

Contents:

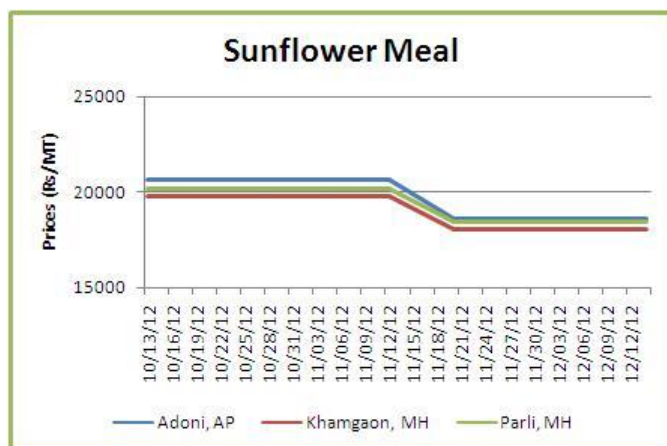
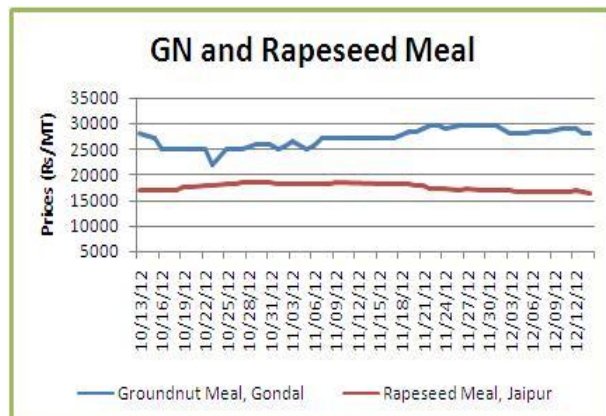
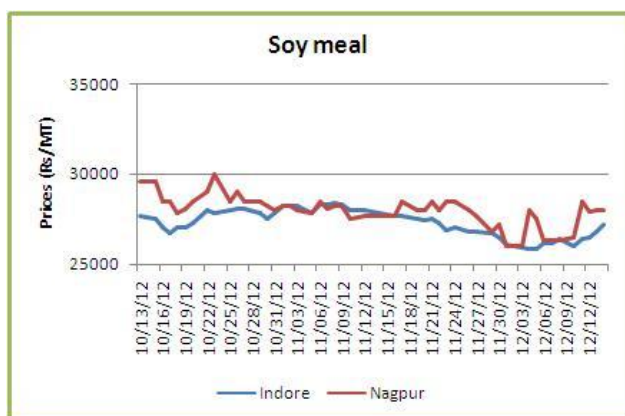
- ❖ Summary
- ❖ Trend – Raw Material, Feed
- ❖ Outlook
- ❖ Spreads
- ❖ Annexure - Prices

Summary

The key feed ingredients prices witnessed mixed sentiments during the week in review.

Soy meal prices featured gains on overseas buying support, while RM seed featured losses on sluggish buying. Wheat prices were pressured on higher supply and lower domestic demand, but maize and bajra prices improved. Overall, feed prices remained steady during the week on steady demand.

Trend – Raw Material, Feed



Source: AgriWatch

The domestic soybean and meal prices edged-up on buying support, however, RM seed prices declined tracking losses in BMD CPO during the week in review.

The major players who refrained themselves from the soy market in previous weeks re-entered the market to make the trade enquiries and some even quoted higher to buy the beans to meet their soy meal exports commitments. India's soy meal export sales in Nov were 30 per cent higher y/y.

Higher US soybean export sales followed by strong Chinese buying and improved overseas demand in soy meal of Indian origin remained supportive for the beans during the period.

US November NOPA crush came in at 157.308 million bushels, in line with market estimates and was the largest monthly crush rate in 3 years. The strong crush and export demand continues to support the market.

Soybean crush margins have improved in China in the last couple of weeks which has led to soybean purchases from the US. Weather forecast suggests no big changes to South American weather at the moment. Good rainfall over the next 7-10 days for most of Brazil and Argentina and stable temperatures should promote good conditions for row crops and move along the planting pace.

The domestic soybean prices will stay strong in coming days with improving overseas soy meal demand. Improved Chinese buying will certainly lend support to the international soybean in near-term. Again, global shortfall of 24 Mn T of soybean is expected to support the domestic bean prices for medium-term.

Soy meal gained on improved buying support from overseas markets, during the week in review. Increase in the exports enquiry in the meal and supportive CBOT soy complex pushed up the domestic meal market. India has recorded 30 per cent rise in soy meal shipments in Nov (517103 MT) compared to the same period last year.

South-east Asian countries are largest buyers of soy meal of Indian origin due to proximity, logistic advantage and preference for the meal of Indian origin. Japan stands the biggest out of all. However, the demand from Europe is seen improving with France as the largest buyer.

Iran, the biggest buyer, is currently out of the Indian market as the meal exporters are concerned due to delayed payments encountered for the previous consignments. However, the exporters are getting encouraged with the resolving payment issues. We expect soy meal shipment to resume towards Iran and India is expected export around 1 Mn T of the meal this season against 0.6 Mn T last season.

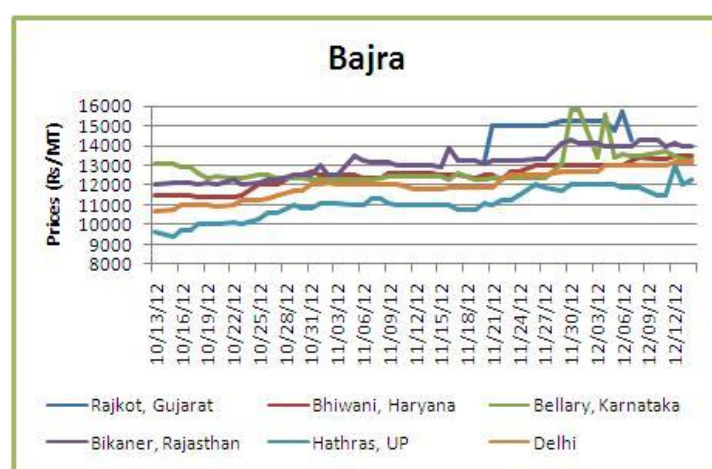
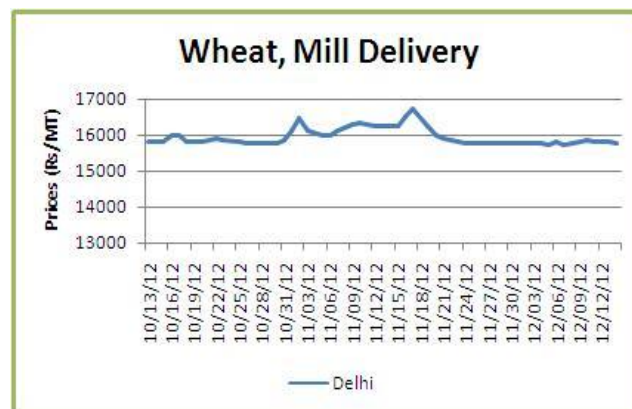
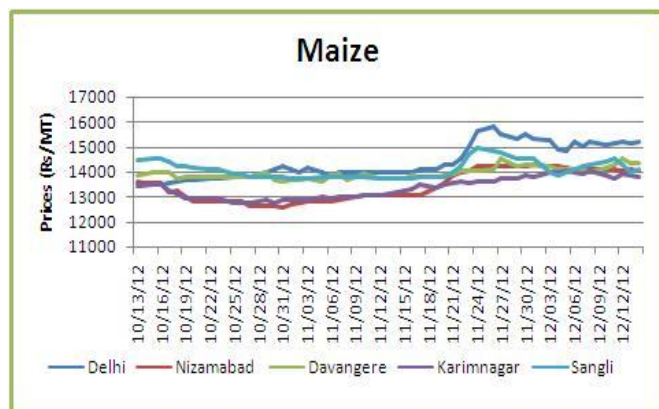
RM seed prices extended losses tracking fall in BMD CPO during the week in review. Expected higher world palm oil production in 2013 and higher palm oil inventories in major palm oil producing countries continued to pressure domestic RM seed prices.

However, the seed prices seemed to have bottomed out and expected to recover in near-term. Bullish economic data from China, the world's second largest economy and reports of improved oilseed imports by China and reports of higher export sales in palm oil during the week will lend support to the international oils and fats market, leading to gain in BMD CPO.

Need based buying in the seed was witnessed in cash markets. RM seed planting is underway and the area is expected to rise by about 5 per cent this season, in view of better prices this season. Rapeseed/mustard seed sowing (as on 13 Dec 2012) is up by 3.3 per cent at 63.61 lha compared to 61.60 lakh hectares during the same period last year.

Expected rebound in Malaysian palm oil and renewed seasonal domestic edible oil demand and dwindling RM stocks is expected to support the seed prices at higher levels. However, higher palm oil inventories and estimated rise in palm oil output in 2013 will continue to weigh on the seed prices to some extent.

The oilseeds and meal markets are still under pressure due to bearish developments in the international oils and fats market. However, we feel better Chinese demand in soy bean will restrict the losses.



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

During the week, steady to firm sentiments were witnessed in most of the major spot markets of maize.

In the Nizamabad region of A.P., demand for maize was reported from local starch industry at Rs. 1400 per quintal. Meanwhile, maize is also moving towards Hyderabad at around Rs. 1430 per quintal sourced from Nizamabad region of A.P.

In Karnataka, maize spot markets were higher during the week due to the higher demand. During the week, Koppal wagon bilty rate quoted in a range of Rs. 1375-1410 per quintal. Sources revealed that 1 rake each has been moved towards Chennai and Mangalore port on daily basis.

Maize is trading at Rs. 1290 per quintal in Chhindwara market (M.P) and heavy demand came from institutional buyers like Cargill and Riddhi Siddhi. It is notable that waiting of queue of rakes is around 170 rakes at Chhindawara center. However, moisture level is still pretty higher at around 14-15% as reported.

During the week, Koppal wagon bilty rate quoted in a range of Rs. 1375-1410 per quintal. Sources revealed that 1 rake each has been moved towards Chennai and Mangalore port on daily basis.

In Delhi market, maize prices were firm due to lower supply. Sources revealed that maize arrivals are lower than last year which kept the maize prices at higher level.

Maize prices are hovering at around Rs 1308 per quintal on an average on pan India basis, increased by 15 per quintal from the previous week. It is expected that prices may rise in the coming days as big institutional buyers jump into the market that could drive prices upwards.

Wheat cash market continued to reel under pressure on better supply and sluggish demand from bulk users in the week under review. Millers are sourcing wheat from FCI go-downs as well as from private trade. We expect wheat to trade range bound with weak bias likely to continue in the short term.

South Indian millers are sourcing wheat from Rajasthan too from private trade at Rs 1750-Rs1760 per quintal on mill delivered basis. Just against it they are uplifting wheat from FCI around Rs 1756 per quintal at locally located warehouse. However, they get at least 10 days credit from private traders and get wheat at their mills. Thus they save local freight and labor in sourcing wheat from Rajasthan.

Ample supply is expected from central pool stock in the weeks ahead. Besides, improved area coverage in major wheat growing states, bearish tone in the global market and importers sluggish buying interest are the restrictive factors for wheat market fundamental. Higher stock in central pool, better production prospect, favorable weather condition and government's strategy to augment supply in the market will remain the major price limiting factor.

At export point of view, it would be difficult for India to get more than recently received bid (\$328 MT) with declining CBOT futures. During last one week CBOT lost almost 6 percent despite some gains in the last trading session. Price trend channel shows bearish trend supported by higher estimation of EU crop. However, any major dip from current level is unlikely as we expect buyer's fresh interest at lower level.

In Gujarat, Gandhidham exporters are buying wheat at FOR Rs. 1710/Qtl. Cargill and ITC are active in the wheat spot market. According to traders, every day around 700-800 bags are being diverted from ration quota to spot market at Rs 1550-1600/Qtl.

In Rajasthan, wheat has been sown in 24,15,100 hectares so far, which is 86.3% of the target area. Last year at the same time, wheat was sown in 23,12,150 hectares. Rajasthan has set a target of 28,00,000 hectares this year against last year's 29,35,000 hectares.

According to PIB (Press Information Bureau), wheat has been so far sown in 227.45 lakh hectares as compared to last year's 220.82 lakh hectares at the same time.

Wheat is expected to trade steady to weak as wheat sowing has exceeded year on year basis area and bumper crop is expected. Supply from government stocks and sluggish demand will add pressure to bearish tone.

Outlook

Improving seasonal demand of feed ingredients (including oil meals and maize) from poultry and other feed manufactures and good poultry product demand from confectionaries followed by festivities like Christmas and New Year, will support key feed ingredients prices in near-term.

Spreads

Maize Average Weekly spread with Bajra

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1	277	272	357.5	286.67	95	63.75	112	193	117.5	177.0	187.5	213.0
2	301.25	287	335	300	95.8	42.00	166	119	86.67	219.0	213.0	210.0
3	301	316	335	250.00	101.7	93.00	200	90	100.00	270.0	214.0	
4	266.67	340	323.33	161.00	72.0	127.50	204	103	79.0	264.0	238.0	
5			298		90.0			106.00				

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

As the table depicts, maize spread with bajra slightly decreased from last week as bajra is trading higher due to higher demand from poultry and malt industries. Demand for human consumption is also supporting the bajra prices. Maize also traded higher due to higher poultry demand. Sources revealed that bajra and maize prices could go up further in the coming weeks due to higher poultry demand and could keep maize spread with bajra intact in the coming weeks.

Maize Average Weekly spread with Jowar

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1	193	138	295	93.33	-322.5	-336	66	83	190	150.0	137.0	192.0
2	211.25	103	80	-90	-324	-302	113	46	198.33	180.0	183.0	218.0
3	192	212	375	-127.14	-170	-280	73.00	0	208.00	177.0	204.0	
4	158.33	250	80	-251.00	-320	-152	85.8	17.5	93.0	140.0	142.0	
5			92		-403			122.5				

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

As the table depicts, maize spread with jowar increased from last week as jowar prices decreased from last week due to lower cattle feed demand. However, sources revealed that jowar will trade high in the coming weeks due to increase in cattle feed demand with the firm price movement in maize prices and could keep maize spread with jowar towards northward zone.

Maize Average Weekly spread with Wheat

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1	85	78	201.25	125	-108	-117	22	70	-106	-123	-139	-21.0
2	100	85	208.75	122	-109	-130	68	28	-143	-188	-170	0.0
3	68	124	190	59.29	-69	-65	107	-47	-154	-193	-101	
4	46.67	133	125	-36.0	-96	3	108	-143	-156	-127	-27	
5			146		-188			-167				

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

As the table depicts, maize spread with wheat increased to flat from last week as wheat prices moved in a range and firm price movement was seen in maize. It is expected that this trend would continue in the week ahead.

Maize Average Weekly spread with Barley

Week	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1	93	38	180	63.33	-239	-281	16	133	212	160.0	213.0	242.0
2	108.75	39	155	140	-191.7	-250	58	96	201.67	226.0	150.0	268.0
3	82	98	67	-91.42	-191.7	-163	102.5	76	234.0	206.0	157.0	
4	48.33	136.25	-43.33	-176	-238.0	-16	85.8	94	143.0	226.0	215.0	
5			37		-283.0			207.5				

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

As the table depicts, maize spread with barley increased from last week as maize traded higher against barley. Considering the fact that barley is likely to trade down and expected firm price movement in maize prices, it is likely that maize spread with barley will go up in the coming weeks.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	14.12.2012	07.12.2012	Parity To
Indore (MP)	27200	26000-26300	Gujarat, MP
Kota	27100	25900	Rajasthan, Del, Punjab, Haryana
Akola	27600	26100	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	28000	26200	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27700	26800	Andhra, AP, Kar, TN
Dhulia/Jalna	29500	28500	Mumbai, Maharashtra
Nagpur (42/46)	28000	26300	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	28000	27600	Local and South
Solapur	27700	27200	Local and South
Bundi	26700	26000	-

Soy DOC at Port

Centers	Port Price	
	14.12.2012	07.12.2012
Kandla (FOR) (INR/MT)	29200	28000
Kandla (FAS) (USD/MT)	537	517

International Soy DOC

Argentina FOB \$/MT	14.12.2012	07.12.2012	Change
Soybean Pellets	563	562	+1
Soybean Cake Meal	563	562	+1
Soybean Meal	571	570	+1
Soy Expellers	571	570	+1

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	14.12.2012	07.12.2012	Change
Adoni	18600	18600	Unch
Khamgaon	18000	18000	Unch
Parli	18400	18400	Unch
Latur	18200	18200	Unch

Groundnut Meal

Groundnut Meal	14.12.2012	07.12.2012	Change
Basis 45% O&A, Saurashtra	26500	27500	-1000
Basis 40% O&A, Saurashtra	23500	25000	-1500
GN Cake, Gondal	28000	29000	-1000

Mustard DOC/Meal

Mustard DOC/Meal	14.12.2012	07.12.2012	Change
Jaipur (Plant Delivery)	16400	16500	-100
Kandla (FOR)	17400	17500	-100
Sri Ganganagar	775	790	-15

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	14 Dec ,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1530	1500	1400	1350	-
Davangere	Bilty	1410	1350	-	1400	1125
Naugachia	Bilty	-	-	-	-	-
Nizamabad	Bilty	1400	1410	-	1325	1090
Ahmedabad	Feed	1570	1475	-	1470	1150
	Starch	1600	1540	-	1415	1200

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	281.79	260.75	311.1	309.00
Cost and Freight (Thailand)	331.79	315.75	371.1	344.00

Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>14.12.2012</u>	<u>07.12.2012</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1328	1350	-22
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1261	1270	-9
Maize	Karnataka	Yellow	Davangere	1360	1310	50
	Andhra Pradesh	Yellow	Nizamabad	1400	1390	10
Rice	Haryana	IR8	Karnal	1650	1650	Unch
		Parmal Raw	Karnal	2150	2150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	27200	26000	1200
	Maharashtra	DOC	Sangli	28000	27600	400
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	18600	18600	Unch
	Maharashtra	Ex-factory	Latur	18200	18200	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	16400	16500	-100
Groundnut Meal	Gujarat	GN Cake	Gondal	28000	28500	-500

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