

Agri-Fundamentals

Soybean

Soybean May futures closed lower on Monday due to profit booking and weak trend in the International market. As per SEA, soymeal exports rose about 10 times on year to 1.24 lt in April 2017. As per Agmarknet, arrivals of soybean during first week of May, lower by 33% compared to first week arrivals in April. Moreover, the stocks of soybean in NCDEX warehouse as on 1st May 2017 is about 1.21 lakh tonnes against the 55, 133 tonnes last year. This indicates that there are ample supplies available in the physical market.

CBOT soybean futures closed lower on Monday on selling pressure from the funds as weekly soybean inspection for the week ending 4th May is down to 3.49 lt compared to 5.52 in the previous week. U.S. farmers had seeded 14% of their soy acreage, compared with five-year average of 17% as on 7th May.

Refine Soy Oil

Refined soy oil futures continue its uptrend in the current week tracking firm trend in Palm oil and USD soy oil. There is expectation of improving physical demand in coming months. However, there is still good domestic supplies due to cheap imports and good domestic crushing. Last week, government increases the tariff value for crude soyoil for the first half of May. Base import price of crude soyoil was increased by \$10 to \$780 per tonnes.

Crude Palm oil

MCX CPO closed slightly lower on Monday despite firm International prices mainly on slight technical corrections. Palm oil prices have been continuing its range bound trend in recent weeks. Recently, the government cut the base import prices of Crude palm oil by \$22 per tonne and RBD palmolein by \$17 per tonne for first half of May. Moreover, last week rupee hit its strongest level in 25 month results into cheap palm oil imports.

Malaysian palm oil closed with gain on Monday for the third consecutive session on expectations of rebound in demand ahead of Ramadan. However, the prices may pressurize later in the week on higher production estimates. According to a Reuters poll of eight traders, analysts and planters, April-end stocks are seen rising 6.2% on-month to 1.65 mt while Production is likely to gain 8.8% to 1.59 mt, while exports are forecast to reach 1.31 mt, up 3.2% from March.

Outlook

Soybean futures are expected to trade sideways to higher due to lower level buying despite supply pressure. Oil mills are active on lower levels to maintain the parity of oil and meal. The prices of Ref Soy oil and CPO may trade higher on good domestic demand. However, adequate supplies and cheap imports keeping the prices under control.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX May'17	₹/qtl	2835-2855	2905-2940
Ref Soy Oil NCDEX May'17	₹/qtl	612-618	630-636
CPO MCX May'17	₹/qtl	487-490	500-505

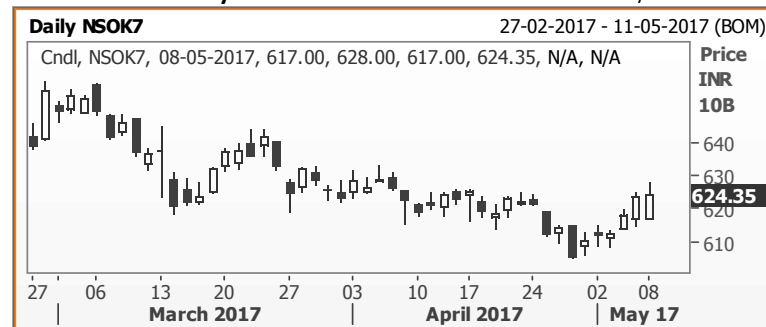
Market Highlights – Oils and Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX	₹/qtl	3072	0.75	-0.16	0.75	-25.56
Soybean- NCDEX May'17	₹/qtl	2874	-0.76	-2.04	-2.41	-26.89
Soybean-CBOT Jul'17	USc/Bsh	965	-0.85	0.89	1.26	-5.30
Ref Soyoil Spot - Mumbai	₹/10 kgs	620.0	1.22	2.06	-1.20	-3.9
Ref Soy oil- NCDEX May'17	₹/10 kgs	624.4	0.06	2.28	-0.31	-2.5
Soybean Oil- CBOT- Jul'17	USc/lbs	32.94	0.12	3.88	4.08	1.2
CPO-Bursa Malaysia - Jun'17	MYR/T	2598	0.78	3.59	-4.06	-2.9
CPO- MCX – May'17	₹/10 kg	494.4	-0.18	1.12	-1.32	-6.5

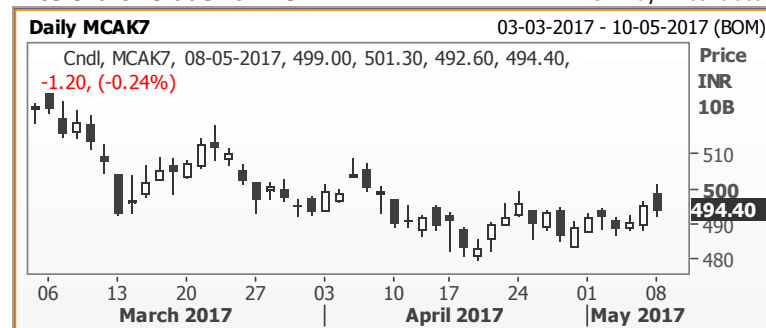
Price Chart –Soybean



Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Sugar

Sugar Futures closed with little gain on Monday but still trading in a range on reports of rebound of sugarcane production in the next year due to higher acreage. Moreover, government extends curbs on holding of sugar stocks by six months for the sugar dealers and traders. As per USDA, India's sugar production in marketing year (MY) 2017/18 (Oct-Sept) is expected to increase by 18% to 25.8 mt.

Raw sugar futures recovered from a one-year low as their tumble has taken them to the "floor" of ethanol parity, where it becomes as lucrative for processors to turn cane into biofuel. However, forecast of global production to rise by 7% to a record 188.1 mt in 2017/18 and expected surplus of 4.72 mt keeping prices under pressure. Speculators switched to their first bearish stance in raw sugar contracts on ICE Futures U.S. since September 2015 during the week to May 2.

Outlook

Sugar futures to trade sideways to higher on expectation of improvement in demand. However, balanced demand and supply levels in the physical market may keep prices range bound.

Technical Levels

Contract	Unit	Support	Resistance
Sugar NCDEX May'17	₹/qtl	3620-3650	3690-4030

Cotton / Kapas

Cotton futures on MCX closed lower on Monday amid reports of higher supplies this season through imports and good stocks with the farmers. According to CCI, about 302 lakh bales of cotton arrivals were recorded till 4th May in the country. The domestic cotton arrivals in April are higher by 49% on year at 2.64 lakh tonnes (lt) compared to 1.77 lt last year, as per Agmarknet data. As per CAI, the arrivals during March 2017 are higher than that of the corresponding month during last year.

ICE cotton futures fell to a three-week low on Monday as favorable planting conditions across major producing areas across the US and the world raised prospects of better production. As per USDA, about 21% of plantings have been completed in 15 major cotton-producing states across the US in the week to May 7, up from 14% the previous week and compared with five-year average of 25%. However, weekly export sales data from the USDA showed net upland sales totaled 152,400 running bales for the previous week, up 32% from the week before. Acc. to CFTC, speculators raised their net long position in cotton for a third straight week in the week to May 2.

Outlook

Cotton futures are expected trade lower as participants are now waiting for further fundamentals news to drive prices. There are reports of higher stock levels coupled anticipation of higher sowing acreage in the country next year due to forecast of normal monsoon. Moreover, lower exports prospects and higher imports keeping prices under pressure. Poor to average response to state auction in China may support world cotton prices but rapid sowing progress in the US will further pressurize world cotton prices.

Technical Levels

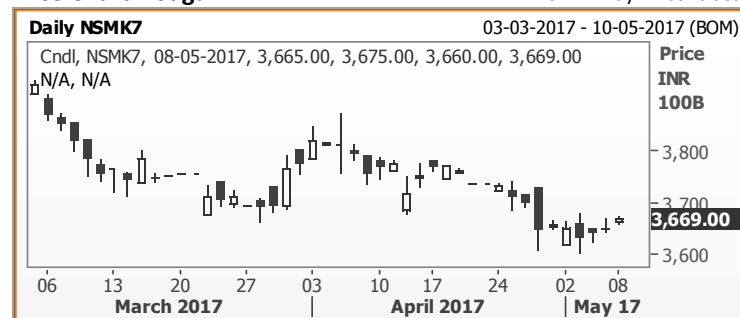
Contract	Unit	Support	Resistance
Kapas NCDEX April '18	₹/20 kgs	960-965	980-985
Cotton MCX May'17	₹/bale	20200-20400	20700-20900

Market Highlights - Sugar & Cotton

	Unit	Last	Prev. day	WoW	MoM	YoY
Sugar M- NCDEX May'17	₹/qtl	3669	0.44	0.27	-3.32	3.91
ICE-Europe Sugar No 5- Aug'17	\$/tonne	442.8	0.34	-3.63	-5.00	-4.30
ICE-US Sugar No 11-Jul'17	Usc/lbs	15.38	0.46	-4.65	-6.73	-3.15
NCDEX Kapas Apr '18	₹20 kgs	971.5	-0.92	-0.72	-7.39	8.25
MCX Cotton May'17	₹/Bale	20560	-0.72	-1.25	-2.56	17.08
ICE Cotton Jul '17	USc/Lbs	77.19	-0.75	-2.13	1.03	25.86
Cotton ZCE	Yuan/t	15080	-2.46	-2.33	1.00	26.67

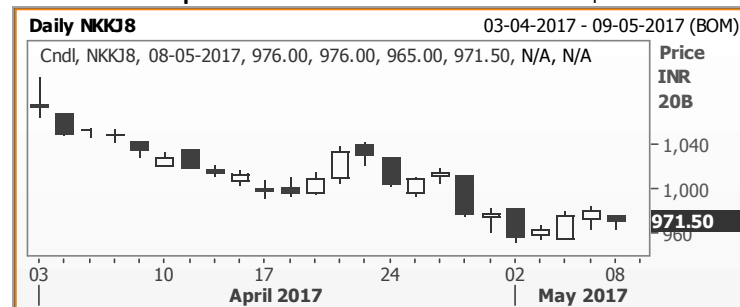
Price Chart – Sugar M

NCDEX May'17 contract



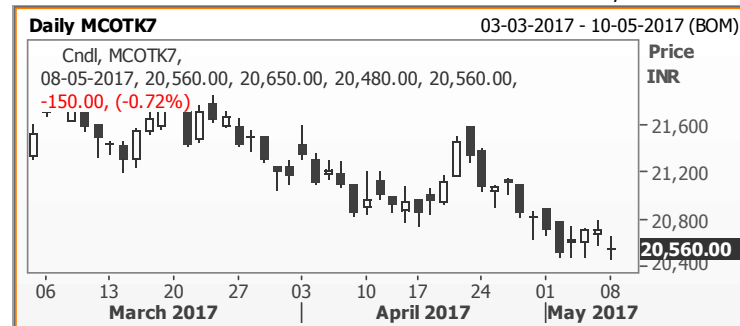
Price Chart – Kapas-NCDEX

NCDEX Apr '18 contract



Price Chart – Cotton- MCX

MCX May'17 contract



Source: Reuters

Spices (Jeera & Turmeric)

Jeera May futures closed lower on Monday due to technical selling despite good gains in the physical market. The arrivals have been lower during first 7 days of May compared to April. As per Agmarknet data, about 2,450 tonnes of jeera arrived in May (1-7) compared to 7,997 in April (1-7). **On the export front, country the exports increase by 29.6% to 1,08,513 tonnes in first 11 month of marketing year 2016/17 as per the data release by Dept of commerce, GOI.** Recently, Gujarat Agriculture Department in its 3rd advance estimates for 2016/17 has revised down the production estimates to 2.12 lt, down 4% from its 2nd estimates and almost 11% compared to last year production of 2.38 lt.

NCDEX Turmeric prices recover a little on Monday after plunge more than 11% last week. The recovery is due to lower level buying and on expectation that the prices have touched its floor for the season. During the current season there was lower demand from industrial buyers and higher stocks available in the country. Turmeric arrivals in the country are lower in first 7 days of May at 11,528 tonnes compared to 20,703 tonnes during April (1-7), as per the Agmarknet data. **The lower arrivals are due to poor realization by the farmers.** On the export front, country exported about 97,596 tonnes during April-Feb period, up by 26.6% compared to last year exports of 77,087 tonnes, as per government data. There are expectations of improved demand in coming weeks as prices are lower.

Outlook

We expect **Jeera** futures to trade sideways to higher on anticipation of firm spot prices and higher exports in coming months. However, the prices may pressurize due to want of further exports enquiries. **Turmeric** to trade sideways on expectation of some consolidation at current levels as prices has touched lowest for the contract. There is sufficient stocks and lower demand from the industry. The supplies have been lower due to lower prices and there is some increase in demand which may keep the prices supported.

Technical Levels

	Unit	Support	Resistance
Jeera NCDEX May'17	₹/qtl	17800-17950	18400-18650
Turmeric NCDEX May'17	₹/qtl	5270-5330	5450-5520

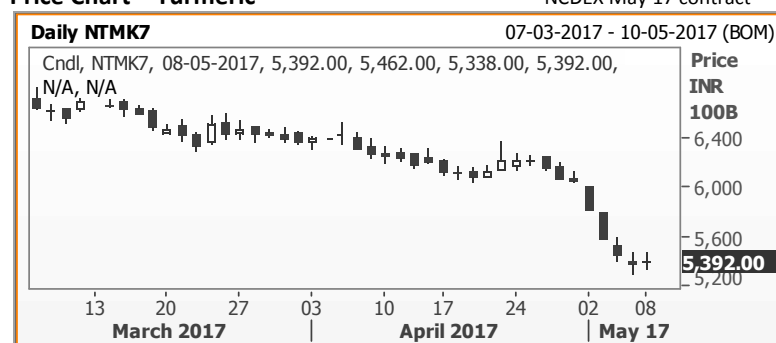
Market Highlights - Spices

	Unit	Last	Prev	WoW	MoM	YoY
Jeera Spot- NCDEX	₹/qt	18767	1.58	-1.18	0.88	10.55
Jeera- NCDEX May'17	₹/qt	18175	-0.55	-6.75	-6.15	12.71
Turmeric Spot- NCDEX	₹/qt	5377	-0.43	-7.14	-10.73	-38.29
Turmeric- NCDEX May'17	₹/qt	5392	0.33	-10.99	-14.60	-31.75

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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