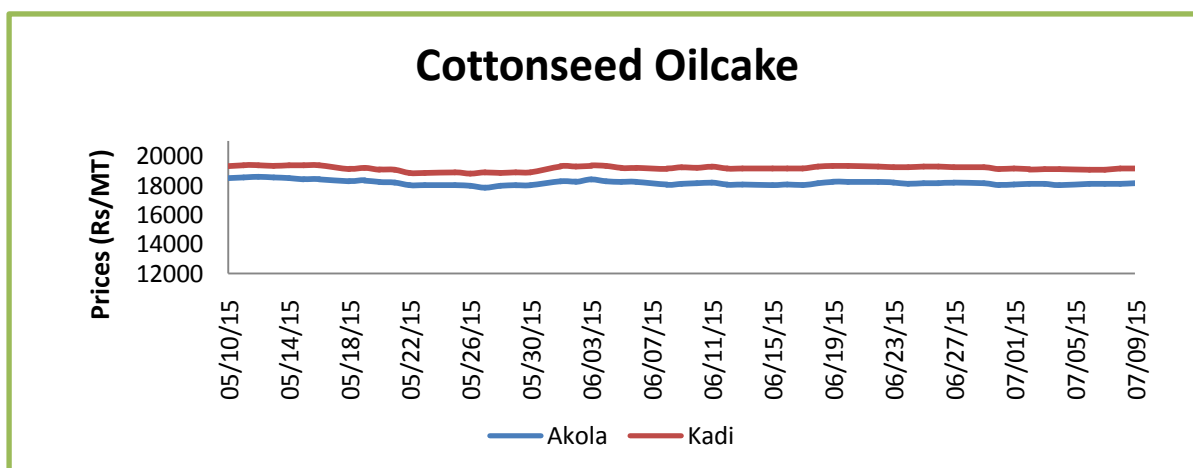
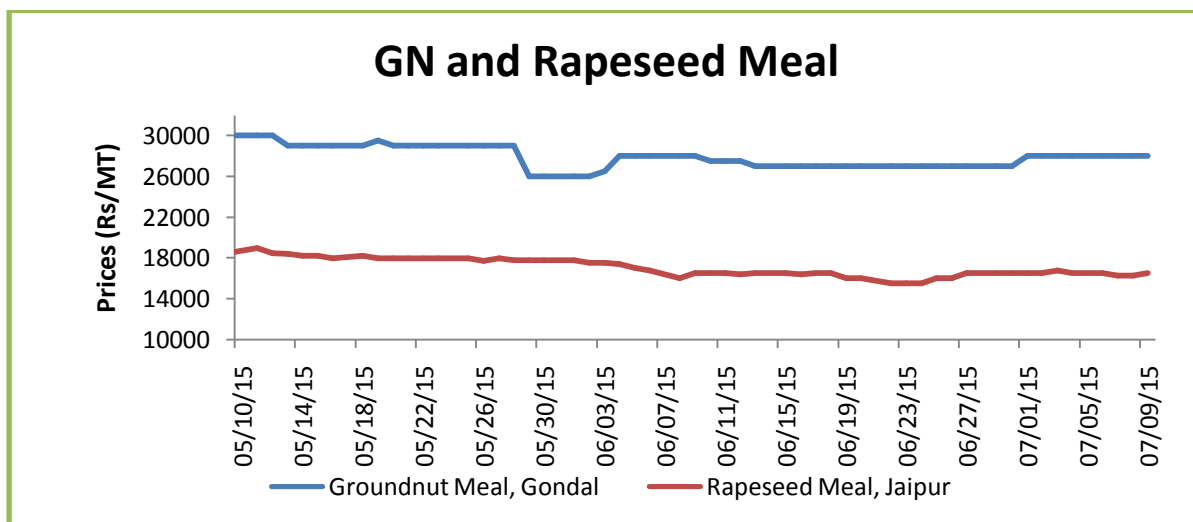
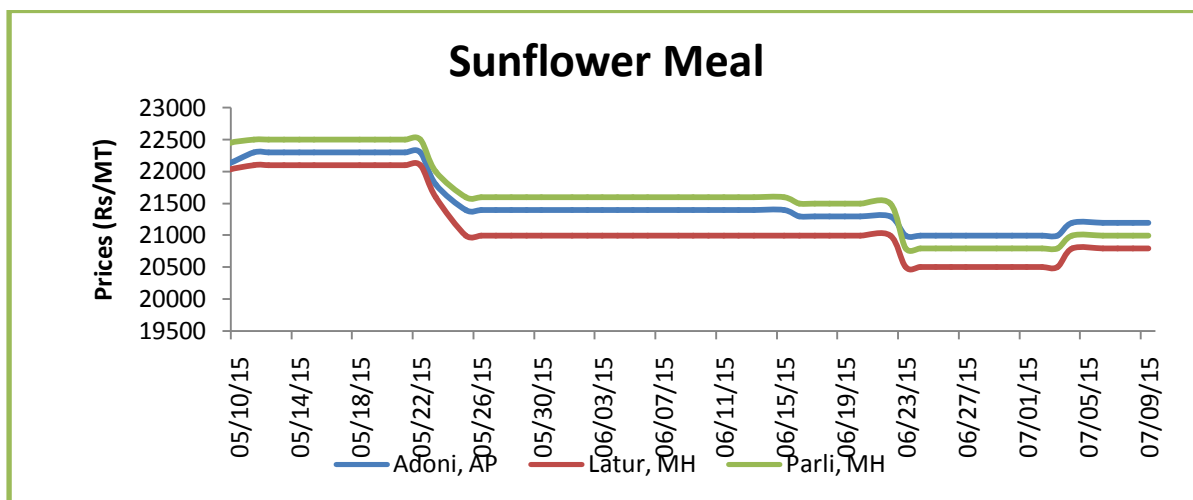
The domestic soy meal fell in tandem with soybean pressured, by weak global factors during the period under review.

Further, continued weak soy meal export sales of India led by offers at competitive price by South America remained bearish for domestic meal.

Steady to firm sentiments witnessed in major cash markets of maize during the week under review and market is likely to be slightly firm with the continued feed makers' demand.

## Trend – Raw Material, Feed





Source: AgriWatch

## Executive Summary

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Soybean and meal and rapeseed-mustard witnessed losses during the week under review, primarily on weak global factors.

Greece crisis and fall in the crude by 8% pressured the oilseeds during the week under review. However, few short-term bullish news towards the end of the week limited the losses.

The soybean planting is progressing and nearing completion in India as well as in US, however the weather concern remained has hit the planting pace.

### Soybean:

- ❖ The domestic soybean could not sustain at higher level and fell once again on weak international factors during the week under review.
- ❖ The fall in benchmark, CBOT, soybean followed by Greece crisis and fall in crude by 8% pressured domestic soy during the week under review.
- ❖ The USDA monthly demand and supply reports was unexpectedly bearish. The market was expecting US to lower the US soybean yield due to incessant rains in US Midwest, which was not done. However, the MPOB data on demand and supply was bullish with reports of lower inventories and fall in production and higher palm oil exports.
- ❖ The South American soybean exports fell seasonally to about 0.96 million tonnes in June, revealing the the buyers were slightly cautious in placing the orders during the period.
- ❖ As discussed, the US soybean planted area for 2015 is estimated at a record high 85.1 million acres, up by 2% from last year. Area for harvest, at 84.4 million acres, is also up by 2% from 2014 and will be record high, if realized. Record high planted acreage is estimated in Kentucky, Minnesota, Ohio, Pennsylvania, and Wisconsin.
- ❖ The soybean planting in India is progressing ahead with likely rise in the area this year.
- ❖ India's actual seasonal rainfall from 1 June to 10 July 2015 is reported at 245.8 mm compared to 251.8 mm normal and the departure stood at - 2%.
- ❖ Chinese imports of soybeans are likely to reach 9.2 – 9.5 million tonnes in July which is much higher when compared to monthly average of 5.5 – 6 million tonnes.
- ❖ *Higher edible oil imports, lower soy meal shipments will pressurize the domestic soybean market and bearish global soybean supply scenario. However, recent rains in the US Midwest have hurt the remaining soybean planting in the region. This will limit any sharp fall in near-term in addition to better Chinese buying.*

### Soy meal:

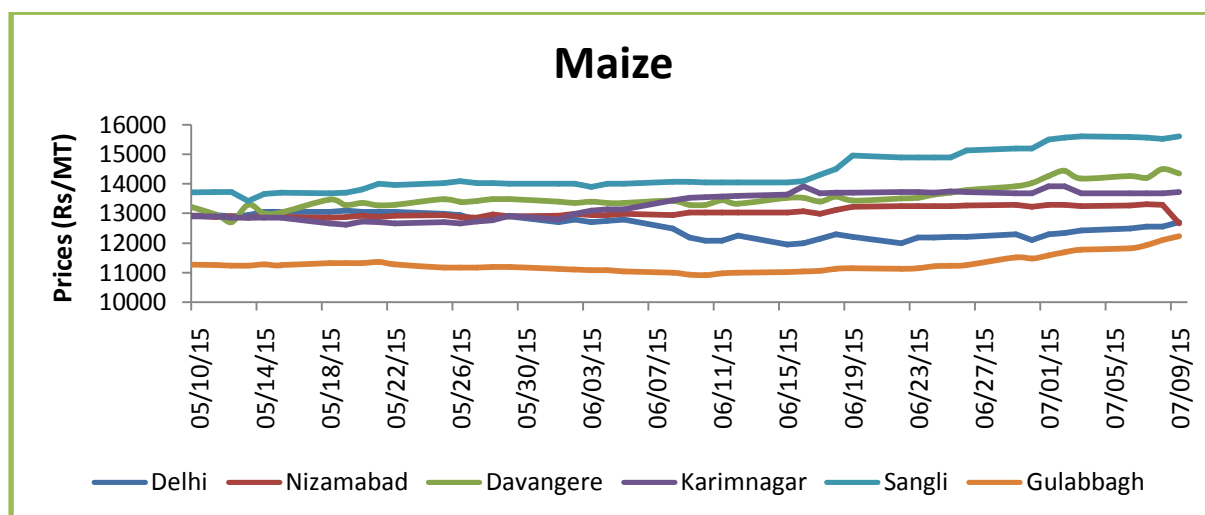
- ❖ The domestic soy meal fell in tandem with soybean, pressured by weak global factors during the period under review.
- ❖ Further, continued weak soy meal export sales of India followed by offers at competitive price by South America remained bearish for domestic meal.
- ❖ India's oil meal shipment in June fell by 34% compared to the same period last year to 137, 571 tonnes.

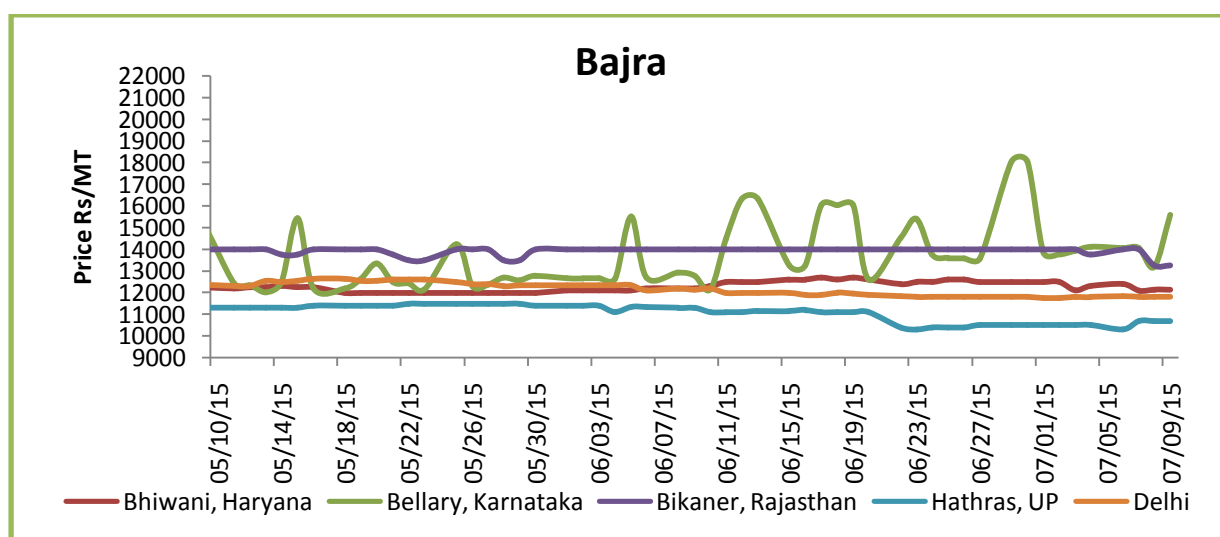
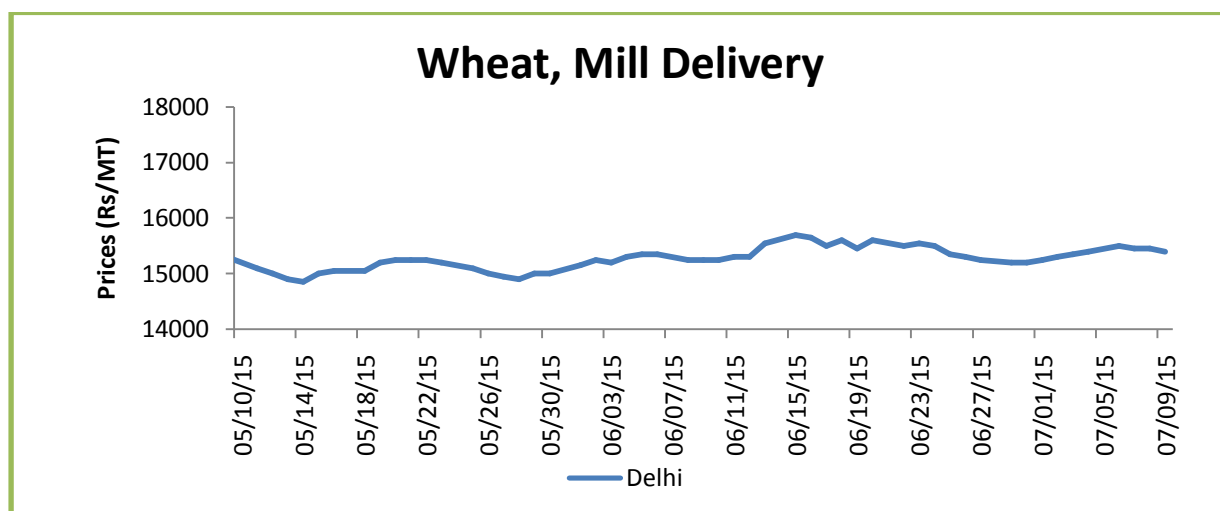
- ❖ Of India's total oil meal shipments in Jun, soy meal comprised of 2,098 tonnes, rapeseed meal (56,139 tonnes), rice bran extraction (2,200 tonnes) and castor seed meal was (77,134 tonnes).
- ❖ India's soy meal shipment during June, 2015 was 2,098 tons as compared to 2,637 tons in June, 2014 showing a decrease of 20.41% over the same period of last year.
- ❖ On a financial year basis, the soy meal export during April'2015 to June'2015 is 34,160 tons as compared to 86,741 tons in the same period of previous year showing a decrease of 60.61%.
- ❖ During current Oil year, (October – September), total soy meal exports during October 2014 to June, 2015 is 5,83,788 tons as against 20,51,322 tons last year, showing a decrease by 71.54%.
- ❖ India's soy meal exports commitments continued to remain weak and are not expected to pick-up due to increased global supply scenario led by record soybean production in the key growing areas. This eventually increased the global soy meal supplies at competitive price compared to meal of Indian origin.
- ❖ We expect the domestic soy meal consumption by the poultry industry to rise in coming days, with the likely increase in poultry consumption as the monsoon gripped the whole of India.
- ❖ Considering the current global scenario, we feel, India may not be able to regain its market which it lost last season due to Competitive prices in US, and South American meal led by record supply scenario.
- ❖ The soy meal prices are likely to feature range-bound movement with weak bias due to improved supply scenario in near-term.
- ❖ Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal will continue to lend support to the domestic soy meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea could be seen as the major destinations for Indian soy meal exports.
- ❖ *India's Y-o-Y soy meal prices are lower. Soy meal export price, FOR Kandla (Jul. – Aug. delivery) was quoted between Rs 31,000 – 33,000/MT compared to Rs 37,500 – 39,000/MT during the same period last year.*

#### **RM Seed:**

- ❖ RM seed fell on cautious buying led by weak international oils and fats market during the period under review.
- ❖ Fall in Malaysian palm oil, BMD CPO; during the week remained the pressurizing factor for the RM seed too. However, the underlying seed fundamentals remain strong as the supplies are tight this season.
- ❖ The all India seed arrivals are gradually falling and they were reported at a total of about 5,85,000 bags during the week under review compared to about 5,90,000 bags previous week. In Rajasthan the supplies too were reported lower at about 3,00,000 bags during the week compared to about 3,20,000 bags previous week.

- ❖ Malaysia's Palm oil ending stocks for June 2015 was at 2,151,287 tons (2,248,577 tons), down 4.33 percent from May 2015. Trade estimates estimated Malaysia's Palm Oil ending stocks at 2.12 million tons. Production for June was at 1,763,928 tons (1,810,709 tons), down by 2.58 percent from May 2015. Exports were higher by 5.19 percent at 1,697,256 tons (1,613,566 tons). Imports were higher by 8.40 percent at 79,396 tons (73,241 tons). Values in brackets are figures of May 2015.
- ❖ China's rapeseed oil reserve policy is reported to be dismantled in 2015-16, according to the International Grains Council.
- ❖ Under this program the Chinese government was buying rapeseed from Chinese farmers since 2009 at prices much higher than international prices.
- ❖ The rapeseed is crushed and the meal is sold immediately while the oil is placed into strategic reserves.
- ❖ IGC estimates that the Chinese government has piled up stock of about six million tonnes of rapeseed oil, which has become costly to maintain.
- ❖ It expects the Chinese government to sell 600,000 tonnes of that oil into the marketplace in 2015-16, which could reduce the amount of canola purchased by the world's largest importer of the product.
- ❖ Tight supplies in seed, overall 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)

Steady to firm sentiments witnessed in major cash markets of maize during the week under review and market is likely to be slightly firm with the continued feed makers' demand.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize firm by Rs 55 per quintal to Rs. 1420 per quintal. Starch feed makers also quoted maize firm by Rs. 40 per quintal to Rs. 1430 per quintal as compared to last week.

As per IBIS data, exports of corn, mainly to Malaysia and Nepal, were reported around 11056 tons for the period of 29<sup>th</sup> Jun -5<sup>th</sup> July '15.

Maize sourced from Bihar is moving towards Kolkata at Rs.1400-1425 per quintal. Maize could trade steady to slightly firm in the near term due to feed makers' demand.

Maize sowing is almost done in A.P. and crop area is likely to be same as compared to last year. However, yield is likely to be affected due to low rainfall. In Nizamabad, stock of maize could be

around 24,000 tons (20,000 Government and 4,000 in the hands of Private traders). Maize is likely to trade steady amid regular poultry and cattle feed makers' demand.

Maize sourced from Davangere is moving towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1560 per quintal, Rs. 1540 per quintal, Rs. 1480 per quintal, Rs. 1520 per quintal and Rs. 1540 per quintal respectively. It is expected to trade slightly firm in the near term due to low supply amid higher demand. In Karnataka, around 60% of maize sowing has been completed. As per trade sources, around 5% cotton area has been shifted towards maize.

In Delhi, maize traded firm by Rs. 35 per quintal to Rs 1270 per quintal as compared to last week. Maize could trade slightly firm in the near term amid stockists and poultry feed makers' demand. Stock of maize could be around 6000 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 37,181,911 metric tons** for the 2014-15 marketing year. Exports of 9,66,205 MT, for the period June 26- July 2, 2015, were down 6 percent from the last week and 4 percent from the prior 4-week average; reported by U.S to Japan (208,200 MT), Mexico (141,800 MT), Peru (83,700 MT), Taiwan (76,100 MT), Egypt (71,400 MT), Saudi Arabia (70,800 MT), and South Korea (65,100 MT).

**USDA decreased its forecasts for the 2015/16 global corn production by 2.19 MMT to 987.11 MMT** from the previous month forecast.

As per the latest crop progress report released by USDA, **Corn silking is 12% as on 5<sup>th</sup> July, 2015**, lower by 2% from the last year and 6% from the last 5 year average period. 69% crop of corn is in good to excellent condition.

**With the start of festive season and rains** arrivals have started affecting the cash market sentiment. Wheat prices have increased by Rs 20 to Rs 30 per qtl. during the week under review. Varieties like Tukra, Lok-1, Sharbati prices moved up sharply while milling grade below average quality inched up slightly. There is a common view in the market that superior grade wheat would continue to trade higher.

**India has exported 15794.28 tonne wheat in the first week of July** till 5th, at an ave FOB price of \$301.25 per tonne (FAQ quality). During the same period wheat import was registered at 9550 tonne at an Ave CIF of \$285.78 per tonne. Wheat has been imported from Australia and is likely to continue as deals have already been struck.

**Wheat stock in central pool was registered at 386.80 lakh tonne on 1st July, 2015.** It is 2.81 percent lower than the stock available in July, 2014. The reason for lower stock is mainly attributed to lower procurement this year (around 276 lakh tonne). It is lower by 4.14 percent in comparison to June, 2015 stock..



**Under stocking norms and strategic reserve, India needs 245 and 30 lakh tonne wheat on 1st July,2015.** As against this, the total availability was 386.80 lakh tonne on 1st,July, higher by111.80 lakh tonne than the actual requirement. As wheat stock in central pool is higher, govt. may release additional quantity to keep prices under check through various modes of allocations.

**Total wheat procurement was registered at 276.19 lakh tonne** as on 25.06.2015 as 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 only12.95 lakh tonne. Overall procurement is up by0.46 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 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.

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. Besides downgraded production estimate by IGC from715 to 711 MMT remains supportive in the near term. However, any one way spike is unlikely as there is lot of wheat in global market. Overall sentiment for July 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	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	July'15
1	27.0	0.00	59.0	144.0	180.0	180.00	252.0	332.0	356.0	119.0	21.0	42.5
2	20.0	-3.00	62.0	202.0	164.0	227.0	247.0	322.0	352.0	67.5	2.0	77.5
3	8.0	6.00	93.0	207.0	119.0	237.0	269.0	338.0	261.0	54.0	7.0	
4	-0.8	63.0	154.0	182.5	139.0	244.0	320.0	361.0	225.0	38.0	32.5	
5		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 maize traded firmvs. bajra. 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	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	July'15
1	-785.0	-781.6	-669.0	-532.0	-230.0	-19.0	-72.0	-16.0	50.0	-181.0	-248.0	-279.0
2	-768.0	-773.0	-760.0	-198.0	-253.0	-53.0	-75.0	16.0	63.0	-218.0	-289.0	-239.0
3	-896.0	-873.0	-547.0	-200.0	-207.0	-53.0	-84.0	31.0	-17.0	-198.0	-298.0	
4	-781.0	-795.0	-792.0	-228.0	-180.0	-50.0	-27.0	48.0	-72.5	-202.5	-287.0	
5		-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	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	July'15
1	-128.0	-112.0	-122.5	-166.0	-155.0	-29.0	-174.0	-116.0	340.0	219.0	-30.0	-29.0
2	-102.0	-117.0	-100.0	-40.0	-149.0	20.0	-175.0	-84.0	390.0	134.0	-69.0	19.0
3	-112.0	-109.0	-147.0	-52.0	-137.0	-178.0	-164.0	-27.5	383.0	43.0	-58.0	
4	-109.0	-105.0	-90.0	-154.0	-110.0	-200.0	-127.0	121.0	327.5	20.0	-37.0	
5		-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	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	July'15
1	-240.0		-309.0	-324.0	-296.0	-212.0	-240.0	-117.0	-43.0	-134.0	-210.0	-238.0
2	-270.0	-269.0	-306.0	-297.5	-297.5	-160.0	-192.5	-97.0	167.5	-184.0	-259.0	-209.0
3		-312.5	-318.0	-307.0	-290.0	-156.0	-176.0	-79.0	75.0	-167.5	-288.0	
4		-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 maize traded firm vs. wheat 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)		
	10-Jul-15	3-Jul-15	Parity To
Indore (MP)	30500	31600	Gujarat, MP
Kota	32800	31500	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	32400	32500	Mumbai, Maharashtra
Nagpur (42/46)	32400	32800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	33000	33000	Andhra, AP, Kar, TN
Latur	32500	33600	-
Sangli	33000	33800	Local and South
Sholapur	33500	33400	Local and South
Akola	32000	32300	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	32300	32600	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	30500	32000	-

### Soy DOC at Port

Centers	Port Price	
	10-Jul-15	3-Jul-15
Kandla (FOR) (INR/MT)	31000	31800
Kandla (FAS) (USD/MT)	489	502

### International Soy DOC

Argentina FOB \$/MT	9-Jul-15	2-Jul-15	Change
Soybean Pellets	NA	378	-
Soybean Cake Meal	NA	378	-
Soybean Meal	NA	386	-
Soy Expellers	NA	386	-

### Sunflower (DOC) Rates

Centers	Ex-factory rates (Rs/ton)		
	10-Jul-15	3-Jul-15	Change
Adoni	21200	21000	200

Khamgaon	NA	NA	-
Parli	21000	20800	200
Latur	20800	20500	300

**Groundnut Meal**

Groundnut Meal	10-Jul-15	3-Jul-15	Change
Basis 45% O&A, Saurashtra	27500	28000	-500
Basis 40% O&A, Saurashtra	24500	25000	-500
GN Cake, Gondal	28000	28000	Unch

**Mustard DOC/Meal**

Mustard DOC/Meal	10-Jul-15	3-Jul-15	Change
Jaipur (Plant Delivery)	16500	16800	-300
Kandla (FOR)	17500	17500	Unch

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

Market	Grade	9-July-15	Week Ago	Month Ago	1 Year Ago	2 Year Ago
Delhi	Red	1250	1215	1225	1230	1450
Davangere	Loose	1450	1450	1300	1370	NA
Nizamabad	Bilty	1300	1300	1275	NA	1500
Ahmadabad	Feed	1380	1360	1310	1380	1625
	Starch	1400	1380	1350	1350	1600

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	185.63	163.94	193.23	257.06
Cost and Freight	235.63	218.94	253.23	292.06

**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	1560	1377	183
		Hybrid	Bangalore	1650	1650	Unch
Jowar	Karnataka	White	Bangalore	2050	2050	Unch
		White	Bellary	1371	1322	49
Maize	Karnataka	Yellow	Davangere	1400	1400	Unch
	Andhra Pradesh	Yellow	Nizamabad	1250	1250	Unch
Rice	Haryana	IR8	Karnal	1950	2000	-50
		Parmal Raw	Karnal	2550	2400	150
Soy meal	Madhya Pradesh	DOC	Indore	3080	3150	-70
	Maharashtra	DOC	Sangli	3310	3450	-140
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2120	2100	20
	Maharashtra	Ex-factory	Latur	2080	2050	30
Mustard	Rajasthan	Plant delivery	Jaipur	1650	1650	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2800	2800	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	1912	1907	5
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	1814	1807	7

**Note: Prices Rs./ Qtl**

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