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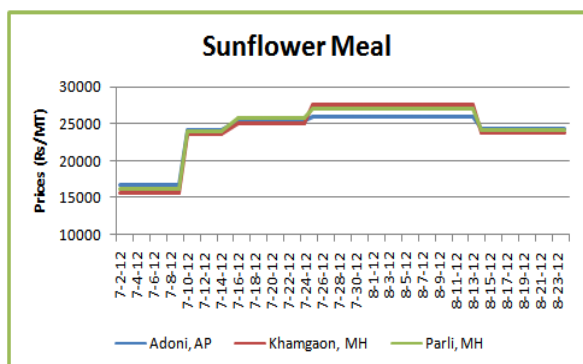
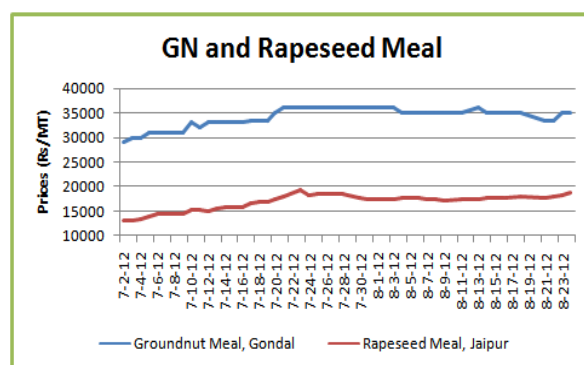
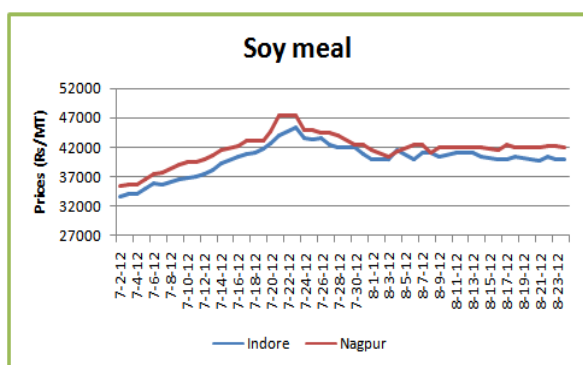
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Summary

The feed ingredients prices featured steady to firm tone during the week under review. The various oil cake prices remained stable while wheat and coarse grain prices edged-up on lower *khari* planting and better export sales.

Though the oil cake prices were stable in past couple of weeks but still the prices are higher making the feed products dearer.

Trend – Raw Material, Feed



Source: AgriWatch

Overall, the weekly soy meal prices remained almost flat on steady demand in the meal and sluggish overseas buying activity during the week. However, the domestic demand from poultry feed industry was steady. But still the soy meal prices are ruling high on better export sales in previous months at higher quotes.

The overseas buyers refrained themselves from the Indian meal market as exporters were not able to commit the any big quantity for sales.

Soy meal, FOR – Kandla was quoted lower at Rs 42,000/MT compared to Rs 40,700/MT previous week. No major activity reported at Indian ports in soy meal during the week. India will not be able to commit the soy meal exports in a large volume for medium-term due to the lean season in soybean and eventually fall in crushings.

As per, International Grain Council (IGC), the global soy meal trade is expected to be at 57.2 MnT during the next marketing season.

The soy meal of Indian origin at Indonesia's port, C&F was quoted steady at US \$ 785-800/MT compared to the previous week.

The soy meal prices of South America are competitive compared to the meal of Indian origin. However, lower outturn in Argentina and Brazil lead to the lower supplies in soy meal from South America. The soy meal prices FOB, Argentina was quoted around US \$ 631-635/MT during the week which was between US \$404-409/MT a year ago.

The RM seed prices featured gains tracking gains in BMD CPO and bullish domestic fundamentals. BMD CPO witnessed second straight week gain on bullish palm output scenario due to developing El Nino weather pattern in the region.

Besides, slow farmer's selling remained supportive for the seed prices.

India's vegetable oils industry has requested the government to press China to lift a ban on imports of Indian rapeseed meal, the chief of an industry body said last week, ahead of a visit next week by the Chinese trade minister.

Until March last year, India used to supply half of China's rapeseed meal import needs and Beijing took about 11 per cent of the total oilmeal exports of Asia's largest supplier. But China imposed a ban on rapeseed imports from the start of this year after having said last year that it had found traces of malachite green, a hazardous chemical, in shipments from India Malaysia.

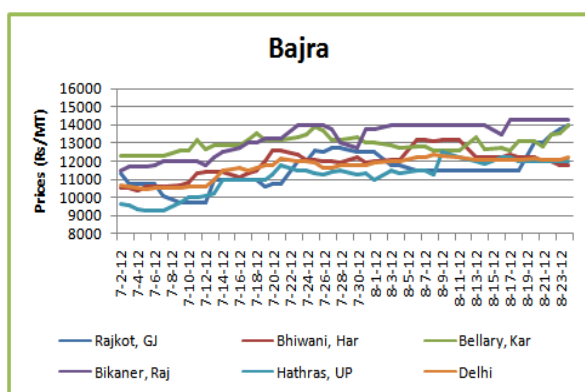
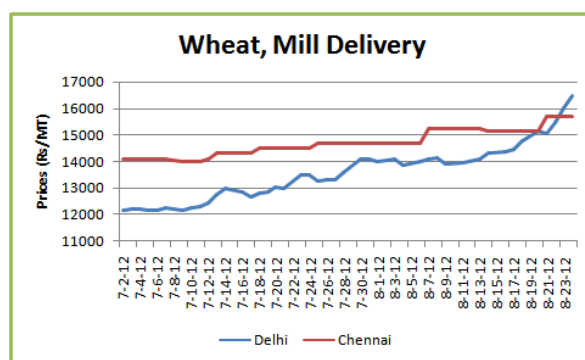
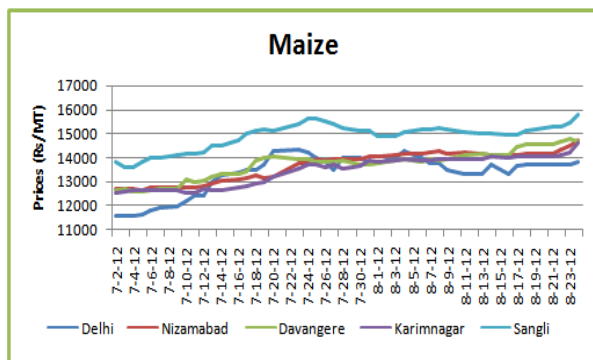
The seed prices are likely to remain strong in view of lower stock, slow farmers selling and expected gains in BMD CPO in near and medium-term leading to rapeseed extract more expensive.

The *kharif* groundnut planting is lower still lagging by 12 per cent, at 36.1 lha compared to 41.2 lha during the same period last year reported in the latest official planting progress report.

Besides, sunflower sowing have also been hit (below 25 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 and groundnut meal prices.

Overall, the soy, groundnut, rapeseed and sunflower meal prices are expected remain strong on supply crunch which will eventually lead feed product prices higher in near-term.

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.



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

Maize prices improved in various key cash markets during the week in review. Good demand from poultry feed units have lend support to the maize prices. Besides, lower area coverage this *kharif* remained bullish for the maize.

Fresh demand of maize has been witnessed from poultry feed industry situated in Gujarat which is sourcing their stocks from Uttar Pradesh.

Reportedly, Bihar's maize is moving towards Kakinada port. However, the quantity and the export destination are not confirmed yet.

Maize prices are hovering at around Rs 1405 per quintal on an average on pan India basis, the prices improved by around 5% compared to last week.

Meanwhile, poultry feed industry from southern region is feeling the heat of rising corn prices. However, rise in maize prices in association of wheat prices haven't left any choice in front of feed millers to use corn as a main feed ingredient as it's price is lower than the wheat.

The maize prices are expected to stay strong in near-term in view of lower area coverage under maize, dried-up pipeline supplies and lower area under other coarse grains due to weak rains during the ideal planting period. Besides, the seasonal poultry consumption is expected to rise in days ahead boosting the maize usage in poultry units.

On the other hand, bullish international cues have added to gains in the market. According to the International Grain Council (IGC), drought has further stressed crops across the US with the world production of maize forecast to drop by 4 per cent to 838 million tonnes in 2012.

Exportable supplies in the US and Ukraine has tightened and while the next crop in Brazil, Argentina and South Africa may be large, harvests are still several months away.

Wheat cash market firmed-up during the week in review. However, weak international market and lower demand in domestic market at higher level capped the gains. However, domestic market fundamentals remain strong as supply in the cash market is shrinking fast. Big buyers like flour millers, private exporters are unable to source wheat in bulk quantity from cash markets even at higher level. Release from government's stock for OMSS is not enough to meet immediate requirements. Wheat prices in domestic market may continue to trade higher until allocation through OMSS is increased on regular basis.

Higher allocation for OMS is expected to contain increasing wheat prices in domestic market as govt. is keen to control bullish trend in foodgrain's market. In a latest development, the NCDEX has hiked deposit money to 23 per cent for traders keen to buy the grain from the exchange's platform. Following direction from the sector regulator FMC, the exchange has decided to charge 10 per cent as special margin on buyers in all running and yet to be launched contracts of wheat to rein speculators.

Besides, the minimum support price (MSP) for wheat is unlikely to be raised for the next marketing season, which starts from April 1, 2013. For 2012-13, wheat MSP stands at Rs 1,285 a quintal. The Commission for Agriculture Costs and Prices has not recommended any increase in the MSP of wheat for 2013-2014 crop marketing season. Reasons given are that higher MSP would make exports uncompetitive and that the country already has huge stocks of wheat. Any further increase in MSP would only add to subsidy burden of the government for the next fiscal.

Further, even on export front India is trying to attract big client like Iran. About two lakh tonne wheat procured in Madhya Pradesh during rabi season 2012-13 will be exported to Iran. The Food Corporation of India has selected wheat stored in eight districts of state under the first phase, when 1,98,368 tonne of it would be exported to Iran. The selected districts are - Hoshangabad, Sehore, Vidisha, Harda, Gwalior, Bhopal, Jabalpur and Ujjain. Quantity may be even higher in the months ahead.

With better rainfall throughout the country, the fear of lower foodgrain production, especially rice and wheat, has eased. Better production is expected once again except oilseeds, coarse grains and pulses. On back of higher rice and wheat stock supported by improved rainfalls in last two weeks, export of wheat and rice is likely to continue.

The developments reveal that the wheat prices will not shoot up further and the wheat prices will ease in near-term.

Higher 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	103
5			298		90.0			

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

Maize spread with bajra increased from last week as rate of gains in maize was much higher compared to bajra prices, during the week. Maize prices are getting firm due to depleting stock and improved demand from poultry industry. Further, domestic maize prices are getting support from the global markets as worst drought prevailed in US, top maize producer. Bajra prices are also getting firm on the concern of lower output due to delay in rainfall and area shifting towards guar. Considering the fact that maize will remain stronger than the bajra, we expect, the spread to improve or remain intact in the positive territory in the coming weeks.

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	17.5
5			92		-403			

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

Maize spread with jowar increased from last week as maize prices were higher than the jowar. Jowar prices continue to trade steady due to steady demand and supply. Considering the fact that the maize price to remain stronger compared to jowar, we expect that maize spread with jowar to move upwards in positive territory in near-term.

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	-143
5			146		-188.0			

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

Maize spread with wheat declined consecutive second week as the wheat prices stood higher compared to maize. Indian wheat prices are getting support from the global markets as top exporting countries like Australia, Russia and U.S. has lower exportable surplus. However, it is anticipated that FCI may release stock in coming days which could weigh on the prices. The spread is likely to improve towards neutral territory if the government releases the wheat stock in a move to stabilise the wheat market.

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	94
5			37		-283.0			

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

Maize spread with barley improved from last week due to higher rate of gains in maize against the barley prices. Barley prices traded lower due to lower demand from malt and feed industry. Considering the fact that maize prices will go up further and barley prices will trade lower due to lower demand, we expect that maize spread with barley could go up in the coming week.

Outlook

Higher wheat, maize, bajra, soy meal and other feed ingredient prices due to tardy *kharif* planting and better export sales will keep the feed product prices steady to firm in near-term.

The prices are likely to ease with the supplies 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)		
	24.08.2012	17.08.2012	Parity To
Indore (MP)	40000	40000	Gujarat, MP
Kota	40200	40000	Rajasthan, Del, Punjab, Haryana
Akola	42500	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	43000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	42000	43000	Andhra, AP, Kar, TN
Dhulia/Jalna	42300	41500	Mumbai, Maharashtra
Nagpur (42/46)	42000	42500	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	43000	42500	Local and South
Solapur	43000	42500	Local and South
Bundi	40500	40300	-

Soy DOC at Port

Centers	Port Price	
	24.08.2012	17.08.2012
Kandla (FOR) (INR/MT)	42200	41000
Kandla (FAS) (USD/MT)	762	736

International Soy DOC

Argentina FOB \$/MT	24.08.2012	17.08.2012	Change
Soybean Pellets	615	590	+25
Soybean Cake Meal	615	590	+25
Soybean Meal	623	598	+25
Soy Expellers	623	598	+25

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	24.08.2012	17.08.2012	Change
Adoni	24400	24400	Unch
Khamgaon	23800	23800	Unch
Parli	24200	24200	Unch
Latur	24000	24000	Unch

Groundnut Meal

Groundnut Meal	24.08.2012	17.08.2012	Change
Basis 45% O&A, Saurashtra	34500	34000	+500
Basis 40% O&A, Saurashtra	32500	32000	+500
GN Cake, Gondal	35000	35000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	24.08.2012	17.08.2012	Change
Jaipur (Plant Delivery)	18700	17700	+1000
Kandla (FOR)	19500	18800	+700
Sri Ganganagar	-	-	-

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	24 th Aug,2012	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1350	1300	1400	1070	-
Davangere	Bilty	1500	1450	1460	1250	1210
Naugachia	Bilty	1300	1200	1200	900	1050
Nizamabad	Bilty	1471	1411	1377	1135	1275
Ahmedabad	Feed	1530	1500	1520	1220	1260
	Starch	1480	1470	1520	1220	1225

FOB, C&F – Maize at Various Destinations

	Argentina	Brazil	US	India (Davengere Origin)
FOB	293	278	336	322
Cost and Freight (Thailand)	343	333	396	356.79

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