

Agri-Fundamentals

Soybean

NCDEX Jul Soybean closed higher for third consecutive day on Thursday on reports of good soy meal exports and reports that China may cut its import tariff on soybeans from India, South Korea, and Bangladesh. According to SOPA, India's soymeal exports in June will likely top 100,000 tonnes, up 44% on year, due to robust demand. Moreover, slow start to kharif sowing in the country also supported prices. **The area under soybean in the country was at 212,400 ha as of last week, down 59% from a year ago, according to data released by the farm ministry.** Bangladesh, one of the largest importers of soymeal from India, reduced the import duty to nil which may result into tough competition from South American countries.

CBOT Jul Soybean dropped to 1-1/2 week lows on Thursday as traders squared positions ahead of Friday's U.S. Department of Agriculture acreage and quarterly stocks reports. Earlier in the week it hit two years low on concern on U.S.-China trade tensions and crop-friendly weather in the Midwest United. The USDA is scheduled to release its U.S. acreage and quarterly stocks reports on Friday. The average June 1 soybean stocks estimate among analysts surveyed by Reuters was 1.225 billion bushels, the highest June 1 figure on record, if realized. Old crop soybean export sales in the week that ended June 21 were 358,513 MT, on the low side of expectations. That was more than 3 times this week last year despite 119,974 MT reported in net cancellations for China. New crop sales were shown at 642,270 MT, well above trade estimates.

RMseed (Mustard seed)

Mustard Jul futures surged higher but closed flat on Thursday due to profit booking by the market participants. There is an expectation of improved meal and crushing demand after government increase import duty on soft edible oil by 10-15% may support prices. 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 expectation of higher sowing due to forecast of normal rains but There is expectation 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. **Moreover, soybean meal import tax cut by China for India may keep prices higher.**

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.

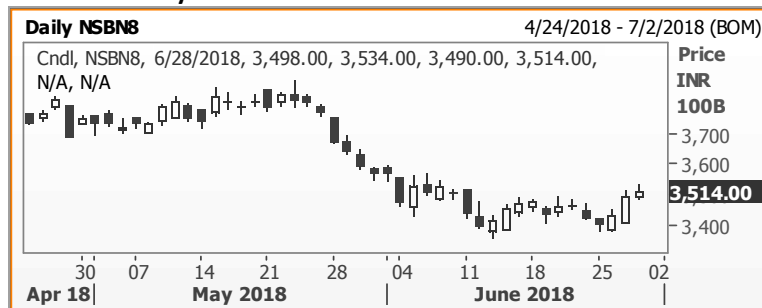
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jul'18	₹/qtl	3430-3480	3560-3590
Mustard NCDEX Jul'18	₹/qtl	3920-3950	4030-4070

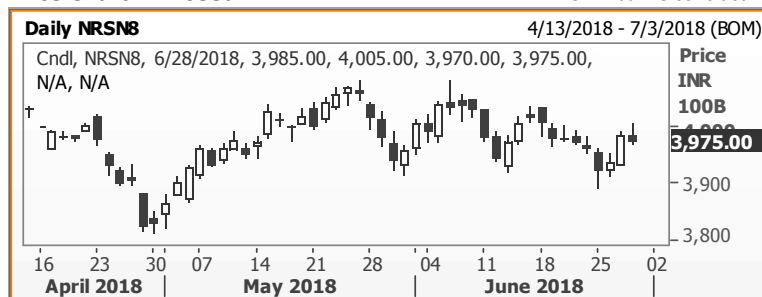
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX -							
Indore	R/100 kg	3539	0.00	-0.56	-4.45	20.46	▲
Soybean- NCDEX Jul'18	R/100 kg	3515	0.54	1.27	-3.67	24.56	
Soybean CBOT- Nov'18	USc/lb	884	-0.53	-1.91	-15.18	-3.41	
RM Seed Spot- NCDEX							
RM Seed- NCDEX Jul'18	MYR/Tn	4082	0.00	-0.09	2.04	9.98	▲
Rapeseed- WCE	CAN \$/Tn	524	-1.11	-0.25	-2.62	-1.19	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures edged lower on Thursday on technical corrections. However, the prices are still on uptrend due to weaker rupees and improving demand from the physical market participants. It is traded under pressure since last one month on reports of good stocks level in the country but was flat for last one week. 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.

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 continues to trade higher for the fifth successive session on Thursday due to weaker rupees which makes imports expensive. However, cut in tariff values of all the edible oils by the Indian government kept the prices lower. 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 rose more than 1% to its highest in over two weeks on Thursday supported by weaker ringgit and a firm crude oil prices. Ringgit falls to its lowest against the U.S. dollar since Jan. 2, which makes cheaper for the foreign buyer . Gains in oil prices have made production of biodiesel, in which crude palm oil is used as feedstock, more economical. Malaysian palm oil exports for June 1-25 fell 14.1 % from the corresponding period a month ago according to cargo surveyor on weak demand from key markets such as Europe, China and Pakistan. It was down 2.1 % last week, marking its fourth straight weekly decline, due to weaker export demand and higher inventories.

Outlook

We expect **Ref Soy oil** to trade sideways to higher 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 will also support higher prices. However, higher stock levels in the country and reduce base import prices may keep the prices steady.

CPO futures may trade sideways to positive on bargain buying and improved prices in international prices. However higher domestic stocks and steady domestic demand from the stockists may keep the prices sideways.

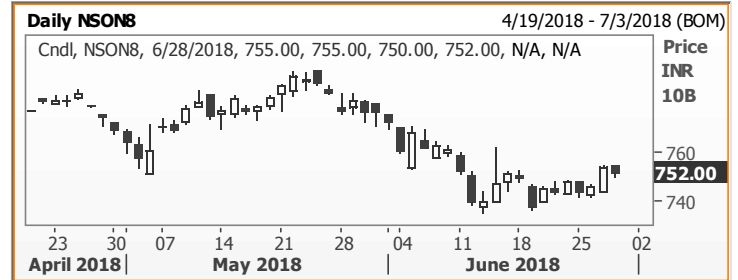
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'18	₹/qtl	743-747	759-765
CPO MCX Jun'18	₹/qtl	633-638	645-650

Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot -							
Mumbai	R/10 kgs	757.5	0.92	0.64	0.17	22.2	
Ref Soy oil- NCDEX Jul'18	R/10 kgs	752.4	-0.23	1.10	-3.67	18.1	
Soybean Oil- CBOT- Jul'18	USc/lbs	28.91	-0.34	-0.96	-7.37	-10.8	
CPO-Bursa Malaysia - Sep'18	MYR/T	2325	0.43	3.29	#N/A	-11.2	
CPO- MCX –Jun'18	R/10 kg	643.8	-0.02	2.32	-2.40	31.3	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Jul futures edged lower on Thursday due to profit booking after it surged for two previous sessions. Chana is still under pressure on higher availability of Chana in physical market as states ends procurement at MSP. Government has tried to keep the prices higher by removing export restrictions and procuring at MSP. According to govt officials, MP has completed procurement of 1.8 mt of rabi-harvested chana and masur. 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 to higher due to improved 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	3370-3420	3490-3530

Cotton / Kapas

MCX June Cotton corrected on Thursday as prices have been traded in a narrow range 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. There are reports of good export demand and lower pace of kharif sowing in the country. **Cotton acreage till last week was down by 16% on year to 20.7 lakh hac, according to the farm ministry data.** The fall in area of cotton was mainly due to delay in arrival of monsoon over Gujarat, one of the largest growers of the commodity. 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 hit its lowest in more than a week on Thursday, falling about 1.5% ahead of acreage report and weak exports figures. Planted acreage report is expected to show cotton acreage for 2018 at 13.781 million acres, 312,000 more than March and a 1.169 million acre jump from last year. **The USDA reported a net reduction of 18,884 RB in old crop upland cotton export sales during the week ending 6/21. USDA reported exports of 367,800 running bales (RB) for the week of June 21 were up 18 percent from the previous week, but down 15 percent from the prior 4-week average.** CFTC data showed managed money trimming the cotton net long position by 7,673 contracts to a net position of 81,238 contracts.

Outlook

Cotton futures are expected trade sideways to positive on higher demand but 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	21550-21800	22400-22600
Kapas NCDEX Apr'19	₹/20 kg	1100-1130	1170-1190

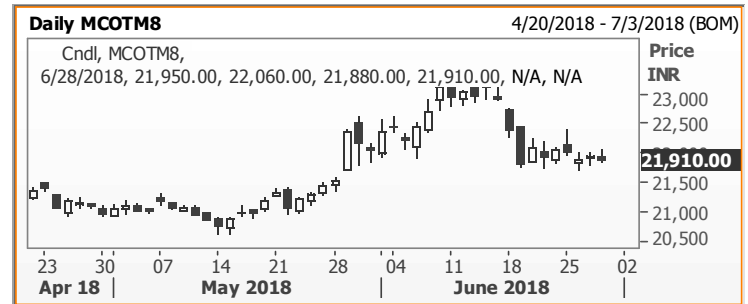
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	3562	-0.3	-0.4	-1.1	#N/A	
Chana- NCDEX-Jul'18	₹/qtl	3459	-0.7	-1.4	-4.5	#N/A	
NCDEX Kapas Apr '19	R/20 kgs	1148	-0.95	-0.43	#N/A	#N/A	
MCX Cotton Jun'18	Rs/Bale	21910	-0.18	-0.18	-2.01	10.10	
ICE Cotton Dec'18	Usc/Lbs	83.55	-1.56	-0.88	-7.83	12.91	
Cotton ZCE	Yuan/ton	15565	-0.19	-0.67	-8.82	6.25	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jul Jeera futures continue to trade positive for the fourth consecutive day this week supported by reports of higher exports and restricted supplies in the physical market. Cumin futures have jumped 7.7% this month from the lows and more than 20% this quarter starting April. 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 good physical demand and diminishing arrivals. In the current month, prices have surged more than 3.1% on expectation of lower supplies in coming months. 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. Exports are lower by 15.5% in first 4 month of current year compared to last year.

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 futures expected to trade sideways to higher on expectation of good physical demand and diminishing arrivals. Moreover, rains in Telangana and Maharashtra turmeric growing areas may keep the prices sideways.

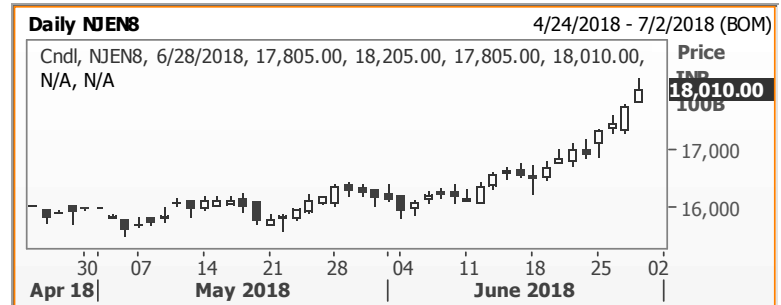
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'18	₹/qtl	17500-17800	18300-18550
Turmeric NCDEX Jul'18	₹/qtl	7250-7340	7480-7560

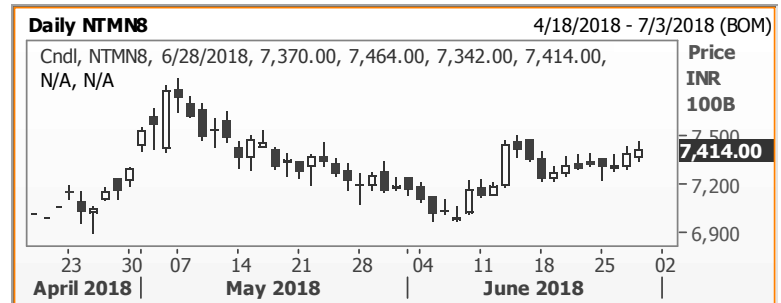
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	18074	2.42	7.18	11.46	-3.37	
Jeera- NCDEX Jul'18	R/qtl	18010	1.64	5.94	10.49	-4.48	
Turmeric Spot- NCDEX	R/qtl	7490	0.12	1.33	1.22	20.29	
Turmeric- NCDEX Jul'18	R/qtl	7414	0.30	1.45	2.23	16.72	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

Prepared By

Anuj Gupta
 Deputy Vice President – Research (Commodity & Currency)

Anuj.gupta@angelbroking.com
 (011) 4916 5954

Angel Commodities Broking Pvt. Ltd.

Registered Office: G-1, Akruti Trade Centre, Rd. No. 7, MIDC, Andheri (E), Mumbai - 400 093.

Corporate Office: 6th Floor, Akruti Star, MIDC, Andheri (E), Mumbai - 400 093. Tel: (022) 2921 2000

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Ritesh Kumar Sahu
 Research Analyst – Agri-Commodities

riteshkumar.sahu@angelbroking.com
 (022) 2921 2000 (Ext 6165)

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