Feed Ingredients Weekly
24 Sep 2012

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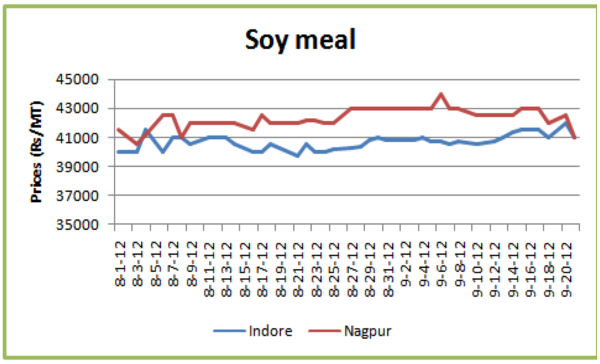
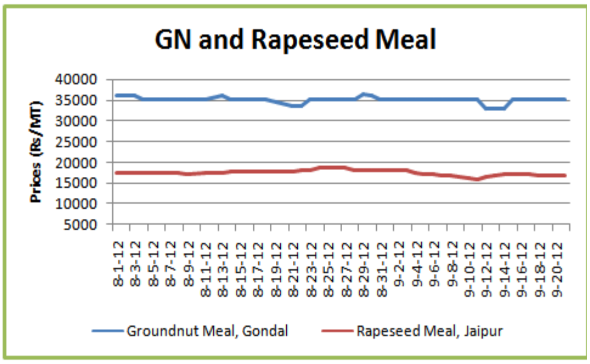
Summary

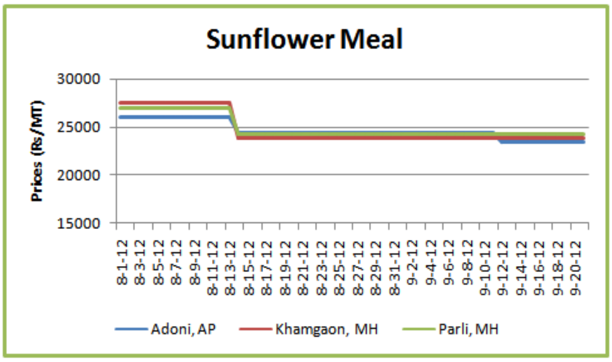
The feed ingredients prices mostly featured steady to weak sentiments during the week in review. The oil cake prices mostly remained around the previous levels, wheat fell on talks of higher allocation for open market sales, maize and coarse grain prices featured mild losses during the period.

In view of steady to weak trend in the feed ingredient prices, the feed prices may slightly ease in near-term.

Trend – Raw Material, Feed







Source: AgriWatch

The soy meal prices slightly remained higher on supportive domestic seasonal demand from poultry feed industry. However, weak export sales in soy meal remained bearish for the Indian meal market. The meal exports are expected to pick-up from October month end, when the crushing starts improving with the new crop supplies.

India's soy meal shipments usually fall in the month of September due to the fall in crushing followed by lean season in soybean. India exported around 2,25,921 MT of soy meal in September 2011, while it exported about 10,005 MT of meal in Aug 2012. India is unlikely to export soy meal around previous year's level in September due to dried-up pipeline supply in beans.

Soy meal FAS Kandla for Nov-Dec delivery is quoted between US $588-612 per MT, while soy meal FOB Argentina is quoted between US $584-601 per MT is at par with soy meal FOB price of Argentina. Indian soy meal price are getting competitive compared to the meal of Argentina.

The soy meal of Indian origin at Indonesia's port, C&F was quoted between US $610-645 per MT (Nov-Dec) compared to US $ 645-655 per MT last week. India's soy meal exports is at the optimum levels during the period, October thru January, at the considered spread between Indian meal price vs Argentine between US $8/MT and US $15/MT. Currently, the spread is around US $8/MT, renewed overseas buying is expected in near-term with the likely improved crushings as the harvesting gain momentum.

The RM seed prices regained on supportive buying during the week in review. The RM seed fundamentals are strong in medium-term followed by the dwindling stocks. Further, farmers and stockists are in anticipation of higher seed prices in coming months ahead of series of festivities.

The rapeseed and mustard seed planting intention seems higher this rabi on better farmer's realization this marketing season, followed by higher seed prices. Besides, better rains in late August and September in the key growing states will further boost the farmer's planting intentions, these rains have certainly improved soil moisture which is beneficial for the rabi oilseed planting.

The seed demand from millers is expected to improve in coming days followed by festivities which will eventually drive the prices higher further leading to stronger rapeseed meal prices.

The *kharif* groundnut planting is 10 per cent behind (38.8 lha) compared to the same period last year, reported in the latest official planting progress report.

Besides, sunflower sowing is also lower by 13.4 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 to 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.

For example, the area under jowar in Maharashtra, which accounts for 53 per cent of the total production in the country, is down by almost half as on Friday. Again in the case of bajra, the acreage in Rajasthan that accounts for nearly one-third of the total production, is down by 33 per cent.

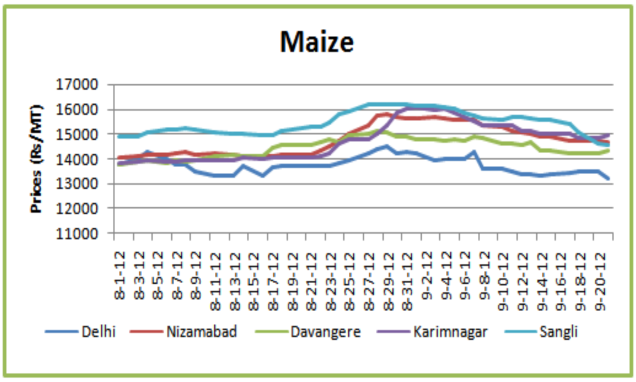
The area under bajra is reportedly 61 per cent of normal area in Gujarat, while in the case of jowar sowing is 33 per cent lower. Even maize, a crop that doesn't need much water, is seeing a coverage lower by 11 per cent.

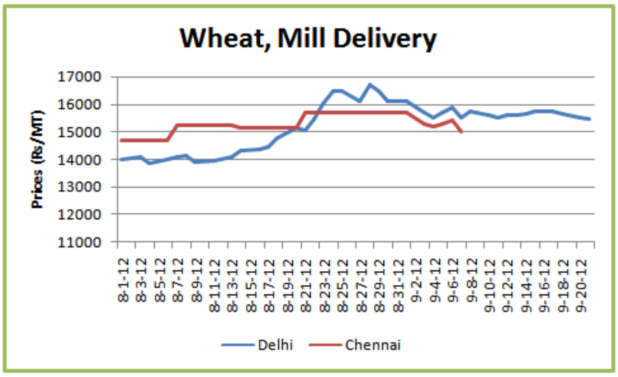
In Rajasthan, jowar's planting is 3 per cent lower than last year but maize acreage is 12 per cent lower in the state. Sowing in millets is also lagging by over 10 per cent.

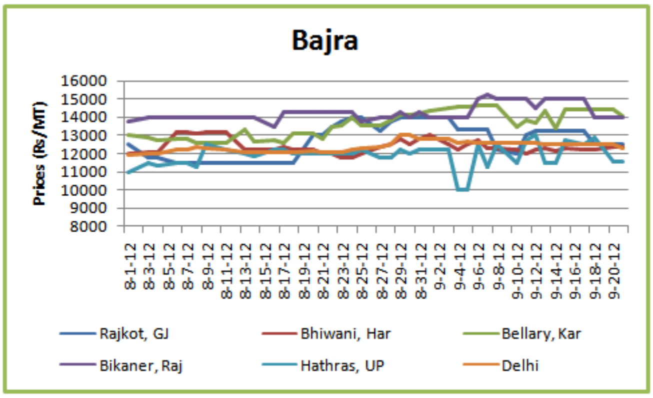
In Maharashtra, area under Bajra is lower by 57 per cent however, it higher by 63 per cent in the case of maize. Ragi acreage is down by 16 per cent.

In Madhya Pradesh, jowar cultivation is lower at 3.51 lakh hectares against 4.20 lakh hectares a year ago.

Reportedly the coarse cereals harvesting will be delayed this year due to the growing regions receiving rain late. In regions such as Davangere in Karanataka, the coarse cereal crop was still being sown last week.







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

Steady to slightly weak sentiments witnessed in the major spot markets of maize during the week ended on 22nd Sept 2012. Crop has started to arrive in Davengre region of Karnataka, Warangal and Karimnagar district of Andhra Pradesh. However, volume is pretty low which does not affect the maize prices significantly.

As per First advance estimate of production of kharif crops by Ministry of Agriculture, 14.89 million tons maize is likely to be produced in the current season which is lower from last 5 year average due to loss in area coverage in the states of Gujarat, Haryana, Maharashtra, Karnataka and Rajasthan.

In Andhra Pradesh, farmers has sown maize in 5.32 lac hectares till 19th September 2012 which is 7.3% higher as compared to last year and also higher from normal sown area as on date ~4.99 lac hectares. Around 107% sowing has completed in AP till date. Crop condition is reportedly good in various maize growing belts of AP.

Maize prices are hovering at around Rs 1402 per quintal on an average on pan India basis, decreased by around 0.9% compared to last week.

Currently, there are no major overseas maize buyers as rupee has appreciated against the US dollar. Prices have gone up by $20-25. However maize exports will continue and Indian maize prices will be lower than the US or Brazil or Argentine maize.

The global prices have begun to soften with harvest in progress in the US eventually creating pressure on Indian maize.

Domestic market will trade weak. CCI (Competition Commission of India) has intervened as prices of wheat have been soaring in spite of bumper crop. For 2012-13 year FCI has procured 38 million tonnes of wheat, which is more than 200% of required quantities, creating monopoly over wheat supply and leaving less quantity in open market for private traders.

It has been decided by the government that government will release 20-25 lakh tonnes of wheat every month October onwards in open market, to contain the price rise.

STC has issued a tender to sell 40,000 MT of wheat. PEC has issued tender to export 30000 MT Indian milling wheat to be shipped from 10 Oct to 5 November 2012 form Karaikal port and another tender of 125,000 MT Indian milling wheat to be shipped in month of October 2012 form Kandla port.

India has exported 22.98 lakh tonnes of wheat till date is expected to export 35 lakh tonnes of wheat by the end of October.

Bihar government has set target of 72.85 lakh tonnes of wheat production for 2012-13 in an area of 23.5 lakh hectares with productivity of 3.1 tonnes/hectare. Last year's Bihar has produced around 47 lakh tonnes.

36,750 tonnes of wheat has been shipped from port Pipavav by Government to Indofood Sukses, Jakarta Indonesia. This was the first consignment for 2012 of wheat exported by government from Pipavav port.

Wheat prices are likely to skid on expected higher release of wheat in coming months. As per recommendation by Inter Ministerial Group has recommended releasing 20-23 lakh tonnes of wheat each month to curb the rising wheat prices and ease the wheat stock to make the way for storage for the newly harvested rice.

Outlook

Government's decision to increase the releasing volume in wheat in open market ahead of festivities, expected new maize, soybean and bajra crop is expected to weight on the feed product prices in near-term. However, improved seasonal poultry production and eventually better soy meal and maize demand from the industry will limit the downward potential in the key feed ingredients.

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	86.67
3	301	316	335	250.00	101.7	93.00	200	90	**100.00**
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 slightly increased from last week as the maize prices are stronger than the Bajra in the spot market. We expect maize spread with bajra to narrow as the maize prices are expected to ease with likely new crop supplies in near-term.

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	198.33
3	192	212	375	-127.14	-170	-280	73.00	0	**208.00**
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 is increasing week-on -week basis as Jowar prices witnessed much lower due to lower demand compared to maize. In view of upcoming new maize crop pressure we feel the spread to narrow from the current levels 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	-142.5
3	68	124	190	59.29	-69.0	-65	107	-47	**-154.0**
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 from last week. Both the commodities traded steady during the week as compared to last week. Considering the fact that wheat prices would go down in the near term due to higher wheat allocation by Government for the last quarter. We expect maize spread with wheat could be narrow in the 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	201.67
3	82	98	67	-91.42	-191.7	-163	102.5	76	**234.0**
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 increased from last week as barley demand from malting industries was negligible during the week as stockists have comfortable stock.

Considering the fact that barley and maize prices would trade steady in the near term, we expect that maize spread with barley will be around the current level in weeks ahead.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	21.092012	14.09.2012	Parity To
Indore (MP)	41000	41200-41500	Gujarat, MP
Kota	41000	40700-40800	Rajasthan, Del, Punjab, Haryana
Akola	43000	41700	Andhra, Chattisgarh, Orissa,Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa,Jharkhand, WB
Nanded/Latur	40000-41000	44000	Andhra, AP, Kar ,TN
Dhulia/Jalna	41500	42500	Mumbai, Maharashtra
Nagpur (42/46)	41000	42500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	39000	44000	Local and South
Solapur	42000	43500	Local and South
Bundi	40500	40600	-

Soy DOC at Port

Centers	Port Price	
	21.092012	14.09.2012
Kandla (FOR) (INR/MT)	42000	41500-42500
Kandla (FAS) (USD/MT)	786	758-777

International Soy DOC

Argentina FOB $/MT	21.092012	13.09.2012	Change
Soybean Pellets	573	618	-45
Soybean Cake Meal	573	618	-45
Soybean Meal	581	626	-45
Soy Expellers	581	626	-45

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	21.092012	14.09.2012	Change
Adoni	23500	23500	Unch
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

Groundnut Meal

Groundnut Meal	21.092012	14.09.2012	Change
Basis 45% O&A, Saurashtra	34500	33000	+1500
Basis 40% O&A, Saurashtra	33000	32000	+1000
GN Cake, Gondal	35000	33000	+2000

Mustard DOC/Meal

Mustard DOC/Meal	21.092012	14.09.2012	Change
Jaipur (Plant Delivery)	16800	17200	-400
Kandla (FOR)	17500	17700	-200
Sri Ganganagar	790	800	-10

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	21st Sep 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1335	1330	1280	1450	-
Davangere	Bilty	1450	1500	1460	-	1190
Naugachia	Bilty	1280	1300	-	1175	-
Nizamabad	Bilty	1465	1491	1418	-	1170
Ahmedabad	Feed	1500	1490	1490	1550	1200
	Starch	1500	1500	1470	1550	1160

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	268	252	320	322
Cost and Freight (Thailand)	318.11	307	380.20	357

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