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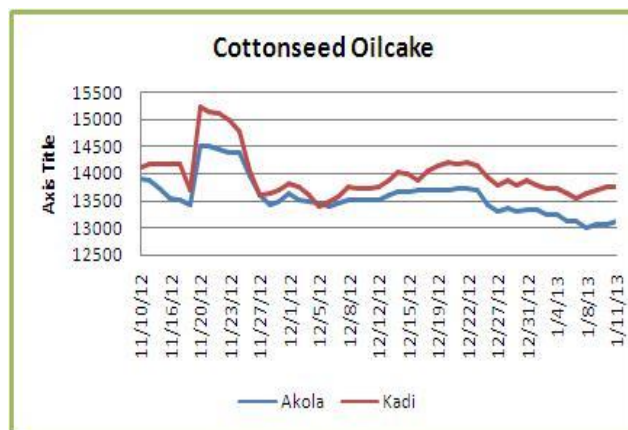
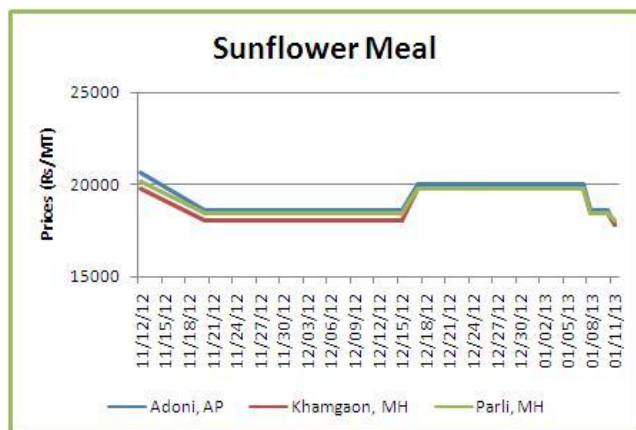
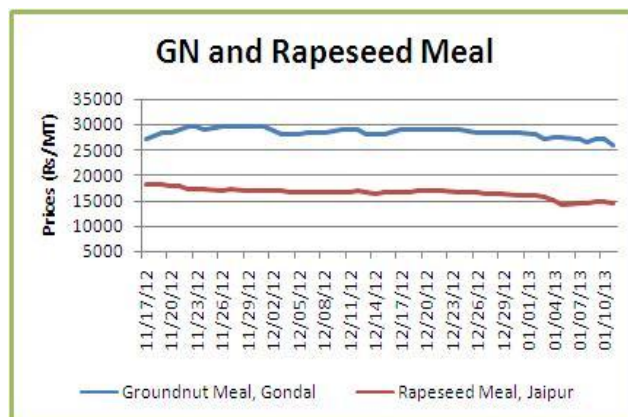
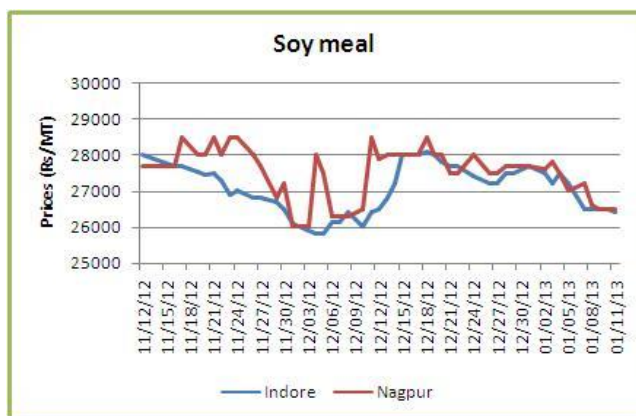
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Summary

The key feed ingredients prices featured weak sentiments during the week in review.

Soy meal and RM seed prices edged lower on weak demand and bearish global outlook in international oils and fats market during the period. Wheat prices were under pressure during the week on possibility of higher supply and expected higher acreage this season. Maize featured firm tone and steady movement was witnessed in bajra prices. Overall, despite the fall in prices of key ingredients, feed prices featured steady sentiments during the week in review.

Trend – Raw Material, Feed



Source: AgriWatch

The domestic oilseeds and oil meals plunged on weak demand and fall in international oils and fats market during the week in review.

Soybean prices declined, pressured by weak global cues during the week in review. Fall in international Malaysian palm oil, bearish global oilseeds supply scenario with higher South American soybean output estimates remained bearish factors for domestic soybean.

Besides, poor soy meal exports and lower domestic meal consumption this season eventually lead to weak crushings and thus fall in soybean demand from solvent extractors in last few weeks.

Brazil's soybean harvesting is underway and it is gradually picking up the pace, yield is reportedly within expectations.

In addition to it, USDA's Jan (WASDE) oilseeds supply and demand report revealed a bearish supply scenario this season. In the report, global soybean production is projected at 269.4 million tons, up 1.7 million with gains in the United States and Brazil only partly offset by a lower projection for Argentina. The Brazil soybean crop is increased 1.5 million tons to a record 82.5 million tons reflecting record area and improving yield prospects. Higher projected yields are the result of favourable moisture throughout the centre west and southern growing areas.

The Argentina soybean crop is projected at 54 million tons, down 1 million mainly due to lower projected area resulting from excessive moisture throughout much of the central growing area. Other changes include increased cottonseed production in China and Australia, and increased sunflower seed production in India and the United States.

The US weekly soybean export sales were reported slightly below market expectations with sales coming in at 321,800 tonnes for the current marketing year and 85,000 for the next marketing year for a total of 406,800. As of January 3rd, cumulative sales stand at 85% of the USDA forecast for the current marketing year vs. a 5 year average of 71%. Sales of 160,000 tonnes are needed each week to reach the USDA forecast.

Net meal sales came in at 118,200 tonnes for the current marketing year and as of January 3rd, cumulative meal sales stand at 80% of the USDA forecast vs. a 5 year average of 50.5%. Sales of 39,000 tonnes are needed each week to reach the USDA forecast.

Overall, the global and the domestic soybean will continue to get pressure followed by cheaper imports of palm oil, weak soy meal export sales of Indian origin this season and higher estimated soybean crop in South America and commencement of Brazilian soybean harvesting, near-term.

Soy meal prices posted losses followed by weak export sales in association with lower domestic demand during the week in review.

India's exports of soy 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. South and Far East Asian countries remained the major buyers of Indian soy meal.

The price of South American origin soy meal is getting competitive compared to India's. Brazil has started harvesting its early soybean crop and Argentina is expecting to harvest it in February.

Slow down in India's soy meal exports in previous months is the set-back for the domestic market as the South American soy meal prices are getting competitive day-by-day.

India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 28,000-28,500/MT compared to 18,000-18,450/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 weak bias due to decline in overseas and domestic demand. FOR, Kandla is likely to be between 27600-28000/MT.

Soybean prices are expected to remain under pressure followed by bearish palm oil outlook and commencement of soybean harvest. The prices are likely to move within the price band of 3200-3260 levels.

RM seed prices continued downwards move owing to weak millers buying in the seed, higher seed planting and bearish international palm oil supply scenario, during the week in review. The buyers refrained from the market in anticipation of further fall in the prices. The crushings of the seed is steady in key market centers like Alwar, Bharatpur, Kota and Sri Ganganagar.

Further, the RM seed planting is ahead previous year's pace. The planting is around 3.5 per cent higher compared to the same period last year. Reportedly, rapeseed/mustard seed sowing (as on 10 Jan 2013) at 66.92 lha compared to 64.66 lakh hectares during the same period last year.

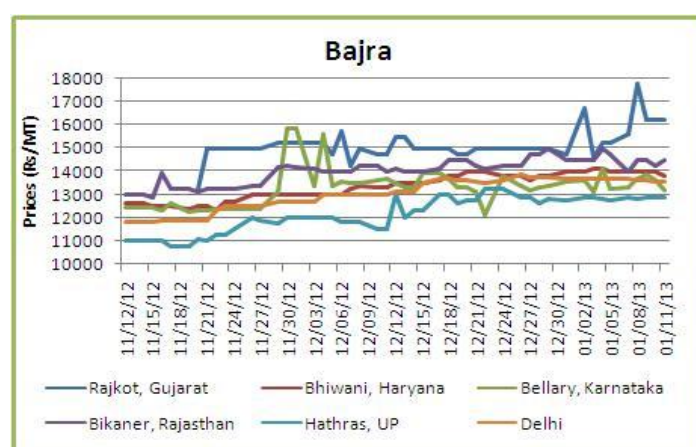
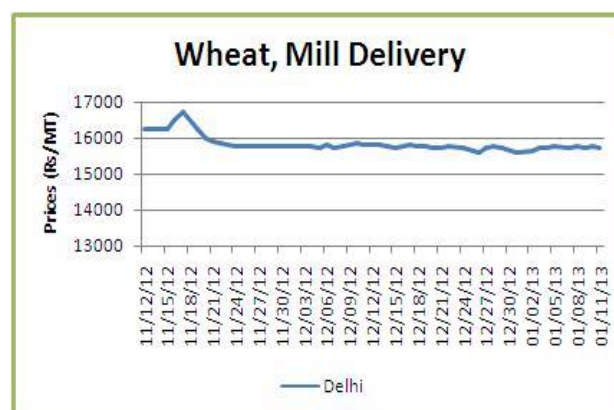
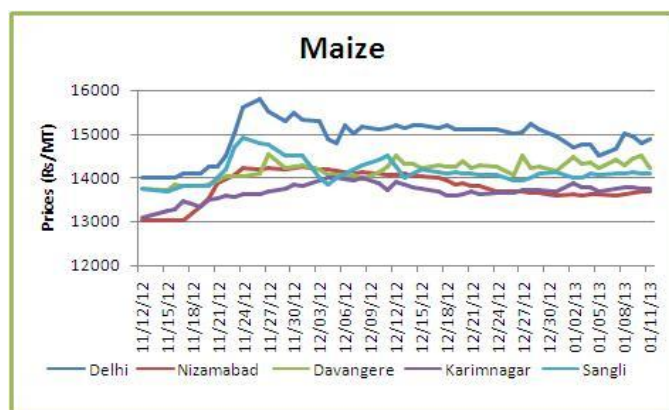
The rate of fall in the RM seed was higher compared to the soybean, primarily due to bearish developments in international palm oil which eventually pressured the domestic seed in conjunction with soy. Higher palm oil output projections and rise in the palm oil inventories in Dec 2012 remained bearish for the seed.

The MPOB reported Malaysian palm oil inventories in December rose 2.4% from a month earlier to an all-time high of 2.63 million tons.

The line-up of vessels at Malaysian ports remained weak for palm oil shipments, vessels were limited destined for China due to strong quality control measure in edible oil imports by China recently.

In view of bearish global developments, the seed arrivals in the key cash centers slightly improved compared to the previous week. The RM seed prices are expected to remain under pressure in near-term.

In spot the RM seed prices are expected to feature range bound movement with weak bias, in near term. Higher Malaysian palm oil stocks and estimated rise in the palm oil output this season. The prices are likely to move between price bands of 4120 – 4200 level in near term.



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

During the week, firm sentiments witnessed in major maize spot markets. Here are the various key spot markets dynamics below:

As per the latest data released by the Ministry of Agriculture, area sown under maize during Rabi season for 2012-13 is estimated at 13.03 lakh hectares, up from last year's figure of 11.71 lakh hectares.

In the Nizamabad region of A.P., demand for maize was reported from local starch industry currently at Rs. 1340 per quintal. Meanwhile, maize is also moving towards Hyderabad at around Rs. 1370 per quintal sourced from Nizamabad region of A.P. Sources revealed that poultry demand may arise in the coming days but prices would trade in a range in the near term. In the Nizamabad region of A.P., maize stock is reported around 4 lakh bags.

As per trade sources, maize is moving towards Chennai at Rs. 1485 per quintal (Delivery rate) and Mangalore at Rs. 1470 per quintal (Delivery rate) sourced from Koppal region of Karnataka.

In Delhi spot market, maize stock is reported around 1 lakh bag. Sources revealed that maize could trade higher in the coming days as good demand from poultry and hatchery has aroused.

Ahmadabad feed millers of Gujarat region are currently purchasing maize from Maharashtra region in a range of Rs. 1500-1510 per quintal. Sources revealed that demand could decrease in the coming weeks as they have around 3 months stock in quantity.

In the latest WASDE report, the USDA pegged the 2012 U.S. corn crop at 10.780 billion bushels and the 2012-13 U.S. corn ending stocks at 602 million bushels. Harvested area for corn was lowered 346,000 acres, but a 1.1-bushel-per-acre increase in the estimated yield boosts production 55 million bushels. However, increase in use of corn offsetting increase in yield resulted fall in corn ending stock. Global corn ending stock for 2012/13 is projected lower by 1.6 million tons on lower expected stock in the U.S., Brazil and Argentina.

As per USDA, U.S. corn export figures reached to 6689988 metric tons for the 2012-13 marketing year which is lowered by ~54% from the last marketing year during the same period, down by 48 percent from the prior week and 64 percent prior 4-week average. Out of total weekly exports of 1,06,800 MT reported by U.S. to Japan (53,600 MT), Mexico (22,000 MT), Guatemala (19,900 MT), and Taiwan (9,200 MT).

Maize prices are hovering at around Rs 1323 per quintal on an average on pan India basis, increased by Rs. 22 per quintal from the previous week. We expect maize prices could trade range bound in the near term in the spot market. Internationally, corn could trade firm due to higher demand and lower inventory in the market.

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 the last three- four weeks. Global wheat markets have seen a steep fall in recent weeks and importers are unwilling to buy in the declining market. Increasing possibility of higher supply and likely discount for OMSS will be restrictive for any uptrend in the short and medium term.

According to PIB (Press Information Bureau), wheat has been so far sown in 291.27 lakh hectares as compared to last year's 292.90 lakh hectares at the same time. In Maharashtra wheat has been sown in 4, 49, 966 hectares so far, which is 46.5 % of the Normal area. Last year at the same time wheat was sown in 4, 36,831 hectares. Maharashtra has set target of 10, 50,100 hectares. In Rajasthan wheat has been sown in 28, 20, 300 hectares so far, which is 100.7% of the target area. Last year at the same time wheat was sown in 29, 35,000 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

There are rumors in the market that South Korean millers are now turning to other countries for feed wheat supplies due to concerns over Indian feed wheat quality. South Korea has emerged as one of the big buyers of Indian feed wheat in 2012, but millers say it contains high levels of foreign matter, pushing up processing costs.

OMSS wheat release prices can be discounted by Rs 100 as wheat lifting has been low in previous releases. Government had allocated 6.5 million tons but half of the allocated quantity was lifted. Release prices had varied from Rs 1401/Q to Rs 1556/Q for different states. To increase lifting and

reduce the stocks government can either go for cutting down prices to Rs 1,170/Q plus freight, absorbing the state levies or fixing the MSP as base price plus freight charges freeing away the state levies.

Government has 34.38 million tons of wheat stock with it which is almost 3 times the norm and sowing for current crop has reached 28.6 million hectares which is higher than last year's 28.1 million hectares at the same time. With weather condition favorable and increased MSP farmers might shift to wheat and wheat's final sown area might be around 29.5 million hectares which will again create storage problem.

Wheat market is expected to trade steady to weak as there are speculations that government might reduce at least Rs 100/Q on wheat release to reduce the stocks and make way for new crop in coming months and strong sowing report has further pressurized the market.

Outlook

Demand of feed ingredients will remain steady (from the poultry and other feed manufacturers) on rise in poultry production due to pick up in consumption during winter season, which is likely to lend 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	131.0
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 increased from last week as maize traded firm last week due to higher demand from poultry and hatchery. As per trade sources, AWB, Cargill and Adani are floating 'Sale Offer' in the market for bajra which is weighing on the bajra prices. However, on the demand side, malt industry buyers are purchasing bajra in higher quantity than barley which could support the bajra prices in the weeks ahead. Considering the above mentioned facts, we expect maize spread with bajra could continue the positive tone.

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	190.0
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 decreased from last week as Jowar traded up due to lower stock & crop arrivals in the Delhi spot market. We expect that jowar could trade steady with the increase in maize prices and could support maize spread with jowar to move towards upward direction.

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	-44.0
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 increased from last week as maize traded firm with the steady price movement in wheat prices. We expect that wheat prices could trade firm with the support of firm sentiments in international markets. Considering the above mentioned fact, we expect that maize spread with wheat could be intact in the next week.

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	140.0
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 increased from last week as barley traded steady on sluggish demand from malt industry buyers as they are preferring bajra. Considering the above mentioned fact, we expect that maize spread with barley could be positive in next week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	11.01.2013	04.01.2013	Parity To
Indore (MP)	26400	27500	Gujarat, MP
Kota	26100	27000	Rajasthan, Del, Punjab, Haryana
Akola	26500	27400	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	28500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	26800	27700	Andhra, AP, Kar, TN
Dhulia/Jalna	28500	29000	Mumbai, Maharashtra
Nagpur (42/46)	26500	27500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	27800	29000	Local and South
Solapur	27300	28400	Local and South
Bundi	26200-26500	27400	-

Soy DOC at Port

Centers	Port Price	
	11.01.2013	04.01.2013
Kandla (FOR) (INR/MT)	28000	29000
Kandla (FAS) (USD/MT)	513	529

International Soy DOC

Argentina FOB \$/MT	11.01.2013	04.01.2013	Change
Soybean Pellets	487	510	-23
Soybean Cake Meal	487	510	-23
Soybean Meal	495	518	-23
Soy Expellers	495	518	-23

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	11.01.2013	04.01.2013	Change
Adoni	27800	20000	+7800
Khamgaon	17800	19800	-2000
Parli	18000	19800	-1800
Latur	17800	19600	-1800

Groundnut Meal

Groundnut Meal	11.01.2013	04.01.2013	Change
Basis 45% O&A, Saurashtra	25500	26000	-500
Basis 40% O&A, Saurashtra	22500	23200	-700
GN Cake, Gondal	26000	27500	-1500

Mustard DOC/Meal

Mustard DOC/Meal	11.01.2013	04.01.2013	Change
Jaipur (Plant Delivery)	14500	15000	-500
Kandla (FOR)	15300	15800	-500
Sri Ganganagar	790	790	Unch

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	11 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>11.01.2013</u>	<u>04.01.2013</u>	<u>Chg</u>
Bajra	Karnataka	Hybrid	Bellary	1320	1409	-89
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1280	1365	-85
Maize	Karnataka	Yellow	Davangere	1335	1350	-15
	Andhra Pradesh	Yellow	Nizamabad	1370	1360	10
Rice	Haryana	IR8	Karnal	1600	1600	Unch
		Parmal Raw	Karnal	2150	2100	50
Soy meal	Madhya Pradesh	DOC	Indore	26400	27500	-1100
	Maharashtra	DOC	Sangli	27800	29000	-1200
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	27800	20000	7800
	Maharashtra	Ex-factory	Latur	17800	19600	-1800
Mustard	Rajasthan	Plant delivery	Jaipur	14500	15000	-500
Groundnut Meal	Gujarat	GN Cake	Gondal	26000	27500	-1500

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