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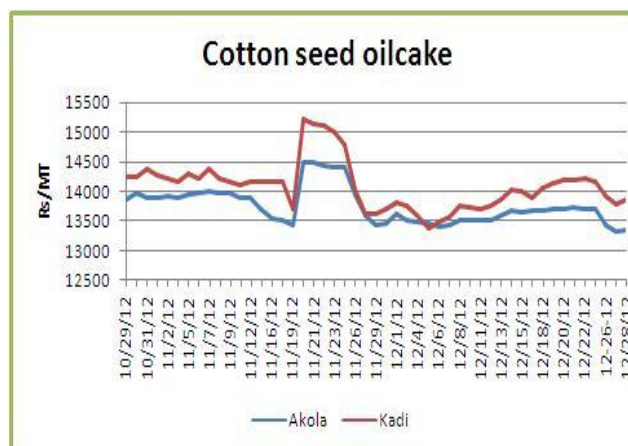
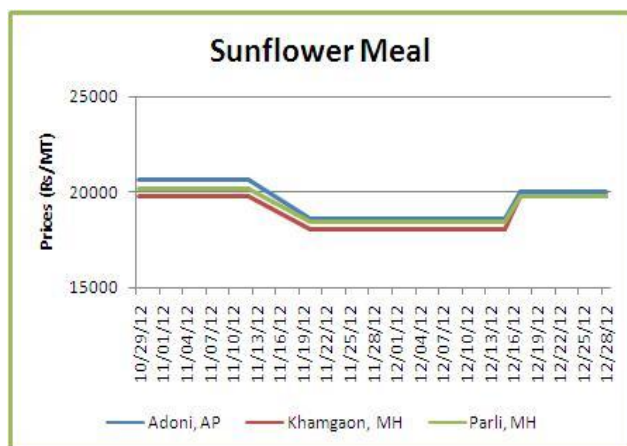
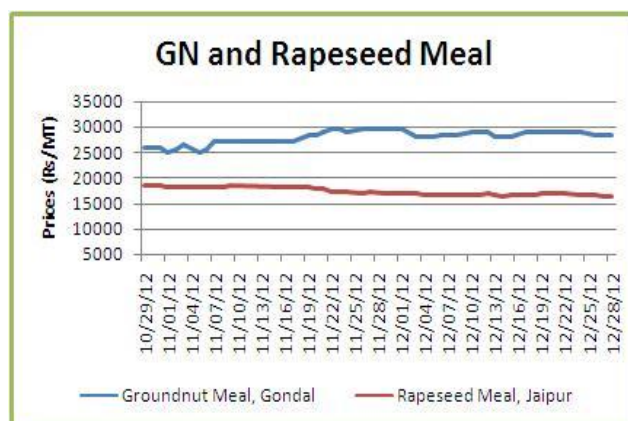
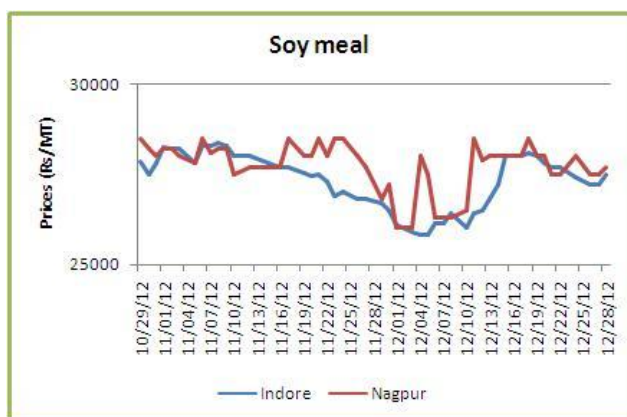
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## Summary

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

Soy meal prices edged-down followed by weak buying support, while RM seed prices were pressured by bearish international developments, mainly in palm oil. Wheat prices featured steady to weak tone during the week on higher supply and sluggish domestic demand. Maize featured mixed tone; however bajra prices remained firm on good demand. Overall, feed prices featured steady to slightly weak sentiments during the week in review.

## Trend – Raw Material, Feed



Source: AgriWatch

The domestic oilseeds and oilmeals featured losses in thin trade activities followed by holidays. The soybean and RM seed arrivals fell as both sellers and buyers refrained from the market. The sellers were not keen in off-loading their produce at the lower prices. The bearish talks in soybean and palm oil continued to pressure the market and restricted the gains in soybean, RM seed and soy meal during the week in review.

Rabi oilseeds planting are underway and it is heading at its normal pace, the RM seed planting has crossed 6.5 Mn ha in the last official planting report.

Slash in export duty in palm oil by Indonesia, second time in last two months, to 7.5 per cent from 9 per cent and to 2 per cent from 3 in RBD palmolein for January and expected increase in soybean area in South America, mainly in Argentina remained negative factors for the oilseeds.

Temporary slow-down in soy meal shipments due to holidays remained bearish for domestic meal during the week. But the exports are likely to regain followed by forward booking for the delivery in Jan and Feb 2013.

Soy meal prices plunged followed by short-term slow down in meal shipments before holidays. However, we expect the overseas meal shipments to improve after holidays. India exported about 798,041 MT of meal in December 2011 and India is likely to export around 850,000 MT of meal in December 2012.

The demand from south and far-east Asian countries is expected to be consistent like previous years. Iran, one of the largest soy meal buyers of Indian origin, is making exports inquiry and has started placing the orders. We expect soy meal shipment to pick-up towards Iran and India is expected export around 1 Mn T of the meal this season against 0.6 Mn T last season.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 29,100-29,500/MT compared to 17,700-18,300/MT during the same period last year. Indian C&F Indonesia was between US \$ 545-555/MT which was quoted between US \$364-370/MT during the same period last year.

Soybean demand remains strong for US soybeans but with Brazilian harvest just about a month away, some in the market suggest the robust sales pace by the US may slow down.

South American weather remains mostly favorable for soybean crop. Light showers are likely in southern and central Brazil while the north eastern regions trends a bit drier. Argentina is expected to dry down this week with a quieter pattern expected into early January which should ease wetness concerns developed in previous days.

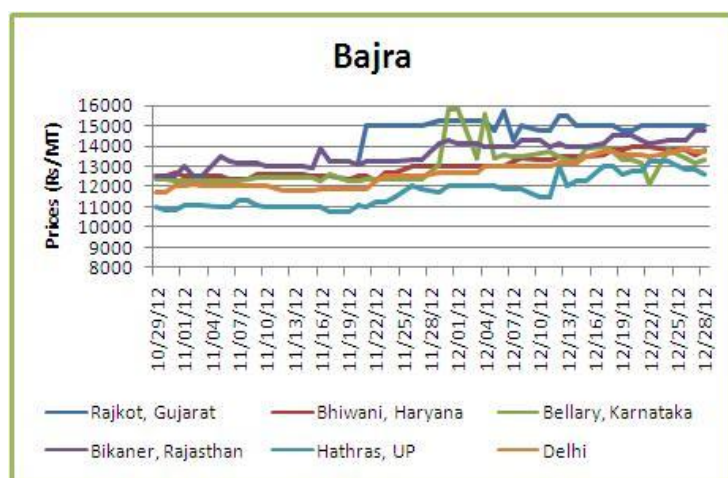
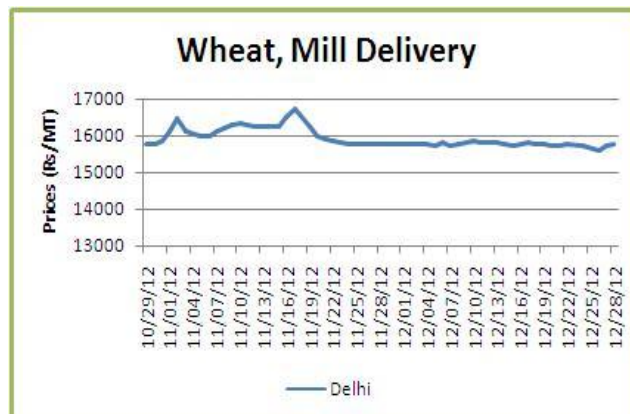
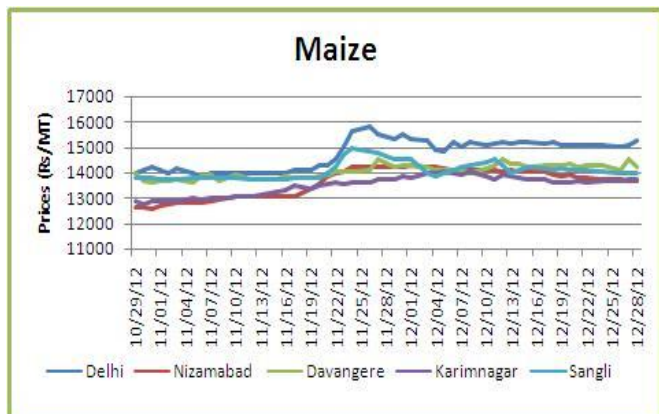
RM seed prices edged-lower, pressured by the bearish developments and reports in international palm oil during the week review. A slash in export duty was undertaken in palm oil by Indonesia, second time in last two months, to 7.5 per cent from 9 per cent and to 2 per cent from 3 in RBD palmolein for January. End-December palm-oil stocks in Malaysia are likely to be about 2 Mn T owing to lackluster demand from China.

Besides, the RM seed planting is slightly ahead of its normal pace. Reportedly, RM seed sowing (as on 27 Dec'12) is up by 2 per cent at 65.01 lha compared to 63.85 lakh hectares during the same period last year.

Weak RM seed demand has been reported from markets of Delhi and Agra due to sluggish demand from the millers amid diminishing stock. However, good demand is seen in key market centers of Rajasthan such as Bikaner and Alwar, mostly from Bihar, Assam and West Bengal and is expected to persist in the near term. Overall, the seed arrivals in the key cash centers fell as sellers were not keen in offloading their produce at lower quotes. The farmers and the stockists are anticipating higher seed prices in near-term.

Expected gains in Malaysian palm oil and likely renewed seasonal domestic edible oil demand with dwindling RM seed stocks is expected to support the seed prices at higher levels. However, slash in exports duty by the major palm oil producers, higher palm oil inventories and estimated rise in palm oil output in 2013 will continue to weigh on the seed prices to some extent.

Overall, the global and the domestic oilseeds prospects are strong till the Brazilian and Argentine soybean harvest.



Source: Agriwatch (Prices: Maize-Industrial/Feed Grade. Wheat-Mill Delivery: Lawrence Road, Delhi& Chennai)

During the week, mixed sentiments witnessed in major maize spot markets. As per the latest data released by the Ministry of Agriculture, area sown under maize during Rabi season for 2012-13 is estimated higher by 0.21 lakh hectares to 9.59 lakh hectares.

Ahmadabad feed millers of Gujarat region are purchasing maize from Maharashtra region at around Rs. 1550 per quintal. Sources revealed that demand from starch industries could increase in coming weeks and lead the maize prices. Meanwhile, Demand for maize from the Kolkata feed millers reported at around Rs. 1560 per quintal sourced from Bihar which contains 12-13% moisture level.

In the Nizamabad region of A.P., demand for maize was reported from local starch industry in a range of Rs. 1360-1370 per quintal. During the week, Koppal wagon bilty rate quoted at Rs. 1410-1415 per quintal. Sources revealed that 1 rake each has been moved towards Chennai and Mangalore port on daily basis.

Despite the higher demand, maize prices were trading steady in the Delhi spot market. Sources revealed that maize could trade higher in the coming days as good demand from poultry and hatchery has aroused.

As per Cargill India Chairman Siraj A Chaudhry, Cargill is likely to invest about Rs 400 crore to set up a corn milling plant in Karnataka which will produce modified starch for the consuming processed food and pharma industries. The capacity of plant will be 800-1,000 tons per day.

As per USDA, U.S. corn export figures reached to 6377897 metric tons for the 2012-13 marketing year which is lowered by ~52% from the last marketing year during the same period, down by 34 percent from the prior week and 15 percent prior 4-week average.

Maize prices are hovering at around Rs 1319 per quintal on an average on pan India basis, same from the previous week. We expect maize prices could rebound in the days ahead in both futures as well as spot markets as big institutional buyers jump into the market that could drive the prices upwards.

Wheat cash market continued to trade steady to weak on better supply and sluggish demand from bulk users in the week under review. Millers are sourcing wheat from FCI godowns as well as from private trade. However, fresh international demand for wheat might help to find support at lower levels.

Wheat MSP has been increased by Rs 65/Q to Rs 1350/Q. This might entice farmers to sow more wheat and once again a bumper crop can be expected.

3.24 million tons of wheat has been exported so far Since April 2012. Indian wheat has been bought aggressively by South-East Asian countries.

In Gujarat wheat production this year may fall by 25%. So far wheat has been sown in 37, 300 hectares as compared to previous year's 886, 900 hectares at the same time which is around 17% less. The biggest fall is seen in Saurashtra region where sowing is down by 92% as compared to last year. So far wheat has been sown in 80,900 hectares as compared to last year's 12 lakh hectares, due to lower availability of water.

In Maharashtra wheat has been sown in 4, 05, 724 hectares so far, which is 41.9 % of the normal area. Last year at the same time wheat was sown in 4, 09,616 hectares. Maharashtra has set target of 10, 50,100 hectares.

In Rajasthan wheat has been sown in 25, 71, 500 hectares so far, which is 91.8% of the target area. Last year at the same time wheat was sown in 25, 96,000 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

According to PIB (Press Information Bureau), wheat has been so far sown in 272.79 lakh hectares as compared to last year's 276.81 lakh hectares at the same time.

Exporters like Cargill, L.D are active in Gujarat and purchasing wheat around Rs 1700/Q. Sri Lanka, Bangladesh are buying wheat in bulk from private traders while Malaysia and Indonesia are doing small shipment.

In Rajasthan farmers have shifted sown area to wheat from Garlic and Coriander in some region and total area coverage is expected to be more than last year. In M.P and Uttar Pradesh area is expected to be same as previous year however higher MSP may encourage farmers to shift area to wheat. Overall production prospects looks bright as of now, however the temperature in February and March will be crucial for the final size of the crop. Punjab and Haryana wheat crop is reported to be in good condition and a bumper crop is expected in these two wheat growing states.

Wheat is expected to trade steady to weak as wheat sowing is going on and it seems that area sown will not be less than previous year, hence bumper crop is very much expected. Supply from government stocks and sluggish demand will add pressure to bearish tone. However buoyant export demand might help to find support at lower levels.

## Outlook

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Improving seasonal demand of feed ingredients (including oil meals and bajra) from poultry and other feed manufactures, followed by increased poultry production due to pick up in consumption with dip in temperature, will continue to support key feed ingredients prices in near-term.

## Spreads

### Maize Average Weekly spread with Bajra

| Week | Jan    | Feb | Mar    | Apr    | May   | June   | July | Aug    | Sep    | Oct   | Nov   | Dec    |
|------|--------|-----|--------|--------|-------|--------|------|--------|--------|-------|-------|--------|
| 1    | 277    | 272 | 357.5  | 286.67 | 95    | 63.75  | 112  | 193    | 117.5  | 177.0 | 187.5 | 213.0  |
| 2    | 301.25 | 287 | 335    | 300    | 95.8  | 42.00  | 166  | 119    | 86.67  | 219.0 | 213.0 | 210.0  |
| 3    | 301    | 316 | 335    | 250.00 | 101.7 | 93.00  | 200  | 90     | 100.00 | 270.0 | 214.0 | 158.00 |
| 4    | 266.67 | 340 | 323.33 | 161.00 | 72.0  | 127.50 | 204  | 103    | 79.0   | 264.0 | 238.0 | 147.00 |
| 5    |        |     | 298    |        | 90.0  |        |      | 106.00 |        |       |       |        |

\*Market Center: Delhi. Maize – loose price. Maize prices less Bajra

As the table depicts, maize spread with bajra decreased week on week basis as good demand for bajra reported was from poultry and malt industries. Meanwhile, demand for human consumption also supported the bajra prices. Maize traded steady to firm in the Delhi spot market last week due to higher demand from poultry and hatchery. Sources revealed that maize could trade steady in the next week and the increase in bajra prices could keep maize spread with bajra in the same direction.

### Maize Average Weekly spread with Jowar

| Week | Jan    | Feb | Mar | Apr     | May    | June | July  | Aug   | Sep    | Oct   | Nov   | Dec   |
|------|--------|-----|-----|---------|--------|------|-------|-------|--------|-------|-------|-------|
| 1    | 193    | 138 | 295 | 93.33   | -322.5 | -336 | 66    | 83    | 190    | 150.0 | 137.0 | 192.0 |
| 2    | 211.25 | 103 | 80  | -90     | -324   | -302 | 113   | 46    | 198.33 | 180.0 | 183.0 | 218.0 |
| 3    | 192    | 212 | 375 | -127.14 | -170   | -280 | 73.00 | 0     | 208.00 | 177.0 | 204.0 | 169.0 |
| 4    | 158.33 | 250 | 80  | -251.00 | -320   | -152 | 85.8  | 17.5  | 93.0   | 140.0 | 142.0 | 172.0 |
| 5    |        |     | 92  |         | -403   |      |       | 122.5 |        |       |       |       |

\*Market Center: Delhi. Maize – loose price. Maize prices less Jowar

As the table depicts, maize spread with jowar increased from last week as Jowar traded steady last week. Sources revealed that jowar could trade slightly down in the coming week with the decrease in demand from cattle feed buyers and could keep maize spread with jowar higher in the next week.

### Maize Average Weekly spread with Wheat

| Week | Jan   | Feb | Mar    | Apr   | May  | June | July | Aug  | Sep  | Oct  | Nov  | Dec   |
|------|-------|-----|--------|-------|------|------|------|------|------|------|------|-------|
| 1    | 85    | 78  | 201.25 | 125   | -108 | -117 | 22   | 70   | -106 | -123 | -139 | -21.0 |
| 2    | 100   | 85  | 208.75 | 122   | -109 | -130 | 68   | 28   | -143 | -188 | -170 | 0.0   |
| 3    | 68    | 124 | 190    | 59.29 | -69  | -65  | 107  | -47  | -154 | -193 | -101 | -5.0  |
| 4    | 46.67 | 133 | 125    | -36.0 | -96  | 3    | 108  | -143 | -156 | -127 | -27  | -8.0  |
| 5    |       |     | 146    |       | -188 |      |      | -167 |      |      |      |       |

\*Market Center: Delhi. Maize – loose price. Maize prices less Wheat

As the table depicts, maize spread with wheat decreased from last week as wheat prices traded slightly firm during last week. It is expected that wheat may trade steady in the coming week with ample supply and higher demand and could keep maize spread with wheat steady in the days ahead.

### Maize Average Weekly spread with Barley

| Week | Jan    | Feb    | Mar    | Apr    | May    | June | July  | Aug   | Sep    | Oct   | Nov   | Dec   |
|------|--------|--------|--------|--------|--------|------|-------|-------|--------|-------|-------|-------|
| 1    | 93     | 38     | 180    | 63.33  | -239   | -281 | 16    | 133   | 212    | 160.0 | 213.0 | 242.0 |
| 2    | 108.75 | 39     | 155    | 140    | -191.7 | -250 | 58    | 96    | 201.67 | 226.0 | 150.0 | 268.0 |
| 3    | 82     | 98     | 67     | -91.42 | -191.7 | -163 | 102.5 | 76    | 234.0  | 206.0 | 157.0 | 168.0 |
| 4    | 48.33  | 136.25 | -43.33 | -176   | -238.0 | -16  | 85.8  | 94    | 143.0  | 226.0 | 215.0 | 172.0 |
| 5    |        |        | 37     |        | -283.0 |      |       | 207.5 |        |       |       |       |

\*Market Center: Delhi. Maize – loose price. Maize prices less Bajra

As the table depicts, maize spread with barley increased from last week as barley traded steady with the slightly increase in maize prices. We expect that barley and maize could trade steady in coming week and could keep maize spread with barley intact.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centers

| Centers        | Ex-factory rates (Rs/ton) |            |   |
|----------------|---------------------------|------------|---|
|                | 28.12.2012                | 21.12.2012 | Parity To   |
| Indore (MP)    | 27500                     | 27700      | Gujarat, MP   |
| Kota           | 27200                     | 27700      | Rajasthan, Del, Punjab, Haryana                     |
| Akola          | 27500                     | 28000      | Andhra, Chattisgarh, Orissa, Jharkhand, WB          |
| Hingoli        | 28800                     | 28000      | Andhra, Chattisgarh, Orissa, Jharkhand, WB          |
| Nanded/Latur   | 28000                     | 28000      | Andhra, AP, Kar, TN                                 |
| Dhulia/Jalna   | 29000                     | 29700      | Mumbai, Maharashtra                                 |
| Nagpur (42/46) | 27700                     | 27500      | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Sangli         | 28800                     | 29300      | Local and South                                     |
| Solapur        | 28200                     | 29000      | Local and South                                     |
| Bundi          | 27200                     | 28100      | -   |

#### Soy DOC at Port

| Centers               | Port Price |            |
|-----------------------|------------|------------|
|                       | 28.12.2012 | 21.12.2012 |
| Kandla (FOR) (INR/MT) | 29200      | 29500      |
| Kandla (FAS) (USD/MT) | 532        | 536        |

#### International Soy DOC

| Argentina FOB \$/MT | 28.12.2012 | 21.12.2012 | Change |
|---------------------|------------|------------|--------|
| Soybean Pellets     | 538        | 535        | +3     |
| Soybean Cake Meal   | 538        | 535        | +3     |
| Soybean Meal        | 546        | 543        | +3     |
| Soy Expellers       | 546        | 543        | +3     |

**Sunflower Meal Rates**

| Centers  | Ex-factory rates (Rs/ton) |            |        |
|----------|---------------------------|------------|--------|
|          | 28.12.2012                | 21.12.2012 | Change |
| Adoni    | 20000                     | 20000      | Unch   |
| Khamgaon | 19800                     | 19800      | Unch   |
| Parli    | 19800                     | 19800      | Unch   |
| Latur    | 19600                     | 19600      | Unch   |

**Groundnut Meal**

| Groundnut Meal            | 28.12.2012 | 21.12.2012 | Change |
|---------------------------|------------|------------|--------|
| Basis 45% O&A, Saurashtra | 26500      | 26500      | Unch   |
| Basis 40% O&A, Saurashtra | 24000      | 24500      | -500   |
| GN Cake, Gondal           | 28500      | 29000      | +500   |

**Mustard DOC/Meal**

| Mustard DOC/Meal        | 28.12.2012 | 21.12.2012 | Change |
|-------------------------|------------|------------|--------|
| Jaipur (Plant Delivery) | 16200      | 17000      | -800   |
| Kandla (FOR)            | 17200      | 17900      | -700   |
| Sri Ganganagar          | 771        | 780        | -9     |

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

| Market    | Grade  | 28 Dec, 2012 | Week Ago | Month Ago | 2 Month Ago | Year Ago |
|-----------|--------|--------------|----------|-----------|-------------|----------|
| Delhi     | Hybrid | 1525         | 1525     | 1525      | 1380        | -        |
| Davangere | Bilty  | 1390         | 1380     | 1430      | 1350        | 1150     |
| Naugachia | Bilty  | -            | -        | -         | -           | -        |
| Nizamabad | Bilty  | 1360         | 1370     | 1410      | 1275        | 1145     |
| Ahmedabad | Feed   | 1500         | 1510     | 1500      | 1340        | 1280     |
|           | Starch | 1550         | 1580     | 1550      | 1380        | 1310     |

**FOB, C&F – Maize at Various Destinations**

|                             | Argentina | Brazil | US     | India (Davengere Origin) |
|-----------------------------|-----------|--------|--------|--------------------------|
| FOB                         | 268.41    | 275.15 | 303.00 | 305.00                   |
| Cost and Freight (Thailand) | 318.41    | 330.15 | 363.00 | 340.00                   |

**Feed Ingredient Prices at a Glance**

| <u>Commodity</u> | <u>State</u>   | <u>Variety</u> | <u>Centre</u> | <u>28.12.2012</u> | <u>21.12.2012</u> | <u>Chg</u> |
|------------------|----------------|----------------|---------------|-------------------|-------------------|------------|
| Bajra            | Karnataka      | Hybrid         | Bellary       | 1332              | 1315              | 17         |
|                  |                | Hybrid         | Bangalore     | 1450              | 1450              | Unch       |
| Jowar            | Karnataka      | White          | Bangalore     | 2400              | 2400              | Unch       |
|                  |                | White          | Bellary       | 1189              | 1265              | -76        |
| Maize            | Karnataka      | Yellow         | Davangere     | 1340              | 1330              | 10         |
|                  | Andhra Pradesh | Yellow         | Nizamabad     | 1360              | 1370              | -10        |
| Rice             | Haryana        | IR8            | Karnal        | 1600              | 1650              | -50        |
|                  |                | Parmal Raw     | Karnal        | 2100              | 2150              | -50        |
| Soy meal         | Madhya Pradesh | DOC            | Indore        | 27500             | 27700             | -200       |
|                  | Maharashtra    | DOC            | Sangli        | 28800             | 29300             | -500       |
| Sunflower Meal   | Andhra Pradesh | Ex-factory     | Adoni         | 20000             | 20000             | Unch       |
|                  | Maharashtra    | Ex-factory     | Latur         | 19600             | 19600             | Unch       |
| Mustard          | Rajasthan      | Plant delivery | Jaipur        | 16200             | 17000             | -800       |
| Groundnut Meal   | Gujarat        | GN Cake        | Gondal        | 28500             | 29000             | -500       |

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