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Agri-Fundamentals

Soybean

Soybean Jun futures fell more than 2.2% during last week tracking international market and sufficient supplies in the domestic market. As per USDA latest report, soybean production in the country is kept at the same level at 115 mt as last year while the crushing volume will be improved while meal exports and soy oil imports will be higher in 2017/18 compared to last year. However, IMD forecast for higher monsoon than previous forecast in April may keep the prices sideways.

CBOT soybean futures edged lower for the week on expectation of good planting season in the US. Informa raised its forecast of U.S. 2017 soybean plantings to 89.662 million acres, above the USDA's March figure of 89.5 million acres. Soybeans were pressured by rising estimates of South America's harvest. Brazil's statistics agency Conab raised its estimate of the country's 2016-17 crop to a record of 113 mt, from 110.2 million last month.US weekly export data ending 4th May shows, net sales of 381,400 MT for 2016/2017 were down 4% from the prior 4-week average.

Refine Soy Oil

Refined soy oil futures traded mostly sideways and closed modestly lower for the week. There is still good domestic supplies due to cheap imports and good domestic crushing. There is expectation of improving physical demand in coming months due to festival season. According to USDA report, the production of soyoil in 2017/18 to increase by 5.5% to 16.9 lt while consumption to improve 7.4% to 58 lt. Soyoil imports are likely to increase by more than 10% to 41 lt compared to last year imports. Government increases the tariff value for crude soyoil for the first half of May by $10 to $780 per tonnes.

Crude Palm oil

MCX CPO closed higher last week tracking firm Malaysia market. There is expectation of good demand in the physical market. 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 higher for the week and hitting a one-month peak on weaker than forecast output growth. Exports of Malaysian palm oil products for May. 1-10 rose 15% to 359,355 tonnes from 312,489 tonnes shipped during Apr. 1-10, cargo surveyor. The MPOB data showed April production rose 5.7% to 1.55 mt. The growth was below market expectations.

Outlook

Soybean futures are expected sideways to down on supply pressure and good monsoon forecast. Oil mils 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 Jun'17	₹/qtl	2870-2885	2925-2945
Ref Soy Oil NCDEX Jun'17	₹/qtl	620-623	629-632
CPO MCX May'17	₹/qtl	493-496	504-507

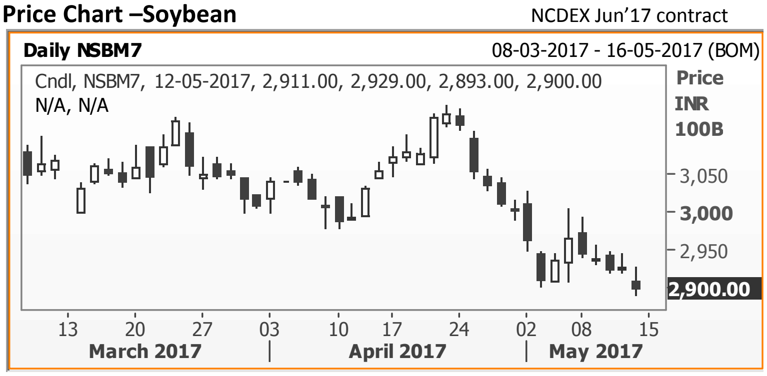
Market Highlights – Oils and Oilseeds

% Change

	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX	₹/qtl	3071	-0.19	0.72	0.39	-24.90
Soybean- NCDEX Jun'17	₹/qtl	2900	-0.99	-2.26	-4.32	-26.50
Soybean-CBOT Jul'17	USc/Bsh	963	-0.34	-1.03	0.44	-8.72
Ref Soyoil Spot - Mumbai	₹/10 kgs	617.5	-1.98	0.82	-0.24	-5.0
Ref Soy oil- NCDEX Jun'17	₹/10 kgs	626.6	0.10	-0.11	1.88	-3.5
Soybean Oil- CBOT- Jul'17	USc/lbs	32.84	1.08	-0.18	4.39	2.1
CPO-Bursa Malaysia - Jul'17	MYR/T	2651	-0.79	2.83	2.39	0.6
CPO- MCX – May'17	₹/10 kg	501.1	-0.44	1.17	1.83	-6.7

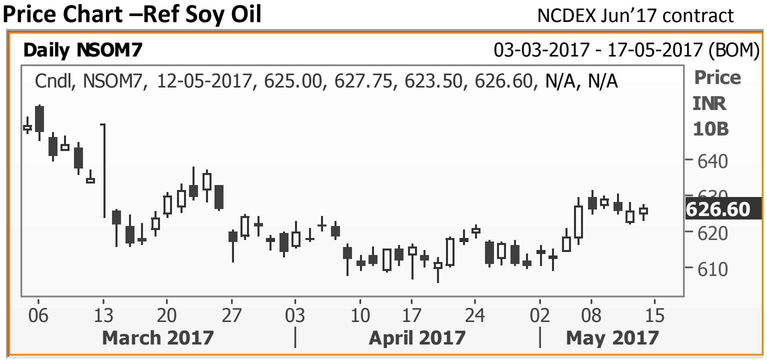
Price Chart –Soybean

NCDEX Jun'17 contract



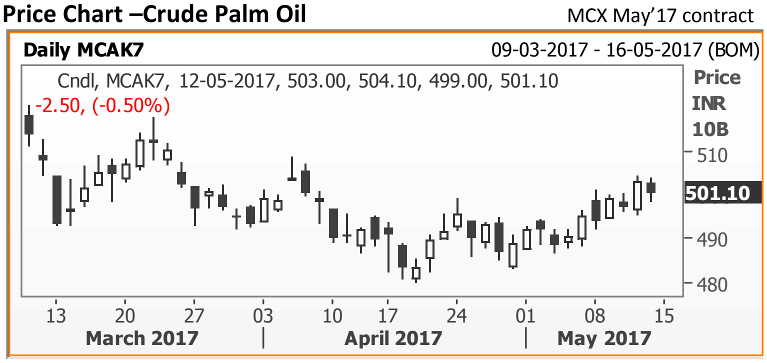
Price Chart –Ref Soy Oil

NCDEX Jun'17 contract



Price Chart –Crude Palm Oil

MCX May'17 contract



Source: Reuters

Sugar

Sugar Futures see some fresh buying during the last week and closed higher on anticipation of good physical demand as supplies have been constant. There is good demand from industrial buyers. There are reports of rebound of sugarcane production in the next year due to higher acreage. 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. Moreover, government extends curbs on holding of sugar stocks by six months for the sugar dealers and traders.

Raw sugar futures closed lower for the week on reports of lower crushing data from Brazil while there are sufficient stocks in world market. According to UNICA, mills in the main center-south cane belt in Brazil crushed 24.091 mt of cane in the second half of April, down 33.5% from the same period last year. Mills in Brazil's Centre-South region produced 1.12 mt of sugar during the second fortnight of April, down 38.1% from 1.81 mt produced a year ago.

Outlook

Sugar futures may trade sideways to higher on expectation of improvement in physical demand from industrial buyers. 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	3760-3780	3820-3840

Cotton / Kapas

Cotton futures on MCX closed higher last week on speculative buying tracking International prices. However, higher supplies this season through imports and good stocks available with the farmers. According to trade sources, India's cotton imports have touched an all-time high of 30 lakh bales this season. USDA forecasts India cotton production for 2017/18 at 6.01 mt, up nearly 6% while area is forecast at 11.5 million hectares, up 10% from last year. 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.

ICE cotton futures hit a near three-year high last week and closed more than 5.5% higher for the week on strong demand from pending mill fixations and fund buying as supplies of the natural fiber have tightened. Weekly export data also supported cotton prices which showed net upland sales last week totaled 160,600 running bales, up 5% from the week before. However, favorable planting conditions across major producing areas across the world may pressurize prices. World cotton production will rise to 24.65 mt in 2017/18, up 7% compared to 2016/17 production.

Outlook

Cotton futures are expected trade sideways to higher on expectation of good physical demand. However, reports of higher stock levels, normal monsoon and anticipation of higher sowing acreage in the country may pressurize prices. Moreover, lower exports prospects and higher imports keeping prices under pressure.

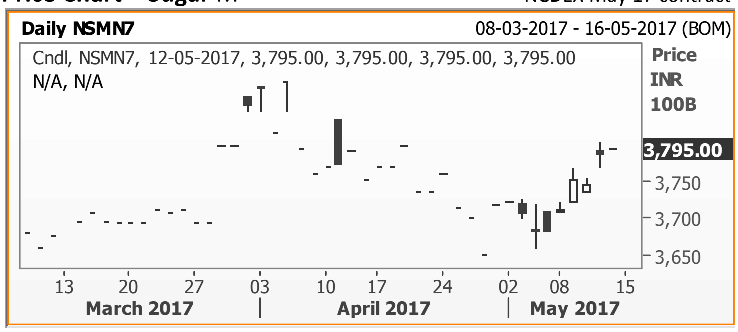
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	965-980	1000-1008
Cotton MCX May'17	₹/bale	20600-20800	21250-21400

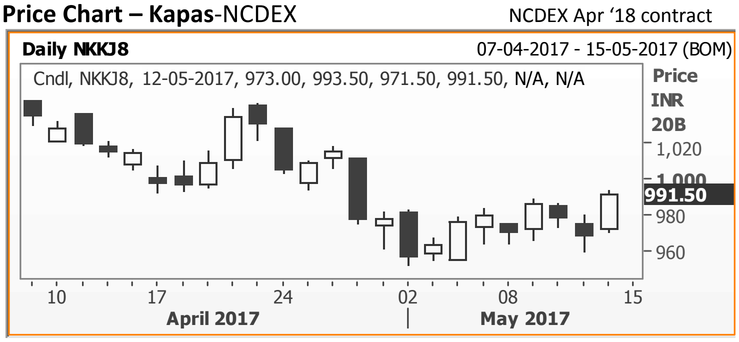
Market Highlights - Sugar & Cotton

			% Change			
	Unit	Last	Prev. day	WoW	MoM	YoY
Sugar M- NCDEX Jul'17	₹/qtl	3795	0.18	3.04	0.08	5.84
ICE-Europe Sugar No 5- Aug'17	$/tonne	442	-1.25	0.16	-6.47	-7.55
ICE-US Sugar No 11- Jul'17	Usc/lbs	15.51	-0.77	1.31	-7.35	-7.35
NCDEX Kapas Apr '18	₹20 kgs	991.5	2.32	1.12	-2.32	9.08
MCX Cotton May'17	₹/Bale	21040	1.69	1.59	0.53	16.31
ICE Cotton Jul '17	USc/Lbs	82.18	3.79	5.67	7.81	35.57
Cotton ZCE	Yuan/t	15090	0.47	-2.39	0.20	24.92

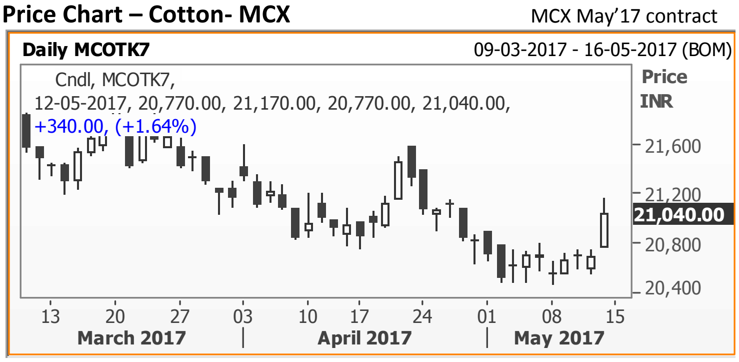
Price Chart – Sugar M — NCDEX May'17 contract



Price Chart – Kapas-NCDEX — NCDEX Apr '18 contract



Price Chart – Cotton- MCX — MCX May'17 contract



Source: Reuters

Spices (Jeera & Turmeric)

Jeera Jun futures closed little higher for the week and continue its range bound trade mostly due to lack of increase in export interest. The arrivals have now slowed down in the physical market. As per Agmarknet data, about 4,316 tonnes of jeera arrived in May (1-14) compared to 17,494 in April (1-14). **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 closed higher last week on fresh buying on expectation of good demand during the off season. There was lower demand all season from industrial buyers. Turmeric arrivals in the country are lower in first 14 days of May at 28,212 tonnes compared to 69,452 tonnes during April (1-14), 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

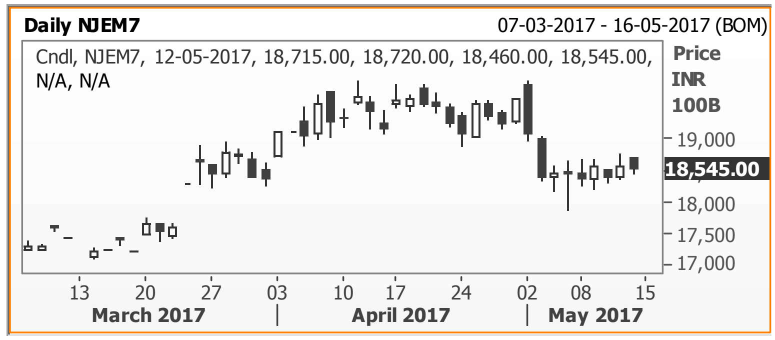
We expect **Jeera** futures to trade sideways on anticipation of steady demand as but export demand may keep the prices supported. The prices may pressurize due to higher prices. **Turmeric** to trade higher on expectation of some good physical demand as prices has touched lowest for the contract. There 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.

Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Jeera Spot- NCDEX - Unjha	R/qtl	18717	0.99	1.31	-0.65	9.60
Jeera- NCDEX Jun'17	R/qtl	18545	-0.22	0.41	-4.63	12.66
Turmeric Spot- NCDEX	R/qtl	5529	0.57	2.38	-7.47	-36.54
Turmeric- NCDEX Jun'17	R/qtl	5698	1.14	4.21	-9.61	-28.84

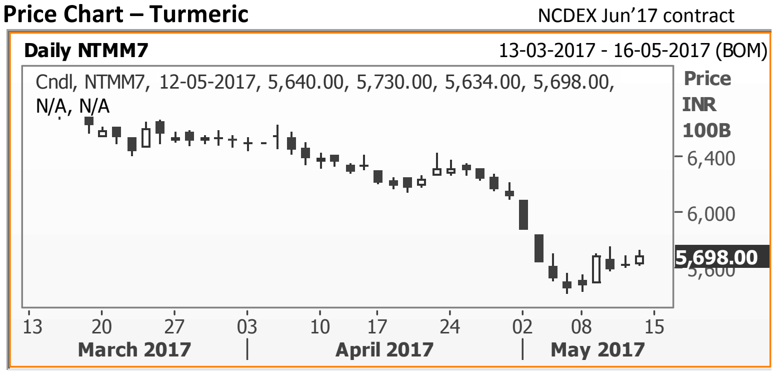
Technical Chart – Jeera

NCDEX Jun'17 contract



Price Chart – Turmeric

NCDEX Jun'17 contract



Source: Reuters

Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jun'17	₹/qtl	18250-18400	18700-18850
Turmeric NCDEX Jun'17	₹/qtl	5550-5645	5750-5785

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