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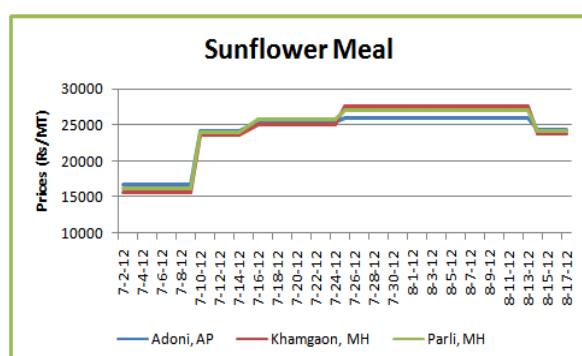
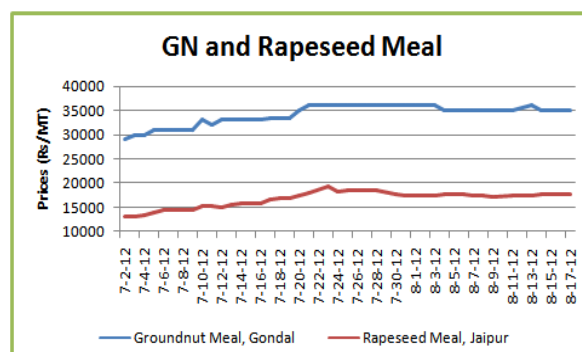
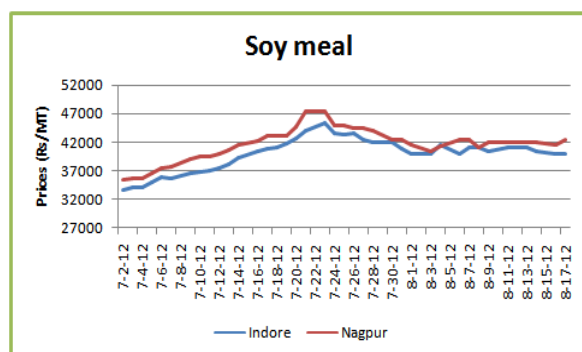
Summary

The feed ingredients prices remained volatile during the week under review. Overall, the soy meal and bajra prices remained steady while maize stood steady to firm and the wheat prices featured gains.

The overseas soy meal buyers refrained themselves from Indian market in anticipation of further fall in the price and lower availability in meal supplies. Supportive overseas demand in wheat and maize lend support to the prices while consistent domestic buying in bajra remained kept the its price steady.

The soy meal prices may remain range-bound, but the maize, wheat, bajra and jowar prices are expected to edge-up export sales and lower sown area due to deficit rains during planting of coarse cereals.

Trend – Raw Material, Feed



Source: AgriWatch

Soy meal prices failed to extend the previous gains as the buyers, both international and domestic, refrained themselves from the market due to sharp rise in the meal prices, during the week under review. No major overseas deals reported in the meal during the period. Besides, buying from poultry feed industry remained slightly weak.

However, India's soy meal exports remained strong during the current marketing year. The y-o-y shipments were higher compared to previous year. India's export sales in the meal were higher even in the lean season in soybean. This was possible with the higher soybean production in 2012 which stood at little above 12 Mn T.

Besides, lower meal supplies from South America due to fall in the soybean output in the region diverted the meal buyers towards India to some extent.

India's soy meal exports in July rose significantly to 168,341 MT, up 20.6 per cent compared to the corresponding period last year, which were 139,551 tons. Moreover, Iran was the top soy meal buyer, bought 50,761 MT of soy meal of Indian origin during the month followed by Thailand, Indonesia and Bahrain. The higher export sales were due to the preference of non-GMO Indian soy meal, logistic and trade advantage.

Currently, India may not be able to commit more for the soy meal exports due to lean season in soybean and eventually lower crushings. The soy meal of Indian origin at Indonesia's port, C&F was quoted between US \$ 785-800/MT compared to US \$ 800-805/MT previous week.

Short supplies in soy meal from South America due to soybean crop damage this season has lead to the significant rise in the soy meal prices soy meal FOB, Argentina was quoted around US \$ 374-384/MT during the same period last year while now it is around US \$ 587-598/MT. This will eventually keep the Indian meal prices stronger.

Overall, the soy, groundnut, rapeseed and sunflower meal prices stood flat straight second week with steady buying from poultry and cattle feed industry. The crop prospects of coarse cereals are expected to slightly boost with improved recent rains, but lower planted area due to weak monsoon in the initial phase of planting period eventually lead to the short-fall in the normal production in coarse cereals.

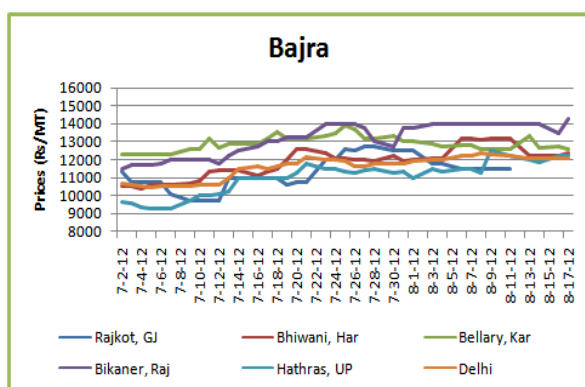
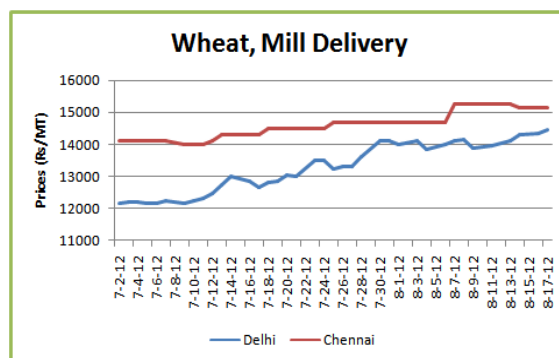
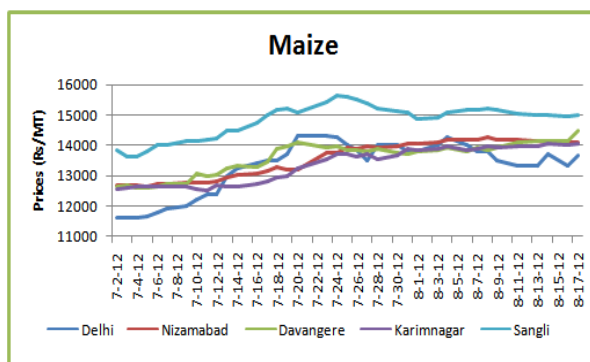
The RM seed prices remained almost flat due to strong fundamentals during the period. There was a mild pressure on the RM seed prices due to weakness in international and domestic soybean and Malaysian palm oil. However, lower production of RM seed this season and falling dried-up soybean supplies have lead the solvent extractors to improve RM seed crushing over soybean to better utilize existing crush capacity of their unit.

Further, developing El Nino weather pattern overseas which is expected to hamper the palm oil production in Malaysia and Indonesia will be a bullish factor for RM seed in days ahead and eventually leading to higher rapeseed meal prices.

The *kharif* groundnut planting is still lagging by 14 per cent, at 33.6 lha compared to 39.08 lha during the same period last year reported in the latest official planting progress report. Besides, keen overseas groundnut seed (HPS variety) buyers will lend support to the groundnut meal prices at higher levels.

Lower area coverage under groundnut due to deficit rains over Gujarat the major groundnut producing state have hurt the *kharif* GN plantings in the state.

Besides, sunflower showing have also been hit (below 26 per cent) due to deficit rains in the growing states. Lower availability in the seed and eventually weak crushings continues to lend support to the sunflower meal prices.



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

Again, the maize prices remained steady to firm compared to previous week, in key cash markets across the country. The maize prices are strong due to lean season in maize, fall in *kharif* area coverage under the crop; better demand from poultry feed industry and better exports enquiries.

Good spot demand from poultry and starch Industries and lower arrivals of maize in sourcing markets as farmers and traders are holding their stocks in anticipation of increase in prices continued to lend the support.

However, poultry industry in south Indian region is feeling the heat of rising corn prices and trying to shift towards wheat as far as possible.

Maize prices are hovering at around Rs 1357 per quintal (avg of key cash markets, India) improved by around 3% compared to last week.

India has already shipped around 3.79 million tons of maize in Oct-Jul 2011/12 and 63,797 tons of maize is either exported or waiting at ports to load. Increasing export as well as domestic demand of maize and lower maize stock availability in domestic markets could drive the prices upwards in the coming days.

The maize prices are likely to stay strong in near-term in view of dried-up pipeline supplies, lower area coverage due to deficit rains, besides additional support from other coarse cereals. With the dip in temperature the poultry consumption is expected to rebound. This will consequently increase the maize usage in poultry industry supporting the prices at higher levels in near-term.

Wheat cash and future markets firm up during the weekend after sluggish start on back of higher demand for Indian wheat in the international market. Big buyers like Morocco, Algeria and Egypt have returned to the

Indian market for bulk buying as there is a fear in the market that Russian supply will dry up at the end of this year on lower production. Besides, outlook for other major producers too are not very encouraging and world carryout is bound to decline next year.

Global wheat market fundamental remains bullish on back of lower Russian crop, export availability, dry weather in Australia's wheat belt, reduced wheat acreage in Argentina and U.S. farmers gearing up to seed their hard red winter wheat crop this season. Maize buyers from overseas markets may shift to Indian wheat as corn prices in US are ruling much higher. At present India and Russia offers the cheapest wheat in the international market. All these factors hint market to move up further.

In domestic market prices are likely to be drive by govt's release mechanism for OMSS, PDS and exports. Higher allocation for millers, traders may ease prices as supply is dwindling in cash market. Private trade will continue to source wheat from cash market as long as export parity remains favourable. The govt. has to ensure stability in the market without hampering export even through private channel.

Prices for OMSS may be hiked from Rs 1285 per qtl as cash market prices are ruling much higher than MSP. Market too expects revision soon. Considering the current scenario, private traders may buy wheat even at Rs 1350-1400 per qtl from FCI. Wheat from Kota to Kandla is being supplied at 1580 per qtl. It is being loaded for Chennai at Rs1950 per qtl.

In view of the current scenario, we expect the domestic wheat price to get stronger in near-term.

Stronger maize, soy meal and wheat prices along with other key ingredients will keep the feed products firm in near-term.

Spreads

Maize Average Weekly spread with Bajra

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	277	272	357.5	286.67	95	63.75	112	193
2	301.25	287	335	300	95.8	42.00	166	119
3	301	316	335	250.00	101.7	93.00	200	90
4	266.67	340	323.33	161.00	72.0	127.50	204	
5			298		90.0			

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

Maize spread with bajra fell straight third week as maize prices decreased in previous weeks. In the Delhi cash market, prices of maize are higher from other states like Punjab due to which buyers are purchasing maize directly from Punjab region. Bajra prices have also featured slight losses with short-term decline in demand from poultry feed industry and switching to maize in order to balance the protein content. Considering the fact that the rate of gains in maize prices will be higher compared to Bajra, we expect maize spread with bajra will go up in the near term.

Maize Average Weekly spread with Jowar

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	193	138	295	93.33	-322.5	-336	66	83
2	211.25	103	80	-90	-324	-302	113	46
3	192	212	375	-127.14	-170	-280	73.00	0
4	158.33	250	80	-251.00	-320	-152	85.8	
5			92		-403			

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

Maize spread with jowar stood steady during the week as maize and jowar prices traded at the same price level. Considering the fact that maize prices will go up due to higher poultry demand and jowar prices will trade steady amid steady demand, we are expecting that maize spread with jowar could widen in positive territory days ahead.

Maize Average Weekly spread with Wheat

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	85	78	201.25	125	-107.5	-117	22	70
2	100	85	208.75	122	-109	-130	68	28
3	68	124	190	59.29	-69.0	-65	107	-47
4	46.67	132.5	125	-36.00	-96.0	3	107.5	
5			146		-188.0			

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

Maize spread with wheat decreasing week on week basis as wheat prices were trading firm due to higher export demand amid short supply. Considering the fact that wheat prices will improve further with the higher maize prices, we expect that maize spread with wheat could go widen in negative territory in the coming weeks.

Maize Average Weekly spread with Barley

Week	Jan	Feb	Mar	Apr	May	June	July	Aug
1	93	38	180	63.33	-239	-281	16	133
2	108.75	39	155	140	-191.7	-250	58	96
3	82	98	67	-91.42	-191.7	-163	102.5	76
4	48.33	136.25	-43.33	-176	-238.0	-16	85.8	
5			37		-283.0			

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

Maize spread with barley decreased from last week as lower demand at higher prices restrained maize prices. Barley prices were trading lower due to improved supplies against the demand. Considering the fact that maize prices will go up due to higher poultry demand and barley prices will stand steady amid steady demand, we expect that maize spread with barley could go widen in positive territory.

Outlook

In view of higher maize, wheat, bajra, soy meal prices and other feed ingredient, due lower acreage followed by deficit rains at the time of *kharif* planting and better export sales, the prices of feed products are expected to slightly edged-up in near-term.

The prices are only expected to subdue with the arrivals of new *kharif* produce in the market, which is likely in second week of October. But, fear of El Nino could kick in at the end of the Indian monsoon in September, hurting winter wheat, rapeseed and chickpea crops.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centers

Centers	Ex-factory rates (Rs/ton)		
	17.08.2012	11.08.2012	Parity To
Indore (MP)	40000	41000	Gujarat, MP
Kota	40000	40800	Rajasthan, Del, Punjab, Haryana
Akola	43000	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	43000	41000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	43000	42500-44000	Andhra, AP, Kar, TN
Dhulia/Jalna	41500	42500-43000	Mumbai, Maharashtra
Nagpur (42/46)	42500	42000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	42500	42000	Local and South
Solapur	42500	42000	Local and South
Bundi	40300	41000	-

Soy DOC at Port

Centers	Port Price	
	17.08.2012	11.08.2012
Kandla (FOR) (INR/MT)	41000	42500
Kandla (FAS) (USD/MT)	736	769

International Soy DOC

Argentina FOB \$/MT	17.08.2012	11.08.2012	Change
Soybean Pellets	590	596	-6
Soybean Cake Meal	590	596	-6
Soybean Meal	598	604	-6
Soy Expellers	598	604	-6

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	17.08.2012	11.08.2012	Change
Adoni	24400	26000	-1600
Khamgaon	23800	27500	-3700
Parli	24200	27000	-2800
Latur	24000	27500	-3500

Groundnut Meal

Groundnut Meal	11/08/2012	03/08/2012	Change
Basis 45% O&A, Saurashtra	34000	36000	-2000
Basis 40% O&A, Saurashtra	32000	33500	-1500
GN Cake, Gondal	36000	36000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	17.08.2012	11.08.2012	Change
Jaipur (Plant Delivery)	34000	-	-
Kandla (FOR)	32000	-	-
Sri Ganganagar	35000	-	-

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	17 th Aug,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1300	1325	1340	1035	-
Davangere	Bilty	1450	1450	1355	1140	1240
Naugachia	Bilty	1200	1170	1100	865	1050
Nizamabad	Bilty	1411	1419	1316	1050	1280
Ahmedabad	Feed	1500	1525	1440	1190	1310
	Starch	1470	1500	1450	1190	1240

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	289	274	332	310
Cost and Freight (Thailand)	339	329	392	344.56

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