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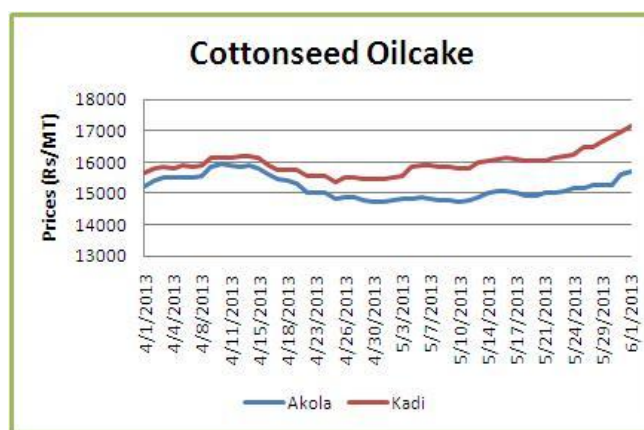
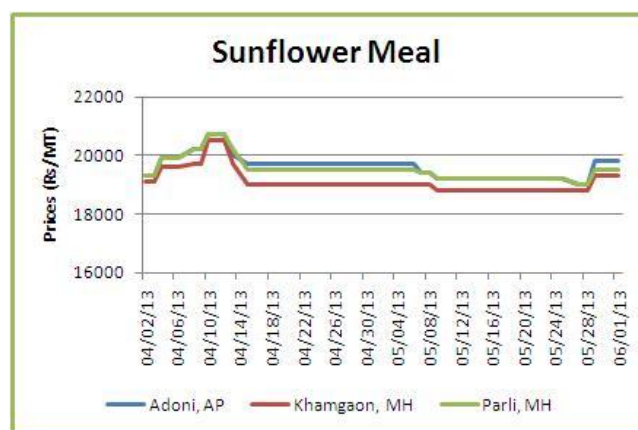
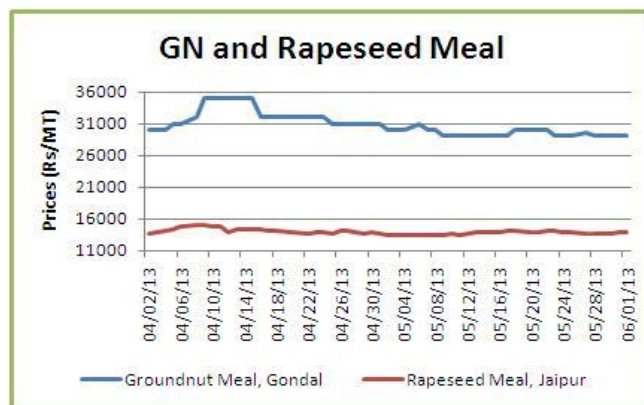
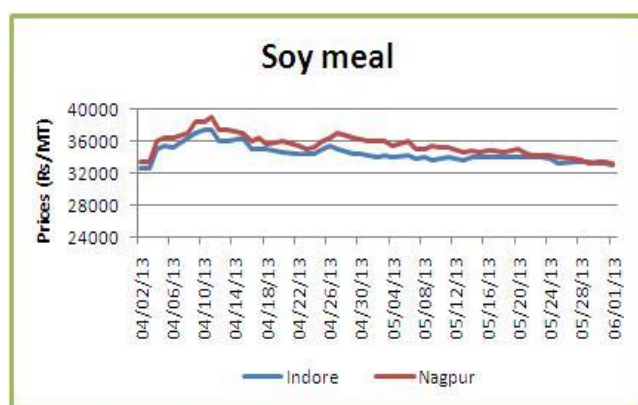
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Summary

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

Soybean extended losses for second consecutive week along with decline in soy meal on poor domestic off take and weak export sales. RM seed prices also depicted a fall across major cash markets. However, maize prices ruled higher on lower supplies from Bihar. Wheat also remained steady to firm as markets consolidated while bajra prices fell during the week. Overall, feed prices ruled steady during the week under consideration.

Trend – Raw Material, Feed



Source: AgriWatch

Domestic oilseeds and oil meals declined on weak demand for crushing due to poor off-take in edible oils and meals during the week in review.

Soybean extended losses consecutive second week due to weak crushers demand followed by poor soy meal export sales. The crushing units are continuously running below their capacity (at about 45%), besides several units have stopped their operations, which mainly includes the smaller ones.

The trade participants expect about 10-12 lakh tonnes of soybean stock is lying with the farmers and stockists. They expect slight surge in the supplies in coming days as the growers will be off-loading towards fag end of the season.

Further, the forecast of timely and normal monsoon by IMD has been relieving for the soybean growers. The monsoon is predicted to hit Kerala on 2 June 2013. Expected timely arrival of monsoon has made the buyers cautious, who are expecting the bean prices to ease further.

In the international front, slow pace of farmer sales in Brazil and Argentina continue to underpin a supportive tone in the market with reports of just 5% of Brazil's total production sold up to this point against 40% a year ago. Port workers' strike has badly hit the shipments in Brazil and Argentina.

China is consistently buying the beans from US it has purchased 240,000 tonnes from US during the week, supporting limiting downside potential. Besides, USDA reports 281,849 tonnes of outstanding sales to China remain on the books and 718,875 tonnes to unknown destinations which could include China.

We feel the bean prices to feature range-bound movement with weak-bias due to lacklustre buying.

Soy meal prices edged-lower on weak export sales and poor domestic off-take from poultry during the period in review. The disparity in soybean crush margin has widened in recent days.

Indian soy meal prices are higher compared to the international rates and hence the demand has diverted to South America from India, due to their competitive prices. However, Argentina and Brazil is facing shipment hurdles due to the recent port workers' strike. The shipment concerns have not fully resolved in both the countries yet.

Further, sluggish seasonal domestic poultry production has lead to the fall in the meal demand in recent weeks, limiting the upside in the prices.

Besides, the prices of other key feed ingredients like bajra, maize, mustard de-oiled cake, DCP, MBM, DRB continued to feature steady to weak tone, consequently discouraging the upside in soy meal.

During current Oil year, (October - September), exports during October 2012 to April, 2013 were 26.97 Lac tones as against 31.21 Lac tones last year, showing a decrease by 13.60%. (Source: SOPA).

The y-o-y fall in the India's soy meal export sales in the month of April is due to the demand shift towards South America owing to their competitive meal prices. This is due to the peak season in South America.

However, India's Y-o-Y soy meal prices have witnessed gains. Soy meal (May-Jun) exports price, FOR Kandla exports was quoted between Rs 34,500-35,250/MT compared to 28,500-29,475/MT during the same period last year.

The average weekly soy meal price spread between FAS Kandla and FOB Argentina stood at US at \$116/MT compared to US \$121/MT a week ago, indicating a slight narrowing in prices between Indian and Argentine meal prices. India's soy meal export is at the optimum levels during the period, October thru January, at the considered spread between Indian vs. Argentine meal price between US \$8/MT and US \$15/MT.

The domestic soy meal is under pressure followed by competitive South American soy meal prices with harvesting picking up in the region. However, continued soy meal exports 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.32,700-32,800.

Rapeseed/mustard seed prices declined due to feeble buying by the millers during the week. Cautious buying featured in the key cash markets in anticipation of further fall in the seed prices.

No fresh demand from West-Bengal noticed in last week, however the demand for the seed and oil is steady from the state mainly from Agra.

Fall in soybean arrivals has limited the losses in mustard seed prices, but the overall off-take in the seed was lower.

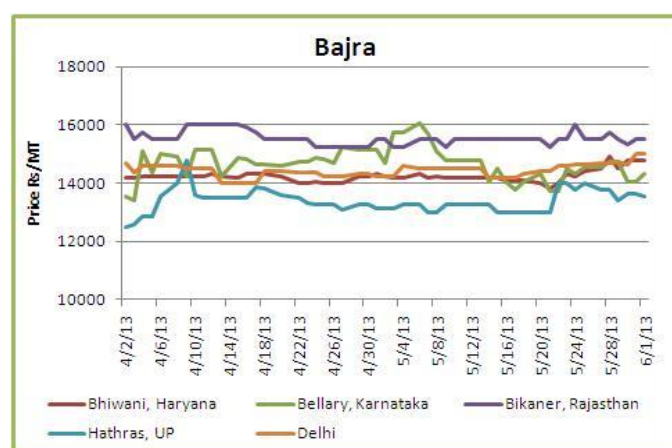
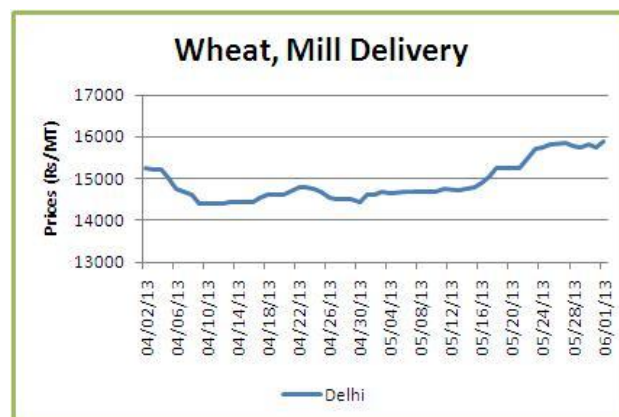
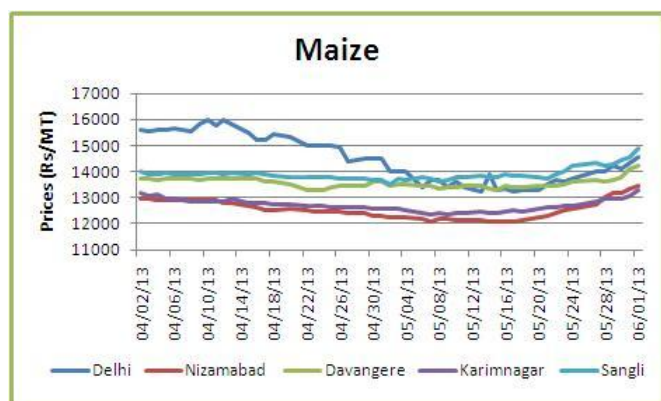
The market participants see an overall May exports at 1.26 million tons, a decline of around 2%-3%, which is not as steep as the first 20 days of May and has helped underpin the market.

We feel palm oil sales are likely to boost from Malaysian and Indonesia in near-term for stock build-up ahead of the Muslim fasting month of Ramadan, which starts in July this year, as food consumption tends to rise during the period.

This will further improve the BMD CPO quotes and subsequently support the domestic mustard seed prices, which closely follow the BMD CPO.

The domestic mustard/rapeseed prices are likely to get stronger on improved buying support across the cash markets in the key producing regions in near-term.

In spot market, RM seed prices are expected to feature range bound movement with weak bias, in near term, on poor crusher's demand.



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

Overall firm sentiments witnessed in most of the major spot markets of maize during last week due to lower supply from Bihar amid continuous demand from poultry and starch feed makers.

During the week, in Ahmadabad region of Gujarat, poultry and starch feed makers demand reported firm by Rs. 50 per quintal as compared to last week, sourced from Rajasthan. Poultry feed makers demand reported for corn in a range of Rs. 1420-1475 per quintal while starch feed makers demand reported in a range of Rs. 1450-1500 per quintal.

In Punjab, traders are expecting that maize could trade firm in the near term due to higher poultry feed makers demand. On daily basis, around 6-7 motors (1 motor= 250 tons) of maize moving towards Khanna market of Punjab sourced from Bihar.

In Bihar, maize traded slightly firm due to lower crop arrivals in the market. Trade activities reported dull in last 2 days of last week due to heavy rainfall. However, on daily basis, around 6-7 motors (1 motor= 250 tons) of maize moving towards Khanna market of Punjab sourced from Bihar.

In Nizamabad spot market, maize traded firm due to lower crop arrivals during last week. As per trade sources, around 3.5 lakh bags of maize (old & new) could be in the A.P. spot market.

In Delhi spot market, maize could trade higher due to lower crop supply from Bihar as its moving towards Punjab.

As per IBIS data, in the current marketing year (Oct'12-Sep'13), total maize exports were reported around 2.66 million tons during the October- April period. During April month, 0.537 million tons corn exports reported to Malaysia, Taiwan, Vietnam, and China through Tondiarpet ICD, JNPT, Chennai Sea and Kakinada port. Export data for the May duration will be reported soon.

Exports are not being made by India currently as competing nations are quoting lower corn prices.

Corn prices on CBOT market increased due to weather concerns in US especially in Iowa region. Flood like conditions occurred in the region as reported.

As per USDA, U.S. corn export figures reached to 13636768 metric tons for the 2012-13 marketing year which is lowered by ~54.55% from the last marketing year during the same period. However, Corn exports were up by 31 percent to 354,700 metric tons from the last week and 22% from the prior 4-week average.

Lower supplies from the Bihar kept corn prices at higher side. Meanwhile, higher poultry feed makers' demand from domestic front also support the firmness in the market. However, in the near term, weather conditions could decide the movement in maize prices.

Wheat prices featured steady to firm tone during the week as markets consolidated due to weak demand as compared to previous weeks. Markets are expected to trade steady to weak in the days ahead.

As on 29th May government has procured around 249.86 lakh tonnes against 339.67 lakh tons last year at the same time. Arrivals are low and active buying from private trader may restrict government procurement to 25.3-25.8 million tonnes, however supply side will remain comfortable due to huge carryover stocks.

Wheat production this year is estimated at 88.2 million tonnes by Agriwatch due to fall in yield in key producing states like Haryana, Punjab, Rajasthan, U.P and Madhya Pradesh. 5 year average yield indicates production at 85.94 million tonnes. Market rumours of 80-82 million tons production seem unlikely.

Madhya Pradesh origin wheat demand is in Gujarat, Rajasthan and South Indian markets. Loose wheat prices have fallen to Rs 1570/Q from 1630/Q from last week owing to slack demand from exporters.

Ongoing discussion of lower crop has changed the inner tone of the market and medium term outlook depends on government pricing and allocation policy. To contain the rising prices

government needs to allocate more quantity at discounted price, so inflation can be checked which is generally seen rising June onwards.

Higher prices in open market and lower arrivals in mandis have directly impacted the procurement quantity this year. We expect procurement to decline below 27 million tonnes giving the market arrivals and open market price.

Export is likely to decrease due to unviable prices in domestic market. Private traders are not interest in buying old crop wheat at Rs 1484/Q, hence Indian exporters are unable to offer wheat below USD 300/T FOB. US Wheat FOB is ruling around USD 280/T and Black Sea region FOB is ruling at USD 270-280/Q, posing stiff competition to Indian wheat in International market.

Domestic wheat market is likely to trade firm on improved demand from local buyers. Lower crop size too has added support to market firm tone. Medium term outlook in domestic depends on export quotes in global market and govt.'s price policy in the second quarter for export and domestic market.

Traders are reporting shriveled and small size grain this year, which will consequently lower production estimate. Milling wheat weight has been reported at 73-74Kg/Hectoliters as compared to last year's 77-78 Kg/Hectoliters.

Global wheat market is expected to trade weak higher wheat production estimate of 682 million tonnes as compared to 680 million tonnes as per IGC latest estimate.

Key domestic spot market might trade steady firm during the week on dull buying at certain spot markets. Market may trade steady to weak in week ahead.

Outlook

Feed prices are likely to continue to depict sideways movement in the coming days on expected lower volatility in the prices of key feed ingredients. However, recovery in prices of maize, bajra and wheat are providing support which may result in an uptrend in the feed prices.

Spreads

Maize Average Weekly spread with Bajra

Week	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13	Mar'13	Apr'13	May'13
1	63.75	112	193	117.5	177.0	187.5	213.0	115.0	113.0	86.0	106.0	71.00
2	42.00	166	119	86.67	219.0	213.0	210.0	131.0	82.50	112.5	145.0	33.00
3	93.00	200	90	100.0	270.0	214.0	158.0	170.0	93.75	110.0	154.0	-100.0
4	127.5	204	103	79.0	264.0	238.0	147.0	153.0	102.0	110.0	86.0	-104.0
5			106.0					135.0				-72.0

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

As the table depicts, in Delhi spot market, maize spread with bajra increased from last week as maize traded higher vs. bajra. Lower supply from Bihar amid continuous demand from poultry feed makers kept maize prices at higher side. We expect that maize could trade steady to firm, while bajra could trade steady and keep maize spread with bajra unchanged during next week.

Maize Average Weekly spread with Jowar

Week	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13	Mar'13	Apr'13	May'13
1	-336	66	83	190	150.0	137.0	192.0	205.0	107.0	142.0	265.0	171.0
2	-302	113	46	198.3	180.0	183.0	218.0	190.0	80.0	172.5	322.0	133.0
3	-280	73.00	0	208.0	177.0	204.0	169.0	182.5	147.5	178.0	320.0	-23.0
4	-152	85.8	17.5	93.0	140.0	142.0	172.0	153.0	170.0	244.0	205.0	0.83
5			122.5					132.5				53.0

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

As the table depicts, maize spread with jowar increased from last week. Maize traded firm with the steady price movement in Jowar prices. We expect that this trend would continue and could keep maize spread with jowar intact in the next week.

Maize Average Weekly spread with Wheat

Week	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13	Mar'13	Apr'13	May'13
1	-117	22	70	-106	-123	-139	-21	-48.0	-90.8	-59.0	-97.0	67.5
2	-130	61	28	-142	-188	-170	0.0	-44.0	-143	-14.0	-220.0	32.5
3	-65	107	-47	-154	-193	-101	-5.0	4.0	-81.25	-2.50	-179.0	-140.0
4	3	108	-173	-156	-127	-27	-8.0	-31.0	-47.5	29.0	76.0	-174.0
5			-167					-62.0				-137.0

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

As the table depicts, maize spread with wheat increased from last week as maize traded higher vs. wheat. Wheat traded also firm during last week due to higher demand from millers' side amid lower production. We expect that both commodities could trade steady to firm and keep maize spread with wheat unchanged during next week.

Maize Average Weekly spread with Barley

Week	June	July	Aug	Sep	Oct	Nov	Dec	Jan'13	Feb'13	Mar'13	Apr'13	May'13
1	-281	16	133	212	160.0	213.0	242.0	135.0	71.67	152.0	327.5	290.0
2	-250	58	96	201.67	226.0	150.0	268.0	140.0	62.50	189.0	369.0	283.0
3	-163	102.5	76	234.0	206.0	157.0	168.0	174.0	122.5	239.0	383.0	122.5
4	-16	85.8	94	143.0	226.0	215.0	172.0	139.0	167.0	294.0	314.0	151.0
5			207.5					97.50				196.0

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

As the table depicts, In Delhi spot market, maize spread with barley increased from last week as maize traded higher vs. barley. We expect that barley could trade steady during next week and keep maize spread with barley slightly firm as compared to last week.

Annexure

Oil Meal Prices at Key Spot Markets:

Soy DOC Rates at Different Centres

Centers	Ex-factory rates (Rs/ton)		
	<u>31.05.2013</u>	<u>24.05.2013</u>	Parity To
Indore (MP)	33000-33300	33500	Gujarat, MP
Kota	33300	34000	Rajasthan, Del, Punjab, Haryana
Akola	33000	-	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Hingoli	-	34500	Andhra, Chattisgarh, Orissa, Jharkhand, WB
Nanded/Latur	35300	34500	Andhra, AP, Kar, TN
Dhulia/Jalna	34500	34200	Mumbai, Maharashtra
Nagpur (42/46)	33500	35200	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	35000	35100	Local and South
Solapur	33500	33700	Local and South
Bundi	33000	33500	-

Soy DOC at Port

Centers	Port Price	
	<u>31.05.2013</u>	<u>24.05.2013</u>
Kandla (FOR) (INR/MT)	35000	35700
Kandla (FAS) (USD/MT)	620	642

International Soy DOC

Argentina FOB \$/MT	<u>31.05.2013</u>	<u>24.05.2013</u>	Change
Soybean Pellets	512	526	-14
Soybean Cake Meal	512	526	-14
Soybean Meal	520	534	-14
Soy Expellers	520	534	-14

Sunflower Meal Rates

Centers	Ex-factory rates (Rs/ton)		
	<u>31.05.2013</u>	<u>24.05.2013</u>	Change
Adoni	19800	19200	+600
Khamgaon	19300	18800	+500
Parli	19500	19200	+300
Latur	19300	19000	+300

Groundnut Meal

Groundnut Meal	<u>31.05.2013</u>	<u>24.05.2013</u>	Change
Basis 45% O&A, Saurashtra	28000	28500	-500
Basis 40% O&A, Saurashtra	26000	26500	-500
GN Cake, Gondal	29000	29000	Unch

Mustard DOC/Meal

Mustard DOC/Meal	<u>31.05.2013</u>	<u>24.05.2013</u>	Change
Jaipur (Plant Delivery)	13900	13900	Unch
Kandla (FOR)	15000	14900	+100
Sri Ganganagar	631	640	-9

Maize Spot Market Prices (Rs. /Quintal)

Market	Grade	31 May, 2013	Week Ago	Month Ago	2 Months Ago	Year Ago
Delhi	Red	1425	1360	1380	-	1090
Davangere	Bilty	1410	1360	1363	1374	1125
Naugachia	Bilty	1100	1060	1100	-	875
Nizamabad	Bilty	1310	1270	1250	1280	1100
Ahmedabad	Feed	1475	1400	1350	1440	1150
	Starch	1500	1430	1400	1500	1165

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

	Argentina	Brazil	US	India (Davangere Origin)
FOB	260.63	NA	296.06	NA
Cost and Freight (Thailand)	310.63	NA	356.06	NA

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	577589
Mar	224639	163666	410537	460464	320265
Apr	100106	60264	305033	313832	100311
May	77018	60575	176819	142588	97546
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>31.05.2013</u>	<u>24.05.2013</u>	<u>Change</u>
Bajra	Karnataka	Hybrid	Bellary	1406	1431	-25
		Hybrid	Bangalore	1500	1500	Unch
Jowar	Karnataka	White	Bangalore	2000	2000	Unch
		White	Bellary	1274	1269	5
Maize	Karnataka	Yellow	Davangere	1350	-	-
	Andhra Pradesh	Yellow	Nizamabad	1280	1220	60
Rice	Haryana	IR8	Karnal	1800	1800	Unch
		Parmal Raw	Karnal	2300	2300	Unch
Soy meal	Madhya Pradesh	DOC	Indore	33300	33500	-200
	Maharashtra	DOC	Sangli	35000	35100	-100
Sunflower Meal	Andhra Pradesh	Ex-factory	Adoni	19800	19200	600
	Maharashtra	Ex-factory	Latur	19300	19000	300
Mustard	Rajasthan	Plant delivery	Jaipur	13900	13900	Unch
Groundnut Meal	Gujarat	GN Cake	Gondal	29000	29000	Unch

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