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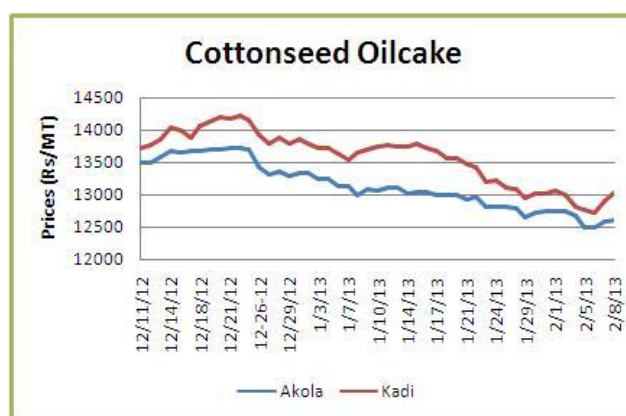
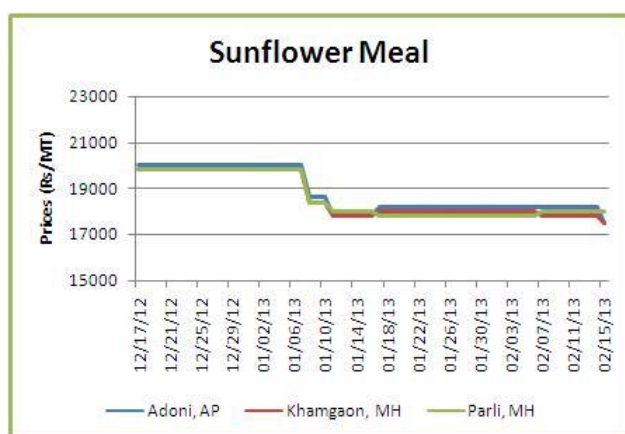
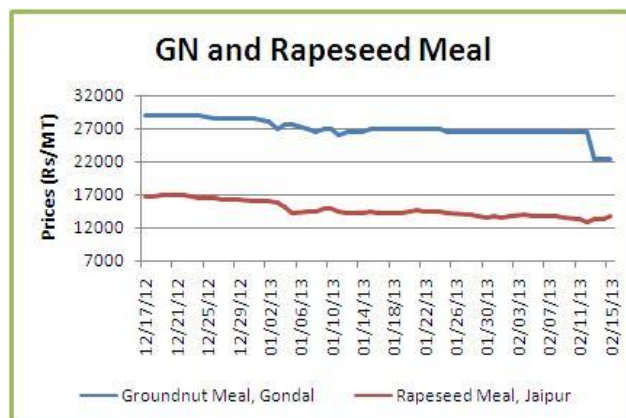
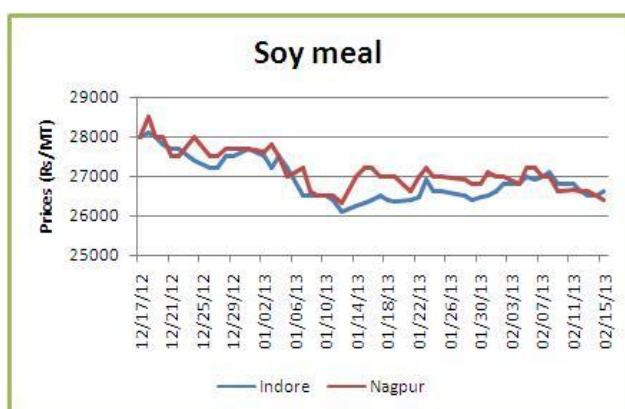
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## Summary

The key feed ingredients prices featured steady to weak sentiments during the week in review.

Soy meal prices declined on weak domestic demand and stiff price competition from South America. RM seed prices continued to be under pressure followed by new crop arrivals along with estimates of higher production this season. Further, wheat prices remained flat on steady domestic supplies and demand. Maize prices featured steady to slightly weak tone on sluggish export demand and bajra prices remained flat with slight improved demand from poultry feed manufactures. Overall, feed prices stood flat despite a fall in some of the key feed ingredient prices, during the week in review.

## Trend – Raw Material, Feed



Source: AgriWatch

The domestic oilseeds and oil meals declined primarily pressured by weakness in benchmark – CBOT soybeans and sluggish buying in the cash market during the week in review. Eventually, weakness in the BMD CPO remained negative for the domestic oilseeds complex.

Soybean prices edged-lower on sluggish domestic buying and improving weather conditions in Argentina along with positive production prospects in Brazil leading to a fall in CBOT soy complex.

Besides, as per Celeres, Brazil's soybean harvest is 12 per cent complete, reported late during the week. The pace is higher than the five-year average of 7 per cent. Also, 59 per cent of the expected harvest has been sold as compared to 42 per cent during the same period last year.

The harvesting pace in Brazil and other South American countries is gradually picking up and the supplies are likely to improve in days ahead which will eventually pressure CBOT soybeans.

The domestic soybean supplies declined in association with sluggish buying. The supplies eased due to the strike called on by the Hammals/labours in key cash markets of Madhya Pradesh including Indore. The rising domestic new mustard seed supplies with harvesting picking up the pace is expected to further pressure the domestic soybeans in near-term.

The weekly US soybean sales figures were disappointing. The trade was looking for total sales to come in between 700,000-1.1 million tonnes but the report fell well short of expectations. Net US weekly soybean export sales showed that 109,100 tonnes were cancelled for the current marketing year and 345,000 tonnes were sold for the next marketing year for a total of 235,900 tonnes sold.

Overall, the export demand pace for US soybean remains strong but many traders believe sales will continue to slow as South American soybeans begin to hit the market which will eventually pressure the benchmark CBOT soybeans and further the domestic soybeans.

The domestic soy meal featured weak tone due to the poor domestic off-take and stiff price competition from South American meal leading to overseas demand shift towards South America.

Although India's January soy meal shipments showed a y-o-y growth of 28 per cent, the exports were lower during the oil and financial year. India's meal exports may be negatively affected due to the increasing shift in the overseas demand towards South America.

India's exports of soy meal during January, 2013 was 6,20,133 tones as compared to 4,84,195 tones in January, 2012 showing a increase by 28.07% over the last year. On a financial year basis, the export during April 2012 to January 2013 is 25,36,062 MT as compared to 30,82,267 MT in the same period of previous year showing a decrease of 17.72%.

During current Oil year, (October - September), exports during October 2012 to January 2013 is 16,98,984 MT as against 19,53,415 MT last year, showing a decrease by 13%, said SOPA.

However, India's y-o-y soy meal prices have witnessed gains. Soy meal (Feb-Mar) exports price, FOR Kandla exports was quoted between Rs 28,550-28,950/MT compared to 18,400-18,600/MT during the same period last year. C&F Indonesia was between US \$ 542-555/MT which was quoted between US \$402-405/MT during the same period last year.

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$44/MT compared to US \$27/MT a week ago, indicating a widening gap in prices between Indian and Argentine meal prices.

The domestic soy meal is under pressure followed by competitive South American soy meal prices with harvesting picking up in the region. However, improved soy meal exports in Jan. will lend support to some extent. 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 mixed sentiments. FOR, Kandla is likely feature range-bound movement between the price band of Rs.26500-26800/MT.

RM seed plunged followed by new crop arrivals in key growing regions of Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat. The seed arrivals are gradually increasing and are expected rise with the harvesting pace picking up pressuring the seed prices.

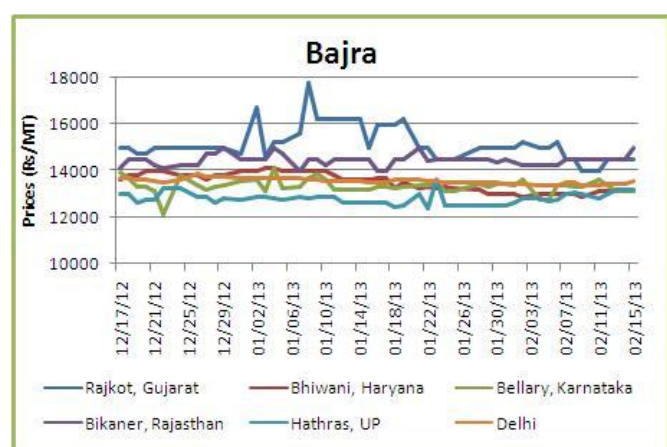
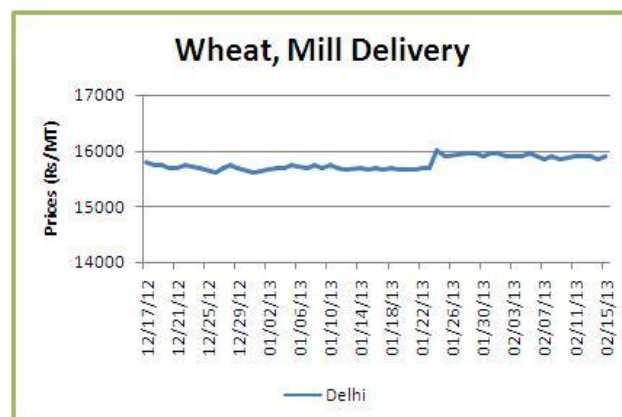
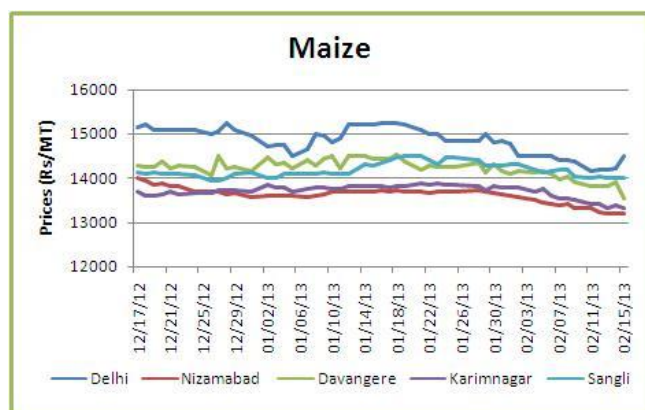
Rise in the export duty from 7.5 per cent to 9 per cent by Indonesia and Malaysia's announcement of imposing 4.5 per cent export duty in March will make the palm oil little expensive for the importers like India. The palm oil stocks in Malaysia have slightly reduced with better shipment in recent days. Both bullish and bearish factors will be prevalent in the market for another week but bearish factors may weight on the oilseed complex to some extent with India's mustard seed harvesting picking up the pace.

Of the major rabi oilseeds crops, rapeseed/mustard seed planting is up by around 2.1 per cent at 67.26 lha compared to 65.85 lakh hectares during the same period last year.

In Rajasthan the mustard crop is in seed is in green seed to brown seed stage and moderate intensity of aphids in mustard crop was noticed. Harvesting in few regions has been reported. The crop is in flowering and pod formation stage in West Uttar Pradesh. The crop is in maturity stage in Madhya Pradesh. It is in flowering stage in Punjab and harvesting stage depending upon the sowing time in Gujarat. The crop is in pod formation and seed development stage in Haryana. In West Bengal the crop is in pod development to maturity stage. No major pests/diseases were noticed or crop loss/damage reported due to adverse weather.

Rise in export duty by Indonesia and re-imposition of the same by Malaysian from March will make the palm oil imports expensive for India. However, new RM seed crop arrivals in some of the key producing region of Rajasthan, Gujarat, Madhya Pradesh and Uttar Pradesh will pressure the market in near-term.

In spot, RM seed prices are expected to feature range bound movement with weak bias, in near term, on rising new crop arrivals. The prices are likely get pressure and are likely to witness 3750–3800 level in near term.



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

Steady to weak sentiments were witnessed in most of the major spot markets of maize due to sluggish export demand. Demand from domestic feed millers was also flat during last week. Maize prices are hovering at around Rs 1271 per quintal on an average on pan India basis, decreased by Rs. 12 per quintal from the previous week.

On the export front, in the current marketing year (Oct '12-Sep '13), total maize exports reported around 1.011 million tons during the October- January months to Indonesia, Malaysia, Vietnam, Bangladesh, Taiwan, China, Yemen, and Singapore through Vizag Sea, Mangalore Sea, Mundra Sea, Mangalore Sea, Kakinada Sea, JNPT and Chennai Sea, generally in 20' containers.

Demand for maize from the Kolkata feed millers reported in a range of Rs. 1600-1625 per quintal during the week sourced from Naugachia region of Bihar.

In the Nizamabad region of A.P., maize traded down due to sluggish export and domestic demand for maize. However, maize is moving towards Hyderabad at around Rs. 1400 per quintal sourced from Nizamabad region of A.P. Sources revealed that prices could go down due to lower export demand. In the Nizamabad region of A.P., maize stock is reported around 4 lakh bags.

Maize traded steady during last week with the steady poultry demand. Sources revealed that maize could trade steady in the near term. Around 1-1.25 lakh bags were reported in Delhi spot market.

Corn arrivals were disrupted in the Ahmadabad market of Gujarat due to rainfall. Sources revealed that some local demand from poultry feed industries is arriving at Rs.1440 per quintal.

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.

As per the latest data released by the Ministry of Agriculture, area sown under maize during rabi season for 2012-13 is estimated higher by 1.34 lakh hectares to 14.46 lakh hectares from the last year.

Indian C&F Maize prices (around \$339) decreased by \$2.00 per ton during the week compared to the last week. Meanwhile, Indian maize exporters are getting parity compared to US Maize C&F prices (around \$360.03) and getting stiff competition from Brazil C&F (around \$336.2) and Argentina Maize C&F prices (around \$321.46).

As per USDA, U.S. corn export figures reached to 8516588 metric tons for the 2012-13 marketing year which is lowered by around 54% from the last marketing year during the same period. Corn exports were up by 88 percent to 392300 metric tons from the last week and 9% from the prior 4-week average.

In its first estimate, the Buenos Aires Grains Exchange has projected Argentina's 2012-13 corn output at 25 million tons compared with USDA's estimate of 27 million tons.

Lower export demand for Indian corn is likely to weigh on the domestic corn prices in the coming days.

Wheat prices were almost steady in the market on increasing supplies to make way for new crop. Arrivals have started reaching at Rajkot and Junahgarh mandi at Rs 1700-1750/Q with 15-17% moisture of Lokwan quality. Prices may come under pressure in week ahead.

In latest development, the government may allow private traders to export wheat from central pool stock. Discussions with various ministries are going on. However, quantity has not been specified. As per market experts, it may be around 5 million tons. Food Ministry has circulated a Cabinet note for inter-ministerial discussions on allowing export.

Wheat sowing has completed now. As per latest figures, area under wheat has touched at 298.38 lakh hectares against 298.61 lakh hectares last year at the same time - almost 23,000 hectares lower than last year. Major area increase has been witnessed in M.P. and Uttar Pradesh. Wheat crop is in good condition and production prospects have improved further with recent rains. Most of the crops are entering now in filling stage.

India is expected to produce 92.3 million tons of wheat in 2013-14 which is lower than 94.88 million tons in 2012-13. Lower area coverage is witnessed in Rajasthan, Maharashtra and Gujarat and yield

is expected to fall due to irregular weather conditions which will consequently result in lower production this year.

Global commodities trading companies, Glencore International PLC (GLNCY) and Concordia Agritrading Ltd. have bought 100,000 metric tons each of Indian wheat from the government-run State Trading Corp. of India Ltd. The deals were finalized at \$310.21/ton, free-onboard for shipment from the western port of Mundra by March 30.

Some wheat will be shipped to flour millers in the Middle East where Indian wheat is currently offered around \$340/ton, CNF basis. Some volumes are expected to be shipped to Ethiopia where buyers purchased at least 150,000 tons Indian wheat around \$362/ton, C&F.

MMTC has got the highest bid USD 311/T from Louis Dreyfus for 1, 50,000 MT Wheat to be shipped in between 20 Feb to 31 March. However, in the month of February, bidder has offered a lower quote of USD 305/T in previous tender of MMTC and we expect lower bid further in the range of (\$305 to \$310) despite some improvement in global wheat market.

Wheat inflation has declined from 23.23% in December '12 to 21.39% in January '13. WPI has reduced marginally to 205.4 in January 2013 from 205.3 in December 2012 as government had increased the supply in January.

Haryana government has exempted wheat from VAT which is distributed under PDS scheme like Antodya Anna Yojana (AAY). UP government is expected to procure 6 million tonnes wheat this year as compared to previous year's 4.2 million tonnes.

Wheat is expected to feature steady to weak sentiments since the government is willing to offload its stock before procurement begins. Therefore, supply will limit any uptrend in prices.

## Outlook

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Prices of key feed ingredients (including soy meal, maize and bajra) are expected to feature range-bound movement around current levels on steady poultry demand in near-term. However, sluggish overseas demand in the key feed ingredients (Soy meal and Maize) is likely to restrict sharp gains, in near future.



## Spreads

### Maize Average Weekly spread with Bajra

Week	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13
1	357.5	286.6	95	63.75	112	193	117.5	177.0	187.5	213.0	115.0	113.0
2	335	300	95.8	42.00	166	119	86.67	219.0	213.0	210.0	131.0	82.50
3	335	250.0	101.7	93.00	200	90	100.0	270.0	214.0	158.0	170.0	
4	323.33	161.0	72.0	127.5	204	103	79.0	264.0	238.0	147.0	153.0	
5	298		90.0			106.0					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 from last week. Maize traded slightly down during last week due to sluggish poultry demand for maize while bajra traded slightly firm due to increase in demand from poultry feed makers. Sources revealed that bajra could trade higher in the next week due to higher demand from poultry. Meanwhile, maize could trade steady in the coming weeks with the steady demand from poultry and could keep maize spread with bajra towards southward zone.

### Maize Average Weekly spread with Jowar

Week	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13
1	295	93.3	-322.5	-336	66	83	190	150.0	137.0	192.0	205.0	107.0
2	80	-90	-324	-302	113	46	198.3	180.0	183.0	218.0	190.0	80.0
3	375	-127.1	-170	-280	73.00	0	208.0	177.0	204.0	169.0	182.5	
4	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. Maize traded slightly down with the steady price movement in jowar during last week. Sources revealed that both commodities could trade steady in the coming weeks and keep maize spread with jowar unchanged in the week ahead.



### Maize Average Weekly spread with Wheat

Week	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13
1	201.2	125	-108	-117	22	70	-106	-123	-139	-21	-48.0	-90.8
2	208.7	122	-109	-130	61	28	-142	-188	-170	0.0	-44.0	<b>-143</b>
3	190	59.3	-69	-65	107	-47	-154	-193	-101	-5.0	4.0	
4	125	-36.0	-96	3	108	-173	-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 slightly firm versus maize during last week. We expect that wheat could trade slightly weak in the coming weeks due to supply pressure in the market and keep maize spread with wheat in positive tone.

### Maize Average Weekly spread with Barley

Week	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13
1	180	63.33	-239	-281	16	133	212	160.0	213.0	242.0	135.0	71.67
2	155	140	-191.7	-250	58	96	201.67	226.0	150.0	268.0	140.0	<b>62.50</b>
3	67	-91.42	-191.7	-163	102.5	76	234.0	206.0	157.0	168.0	174.0	
4	-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 maize traded down versus barley during last week. We expect that barley could trade down during next week as malt industry buyers have sufficient stock in quantity and keep maize spread with barley towards northward zone.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	15.02.2013	08.02.2013	Parity To
Indore (MP)	26600	27000-27200	Gujarat, MP
Kota	26300	26800	Rajasthan, Del, Punjab, Haryana
Akola	26500	27000	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	27000	26800	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	27200	27200	Andhra, AP, Kar, TN
Dhulia/Jalna	28200	28700	Mumbai, Maharashtra
Nagpur (42/46)	26400	27000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	-	28300-28500	Local and South
Solapur	27300	27500	Local and South
Bundi	26500	26600-26650	-

#### Soy DOC at Port

Centers	Port Price	
	15.02.2013	08.02.2013
Kandla (FOR) (INR/MT)	28700	29200
Kandla (FAS) (USD/MT)	532	545

#### International Soy DOC

Argentina FOB \$/MT	15.02.2013	08.02.2013	Change
Soybean Pellets	477	510	-33
Soybean Cake Meal	477	510	-33
Soybean Meal	485	518	-33
Soy Expellers	485	518	-33

**Sunflower Meal Rates**

Centers	Ex-factory rates (Rs/ton)		
	15.02.2013	08.02.2013	Change
Adoni	17500	18200	-700
Khamgaon	17500	17800	-300
Parli	18000	18000	Unch
Latur	17200	17800	-600

**Groundnut Meal**

Groundnut Meal	15.02.2013	08.02.2013	Change
Basis 45% O&A, Saurashtra	24500	25500	-1000
Basis 40% O&A, Saurashtra	22000	22500	-500
GN Cake, Gondal	22250	26500	-4250

**Mustard DOC/Meal**

Mustard DOC/Meal	15.02.2013	08.02.2013	Change
Jaipur (Plant Delivery)	13700	13600	+100
Kandla (FOR)	14400	14400	Unch
Sri Ganganagar	745	755	-10

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

Market	Grade	15 Feb, 2013	Week Ago	Month Ago	2 Month Ago	Year Ago
Delhi	Hybrid	1430	1465	1530	1530	-
Davangere	Bilty	1360	1360	1400	1410	1125
Naugachia	Bilty	-	-	-	-	-
Nizamabad	Bilty	1310	1325	1370	1400	1170
Ahmedabad	Feed	1440	1460	1500	1535	1340
	Starch	1490	1530	1550	1600	1350

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

	Argentina	Brazil	US	India (Davengere Origin)
FOB	271.46	281.20	300.03	304.00
Cost and Freight (Thailand)	321.46	336.20	360.03	339.00

**Soy Meal Exports (In MT):**

<u>Month</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Jan	521243	240318	574996	474993	620133
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	
<b>Total</b>	<b>2610835</b>	<b>2937018</b>	<b>4075617</b>	<b>2668918</b>	

**Feed Ingredient Prices at a Glance:**

<u>Commodity</u>	<u>State</u>	<u>Variety</u>	<u>Centre</u>	<u>15.02.2013</u>	<u>08.02.2013</u>	<u>Chg</u>
Bajra	Karnataka	Hybrid	Bellary	1312	1330	-18
		Hybrid	Bangalore	1450	1450	Unch
Jowar	Karnataka	White	Bangalore	2500	2400	100
		White	Bellary	1268	1298	-30
Maize	Karnataka	Yellow	Davangere	1310	1310	Unch
	Andhra Pradesh	Yellow	Nizamabad	1310	1325	-15
Rice	Haryana	IR8	Karnal	1700	1700	Unch
		Parmal Raw	Karnal	2200	2200	Unch
Soy meal	Madhya Pradesh	DOC	Indore	26600	27200	-600
	Maharashtra	DOC	Sangli	28500	28500	Unch
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	17500	18200	-700
	Maharashtra	Ex-factory	Latur	17200	17800	-600
Mustard	Rajasthan	Plant delivery	Jaipur	13700	13600	100
Groundnut Meal	Gujarat	GN Cake	Gondal	22250	26500	-4250

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