

## Agri-Fundamentals

### Soybean

**NCDEX Jun Soybean** edged lower last week on profit booking by the market participants. The prices have been on uptrend on expectation of better demand for crushing from oil mills as govt is planning to hike import duties of soft oil – soy oil, rapeoil and sunflower oil. The government is likely to raise the incentive under Merchandise Exports from India Scheme on soymeal to 10% of free-on-board value from the current 7%. Soybean acreage is expected to be higher in coming kharif season as prices are attractive for the farmers. 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 as per USDA monthly report.

**CBOT Jul Soybean futures rose for the fifth time in six sessions on Friday supported by rising demand from top importer China following an easing of trade tensions with the top soy importer.** During the Brazilian trucker strike, now suspended, ABIOVE stated that meal and soy oil production had “practically” stopped. Argentina may halt the gradual lowering of soybean export taxes as the government speeds up its deficit-cutting effort. BAGE places the Argentine soybean harvest at 80.3% complete, now behind the average of 84.9%.

### RMseed (Mustard seed)

**Mustard Jun futures** closed higher for the fourth consecutive week as physical demand is constantly improving. Futures prices surged closed to 6.75% or Rs. 278 per quintal in the month of May and prices have recovered about 7% from its low during the current quarter (Apr-Jun). There reports of lower mustard oil imports and improved meal exports. As per latest SEA import data, mustard oil imports were down 14% on year in April which may lead to higher domestic crushing. 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 down on normal rains and expectation of improved sowing data. However, good crushing demand and diminishing arrivals of soybean in the physical market may keep prices supportive.

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

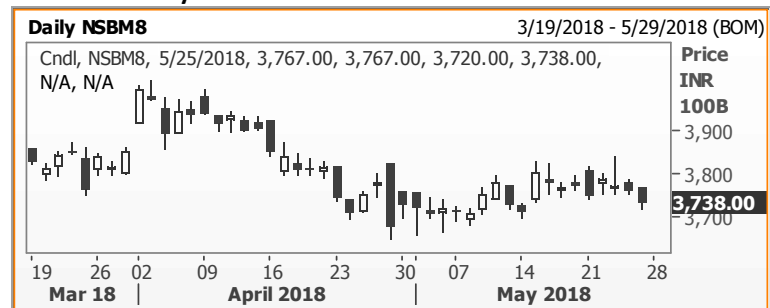
### Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jun’18	₹/qtl	3685-3715	3765-3795
Mustard NCDEX Jun’18	₹/qtl	3950-3980	4045-4085

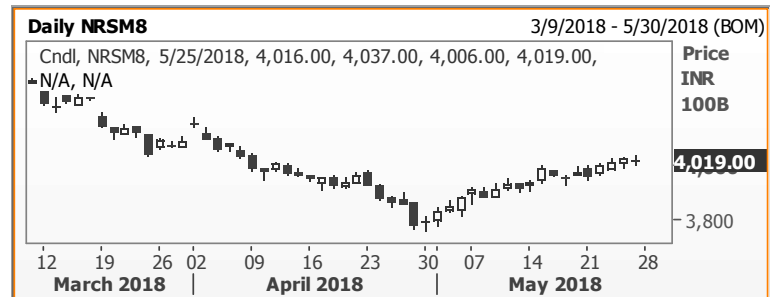
## Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX -</b>							
<b>Indore</b>	R/10 kg	3784	-0.32	-0.08	1.26	28.31	▼
<b>Soybean- NCDEX Jun’18</b>	R/10 kg	3738	-0.74	-0.43	0.67	36.22	
<b>Soybean CBOT- Jul’18</b>	USc/lb	1042	0.56	1.58	0.73	10.86	
<b>RM Seed Spot- NCDEX</b>	MYR/Tn	4048	0.35	1.21	3.20	9.92	▼
<b>RM Seed- NCDEX</b>							
<b>Jun’18</b>	R/10 kg	4019	-0.17	1.49	3.56	13.53	▼
<b>Rapeseed-WCE</b>	CAN \$/Tn	538	1.60	#N/A	-0.26	3.40	

### Price Chart –Soybean



### Price Chart –Rmseed



Source: Reuters

**Refine Soy Oil**

**Refined Soy Oil Futures edged little higher for the week but it corrected from Rs. 786.75 levels to close at 773.6 per 10 kg due to strong rupees and profit booking by market participants at higher levels.** It is on uptrend amid reports that the government may increase import duty on soyoil, sunflower oil, and canola oil by 10% each to support prices of domestic oilseeds.

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** fell for the third consecutive day on Friday tracking weak Malaysian palm oil price. Last week, it touched its all-time high on Tuesday. The prices currently supported by stronger palm oil prices in international markets and reports of increase in import duty on soft edible oil. However, 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 saw their sharpest fall in seven weeks on Friday weighed down by weak export demand and losses in related edible oils on the U.S. Chicago Board of Trade and China's Dalian Commodity Exchange.** Malaysian shipments of palm oil products during May 1-25 fell 16.6% from the corresponding period last year, according to independent inspection company AmSpec Agri Malaysia on Friday. Full-month exports are seen weakening as Malaysia resumed its crude palm oil export tax at a 5 percent rate for May, after a four-month duty exemption to boost demand and reduce stockpiles.

As per MPOA, the productions were down for the first 20 days of May in all four provinces of Malaysia. Expectations of lower palm oil production in May also supported benchmark prices.

**Outlook**

We expect **Ref Soy oil** to trade sideways to lower on expectation of technical correction and strong rupees. However, reports of hike in import duty and good demand from the stockists will support prices.

**CPO futures** may trade lower due to weak international prices. Lower tariff and higher stocks may keep prices in a range.

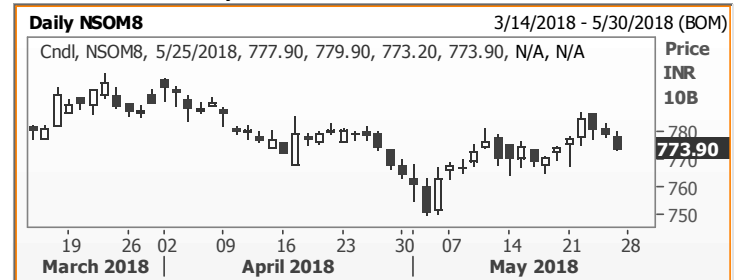
**Technical Levels**

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jun'18	₹/qtl	766-779	778-782
CPO MCX May'18	₹/qtl	658-662	668-672

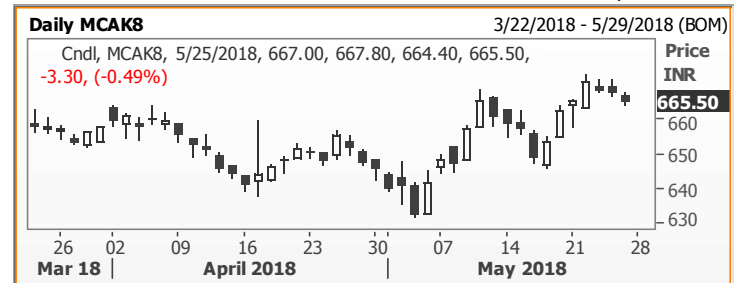
**Market Highlights – Edible Oils**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	759.2	-0.32	-0.08	-0.37	19.6	
Ref Soy oil- NCDEX May'18	R/10 kgs	773.9	-0.64	-0.44	-0.68	22.5	
Soybean Oil- CBOT- Jul'18	USc/lbs	31.34	-1.17	-0.25	0.22	-2.2	
CPO-Bursa Malaysia- Aug'18	MYR/T	2455	-1.48	0.37	2.42	-14.6	
CPO- MCX – May'18	R/10 kg	665.5	-0.45	0.05	2.62	28.0	

**Price Chart –Ref Soy Oil**



**Price Chart –Crude Palm Oil**



Source: Reuters

## Chana

**Chana Jun futures edged higher last week supported by good physical demand at lower levels but the prices has been largely in a range.** Government is trying to support prices by removing export restrictions and procuring at MSP. Government restricted import of yellow peas, an substitute added in the Chana flour, till June end. Madhya Pradesh and Chhattisgarh government announce bonus for Chana procurement over and above this MSP prices. 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 expectation good stocks and steady physical arrivals. But restricted yellow pea imports and MSP procurement in different states may support Chana prices. However, higher domestic supplies may keep prices in check.

### Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Jun'18	₹/qtl	3540-3590	3680-3720

## Cotton / Kapas

**MCX May Cotton** continues to trade higher for the second consecutive day tracking firm physical demand. Cotton prices are 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. Till last week, India kharif cotton acreage is 782,000 ha vs 11.2 lakh ha yr ago. India's cotton exports in the year ending September are seen rising around 21% on year to 75 lakh bales (1 bale = 170 kg), backed by depreciation in the rupee and higher international prices of the commodity. 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).

**ICE cotton jumped 2 % on Friday supported by mill fixations and worries over unfavorable weather may impact new crop production in major global cotton producing countries. Dry West Texas, and new crop production problems (due to weather concerns) in India, Pakistan and China are supporting the December contract. According to COT report, Spec funds in cotton futures and option added 2,231 contracts to their net short position of 91,491 contracts as of Tuesday. China sold another 30,008 MT of cotton offered at an auction of state reserves on Thursday.**

### Outlook

Cotton futures are expected trade sideways to higher on report of good physical demand and expectation of lower sowing expectation in coming season. Moreover, improved cotton exports to China may keep the prices supported above 20,600 levels.

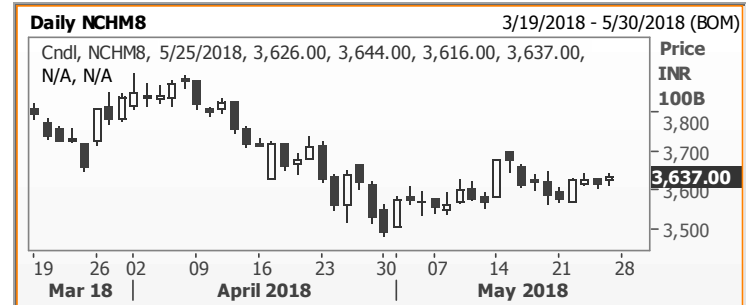
### Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr'18	₹/20 kgs	848-855	869-876

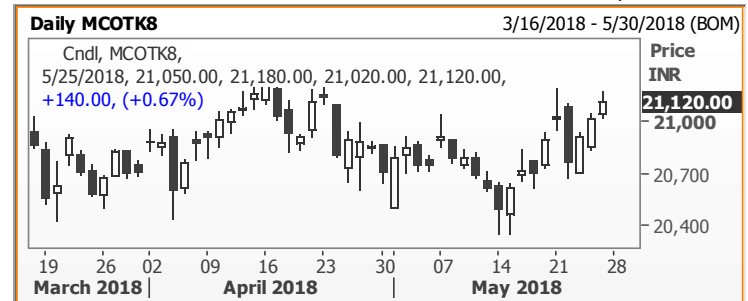
## Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Chana Spot - NCDEX (Delhi)</b>	₹/qtl	3629	0.3	1.0	3.2	#N/A	
<b>Chana- NCDEX-Jun'18</b>	₹/qtl	3637	0.5	1.6	2.0	#N/A	
<b>NCDEX Kapas Apr '18</b>	₹/20 kgs	#N/A	#N/A	#N/A	#N/A	#N/A	
<b>MCX Cotton May'18</b>	₹/Bale	21020	0.48	-0.05	1.01	1.73	
<b>ICE Cotton Jul'18</b>	Usc/Lbs	89.21	2.59	0.89	9.45	15.62	
<b>Cotton ZCE</b>	Yuan/ton	16715	1.12	0.94	12.11	8.26	

### Price Chart – Chana



### Price Chart – Cotton- MCX



Source: Reuters

## Spices (Jeera & Turmeric)

**NCDEX Jun Jeera futures closed higher last week due to short covering and tracking some improvement in physical demand at current levels.** Jeera prices have surged 10.50% or Rs. 1525 per quintal in the current quarter (Apr-Jun) due to improvement in physical demand after prices were trading at 2 year lows in March. 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 lower for the 3<sup>rd</sup> consecutive week.** In the current month, prices have declined about 5.1% from high due to profit booking by market participants. Supplies from the new season turmeric have been lower during first 25 days of May at 46,800 t (Vs 65,555 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 sideways to higher on improved physical demand as exports may increase in coming weeks. However, mixed signals from spot market may keep the prices in a range.

**Turmeric** Apr futures expected to trade sideways to down due to steady physical demand from up country buyers. However, good export demands for new season crop and lower than expected stocks with the traders may keep the prices in positive trend.

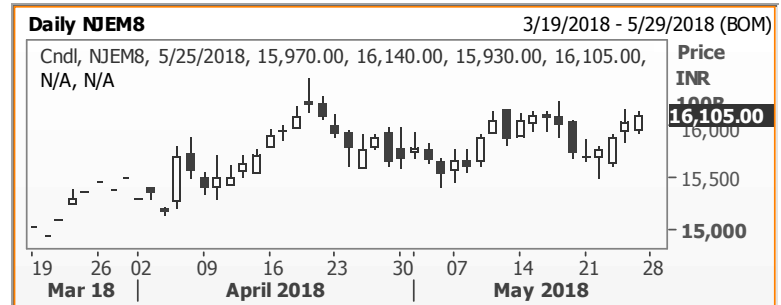
### Technical Levels

	Unit	Support	Resistance
<b>Jeera NCDEX Jun'18</b>	₹/qtl	15820-15970	16230-16360
<b>Turmeric NCDEX Jun'18</b>	₹/qtl	6990-7070	7220-7300

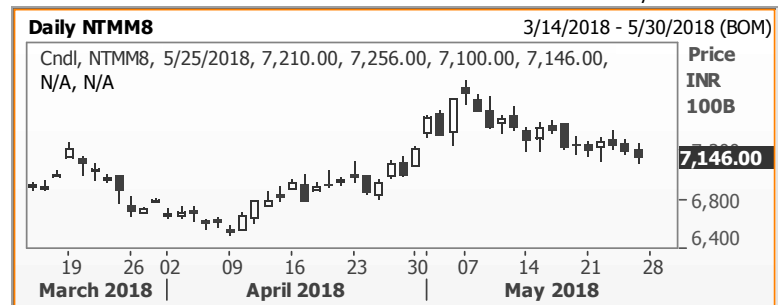
## Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Jeera Spot- NCDEX - Unjha</b>	R/qtl	16100	-0.37	0.54	1.51	-11.96	
<b>Jeera- NCDEX Jun'18</b>	R/qtl	16105	0.37	2.51	1.93	-8.86	
<b>Turmeric Spot- NCDEX Turmeric- NCDEX Jun'18</b>	R/qtl	7368	-0.10	-0.44	9.83	34.65	
	R/qtl	7146	-0.81	-0.86	4.11	32.53	

## Technical Chart – Jeera



## Price Chart – Turmeric



Source: Reuters

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