Agri-Fundamentals

Soybean

NCDEX Soybean July futures jumped by about 2.2% on Monday, higher one day move for the contract on expectation of good physical buying due to rally in edible oils. Moreover, lower pace in physical arrivals and lower sowing data compared to last year also support prices. As per Agmarknet data, arrivals of soybean during last week were down 37% to 39,588 tonnes as compared to 62,976 tonnes in the previous week.

Area under soybean crop across the country for the 2017-18 kharif was 15.58 lakh hectares till last week, down about 19% on year. Last year, the acreage was 18.92 lakh hectares.

CBOT August soybean futures closed higher on Monday due to reports of lower stocks and acreage figures from the USDA. The USDA reported U.S. June 1 soybean stocks at 963 million bushels, below an average of trade expectations. The USDA put U.S. 2017 soybean plantings at 89.513 million acres, up from its March forecast of 89.482 million but below an average of trade expectations for 89.750 million. Supplemental data from the U.S. CFTC showed large speculators expanded their net short position in CBOT soybeans by 30,965 contracts, to 146,696 lots.

RMseed (Mustard seed)

Mustard July futures closed lower on Monday on profit booking from the higher levels due to good rains in Rajasthan which might have higher crop of mustard in Rabi. The demand for mustard is expected to increase in coming weeks due to lower prices but higher stock levels in country is pressurizing prices.

As per Agmarknet data, the mustard arrivals were 22,651 tonnes last week, lower as compared to 34,322 tonnes in the previous week.

Mustard prices have been under pressure due to higher production and increase in imports of Mustard oil during the current oil year started Nov 2016. As per SEA recent data, mustard oil imports for period Nov-May increase 5% to 1.18 lt in 2016/17 from 1.72 lt in the previous year. Moreover, imports increase by 55.7% in May compared to last year imports.

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.

Outlook

Soybean futures are expected to trade higher on limited physical supplies, slow planting of soybean and expectation of good crushing demand as it is anticipated that the import duty may be increased for edible oil. M**ustard seed futures** expected to trade sideways due to steady demand from the industrial buyers as supplies sufficient in the physical market.

Technical Levels

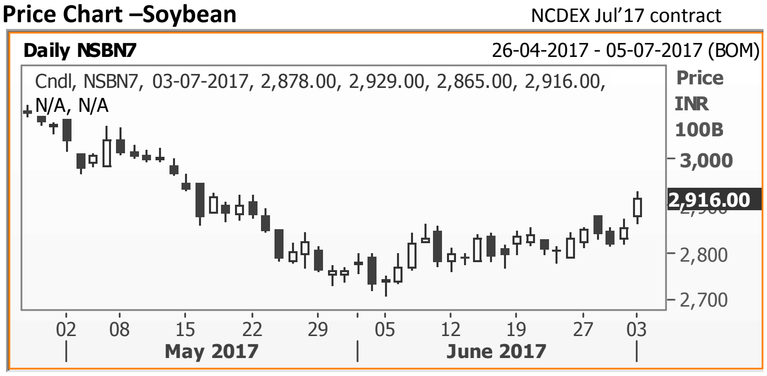
Contract	Unit	Support	Resistance
Soybean NCDEX Jul'17	₹/qtl	2840-2880	2945-2970
Mustard NCDEX Jul'17	₹/qtl	3540-3570	3635-3675

Market Highlights – Oilseeds

			% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX - Indore	R/10 kg	2917	-0.71	-0.95	1.11	-24.25
Soybean- NCDEX Jul'17	R/10 kg	2916	2.17	3.04	6.62	-19.38
Soybean-CBOT Aug'17	USc/lb	970	2.43	6.77	5.01	-17.01
RM Seed Spot- NCDEX	MYR/Tn	3712	0.00	1.51	0.03	-23.70
RM Seed- NCDEX Jul'17	R/10 kg	3593	-0.44	2.57	2.10	-27.71
Rapeseed-WCE	CAN $/Tn	#N/A	#N/A	#N/A	#N/A	#N/A

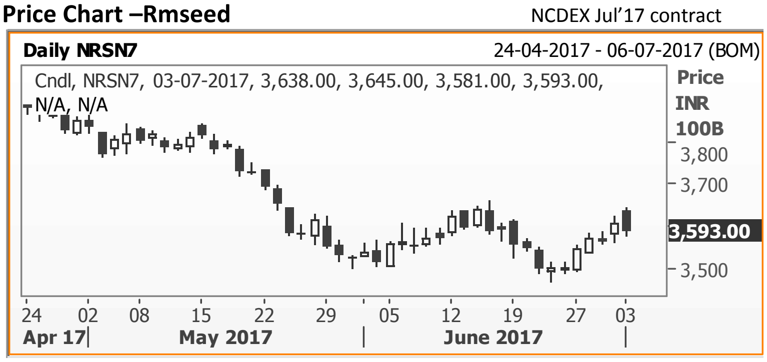
Price Chart –Soybean

NCDEX Jul'17 contract



Price Chart –Rmseed

NCDEX Jul'17 contract



Refine Soy Oil

Refined soy oil July futures continue to trade higher tracking firm spot and international edible oil prices. Moreover, weaker rupees are also supporting prices as exports become expensive. Government is likely to increase the import duty on edible oils by mid-July in view of the sharp fall in domestic oilseed prices. There is an anticipation of good domestic demand of edible oil during the monsoon season.

The base import price of crude soyoil has been cut by $9 to $803 per tonne for the first half of July. This is the first cut in tariff value in two month. Base import prices of edible oils are revised every fortnight, based on global prices and changes in foreign exchange rate. The prices were last revised on Jun 15.

As per SEA, the import volume is down by about 30% for the period from Nov-May to 16.10 lt compared to 24.22 lt last year for same period.

Crude Palm oil

MCX CPO closed higher by more than 1% on Monday tracking strong Malaysia palm oil prices. Moreover, reports of import duty hike also support prices. The government has cut the base import price of refined, bleached and deodorised palmolein, crude palmolein, and RBD palm oil have been cut by $31 a tn each to $716, $713 and $706, respectively.

Due to lower prices this season, the imports of palm oil have been higher by 12 lt to 72 lt in 2017 compared to last year's 60 lt during the first 5 months. As per SEA, palm oil import raised 21.6% y-o-y to 7.99 lt 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.

Malaysian palm oil futures jumped on Monday, tracking strong gains in soyoil on the Chicago Board of Trade (CBOT) and related edible oils on China's Dalian Commodity Exchange. Palm oil prices are impacted by movements in soyoil as they compete for a share in the global edible oils market.

Palm oil shipments from Malaysia fell 8.9% for the full month of June from the previous month, according to data from cargo surveyor. Demand typically slows after the Muslim fasting month of Ramadan, which leads to higher palm oil usage for cooking during the Eid festivities. 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 expectation of higher import duty, lower level buying and good demand for the edible oil during monsoon season. **CPO futures** may trade sideways to higher due to sufficient supplies, weak international prices and reports of higher imports in the country. Any reports of increase the import duty of edible oil may support prices.

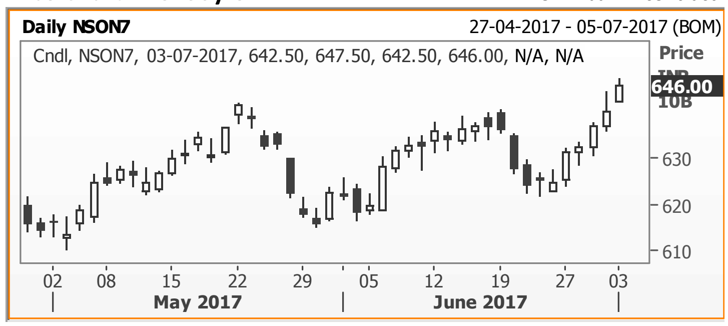
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'17	₹/qtl	640-643	650-653
CPO MCX Jul'17	₹/qtl	480-483	488-490

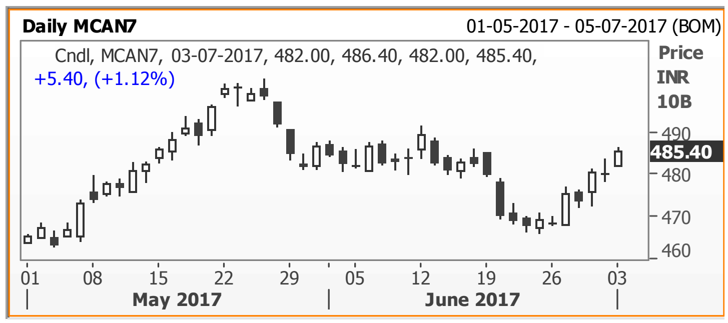
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Ref Soyoil Spot - Mumbai	R/10 kgs	636.0	1.35	0.95	1.60	0.3
Ref Soy oil- NCDEX Jul'17	R/10 kgs	646.0	0.88	3.37	4.42	2.7
Soybean Oil- CBOT- Jul'17	USc/lbs	33.13	0.61	4.81	6.84	6.8
CPO-Bursa Malaysia - Sep'17	MYR/T	2503	1.79	2.50	0.24	4.0
CPO- MCX – Jul'17	R/10 kg	485.4	1.08	3.43	0.56	-4.8

Price Chart –Ref Soy Oil NCDEX Jul'17 contract



Price Chart –Crude Palm Oil MCX Jun'17 contract



Source: Reuters

Sugar

Sugar Futures closed unchanged on Monday on good domestic supplies and steady physical demand is keeping the prices sideways. Recent drop in global sugar prices and a stronger rupee make overseas purchases viable for the Indian refiners despite stiff import tariffs of 40%. 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 rose on Monday, boosted by commodity-wide buying on the first day of the third quarter, reversing an early decline that came on pressure from falling gasoline prices in Brazil, which could lead to more sugar production from cane. CFTC data shows, speculators raised their net short positions in raw sugar contracts to the highest since April 2015.

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	3630-3650	3690-3710

Cotton / Kapas

MCX Cotton end with a gain on Monday on anticipation of good physical demand from the industrial buyers however, further gains were capped by good sowing progress in India, China and the US. **As per latest data from Agricultural Ministry, cotton is planted in 46.10 lakh hectares (l ha) till last week, higher by 12% compared to last year acreage of 30.6 l ha for same period.** We have seen jump in cotton prices last week as CAI has reduced cotton production in 2016/17 to 336 lakh bales from 340.5 lakh bales estimated in April.

ICE cotton futures futures fell on Monday on beneficial weather in large growing regions and as speculators liquidated their net long positions to lowest in more than a year. The USDA's annual acreage report estimated all cotton planted acres at 12.055 million, which was below analysts' estimate of 12.278 million acres and the USDA March forecast of 12.233 million.

As per CFTC, Speculators again cut a bullish bet in cotton by 14,048 contracts to 31,134, in the week to June 27.

Outlook

Cotton futures are expected trade sideways on reports good sowing progress but lower production data for last year give some support to cotton prices. Higher prevailing price of cotton may encourage farmers to plant more cotton. 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	840-850	875-890
Cotton MCX Jun'17	₹/bale	19750-19900	20200-20350

Market Highlights - Sugar & Cotton

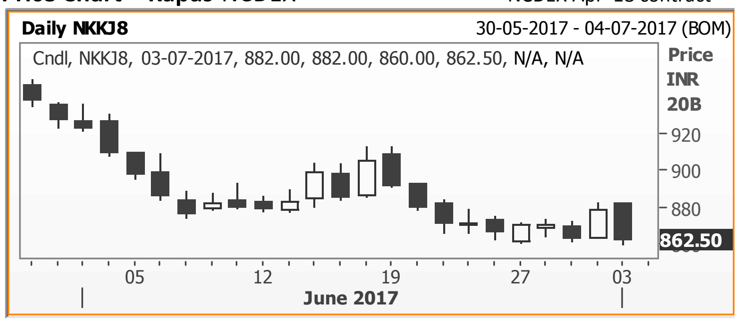
	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Sugar M- NCDEX	R/qtl	3670	0.0	0.5	-1.4	1.8
ICE-Europe Sugar No 5- Aug'17	$/tonne	409.1	1.3	3.4	-0.3	-27.5
ICE-US Sugar No 11- Jul'17	$/tonne	13.92	0.8	5.7	-0.9	-33.0
NCDEX Kapas Apr '18	R/20 kgs	862.5	-1.88	-0.52	-5.22	-15.11
MCX Cotton Jul'17	Rs/Bale	20050	0.20	1.06	-5.11	-14.64
ICE Cotton Dec '17	Usc/Lbs	67.45	-1.66	0.64	-7.75	6.02
Cotton ZCE	Yuan/ton	14760	0.65	-1.67	-2.48	4.42

Price Chart – Sugar M

NCDEX Sugar Weekly

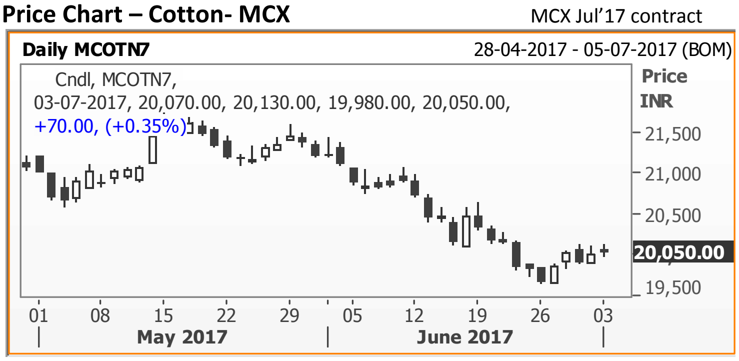
Price Chart – Kapas-NCDEX

NCDEX Apr '18 contract



Price Chart – Cotton- MCX

MCX Jul'17 contract



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX jeera for July delivery fall on Monday due to long liquidation as both price and open interest dropped. Exports demand has been good throughout the season which is keeping the prices higher. The jeera arrival in June is lower this year compared to May as well as June last year.

On the export front, country the exports increase by 26% to 1.24 lt in 2016/17 as per the data release by Dept. of commerce, GOI. The stock levels in the NCDEX warehouse increased to 1,304 tonnes from 1,187 tonnes on Jun 30. Last year, stocks were higher at 3,482 tonnes.

NCDEX July Turmeric closes with 1.54% gains mainly on short covering as Open Interest were down by about 560 tonnes. Recently good physical demand and diminishing arrivals in June supported bullish move last month. As per Agmarknet data, about 27,448 tonnes arrived in June compared to 73,436 tonnes during last month. In Telangana, turmeric acreage as on 03-Jul-17, down 22% to 14,000 hectares as compared to last year acreage of 18,000 hectares. The normal acreage is close to 47,000 hectares. Market arrivals dropped about 60% in June compared to May.

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.

Outlook

We expect **Jeera** futures expected to trade sideways on reports of lower demand at higher prices but tight supplies may keep the prices supportive during off-season. **Turmeric** futures expected to trade lower on expectation of some recovery at higher prices. However, slow pace of turmeric sowing in largest turmeric sowing States, Telangana may support prices. However, improving demand from upcountry buyers and expectation that farmer may sow lesser area this season may keep the prices supported.

Technical Levels

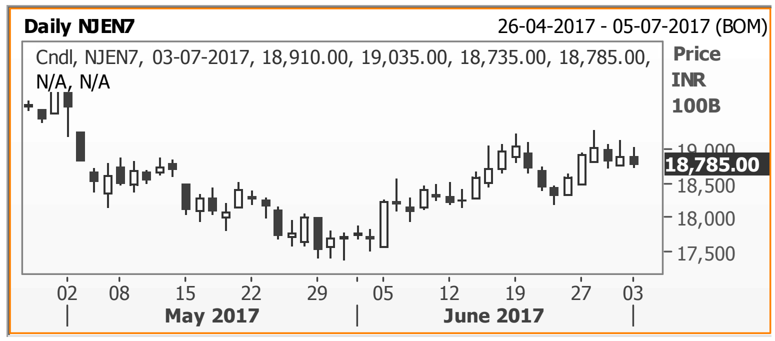
	Unit	Support	Resistance
Jeera NCDEX Jul'17	₹/qtl	18400-18600	19100-19200
Turmeric NCDEX Jul'17	₹/qtl	6270-6350	6500-6570

Market Highlights - Spices

				% Change		
	Unit	Last	Prev day	WoW	MoM	YoY
Unjha	R/qtl	18705	0.00	0.88	3.12	3.71
Jeera- NCDEX Jul'17	R/qtl	18785	-0.66	1.05	6.10	-0.56
Turmeric Spot- NCDEX	R/qtl	6330	0.68	6.57	15.81	-25.43
Turmeric- NCDEX Jul'17	R/qtl	6412	0.53	4.26	19.49	-24.14

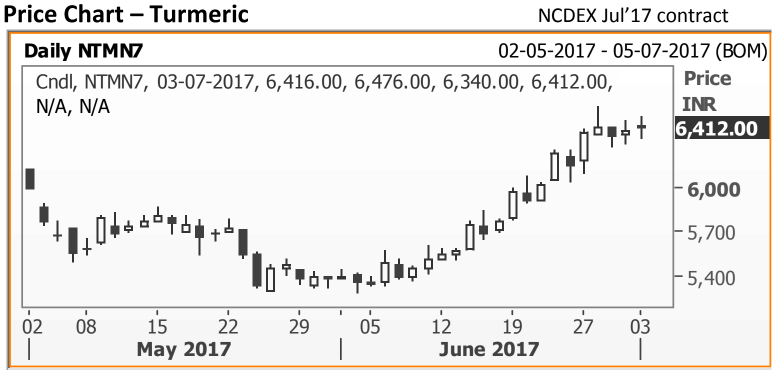
Technical Chart – Jeera

NCDEX Jul'17 contract



Price Chart – Turmeric

NCDEX Jul'17 contract



Source: Reuters

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