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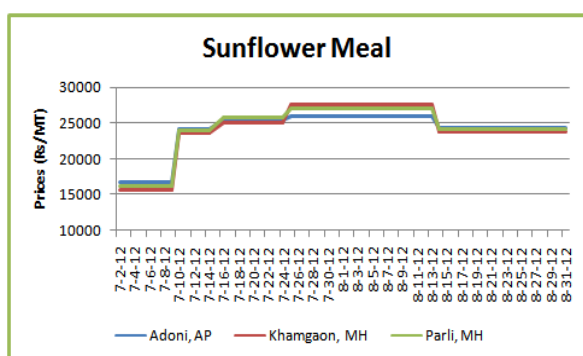
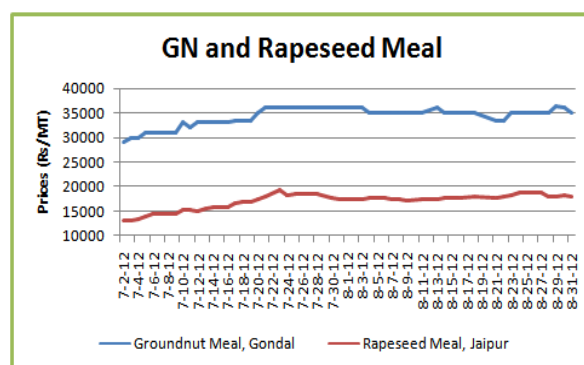
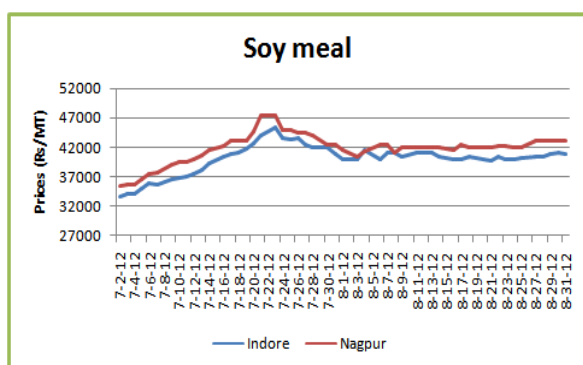
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Summary

The feed ingredients prices witnessed steady to firm tone during the week in review. Again the oil cake prices remained steady, wheat featured mild losses after all time high while coarse grain prices slightly edged-up on tight supply scenario and better export sales.

Though the oil cake prices were stable in previous weeks but still the prices are strong leading to the feed products dearer.

Trend – Raw Material, Feed



Source: AgriWatch

Soy meal prices rebound and covered the previous week's losses tracking gains in international soy meal. Lower soy meal supplies from South America on lower soybean production this season followed by drought in the growing region continued to support the meal prices at higher levels and provide spillover support to the Indian meal.

However, soy meal, FOR – Kandla was quoted steady at Rs 42,000/MT compared to previous week. No major activity reported consecutive second week at Indian ports in soy meal.

India will not be able to export I soy meal in large volume for medium-term due to the lean season in soybean and eventually fall in crushings.

International Grain Council (IGC) has pegged the global soy meal export trade at 57.2 MnT during the next marketing season.

The soy meal of Indian origin at Indonesia's port, C&F was quoted steady at US \$ 785/MT compared to the previous week.

The soy meal prices of South America are competitive compared to the meal of Indian origin. However, lower outturn in Argentina and Brazil lead to the lower supplies in soy meal from South America. The soy meal prices FOB, Argentina was quoted around US \$ 635-641/MT during the week which was between US \$401-402/MT a year ago.

The RM seed prices edged-up tracking gains in Malaysian palm oil and slow farmers selling in cash market during the in the week under review.

The stockists and the farmers are anticipating higher prices in Oct – Nov with the series of Hindu festivities. The overseas demand for Indian rapeseed meal is good and about 2 vessels were working at the cargo jetties to load 21500 T of rapeseed meal for exports early this week.

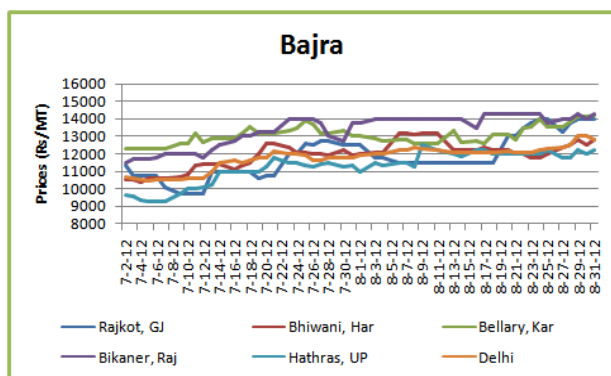
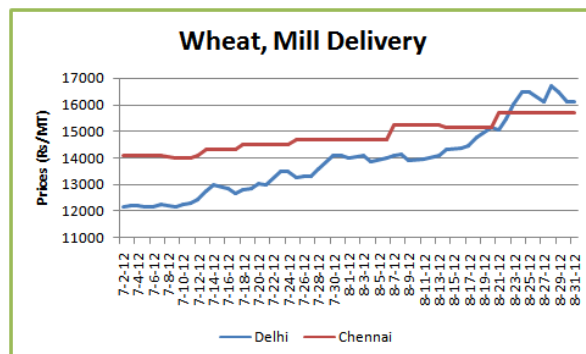
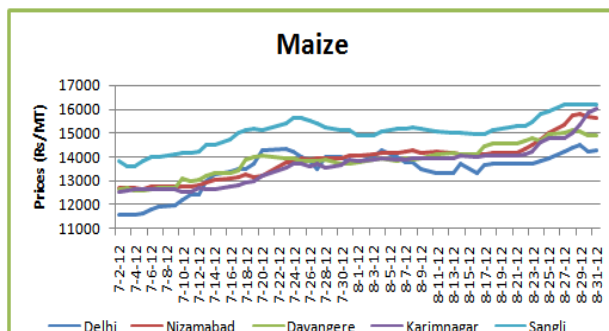
The RM seed prices are likely to remain strong in view of lower stock, slow farmers selling and expected gains in BMD CPO in near-term. The factors will lead to the rapeseed meal prices stronger.

The *kharif* groundnut planting is 12 per cent behind (37 lha) compared to the same period last year, reported in the latest official planting progress report.

Besides, sunflower sowing is also lower by 30 per cent compare to the corresponding period last year. The decline is primarily due to weak rains. Lower availability in the seed and eventually weak crushings continues to lend support to the sunflower meal and groundnut meal prices.

The soy, groundnut, rapeseed and sunflower meal prices are likely remain strong on tight supply outlook which will eventually lead feed product prices higher in near-term.

The crop prospects of coarse cereals are expected to slightly improve followed recent rains, but lower planted area due to weak monsoon in the initial phase of planting period eventually lead to the short-fall in the normal production in coarse cereals.



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

Maize prices mostly featured firm tone on tight supply scenario due to lower planting this season. India's area under maize is reported at 7.191 Mn ha, slightly down compared to last year.

Mixed sentiments featured in various key cash markets of maize during the week. The maize demand from poultry and starch industries have declined as the feed miller demand has slightly shifted towards jowar and bajra due to lower price alternate crops.

Reportedly, some quantity of maize from UP is destined Gujarat at Rs. 1550 per quintal and around 15 trucks towards Noida and Delhi on daily basis. Also, maize from Bihar is moving towards Kakinada port at Rs. 1350 per quintal.

In Karnataka, trade sources reveal that around 10% of the stock of maize is left in various markets. In addition to it, poultry and starch industries have 15 to 20 days stock. Reportedly, in Karnataka around 20% of the area is shifted towards cotton from maize which has pushed up the prices.

Maize prices are hovering at around Rs 1428 per quintal on an average on pan India basis, improved by around 3% compared to last week. In view of tight supply scenario this season, the maize prices are likely to remain strong in near-term.

Wheat cash and future market continued to rule higher until first half of last week on higher demand from south Indian millers and lower availability in cash market. However, the announcement of 13 lakh T allocation for bulk users for the month of Sept and Oct restricted uptrend in cash and market and prices decreased by almost Rs 30 to Rs 40 per qtl in various key cash markets. Out of 13 lakh tonne allocation 3 lt wheat is for non producing states. Millers term this quantity insufficient and they are demanding more allocation so that prices could be contained.

Millers will get wheat at Rs 1285 per qtl instead of Rs1175 per qtl. They will have to pay freight charges now. If south Indian millers (Tamil Nadu) source it from Punjab (Ludhiana) wheat will cost Rs 1425 to 1450 per qtl depending upon location and destinations. However, it would be cheaper than current cash market prices. The allocation volume for the release is below the expectation of millers.

On export front wheat loading for various destinations continues. Exporters are fulfilling previous export commitments. At present they are not buying aggressively due to instability in the domestic market and slowed down demand in the international market. Major buyers like China, Egypt have turned to US and Russia. Small buyers are in wait and watch mood. We expect demand for Indian wheat in mid Sep when direction for in global market would be clear.

Higher domestic prices have narrowed down the margin. Besides, unstable INR against US dollar, logistics hurdles are posing greater challenge. We expect exporters to return to the market once again in mid Sep when direction for cash market and global market would be clear. Exporters bid in fresh tender are expected in the range of US \$ 300 to 315 per T at current global market scenario.

Fresh tender is due and may be invited soon. We expect cash wheat market to trade range bound as fresh allocation is not up to the expectation of current demand. It will not be able to pressurize the market for whole of the current month.

Wheat market has already adjusted with the impact of recent allocation. Major dip is unlikely given the higher demand from south Indian millers. However, wheat prices will not shoot up further and the wheat prices will ease in near-term.

Higher maize, soy meal and wheat prices along with other key ingredients will keep the feed products firm in near-term.

Spreads

Maize Average Weekly spread with Bajra

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	277	272	357.5	286.67	95	63.75	112	193
2	301.25	287	335	300	95.8	42.00	166	119
3	301	316	335	250.00	101.7	93.00	200	90
4	266.67	340	323.33	161.00	72.0	127.50	204	103
5			298		90.0			106.00

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

Maize spread with bajra increased from last week as rate of gains in maize was much higher compared to bajra prices, during the week. Maize prices are getting firm due to depleting stock and improved demand from poultry industry. Further, domestic maize prices are getting support from the global markets as worst drought prevailed in US, top maize producer. Bajra prices are also getting firm on the concern of lower output due to delay in rainfall and area shifting towards guar. Considering the fact that maize will remain stronger than the bajra, we expect, the spread to improve or remain intact in the positive territory in the coming weeks.

Maize Average Weekly spread with Jowar

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	193	138	295	93.33	-322.5	-336	66	83
2	211.25	103	80	-90	-324	-302	113	46
3	192	212	375	-127.14	-170	-280	73.00	0
4	158.33	250	80	-251.00	-320	-152	85.8	17.5
5			92		-403			122.5

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

Maize spread with jowar increased from last week as maize prices were higher than the jowar. Jowar prices continue to trade steady due to steady demand and supply. Considering the fact that the maize price to remain stronger compared to jowar, we expect that maize spread with jowar to move upwards in positive territory in near-term.

Maize Average Weekly spread with Wheat

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	85	78	201.25	125	-107.5	-117	22	70
2	100	85	208.75	122	-109	-130	68	28
3	68	124	190	59.29	-69.0	-65	107	-47
4	46.67	132.5	125	-36.00	-96.0	3	107.5	-143
5			146		-188.0			-167

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

Maize spread with wheat declined consecutive third week as the wheat prices stood higher compared to maize. Indian wheat prices are getting support from the global markets as top exporting countries like Australia, Russia and U.S. has lower exportable surplus. However, it is anticipated that FCI may release stock in coming days which could weigh on the prices. We expect that maize spread with wheat may slightly rebound in coming weeks as FCI has released the stock in the open market which could pressurize the wheat prices.

Maize Average Weekly spread with Barley

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	93	38	180	63.33	-239	-281	16	133
2	108.75	39	155	140	-191.7	-250	58	96
3	82	98	67	-91.42	-191.7	-163	102.5	76
4	48.33	136.25	-43.33	-176	-238.0	-16	85.8	94
5			37		-283.0			207.5

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

Maize spread with barley improved from last week due to higher rate of gains in maize against the barley prices. Barley prices traded lower due to lower demand from malt and feed industry. . Barley demand from malting industries is negligible at this time as stockists have sufficient stock in quantity. Considering the fact that maize prices will go up further and barley prices will trade lower due to lower demand, we expect that maize spread with barley could go up in the coming week.

Outlook

Stronger wheat, maize, bajra, soy meal and other feed ingredient prices due to lower *kharif* planting and higher export sales will keep the feed product prices steady to firm in near-term.

The prices are likely to ease with the supplies of new *kharif* produce in the market, which is likely in second week of October. But, fear of El Nino could kick in at the end of the Indian monsoon in September, hurting winter wheat, rapeseed and chickpea crops.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	31.08.2012	24.08.2012	Parity To
Indore (MP)	40800	40000	Gujarat, MP
Kota	40900	40200	Rajasthan, Del, Punjab, Haryana
Akola	42500	42500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	42500	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	42000	42000	Andhra, AP, Kar, TN
Dhulia/Jalna	43000	42300	Mumbai, Maharashtra
Nagpur (42/46)	43000	42000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	42500	43000	Local and South
Solapur	42500	43000	Local and South
Bundi	40600	40500	-

Soy DOC at Port

Centers	Port Price	
	31.08.2012	24.08.2012
Kandla (FOR) (INR/MT)	42000	42200
Kandla (FAS) (USD/MT)	754	762

International Soy DOC

Argentina FOB \$/MT	31.08.2012	23.08.2012	Change
Soybean Pellets	633	615	+18
Soybean Cake Meal	633	615	+18
Soybean Meal	641	623	+18
Soy Expellers	641	623	+18

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	31.08.2012	24.08.2012	Change
Adoni	24400	24400	Unch
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

Groundnut Meal

Groundnut Meal	31.08.2012	24.08.2012	Change
Basis 45% O&A, Saurashtra	34200	34500	-300
Basis 40% O&A, Saurashtra	32200	32500	-300
GN Cake, Gondal	35000	35000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	31.08.2012	24.08.2012	Change
Jaipur (Plant Delivery)	18000	18700	-700
Kandla (FOR)	19000	19500	-500
Sri Ganganagar	-	-	-

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	31 th Aug,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1400	1350	1380	1165	-
Davangere	Bilty	1475	1500	1460	1225	1210
Naugachia	Bilty	1300	1300	1200	1025	1075
Nizamabad	Bilty	1563	1471	1404	1225	1260
Ahmedabad	Feed	1570	1530	1490	1280	1240
	Starch	1550	1480	1550	1285	1200

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	295	275	338	313
Cost and Freight (Thailand)	345	330	398	348.05

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