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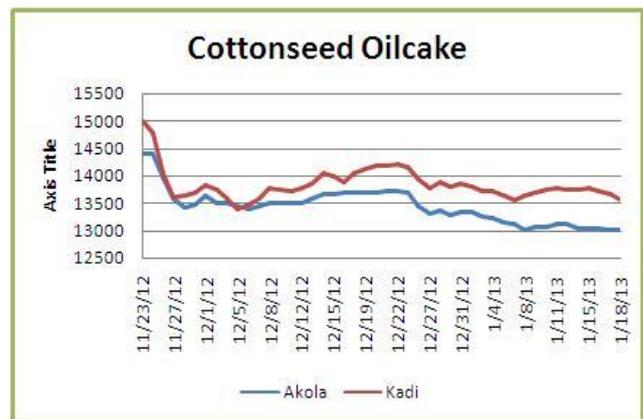
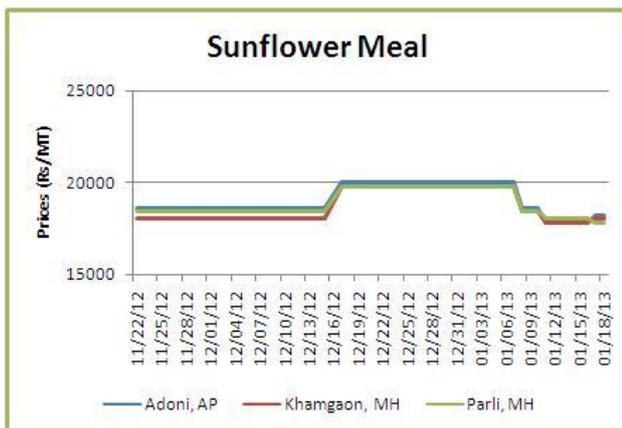
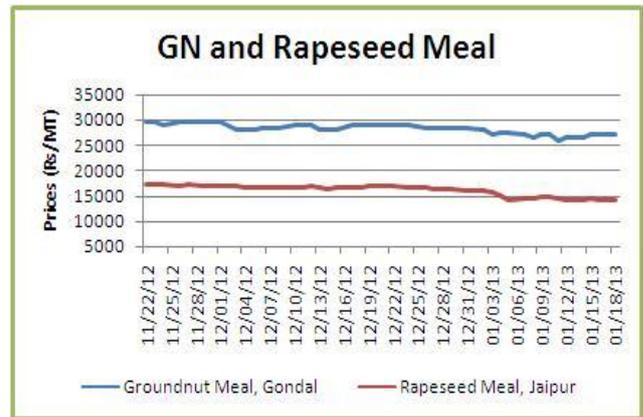
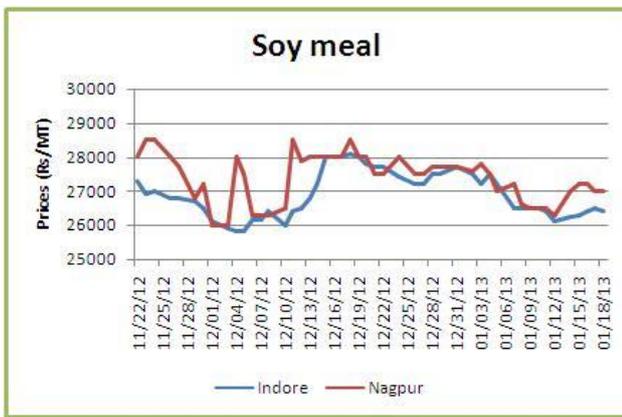
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## Summary

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

Soy meal prices edged lower on weak demand and slower export sales despite slight improvement in soybean prices during the period. RM seed prices declined on bearish international outlook in palm oils market. Wheat prices witnessed steady to weak tone in various spot markets were under pressure during the week. Maize featured steady tone and bajra prices edged lower on higher stock availability. Overall, weak tone in the prices of key ingredients led to a decrease in feed prices during the week in review.

## Trend – Raw Material, Feed



Source: AgriWatch

Mixed trend featured in the domestic oilseeds and oilmeals during the week in review. Soybean prices slightly improved on buying and gains in CBOT. However, soy meal edged-lower on weak export sales in association with poor domestic demand. Further, RM seed fell followed by continued pressure from weak Malaysian palm oil, BMD CPO.

Soybean prices slightly improved on decline in arrivals in the key market centres and supportive CBOT soybeans during the week in review. However, the gains were limited followed by weakness in Malaysian palm oil.

Slow farmer's selling was evident due to lower quotes in the absence of aggressive buying. Weak soy meal export sales and lower domestic soy meal usage is attributed to the weak crushings during the period.

Indications that China has secured additional cargos during the week helped to support along with a drier forecast for Argentina and Southern Brazil. Northern Brazil continues to see beneficial rainfall but scattered showers in Mato Grosso slightly delayed harvest activity during the week.

Strong Chinese crush demand and explosive export sales data continues to add underlying support to the market. A Chinese agency released trade statistics overnight and reported that domestic crushers bought a total of 1.80-1.98 million tons of soybeans from the US, Brazil, and Argentina in the last week compared to 1.2 million tons normally. Stronger domestic crush margins helped to boost purchases from all the major world suppliers.

Scattered showers are forecast in areas of Northern Brazil. There is a chance for light showers in areas of Argentina during the week but confidence is low at this point. Harvest has begun in Mato Grosso but light showers are delaying progress in some areas.

The domestic bean market is expected to feature range-bound movement during the week in view of mixed reaction and developments in the international soybean and weak soy meal export sales of Indian origin.

Soy meal prices failed to move up despite some gains in soybean. Weak export sales in the meal of and lower domestic demand from the feed industry remained negative factors for the meal of Indian origin. The soy meal prices are likely to feature range-bound movement with weak bias, in near-term.

The soy meal prices of South America are getting competitive as compared to India's in the international market and eventually the demand shift towards Brazil and Argentina is evident, hurting the Indian meal exports. Brazil has already started harvesting its soybean crop and Argentina is expecting to harvest it in February.

No active activity featured in the Indian ports for soy meal shipment, the activities were sluggish during the week. India's exports of soy meal during December 2012 was 5,10,698 tons as compared to 7,78,382 tons 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.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Jan-Feb) exports price, FOR Kandla exports was quoted between Rs 27,800 - 28,500/MT compared to 17,800-18,400/MT during the same period last year.

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$09/MT compared to US \$11/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices. India's soy meal exports are at the optimum levels during the period, October through January, at the considered spread between Indian vs. Argentine meal price of US \$8/MT and US \$15/MT.

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 28300-29500/MT.

RM seed extended losses on weak demand from crushers and bearish international palm oil outlook, during the week in review. Announcement of zero export duty by Malaysia on crude palm oil for second consecutive month and slash in export duty in the same by Indonesia to 7.5 per cent from 9 per cent have made palm oil imports cheaper and thus leading to pressure the domestic Rape/Mustard seed.

Slow farmer selling followed by lower quotes and weak millers demand in anticipation of further fall in the prices has lead to limited buying in the seed.

The RM seed planting is ahead of previous year's pace. The planting is up 3 per cent compared to the corresponding period last year. Reportedly, rapeseed/mustard seed sowing (as on 17 Jan 2013) is at 67.04 lha compared to 65.23 lakh hectares during the same period last year.

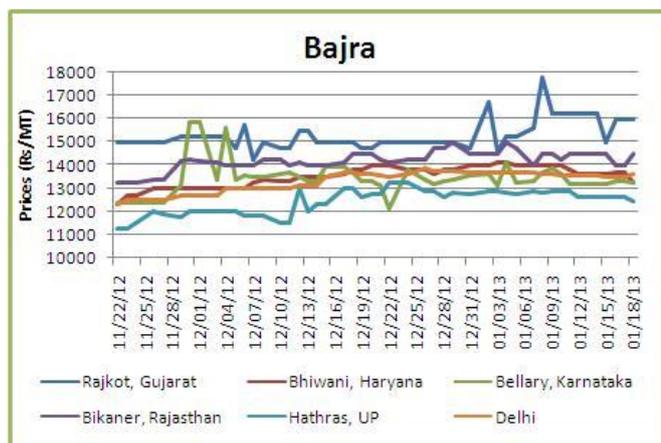
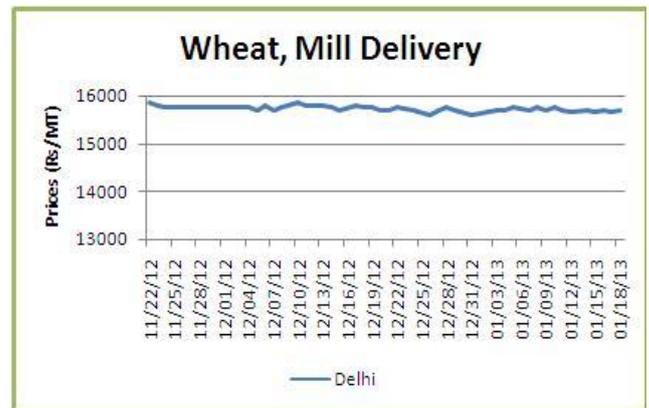
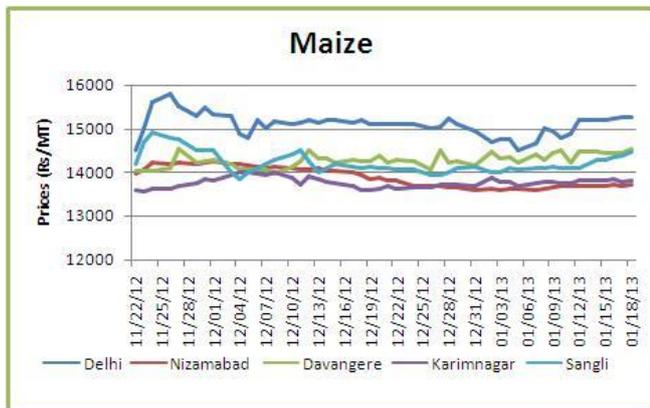
In Rajasthan, the mustard crop is in seed development stage; it is in the branching and flowering stage in western Uttar Pradesh. The crop is in pod development stage in Madhya Pradesh, Punjab and Gujarat. In West Bengal the crop is in flower to pod formation stage.

Indian palm oil purchases reached 628,618 tons in December, an increase of 44% from a year earlier, whereas refined palm purchases rose 28% to 137,475 tons after a decline in prices stoked demand, the Solvent Extractors Association (SEA) of India said in a statement.

Reportedly, the edible oil stocks at Indian ports totalled 1.46 million tons as of January 1.

Though India's announcement of import duty of 2.5 per cent on crude palm oils will slightly discourage the CPO imports and lend support to the domestic RM seed, but it is expected to be for short-term, as the palm oil prices in international market will be still cheaper to import. Besides, Malaysian palm oil stockpiles at end-December that reached an all-time high of 2.63 million tons will still be bearish for domestic oilseeds and oils in near-term.

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 – 4180 levels in near term.



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

During the week, mixed sentiments witnessed in major maize spot markets.

Ahmadabad feed millers of Gujarat region are currently purchasing maize from Maharashtra region at Rs. 1500 per quintal. Sources revealed that in Maharashtra region, maize stock would be around 2 lakh bags. However, traders are expecting that maize prices could go up by Rs. 20-25 per quintal as demand from exporters has raised.

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 increase in the coming days but prices would trade in a range in the near term.

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 risen.

As per trade sources, maize is moving towards Chennai at Rs. 1510 per quintal (delivery rate) and Mangalore at Rs. 1480 per quintal (Delivery rate) sourced from Koppal region of Karnataka.

Maize prices are hovering at around Rs 1325 per quintal on an average on pan India basis, increased by Rs. 2 per quintal from the previous week.

Indian C&F Maize prices (around \$347) increased by \$6.00 per ton during the week compared to the last week. Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (around \$369.3) and Brazil C&F (around \$347.15) and getting stiff competition from Argentina Maize C&F prices (around \$335.14).

As per USDA, U.S. corn export figures reached to 6936911 metric tons for the 2012-13 marketing year which is lowered by ~55% from the last marketing year during the same period. Corn exports were up by 131 percent to 246923 metric tons from the last week but down by 4 percent from prior 4-week average. Out of total weekly exports of 246,923 MT reported by U.S to Japan (86,000 MT), China (62,600 MT), Mexico (47,900 MT), and Cuba (27,500 MT).

Globally, tight stock position of corn could keep international prices firm. We expect maize prices could trade range bound in the near term in the domestic spot market.

Wheat prices remained steady at Indore and Gujarat as exporters bought this week but are unable to find vessels and marginal price fall was witnessed at Delhi and Kota due to sluggish demand.

Despite news of yellow and brown rust from some pockets of Punjab and Haryana wheat production prospects are very good so far. We expect total production to cross last year's level of 93.9 million T. Stock in government godowns may exceed last year's level if almost 10 million T stock from government godowns is not offloaded in the international market in the marketing year starting from April 2012.

Recent widespread rains in major wheat growing areas have brightens the production prospect. Lower temperature at this point of time is beneficial to the entire growth of the plant. Lower area coverage in Rajasthan, Gujarat and Maharashtra is expected to be covered by higher area coverage in Madhya Pradesh, U.P, and Bihar. Late variety is still being sown in U.P. and Bihar.

At export front, demand for Indian wheat has not been up to the mark in two-three weeks as fluctuation in global wheat market continues. However, upward recovery is expected in the short term as global production prospects may be revised down on rough weather. Latest quote for Indian wheat through PSU tender registered at \$309 per T. It may go up in next tender in the range of USD 310 to USD 315 per T.

Traders in domestic market expect some discount from govt. as they are well aware of hefty stock lying intact in godowns supported by bumper incoming crops and lower export demand. Besides, storage problem would encourage govt. to offload maximum wheat in domestic and international market in the months ahead. That's why bulk buying is limited from private exporters.

According to PIB (Press Information Bureau), wheat has been so far sown in 294.98 lakh hectares as compared to last year's 295.93 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.

IGC (International Grain Council) estimates that the total harvested area is expected to increase by 2.1 per cent in 2013-14, the highest since 1998. Winter wheat condition is good in Europe but drought is still persistent in US HRW (Hard Red Winter) growing areas. World production estimate for 2012-13 has been increased from previous estimate of 654 million tons to 656 million tons as production is expected to improve in Australia, Canada, china and EU.

Prices in domestic market are likely to be directed by global price, government's policy for release and price mechanism in domestic market, and incoming crop prospects. February and March months will remain crucial for wheat crop as usual. Demand and supply side is balanced right now. We expect wheat inflation to come down from its peak in the weeks ahead on rising possibility of higher supply and better crop outlook. Market is expected to trade steady this week as fresh export demand has been witnessed.

## Outlook

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Expected further fall in prices of key ingredients (including soy meal and bajra) is likely to pressurize the feed prices although steady demand from feed manufacturers due to good seasonal consumption will provide support 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	170.0
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 increasing week on week basis. 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, overall demand for bajra is good from poultry and malt industry buyers. Maize traded firm last week due to higher poultry demand. Sources revealed that both commodities will trade steady in the next week and could keep maize spread with bajra intact.

### 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	182.5
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 week on week basis as maize traded higher versus jowar during last week. Jowar traded up due to lower stock in Delhi spot market. We expect that both commodities could trade in a range and keep maize spread with jowar unchanged.

**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	4.0
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. Wheat traded down last week due to sluggish demand for human consumption. We expect that wheat prices could trade steady in the next week and could keep maize spread with wheat intact for the near term.

**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	174.0
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 with the sluggish demand from malt industry buyers as they are preferring bajra. We expect that maize spread with barley could be unchanged in the next week due to steady movement in both commodity prices.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	18.01.2013	11.01.2013	Parity To
Indore (MP)	26300-26500	26400	Gujarat, MP
Kota	26200	26100	Rajasthan, Del, Punjab, Haryana
Akola	27000	26500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	27800	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27600	26800	Andhra, AP, Kar, TN
Dhulia/Jalna	28500	28500	Mumbai, Maharashtra
Nagpur (42/46)	26800-27000	26500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	28100	27800	Local and South
Solapur	27500	27300	Local and South
Bundi	26300	26200-26500	-

#### Soy DOC at Port

Centers	Port Price	
	18.01.2013	11.01.2013
Kandla (FOR) (INR/MT)	28500	28000
Kandla (FAS) (USD/MT)	528	513

#### International Soy DOC

Argentina FOB \$/MT	18.01.2013	11.01.2013	Change
Soybean Pellets	495	487	+8
Soybean Cake Meal	495	487	+8
Soybean Meal	503	495	+8
Soy Expellers	503	495	+8

#### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	18.01.2013	11.01.2013	Change
Adoni	18200	27800	-9600
Khamgaon	18000	17800	+200
Parli	17800	18000	-200
Latur	17800	17800	Unch

#### Groundnut Meal

Groundnut Meal	18.01.2013	11.01.2013	Change
Basis 45% O&A, Saurashtra	25800	25500	+300
Basis 40% O&A, Saurashtra	22800	22500	+300
GN Cake, Gondal	27000	26000	+1000

#### Mustard DOC/Meal

Mustard DOC/Meal	18.01.2013	11.01.2013	Change
Jaipur (Plant Delivery)	14200	14500	-300
Kandla (FOR)	15200	15300	-100
Sri Ganganagar	790	790	Unch

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

Market	Grade	18 Jan, 2013	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1525	1500	1530	1390	-
Davangere	Bilty	1405	1395	1430	1400	1170
Naugachia	Bilty	-	-	-	-	-
Nizamabad	Bilty	1370	-	1390	1350	1180
Ahmedabad	Feed	1500	1500	1530	1400	1310
	Starch	1540	1550	1590	1400	1350

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

	Argentina	Brazil	US	India (Davangere Origin)
FOB	285.14	292.15	309.30	312.00
Cost and Freight (Thailand)	335.14	347.15	369.30	347.00

### 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
<b>Total</b>	<b>2610835</b>	<b>2937018</b>	<b>4075617</b>	<b>2668918</b>

### Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>18.01.2013</u>	<u>11.01.2013</u>	<u>Chg</u>
Bajra	Karnataka	Hybrid	Bellary	1322	1320	2
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1291	1280	11
Maize	Karnataka	Yellow	Davangere	1355	1335	20
	Andhra Pradesh	Yellow	Nizamabad	1370	1370	Unch
Rice	Haryana	IR8	Karnal	1600	1600	Unch
		Parmal Raw	Karnal	2150	2150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	26300	26400	-100
	Maharashtra	DOC	Sangli	28100	27800	300
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	18200	17800	400
	Maharashtra	Ex-factory	Latur	17800	17800	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	14200	14500	-300
Groundnut Meal	Gujarat	GN Cake	Gondal	27000	26000	1000

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