

Contents:

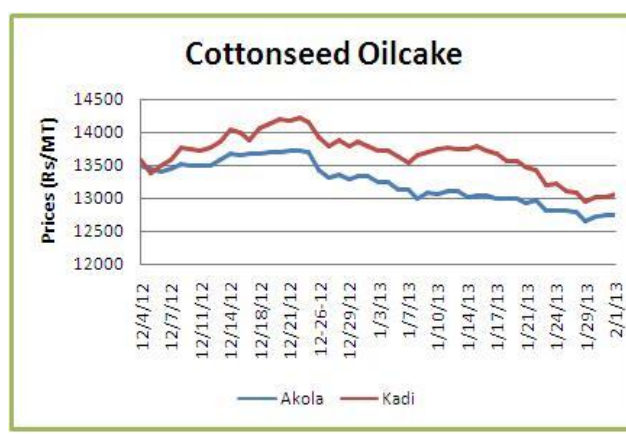
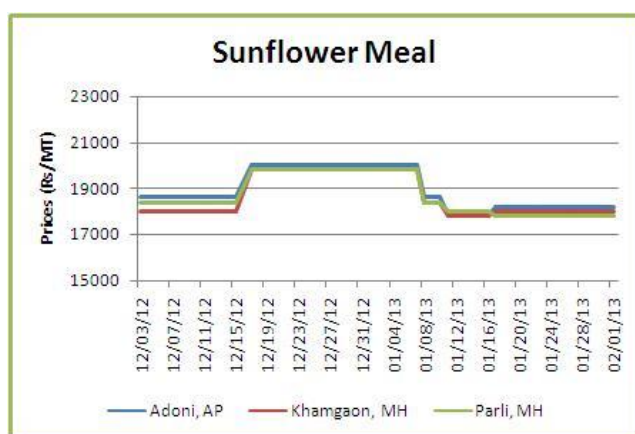
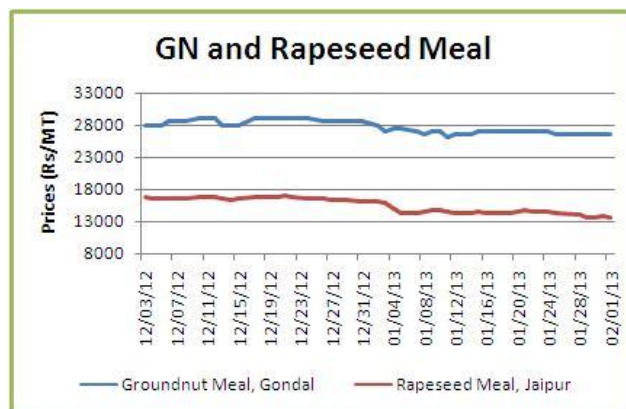
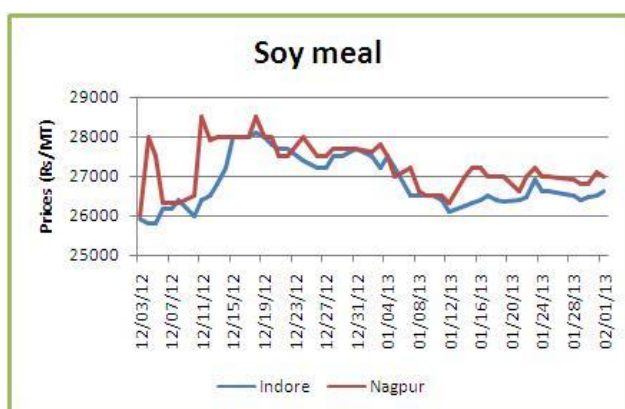
- ❖ **Summary**
- ❖ **Trend – Raw Material, Feed**
- ❖ **Outlook**
- ❖ **Spreads**
- ❖ **Annexure - Prices**

Summary

The key feed ingredients prices witnessed steady to weak tone during the week in review.

Soy meal prices declined on weak overseas meal demand and slower pace of soybean crushings during the week. In RM seed, dull buying from millers and higher production prospects in the current season remained bearish factors for the week under consideration. However, wheat prices improved on robust domestic and export demand and increase in the wheat release price at Uttar Pradesh. Further, maize prices featured steady to slightly weak tone and bajra prices edged-lower due to supply pressure. Overall, steady to weak tone was witnessed in key feed ingredients, thereby resulting in a decline in feed prices during the week in review.

Trend – Raw Material, Feed



Source: AgriWatch

The domestic oilseeds and oil meals market featured weak tone pressured by global and domestic fundamentals during the week in review.

Soybean featured steady to weak tone during the week under consideration. Availability of cheaper palm oil in the international market and higher inventory in the same with the major exporting countries remained bearish for the beans. However, harvesting delays in Brazilian soybean due to intermittent rains and demand shift to the U.S. along with improved edible oil buying in domestic market restricted the losses.

Further, concerns about dry weather in major soy exporter Argentina and talks that shipping issues in Brazil will likely limit the country's ability to ship soy supplies in the near term helped fuel gains in palm oil.

The USDA reported that US exporters sold a total of 395,000 tonnes of US soybeans to China, during the week, for the 2013-14 marketing year. Net US weekly soybean export sales came in at 386,000 tonnes for the current marketing year and 867,000 for the next marketing year for a total of 1,253,000. The old crop sale pace is showing signs of slowing but the 2013-14 sales pace remains explosive which is helping the new crop soybean contracts gain on old crop. As of January 24th, cumulative soybean sales stand at 91% of the USDA forecast for the current marketing year vs. a 5 year average of 77%. Sales of 102,000 tonnes are needed each week to reach the USDA forecast.

No aggressive buying in the cash market reported in soybean by the solvent extractors and crushings remained steady in the absence of any fresh overseas meal demand.

However, expected improved wedding demand for edible oil will push up the purchases in beans from solvent extractors. The government's levy of import duty on crude edible oils and a slight delay in Brazilian soybean shipments will prove to be positive factors for short-term. However, bearish international palm oil outlook will limit the gains in domestic soybeans.

Soy meal prices edged lower followed by sluggish overseas meal demand and subsequently fall in crushings. Besides, the South American prices are getting competitive with the commencement of Brazilian soybean harvest and expected higher production in Latin America this season remained bearish for domestic soy meal exports.

India's export of soy meal during December 2012 was 5,10,698 tones as compared to 7,78,382 tones in December 2011, showing a fall by 34.39% over the last year. South and Far East Asian countries remained the major buyers of Indian soy meal.

The market is expecting the January soy meal exports reports this week. India exported around 474,993 MT of soy meal in Jan 2012 and is unlikely to export the volume it shipped a year ago, mainly due to lower overseas demand.

Delay in Brazilian soybean harvesting due to rains over key growing states during the week has disrupted the soy shipments out of Brazil and demand shift towards US was evident during the period lending support to CBOT soybeans.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (Feb-Mar) exports price, FOR Kandla was quoted between Rs 28,350- 28,500/MT compared to 18,300-18,600/MT during the same period last year.

C&F Indonesia was between US \$ 545-550/MT which was quoted between US \$395-400/MT during the same period last year.

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$8/MT compared to US \$19/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices. India's soy meal exports are at the optimum levels during the period, October through January, at the considered spread between Indian vs Argentine meal price between US \$8/MT and US \$15/MT.

India's exports are unlikely to pick-up due to competitive South American soy meal prices but the meal prices are likely feature mild gains on improved wedding buying in soybean boosting the it's prices.

The Indian meal exporters are advised to aggressively market their meal to the countries in vicinity including traditional South and Far-East Asian destinations to materialize the freight and logistics advantage. The prices are expected to feature range-bound movement on weak bias due to decline in overseas and domestic demand. FOR, Kandla is likely feature range-bound movement between the price band of Rs. 28300-28500/MT.

The RM seed plunged on weak buying from millers during the week in review. Expected higher area coverage under RM seed and better production prospects this season remained bearish for the seed this week. Besides, sluggish demand in mustard oil has weighed on the seed prices during the week.

The RM seed planting is ahead previous year's pace. The planting is up about 3 per cent compared to the corresponding period last year. Area coverage under rapeseed/mustard seed (as on 31 Jan 2013) stood at 67.17 lha compared to 65.35 lakh hectares during the same period last year.

In yet another development, India has allowed overseas sale of edible oils without any volume restrictions, a move taken to cater to the small expatriate appetite for cooking oils.

The minimum export price (MEP) of these will be \$1500 per tonne. The decision will pave the way for exports of cooking oils such as groundnut and sesame, but other oils, including coconut and sunflower, are currently selling below that level. The sale of cooking oils in branded small packs has been allowed until Sept. 30, 2013.

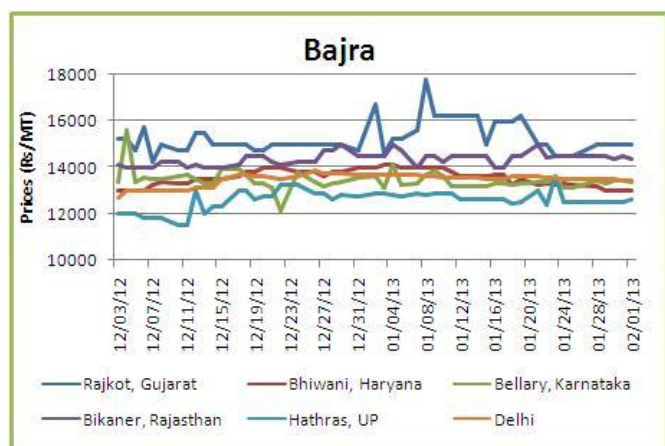
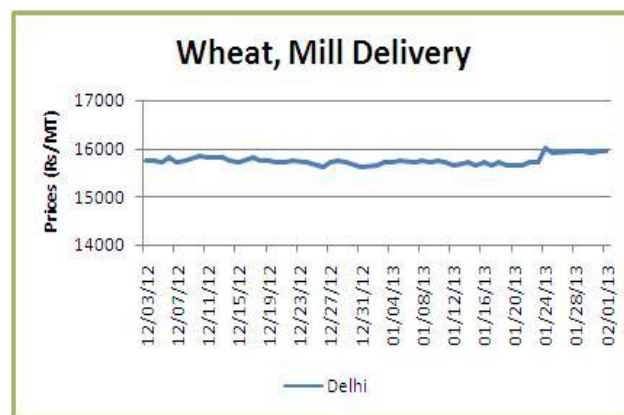
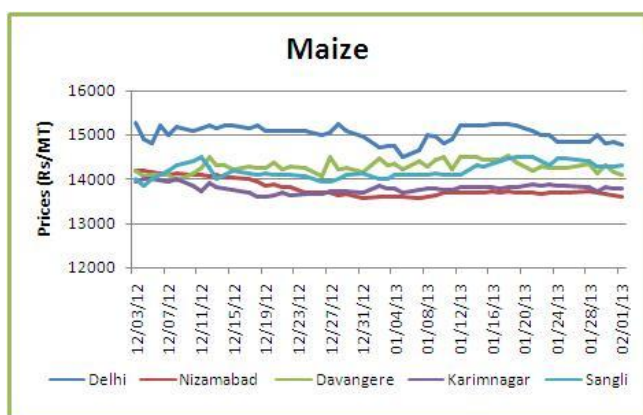
Cargo surveyor Intertek Agri Services reported January palm oil exports fell 7% from a month earlier to 1.46 million tons while another surveyor SGS (Malaysia) Bhd, put shipments at 1.42 million tons, a decline of 6.4%. However, Malaysian palm oil exports in the second half of January have improved significantly compared with the first 15 days of January. So it is likely that palm oil exports could recover in the coming weeks and help to flush out excess stockpiles (from Malaysia) next month.

In Rajasthan the mustard crop is in seed development stage and low intensity of aphids in mustard crop was noticed. The crop is in flowering and pod formation stage in western Uttar Pradesh, aphids in the crop noticed. The crop is in pod development stage in Madhya Pradesh, Punjab and Gujarat.

In West Bengal the crop is in pod maturity to development stage. No major pests/diseases were noticed or crop loss/damage reported due to adverse weather.

Higher coverage area under RM seed and expected bumper mustard crop this season is likely to pressure the seed market in near-term. Any bullish news in Malaysian palm oil especially on exports will lend support to the BMD CPO and eventually spill over support to the domestic RM seed, which closely tracks BMD CPO. We feel the Malaysian palm oil exports to improve in the month of February and lend some support to the domestic RM seed.

The RM seed prices are expected to feature range bound movement with weak bias, in near term, on early crop arrival and higher Malaysian palm oil stocks and estimated rise in the palm oil output this season. The prices are likely get pressure and are likely to witness 3900 – 3920 level in near term.



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

During the week, steady to slightly weak sentiments were witnessed in major maize spot markets. Maize prices hovered at around Rs 1293 per quintal on an average on pan India basis, decreased by Rs. 14 per quintal from the previous week.

Ahmadabad feed millers of Gujarat region are currently purchasing maize from Maharashtra region at around Rs. 1500 per quintal. Sources revealed that maize could trade steady to slightly down due

to sluggish export demand. Meanwhile, some weakness was reported from starch and poultry industries buyers in the spot market which could weigh on the prices. In Maharashtra region, maize stock would be around 2 lakh bags.

In Bhiwani region of Haryana, sources revealed that demand for bajra from poultry industries could shift towards maize in the coming weeks due to change in weather conditions and support maize prices.

In the Nizamabad region of A.P., demand for maize was reported from local starch industry at the lower rate of Rs. 1350 per quintal. Meanwhile, maize is also moving towards Hyderabad at around Rs. 1370 per quintal sourced from Nizamabad region of A.P. Sources revealed that prices could go down by Rs. 20 to 1350 per quintal due to lower export demand.

In Delhi spot market, maize stock is reported around 1.5 lakh bags. Sources revealed that maize could trade steady in the coming days. Demand for maize from the Kolkata feed millers reported in a range of Rs. 1625-1650 per quintal during the week sourced from Naugachia region of Bihar.

As per trade sources, maize is moving towards Chennai at Rs. 1500 per quintal (Delivery rate) and Mangalore at Rs. 1470 per quintal (Delivery rate) sourced from Koppal region of Karnataka.

As per the latest data released by the Ministry of Agriculture, area sown under maize during rabi season for 2012-13 is estimated higher from last year by 1.7 lakh hectares to 14.28 lakh hectares.

Indian C&F Maize prices (around \$345) were reported steady from last week. Meanwhile, Indian maize exporters are getting parity compared to US maize C&F prices (around \$376.3) and Brazilian C&F (around \$353.45) and getting stiff competition from Argentine maize C&F prices (around \$333.96).

As per USDA, U.S. corn export figures reached to 7915591 metric tons for the 2012-13 marketing year which is lowered by around 53% from the last marketing year during the same period. However, corn exports were up by 65 per cent to 609200 metric tons from the last week and noticeably up from prior 4-week average. Out of total weekly exports of 609200 MT reported by U.S to Japan (209,400 MT), China (167,500 MT), Mexico (97,600 MT), Venezuela (30,000 MT), and Cuba (27,500 MT).

We expect maize prices to trade steady in the near term as no new fresh export enquiries reported in the market. However, lower stock position with continuous demand from poultry feed industries could support maize prices at the lower level.

During the week, wheat prices increased at major spot trading centres due to strong domestic and export demand and the increase in the wheat release price by the U.P. government by Rs 170/qtl.

Demand for Indian wheat continued from Southeast Asian countries like Malaysia, Indonesia and higher demand is expected in the months ahead as recent developments in the global market hint towards positive prospects for Indian wheat. The government too seems eager to offload more wheat in the global market so that additional space for new crop could be created.

Bangladesh is importing Indian wheat from private traders at USD 315-328/ton FOB Kakinada port. Traders are exporting wheat procured from government tenders and new wheat crop arrivals are expected in Gujarat and M.P by late February. FOB quotes are expected to witness fall as arrivals commence in these regions but will be limited as wheat crop is lower in Gujarat and sourcing wheat from Rajasthan and Madhya Pradesh will cost a minimum of Rs 1500/Qtl FOR at Kandla.

There is a growing concern in the market that wheat yields will not cross last year's levels as sowing was delayed by two weeks this year. Temperatures in the month of February will be crucial for the standing crop which is entering the flowering stage. Market experts say that two percent yield loss is a possibility if the standing crops don't get one or two showers of winter rains.

At the current scenario, 92 million tons of wheat production seems very much on the card against the set target of 86 million tons for this season. Even if production goes down to 90 million tons (which is unlikely), the problem of plenty continues to haunt the government on storage front. Offtake in domestic market is unlikely to improve at this point of time, especially when harvesting is hardly around one and a half months away. Therefore, higher export is the only visible and practical solution to have stocks at a manageable level.

Wheat sowing has completed and the total area coverage is slightly behind last year. Wheat has been sown in 297.61 lakh hectares against 298.59 lakh hectares last year, almost one lakh hectares lower. Major area increase has been witnessed in M.P. and Uttar Pradesh. Lower area coverage in Gujarat and Maharashtra will remain a cause of concern.

Recent wide spread rains in major wheat growing areas have brightened the production prospects. Lower temperature at this point of time is beneficial to the entire growth of the plant. Lower area coverage in Rajasthan, Gujarat and Maharashtra is expected to be covered by higher area coverage in Madhya Pradesh, U.P and Bihar. Late variety is still being sown in U.P. and Bihar.

IGC estimates that total harvested area is expected to increase by 2.1% in 2013-14, the highest since 1998. Winter wheat condition is good in Europe but drought is still persistent in US HRW (Hard Red Winter) growing areas. World production estimate for 2012-13 has been increased from previous estimate of 654 million tons to 656 million tons as production is expected to improve in Australia, Canada, China and EU.

Wheat market is expected to trade steady this week as export and domestic demand will support prices and increase in the wheat release price at U.P too will support prices. Global wheat market is expected to trade between USD 310-345/T as US winter wheat crop is affected by dry conditions. However, increased sowing area and good crop condition in Ukraine and Indian presence in the international market might restrict the uptrend.

Outlook

Prices of key feed ingredients (including soy meal and maize) are likely to witness pressure on weak overseas oil meal demand and likely fall in the input cost. However, steady seasonal poultry demand will limit the downside potential.

Spreads

Maize Average Weekly spread with Bajra

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	272	357.5	286.67	95	63.75	112	193	117.5	177.0	187.5	213.0	115.0
2	287	335	300	95.8	42.00	166	119	86.67	219.0	213.0	210.0	131.0
3	316	335	250.00	101.7	93.00	200	90	100.00	270.0	214.0	158.00	170.0
4	340	323.33	161.00	72.0	127.50	204	103	79.0	264.0	238.0	147.00	153.0
5		298		90.0			106.00					135.0

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

As the table depicts, in Delhi spot market, maize spread with bajra decreased week on week basis as maize traded down by a higher pace against bajra during last week. Maize traded down due to sluggish poultry demand. Despite the higher demand from poultry and malt industry buyers, bajra also traded down last week due to supply pressure in the market. Sources revealed that both commodities will trade steady in the next week and could keep maize spread with bajra intact for the next week.

Maize Average Weekly spread with Jowar

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	138	295	93.3	-322.5	-336	66	83	190	150.0	137.0	192.0	205.0
2	103	80	-90	-324	-302	113	46	198.33	180.0	183.0	218.0	190.0
3	212	375	-127.1	-170	-280	73.00	0	208.00	177.0	204.0	169.0	182.5
4	250	80	-251.0	-320	-152	85.8	17.5	93.0	140.0	142.0	172.0	153.0
5		92		-403			122.5					132.5

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

As the table depicts, maize spread with jowar decreased from last week as maize traded down with the steady price movement in jowar. Sources revealed that jowar could trade slightly down due to sluggish demand from cattle feed and keep maize spread with jowar in the positive zone in the coming week.

Maize Average Weekly spread with Wheat

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	78	201.25	125	-108	-117	22	70	-106	-123	-139	-21.0	-48.0
2	85	208.75	122	-109	-130	68	28	-143	-188	-170	0.0	-44.0
3	124	190	59.29	-69	-65	107	-47	-154	-193	-101	-5.0	4.0
4	133	125	-36.0	-96	3	108	-143	-156	-127	-27	-8.0	-31.0
5		146		-188			-167					-62.0

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

As the table depicts, maize spread with wheat decreased from last week as wheat traded steady versus maize. We expect that wheat could trade steady to firm in the coming weeks due to firm domestic and export demand which may keep maize spread with wheat down during next week.

Maize Average Weekly spread with Barley

Week	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13
1	38	180	63.33	-239	-281	16	133	212	160.0	213.0	242.0	135.0
2	39	155	140	-191.7	-250	58	96	201.67	226.0	150.0	268.0	140.0
3	98	67	-91.42	-191.7	-163	102.5	76	234.0	206.0	157.0	168.0	174.0
4	136.25	-43.33	-176	-238.0	-16	85.8	94	143.0	226.0	215.0	172.0	139.0
5		37		-283.0			207.5					97.50

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

As the table depicts, in Delhi spot market maize spread with barley decreased from last week as barley traded higher on steady demand from malt industry buyers. We expect that both the commodities will trade steady in the next week which could keep maize spread with barley unchanged.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	01.02.2013	25.01.2013	Parity To
Indore (MP)	26500-26700	26600	Gujarat, MP
Kota	26200	26300	Rajasthan, Del, Punjab, Haryana
Akola	27000	26800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	27000	27000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27300	27500	Andhra, AP, Kar, TN
Dhulia/Jalna	28200-28300	28300	Mumbai, Maharashtra
Nagpur (42/46)	27000	27000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	28500	28000	Local and South
Solapur	28000	27500	Local and South
Bundi	26100-26200	26100-26200	-

Soy DOC at Port

Centers	Port Price	
	01.02.2013	25.01.2013
Kandla (FOR) (INR/MT)	28500	28600
Kandla (FAS) (USD/MT)	534	532

International Soy DOC

Argentina FOB \$/MT	01.02.2013	25.01.2013	Change
Soybean Pellets	515	496	+19
Soybean Cake Meal	512	496	+16
Soybean Meal	523	504	+19
Soy Expellers	523	504	+19

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	01.02.2013	25.01.2013	Change
Adoni	18200	18200	Unch
Khamgaon	18000	18000	Unch
Parli	17800	17800	Unch
Latur	17800	17800	Unch

Groundnut Meal

Groundnut Meal	01.02.2013	25.01.2013	Change
Basis 45% O&A, Saurashtra	25800	25800	Unch
Basis 40% O&A, Saurashtra	22900	22800	+100
GN Cake, Gondal	26500	26500	Unch

Mustard DOC/Meal

Mustard DOC/Meal	01.02.2013	25.01.2013	Change
Jaipur (Plant Delivery)	13500	14200	-700
Kandla (FOR)	14500	15200	-700
Sri Ganganagar	770	789	-19

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	01 Feb, 2013	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1480	1485	1525	1500	-
Davangere	Bilty	1380	1390	1400	1400	1150
Naugachia	Bilty	-	-	-	-	-
Nizamabad	Bilty	1360	1370	1360	1410	1125
Ahmedabad	Feed	1480	1525	1500	1480	1300
	Starch	1540	1560	1575	1550	1325

FOB, C&F – Maize at Various Destinations (USD/ton)

	Argentina	Brazil	US	India (Davengere Origin)
FOB	283.96	298.45	316.30	310
Cost and Freight (Thailand)	333.96	353.45	376.30	345

Soy Meal Exports (In MT)

<u>Month</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Jan	521243	240318	574996	474993
Feb	375098	220552	540360	344240
Mar	224639	163666	410537	460464
Apr	100106	60264	305033	313832
May	77018	60575	176819	142588
Jun	109923	98400	117600	180987
Jul	58268	166632	139547	168341
Aug	127299	176138	165510	10005
Sep	171955	290868	225921	6525
Oct	219721	404960	223594	49840
Nov	297340	443488	397659	517103
Dec	328225	611157	798041	510698
Total	2610835	2937018	4075617	2668918

Feed Ingredient Prices at a Glance:

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>1.02.2013</u>	<u>25.01.2013</u>	<u>Chg</u>
Bajra	Karnataka	Hybrid	Bellary	1340	1315	25
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2400	2400	Unch
		White	Bellary	1330	1272	58
Maize	Karnataka	Yellow	Davangere	1330	1340	-10
	Andhra Pradesh	Yellow	Nizamabad	1360	1370	-10
Rice	Haryana	IR8	Karnal	1650	1650	Unch
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	26700	26600	100
	Maharashtra	DOC	Sangli	28500	28000	500
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	18200	18200	Unch
	Maharashtra	Ex-factory	Latur	17800	17800	Unch
Mustard	Rajasthan	Plant delivery	Jaipur	13500	14200	-700
Groundnut Meal	Gujarat	GN Cake	Gondal	26500	26500	Unch

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2013 Indian Agribusiness Systems Pvt Ltd.