

Contents:

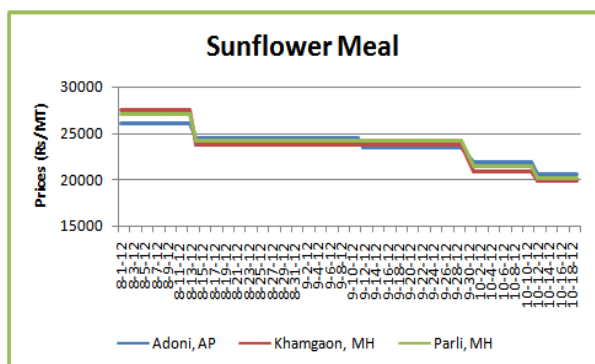
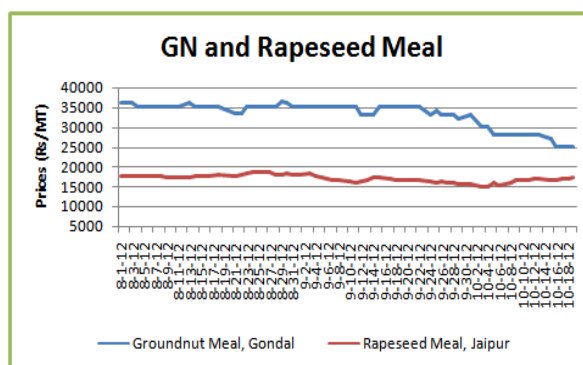
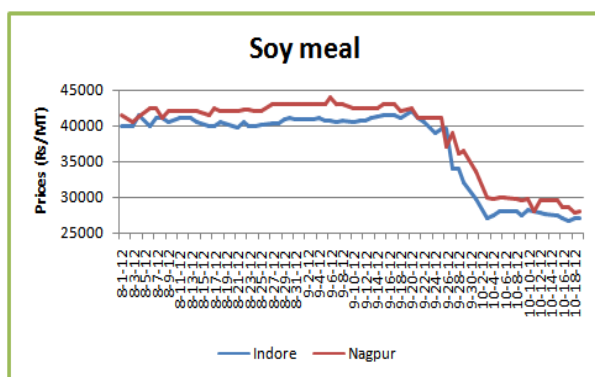
- ❖ ***Summary***
- ❖ ***Trend – Raw Material, Feed***
- ❖ ***Outlook***
- ❖ ***Spreads***
- ❖ ***Annexure - Prices***

Summary

The key feed ingredients prices eased on rising new crop supplies during the week in review. Soy meal declined on soybean harvesting pressure, maize and coarse grain too fell on new crop supplies and wheat prices mainly remained steady to firm on festive buying during the period.

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

Trend – Raw Material, Feed



Source: AgriWatch

The soy meal prices eased in tandem with soybean during the week in review. Rising seasonal soybean supplies and improved crushing in the beans to meet the festive demand in oil and meal slightly pressured the soy meal market.

However, the seasonal rise in domestic meal usage during winters in poultry industry will remain supportive for the meal market in days ahead.

India's soy meal shipments are expected to pick-up from October month followed by rise in the availability and competitive prices in the international market. We expect India's soy meal shipments will boost in Oct/Feb due to lower US soybean crop this season (10 year low). The opportunity for India's meal exports will be better till the Brazilian and Argentine crop supplies expected in Feb-Mar 2013.

India exported 223,594 MT of soy meal in October 2011 and we expect India to export near previous year's level with rising overseas exports enquiries and gradual rise in forward booking for Nov-Dec.

Soy meal (Nov-Dec) exports price, FOR Kandla exports was quoted around Rs 29000/MT compared to 16900-17100/MT during the corresponding period last year.

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$-11/MT compared to US \$-10/MT a week ago, indicating a narrowing gap in prices between Indian and Argentine meal prices. 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. The domestic meal prices may slightly fall on gradual rise in bean crushings.

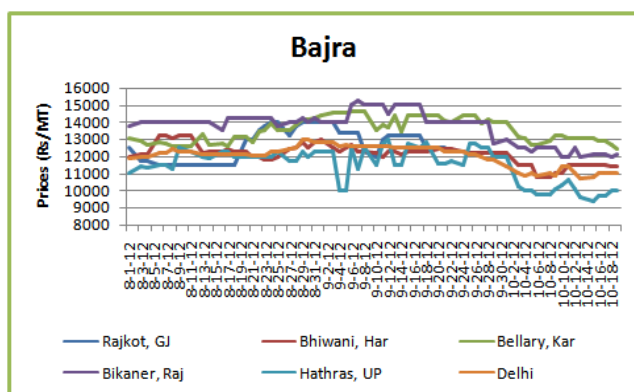
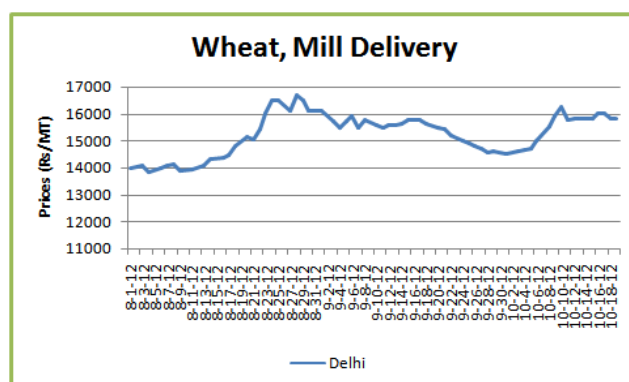
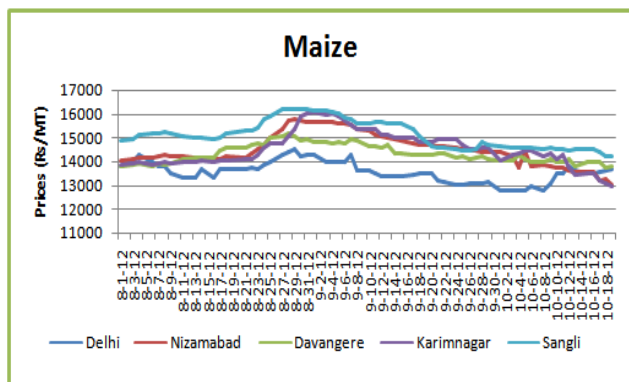
The RM seed prices witnessed gains supported by millers buying to meet the festive edible oil demand during the week in review. Besides, firm Malaysian palm oil lent additional support to the seed during the period.

Further, the seed stocks are lower due to the fall in seed production this season.

In a major development, the RM seed planting has begun in several states, though the pace is slow. We expect the planting pace to pick-up in a week or two.

The farmers are expected to plant the seed more this year than the last season, in view of better seed prices during the season. Besides, the seed prices are likely to remain strong in coming weeks which will consequently leading to higher rape extract prices.

The soy, groundnut and sunflower meal prices are likely to feature steady to weak tone on new crop supplies while rapeseed is expected to gain on tight supply scenario in coming weeks. Overall, the feed product prices are likely to slightly ease from the current levels 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 ended on 20th October 2012. Increase in corn crop arrivals offset the higher demand from feed makers.

In Ahmadabad, Gujarat, poultry feed millers are purchasing maize from Maharashtra region at around Rs. 1400 per quintal.

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 1233 per quintal on an average on pan India basis, a fall by around 1% compared to last week.

On the export front, no major activities reported during the week as buyers are expecting that prices will go down further. The maize prices are likely to fall on new crop supply pressure near-term.

Wheat market improved slightly on the back of higher demand from flour millers ahead of continuous festivals in the weeks ahead. Wheat prices are likely to remain supportive following the improved pace of demand in the short term despite govt.'s intention to offload more wheat in domestic market in current financial year. However, medium term outlook depends on additional allocated quantity on month basis. Govt. may offload 7 million tonnes of wheat in the rest of the current MY.

Stock in private hands and with farmers is believed to be at lower level and bulk/medium consumers are totally dependent on govt.'s release. Any aberration in release mechanism may create short supply in the domestic market, especially at consuming centers and may support prices further. Thus overall sentiment and directional move depend on govt's strategy of allocation and price for OMSS.

With rising international market and depleting exportable surplus in Russia, Ukraine, Australia supported by lower production prospects in the US and Argentina export opportunity for India has improved in the recent weeks. Iran and Indonesia are interested to import wheat from India on G to G deals on long term basis. Besides, private trades will continue to cater the needs of small foreign buyers. Overall situation on export front is expected to improve in the months ahead.

Wheat sowing is about start and we expect bumper crop once again as weather remains favourable throughout the major growing regions. Based on preliminary feedback from farmers over 90 million tonnes wheat production seems very much on the card. So supply side is expected to remain ample next year too. Burden of hefty stock needs to be reduced. Lower export volume can pose storage problem especially when wheat procurement starts in April.

Area under wheat crop is likely to cross last year's level of almost 296 million ha. to 29 million ha. as guar field in Rajasthan may be shifted to wheat to a large extent. Better price realization at the time of sowing too encourage farmers to go for wheat planting supported by assured purchase on MSP in major producing states. However, major deciding factor for the final size of the crop would be temperature in March and April. Higher temperature might affect yield of wheat crop.

Farmers in major wheat growing areas are engaged in field preparation and sowing will start by the end of this month. Weather remains favourable for wheat sowing and ample moisture level in field will ensure good crop this year too.

Outlook

Increasing seasonal supply in soybean, expected rise in new maize and bajra arrivals in cash market and government's plan to release wheat in early November 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	Oct
1	277	272	357.5	286.67	95	63.75	112	193	117.5	177.0
2	301.25	287	335	300	95.8	42.00	166	119	86.67	219.0
3	301	316	335	250.00	101.7	93.00	200	90	100.00	270.0
4	266.67	340	323.33	161.00	72.0	127.50	204	103	79.0	
5			298		90.0			106.00		

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

Maize spread with bajra edged-up from last week as maize prices were higher compared to the bajra in the spot market. We expect maize spread with bajra to further widen as the maize prices could fall at faster rate compared to bajra, for short-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	150.0
2	211.25	103	80	-90	-324	-302	113	46	198.33	180.0
3	192	212	375	-127.14	-170	-280	73.00	0	208.00	177.0
4	158.33	250	80	-251.00	-320	-152	85.8	17.5	93.0	
5			92		-403			122.5		

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

Maize spread with jowar is narrowed as during the week in review. With new maize crop supply 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	Oct
1	85	78	201.25	125	-107.5	-117	22	70	-106	-123
2	100	85	208.75	122	-109	-130	68	28	-142.5	-188
3	68	124	190	59.29	-69.0	-65	107	-47	-154.0	-192.5
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 remained near the previous week's level. Both the commodities remained steady during the week as compared to last week. We expect maize spread with wheat to fall in negative in view of fall in maize prices in coming weeks.

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	206.0
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 declined from previous week as rate of fall in maize prices was higher than the barley.

Considering the fact that rate of fall in maize will be higher compared to barley will further narrow the gap in the spread between the two in near-term.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	19.10.2012	12.10.2012	Parity To
Indore (MP)	27000	27900	Gujarat, MP
Kota	27000	28200	Rajasthan, Del, Punjab, Haryana
Akola	28000	29500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	28000	29000	Andhra, AP, Kar, TN
Dhulia/Jalna	29000	30000	Mumbai, Maharashtra
Nagpur (42/46)	28100	29600	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	29000	31000	Local and South
Solapur	29000	30500	Local and South
Bundi	27500	27500	-

Soy DOC at Port

Centers	Port Price	
	19.10.2012	12.10.2012
Kandla (FOR) (INR/MT)	29000	29100
Kandla (FAS) (USD/MT)	540	552

International Soy DOC

Argentina FOB \$/MT	19.10.2012	12.10.2012	Change
Soybean Pellets	552	559	-7
Soybean Cake Meal	560	567	-7
Soybean Meal	552	559	-7
Soy Expellers	560	567	-7

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	19.10.2012	12.10.2012	Change
Adoni	20600	20600	Unch
Khamgaon	19800	19800	Unch
Parli	20200	20200	Unch
Latur	20000	20000	Unch

Groundnut Meal

Groundnut Meal	19.10.2012	12.10.2012	Change
Basis 45% O&A, Saurashtra	24500	27500	-3000
Basis 40% O&A, Saurashtra	22500	26000	-3500
GN Cake, Gondal	25000	28000	-3000

Mustard DOC/Meal

Mustard DOC/Meal	19.10.2012	12.10.2012	Change
Jaipur (Plant Delivery)	17400	17000	400
Kandla (FOR)	17800	17400	400
Sri Ganganagar	795	780	15

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	19 Oct 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1365	1375	1340	1300	-
Davangere	Bilty	1425	1415	1450	1450	1050
Naugachia	Bilty	-	-	1280	1200	1050
Nizamabad	Bilty	1350	1390	1471	1419	1040
Ahmedabad	Feed	1440	1480	1490	1470	1180
	Starch	1400	1430	1500	1500	1150

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davangere Origin)
FOB	278	248.34	325.9	317
Cost and Freight (Thailand)	328	303.34	385.9	352

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