

Contents:

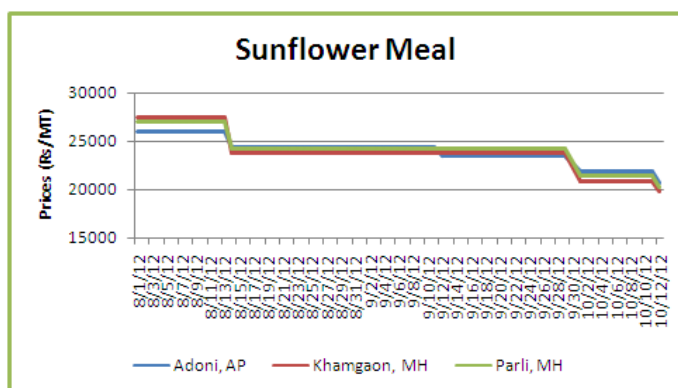
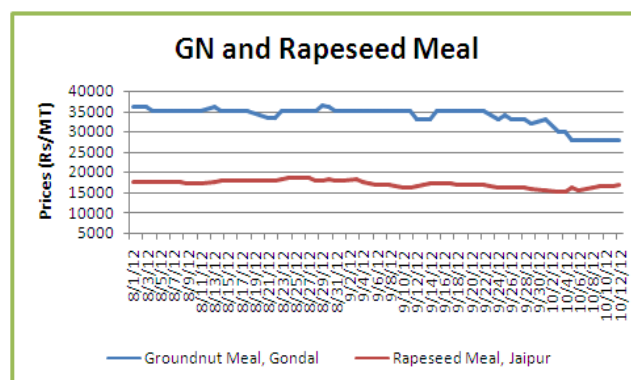
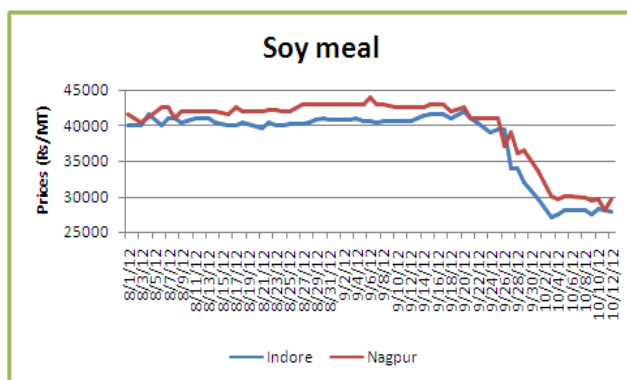
- ❖ ***Summary***
- ❖ ***Trend – Raw Material, Feed***
- ❖ ***Outlook***
- ❖ ***Spreads***
- ❖ ***Annexure - Prices***

Summary

Prices of the key feed ingredients featured mixed tone on expected rise in new kharif crop supplies and diminished old stocks during the week in review. Soy meal declined on soybean harvest pressure, maize and coarse grains witnessed a mixed tone and wheat prices remained range bound on high wheat stock availability with the government during the period amid low demand from bulk users.

The feed prices may slightly ease in the near-term in view of weak trend in the feed ingredient prices.

Trend – Raw Material, Feed



Source: AgriWatch

The soy meal prices witnessed slight losses on poor buying enquires and weak export sales. The new soybean crushing is likely to improve in coming weeks leading to the competitive Indian soy meal prices in the international market. The overseas buyers are keen and making the exports enquiries for Nov-Dec shipments (forward booking).

As expected India's soy meal exports were nominal in the month of September 2012. India exported just 2864 MT of soy meal in September 2012 (lower by 99%) compared to 22, 5921 MT during the same period last year. Iran, Kuwait, Netherland and Sri Lanka were the major buyers.

India's soy meal shipments usually fall in the month of September due to the fall in crushing followed by a lean season in soybean.

Soy meal (Nov-Dec) FOR Kandla exports price was quoted around Rs 28633/MT compared to 16740-16940/MT during the corresponding period last year.

The soy meal prices are likely to witness new crop arrival pressure in the near-term.

The RM seed prices witnessed significant gains in tandem with BMD CPO during the week in review. Active buying was featured in the mustard seed by oil millers in anticipation of good demand in the coming days due to festivals in the month of October and November.

Moreover, trade sources revealed that diminishing mustard seed stock in the supply pipeline would underpin mustard seed and mustard oil prices in the medium term. However, rising soybean arrivals may limit excessive gains.

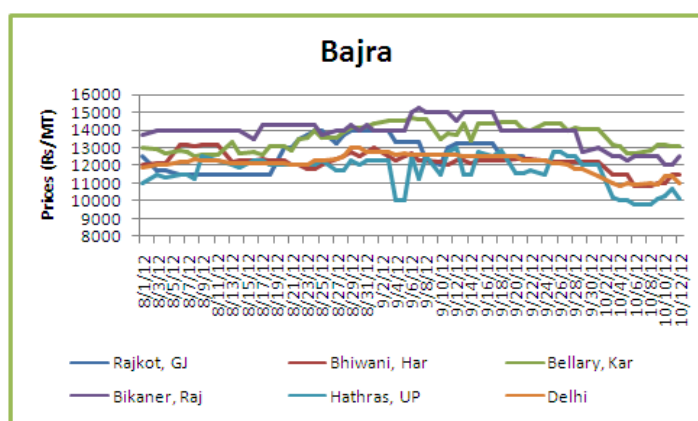
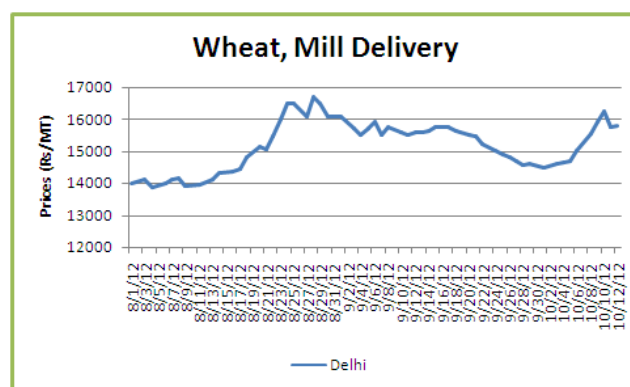
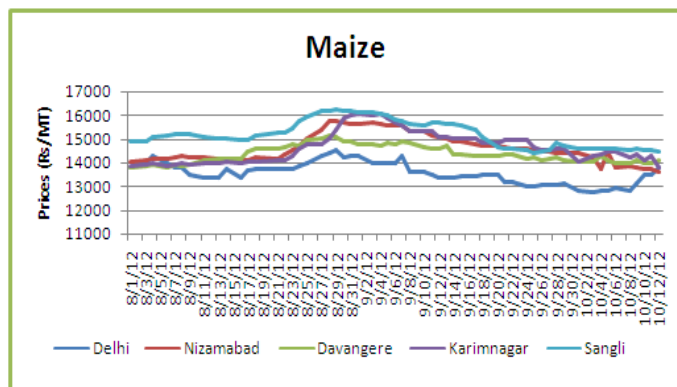
As per trade sources, 65-70 per cent of mustard seed has been crushed of the total mustard production in the current year.

The seed farmers are expected to plant the seed more this year than the last season, in view of better seed prices during the season.

The kharif groundnut planting is 10 per cent behind (38.9 lha) compared to the same period last year, reported in the latest official planting progress report.

Besides, sunflower sowing has recovered and reported lower just by 0.7 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 expected to be steady to slightly firm on tight supply outlook which will eventually keep the feed product prices stable at the at the current levels higher in near-term.



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

Mixed sentiments witnessed in the major spot markets of maize during the week in review.

Higher moisture content in the new maize crop kept the corporate buyers out of the markets at present as they are waiting for lower maize moisture content at lower price.

However, Gujarat feed millers of Ahmadabad region may purchase maize from U.P. region as they have only one week's stock remaining. Meanwhile, Punjab poultry farms have shifted demand towards bajra from maize.

In Andhra Pradesh, maize new crop contains around 15-18% moisture level. Despite the crop arrival pressure, we are expecting that prices will trade steady in A.P. region as demand is higher at the lower price level.

In Bihar, Maize old stock is almost over and sowing for new crop would start from the first week of November.

Maize prices are hovering at around Rs 1247 per quintal on an average on pan India basis, an increase of around 16% compared to last week. Sluggish export demand amid new crop arrivals pressurized the prices. We expect maize prices to show declines in the near term due to new crop arrival pressure.

Wheat stock with the government as on 1st October 2012 was 431.53 lakh tons, which is the highest ever wheat stock with the government. Off take from the government granaries was around 30 lakh tons in the month of September and is likely to rise as festive demand will be there and due to lean season.

Bulk users like flour millers are totally dependent on the government's stock and there is negligible supply from farmers. At current market scenario, any steep decline in wheat market from current level is unlikely as demand for wheat is higher than actual supply.

Export demand for Indian wheat too is likely to improve in the weeks ahead as global market fundamentals seem bullish.

Wheat sowing has started in Maharashtra and is likely to start in Gujarat by mid-October. In Madhya Pradesh harvesting of soybean is going on and wheat sowing is likely to commence after Diwali.

In Gujarat, for 33000 tons of wheat, tender bids received were around Rs 1422/Quintal. Prices in local market are likely to remain stable as supply is short which may support prices in days ahead if the government doesn't allocate more quantity. Major Price deciding force will remain additional stock from the government and stock in private hands and farmers is negligible and major consumers like flour miller and exporters are completely depended on government stocks.

Wheat area may improve this year as farmers have realized better price due to higher MSP and continuous export demand. Farmer's pre sowing intention shows a better coverage this year in Rajasthan as they prefer wheat sowing in guar fields. Besides, there is ample water available in Gandhi Sagar Dam and it will facilitate irrigation at maturity stage. However, area under wheat in Saurashtra region may decrease drastically due to lower rainfall and almost 80 per cent of the total wheat area may be used for other cash crops like chana, castor, cumin and cotton.

Wheat stock with the government is still much higher than the required norm and another bumper crop may lead to serious storage problem. Export through government's godowns has not been very impressive. The time is appropriate to ship out maximum wheat (in the range of 7 to 8 million T) in the current marketing year so that the carryout stock remains at a manageable level.

Wheat prices in domestic market are likely to remain steady to slightly firm in the near term on the back of higher demand of wheat products ahead of the festive season.

Outlook

The rapid pace of soybean harvesting, expected new maize arrivals, commencement of new bajra supplies in cash market and the government's controlled release of wheat stock for open market sales is expected to weigh 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 downside potential in the key feed ingredients.

Spreads

Maize Average Weekly spread with Bajra

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
1	277	272	357.5	286.67	95	63.75	112	193	117.50	177.00
2	301.25	287	335	300	95.8	42.00	166	119	86.67	219.00
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	79.00	
5			298		90.0			106.00		

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

Maize spread with bajra increased from last week. In Delhi spot market, despite the new crop arrival pressure maize prices traded firm due to increase in demand from poultry. Sources revealed that maize demand has partly shifted towards bajra. However, limited supply could support the maize prices. Bajra prices are steady due to higher demand and supply and prices could go slightly up in the near term as demand has improved for bajra. We expect maize spread with bajra could be narrow in the near term.

Maize Average Weekly spread with Jowar

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
1	193	138	295	93.33	-322.5	-336	66	83	190	150.00
2	211.25	103	80	-90	-324	-302	113	46	198.33	180.00
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	93.00	
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 remained higher compared with jowar prices. We are expecting that Jowar could trade steady in the near term with the limited demand and supply and could keep the maize spread with jowar steady in the coming week.

Maize Average Weekly spread with Wheat

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
1	85	78	201.25	125	-107.5	-117	22	70	-106	-123.0
2	100	85	208.75	122	-109	-130	68	28	-142.5	-188.0
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	-156	
5			146		-188.0			-167		

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

Maize spread with wheat decreased from last week as government is not releasing the wheat stock in the market. Also flour millers are aggressively purchasing wheat stock due to festive season demand. We expect wheat prices will remain firm in the near term if the government does not release the wheat stock in the market. We expect maize spread with wheat could further narrow in the days ahead.

Maize Average Weekly spread with Barley

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
1	93	38	180	63.33	-239	-281	16	133	212	160.0
2	108.75	39	155	140	-191.7	-250	58	96	201.67	226.0
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	143.0	
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 no demand for barley was reported from malt industry buyers as they have sufficient stock in quantity. Demand from cattle feed is also lower at this time. We expect that maize spread with barley could remain steady due to steady price movement in both the commodities in the near term.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	12.10.2012	05.10.2012	Parity To
Indore (MP)	27900	28000	Gujarat, MP
Kota	28200	27000	Rajasthan, Del, Punjab, Haryana
Akola	29500	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	29000	-	Andhra, AP, Kar, TN
Dhulia/Jalna	30000	30000	Mumbai, Maharashtra
Nagpur (42/46)	29600	30000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	31000	30000	Local and South
Solapur	30500	30000	Local and South
Bundi	27500	27700	-

Soy DOC at Port

Centers	Port Price	
	12.10.2012	05.10.2012
Kandla (FOR) (INR/MT)	29100	28350
Kandla (FAS) (USD/MT)	552	548

International Soy DOC

Argentina FOB \$/MT	12.10.2012	05.10.2012	Change
Soybean Pellets	559	553	+6
Soybean Cake Meal	567	561	+6
Soybean Meal	559	553	+6
Soy Expellers	567	561	+6

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	12.10.2012	05.10.2012	Change
Adoni	20600	21800	-1200
Khamgaon	19800	20800	-1000
Parli	20200	21400	-1200
Latur	20000	21200	-1200

Groundnut Meal

Groundnut Meal	12.10.2012	05.10.2012	Change
Basis 45% O&A, Saurashtra	27500	27000	+500
Basis 40% O&A, Saurashtra	26000	26000	Unch
GN Cake, Gondal	28000	28000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	12.10.2012	05.10.2012	Change
Jaipur (Plant Delivery)	17000	16000	+1000
Kandla (FOR)	17400	16200	+1200
Sri Ganganagar	780	745	+35

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	12 Oct, 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1375	1280	1325	1325	-
Davangere	Bilty	1415	1425	1475	-	945
Naugachia	Bilty	-	-	1300	1175	1075
Nizamabad	Bilty	1390	1435	1507	1420	1030
Ahmedabad	Feed	1480	1440	1500	1500	1150
	Starch	1430	1433	1500	-	1140

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	273	246.21	330	321
Cost and Freight (Thailand)	323	301.21	390	356

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2005 Indian Agribusiness Systems Pvt. Ltd.