

Agri-Fundamentals

Soybean

Soybean July futures on NCDEX closed higher on Tuesday despite good sowing progress. The prices have been supported by lower level buying and good physical markets players. The current prices have been 20% lower as compared to last year prices and there is further scope of price rise due to higher MSP declared by the government. As per the government weekly sowing data, area under soybean crop across the country for the 2017-18 kharif was at 5.67 lakh hectares till last week, up 88.4% on year.

Moreover, reports of increase in Minimum Support Prices (MSP) for soybean to Rs. 3,050 per quintal also support. As per Agmarknet data, arrivals of soybean during last week up by 55% to 57,716 tonnes as compared to 37,054 tonnes in the previous week.

CBOT July soybean futures closed higher on Tuesday after the USDA's weekly crop condition ratings fell below expectations. The USDA late Monday rated 66% of the U.S. soybean crop as good to excellent, down from 67% the previous week. Market expect the USDA in an acreage report due Friday to raise slightly its estimate of U.S. soybean plantings to 89.750 million acres, from the March forecast of 89.482 million.

RMseed (Mustard seed)

Mustard July futures closed with gain of about 1.3% on Tuesday mainly due to lower level buying and expectation of higher crushing demand from the oil mills.

Mustard prices have been under pressure due to increase in imports of Mustard oil during the last month. As per SEA recent data, mustard oil imports increase by 55.7% in May compared to last year imports. Moreover, imports for period Nov-May increase to 1.18 lt in 2016/17 from 1.72 lt in the previous year.

Meal exports from the country during last month jumped which improves demand for oilseed. Mustard meal exports have increase 1275% in May this year at 42,488 tonnes compared to last year in May. Last year, India exports about 3,090 tonnes of meals in May.

As per agmarknet data, the mustard arrivals were 32,119 tonnes last week, lower as compared to 43,429 tonnes in the previous week. Despite lower arrivals, the prices have been lower, which indicated weak demand in the physical market.

Outlook

Soybean futures are expected to trade sideways to higher due to lower level buying by the market participants moreover, higher edible oil demand may also support prices. Similarly, **mustard futures** expected to trade sideways to higher due to lower physical supplies.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jul'17	₹/qtl	2800-2825	2870-2890
Mustard NCDEX Jul'17	₹/qtl	3470-3510	3590-3630

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/10 kg	2934	-0.37	-0.51	1.84	-24.28	
Soybean- NCDEX Jul'17	R/10 kg	2849	0.67	0.49	2.96	-20.20	
Soybean-CBOT Jul'17	US\$/lb	911	0.75	-2.83	#N/A	-19.57	
RM Seed Spot- NCDEX	MYR/Tn	3693	1.00	0.17	-0.44	-23.46	
RM Seed- NCDEX Jul'17	R/10 kg	3548	1.28	-0.28	-0.20	-26.14	
Rapeseed-WCE	CAN \$/Tn	513	0.61	-0.89	0.10	9.09	

Price Chart –Soybean



Price Chart –Rmseed



Refine Soy Oil

Refined soy oil July delivery futures closed higher tracking higher international prices for edible oil coupled with anticipation of good domestic demand of edible oil during the monsoon season.

Recently, edible oil prices have increase to Rs. 640 per 10 kg on anticipation that Government may increase import duty but government has no plans to raise import duty at this moment. However, government increases the tariff value for crude soyoil for the second half of Jun by \$1 to \$812 per tonne.

As per SEA, Import of soy oils during May 2017 is reported at 3.40 It compared to 1.78 It in may 2016 – up by 91% however, the import volume is down by about 30% for the period from Nov-May to 16.10 It compared to 24.22 It last year for same period.

Crude Palm oil

MCX CPO closed higher on Tuesday tracking firm edible oil prices and expectation of good physical demand. However, the higher imports of palm oil in the country during the last two months may pressurize prices.

Moreover, reduction in base import prices too pressurizes prices. As per SEA latest release, the imports of palm oil have been higher by 12 It to 72 It in 2017 compared to last year's 60 It during the first 5 months. As per SEA, palm oil import raised 21.6% y-o-y to 7.99 It in May on higher shipment of crude palm oil (CPO). There are good stocks in the country due to higher imports during last two month.

For the second fortnight of May, base import prices of crude palm oil were cut by \$15 to \$716 per tonne while for RBD Palmolein the cut was about \$14 to \$747 per tonne.

Malaysia market was closed on Monday and Tuesday. Malaysian palm oil futures fell in Friday evening trade, charting a third day of losses in four on expectations of rising output. Palm is down more than 6% in the second quarter of the year from the previous quarter, as an increase in output has put pressure on prices.

Shipments for the June 1-20 period fell 14-16 % versus the corresponding period last month, according to data from two cargo surveyors. Malaysia palm oil exports dropped to 7.21 It in the first 20 days of June compared to 8.47 It to last month same period. Production in Malaysia, the world's second-largest producer behind Indonesia, rose to 1.65 mt in May, up 6.9% from the previous month, according to the latest data MPOB.

Outlook

We expect Ref Soy oil to trade higher due to lower level buying and good demand for the oil during monsoon season. CPO futures may trade sideways due to sufficient supplies and reports of higher imports in the country. Any reports of increase the import duty of edible oil may support prices.

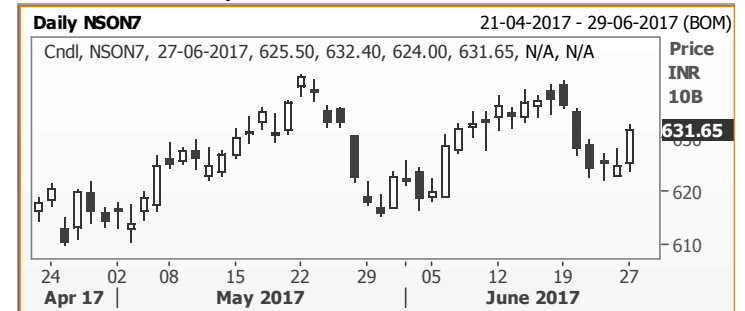
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'17	₹/qtl	622-628	636-640
CPO MCX Jul'17	₹/qtl	466-471	480-485

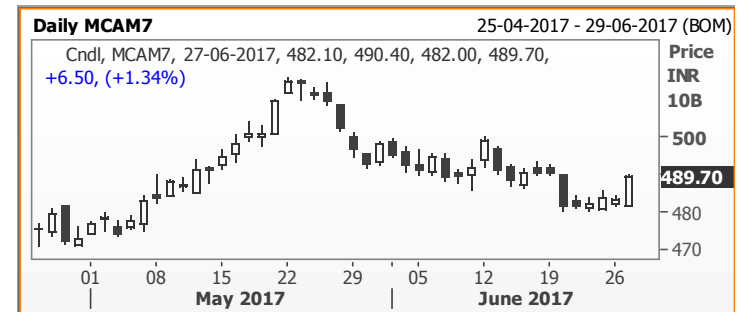
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	620.0	-1.59	-1.59	-1.82	-1.3	
Ref Soy oil- NCDEX Jul'17	R/10 kgs	631.7	1.07	-0.75	2.18	1.2	
Soybean Oil- CBOT- Jul'17	USc/lbs	32.08	1.49	-2.25	#N/A	2.6	
CPO-Bursa Malaysia - Sep'17	MYR/T	#N/A	#N/A	#N/A	#N/A	#N/A	
CPO- MCX – Jun'17	R/10 kg	489.7	1.18	-0.22	-1.51	-0.1	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Sugar

Sugar Futures were unchanged due to higher domestic supplies and steady physical demand. However, the prices moved higher on Friday due to improved physical demand from the stockists. The import of nearly 5 lt of raw sugar allowed by the central government, nearly 3 lt of raw sugar is on its way to the country. According to government data, Sugarcane acreage in the country was at 47.5 lakh ha, higher than 44.8 lakh ha a year ago.

ICE Raw sugar futures down on technical selling due to expectations for abundant world supplies in the next season. Prices were also weighed down by the Brazilian real, which weakened after President Michel Temer was charged with taking bribes. A weaker real encourages domestic producers to sell more dollar-denominated commodities such as sugar.

Outlook

Sugar futures may trade sideways as the supplies have been sufficient in the domestic market. Increase in FRP is encouraging farmers to take sugarcane crop while good sowing progress in the country will keep pressure on the sugar prices.

Technical Levels

Contract	Unit	Support	Resistance
Sugar NCDEX Jul'17	₹/qtl	3560-3580	3620-3640

Cotton / Kapas

MCX Cotton closes with a gain on Tuesday on technical buying. The prices have been under pressure in last few weeks, mainly due to lower physical demand and good start to kharif sowing in the country. Government has increased Minimum Support Prices (MSP) on cotton for next season by 3.8% to Rs. 4,320 per quintal for long staple cotton and Rs. 4,020 for medium staple cotton, up from Rs. 3,860 earlier.

As per latest data from Agricultural Ministry, cotton is planted in 24.70 lakh hectares (1 ha) till last week, higher by 29.5% compared to last year acreage of 19.1 l ha for same period.

ICE cotton futures closed higher for a second straight session on Monday, after hitting near 10-month lows earlier in the day.

The speculators cut a bullish stance in cotton by 25,303 contracts to 45,183 in the week to June 20, Commodity Futures Trading Commission data showed on Friday. The fifth straight weekly cut brought their net long position to the smallest in about a year.

USDA data showed that 94% of cotton crops were planted in the United States by the week ended June 18, slightly up from 92% in the previous week.

Outlook

Cotton futures are expected trade sideways to lower on reports good sowing progress due to normal monsoon forecast and higher prevailing price of cotton may encourage farmers to plant more cotton as prices of oilseeds and pulses are at multi year lows. Moreover, higher stock levels in the country due to higher imports and lower exports may pressurize prices further.

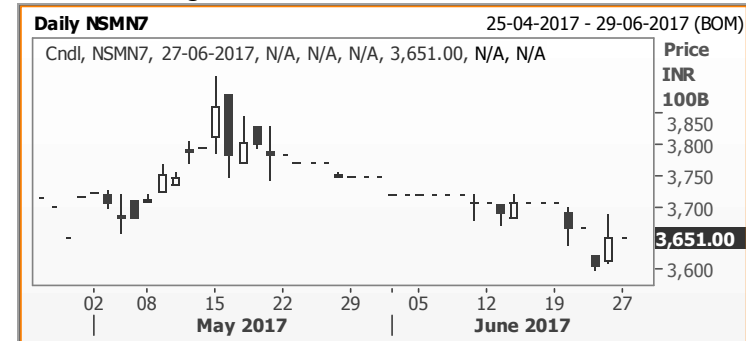
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	857-864	875-880
Cotton MCX Jun'17	₹/bale	19450-19600	2000-20250

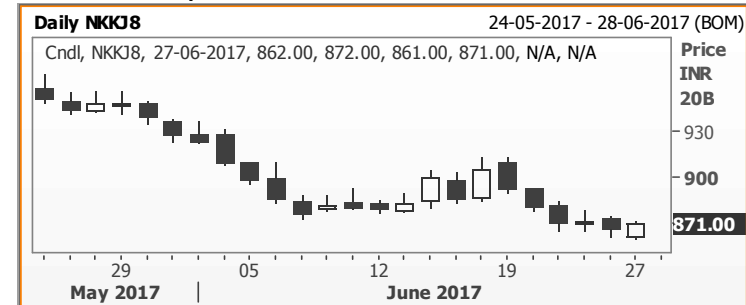
Market Highlights - Sugar & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Sugar M- NCDEX	R/qtl	3651	0.0	-1.5	-2.6	2.4	
ICE-Europe Sugar No 5-Aug'17	\$/tonne	388.9	-1.7	-3.4	-11.5	-28.2	
ICE-US Sugar No 11-Jul'17	\$/tonne	12.89	-2.1	-5.7	#N/A	-33.8	
NCDEX Kapas Apr '18	R/20 kgs	871	0.46	-2.41	-8.03	-7.64	
MCX Cotton Jun'17	Rs/Bale	19680	0.20	-1.99	-7.17	-10.50	
ICE Cotton Dec '17	Usc/Lbs	67.71	1.03	-1.93	#N/A	6.66	
Cotton ZCE	Yuan/ton	14975	-0.23	-0.40	#N/A	12.17	

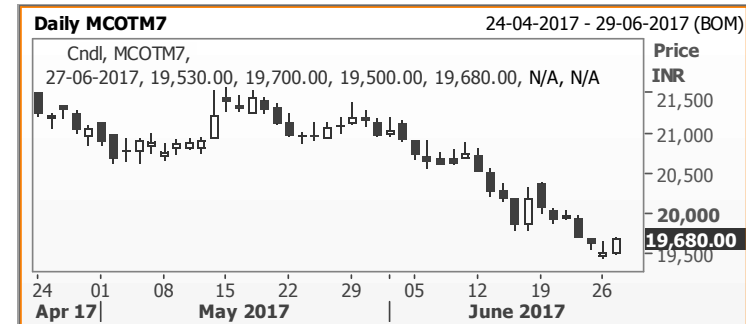
Price Chart – Sugar M



Price Chart – Kapas-NCDEX



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

Jeera July delivery on NCDEX closed higher for the second consecutive session due to increase in demand and lower arrivals in the market. Exports demand has been good throughout the season which may have steadied on seasonal trend. The jeera arrival in May is lower this year compared to last year.

On the export front, country the exports increase by 26% to 1.24 It in 2016/17 as per the data release by Dept. of commerce, GOI. The stock levels in the NCDEX warehouse as on Jun 20 were 1,217 tonnes which has been constant in June. Last year, stocks were higher at 3,500 tonnes.

NCDEX July Turmeric surged about 3.64% on Tuesday as the prices continue to trade higher due to higher exports and poor arrivals. Anticipation of lower acreage during the current season also supported the price rise. Market arrivals dropped about 60% in June compared to May.

As per Agmarknet data, about 20,506 tonnes arrived in the first 20 days of June compared to 49,726 tonnes during last month same period. **As per spice board, Increased global demand for turmeric, especially in the pharmaceutical sector, drove its exports to attain figures of 1,16,500 tonnes in volume and crossed Rs 1,241 crore in value terms in 2016-17.** This season the prices have been lower on less demand from upcountry and industrial buyers. Turmeric arrivals in the country are higher in the month of May.

Outlook

We expect **Jeera** futures expected to trade sideways to higher reports due to recovery in demand as supplies have been tight. **Turmeric** futures expected to trade higher on improving demand from upcountry buyers and expectation that farmer may sow lesser area this season. Profit booking at higher prices is possible if good rains in the south India continues.

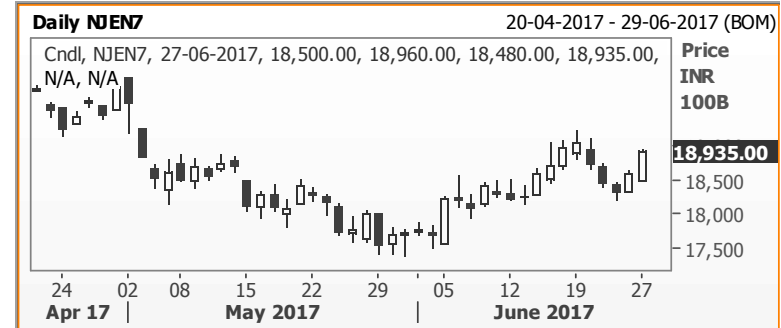
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'17	₹/qtl	18300-18600	19200-19500
Turmeric NCDEX Jul'17	₹/qtl	6000-6190	6550-6750

Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Unjha	R/qtl	18541	0.00	-0.76	2.00	2.36	
Jeera- NCDEX Jul'17	R/qtl	18935	1.86	-0.55	7.89	0.88	
Turmeric Spot- NCDEX	R/qtl	5940	0.00	4.67	9.78	-30.19	
Turmeric- NCDEX Jul'17	R/qtl	6374	3.64	6.77	18.26	-21.56	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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