

Agri-Fundamentals

Soybean

NCDEX Soybean August futures were traded lower on Monday to close more than 1% down as market participants liquidate their long positions on anticipation of lower crushing demand as government has cut tariff rates of palm oil for the next fortnight.

As per government data, soybean planting fell 10.3% to 95.7 lakh hectares compared with the same period last year. Last year, the acreage was 106.7 lakh hectares. Sowing of soybean fell so far during the period due to a drop in acreage in Madhya Pradesh, the country's largest producer of soybean, as most farmers shifted to more profitable crops such as cotton due to poor returns from oilseeds last year.

CBOT November soybean futures closed lower due to improving in crop rating in the US for soybean coupled with down in export inspection. For soybeans, 48% of the nation's crop is setting pods vs. a 45% five-year average. The U.S. soybean crop good/excellent rating is at 59%, slightly ahead of last week's 57% rating. The USDA pegged soybean blooming at 82% vs. a 80% five-year average. The USDA reported soybean export inspections at 476,186 MT, down 15.75% from last week and 19.93% lower than this time a year ago.

RMseed (Mustard seed)

Mustard Aug futures closed flat on mixed fundamentals of lower demand and reports crop damage of stored crop in Gujarat and Rajasthan due to heavy rains. The prices have been trading in a range since last two weeks due to good supplies.

As per Agmarknet, the arrivals of mustard seed was lower in first 25 days in July at 96,404 tonnes compared to 1,36,938 tonnes in June same period. Moreover, there is improvement in exports of meal during the first quarter of 2017/18 helped gain 23% in last one 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 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 sideways due to steady demand and lower acreage in kharif. Moreover, expectation of good crushing demand on reports of hike in import may support prices. However, good crop conditions of soybean central India may pressurize prices.

Mustard seed futures expected to trade sideways to higher on reports of crop damage in warehouses in Gujarat and Rajasthan which may restrict supplies.

Technical Levels

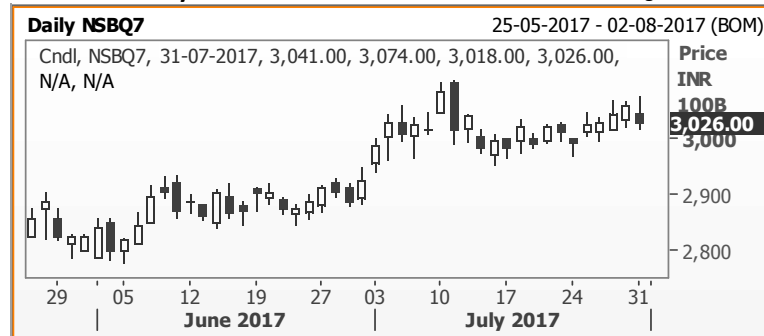
Contract	Unit	Support	Resistance
Soybean NCDEX Aug'17	₹/qtl	2960-2990	3060-3100
Mustard NCDEX Aug'17	₹/qtl	3650-3670	3725-3750

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX - Indore	R/10 kg	2990	0.61	1.29	1.77	-20.94
Soybean- NCDEX Aug'17	R/10 kg	3026	-1.05	1.14	4.81	-12.82
Soybean-CBOT Nov'17	US\$/lb	1007	-0.57	-0.27	8.92	-2.45
RM Seed Spot- NCDEX	MYR/Tn	3867	0.20	0.86	4.19	-23.34
RM Seed- NCDEX Aug'17	R/10 kg	3699	0.08	0.98	2.61	-23.00
Rapeseed-WCE	CAN \$/Tn	509	-0.33	2.96	-4.04	12.05

Price Chart –Soybean

NCDEX Aug'17 contract



Price Chart –Rmseed

NCDEX Aug'17 contract



Refine Soy Oil

Refined Soy Oil Aug futures closed higher on Monday tracking firm physical demand in domestic market and surge in prices in international markets. Moreover, increase in tariff rates for the next fortnight too support prices. However, higher stock levels in the domestic market may keep prices under pressure.

The base import price of crude soyoil has been hike by \$8 to \$820 per tonne for the first half of August. 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 Jul 14.

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 closes with gains on Monday due to firm Malaysian palm oil futures. The prices have been trading higher since last week due to consideration of raising import duty on palm oils by the government. The base import prices of refined, bleached and deodorised palm oil, refined, bleached and deodorised palmolein and crude palmolein have been cut by \$12 per tonne each for first half of August.

However, higher imports and stock data are keeping the prices sideways. Imports of palm oil increase by 35% on Year to 8.2 lakh tonnes compared to 6.1 lt last year. During the first 8 months of current oil year, the imports are higher by 5.7% to 59.21 lt compared to 56 lt last year same period.

Malaysian palm oil hit a near four-month high in early trade on Monday, tracking overnight gains in soyoil on the Chicago Board of Trade and on forecasts of lower-than-expected output increases and end-stocks. Moreover, higher exports for July too support prices. Cargo surveyors Intertek Testing Services and Societe Generale de Surveillance reported gains in July shipments from Malaysia, up 4.1 percent from a month ago.

News of weak production in July-Aug-Sept in Indonesia and poor Oil Extraction Rate from Malaysia are all supporting the market with a strong rally.

Outlook

We expect **Ref Soy oil** to trade sideways to higher on increase in base import duty and consideration of higher import duty. However, higher supplies in domestic market may pressurize prices.

CPO futures may trade sideways to higher due to firm Malaysian prices and reports of increase the import duty of edible oil in the country. However, higher stocks in the physical market may pressurize prices.

Technical Levels

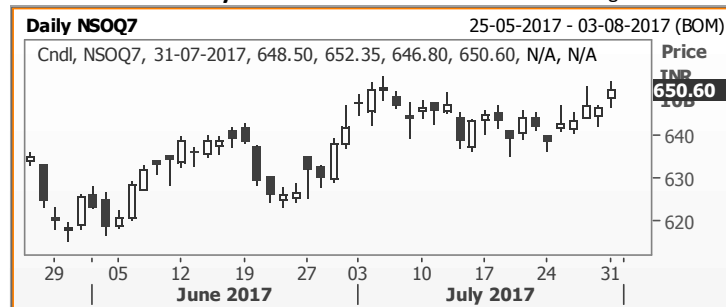
Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Aug'17	₹/qtl	644-647	653-656
CPO MCX Jul'17	₹/qtl	485-488	495-498

Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	650.0	2.36	3.17	4.84	3.2	
Ref Soy oil- NCDEX Aug'17	R/10 kgs	650.6	0.69	1.85	1.97	0.9	
Soybean Oil- CBOT- Dec'17	USc/lbs	35.13	0.31	3.17	6.91	15.7	
CPO-Bursa Malaysia - Oct'17	MYR/T	2675	0.75	4.78	8.34	12.7	
CPO- MCX – Aug'17	R/10 kg	492.6	0.74	3.97	4.34	-12.3	

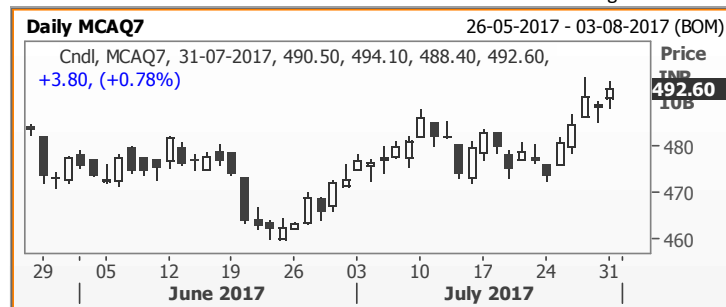
Price Chart –Ref Soy Oil

NCDEX Aug'17 contract



Price Chart –Crude Palm Oil

MCX Aug'17 contract



Source: Reuters

Sugar

Sugar Futures closed unchanged on Monday on expectation of sufficient supplies. However, the prices may get support on expectations of higher demand for sugar in coming weeks. Stockists and industrial buyers are active in buying sugar from the mills which may keep the sugar prices firm in next three months. Recently government hiked Sugar import duty to 50 per cent to support domestic prices.

ICE Sugar futures jumped to a two-month high on Monday, as speculators covered their short positions following a tax change in Brazil that will make ethanol more competitive there, potentially reducing availability of sugar from cane. The Brazilian government reduced a federal ethanol tax on Friday, after the market closed, while maintaining higher diesel and gasoline rates. As per UNICA, Brazil's center-south region produced 3.101 mt of sugar in the first half of July. Prices pressurize further after a Brazilian federal judge suspended a large fuel tax increase.

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	3440-3460	3490-3510

Cotton / Kapas

MCX Cotton closed unchanged on Monday as market participants are still assessing the loss of cotton due to heavy rains in Gujarat. Last week prices have increased more than 3.4% higher last week as market participants initiated fresh buying on concern about excess rains in cotton growing areas in Gujarat. However, good progress in cotton sowing in the country capped further gain. As **per latest data from Agricultural Ministry, cotton is planted in 111.2 lakh hectares (1 ha) till last week, higher 20% compared to last year acreage of 92.3 lakh ha for same period.**

ICE cotton futures closed flat on Monday on reports of improved cotton ratings in the US. Condition ratings were increased by 1% to 56% good to excellent.

The Crop Progress report showed that 87% of the cotton crop was squared as of July 30, down 4% from the average, with 46% setting bolls, down 7% from the average. Moreover, higher exports of 326,800 RB were up 17% from the previous week and 27% from the prior 4-week average capped further loss.

Outlook

Cotton futures are expected trade sideways to higher on reports of heavy rains in cotton growing areas of Gujarat coupled with good physical demand in the country. However, sufficient stocks good acreage in the country may keep the prices in a range.

Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	850-860	880-890
Cotton MCX Oct'17	₹/bale	18000-18250	18650-18850

Market Highlights - Sugar & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY
Sugar M- NCDEX	R/qtl	3532	0.0	-1.6	-4.2	-2.1
ICE-Europe Sugar No 5-Aug'17	\$/tonne	402.3	3.2	2.3	4.7	-23.9
ICE-US Sugar No 11-Oct'17	\$/tonne	14.91	3.8	3.5	10.4	-21.7
NCDEX Kapas Apr '18	R/20 kgs	869	-0.11	1.34	0.58	-6.71
MCX Cotton Oct'17	Rs/Bale	18440	0.00	1.93	0.77	-0.33
ICE Cotton Dec '17	Usc/Lbs	68.86	0.09	0.83	2.41	-7.15
Cotton ZCE	Yuan/ton	14650	-0.75	-2.82	0.00	1.28

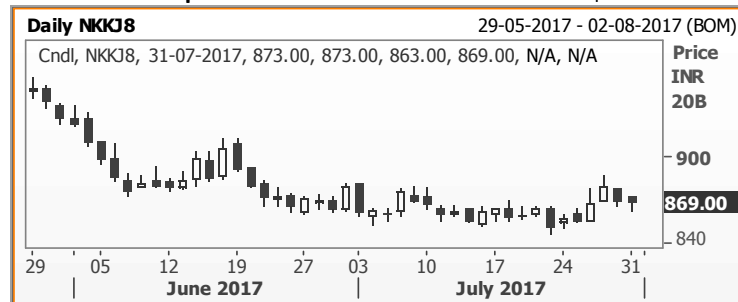
Price Chart – Sugar M

NCDEX Sugar Weekly



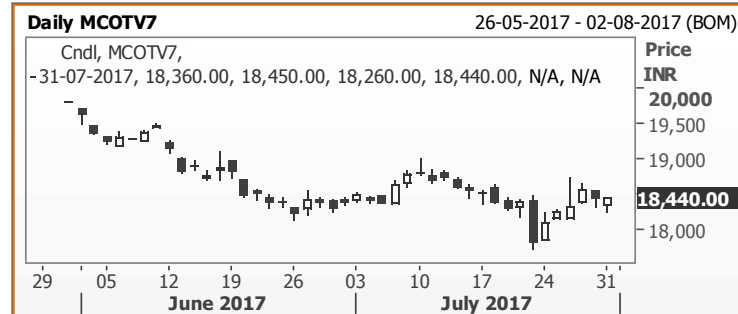
Price Chart – Kapas-NCDEX

NCDEX Apr '18 contract



Price Chart – Cotton- MCX

MCX Oct'17 contract



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera for Aug delivery closed higher on Monday as market participants' short cover their position in the near month contracts and initiated fresh buying positions in far month contract. Moreover,, improving physical demand on reports lower arrivals in Gujarat due to heavy rains keeping the prices supported .

As per Agmarknet, jeera arrival during in July dropped to 3,668 tonnes as compared to June arrival data. In June, arrival record at 8,072 tonnes. 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 It in as per the data release by Dept. of commerce, GOI.

NCDEX August Turmeric futures closed higher on Monday due to reports of deficient rains during 20-26th July in Telangana. According to IMD, Telangana received only 9.2 mm rains which is 85% below normal. Moreover, dry condition and slow sowing progress is supporting prices. In Telangana, turmeric acreage as on 29-Jul-17, up 2.5% to 39,000 hectares as compared to last year acreage of 40,000 hectares. Market arrivals dropped about 34% in June compared to May. As per Agmarknet data, about 18,167 tonnes arrived in July compared to 27,574 tonnes in previous fortnight. 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 higher on expectation of stock damage and lower arrivals in Gujarat due to heavy rains. Moreover, tight supplies and good physical as well as export demand may keep the prices higher.

Turmeric futures expected to trade sideways to higher on expectation of lower arrivals and dry conditions in Telangana which may affect yield. Moreover, improving demand from upcountry buyers at current levels and lower carryover stock this season may also support prices.

Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Aug'17	₹/qtl	19000-19150	19500-19700
Turmeric NCDEX Aug'17	₹/qtl	7100-7300	7700-7900

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MCX Member ID: 12685 / FMC Regn No: MCX / TCM / CORP / 0037 NCDEX: Member ID 00220 / FMC Regn No: NCDEX / TCM / CORP / 0302

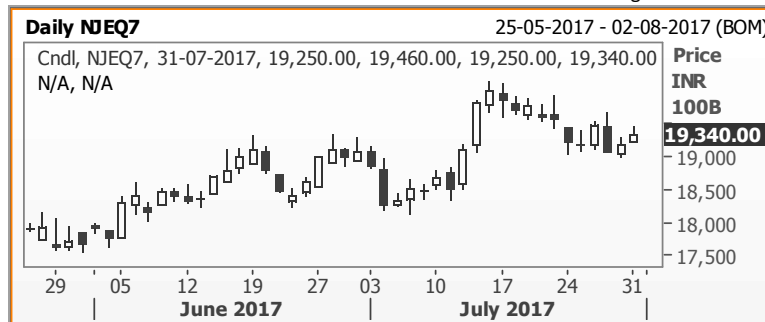
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Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Unjha	R/qtl	19473	0.20	0.03	4.11	0.09	
Jeera- NCDEX Aug'17	R/qtl	19340	0.78	0.47	1.71	7.30	
Turmeric Spot- NCDEX	R/qtl	7461	3.02	2.78	19.83	-11.45	
Turmeric- NCDEX Aug'17	R/qtl	7532	3.98	5.05	17.21	-7.33	

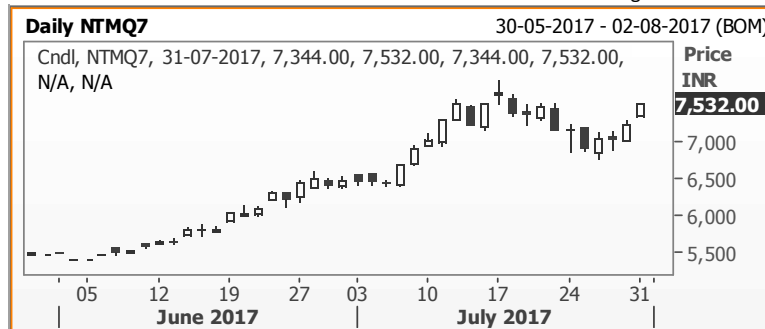
Technical Chart – Jeera

NCDEX Aug'17 contract



Price Chart – Turmeric

NCDEX Aug'17 contract



Source: Reuters

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