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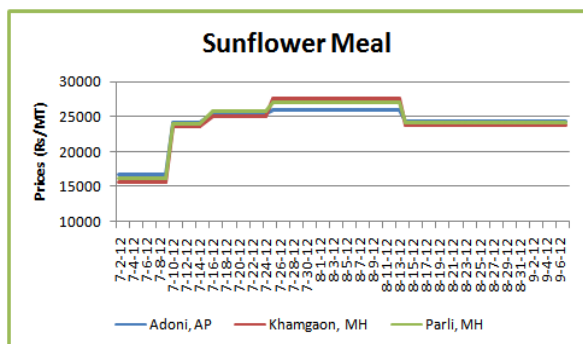
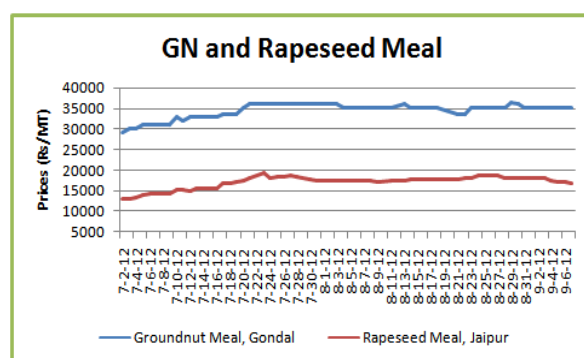
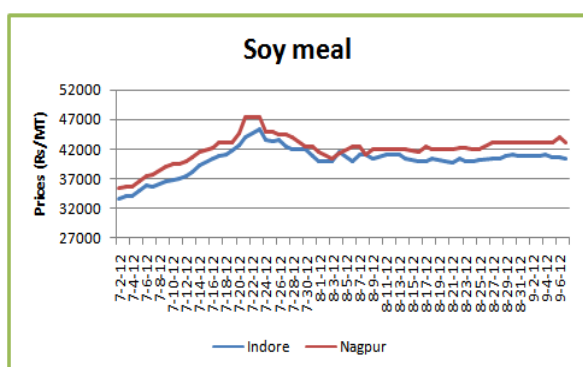
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## Summary

The feed ingredients prices largely remained steady during the week in review. The oil cake prices remained flat, wheat prices slightly eased, maize witnessed mixed tone and the coarse grain prices mainly remained steady during the period.

In view of steady trend in the feed ingredient prices, the feed prices are expected to remain steady.

## Trend – Raw Material, Feed



Source: AgriWatch

Soy meal prices remained slightly higher on supportive domestic buying in the week under review. However, weak export sales restricted the gains. India's soy meal shipments in Aug this year were multi-year low.

India's soy meal shipments during August, 2012 stood at 10,006 tonnes as compared to 1,65,408 tonnes in August, 2011, a significant Y-o-Y fall of 94 per cent.

On a financial year basis, the export sales during April 2012 to August 2012 stood at 8,34,214 MT as compared to 9,02,930 MT during the same period last year.

During current Oil year, (October - September), exports during October 2011 to August 2012 is reported 36,20,045 MT as against 39,00,777 MT same period last year.

Most of the major overseas buyers refrained themselves from the Indian meal market in the month of Aug while Iran, Kuwait, Bangladesh and Thailand remained the major buyers during the month.

The soy meal of Indian origin at Indonesia's port, C&F was quoted US \$759 compared to US \$ 785/MT 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 \$ 621-625/MT during the week which was between US \$386-391/MT a year ago. India's soy meal prices will remain steady to slightly weak on sluggish export sales, but supportive domestic demand will limit any major fall.

The RM seed prices edged-lower tracking fall in Malaysian palm oil and lower millers demand in the week under review.

The stockists and the farmers are anticipating higher prices in Oct – Nov with upcoming series of Hindu festivities.

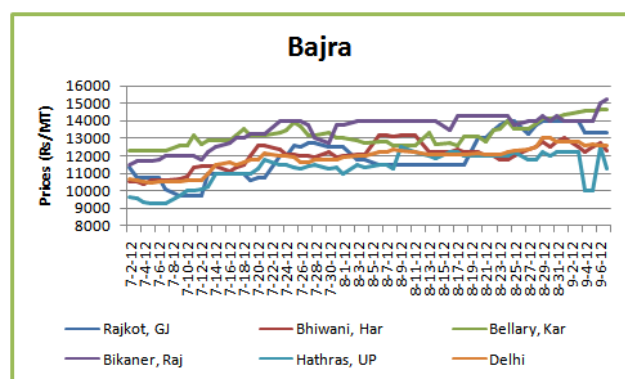
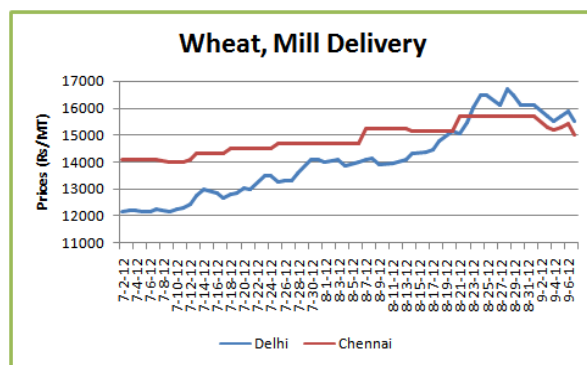
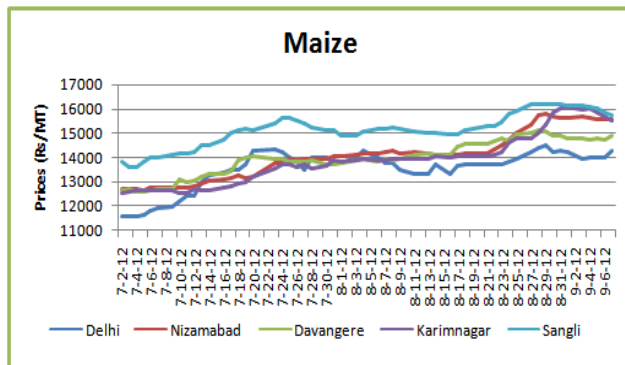
The RM seed prices are likely to get mild pressure from expected lower Malaysian palm oil due to higher palm oil stocks (2.12 Mn T). The factor will eventually pressure the rapeseed meal prices in short-term.

The *kharif* groundnut planting is 10.4 per cent behind (37.9 lha) compared to the same period last year, reported in the latest official planting progress report.

Besides, sunflower sowing is also lower by 23 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 crushing continues to lend support to the sunflower meal and groundnut meal prices.

The soy, groundnut, rapeseed and sunflower meal prices are likely steady to firm on tight supply outlook which will eventually keep the feed product prices stable at the at the current levels 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 witnessed mixed sentiments during the week in review. Fresh deals of Bihar maize from south has been reported followed by better demand from poultry feed industry.

However, expected delay in harvesting of maize in Karnataka and AP gives a hint of bullishness in medium to long term.

Suguna Foods sourced 2000 tons maize from Davangere and Haveri regions of Karnataka at Rs. 1580/mtl. Suguna Foods has 1000 metric tons consumption of maize on daily basis.

The major consumers like Suguna and VHL has only 20 days maize stock, after which they will have to come in the market for new purchase which might improve the prices.

Also, one rake has reportedly moved towards Chennai on 7th September at Rs. 1630-1635/QtI from Bagalkote region of Karnataka.

Director of Karnataka Co-operative Milk Producers' Federation Limited, Bangalore, and Karnataka has invited the tender to purchase maize.

Maize prices are hovering at around Rs 1423/QtI on an average on pan India basis, decreased by around 0.3% compared to last week.

On the export front, India maize export figures reached to 3.89 million tons in the 2011-12 year till date.

Reportedly, Bangladesh is importing maize at \$252-\$262 from the Bihar. Increasing export as well as domestic demand with the lower maize stock availability in domestic markets could drive the prices upwards in near-term.

Wheat cash market remained flat despite attempt to augment supply through various channels by the government agencies. Supply crunch continues to support cash market. At least 12 per cent higher allocation, monthly in comparison to last year may be helpful to stabilize domestic market.

Govt. is releasing wheat for domestic usage through tender. This should be done with fixing minimum bid price. Otherwise, huge differences in bid price will continue to distort common market force. As we see in Thursday's bid prices at Jaipur. Some bidders bid was Rs 1551 per qtl, others in the range of Rs 1350 to Rs 1450 per qtl such huge differences may discourage regular buyers and suppliers.

On export front situation remains same as it was in the previous week. Buyers are either looking towards Russia or India as both these countries are the cheapest source of wheat right now. India should attempt to attract big buyers like Iran and explore opportunity in China where big quantity is required. Besides, Malaysia, Indonesia, Philippines, south west Asian countries will remain perspective buyers in the months ahead.

We expect wheat prices to increase from current level as demand from south India is continuously increasing. Millers demand is higher than normal as demand for wheat products is being seen at higher side.

The minimum support price (MSP) for wheat is unlikely to be raised for the next marketing season, which starts from April 1, 2013. For 2012-13, wheat MSP stands at Rs 1,285 a quintal. The Commission for Agriculture Costs and Prices has not recommended any increase in the MSP of wheat for 2013-2014 crop marketing season. Reasons given are that higher MSP would make exports uncompetitive and that the country already has huge stocks of wheat. Any further increase in MSP would only add to subsidy burden of the government for the next fiscal.

The international wheat market is getting stronger on bullish supply scenario. This will lend support to the domestic wheat prices.

Planting intension of wheat farmers seems almost same as last year so far. However, rains in Sep and price will be decisive factors for wheat acreage. However, slight decrease in yield is feared due to lower rainfall in some eastern and western states.

Wheat domestic market is expected to trade under pressure as government is releasing stock through tenders and for OMSS and it is expected that market may continue to trade weak as government may release more stock in coming months. However, stronger international market is expected to lend support to the domestic wheat prices on better export sales.

Stable maize, soy meal and wheat prices along with other key ingredients will keep the feed products near around the current levels, in near-term.

## Spreads

### Maize Average Weekly spread with Bajra

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
1	277	272	357.5	286.67	95	63.75	112	193	117.5
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 increasing week on week basis in the Delhi spot market. Maize prices are moving in a narrow range with the consistent maize arrivals from UP markets. However, bajra prices are trading slightly lower with the sluggish poultry demand. Both maize and bajra price are expected to witness mild loss in near-term at the same rate, which will eventually keep the spread near current levels.

### Maize Average Weekly spread with Jowar

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
1	193	138	295	93.33	-322.5	-336	66	83	190
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 increasing week on week basis as Jowar prices traded slightly lower due to weak demand. Considering the fact that Maize and Jowar prices would remain steady in the coming weeks, we expect maize spread with jowar to remain flat in coming weeks.

### Maize Average Weekly spread with Wheat

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
1	85	78	201.25	125	-107.5	-117	22	70	-106
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 increased from last week due fall in prices last week. Wheat prices declined during the week as Government released the wheat stock in the open market. We expect that wheat prices to remain steady in the coming weeks. Further, maize spread with wheat is expected to be steady in coming weeks.

### Maize Average Weekly spread with Barley

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
1	93	38	180	63.33	-239	-281	16	133	212
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 as barley prices remained lower during the week. Barley demand from malting industries was negligible during the week as the processors had sufficient stock in hand. We expect maize spread with barley will not change significantly in the coming weeks.

## Outlook

Largely stable wheat, maize, bajra, soy meal and other feed ingredient prices due to lower *kharif* planting and better overseas export sales will keep the feed product prices around the current levels

The prices are expected 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)		
	07.09.2012	31.08.2012	Parity To
Indore (MP)	40500	40800	Gujarat, MP
Kota	40800	40900	Rajasthan, Del, Punjab, Haryana
Akola	43000	42500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	42500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	43000	42000	Andhra, AP, Kar, TN
Dhulia/Jalna	42500	43000	Mumbai, Maharashtra
Nagpur (42/46)	43000	43000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	42000	42500	Local and South
Solapur	42000	42500	Local and South
Bundi	40300	40600	-

#### Soy DOC at Port

Centers	Port Price	
	07.09.2012	31.08.2012
Kandla (FOR) (INR/MT)	42000	42000
Kandla (FAS) (USD/MT)	756	754

#### International Soy DOC

Argentina FOB \$/MT	07.09.2012	31.08.2012	Change
Soybean Pellets	617	633	-16
Soybean Cake Meal	617	633	-16
Soybean Meal	625	641	-16
Soy Expellers	625	641	-16

#### Sunflower Meal Rates



Centers	Ex-factory rates (Rs/ton)		
	07.09.2012	31.08.2012	Change
Adoni	24400	24400	Unch
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

#### Groundnut Meal

Groundnut Meal	07.09.2012	31.08.2012	Change
Basis 45% O&A, Saurashtra	36000	34200	+1800
Basis 40% O&A, Saurashtra	34000	32200	+1800
GN Cake, Gondal	35000	35000	Unch

#### Mustard DOC/Meal

Mustard DOC/Meal	07.09.2012	31.08.2012	Change
Jaipur (Plant Delivery)	16800	18000	-1200
Kandla (FOR)	17800	19000	-1200
Sri Ganganagar	-	-	-

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

Market	Grade	7 <sup>th</sup> Sep,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1380	1400	1360	1360	1050
Davangere	Bilty	1510	1475	1450	1450	1240
Naugachia	Bilty	1325	1300	1175	1175	1050
Nizamabad	Bilty	1555	1563	1420	1420	1230
Ahmedabad	Feed	1500	1570	1525	1525	1240
	Starch	1540	1550	1510	1510	1190

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

	Argentina	Brazil	US	India (Davengere Origin)
FOB	287	270	332	317
Cost and Freight (Thailand)	337	325	392	351.59

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