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Agri-Commodities Daily Report

Wednesday, July 12, 2017

Agri-Fundamentals

Soybean

NCDEX Soybean August futures plunge more than 2.20% on Tuesday due to fresh selling by the market participants due to profit booking. **As per SOPA, as of June-end, soybean inventories with farmers were at 36 lakh tonnes, over three times the amount a year ago.**

According to SOPA press release, India's exports of soymeal rose 56.1% on year to 64,000 tonnes in June. As per government data, area under soybean crop across the country for the 2017-18 kharif was 53.6 lakh hectares till last week, up by about 10% on year. Last year, the acreage was 48.6 lakh hectares.

CBOT August soybean futures closed higher on Tuesday due to good exports data and drier forecasts for important growing areas of the U.S. Midwest. The Export Inspections report showed that 475,157 tonnes of soybeans were exported during the week of July 6, a 69.07% jump over last week and 21.76% larger than last year.

RMseed (Mustard seed)

Mustard Aug futures rose closed down on Tuesday on profit booking as market participants initialize fresh selling. Earlier, the prices have been trending higher on reports of good exports of meal during the first quarter of 2017/18 also supported the prices. According to data compiled by Mustard Oil Producers Association of India, Oil mills in the country crushed 550,000 tn mustard seed in June, 23% lower from the previous month.

Meal exports from the country during the first quarter increase to 1.36 lakh tonnes from 60,889 tonnes last year same period. Mustard meal exports in June this year is pegged at 44,074 tonnes, down 21.4% compared to previous month in May. Last year, India exports 43,636 tonnes of meals in June.

As per Agmarknet data, the mustard arrivals were 16,430 tonnes last week, lower as compared to 23,367 tonnes in the previous week. Higher stocks level in country is still pressurizing prices.

Mustard prices have been under pressure this season due to record production in 2016/17 and higher 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.

Outlook

Soybean futures are expected to trade lower on possibility of further corrections but limited physical supplies, dry spell in soybean areas and expectation of good crushing demand may keep the prices supportive. M**ustard seed futures** expected to trade sideways due to steady demand from the industrial buyers as supplies sufficient in the physical market.

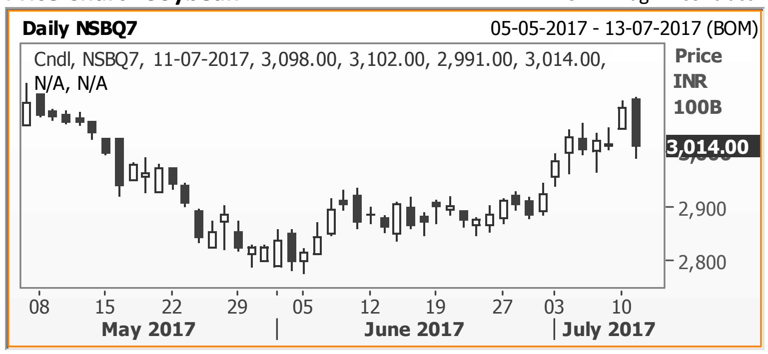
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEXAugl'17	₹/qtl	2920-2970	3060-3090
Mustard NCDEX Aug'17	₹/qtl	3570-3610	3690-3740

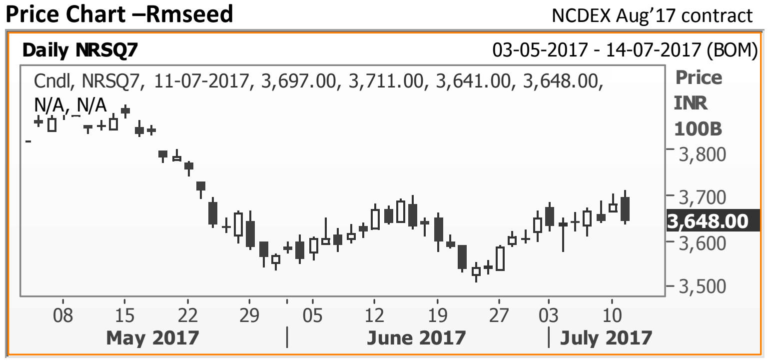
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Soybean Spot- NCDEX - Indore	R/10 kg	3009	-0.27	3.15	4.26	-19.24
Soybean- NCDEX Aug'17	R/10 kg	3014	-2.24	-0.46	4.40	-18.69
Soybean-CBOT Nov'17	USc/lb	1043	0.38	#N/A	11.19	-5.78
RM Seed Spot- NCDEX	MYR/Tn	3800	0.00	2.70	2.43	-23.41
RM Seed- NCDEX Aug'17	R/10 kg	3648	-0.95	0.22	-0.60	-26.30
Rapeseed-WCE	CAN $/Tn	579	-0.62	3.95	12.51	22.50

Price Chart –Soybean NCDEX Aug'17 contract



Price Chart –Rmseed NCDEX Aug'17 contract



Refine Soy Oil

Refined Soy Oil Aug futures close lower on Tuesday as market participants liquidate their long positions as physical demand is steady. However, the drop was capped on anticipation of hike in import duty the prices have increase in recent weeks but lower base import prices have put pressure on prices. 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 fell from one month higher on Tuesday tracking weak International prices. Earlier, government has cut the base import price of refined, bleached and deodorised palmolein, crude palmolein, and RBD palm oil by $31 a tn each to $716, $713 and $706, respectively. However, reports of import duty hike and expectation of good demand from the stockists may support price.

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 of 2017. 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).

Malaysian palm oil futures fell from a seven-week high reached in early trade on Tuesday, as traders sold on expectations of rising production for the month of July. Shipments of palm oil products from Malaysia fell 1.9% during July 1-10, down from the corresponding period in June, data from cargo surveyor Intertek Testing Services showed on Monday.

As per MPOB data, June production in Malaysia, the world's No.2 palm producer, fell 8.5 % to 1.51 mt, leading to a decline in end-stocks as well. Stocks fell 1.9 % to 1.56 mt, while exports for the full month of June dropped 8.4% to 1.38 mt.

Outlook

We expect **Ref Soy oil** to trade sideways to higher on expectation of good physical demand. Moreover, expectation of higher import duty and good demand for the edible oil during monsoon season may keep the prices supported at higher levels. **CPO futures** may trade lower on weak Malaysia price and higher stocks in the country. Any reports of increase the import duty of edible oil may support prices.

Technical Levels

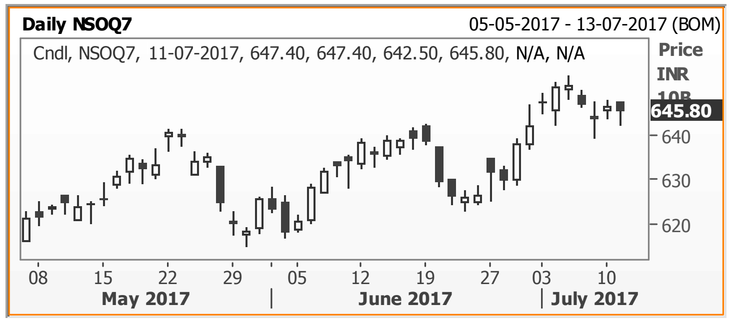
Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'17	₹/qtl	638-642	648-651
CPO MCX Jul'17	₹/qtl	482-485	492-496

Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY
						% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	638.0	0.08	0.71	2.49	2.8
Ref Soy oil- NCDEX Aug'17	R/10 kgs	645.8	-0.09	-0.74	1.14	1.9
Soybean Oil- CBOT- Dec'17	USc/lbs	33.73	0.33	#N/A	5.60	9.8
CPO-Bursa Malaysia - Sep'17	MYR/T	2583	-0.39	2.99	#N/A	13.8
CPO- MCX – Jul'17	R/10 kg	489.0	-0.69	0.80	-0.06	-5.7

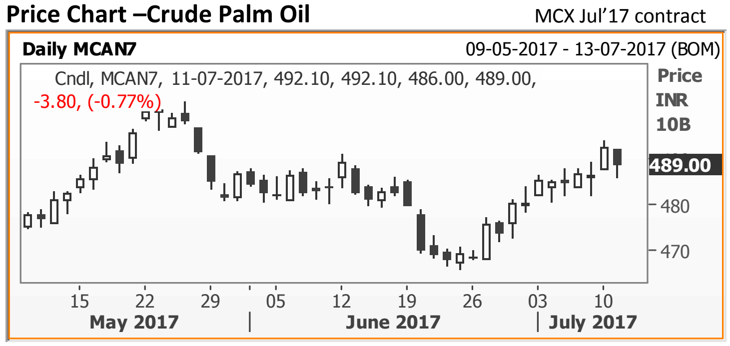
Price Chart –Ref Soy Oil

NCDEX Jul'17 contract



Price Chart –Crude Palm Oil

MCX Jul'17 contract



Source: Reuters

Sugar

Sugar Futures closed lower on Tuesday on good domestic supplies and steady physical demand despite increase in import duty to 50% from 40%. India's sugar production is set to rebound from a seven-year low as above-normal monsoon rain in the world's largest consumer helps the cane crop that will be crushed from Oct. 1. 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 closed on Monday, as top consumer India moved to curb imports. Moreover, the European Commission forecast that the European Union's white sugar production would reach 20.1 mt in 2017-18, 20% above the current 2016-17 season.

Outlook

Sugar futures may trade sideways on sufficient supplies in the domestic market Production is expected to be higher by 25% in 2017/18. 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 Oct'17	₹/qtl	3590-3620	3670-3690

Cotton / Kapas

MCX Cotton closed lower on Tuesday on technical selling by the market participants due to good progress in sotton sowing in the country. **As per latest data from Agricultural Ministry, cotton is planted in 71.8 lakh hectares (l ha) till last week, higher by 5.8% compared to last year acreage of 68 lakh ha for same period.**

However, there is fear of decline in yield due to deficient rainfall in major growing areas. Moreover, expectation of good physical demand for cotton as GST on cotton is less than manmade fibers also supported prices. As per IMD, the middle-, northern- and eastern parts of India received above-normal rainfall, the western and southern parts remained deficient last year, with reports of deficient rainfalls in large cotton-growing regions.

ICE cotton futures edged marginally higher on Tuesday ahead of a monthly crop supply and demand report from the U.S. government. The overall market sentiment is pointing towards a mild increase in the global production, an increase in the U.S. exports while also a marginal decrease in the U.S. production, beginning and ending stock. In the COT report, spec traders cut their net long position by another 5,000 contracts to a net position of 26,410 contracts in cotton futures and options trading. Weekly shipments of 302,498 RB were reported, 21.19% above last week but 1.51% lower than a year ago at this time.

Outlook

Cotton futures are expected trade sideways on mixed fundaments of higher acreage and good physical demand. Moreover, dry spells in cotton growing areas may support prices in the domestic market. However, sufficient stocks and weak international prices may pressurize cotton prices in domestic market.

Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	851-856	867-872
Cotton MCX Jul'17	₹/bale	20100-20250	20600-20800

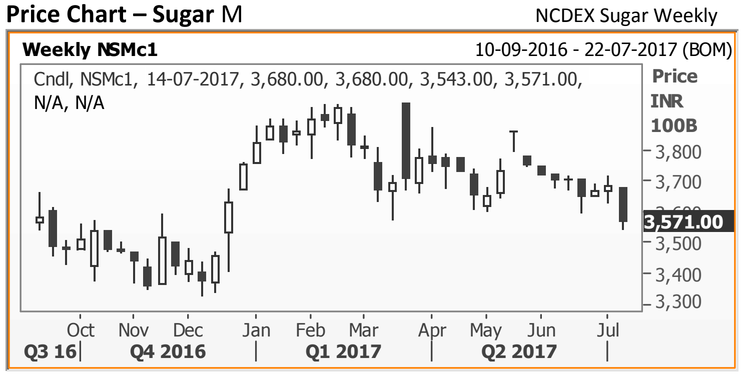
Market Highlights - Sugar & Cotton

% Change

	Unit	Last	Prev day	WoW	MoM	YoY
Sugar M- NCDEX	R/qtl	3571	-2.2	-2.2	-3.6	-7.7
ICE-Europe Sugar No 5- Aug'17	$/tonne	402.2	-0.7	-2.4	-2.0	-26.0
ICE-US Sugar No 11- Jul'17	$/tonne	13.44	-0.9	#N/A	-5.4	-31.8
NCDEX Kapas Apr '18	R/20 kgs	861.5	-0.69	-0.23	-2.10	-16.64
MCX Cotton Jul'17	Rs/Bale	20400	-0.78	2.26	-1.69	-6.08
ICE Cotton Dec '17	Usc/Lbs	67.67	0.56	#N/A	-6.58	-4.88
Cotton ZCE	Yuan/ton	14700	-0.64	-0.14	-2.75	0.38

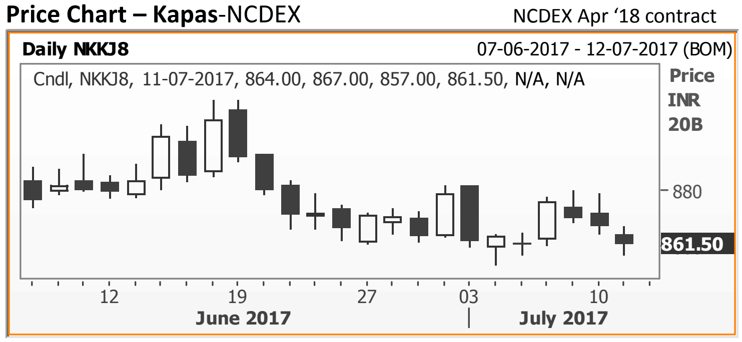
Price Chart – Sugar M

NCDEX Sugar Weekly



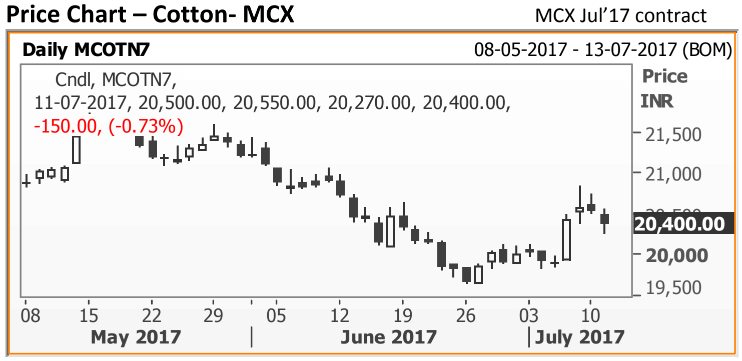
Price Chart – Kapas-NCDEX

NCDEX Apr '18 contract



Price Chart – Cotton- MCX

MCX Jul'17 contract



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera for Aug delivery closed lower on profit booking at higher levels. However, lower than expected stocks levels in the country and lower arrivals may have capped further loss. The jeera arrival in June is lower this year compared to May as well as June last year. **As per the data release by government, jeera exports in April 2017 was 14,599 tonnes, were down 9% from March.**

In 2016/17, country exports increase by 26% to 1.24 lt in as per the data release by Dept. of commerce, GOI. The stock levels in the NCDEX warehouse increased to 1,313 tonnes as on July 10 from 1,187 tonnes on Jun 30. Last year, stocks were higher at 3,482 tonnes.

NCDEX July Turmeric continue to trade higher on Monday tracking good physical demand form upcountry buyers and stockists as Telangana, highest producing turmeric state, has received large deficient rains (-60% LPA) last week. In Telangana, turmeric acreage as on 10-Jul-17, up 9.5% to 23,000 hectares as compared to last year acreage of 21,000 hectares. The normal acreage is close to 47,000 hectares. Market arrivals dropped about 60% in June compared to May. As per Agmarknet data, about 27,448 tonnes arrived in June compared to 73,436 tonnes during previous month. **As per the data release by government, turmeric exports during first four months in 2017 is 42,855 tonnes, up 40.7% compared to last year same period.**

Outlook

We expect **Jeera** futures expected to trade sideways on tight supplies and good physical as well as export demand but profit booking at higher levels may keep prices under prressure. **Turmeric** futures expected to trade higher on good physical demand and below normal rains in Telangana in last 10 days.. Moreover, improving demand from upcountry buyers and expectation that farmer may sow lesser area this season may keep the prices supported.

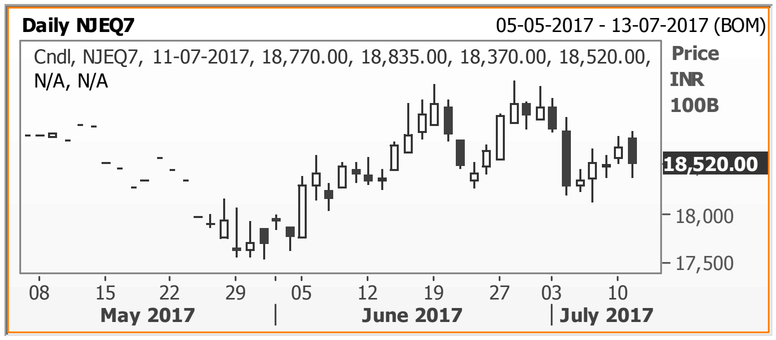
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Aug'17	₹/qtl	18120-18350	18800-19100
Turmeric NCDEX Aug'17	₹/qtl	6930-7170	7450-7700

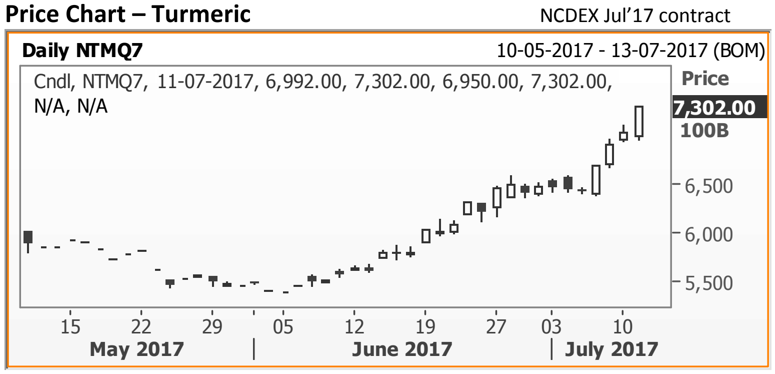
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Jeera Spot- NCDEX - Unjha	R/qtl	18757	0.28	0.28	1.85	0.89
Jeera- NCDEX Aug'17	R/qtl	18520	-0.86	1.26	1.01	-5.49
Turmeric Spot- NCDEX	R/qtl	7000	2.19	10.67	26.96	-15.34
Turmeric- NCDEX Aug'17	R/qtl	7302	3.99	12.89	29.38	-13.44

Technical Chart – Jeera NCDEX Jul'17 contract



Price Chart – Turmeric NCDEX Jul'17 contract



Source: Reuters

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