

Contents:

- ❖ Summary
- ❖ Trend – Raw Material, Feed
- ❖ Outlook
- ❖ Spreads
- ❖ Annexure – Prices

Summary

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

Steady to slightly weak tone featured in the soybean, meal and rapeseed-mustard on bearish global factors and harvesting pressure of rapeseed during the week under review.

Higher global soybean supply scenario, fall in global soy meal demand and lower soy meal exports from India in association with disparity on crushing remained negative factors for the bean.

Further, rising newly harvested rapeseed-mustard supplies in the cash market pressured the seed prices in recent weeks.

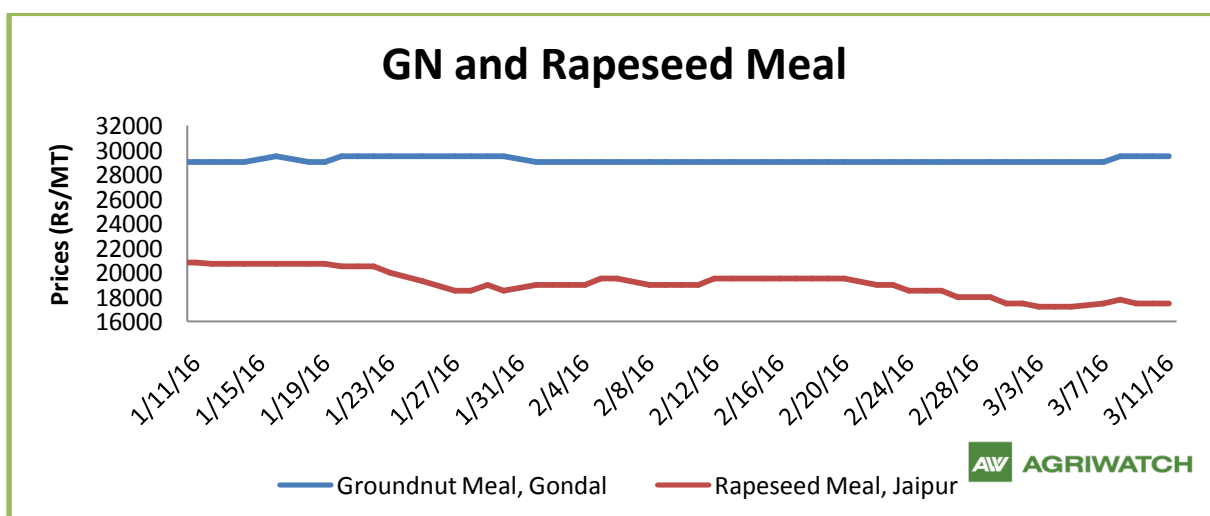
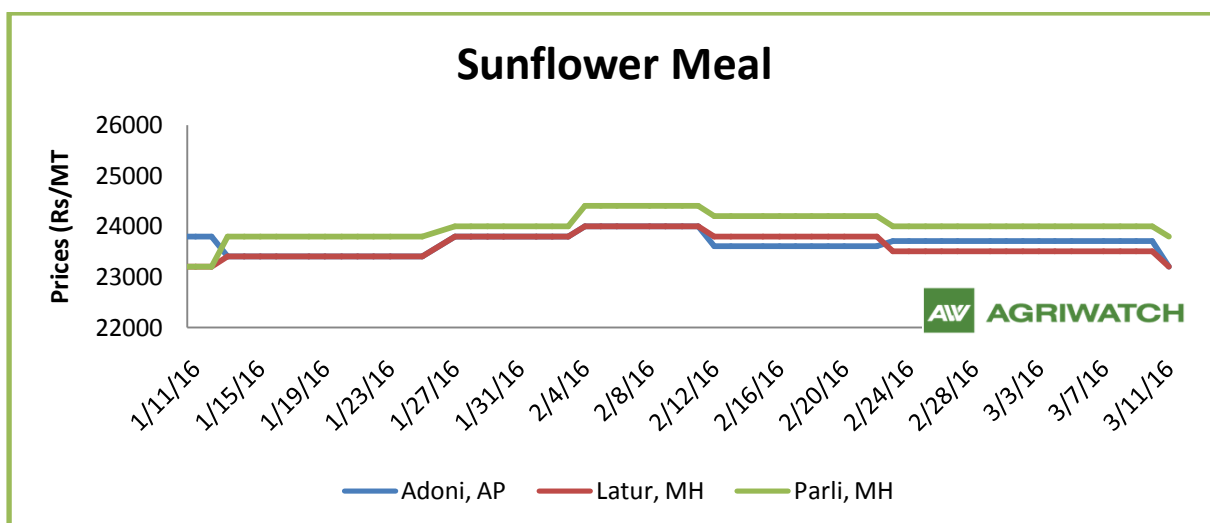
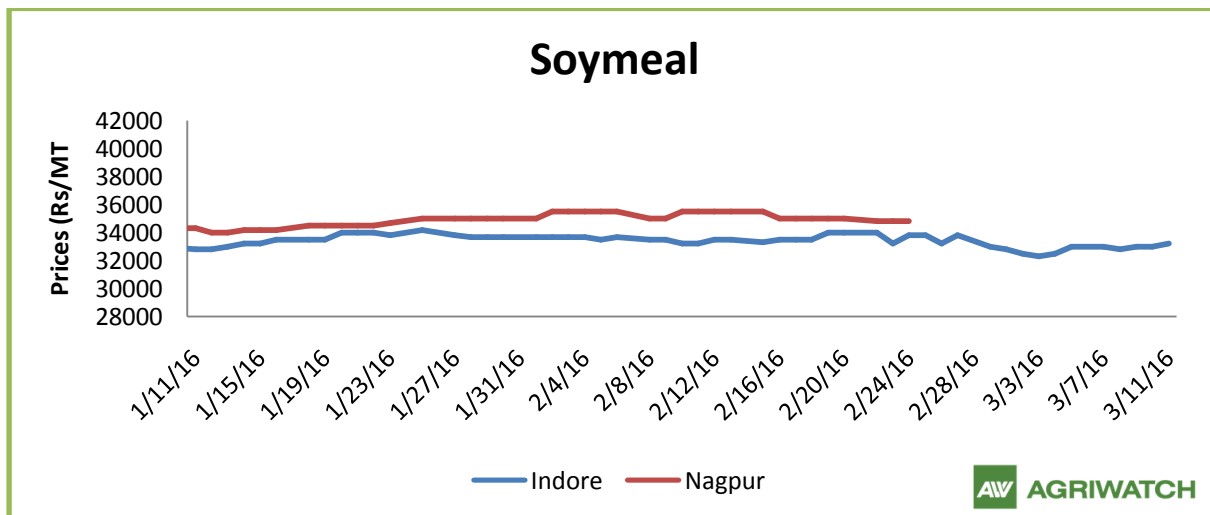
Higher soybean supply prospects from South America with increasing harvesting pace in Brazil, lower soy meal exports from India, higher edible oil stocks with India after huge imports will keep the limit any sharp gains in bean and meal, in near-term. Besides, rapeseed-mustard will remain under supply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

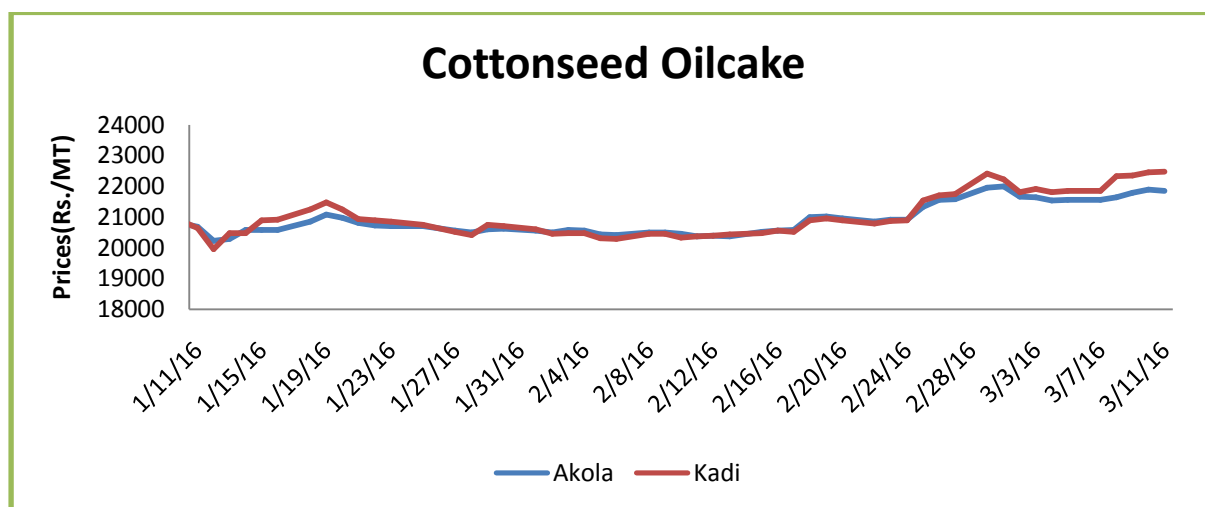
Maize cash markets traded mixed during the week under review. New crop arrivals from Bihar, expected after Holi festival, are likely to put pressure on market sentiments. However, very low quantity of new crop has started reaching the market; containing moisture level of 15-16%.

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 down by Rs. 35 per quintal at Rs.1550 per quintal compared to last week.

Trend – Raw Material, Feed





Source: AgriWatch

Soybean

Soybean fell on sluggish trade activity in the beans and continued lower soy meal exports from India during the week under review. This is despite some gains in the international soybean.

Need based buying is featured in the market to meet the domestic soy oil and meal demand. India's uncompetitive soy meal prices at international market made meal exports unviable. Besides, expected record soybean production in South America has made their soy product prices competitive in the market.

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

The benchmark, Indore, soybean prices has hit the low at 35,50 level which was trading in a narrow band of Rs 37,00 – 38,50 per quintal earlier on weak global cues.

Need based buying from local solvent extractors is featured and we feel, given the bearish fundamentals, we feel 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 followed by lower bean production.

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, posted gains on short-covering and decline in US dollar. The gains are expected to be short-lived, considering the bearish global supply scenario.

Further, some rains in Brazil and strength in the Brazil's currency, the top soy exporter lent some additional support to the bean during the period under review.

In the USDA's monthly demand and supply report released on 9 March, the global oilseed production for 2015/16 is projected at 526.9 million tons, down slightly from last month. Global soybean production is projected at 320.2 million tons, down slightly from last month.

Conab, the Brazil's government's crop supply agency, has raised its Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in area planted and yields.

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.

Rosario Grains Exchange has Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.

This will certainly improve the supply pressure during the season.

CRF reported that the 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.

China's soybean imports increased by 5.9% to 4.51 million tonnes due to Chinese Lunar New Year in February compared to the same period last year. The figures are above expectations of 4 million tonnes.

However, China's soy imports fell by 20.3% in February from 5.66 million compared to January 2016, reported in the countries custom data.

China's edible oil imports were reported at 400,000 tonnes in February up 14.8% compared to the corresponding period last year but lower by 32.6% compared to January.

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 featured steady to slightly firm tone despite fall in soybean and exports during the week under review. Better domestic meal demand from poultry farmers and feed manufacturers remained supportive to some extent, but sharp gains are ruled-out.

Continued weak soy meal exports from India remained pressurizing factor for the meal which is restricting the prices upside.

India's oilmeal shipments plunged 74% from the same period last year to 53,866 tonnes in February owing to uncompetitiveness of India's soy meal prices compared to South American meal prices.

However, the overseas demand improved by 5.2% in February from January month, said SEA.

India's oilmeal shipments plunged 74% from the same period last year to 53,866 tonnes in February owing to uncompetitiveness of India's soy meal prices compared to South American meal prices. However, the overseas demand improved by 5.2% in February from January month, said SEA.

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 fell below 33,000 level and featured range-bound movement in a narrow price band of Rs 32,800 – 33,200 per ton during the week under review. They are unexpended to gain sharply owing to the bearish factors.

At Sangli, Maharashtra, soy meal was quoted at Rs 35,000/MT compared to Rs 33,000/MT in Indore, M P. and Rs 33,000/MT in Kota, Rajasthan in the weekend. 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 shipment of soy meal during February, 2016 was just 1127 tons as compared to 64,515 tons in February, 2015 showing a decrease of 98% over the same period of last year.

On a financial year basis, the export during April'2015 to February'2016 is 70,392 tons as compared to 5,99,818 tons in the same period of previous year showing a decrease of 88.26%.

During current Oil year, (October – September), total exports during October 2015 to February, 2016 is 27,647 tons as against 5,02,958 tons last year, showing a decrease by 94.50%.

Kuwait, New Zealand, Tanzania and Thailand were the buyers of Indian soy meal in February.

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.

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 downtrend on supply pressure followed by harvesting in the key seed growing belts during the week under review.

Forecast of rains and hailstorm by IMD in 14 states which includes the key rapeseed-mustard belts have raised the harvesting concerns, besides posing threat to standing seed crop. The states include:

Uttar Pradesh, Madhya Pradesh, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Delhi, Rajasthan, Chhattisgarh, Maharashtra, Bihar, Jharkhand and West Bengal.

According to the forecast the rains are expected hit between 11-15 March followed by western disturbance.

Crops like rapeseed-mustard, wheat, chickpea has already hit by the rains and hailstorm over past week in few pockets of Uttar Pradesh, Madhya Pradesh and Maharashtra.

As expected, the seed supplies in the key cash markets have substantially increased in recent days.

The recent average total of all India daily seed arrivals is reported around 5.0 – 5.0 lakh bags compared to around 1.15 – 1.20 lakh bags during the corresponding period last month and 2.9 – 3.6 lakh bags during the corresponding period previous year.

We feel the supplies are near its peak.

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

India's edible oil imports and BMD CPO (Malaysian palm oil) determines domestic rapeseed-mustard prices.

According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil ending stocks fell by 6.05 percent to 2.17 MMT from 2.30 MMT in January. Production fell by 7.7 percent to 1.04 MMT in February from 1.13 MMT in January. Exports fell by 15.15 percent to 1.09 MMT in January from 1.28 MMT in February. Imports of palm oil rose by 84.44 percent to 0.07 MMT in January from 0.04 MMT in February.

Malaysia's March 1-10 palm oil exports rose by 56.5% to 308,348 tons from 196,968 tons in the corresponding period last month. Top buyers were India at 54,500 tons (42,500 tons), China at 32,150 tons (24,305 tons), China at 32,150 tons (24,305 tons) and United States at 30,550 tons (22,398 tons). Values in brackets are figures of corresponding period last month. Said the cargo surveyor Societe Generale de Surveillance (SGS).

Higher exports from Malaysia were due to aggressive pricing to retain market share. Malaysia refrained from imposing export taxes in March 2016 to support this move.

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.

According to LMC International's analyst James Fry, global production of palm oil is expected to fall by more than 2 million tons in 2016 on El Nino and to some extent La Nina. El Nino will pull down production by more than 2 million tons and additional 0.4 million will be lost by La Nina.

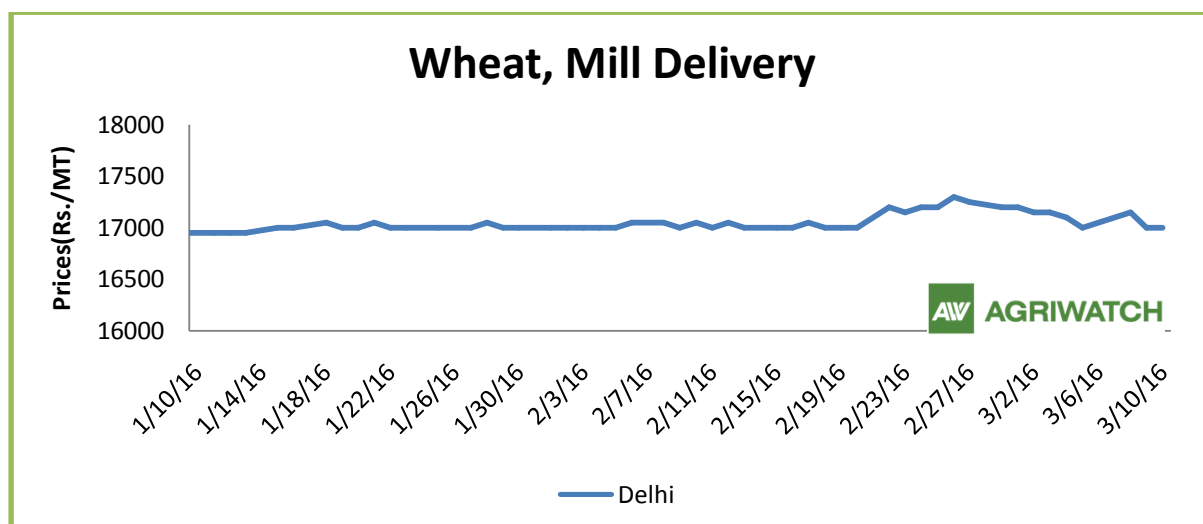
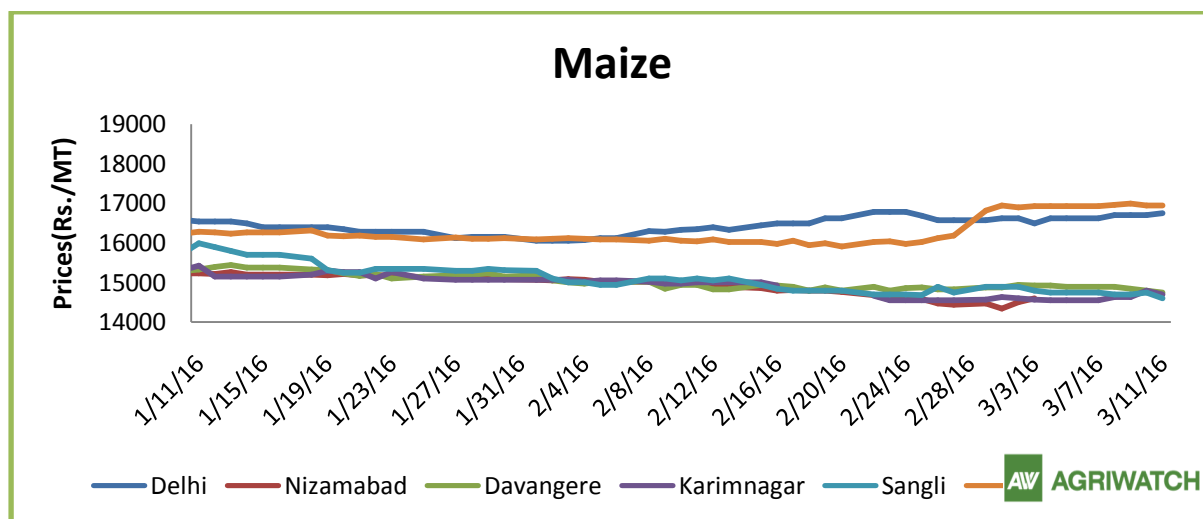
Heavy rains in second half 2016 will lash Malaysia and Indonesia and disrupt production. He forecasted CPO price to climb to 2,750 ringgit of by June if crude oil remains at \$35 per barrel and further rise to 2,900 ringgit if crude oil rises to \$40 per barrel.

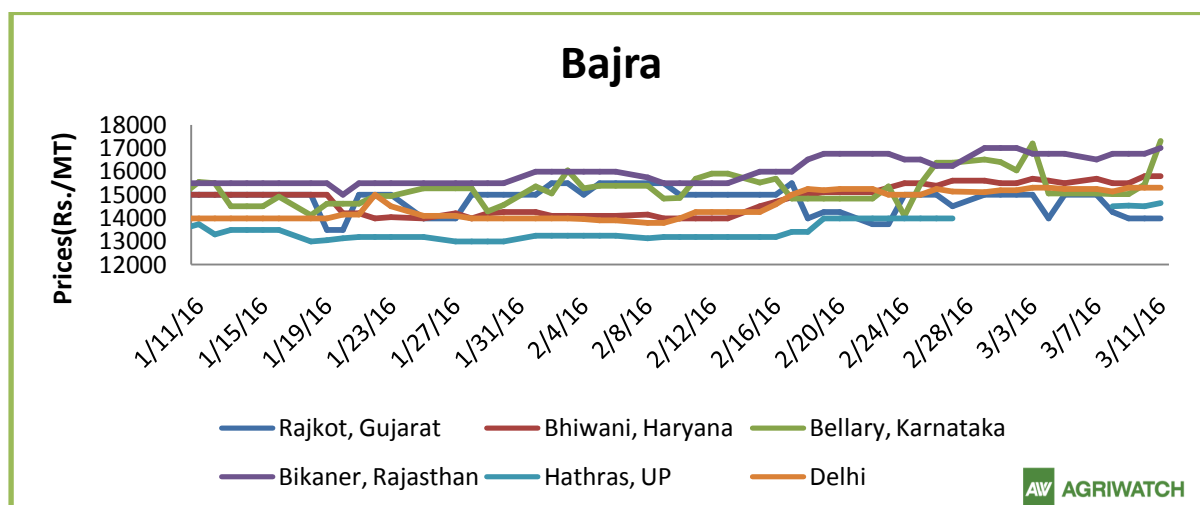
However, director of Godrej International Dorab Mistry said prices of palm oil could rise to 3,000 ringgit per ton on El Nino. Dry weather conditions in Malaysia and Indonesia will cut production in 2016. Prices of palm oil will rise to levels where demand begins to slow in price sensitive importing countries, especially India.

Global palm oil production will fall by almost 3.00 million tons in year to September 2016. Indonesia's palm oil output estimate is cut by 1.2 million tons. Malaysia's palm oil production estimate is cut by 1.5 million tons to 18.4 million tons. Consumers will get relief from July 2016. Palm oil stock buildup will possibly start from September 2016.

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).

Outlook: The rapeseed-mustard will continue to get supply pressure on newly harvested seed for some more days, weakness in soybean and higher edible oil stocks at Indian ports after huge imports. However, forecast of rains and hailstorm in the seed growing regions will limit the losses.





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

As per IBIS data, around 10655 MT was exported mainly to Nepal followed by Sri Lanka and UAE for the month of February, lower by 38.66% compared to last month, mainly through JNPT Sea followed by Raxul LCS.

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.

Sentiments remained same, as Nizamabad market was closed most of the days due to strike. 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. 1470 per quintal, Rs. 1430 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 15,827,524 metric tons in the 2015-16 marketing year. At 10,52,478 MT (for the period 26th Feb- 3rd March, 2016) exports were up 33 percent from the previous week and 48 percent from the previous 4-week average. The primary destinations were Japan (265,500 MT), Mexico (231,900 MT), Colombia (144,000 MT), Saudi Arabia (66,000 MT), South Korea (65,500 MT), and Venezuela (60,000 MT).

USDA kept unchanged corn ending stocks for U.S at 46.671 MMT for 2015/16 compared to February month forecast but higher by 2.697 MMT from the last year.

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)		
	11-Mar-16	4-Mar-16	Parity To
Indore (MP)	33200	32500	Gujarat, MP
Kota	33000	32300	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	34300	34000	Mumbai, Maharashtra
Nagpur (42/46)	NR	NR	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	34300	34300	Andhra, AP, Kar, TN
Latur	34800	34600	-
Sangli	35000	NR	Local and South
Sholapur	34500	34300	Local and South
Akola	33200	32700	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	34300	33300	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Bundi	33200	32300	-

Soy DOC at Port:

Centers	Port Price	
	10-Mar-16	3-Mar-16
Kandla (FOR) (INR/MT)	34500	34000
Kandla (FAS) (USD/MT)	515	505

International Soy DOC			
Argentina FOB USD/MT	10-Mar-16	3-Mar-16	Change
Soybean Pellets	303	295	8
Soybean Cake Flour	303	295	8
Soya Meal	311	303	8
Soy Expellers	311	303	8

Sunflower (DOC) Rates	Ex-factory rates (Rs/ton)		
Centers	11-Mar-16	4-Mar-16	Change
Adoni	23200	23700	-500
Khamgaon	NA	NA	-
Parli	23800	24000	-200
Latur	23200	23500	-300
Groundnut Meal (Rs/MT)	11-Mar-16	4-Mar-16	Change
Basis 45%, Saurashtra	28500	28200	300
Basis 40%, Saurashtra	25500	25200	300
GN Cake, Gondal	29500	29000	500
Mustard DOC/Meal	11-Mar-16	4-Mar-16	Change
Jaipur (Plant delivery)	17500	17200	300
Kandla (FOR Rs/MT)	16800	16700	100
Sri Ganganagar	2075	1980	95

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	10-Mar-16	3-Mar-16	10-Feb-16	10-Mar-15	10-Mar-14
Delhi	Hybrid	1700	1650	1625	1515	1420
Davangere	Loose	1360	1360	1360	1250	1170
Nizamabad	Bilty	NA	1375	1500	NA	1260
Ahmadabad	Feed	1570	1570	1600	1390	1325
	Starch	1590	1585	1600	1440	1360

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

	Argentina	Brazil	US	India (Bihar Origin)
FOB	162.5	140.36	160.93	236.79
Cost and Freight	212.5	195.36	220.93	271.79

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	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>10-Mar-16</u>	<u>3-Mar-16</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1802	1720	82
		Hybrid	Bangalore	2150	2150	Unch
Jowar	Karnataka	White	Bangalore	2225	2225	Unch
		White	Bellary	1447	1494	-47
Maize	Karnataka	Yellow	Davanger e	1360	1360	Unch
	Andhra Pradesh	Yellow	Nizamaba d	Closed	1375	-
Rice	Haryana	IR8	Karnal	NA	NA	-
		Parmal Raw	Karnal	2300	2350	-50
Soy meal	Madhya Pradesh	DOC	Indore	3320	3250	70
	Maharashtra	DOC	Sangli	3500	NR	-
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	2320	2370	-50
	Maharashtra	Ex-factory	Latur	2320	2350	-30
Mustard	Rajasthan	Plant delivery	Jaipur	1750	1720	30
Groundnut Meal	Gujarat	GN Cake	Gondal	2950	2900	50
Cottonseed Oil Cake	Gujarat	Ex- Mandi	Kadi	2248	2181	67
Cottonseed Oil Cake	Maharashtra	Ex- Mandi	Akola	2184	2153	31

Note: Prices
Rs./Qtl

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2016 Indian Agribusiness Systems Pvt. Ltd.