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Summary

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

Soybean, meal and rapeseed-mustard witnessed losses on weak buying and new crop seed supplies during the week under review.

Bearish global soybean supply scenario limited the gains in bean while continued domestic demand in soy meal remained somewhat supportive.

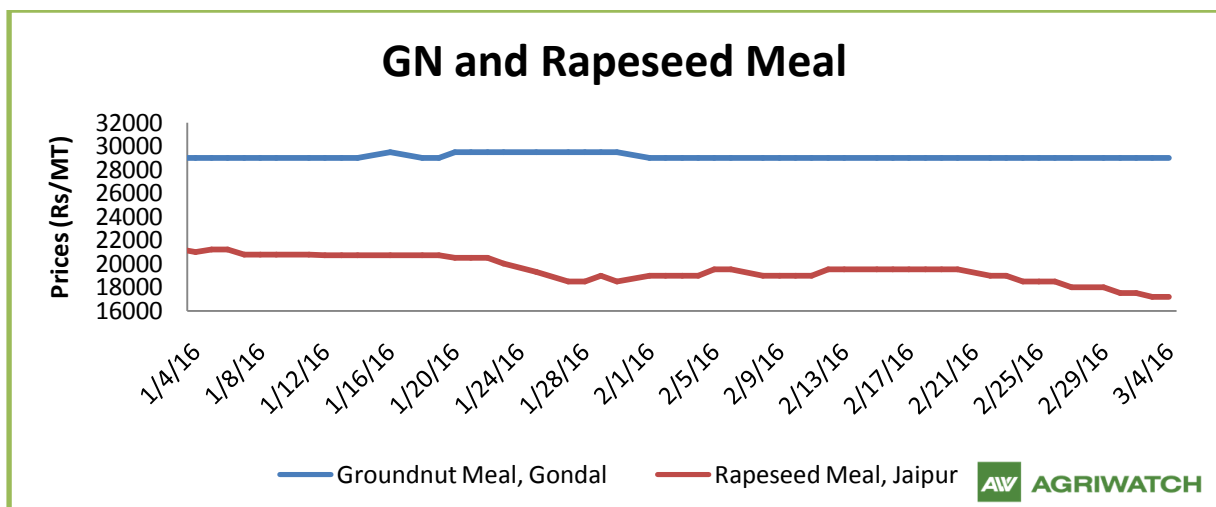
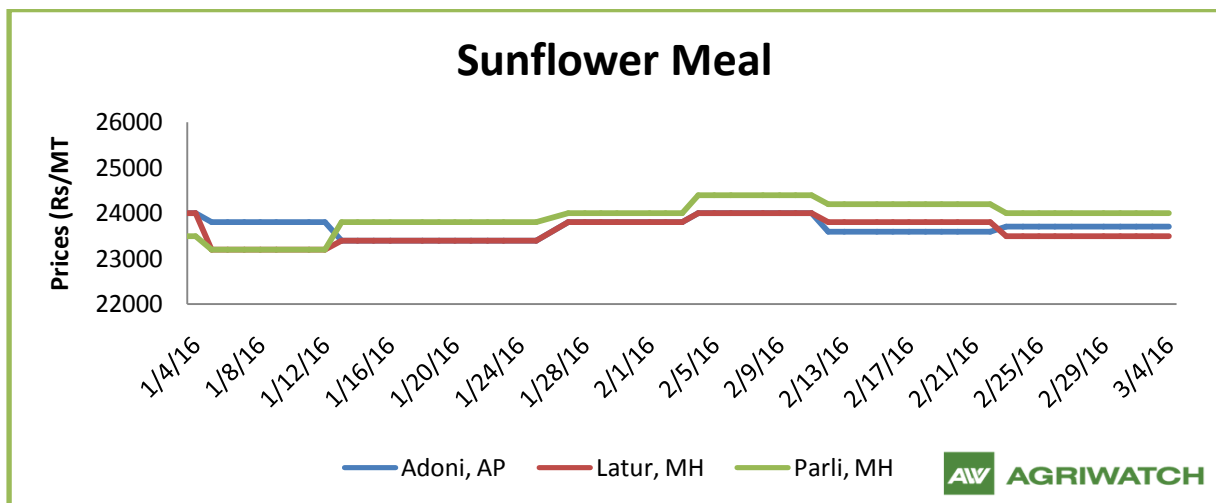
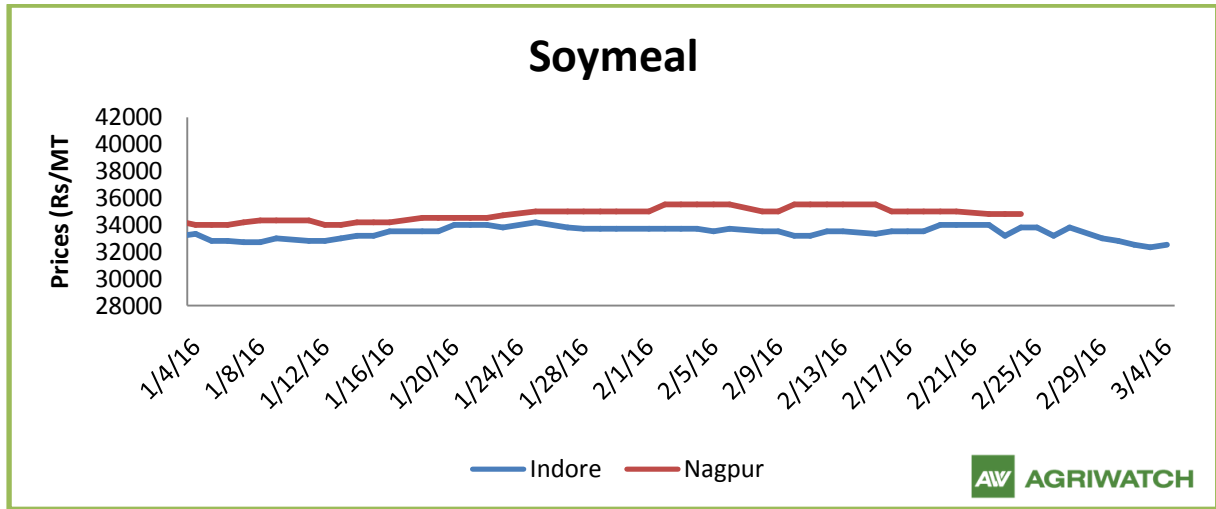
Rapeseed-mustard harvesting is in full swing, and it is almost done in some key producing belts, which has increased the seed supplies in recent weeks pressuring the seed market drastically.

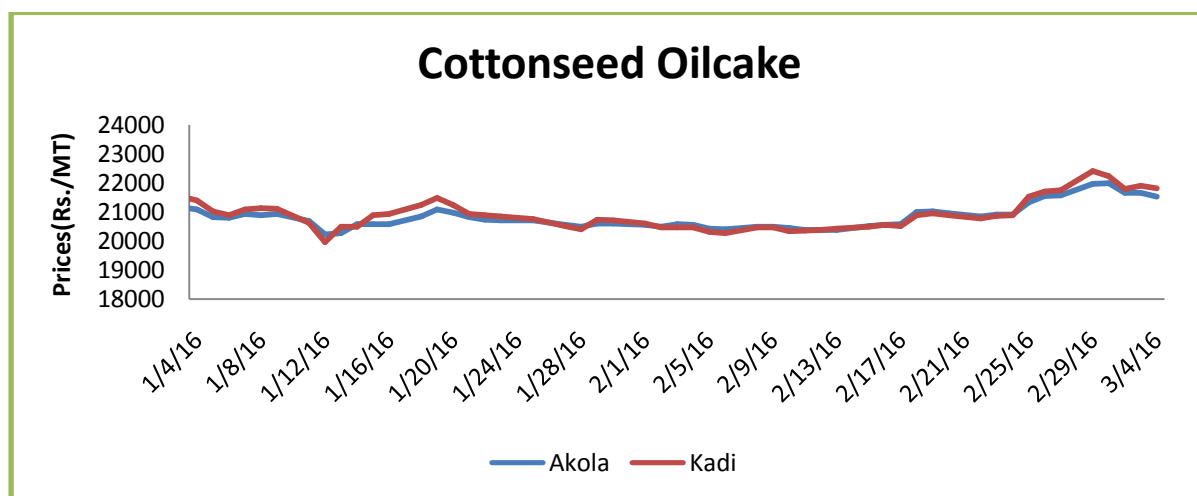
Higher soybean supply prospects from South America with increasing harvesting pace in Brazil, lower soy meal exports from India, higher edible oil stocks with India after huge imports will keep the limit any sharp gains in bean and meal, in near-term. Besides, rapeseed-mustard will remain under supply pressure in near-term.

Overall maize cash markets traded steady to slightly weak during the week under review and are expected to trade range bound with weak bias in the near term. 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 at Rs. 1560 per quintal. However, starch feed makers quoted it firm by Rs. 25 per quintal to Rs.1585 per quintal as compared to last week.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean fell on weak buying and poor soy meal exports in conjunction with plunged in international soybean market, which slightly improved towards the weekend, during the period under review.

Weak global cues followed by expected record South American soybean production this season and prevailing disparity on crushing domestically followed by poor soy meal exports remained bearish for the beans.

Besides, higher edible oil imports at competitive price continued to remain negative for soybean during the period.

The benchmark, Indore, soybean prices once again fell to 3600 levels which was trading in a narrow band of Rs 37,00 – 38,50 per quintal earlier and hit a low at Rs 36,00 per quintal during the week on weak global cues.

Need based buying from local solvent extractors is featured and we feel, given the bearish fundamentals, there will not be aggressive buying during the whole season due to poor soy meal exports and cheaper edible imports leading to disparity on crushing the 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 on weak soy meal exports, increased edible oil imports at attractive prices, lower crude and bearish global supply scenario in upcoming weeks.

International:

The international soybean at benchmark, CBOT, rebound after a it fell on multi-week lows, lowest since November; on harvest of bumper crop in South America and heavy deliveries against expiring March contract late March.

The U.S. Department of Agriculture reported that the US solvent extractors crushed 4.81 million tons of soybean during January compared to 5.01 million tons during December.

The USDA has reported that the country's soy meal inventories at the end of January up at 368,063 tons compared to 270,421 tons in December. Crude soy oil inventories are reported at 1.725 billion pounds at the end of January.

USDA has projected the US 2016/17 soybean outturn lower at 3.810 billion bushels from 3.930 billion. The US soybean yields are forecasted to fall to 46.7 bushels per acre from 48.0 and carry out is likely to tighten by 10 million bushels to 440 million in the report.

FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.

Again, Informa has raised its Brazil's 2015/16 soybean production forecast in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month.

However, it has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.

Brazil's 2015/16 soybean is 41% harvested which is in line with the corresponding period last year and ahead 5-year average of 39% said Agencia Rural. Further, Brazil's soybean sales stood at 55% of 2015/16 crop from 50% in January and 40% during the corresponding period last year.

Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.

Brazil is expected to produce 98.5 million tonnes of soybean 2015/16, down 99.4 million tonnes estimated in December but up from 96.2 million tonnes harvested previous year, said Abiove.

Brazil is likely to ship 54.6 million tonnes of soybean harvested this year which is down from 55 million estimated previously but up from 54.32 million tonnes, Abiove.

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

According to CRF Argentina's soybean production is nearing last year's record around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.

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

China is forecast to import 83 million tonnes of soybean in 2015/16 up 6% from 78.35 million tonnes previous season, compared to USDA's forecast of Chinese import of 80 million tonnes. This is due to the higher demand for animal feed.

According to China General Administration of Customs, China's imports of soybean fell to 5.66 MMT in January 2016 v/s 9.12 MMT tons in December 2015, lower by 31.2 percent m-o-m. In January 2015 imports of soybean were 6.88 MMT.

Oil World has said, that the global stocks of soybeans are seen increasing by 3 Mn T to a new high of around 90 Mn T this season, approximately 28.5% of annual consumption.

South American soybean harvest, lower crude, 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 fell in tandem with soybean pressured by weak international factors and poor meal exports from India. Fresh lows in CBOT soy meal (US \$ 255.7/short ton) limited the gains in the domestic market.

However, continued seasonal meal demand from the poultry industry and feed manufacturers restricted the losses in the domestic meal prices.

India's soy meal exports continued to be weak and the market is waiting for the India's February soy meal exports figure. India exported about 64,514 metric tonnes of soy meal in February 2015 and 18,35,51 MT in Feb. 2014. We expect India's February 2016 meal exports figures lower than the corresponding period last year.

In a major event in February, the state Finance Minister of Madhya Pradesh has announced the removal of VAT on soy meal/DOC and soy milk and several other developmental schemes for agri sector while presenting the state budget for 2016-17.

Dr. Davish Jain, Chairman of The Soybean Processors Association of India (SOPA) has welcomed tax exemption and other measures.

Dr. Jain said the overall thrust of the Budget is on agriculture, which is a good sign and the schemes like better irrigation, use of harvested rain water, tax concession on agricultural implements will give a boost to the farm sector in the State. He said, SOPA has also requested that 1% Entry Tax on soybean seed should be exempted and Mandi Tax should be reduced to 1% as prevalent in neighboring States.

Soy meal prices continued to feature range-bound movement in a narrow price band of Rs 33,000 – 34,000 per ton since last couple of weeks. They are unexpended to gain sharply owing to the bearish factors.

At Latur, Maharashtra, soy meal was quoted at Rs 34,300/MT compared to Rs 32,500/MT in Indore, M P. and Rs 32,300/MT in Kota, Rajasthan in the first week of March. 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 compared to 1,03,934 tons in January, 2015 showing a decrease of 92.58% over the corresponding period of last year.

On a financial year basis, the export during April'2015 to January'2016 is 69,266 tons 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.

Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

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.

Poultry production in Brazil and Argentina has increased sharply which has increased their domestic meal consumption.

India's Y-o-Y soy meal prices, Indore, are higher. Soy meal export price, Indore was quoted higher between Rs 32,300 – 33,800/MT during the week compared to Rs 28,000 – 29,000/MT during the corresponding period last year.

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 continued to feature downtrend on harvesting – new crop supply pressure during the week under review. The rapeseed-mustard harvesting is in full swing in key growing belt and it is almost complete in Uttar Pradesh with exception for late planted.

The farmer's are keen in offloading the seed at the current prices. The solvent extractors and the stockists are the key buyers and are covering their stocks for future.

The recovery of the oil from the newly harvested seed has reportedly increased in the seed of UP this year between 34% - 36% compared to 31% and in West Bengal between 38% - 39% this year from 34% previous year.

In a major event for the seed in February, Rajasthan government has lifted the stock limit on rapeseed-mustard; this will enable the farmers to get good price to the newly harvested seed this year. Mustard Oil Producer's Association (MOPA) has welcomed the government orders.

The recent average total of all India daily seed arrivals is reported around 3.5 – 3.65 lakh bags compared to around 1.15 – 1.20 lakh bags during the corresponding period last month and 2.8 – 3.0 lakh bags during the corresponding period previous year.

The seed supplies are expected to improve further in coming weeks as the farmers will gradually offload their newly harvested seed.

We expect the supplies to gradually improve in the coming weeks with farmers expected to offload their newly harvested crop.

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

In the official final planting report of the ministry of agriculture, India's planted area under rapeseed-mustard was reported down by just 1% at 64.51 lakh hectares compared to 65.17 lakh hectares 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 edible oil imports and BMD CPO determines domestic rapeseed-mustard prices.

India imported 1,255,054 tons of edible oil in January 2016 v/s 1,082,670 tons in January 2015, higher by 15.9 percent y-o-y. Palm oil imports were 688,393 tons (658,670 tons), higher by 4.5 percent y-o-y. Soy oil imports were 441,200 tons (224,430 tons), higher by 96.6 percent y-o-y. Sunflower oil imports were 118,000 tons (155,811 tons), lower by 32 percent y-o-y. Rapeseed (canola) oil imports were 7,481 tons (43,759 tons), lower by 82.9 percent y-o-y. Values in brackets are figures of January 2015.

Imports of edible oil in the first quarter of oil year 2015-16 were 3,995,135 tons v/s 3,355,681 tons in the corresponding period last oil year, higher by 19 percent, reported by Solvent Extractors Association (SEA).

India's Palm oil imports in first quarter in the oil year 2015-16 were 2,350,063 tons (2,293,994 tons), higher by 2.4 percent y-o-y. Soy oil imports in the same period were 1,188,754 tons (442,544 tons), higher by 169 percent. Sunflower oil imports in the same period were 398,398 tons (501,469 tons), lower by 20 percent. Rapeseed (Canola) oil in the same period was 57,920 tons (117,664 tons), lower by 50 percent.

India edible oil stocks at ports and in pipelines fell to 2.46 MMT in January 2015 from 2.51 MMT in December 2015. Edible oil stocks at various ports on 1st February is estimated at 1.06 MMT (CPO 0.445 MMT, RBD palmolein 0.155 MMT, degummed soy oil 0.325 MMT tons, crude sunflower oil 0.105 tons and 0.025 tons of Rapeseed (Canola) Oil) and 1.4 MMT in pipelines. Stocks at ports and in pipelines are estimated at 46 days of India's edible oil consumption compared to 1.6 MMT for India's monthly consumption, reported Solvent Extractors Association (SEA).

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 for 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, reported by Malaysia's palm oil industry regulator Malaysian Palm Oil Board (MPOB),

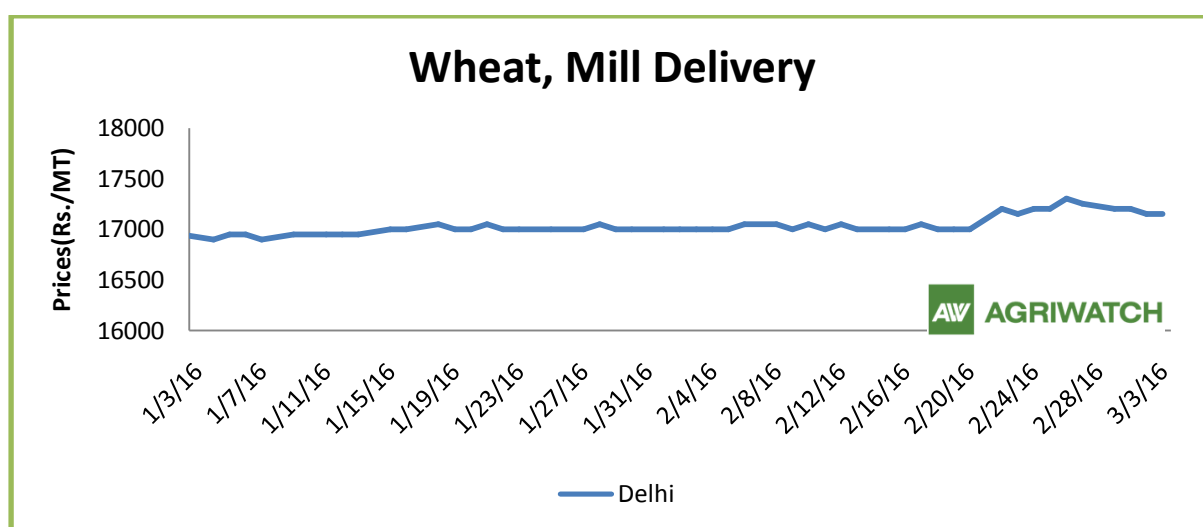
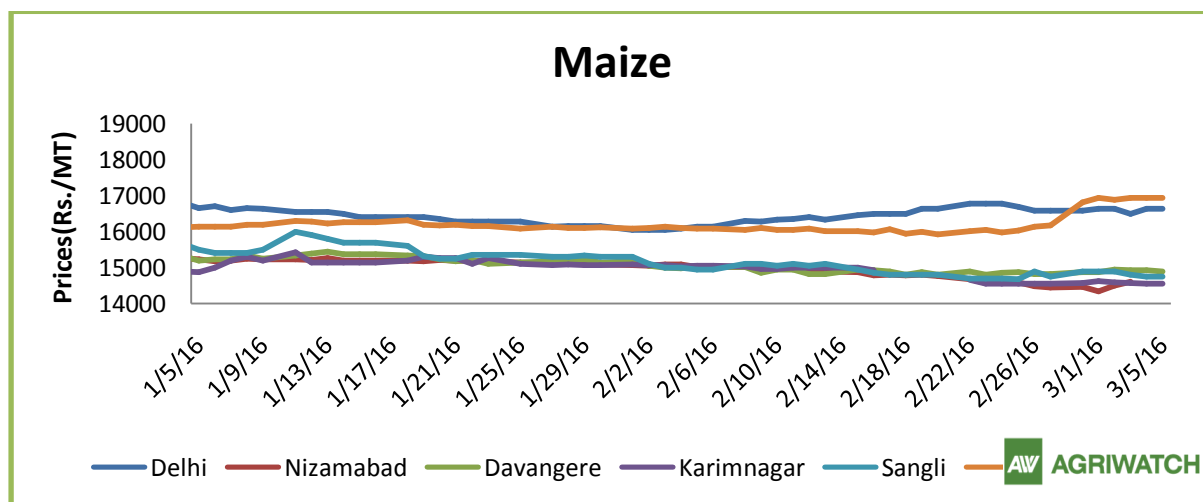
Malaysia and Indonesia has kept its March palm oil export duty unchanged at zero.

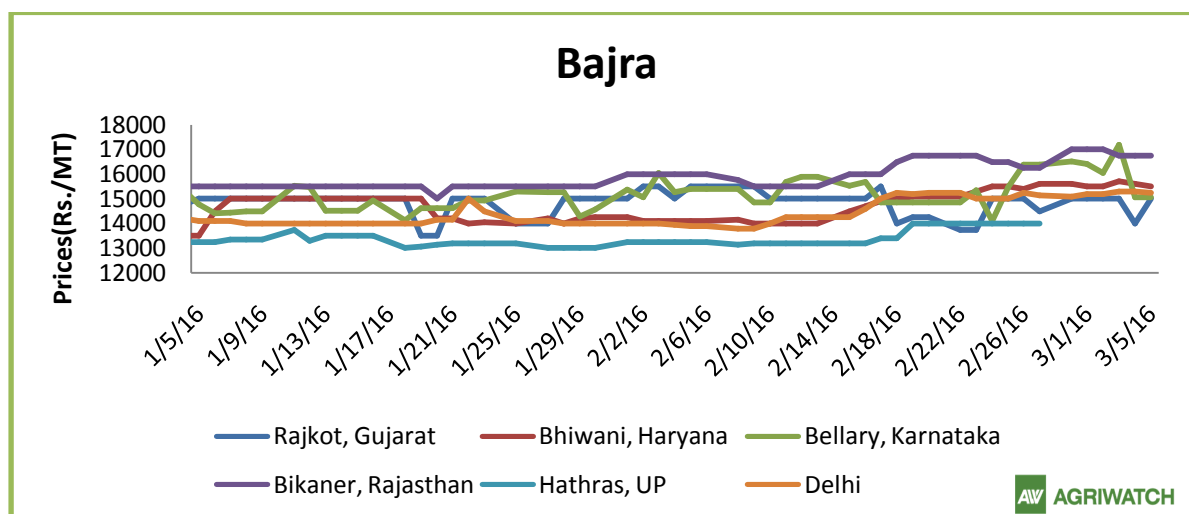
It was anticipated that Malaysia could impose export duty on palm oil on recovery of prices. However, imposing duty is difficult as Indonesia's palm oil prices are competitive with USD 50 per ton export levy, which will make Malaysian palm oil non competitive in international market.

Malaysia's palm oil exports fell by 16.9 percent in February to 955,604 tons from 1,149,255 tons in January 2016. Top buyers were European Union at 222,019 tons (216,388 tons), India at 197,150 tons (219,540 tons), United States at 81,578 tons (65,537 tons) and China at 55,155 tons (124,107 tons). Values in brackets are figures of January 2016, According to Societe Generale de Surveillance (SGS).

Indonesia's palm and palm kernel oil exports fell by 16 percent in January 2016 to 2.10 MMT from 2.506 MMT in December 2015. Top buyers were India at 383,650 tons (450,680 tons), European Union at 351,130 tons (368,720 tons) China at 275,600 tons (632,350 tons), Pakistan at 235,080 tons (165,270 tons), Bangladesh at 85,940 tons (96,700 tons) and Middle East at 222,130 tons (200,460 tons). Values in brackets are figures of December 2015, said Indonesia Palm Oil Association (GAPKI).

Outlook: The rapeseed-mustard is expected get supply pressure in coming weeks with increasing pace in newly harvested seed supplies, 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 1586 MT was exported mainly to Nepal mainly through Raxaul LCS during the period 22nd February'16 to 28th February'16, lower compared to last week.

In A.P, despite the sluggish demand, maize is likely to trade range bound for the month of March as prices are ruling at the lower level. In A.P, maize stock position could be around 47,000 MT(20000-Private+ 22000-Government) which was around 40,000 MT(5000-Pvt+35000-Government) during the corresponding period of last year.

Maize sourced from Davangere moved towards Bangalore, Nammakal, Chitradurga, Sangli and Chennai at Rs. 1470 per quintal, Rs. 1460 per quintal, Rs. 1425 per quintal, Rs. 1470 per quintal and Rs. 1480 per quintal respectively. Market is expected to trade slightly weak in the near term. As per trade sources, in karnataka, stock of maize could be around 100,000 MT in the hands of Private traders, which was 200,000 MT during the corresponding period of last year.

Maize cash market is likely to trade range bound with weak bias on the expectation of normal harvest of Rabi crop.

As per USDA, U.S corn exports reached 14,838,136 metric tons in the 2015-16 marketing year. At 7,89,807 MT (for the period 19th Feb- 25th Feb, 2016) exports down 9 percent from the previous week, but up 13 percent from the earlier 4-week average. The primary destinations were South Korea (206,300 MT), Mexico (182,700 MT), Japan (99,000 MT), Peru (90,500 MT), Guatemala (67,400 MT), and Colombia (60,400 MT).

The Korea Feed Association purchased about 60,000 MT of yellow corn at \$177.90 / MT c&f likely to be sourced from South America, for the arrival at 30 July '16.

Informa Economics raised its corn production projection of Argentina for 2015/16 by 1 million tons to 27 million tons compared to last month. It also, raised its all-corn production projection of Brazil for 2015/16 by 0.9 million tons to 82.5 million tons compared to last month.

As per USDA, the use of corn in production of fuel ethanol is down by 2.6 million bushels to 441.3 million bushels in January 2016 compared to corresponding period of last year and 10 million bushels compared to Dec'15.

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)		
	26-Feb-16	19-Feb-16	Parity To
Indore (MP)	33200	34000	Gujarat, MP
Kota	32900	32700	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34000	34500	Mumbai, Maharashtra
Nagpur (42/46)	34800	35000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	35900	35900	Andhra, AP, Kar, TN
Latur	35000	37000	-
Sangli	36000	36000	Local and South
Sholapur	35000	35200	Local and South
Akola	34500	34800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	33900	35200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	32500	32500	-

Soy DOC at Port:

Centers	Port Price	
	25-Feb-16	18-Feb-16
Kandla (FOR) (INR/MT)	34500	35000
Kandla (FAS) (USD/MT)	503	511

International Soy DOC			
Argentina FOB USD/MT	25-Feb-16	18-Feb-16	Change
Soybean Pellets	296	300	-4
Soybean Cake Flour	296	300	-4

Soya Meal	304	308	-4
Soy Expellers	304	308	-4
Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	26-Feb-16	19-Feb-16	Change
Adoni	23700	23600	100
Khamgaon	NA	NA	-
Parli	24000	24200	-200
Latur	23500	23800	-300
Groundnut Meal (Rs/MT)	26-Feb-16	19-Feb-16	Change
Basis 45%, Saurashtra	28500	28500	Unch
Basis 40%, Saurashtra	25500	25500	Unch
GN Cake, Gondal	29000	29000	Unch
Mustard DOC/Meal	26-Feb-16	19-Feb-16	Change
Jaipur (Plant delivery)	18500	19500	-1000
Kandla (FOR Rs/MT)	17500	18500	-1000
Sri Ganganagar	2060	2225	-165

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	03-Mar-16	25-Feb-16	03-Feb-16	03-Feb-15	03-Feb-14
Delhi	Hybrid	1650	1675	1625	1425	1420
Davangere	Loose	1360	1360	1380	1100	1160
Nizamabad	Bilty	1375	1450	1500	1270	1260
Ahmadabad	Feed	1570	1550	1600	1315	1330
	Starch	1585	1560	1620	1350	1370

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	158.76	137.12	160.75	237.18
Cost and Freight	208.76	192.12	220.75	272.18

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>03-Mar-16</u>	<u>25-Feb-16</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1720	1548	172
		Hybrid	Bangalore	2150	2150	Unch
Jowar	Karnataka	White	Bangalore	2225	2225	Unch
		White	Bellary	1494	1458	36
Maize	Karnataka	Yellow	Davanger e	1360	1360	Unch
	Andhra Pradesh	Yellow	Nizamaba d	1375	1420	-45
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2350	2300	50
Soy meal	Madhya Pradesh	DOC	Indore	3250	3320	-70
	Maharashtra	DOC	Sangli	NR	3600	-
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2370	2370	Unch
	Maharashtra	Ex-factory	Latur	2350	2350	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	1720	1850	-130
Groundnut Meal	Gujarat	GN Cake	Gondal	2900	2900	Unch
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2181	2170	11

Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2153	2155	-2
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Note: Prices
Rs./Qtl

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