

Contents:

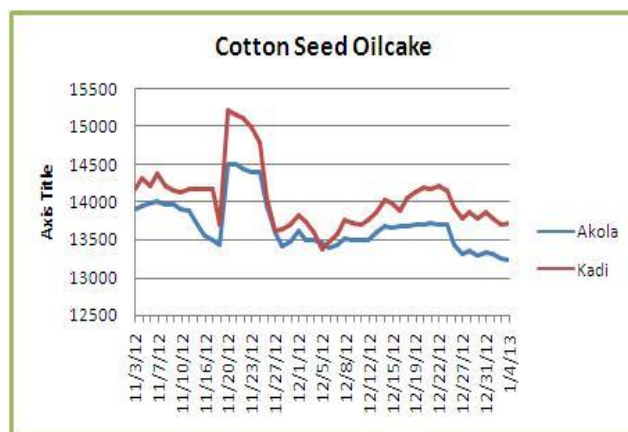
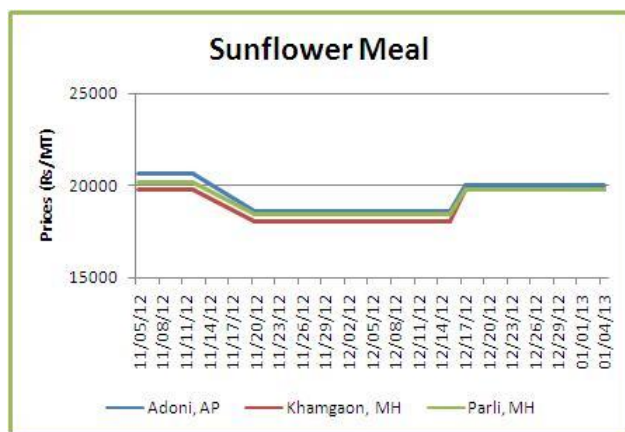
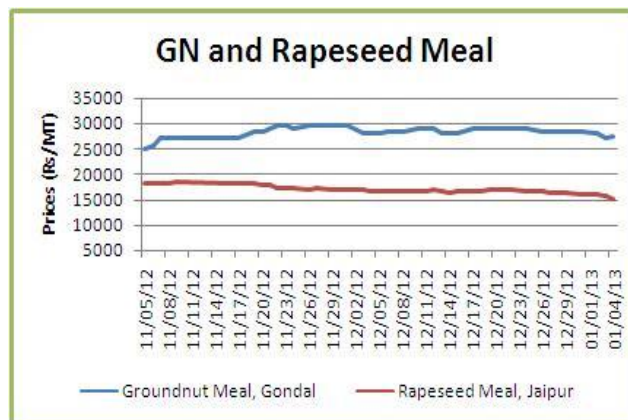
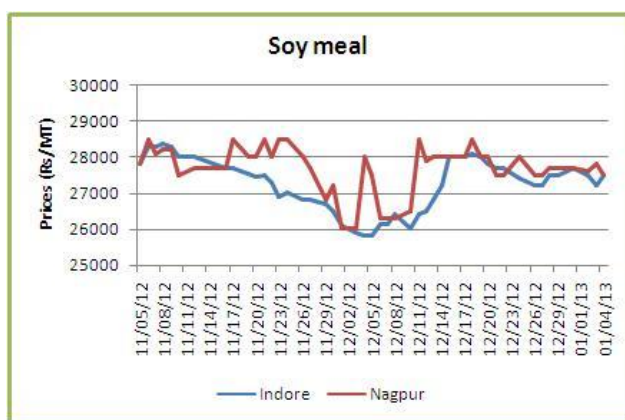
- ❖ Summary
- ❖ Trend – Raw Material, Feed
- ❖ Outlook
- ❖ Spreads
- ❖ Annexure - Prices

Summary

The key feed ingredients prices witnessed steady to slightly weak tone during the week in review.

Soy meal prices and RM seed prices witnessed persistent pressure from the global bearish developments in soybeans and palm oil. Wheat prices featured steady to weak tone during the week on higher supply and sluggish domestic demand by bulk users. Maize featured slightly weak tone and bajra prices remained steady on steady demand. Overall, feed prices featured steady sentiments during the week in review.

Trend – Raw Material, Feed



Source: AgriWatch

The domestic soybean and RM seed featured mild losses while soy meal remained flat during the week in review.

The soybean prices featured mild losses pressured by bearish global oils and fats markets, BMD CPO and CBOT soybeans. Fall in Malaysian palm oil followed by lower export duty by the major producers, higher palm oil stocks, cautious Chinese buying in the edible oil and reports of favorable weather for South American soybean crop.

Besides, in a major international development soybean harvesting in Brazil has commenced and the yield in within expectation.

The soybean arrivals fell in the key market centers during the period followed by cautious buying by the solvent extractors. Subsequently, soybean crushings were smaller than expected in previous weeks owing to reserved farmer selling and deteriorated crush margins.

Further, India's soy meal export sales were recorded lower y-o-y in the month of December 2012.

In the last USDA's weekly export sales report, the net weekly export sales for soybeans was reported at 434,900 tons for 2012-13, for the period 20 – 27 Dec. Net meal sales came in at 53,800 tons for 2012-13.

Overall, the global and the domestic soybean are likely to get pressure with commencement of harvesting of Brazil's crop, favourable South American weather for soybean crop and bearish palm oil outlook for near-term.

Soy meal prices edged-lower on weak export sales in previous weeks. Exports of Soybean meal during December, 2012 was 5,10,698 tones as compared to 7,78,382 tones in December, 2011 showing a fall by 34.39% over the last year.

On a financial year basis, the shipments during April 2012 to December 2012 is 19,15,930 MT as compared to 25,98,072 MT in the same period of previous year showing a fall of 26.25%.

During the current financial year Iran, Japan, France, Vietnam, Thailand, Indonesia and Korea are the major destinations for Indian soy meal exports.

During current oil year (October – September), exports during October 2012 to December 2012 is 10,78,852 MT as against 14,69,220 MT during corresponding period last year, showing a decrease by 26.57%.

India is likely to face a stiff price competition from South American soy meal followed by commencement of Brazil's soybean harvest and likely harvest of Argentina in coming weeks.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 29,000-29,675/MT compared to 18,250-18,500/MT during the same period last year. Indian

C&F Indonesia was between US \$ 550-560/MT which was quoted between US \$370-375/MT during the same period last year. The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature range-bound movement on firm bias on renewed overseas demand. FOR, Kandla is likely to be between Rs 29500-29800/MT.

We feel the soybean prices will gain on renewed buying followed by improving overseas meal demand rise in seasonal edible oil demand. The prices may witness 3350-3390 levels (Indore, Plant basis).

RM seed prices extended losses tracking weakness in Malaysian palm oil followed by bearish developments in the international palm oil. The millers/ crushers slowed down crushings and eventually slowed buying in anticipation of further fall in the seed prices.

Slash in export duty in palm oil by Indonesia (7.5 per cent from 9 per cent and to 2 per cent from 3 in RBD palmolein) and nil export duty on crude palm oil by Malaysia continued to pressure the domestic RM seed.

Palm oil is the close substitute of soy and mustard oil and hence domestic edible oil market closely follows BMD CPO.

Palm oil sentiment remain cautious as investors are closely watching shipments of refined palm products to major palm oil consumer China, and if "these cargoes can meet the new stringent quality control rules set by China." From Tuesday onwards, reportedly China won't accept imports of edible oils containing excessive peroxide or stearic acid.

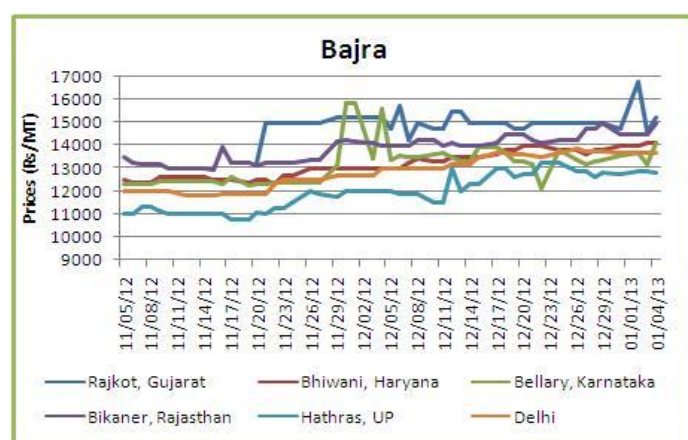
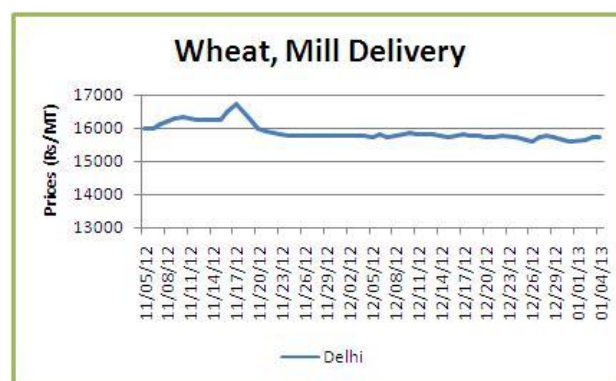
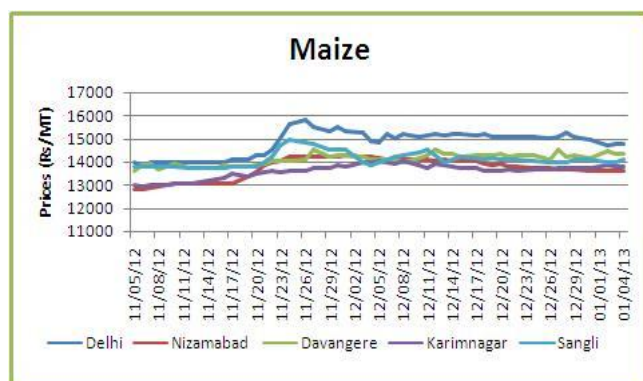
Sentiment is likely to remain cautious, during the week and any reports of fall in export in palm oil demand could weigh on the prices, as stock levels in major producers Indonesia and Malaysia remain at record levels. This will further pressure the domestic RM seed.

The RM seed planting is underway. The planting is around 3 per cent higher compared to the same period last year. Reportedly, rapeseed/mustard seed sowing (as on 03 Jan 2013) is up by 3 per cent at 66.18 lha compared to 64.35 lakh hectares during the same period last year.

However, steady 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 remained steady compared to the previous week. The RM seed market is likely to remain under pressure during the week.

RM seed prices are expected to feature firm tone on buying support and diminishing stocks, in near-term. The prices may witness 4260-4310 level in near term.



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

During the week, steady to weak sentiments were witnessed in major maize spot markets. In Delhi spot market, maize stock is reported around 1 lakh bag. Meanwhile, in the Nizamabad region of A.P., maize stock is reported around 4 lakh bags. Sources revealed that prices could trade in a range in the near term.

As per the latest data released by the Ministry of Agriculture, area sown under maize during Rabi season for 2012-13 is estimated at 12.22 lakh hectares, up from last year's figure of 10.96 lakh hectares.

Ahmadabad feed millers of Gujarat region are purchasing maize from Maharashtra region in a range of Rs. 1550-1560 per quintal. Sources revealed that demand from starch industries could increase in coming days and lead the maize prices.

As per news sources, Gujarat Ambuja Exports Ltd. started trial run production of its 750 tons per day new maize processing unit in Haveri district of Karnataka.

Demand for maize from the Kolkata feed millers reported at around Rs. 1565 per quintal sourced from Bihar which contains 12-13% moisture level. Sources revealed that prices could not go down from this level due to lower stock. Meanwhile, lower acreage due to shift in area towards wheat also support the maize prices.

As per USDA, U.S. corn export figures reached to 6583166 metric tons for the 2012-13 marketing year which is lowered by about 52% from the last marketing year during the same period, down by 28 percent from the prior week and 35 percent prior 4-week average. Total weekly exports of 205,300 MT were reported by U.S. to Japan (128,000 MT), Mexico (52,600 MT), Taiwan (7,000 MT), Venezuela (6,000 MT), and Jamaica (4,700 MT).

Maize prices are hovering at around Rs 1301 per quintal on an average on pan India basis, decreased by Rs. 18 per quintal from the previous week. Maize prices are likely to remain range-bound in the days ahead in both futures as well as spot markets as prices are at lower levels and big institutional buyers are likely to enter 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.

Cash wheat market continued to rule under pressure on increasing possibility of higher supply from govt.'s stock on likely discounted price for OMSS. Major buyers for export are waiting for downward correction in the domestic market as export margin has decreased to a negligible level in last three- four weeks. Global wheat markets have seen a steep fall in recent weeks and importers are unwilling to buy in declining market. Increasing possibility of higher supply and likely discount for OMSS will be restrictive for any uptrend in the short and medium term.

Even domestic millers are in wait and watch mood as they prefer to see stabilization in the market. Better crop prospects, favorable weather so far and government's urgency to offload more wheat in the domestic market through various channels have supported bearish outlook in the short and medium term. We expect wheat market to decrease further by at least by Rs 50 per qtl, if government decides to offload wheat at discounted price in local markets.

At production front, we expect a bumper crop and total production may touch 95 million T given the normal weather and improved sowing status especially in M.P, U.P., Rajasthan and Bihar. Higher production in M.P. may create a tough challenge to procurement agencies this year too. Crunch of storage space will aggravate the problem further if export volume is not increased. Higher MSP (Rs 650 per T) for next season may encourage farmers to sell more wheat to government's procurement agencies boosting wheat inflation.

The coverage area under wheat has crossed last year's level (286.38 against 281.80 lakh ha) till date (04.01.2013) and major increase has been seen in Uttar Pradesh (4 lakh ha), M.P.(2.5 lakh ha), Rajasthan(2.00 lakh ha) and Bihar(2.00 ha). Sowing in Bihar and Uttar Pradesh still continues and the total area is likely to cross last year's level of 294 lakh ha. Lower area coverage in Gujarat and Maharashtra is likely to be compensated by higher area coverage in U.P. and M.P.

Steep fall (almost \$25 to \$30 per T) in global wheat market is not a good omen for India exporters. However, we expect situation to improve February onwards and India can take advantage of its competitive price in MY 2013-14. We expect export volume and FOB price to decline further in Jan and Feb 2013. Around 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. We expect 1 to 1.5 million T more export in the remaining three months.

The government may offer discount for wheat through open market sale scheme. Market expects a discount of Rs 100 per qtl. The government, too, is in urgency to offload higher stock from central pool as new crop is hardly 3 months away from now.

Wheat is expected to trade steady to weak as wheat sowing area has crossed the area covered last year at the same time and it seems that area sown will be around 29.5 million hectares. Hence bumper crop is very much expected. Supply from government stocks and sluggish demand will add pressure to bearish tone.

Outlook

Good seasonal demand of feed ingredients from poultry and other feed manufacturers due to increased poultry production on rise in consumption as the temperature fell (mainly in north India), and steady input costs are likely to provide persistent support to the key feed ingredient prices in the near term.

Spreads

Maize Average Weekly spread with Bajra

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	272	357.5	286.67	95	63.75	112	193	117.5	177.0	187.5	213.0	115.0
2	287	335	300	95.8	42.00	166	119	86.67	219.0	213.0	210.0	
3	316	335	250.00	101.7	93.00	200	90	100.00	270.0	214.0	158.00	
4	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 from last week as maize traded down during last week with steady price movement in bajra. Sources revealed that poultry feed millers are using bajra in higher quantity than maize. Meanwhile, higher demand for bajra from malt industries buyers could also lead the bajra prices in the days ahead and could keep maize spread with bajra in the southward region.

Maize Average Weekly spread with Jowar

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	138	295	93.3	-322.5	-336	66	83	190	150.0	137.0	192.0	205.0
2	103	80	-90	-324	-302	113	46	198.33	180.0	183.0	218.0	
3	212	375	-127.1	-170	-280	73.00	0	208.00	177.0	204.0	169.0	
4	250	80	-251.0	-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 down against maize. However, sources revealed that jowar could trade higher in the coming week due to lower stock in the Delhi spot market and could keep maize spread with jowar lower than last week.

Maize Average Weekly spread with Wheat

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	78	201.25	125	-108	-117	22	70	-106	-123	-139	-21.0	-48.0
2	85	208.75	122	-109	-130	68	28	-143	-188	-170	0.0	
3	124	190	59.29	-69	-65	107	-47	-154	-193	-101	-5.0	
4	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 traded steady last week. However, sources revealed that wheat could trade lower in the coming week due to rumours that the government may reduce Rs. 100 per quintal on next release of wheat. Meanwhile, lower exports from private players could also weigh on the wheat prices and could keep maize spread with wheat towards northward region.

Maize Average Weekly spread with Barley

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	38	180	63.33	-239	-281	16	133	212	160.0	213.0	242.0	135.0
2	39	155	140	-191.7	-250	58	96	201.67	226.0	150.0	268.0	
3	98	67	-91.42	-191.7	-163	102.5	76	234.0	206.0	157.0	168.0	
4	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 decreased from last week as barley traded steady with decrease in maize prices. Considering the fact that barley and maize could trade steady in the coming week, it is expected that maize spread with barley remains unchanged from last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	04.01.2013	28.12.2012	Parity To
Indore (MP)	27500	27500	Gujarat, MP
Kota	27000	27200	Rajasthan, Del, Punjab, Haryana
Akola	27400	27500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	28500	28800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27700	28000	Andhra, AP, Kar, TN
Dhulia/Jalna	29000	29000	Mumbai, Maharashtra
Nagpur (42/46)	27500	27700	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	29000	28800	Local and South
Solapur	28400	28200	Local and South
Bundi	27400	27200	-

Soy DOC at Port

Centers	Port Price	
	04.01.2013	28.12.2012
Kandla (FOR) (INR/MT)	29000	29200
Kandla (FAS) (USD/MT)	529	532

International Soy DOC

Argentina FOB \$/MT	04.01.2013	28.12.2012	Change
Soybean Pellets	510	538	-28
Soybean Cake Meal	510	538	-28
Soybean Meal	518	546	-28
Soy Expellers	518	546	-28

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	04.01.2013	28.12.2012	Change
Adoni	20000	20000	Unch
Khamgaon	19800	19800	Unch
Parli	19800	19800	Unch
Latur	19600	19600	Unch

Groundnut Meal

Groundnut Meal	04.01.2013	28.12.2012	Change
Basis 45% O&A, Saurashtra	26000	26500	-500
Basis 40% O&A, Saurashtra	23200	24000	-800
GN Cake, Gondal	27500	28500	-1000

Mustard DOC/Meal

Mustard DOC/Meal	04.01.2013	28.12.2012	Change
Jaipur (Plant Delivery)	15000	16200	-1200
Kandla (FOR)	15800	17200	-1400
Sri Ganganagar	790	771	+19

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	04 Jan, 2013	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1480	1525	1500	1400	-
Davangere	Bilty	1400	1390	1380	1350	1150
Naugachia	Bilty	-	-	-	-	-
Nizamabad	Bilty	1360	1360	1410	1270	1140
Ahmedabad	Feed	1500	1500	1460	1350	1300
	Starch	1560	1550	1525	1345	1325

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	282.58	274.35	300.9	307.00
Cost and Freight (Thailand)	332.58	329.35	360.9	342.00

Soy Meal Exports (In MT)

<u>Month</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Jan	521243	240318	574996	474993
Feb	375098	220552	540360	344240
Mar	224639	163666	410537	460464
Apr	100106	60264	305033	313832
May	77018	60575	176819	142588
Jun	109923	98400	117600	180987
Jul	58268	166632	139547	168341
Aug	127299	176138	165510	10005
Sep	171955	290868	225921	6525
Oct	219721	404960	223594	49840
Nov	297340	443488	397659	517103
Dec	328225	611157	798041	510698
Total	2610835	2937018	4075617	2668918

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>04.01.2013</u>	<u>28.12.2012</u>	<u>Chg</u>
Bajra	Karnataka	Hybrid	Bellary	1409	1332	77
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1365	1229	136
Maize	Karnataka	Yellow	Davangere	1350	1340	10
	Andhra Pradesh	Yellow	Nizamabad	1360	1360	Unch
Rice	Haryana	IR8	Karnal	1600	1600	Unch
		Parmal Raw	Karnal	2100	2100	Unch
Soy meal	Madhya Pradesh	DOC	Indore	27500	27500	Unch
	Maharashtra	DOC	Sangli	29000	28800	200
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	20000	20000	Unch
	Maharashtra	Ex-factory	Latur	19600	19600	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	15000	16200	-1200
Groundnut Meal	Gujarat	GN Cake	Gondal	27500	28500	-1000

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