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Summary

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

Soybean and soy meal fell on weak crusher's demand in bean and poor meal exports. However, rapeseed-mustard posted gains on fresh new crop buying in the cash market and lower carry-in this season.

The rapeseed-mustard harvesting in India is underway the new crop supplies are gradually improving week-on-week. Better buying in seed in the cash market lend support to the seed prices.

Weakness in crude, rains in Argentina and record production of beans in the key producing countries remained pressurizing factors for the market.

Soybean, meal are expected to feature sideways movement while rapeseed-mustard is likely to witness some losses on rising new crop supplies in coming days.

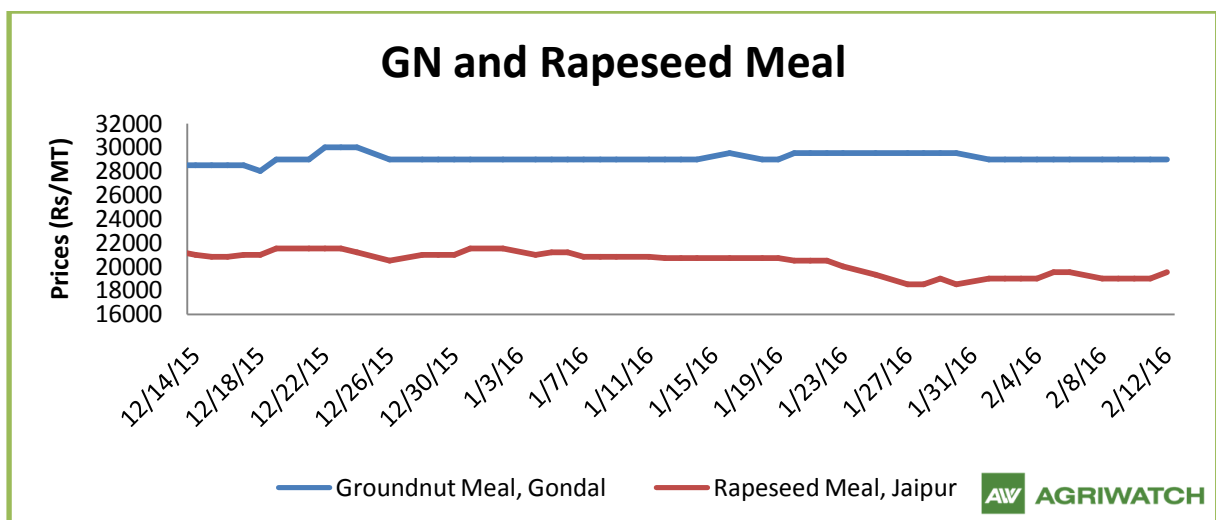
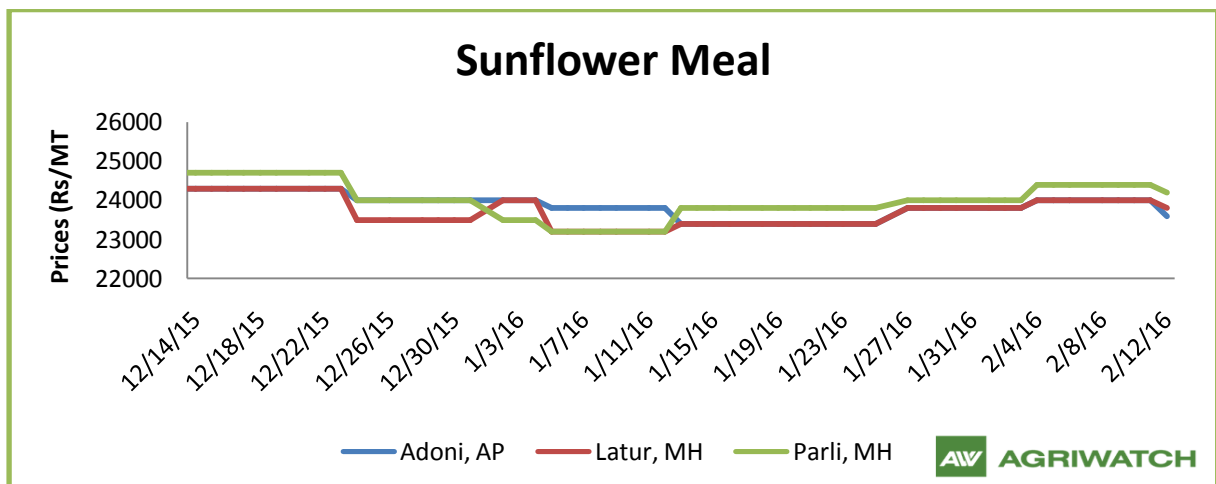
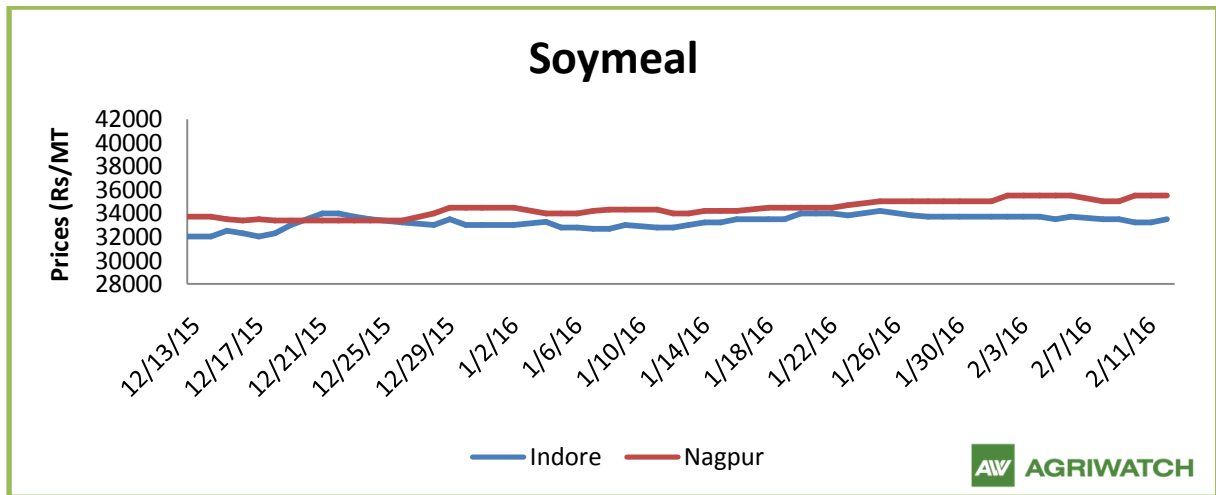
Fall in crude, below US \$ 30/bbl, Brazil's soybean harvesting in full swing, lower soy meal exports from India, higher edible oil stocks with India after huge imports will limit any sharp gains in bean and meal, in near-term.

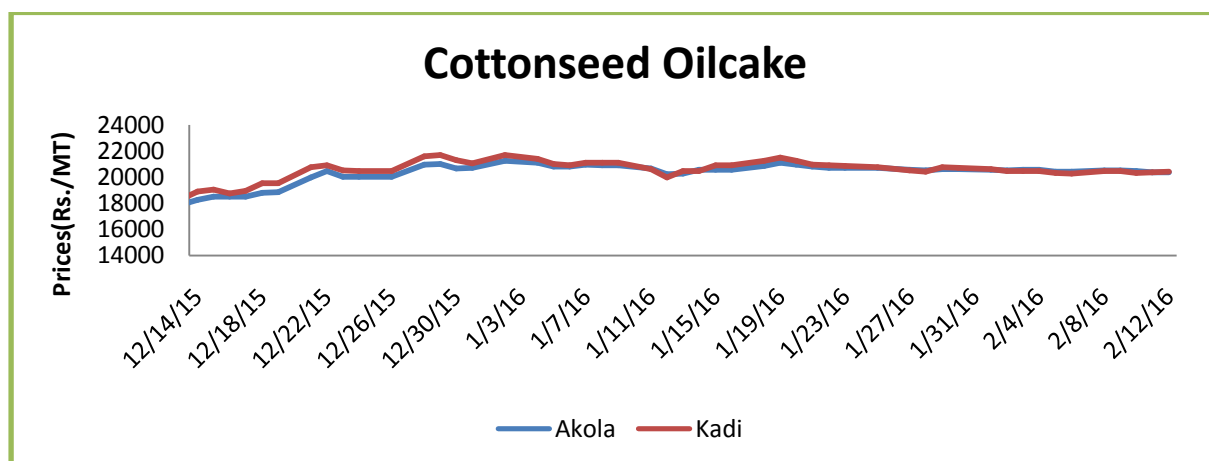
More or less maize cash markets traded steady during the week under review. However, it is expected to be weak in the near term on the expectation of further imports as PEC has issued another tender to import for 2,40,000 MT of corn. In its first tender, PEC has made a purchase of 2,25,500 MT of yellow corn, said to be sourced from Ukraine. The purchase comprised of 80,500 MT bought at \$191.99 / MT c&f, of which 40,000 MT was for shipment between Jan. 27 to Feb. 17 and 40,500 MT on Feb. 8-27. A further 65,000 MT was purchased at \$193.49 /MT c&f for shipment between Jan. 27 and Feb. 17. The remaining 80,000 MT had been purchased at \$192.99 /MT c&f with 45,000 MT for shipment between Feb. 1-20 and 35,000 MT between Jan. 27 and Feb. 17.

Considering the current weather conditions, Agriwatch expects maize production of 5.38 MMT for this Rabi season with the expected yield of 3752 kg/ hectare.

In Ahmadabad region of Gujarat, poultry feed makers quoted maize steady in a range of Rs. 1560-1600 per quintal. However, starch feed makers quoted it down by Rs. 15 per quintal in range of Rs. 1580-1625 per quintal as compared to last week.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean featured mild losses on sluggish crusher's bean demand followed by weak soy meal exports and rise in soyoil imports at attractive prices in recent months.

Continued disparity on crushing the beans remained bearish for domestic soybeans.

The domestic soybean is trading in a narrow range between Rs 2,700 – 2,850 per quintal in the benchmark, Indore since last couple of months.

Bearish global soybean supply scenario in association with weakness in crude mineral oil remained pressurizing factors.

However, India's steady to firm demand in the domestic soy meal from poultry units with rise in seasonal poultry demand limited the losses.

Further, poor soy meal exports, which fell by 93% in January, remained bearish for domestic soybean during the week.

Only a few domestic solvent extractors are keen in buying the beans for crushing to meet the domestic meal and oil demand showed buying interest to meet the domestic meal and oil demand, leading to hand to mouth purchases of beans.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Adani, Cargill, Adani, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, AV Agro, Rama Sitashri Vippy, Kriti, Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

The domestic soybean prices are likely to feature range bound movement in the absence of any fresh overseas meal demand, increased edible oil imports at attractive prices, lower crude and bearish global supply scenario in upcoming weeks.

International:

The international soybean at benchmark, CBOT, hit a one-week high and ended above previous week's close with 0.6% gains.

Soybean prices initially extended previous week's losses and fell seven-week lows, but it spiked towards the weekend at CBOT.

March soybeans on the CBOT ended down 5 cents at US \$ 8.62-1/2 a bushel. The contract traded as low as US \$ 8.61-1/2, the lowest price since Dec. 17.

Further, the soybean crush margins are poor for the major crushing giants in US also. Cargill bought soy meal from ADM to meet their exports commitments which were lower, recently.

The market remained under pressure due to forecast of beneficial rain over key soybean growing belts of Argentina and faster harvesting pace in Brazilian soybeans.

Rosario Grain Exchange has raised its Argentina's 2015/16 soybean production forecast to 58.5 million tonnes from 55 million, if the weather remains favourable in coming days.

Moisture stress to soybean crop in Argentina due to dry weather last month had negatively hit and damaged around 800,000 hectares of soybean.

AgRural has increased its Brazil's forecast for the 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains received by the country in recent days.

Brazil's soybean harvesting has picked-up and has gained momentum in recent days after the pause of rainfall last week and it is currently 16% complete, up from 14% in the corresponding period last year and 10% previous week.

Safras & Mercado has reported that Brazil's 2015/16 soybean crop is sold above 51% sold which is above five-year average of 44% and 38% sold during the corresponding period last year.

World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading another above-average increase in soybean crushings, reports Oil World.

Argentina is likely to produce 58 million tonnes of soybean in 2015/16. This is the first estimate by Buenos Aires Grain Exchange in the weekly report last week.

However, according to the estimates by the government agency, the Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.

China is expected to import record volumes of the oilseed again this season as crushers take advantage of overseas supplies at attractive price to meet nearly all the demand for protein-rich meals.

China's crushing industry is expected to grow by 10% in 2016 to a capacity of 179 million tonnes. The capacity increased by 4% to 162 million tonnes in 2015.

China imported around 78.36 million tonnes of soybean previous season, i.e. between October and September; it is expected to import 82 – 84 million tonnes this season. The projected growth of 2.1 percent is the lowest since 2011/12 as the country's overall economy is slowing.

The rise in demand is cited due to higher than expected demand for soy meal due to rise in China's hog stocks.

Increasing soybean harvesting pace in Brazil, lower crude, higher soybean inventories in Argentina and Brazil, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will continue to keep the soybean prices under pressure in near-term.

Soy meal

Soy meal extended previous week's losses on lower exports and feeble forward booking during the week in review. However, the losses were limited on better domestic demand from poultry units and feed manufacturers.

At international benchmark, CBOT, the soy meal witnessed fresh lows at US \$ 260.4 per ton during the week.

There is no major movement in the soy meal market as prices featured range-bound movement in a narrow range of Rs 32,000 – 34,000 per ton since last couple of months.

At Latur, Maharashtra, soy meal was quoted at Rs 37,500/MT compared to Rs 33,500/MT in Indore, M P. and Rs 32,800/MT in Kota, Rajasthan on Friday. The meal prices of the various centers of Maharashtra were at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's export of soy meal during January, 2016 was just 7,707 tons as compared to 1,03,934 tons in January, 2015 showing a decrease of 92.58% over the same period of last year.

On a financial year basis, the export during April'2015 to January'2016 is 69,266 tons as compared to 5,35,303 tons in the same period of previous year showing a decrease of 87.06%.

During current Oil year, (October – September), total exports during October 2015 to January, 2016 is 26,520 tons as against 4,38,442 tons last year, showing a decrease by 93.95%.

Japan, Kenya, Kuwait, Myanmar, New Zealand, Oman, Seychelles and Thailand were the buyers of Indian soy meal in January.

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

The Global Feed Survey 2016 by Alltech has reported that the global feed (bird and animal) production rose by 1.5% in 2015 on faster growth in poultry.

The survey estimates feed production at 995.5 million tonnes which indicates 14% rise since Alltech's previous survey in 2011. The analysis of five-year trends pointed out growth predominantly from the pig, poultry and aqua feed sectors in the African, Middle Eastern, Latin American and Europe.

India's Y-o-Y soy meal prices, Indore, are higher. Soy meal export price, Indore was quoted higher between Rs 33,200 – 33,700/MT during the week compared to Rs 28,3000 – 29,500/MT during the corresponding period last year.

India may not be able to regain the market it lost last season due to competitive prices in South American and China's coupled with bearish factors.

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 has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.

The soy meal prices will feature range-bound movement with firm bias on domestic demand but the gains will be limited due to the weak exports from India and bearish global supply scenario in near -term.

Rapeseed - Mustard Seed

Rapeseed-mustard posted gains on better buying in the new seed by the solvent extractors in the cash market Friday. Besides, lower carry-in in the new season remained bullish for the seed.

All time high seed prices during the last marketing season remained bullish for the seed and the stockists cleared their stocks at higher prices during the lean season, hence lower carry-in.

Further, the gains in the BMD CPO remained supportive for the seed, but they were limited due to the fall in crude mineral oil.

The seed harvesting is gradually picking-up the pace across the key growing belts in the states of Rajasthan, Uttar Pradesh, Madhya Pradesh, Haryana and West Bengal. Eventually the supplies are increasing week-on –week.

The total all India daily arrival of seeds have touched 1.30 lakh bags mark, however the weekly supplies were slightly hit due to the festival *Basant Panchami*.

We expect the supplies will gradually improve in the coming weeks with the increase in the harvesting pace in coming days which is likely to peak between mid-March and April.

There is no forecast of rains over the seed growing belts and harvesting is expected to be without any hurdles in near-term.

Overall, the crop health is good and the productivity is unlikely to be negatively affected as the observation of the Solvent Extractor's Association of India points that the flowering of rapeseed-mustard is up by 10-15% this season compared to the previous years, which is a good sign.

Agriwatch has forecasted India's 2015/16 rapeseed-mustard production between 5.5 – 6.0 million tonnes.

In the official planting report of the ministry of agriculture, dated 28 Jan. 2016, India's planted area under rapeseed-mustard is reported down by just 1% at 64.51 lakh hectares compared to 65.17 lakh hectares during the corresponding period last year.

India's total 2014/15 area under rapeseed-mustard stood at 65.17 lakh hectares lower by about 9% from 2013/14 area of 71.0 lakh hectares.

India's stock at ports and in pipelines rose to 2.51 MMT on 1st January, 2016 from 2.43 MMT on 1st December, 2015. Stocks at ports and in pipelines are at record levels. Stocks at all ports is estimated at 1.11 MMT tons (CPO 0.52 MMT, RBD Palmolein 0.20 MMT, Degummed Soybean Oil 0.25 MMT, Crude Sunflower Oil 0.10 MMT and 0.04 of Rapeseed (Canola) Oil) and around 1.40 MMT in

pipelines. Stocks at ports and in pipelines are estimated at 47 days of India's edible oil consumption on 1st January, 2016 v/s 44 days requirement on 1st January.

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February 1-10 palm oil exports fell 38.8 percent to 196,968 v/s 322,081 tons in corresponding period last month. Top buyers were India at 42,500 tons (34,750 tons), European Union at 34,300 tons (74,168 tons), China at 24,305 tons (35,500 tons) and US at 22,398 tons (11,300 tons). Values in brackets are figures of last month.

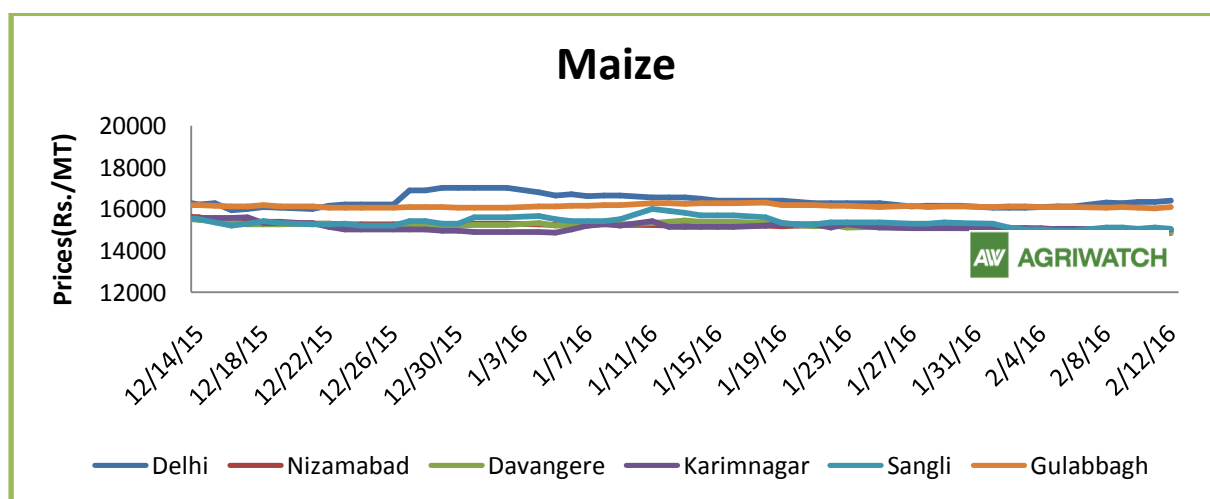
According to Malaysia's palm oil industry regulator Malaysia Palm Oil Board (MPOB), Malaysia's January palm oil ending stocks fell by 12.38 percent to 2.31 MMT from 2.63 MMT in December 2015. Primary reason of fall in stocks was fall in production by 19.26 percent to 1.13 MMT (1.4 MMT). Exports fell by 12.38 percent to 1.279 MMT (1.484 MMT). Imports were 0.037 MMT (0.087 MMT), lower by 135 percent m-o-m. Values in brackets are figures of December 2015.

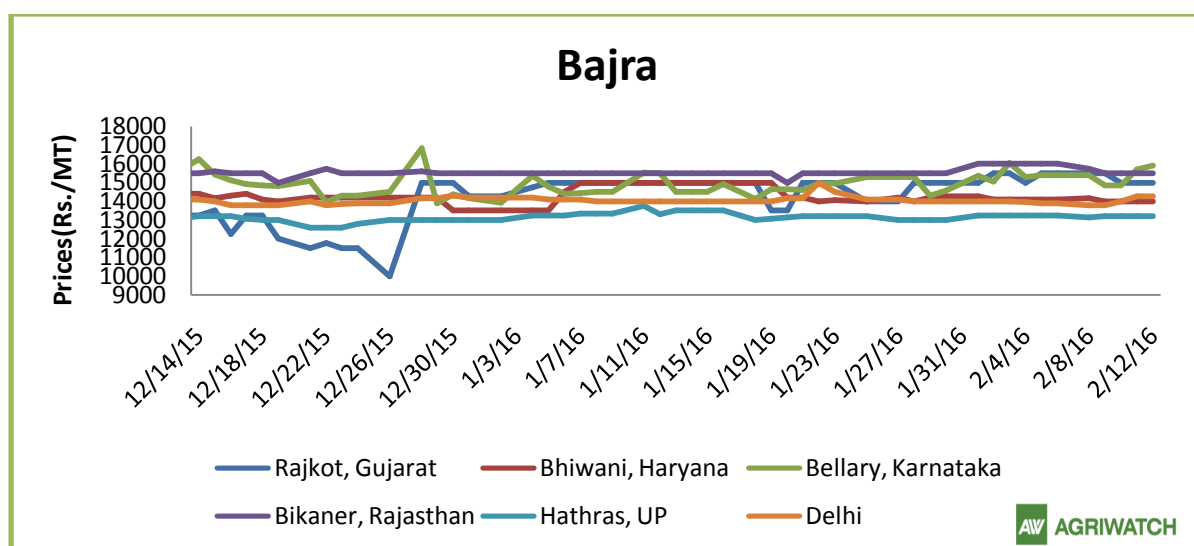
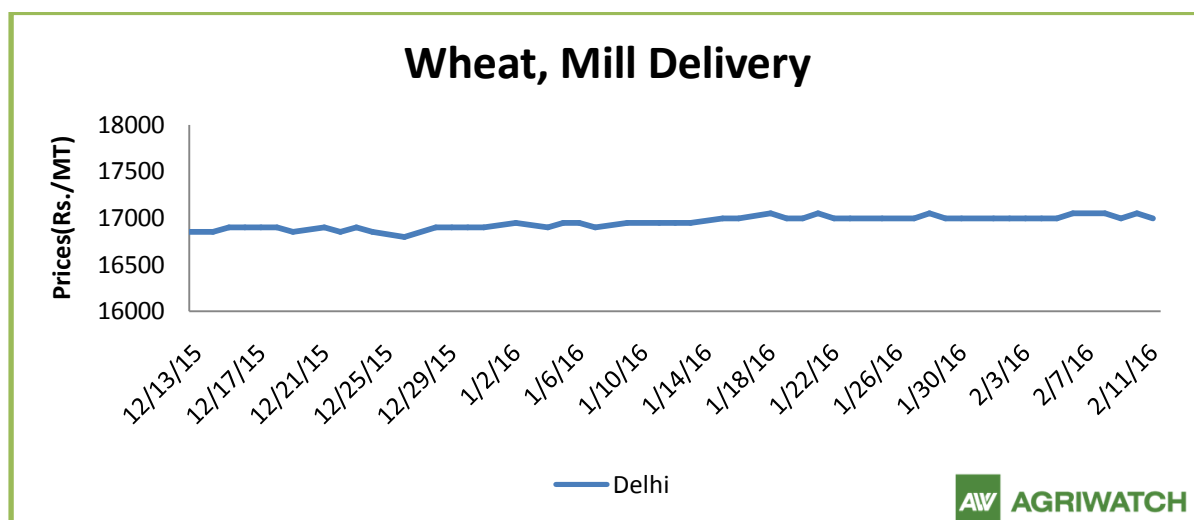
According to Malaysian government, Malaysia kept its March palm oil export duty unchanged at zero. Tax is calculated at a reference price of 2,172.69 ringgit per ton for March. Duty is calculated at prices above 2,250 per ton starting from 4.5 percent to a maximum of 8.5 percent.

It was anticipated that Malaysia could impose export duty on palm oil on recovery of prices. However, imposing duty is difficult as Indonesia's palm oil prices are competitive with USD 50 per ton export levy, which will make Malaysian palm oil uncompetitive in international market.

Malaysia's January palm oil exports fell by 9.7 percent to 1,149,255 tons from 1,272,150 tons in the corresponding period last month. Top buyers were India at 219,540 tons (293,700 tons), European Union at 216,388 tons (297,015 tons), China at 124,107 tons (92,055 tons), United States at 65,537 tons (108,342 tons) and Pakistan at 42,800 tons (39,500 tons). Values in brackets are figures of corresponding period last month, SGS.

Outlook: The rapeseed-mustard will continue to remain under pressure and fall further on upcoming supply pressure of the new crop with increasing pace in harvesting, weakness in soybean and higher edible oil stocks at Indian ports after huge imports.





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

As per IBIS data, around 3728 MT was exported mainly to Srilanka followed by UAE; mainly through JNPT Sea followed by Tondiarpet ICD during the period 1st February'16 to 7th February'16, higher compared to last week.

In A.P, maize stock position could be around 47,000 MT(25000- Private+ 22000-Government) which was around 40,000 MT(5000-Pvt+35000-Government) during the corresponding period of last year. Maize is likely to trade steady to slightly weak in the near term.

Maize sourced from Davangere moved towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1450 per quintal, Rs. 1470 per quintal, Rs. 1450 per quintal, Rs. 1470 per quintal and Rs. 1470 per quintal respectively. Market is expected to trade slightly weak in the near term.

Maize cash market is likely to trade slightly weak on the expectation of further imports amid expectation of higher production in Bihar.

As per USDA, U.S corn exports reached 12,448,731 metric tons in the 2015-16 marketing year. At 5,28,652 MT (for the period 29th Jan- 4th Feb, 2016) exports were down 20 percent from the previous week and 16 percent from the prior 4-week average. The primary destinations were Mexico (199,900 MT), Colombia (106,900 MT), Japan (103,300 MT), Peru (33,000 MT), Taiwan (29,600 MT), and Guatemala (22,200 MT).

Outlook

Feed prices are expected to trade slightly weak as feed ingredients prices traded steady to weak during last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centres	Ex-factory rates (Rs/ton)		
	5-Feb-16	29-Jan-16	Parity To
Indore (MP)	33500	33700	Gujarat, MP
Kota	32500	32400	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	35000	35000	Mumbai, Maharashtra
Nagpur (42/46)	35500	35000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	36200	35600	Andhra, AP, Kar, TN
Latur	37100	37000	-
Sangli	36400	35900	Local and South
Sholapur	35300	35500	Local and South
Akola	35300	34700	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Hingoli	34600	35200	Andhra, Chattisgarh, Orrisa, Jharkhand, WB
Bundi	32300	32300	-

Soy DOC at Port:

Centers	Port Price	
	4-Feb-16	28-Jan-16
Kandla (FOR) (INR/MT)	35000	35000
Kandla (FAS) (USD/MT)	516	514

International Soy DOC			
Argentina FOB USD/MT	4-Feb-16	28-Jan-16	Change

Soybean Pellets	302	304	-2
Soybean Cake Flour	302	304	-2
Soya Meal	310	312	-2
Soy Expellers	310	312	-2
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	5-Feb-16	29-Jan-16	Change
Adoni	24000	23800	200
Khamgaon	NA	NA	-
Parli	24400	24000	400
Latur	24000	23800	200
Groundnut Meal (Rs/MT)	5-Feb-16	29-Jan-16	Change
Basis 45%, Saurashtra	28500	28800	-300
Basis 40%, Saurashtra	25500	25800	-300
GN Cake, Gondal	29000	29500	-500
Mustard DOC/Meal	5-Feb-16	29-Jan-16	Change
Jaipur (Plant delivery)	19500	19000	500
Kandla (FOR Rs/MT)	18500	18500	Unch
Sri Ganganagar	2175	2125	50

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	11-Feb-16	04-Feb-16	11-Jan-16	11-Feb-15	11-Feb-14
Delhi	Hybrid	1625	1625	NA	1425	1410
Davangere	Loose	1360	1380	1440	1130	1140
Nizamabad	Bilty	1490	1490	1520	1265	1126
Ahmadabad	Feed	1600	1580	1570	1360	1325
	Starch	1600	1600	1600	1350	1350

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	167.32	140.45	163.64	232.12
Cost and Freight	217.32	195.45	223.64	267.12

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	14046
Jun	117600	180987	213564	2636	2098
Jul	139547	168341	107038	6682	928
Aug	165510	10005	183555	2778	768
Sep	225921	6525	173381	868	6886
Oct	223594	49840	182724	29071	4237
Nov	397659	517103	503269	110806	8909
Dec	798041	510698	451314	193832	
Total	4075617	2668918	3512217	1210954	271008

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>11-Feb-16</u>	<u>04-Feb-16</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1569	1528	41
		Hybrid	Bangalore	2150	2150	Unch
Jowar	Karnataka	White	Bangalore	2200	2200	Unch
		White	Bellary	1435	1422	13
Maize	Karnataka	Yellow	Davanger e	1360	1380	-20
	Andhra Pradesh	Yellow	Nizamaba d	1460	1460	Unch
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2100	2100	Unch
Soy meal	Madhya Pradesh	DOC	Indore	3350	3350	Unch
	Maharashtra	DOC	Sangli	3640	3640	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2360	2400	-40
	Maharashtra	Ex-factory	Latur	2380	2400	-20
Mustard	Rajasthan	Plant delivery	Jaipur	1950	1950	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	2900	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2039	2031	8

Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2038	2043	-5
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Note: Prices
Rs./Qtl

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