

Agri-Fundamentals

Soybean

NCDEX Jul Soybean closed little higher on Thursday and continue its sideways movement on mixed fundamentals of good acreage and improved demand from the oil mills due to higher crushing of soybean after government increase customs duty on crude as well as refine soy oil to 35% and 45% respectively. Prices have been under pressure on forecast of normal rains and lower meal exports data from both SEA and SOPA is weighing on prices this month.

Soybean acreage till last week is 56% higher than at 50,000 ha as compared to the last year acreage according to farm ministry report. Bangladesh, one of the largest importers of soymeal from India, reduced the import duty to nil which may result into tough competition for the country from South American peers in soymeal exports to Bangladesh.

CBOT Jul Soybean fell about 1% on concern about poor demand from China amid uncertainty over the ongoing US-China trade dispute. Expected rains this week and trade concerns continue to weigh on the market, with buyers a little hesitant. Old crop soybean export sales for the week ending 14th June totaled 301,745 MT, better than the same week last year. China canceled 66,000 MT. However, export shipments of soybeans totaled 992,047 MT, well above last year and 66.1% larger than last week.

RMseed (Mustard seed)

Mustard Jul futures closed lower on Thursday due to profit booking by the market participants. But the trends looks positive due to expectation of good meal and crushing demand after government increase import duty on soft edible oil by 10-15%. According to data compiled by the MOPA, mills across the country crushed 900,000 tn of the oilseed in May much higher crushing volume compared to last year.

According to SEA latest export report, mustard meal exports during first 5 months of 2018 is higher by 164% on year due to higher demand from South Korea. Exports are 209% higher at 6.64 lt for the FY 2017/18 compared to previous year's export volume of 2.14 lt.

Outlook

Soybean futures are expected to trade sideways on technical corrections on expectation of higher sowing due to forecast of normal rains but expectation of improved domestic crushing demand due to hike in import duty for soft oil may support prices.

Mustard futures expected to trade lower on technical correction. But expectation of recovery from the lower levels due to higher crushing demand and improved meal exports to support mustard prices.

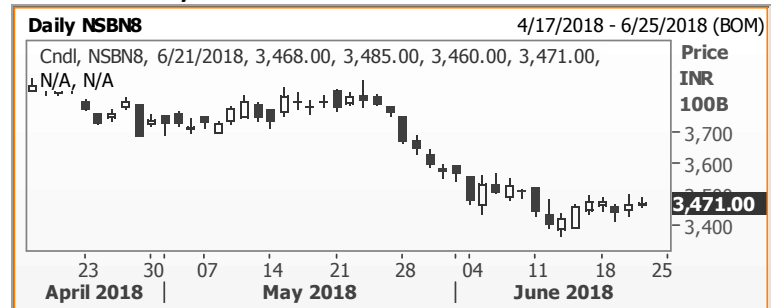
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jul'18	₹/qtl	3400-3440	3500-3540
Mustard NCDEX Jul'18	₹/qtl	3949-3952	4010-4050

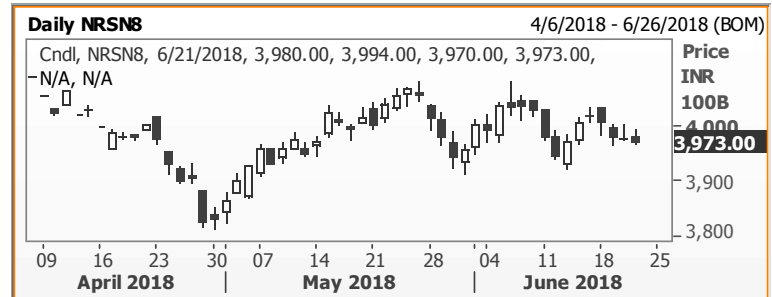
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX -							
Indore	R/100 kg	3559	0.00	0.91	-6.00	20.89	▲
Soybean- NCDEX Jul'18	R/100 kg	3471	0.14	0.40	-9.21	23.48	
Soybean CBOT- Jul'18	USc/lb	881	-1.01	-5.04	-14.56	-4.16	
RM Seed Spot- NCDEX							
RM Seed- NCDEX Jul'18	MYR/Tn	4085	0.22	0.68	1.93	11.09	▲
Rapeseed-WCE	CAN \$/Tn	525	-0.87	1.49	-1.45	3.69	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures see some fresh selling on Thursday and closed lower. It is traded under pressure on reports of good stocks level in the country. As per SEA monthly report, as on June 1, country' edible oil stock (in ports and pipeline) is at highest level ever at 26.6 It putting pressure on domestic prices of edible oils. **However, the prices may increase further due to expectation of firming up prices in Brazil and Argentina after China decision to impose tariff. Moreover, increase in import duty on refine and crude soy oil may also support higher prices.**

As per the data from SEA, in May, for the first time, import of soft oils--soybean, sunflower and canola--was higher than palm oil, where the share of soft oils was at 60%. The rise in the imports of soft oil was primarily due to expectation of a rise in import duty. For the second fortnight of June, the base import price of crude soyoil has been cut to \$752 per tn from \$769 per tn by the govt.

Crude Palm oil

MCX CPO closed lower on Thursday due to Weak price trend in Malaysian exchange and cut in tariff values of all the edible oils. CPO futures were down by 3.7% or Rs. 24 per 10 kgs. The base import price of crude palm oil and RBD palmolein was cut by \$14 each and \$17 to \$644 per tn and \$673 per tn, respectively. In the month of June, According to SEA monthly update, palm oil imports into the country were down 33% and 46% for CPO and RBD Palomlein in May compared to last year. India's palm oil imports dropped in May due to higher taxes on shipments while weaker rupees making imports expensive.

Malaysian palm oil futures fell on Thursday to trade near 2 years low and its fourth consecutive session fall, tracking weaker related edible oils and slowing exports. Weaker export demand, expectation of improvement in production in coming months and a fall in crude oil prices is weighing on prices. **Malaysia's exports between June 1 and 15 stood at 500,197 tonnes, down 7 % from the same period a month earlier.** It is trading 10-15% lower than the last year expectation of lower export demands due to continuation of export tax for July also weighs on prices. **Malaysia, the world's second-largest palm oil producer, kept its crude palm oil export tax at 5% in July.** As per latest MPOB data release, Malaysia's palm oil exports fell 15.7% on month to 1.29 mt in May while production also declined 2.11% on month to 1.53 mt. However, inventories were at 1.17 mt in the country at the end of May, down 2.08% from a month ago.

Outlook

We expect **Ref Soy oil** to trade lower on higher stock levels in the country and reduce base import prices. However, hike in import duty and improving demand from the stockists may keep prices supportive.

CPO futures may trade under pressure due to weak international prices and higher domestic stocks. However, expectation of good physical demand due to increase in import duty of soft oil may support prices.

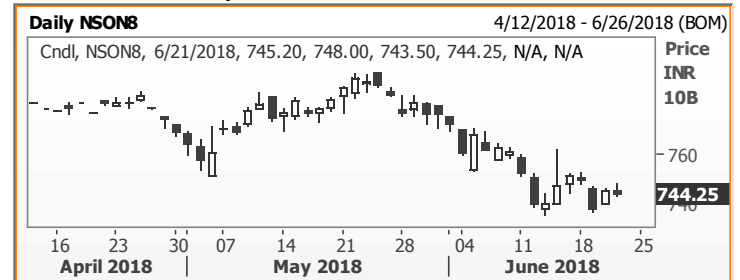
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'18	₹/qtl	735-740	749-754
CPO MCX Jun'18	₹/qtl	619-624	633-638

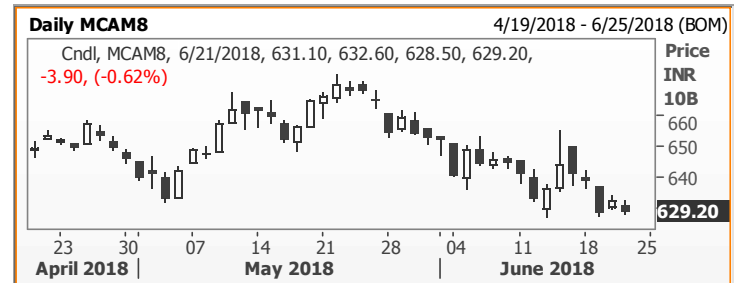
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot -							
Mumbai	R/10 kgs	752.7	0.27	1.85	-0.51	18.5	
Ref Soy oil- NCDEX Jul'18	R/10 kgs	744.3	-0.18	-0.44	-5.92	19.2	
Soybean Oil- CBOT- Jul'18	USc/lbs	29.19	-0.61	-3.15	-7.36	-8.4	
CPO-Bursa Malaysia - Sep'18	MYR/T	2251	-0.49	-3.56	-9.12	-13.0	
CPO- MCX -Jun'18	R/10 kg	629.2	-0.51	-2.37	-6.10	30.5	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Jul futures closed higher on Thursday amid short covering by the market participants on anticipation of pick up in the physical demand. We have seen some fresh buying initiated by the market participants in the far month contracts. Government is trying to support prices by removing export restrictions and procuring at MSP. According to government officials, The Madhya Pradesh government has completed procurement of 1.8 mt of rabi-harvested chana and masur. Govt restricted import of yellow peas, an substitute added in the Chana flour, till June end. Earlier, govt has announced of a 7% duty credit incentive on exports. **Recently**, Maharashtra govt discontinued procurement of the chana under the MSP scheme due to shortage of warehousing space and packaging bags.

Outlook

Chana futures may trade sideways due to improvement in physical demand. Restricted yellow pea imports and MSP procurement in different states may support Chana prices.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Jul'18	₹/qtl	3400-3460	3560-3610

Cotton / Kapas

MCX June Cotton corrected and closed lower on Thursday due to mixed fundamentals. A higher stock in the country and higher expected cotton exports to China from India may increase fivefold in coming cotton season is keeping prices sideways. Cotton Advisory Board (CAB) has revised India's ending stocks in the year started October to 43.3 lakh bales due to a fall in consumption by the mills. Recently, CAI cut its estimate for 2017-18 (Oct-Sep) closing stock to 16 from 21 lakh bales seen in April. **Cotton acreage till last week was higher by 1.5% on year to 16.9 lakh hac, according to the farm ministry data.** According to commerce ministry data, cotton exports in April is about 8.23 lakh bales, up by 86.13% on year. Exports for the season are only higher by 7% at 51.21 lakh bales in cotton year 2017/18 started on October. **Bangladesh (19.2 lakh bales), Pakistan (9.6 lb) and Vietnam (9 lb) are the top cotton export destination in CY 2017/18.**

ICE Cotton closed little higher of Thursday mainly due to bargain buying despite weak weekly export data and worries of a trade war between the United States and China - the world's biggest cotton exporter and top consumer, respectively. Cotton futures fell nearly 10 percent in the last three sessions as concerns about an escalating trade conflict between United States and China sparked a sell-off. USDA Export Sales report showed a net cancellation of 112,393 RB in old crop upland cotton. Export shipments of upland cotton were at just 312,768 RB, down 32% from a week ago, but still 20.56% above this week in 2017.

Outlook

Cotton futures are expected trade lower on expectation of some technical corrections. Weak international prices and expectation of higher acreage of cotton due to good prices may keep prices sideways.

Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Jun'18	₹/bale	21400-21700	22200-22500

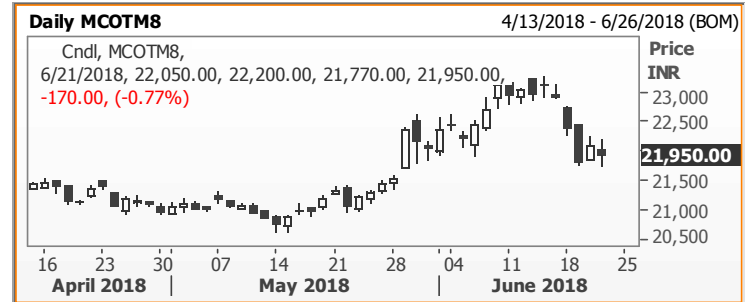
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	3578	0.7	2.9	-0.3	#N/A	
Chana- NCDEX-Jul'18	`/qtl	3507	1.5	2.6	-4.2	#N/A	
NCDEX Kapas Apr '18	R/20 kgs	#N/A	#N/A	#N/A	#N/A	#N/A	
MCX Cotton Jun'18	Rs/Bale	21950	-0.68	-5.06	4.13	9.91	
ICE Cotton Dec'18	Usc/Lbs	84.29	0.13	-9.33	0.54	18.90	
Cotton ZCE	Yuan/ton	15670	-0.06	-5.09	-6.56	4.02	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jul Jeera futures continue to trade higher on Thursday on fresh buying initiated by the market participants on reports of good exports demand. Cumin futures have jumped 22% or Rs. 3,0900 from its low levels in March. According to export data released by commerce ministry, Jeera recorded its highest monthly exports of 33,458 tonnes in March while in April the exports were 74% higher on year at 25,900 tonnes. During FY 2017/18, country exported about 1,60,479 tonnes of jeera, up by 24.5% on year. Jeera arrivals during 1-15 Jun are pegged at 7,780 tonnes compared to 5,055 tonnes last year for same period.

NCDEX Jul Turmeric closed higher on Thursday due to short covering by the market participants. However, good rains in turmeric growing areas in south India is weighing on prices. It was trading sideways to lower during last 5 weeks due to steady demand and forecast of normal rains in south peninsula. In the last month, prices have fallen about 6% from its three months high levels due to profit booking by market participants. Supplies from the new season turmeric have been lower during May at 53,500 t (Vs 73,500 t) compared last year, as per Agmarknet data. The export of turmeric was down by 24% at 10,462 tonnes in April 2018 compared to last years' exports.

Outlook

We expect **Jeera** futures to trade sideways to higher on expectation of improved physical and exports demand as prices are at lower levels as compared to last year. There is mixed signals from spot market which may keep the prices in a range.

Turmeric Apr futures expected to trade sideways further corrections at higher levels. Moreover, mixed rains in Telangana and Maharashtra turmeric growing areas and steady physical demand from up country buyer may support prices in coming weeks.

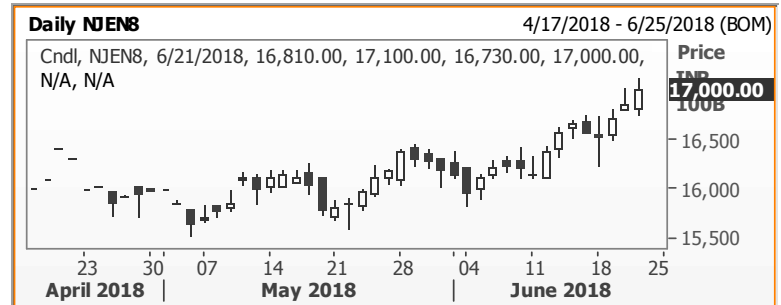
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'18	₹/qtl	16500-16800	17300-17600
Turmeric NCDEX Jul'18	₹/qtl	7200-7260	7380-7450

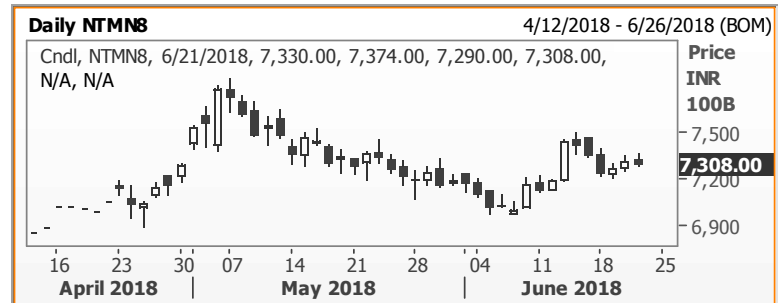
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	16863	0.43	2.28	5.15	-9.23	
Jeera- NCDEX Jul'18	R/qtl	17050	1.25	2.43	7.54	-7.91	
Turmeric Spot- NCDEX	R/qtl	7392	0.17	0.00	0.30	27.44	
Turmeric- NCDEX Jul'18	R/qtl	7320	0.05	-1.37	-0.65	21.48	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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