

Agri-Fundamentals

Soybean

NCDEX Jun Soybean jumps higher last week on expectation of better demand for crushing from oil mills as govt is planning to hike import duties of soft oil – soy oil, rapeseed and sunflower oil. Moreover, diminishing arrivals in physical is also driving the prices higher. Soybean acreage is expected to be higher in coming kharif season as prices are attractive for the farmers. As per latest USDA monthly report, for the next season, production forecast for soybean is pegged at 108 lakh tonnes (lt) compared to 90 lt last year due to normal monsoon forecast while domestic crushing will increase 11% to 91 lt amid higher import duty and weaker rupees.

CBOT Jul Soybean futures firmed on Friday, with traders expressing hope that China's decision to end an anti-dumping probe into U.S. sorghum imports would lead to an overall trade agreement. But the gains were kept in check by a USDA announcement that unknown buyers canceled deals to buy 949,000 tonnes of soybeans. Friday's CFTC report showed spec funds in soybean futures and options backing off their net long position by 18,981 contracts. Their net position on Tuesday was 108,061 contracts.

RMseed (Mustard seed)

Mustard Jun futures closed higher for the third consecutive week and touched 6 week high on reports of lower mustard oil imports and support from improved meal exports and diminishing supplies. As per latest SEA import data, mustard oil imports were down 14% on year in April which may lead to higher domestic crushing. Futures prices surged closed to 5.3% in the month of May and prices have recovered about 5.7% in the current quarter (Apr-Jun). According to SEA latest export report, exports of mustard meal is sharply increased by 173% on year to nearly 97,891 tons, due to higher demand from South Korea. Exports have been 209% higher at 6.64 lt for the FY 2017/18 compared to previous year's export volume of 2.14 lt.

According to data compiled by the MOPA, as of Apr 30, overall mustard stock in the country were estimated at 53 lakh tonnes (70 lt production minus 17 lt crushed), out of which 42 lt is still with the farmers while 11 lt with the oil mills and stockists.

Outlook

Soybean futures are expected to trade sideways to higher on expectation of improved crushing demand and diminishing arrivals of soybean in the physical market. Moreover, normal rains in the coming monsoon season may have bearish impact on prices.

Mustard futures expected to trade sideways to higher anticipation of low level buying and good physical demand due to government procurement. Moreover, improved meal exports will also support mustard prices.

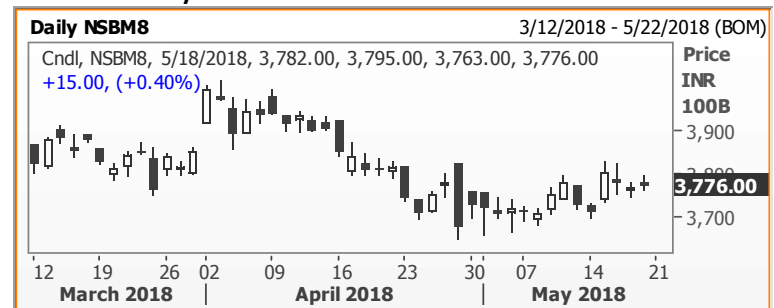
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jun'18	₹/qtl	3720-3750	3800-3840
Mustard NCDEX Jun'18	₹/qtl	3920-3950	3990-4015

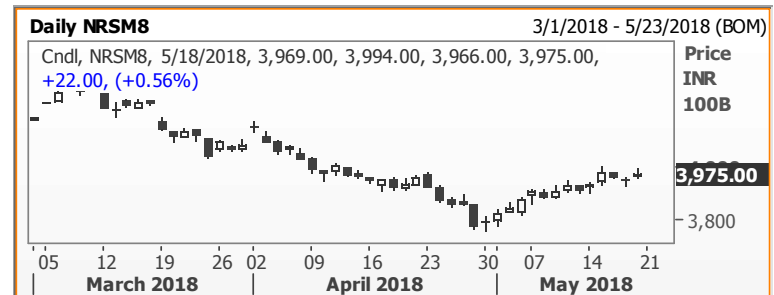
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX -							
Indore	R/10 kg	3763	0.72	0.61	-0.53	24.73	▲
Soybean- NCDEX Jun'18	R/10 kg	3776	0.24	1.56	-1.64	33.32	
Soybean CBOT- Jul'18	USc/lb	999	0.35	-1.89	-5.56	5.69	
RM Seed Spot- NCDEX							
RM Seed- NCDEX Jun'18	R/10 kg	3975	0.48	0.97	0.51	7.70	
Rapeseed-WCE	CAN \$/Tn	532	0.53	0.13	2.13	2.13	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures closed higher last week as market participants initiated fresh buying tracking weak rupees and improved prices of oilseed in the country. Moreover, good physical demand ahead of festival season also drive prices higher.

The government has slashed the base import prices of crude soyoil by \$24 per tn to \$800 per tonnes for the second fortnight of current month. Moreover, higher import duty and increase in tariff value during the current calendar year is making imports expensive.

As per the data from SEA, soyoil imports during the March dropped 49.9% to 115,102 tons compared to 229,853 tons in the same period a year ago. Stocks of edible oil in ports and pipeline are estimated at 2.11 mt as on Apr 1 compared to 1.91 mt a year ago while lower than 2.197 mt in Feb, data showed.

Crude Palm oil

MCX CPO closed higher for the second successive session on Friday and closed the week in green for the second straight week supported by firm International prices and weaker rupees. The base import price of crude palm oil was slashed to \$655 per tn from \$671 per tn. India's palm oil imports may dropped in April due to higher taxes on shipments and weaker rupees making imports expensive.

As per SEA latest report, India's crude Palm oil (CPO) imports in March increased by 30.33% compared to same period a year ago despite the govt. imposed higher duty. However, Shipment of RBD palmolein dropped 25.56% to 163,222 tons compared to 219,270 tons last year.

Malaysian palm oil futures rose as much as 1% on Friday and surged for the second straight week, tracking gains in related edible oils and crude oil. Weaker ringgit also lent support as it makes the oil cheaper for foreign buyers.

The prices rose despite reports of weaker exports of Malaysian palm oil products. Exports of Malaysian palm oil products for May 1-15 fell 14.9% to 539,084 tonnes, from 633,530 tonnes in the corresponding period in April, inspection company AmSpec Agri Malaysia said on Tuesday.

Outlook

We expect **Ref Soy oil** to trade sideways to higher on firm soybean prices and weak rupees. Moreover, good demand from the stockists on expectation of improved physical demand will also support prices.

CPO futures may trade under pressure from the higher levels on reports of sufficient stocks. However, reports of lower imports of palm oil and improved physical demand may keep prices supportive. Lower tariff and higher stocks may keep prices in a range.

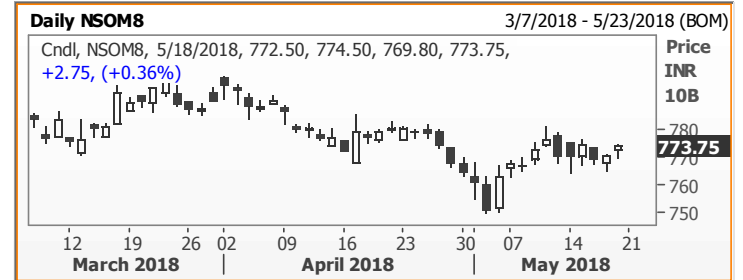
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jun'18	₹/qtl	768-770	776-777
CPO MCX May'18	₹/qtl	652-657	666-671

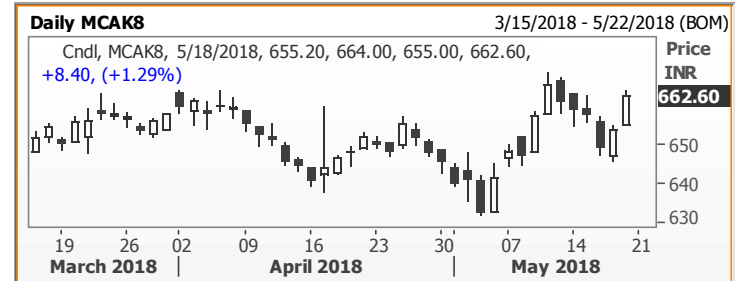
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	759.5	0.39	-0.60	-1.45	20.1	
Ref Soy oil- NCDEX May'18	R/10 kgs	773.8	0.45	0.43	-0.70	18.9	
Soybean Oil- CBOT- Jul'18	USc/lbs	30.98	0.13	-0.86	-1.49	-4.5	
CPO-Bursa Malaysia - Jul'18	MYR/T	2450	0.74	1.41	1.74	-14.7	
CPO- MCX – May'18	R/10 kg	662.6	1.38	0.49	2.86	29.1	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Jun futures edge lower last week on technical correction after it touched Rs. 3,700 last week. The trend is still positive due to improved physical demand at current prices. Recently, government restricted import of yellow peas, an substitute added in the Chana flour till June end to support Chana prices in domestic market. Madhya Pradesh and Chhattisgarh government announce bonus for Chana procurement over an above this MSP prices. Government is trying to support prices by removing export restrictions and procuring at MSP. MP govt announces to procure about 21 lt of Chana at MSP of 4,400 /quintal and exclude it from Bhavantar scheme. Earlier, govt has announced of a 7% duty credit incentive on exports.

Outlook

Chana futures may trade sideways to higher on steady physical demand on reports of restricted yellow pea imports. Moreover, MSP procurement in different states will support Chana prices. However, higher domestic supplies may keep prices in check.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Jun'18	₹/qtl	3500-3545	3630-3680

Cotton / Kapas

MCX May Cotton closed higher last week on improved physical demand and tracking firm International prices. USDA forecasts India cotton production for 2018/19 at 28.5 million 480-pound bales (6.21 mt), unchanged from last year. Harvested area is forecast at 11.8 million hectares, down 4 % from last year.

In its latest press release, CAI, retained its estimate for the country's output in 2017-18 (Oct-Sep) at 360 lakh bales (1 bale = 170 kg). Cotton prices are still trading at higher levels for the season tracking firm trend in International markets, higher exports and expectation of lower acreage in the country in next season. Cotton exports from the country are still behind at 34.1 lakh bales of cotton during Oct-Feb period compared to 36.4 lakh bales last year same period.

ICE cotton rose nearly 2% on Friday to more than one-week highs on concerns about dry weather conditions in a major cotton growing region in the US and rising demand. Prices were up 2.3 percent this week. The shipments from the U.S. continue to be strong and the trade talks between the U.S. and China seems positive. The Commitment of Traders report on Friday showed large spec funds reducing their net long position in cotton futures and options by 8,605 contracts. The USDA Adjusted World Price for this week is 74.09 cents/lb, down 149 points from the previous week.

Outlook

Cotton futures are expected trade sideways on report of normal monsoon and higher physical arrivals. However, improved cotton exports to China may keep the prices supported above 20,600 levels.

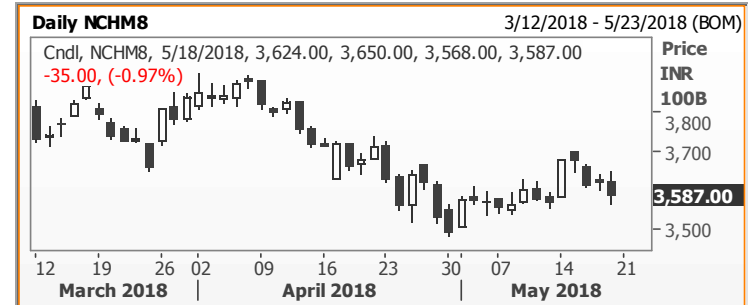
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	848-855	869-876
Cotton MCX May'18	₹/bale	20500-20700	21000-21200

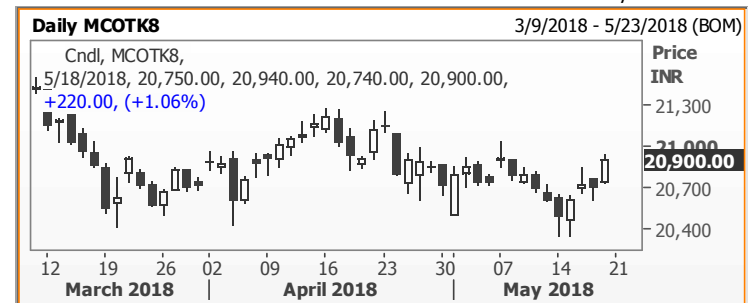
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	3607	0.2	0.2	-0.3	#N/A	
Chana- NCDEX-Jun'18	₹/qtl	3587	-0.9	-2.5	-3.6	#N/A	
NCDEX Kapas Apr '18	R/20 kgs	#N/A	#N/A	#N/A	#N/A	#N/A	
MCX Cotton May'18	Rs/Bale	20900	0.92	1.95	-0.67	-0.95	
ICE Cotton Jul'18	Usc/Lbs	86.55	1.79	3.41	4.34	9.23	
Cotton ZCE	Yuan/ton	16190	2.31	6.69	8.95	3.48	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera futures fall for the second straight day on Friday tracking weak physical demand at current levels. It is trading in a range this week due to steady demand and good stocks. Jeera prices have declined about 2.8% or Rs. 465 per quintal in May due to reports of lower exports order at higher prices. As per government data, Jeera exports during first 11 months of FY 2017/18 (Apr-Feb) is 124,394 tonnes, up 13.6% compared to last year exports volume for the same period. India's jeera exports in February were up by 30% on year to 9,512 tonnes compared to 7,325 tonnes last year.

NCDEX Turmeric futures closed down last week on profit boking by market participants. Last week it touched 15 weeks high tracking improved demand in physical market due to reports of lower stocks. In the current month, prices have corrected about 4% or Rs. 300 per quintal. Supplies from the new season turmeric have been lower during first 15 days of May at 30,400 t (Vs 44,571 t) compared last year, as per Agmarknet data. The export of turmeric is down by 11.8% to 98,487 tonnes for the first 11 month of FY 2017/18 (Apr-Feb) compared to last years' exports. The export of turmeric is down by 11.8% to 98,487 tonnes for the first 11 month of FY 2017/18 (Apr-Feb) compared to last years' exports.

Outlook

We expect **Jeera** futures to trade lower on further correction at current levels as exports have been affected at higher prices. Mixed signals from spot market may keep the prices in a range.

Turmeric Apr futures expected to trade sideways to lower on further corrections. However, improved up country and export demands for new season crop and lower than expected stocks with the traders may keep the prices in positive trend.

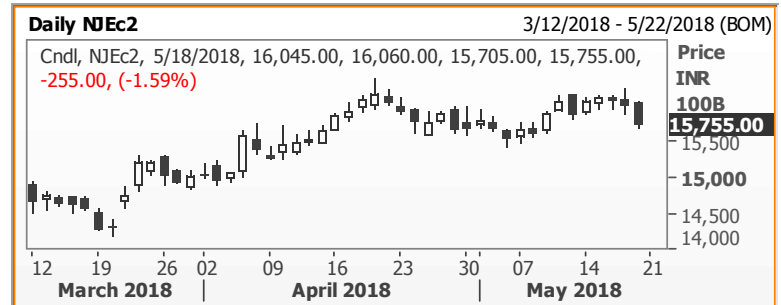
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jun'18	₹/qtl	15450-15600	15900-16050
Turmeric NCDEX Jun'18	₹/qtl	7100-7160	7320-7400

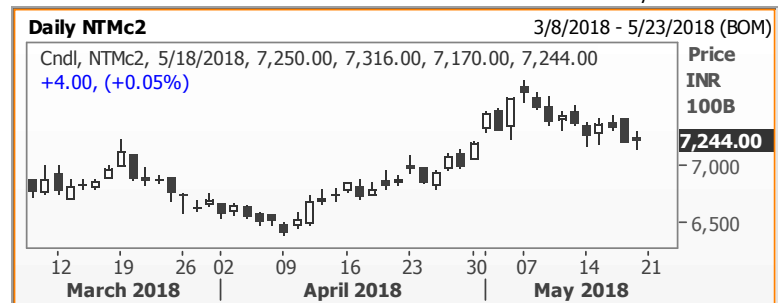
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	16092	0.06	-0.15	0.26	-12.30	
Jeera- NCDEX Jun'18	R/qtl	15755	-1.65	-1.87	-1.28	-11.08	
Turmeric Spot- NCDEX Turmeric- NCDEX Jun'18	R/qtl	7425	-0.15	-1.13	13.24	34.71	
	R/qtl	7244	0.17	-0.55	6.53	31.05	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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