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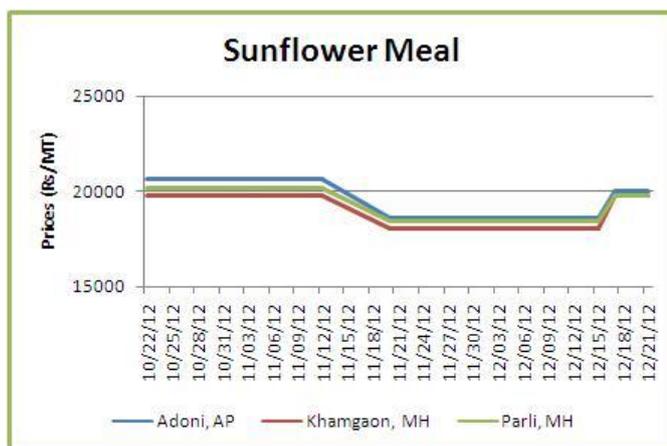
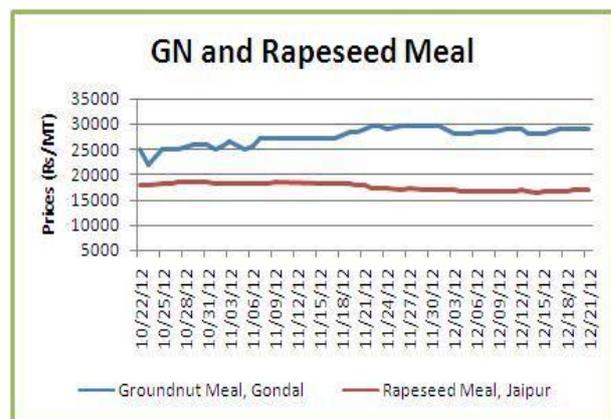
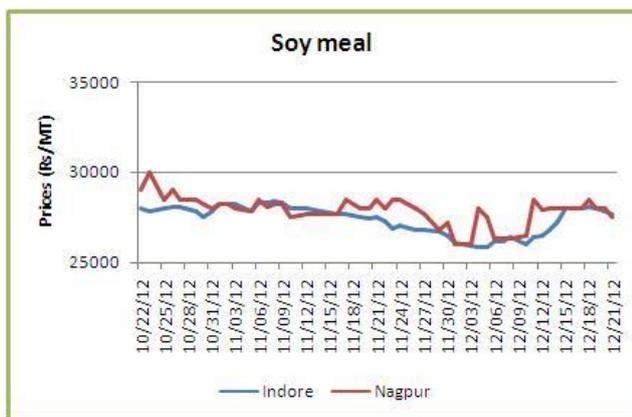
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## Summary

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

Soy meal prices witnessed gains on buying support from overseas markets, while RM seed remained slightly firm on seasonal buying. Wheat prices reeled under pressured on higher supply and lower domestic demand. Maize featured mixed sentiments; however bajra prices remained firm on good demand. Overall, feed prices remained steady during the week in review.

## Trend – Raw Material, Feed



Source: AgriWatch

The spot soybean and meal witnessed gains on supportive buying and improved crushings followed by improved overseas soy meal exports demand.

Besides, declining soybean arrivals in key markets remained positive factor for the soybean during the week in review. Soybean buying in physical market has picked up to meet the soy meal exports commitments but reports of that China, the world's largest soybean importer, has cancelled a total soybean orders for 840,000 tons for 2012/13, in addition to its cancellation of unknown destination of 120,000 tonnes of US soybeans, pressured the CBOT soy complex.

Despite recent Chinese cancellation of US soybean, China will strongly depend on US export until March. China will still need to buy US soybeans in coming weeks, which will be a positive factor for the soybean in near to medium-term. However, higher palm oil inventories which peaked at a record 2.56 million tons as of the end of November, and are likely to stay above 2 million tons throughout the first quarter of 2013, will limit the upside for prices in oilseeds.

The USDA's December WASDE report estimated 2012-13 global soy oil ending stocks as being 3.4% higher than its November estimate of 2.9 million tons. Besides, the palm oil-soy oil differential is usually around \$150-\$200/ton, but is presently more than \$350/ton which is again a bearish factor for the international soybeans.

Soy meal gained on improved shipments and increase in exports inquiries during the period. India's exports perspective for meal is good during the season and brighter till Feb - Mar 2013 or till the harvesting of Brazilian and Argentine crop. The US soybean production is already lower this season (10 year low).

Soy meal witnessed firm tone on supportive overseas demand, during the week in review. Better soy meal demand of Indian origin from South and Far East Asian countries due to proximity, logistic advantage and preference of the meal of Indian origin remained supportive factor for the domestic soy meal.

Iran which was out of the Indian soy meal market for quite sometimes has re-entered the Indian market and is reportedly making trade inquiries after the Iranian buyers have resolved the payment issues. Iran and Japan remained the consistent and largest buyers in the previous season and we expect they will remain the big Indian soy meal buyers this season also.

We expect soy meal shipment to pick-up towards Iran and India is expected export around 1 Mn T of the meal this season against 0.6 Mn T last season.

Overall, the global and the domestic oilseeds prospects are bright till the harvest of Brazilian and Argentine soybean.

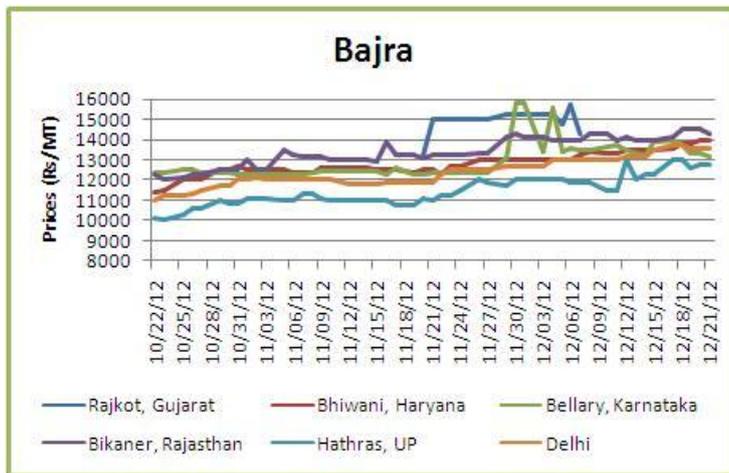
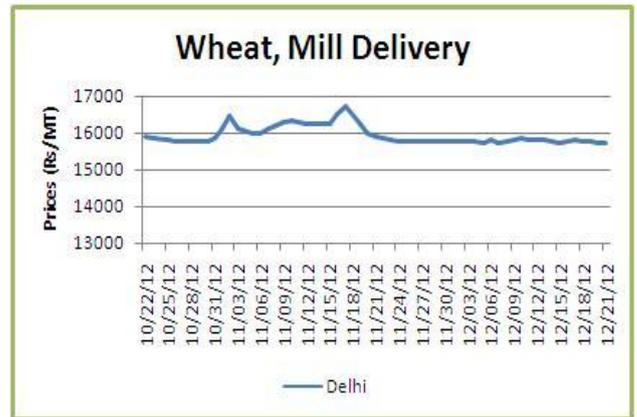
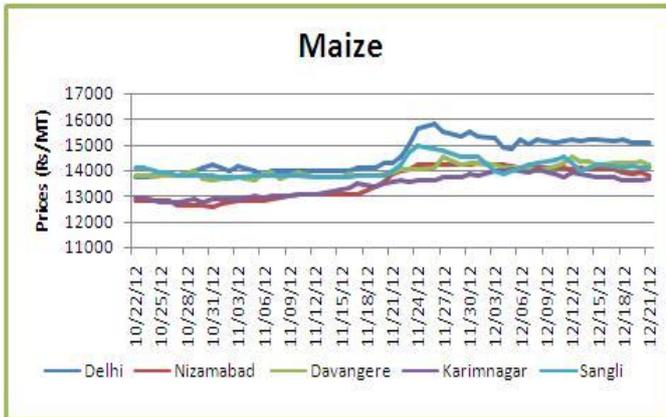
RM seed prices featured steady to slightly firm tone on seasonal buying support from miller during the week in review. Weakness in BMD CPO due to lower exports figure and higher inventories in palm oil eventually restricted the gains in the seed.

Further, the 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. Reportedly, rapeseed/mustard seed sowing (as on 20 Dec 2012) is up by 3 per cent at 64.44 lha compared to 62.66 lakh hectares during the same period last year.

Currently, the RM seed stock in Bikaner and Ganganagar districts of Rajasthan stands at 3 lakh bags and there is a good demand of RM seed from Assam and West Bengal. Currently, the road freight is around Rs. 250 per quintal for Assam and Rs. 200 per quintal for West Bengal. RM seed prices in Bikaner are ruling around Rs. 3600 per quintal and the delivery price from Bikaner to Assam is around Rs. 4100 per quintal (excluding VAT).

Demand for mustard seed from key mandis of Rajasthan is also being noticed from Bihar, Jammu and Kashmir. Reportedly, good RM seed demand is being witnessed from stockists and millers in Jaipur and Ganganagar due to comparatively lower prevailing prices.

Expected rebound in Malaysian palm oil and ongoing seasonal domestic edible oil demand with dwindling RM strong 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.



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

During the week, mixed sentiments witnessed in major maize spot markets. Both domestic and international corn markets were under pressure due to higher acreage estimate by Informa Economics of the US. However, in the recent update, Korea has kept an option of importing U.S and South American corn as a sourcing point which could support CBOT corn prices. Earlier, they refused U.S origin corn due to price and quality concern. Meanwhile, higher domestic demand and entry of institutional buyers could support maize prices in the domestic market.

During the week, Koppal wagon bilty rate quoted at Rs. 1410-1430 per quintal. Sources revealed that 1 rake each has been moved towards Chennai and Mangalore port on daily basis.

Demand for maize from the Kolkata feed millers reported at around Rs. 1570 per quintal sourced from Bihar which contains 12-13% moisture level while Ahmadabad feed millers of Gujarat region are purchasing maize from Maharashtra region at around Rs. 1550 per quintal.

In the Nizamabad region of A.P., demand for maize was reported from local starch industry in a range of Rs. 1370-1400 per quintal. Meanwhile, maize is also moving towards Hyderabad at around Rs. 1400 per quintal sourced from Nizamabad region of A.P.

Maize prices are hovering at around Rs 1319 per quintal on an average on pan India basis, increased by 11 per quintal from the previous week. Maize prices are likely to rise in the coming days in both futures as well as spot markets as big institutional buyers may jump into the market driving the 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 godowns as well as from private trade. We expect wheat to trade range bound with weak bias likely to continue in the short term.

According to PIB (Press Information Bureau), wheat has been sown in 253.17 lakh hectares as compared to last year's 257.12 lakh hectares.

In Maharashtra, wheat has been sown in 3, 79, 398 hectares so far, which is 39.3 % of the normal area. Last year at the same time, wheat was sown in 4, 09,616 hectares. Maharashtra has set a target of 10, 50,100 hectares.

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, 12,500 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

Government favors hiking wheat MSP. As per latest update, the Union Cabinet is considering proposals to hike minimum support price of wheat and export quota to ease pressure of bulging food grain stock. The Agriculture Ministry has proposed wheat MSP Rs. 1400/Qtl for 2013 as compared to Rs 1285/Qtl for 2012. If MSP is increased, the sown area might increase as farmer will be getting more remuneration for their crop.

According to traders, wheat crop might be 20% less in Gujarat and 80% less in Saurashtra region due to lower availability of water. Wheat area might shift to chana and mustard in Saurashtra region.

Agriculture Minister Sharad Pawar is trying to ensure higher price for wheat farmers next season either by higher MSP or through bonus. The government had rejected the recommendation of the Commission for Agricultural Costs and Prices (CACP) to freeze the MSP of wheat at last year's level of Rs 1,285 per quintal. Resultantly, the CACP had revised its recommendation and suggested a bonus of Rs 40 per quintal subject to liquidation of 15 million tonnes of wheat by April 2013.

Concerned ministry with some others M.P's think that MSP should be above Rs 1500 per quintal, considering the enhanced cost of wheat production. However, the states have given the input cost and government has to analyze it. Bihar government had given the input cost per quintal as Rs 770, Gujarat (Rs 724), Haryana (Rs 580), Himachal Pradesh (Rs 1430), Jharkhand (Rs 1719), West Bengal (Rs 1,450), Punjab (Rs 607) and Uttar Pradesh (Rs 673). We expect wheat farmers to receive some extra amount per quintal as bonus, maybe in the range of Rs 50-100 per quintal. However, it will increase the burden of subsidy.

Wheat is expected to trade steady to weak as wheat sowing is going on and it seems that the area sown will not be less than previous year, hence bumper crop is very much expected. Supply from government stocks and sluggish demand will add pressure to bearish tone.

## Outlook

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Improving seasonal demand of feed ingredients (including oil meals and maize) from poultry and other feed manufactures and followed by increased poultry production, will eventually 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	158.00
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 decreased from last week as bajra traded higher due to higher demand from poultry and malt industries. Demand for human consumption also supports the bajra prices. Despite the good demand from poultry, maize traded slightly lower in the Delhi spot market last week. Sources revealed that maize could trade higher in the coming weeks as demand from poultry and hatchery has seen a rise and could keep maize spread with bajra at a higher pace.

### 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	169.0
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 decreased from last week as jowar prices increased against maize prices. Sources revealed that jowar could trade steady 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	<b>-5.0</b>
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 decreased from last week. As wheat prices traded steady with the decrease in prices of maize. Considering the fact that wheat could trade steady to weak in the coming weeks due to sluggish demand and kept maize spread with wheat up in the days 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	<b>168.0</b>
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 decreased from last week as barley traded higher from last week. Considering the fact that barley could trade steady with the firm price movement in maize prices, we expect 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)		
	21.12.2012	14.12.2012	Parity To
Indore (MP)	27700	27200	Gujarat, MP
Kota	27700	27100	Rajasthan, Del, Punjab, Haryana
Akola	28000	27600	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	28000	28000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	28000	27700	Andhra, AP, Kar, TN
Dhulia/Jalna	29700	29500	Mumbai, Maharashtra
Nagpur (42/46)	27500	28000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	29300	28000	Local and South
Solapur	29000	27700	Local and South
Bundi	28100	26700	-

#### Soy DOC at Port

Centers	Port Price	
	21.12.2012	14.12.2012
Kandla (FOR) (INR/MT)	29500	29200
Kandla (FAS) (USD/MT)	536	537

#### International Soy DOC

Argentina FOB \$/MT	21.12.2012	14.12.2012	Change
Soybean Pellets	535	563	-28
Soybean Cake Meal	535	563	-28
Soybean Meal	543	571	-28
Soy Expellers	543	571	-28

#### Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	21.12.2012	14.12.2012	Change
Adoni	20000	18600	+1400
Khamgaon	19800	18000	+1800
Parli	19800	18400	+1400
Latur	19600	18200	+1400

#### Groundnut Meal

Groundnut Meal	21.12.2012	14.12.2012	Change
Basis 45% O&A, Saurashtra	26500	26500	Unch
Basis 40% O&A, Saurashtra	24500	23500	+1000
GN Cake, Gondal	29000	28000	+1000

#### Mustard DOC/Meal

Mustard DOC/Meal	21.12.2012	14.12.2012	Change
Jaipur (Plant Delivery)	17000	16400	+600
Kandla (FOR)	17900	17400	+500
Sri Ganganagar	780	775	+5

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

Market	Grade	21 Dec, 2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1525	1530	1390	1370	-
Davangere	Bilty	1380	1410	1415	-	1130
Naugachia	Bilty	-	-	-	-	-
Nizamabad	Bilty	1370	1400	1400	-	1110
Ahmedabad	Feed	1510	1570	1470	1375	1240
	Starch	1580	1600	1440	1400	1250

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

	Argentina	Brazil	US	India (Davangere Origin)
FOB	270.00	277.00	305.00	302.00
Cost and Freight (Thailand)	320.00	332.00	365.00	337.00

### Feed Ingredient Prices at a Glance

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>21.12.2012</u>	<u>14.12.2012</u>	<u>Chg</u>
Bajra	Karnataka	Hybrid	Bellary	1315	1328	-13
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1265	1261	4
Maize	Karnataka	Yellow	Davangere	1330	1360	-30
	Andhra Pradesh	Yellow	Nizamabad	1370	1400	-30
Rice	Haryana	IR8	Karnal	1650	1650	Unch
		Parmal Raw	Karnal	2150	2150	Unch
Soy meal	Madhya Pradesh	DOC	Indore	27700	27200	500
	Maharashtra	DOC	Sangli	29300	28000	1300
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	20000	18600	1400
	Maharashtra	Ex-factory	Latur	19600	18200	1400
Mustard	Rajasthan	Plant delivery	Jaipur	17000	16400	600
Groundnut Meal	Gujarat	GN Cake	Gondal	29000	28000	1000

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