

Agri-Fundamentals

Soybean

NCDEX Aug Soybean edged higher last week on expectation of increase in meal exports may keep the prices near its new MSP. **Government has increased the export incentives on soymeal to 10% of the free-on-board value from the current 7% till Mar 31. The area under soybean in the country increased by 11% compared to last year sowing at 93.9 lakh ha as of last week, according to data released by the farm ministry.** India's soymeal exports in July are expected to hit a six-month high of around 150,000 tn, supported by increase in demand from European countries.

CBOT Nov Soybean edged higher for fifth consecutive session on Thursday on lower-than-expected U.S. crop ratings and increased exports. The USDA reported that 252,313 MT of old crop soybeans export during the week of 7/12, up 59.1% from the July 4th holiday week. New crop sales exceeded expectations at 613,350 MT, well above last week. Export shipments were tallied at 605,182 MT, 69.1% above a year ago, as 119,800 MT went to Mexico. The 6-10 day outlook is showing forecasts for cooler and drier weather for much of the Midwest. Money managers in soybean futures and options added another 5,152 contracts to their net short position as of July 17 to -58,399 contracts.

RMseed (Mustard seed)

Mustard Aug futures climb more than 3% last week on reports of good demand for meal exports. According to SEA latest export report, mustard meal exports during first 3 months of 2018/19 is higher by 90% at 2.86 lt on year due to higher demand from South Korea.

Moreover, mustard oil imports have been lower by 21% on year and 51.7% on month to 10,648 tonnes in June. Mustard seed futures jumped 3% in first half July on anticipation of improved meal and crushing demand. Recently, government increase import duty on soft edible oil by 10-15%.

Mustard oil mills across the country crushed 650,000 tn of the oilseed in June, down 27% from previous month as per data release by Mustard Oil Producers Association of India.

Outlook

Soybean futures are expected to trade higher on technical buying and steady improvement in demand from the oil mills after government increase the incentives for soy meal exports. However, expectation of good acreage for soybean this season due to forecast of normal rains may keep prices sideways.

Mustard futures expected to trade higher on steady supplies and demand. Moreover, expectation of recovery from the lower levels due to higher crushing demand and improved meal exports will support mustard prices.

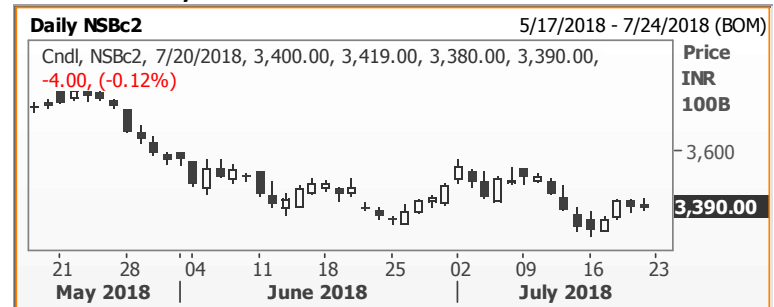
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Oct'18	₹/qtl	3310-3350	3430-3470
Mustard NCDEX Aug'18	₹/qtl	4140-4190	4270-4310

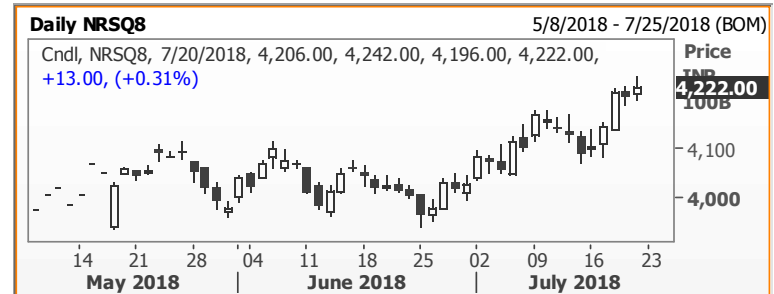
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3576	-0.36	0.76	0.48	20.57	
Soybean- NCDEX Oct'18	R/100 kg	3390	0.00	2.14	0.30	19.85	
Soybean CBOT- Nov'18	USc/lb	865	0.38	3.66	-5.02	-14.30	
RM Seed Spot- NCDEX	MYR/Tn	4363	0.30	2.96	7.04	13.33	
RM Seed- NCDEX Aug'18	R/100 kg	4222	0.45	3.20	4.97	14.30	
Rapeseed-WCE	CAN \$/Tn	490	-7.42	1.07	-5.60	-2.87	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Aug Futures edged higher last week on good physical demand and improvement in soybean prices in the domestic market. However, steady physical demand, lower tariff value and higher stock positions in the country is keeping price sideways. Stocks of edible oil in ports and pipeline are estimated at 2.518 mt as on July 1 compared to 2.278 mt a year ago while lower than 2.662 mt in May. However, weaker rupees, higher import duty and improving demand from the physical market participants have kept the prices 17% higher on year.

Higher duty and depreciation in Indian rupee against the dollar has slow down the imports. As per the data from SEA, India's vegetable oil imports during June dropped 23% to 10.4 lakh tons (lt) compared to 13.4 lt in the same period a year ago. While imports for Nov-June fell by 2.2% to 96.4 lt compared to 98.6 lt on year. Edible oil imports fell to 10.07 lt in June compared to 12.9 lt in the same period a year ago on lower crude oil prices. Soyoil degummed imports fell marginally to 288,519 tons compared to 290,904 tons. **For the second fortnight of July, the base import price of crude soyoil has been cut to \$743 per tn from \$750 per tn by the govt which is lowest since Jan 2016.**

Crude Palm oil

MCX CPO edged higher on week due to some bargain buying and increase in physical demand. However, weak Malaysian palm oil, higher stocks in the country and lower tariff value for crude palm oil is keeping the prices in a range. The government has slashed the base import price of CPO and RBD Palmolein by \$4 to \$614 per ton and \$6 to \$640 per ton respectively.

According to SEA monthly update, palm oil imports into the country were down 47% and 26% for CPO and RBD Palmolein in June compared to last year. India's palm oil imports dropped in May due to higher taxes on shipments while weaker rupees making imports expensive. During Nov-Jun, palm oil imports declined to 55.6 lakh tn from 59.3 lakh tn.

Malaysian palm oil futures edged up at the close of trade on Friday, but remained largely caught in a range as demand remained on sluggish. Exports from Malaysia, the world's second largest palm oil producer, had declined for a third straight month in June, down 12.6% at 1.13 mt, on slower demand from key buyers India and China. The prices are still under pressure as Malaysian palm oil production is expected to rise in July and throughout the third quarter of the year in line with the seasonal trend.

Outlook

We expect **Ref Soy oil** to trade sideways due to expectation of improved physical demand. Moreover, weaker rupees and increase in import duty on refine and crude soy oil may keep the prices higher.

CPO futures may trade sideways to higher on bargain buying. However, higher domestic stocks and steady domestic demand from the stockists will keep prices steady.

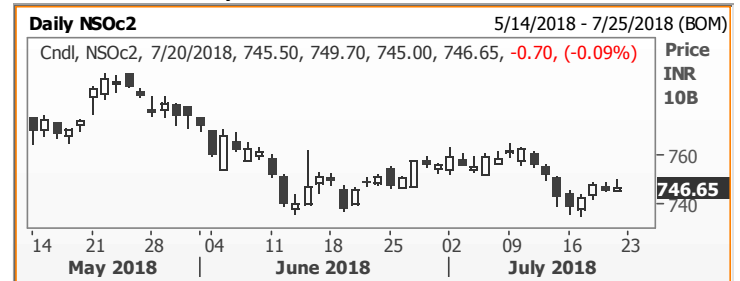
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Aug'18	₹/qtl	735-741	750-754
CPO MCX Jul'18	₹/qtl	609-614	623-630

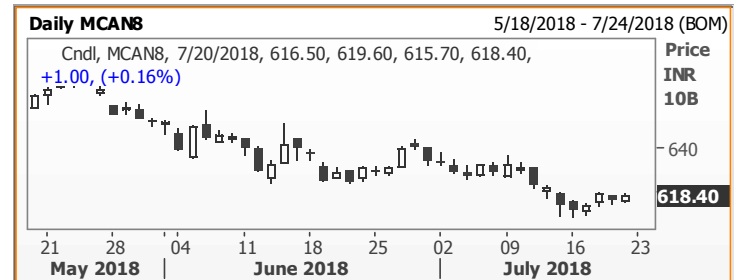
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	752.8	0.04	-0.26	0.28	19.0	
Ref Soy oil- NCDEX Aug'18	R/10 kgs	746.7	0.07	0.45	-0.14	16.0	
Soybean Oil- CBOT- Aug'18	USc/lbs	28.22	1.40	0.89	-4.27	-16.5	
CPO-Bursa Malaysia - Oct'18	MYR/T	2194	0.05	2.19	-3.01	-16.0	
CPO- MCX - Jul'18	R/10 kg	618.4	0.23	0.54	-1.69	28.3	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Aug futures see some profit booking during last two sessions but closed 6.6% higher last week supported by lower stocks and expectation of improved physical demand in coming months. Chana surged during July as government has extended the imports ban for dry peas for three more months. New notification says that pea import can't take place till 30 Sep 2018. It is applicable for all peas. **It surged 24.3% or Rs. 858 per quintal in July.** Government has tried to keep the prices higher by removing export restrictions and procuring at MSP of Rs. 4,440 per quintal. Chana exports from the country also improved after government announced of a 7% duty credit incentive on exports in March 2018.

Outlook

Chana futures may trade sideways to higher due improved physical demand and diminishing stocks with the stockists. There is expectation of some corrections at higher levels.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Aug'18	₹/qtl	4180-4240	4320-4360

Cotton / Kapas

MCX Jul Cotton closed lower last week tracking weak trend in International prices. However, reports of good exports and slow sowing progress in the Country are keeping prices higher compared to last year prices. As per Commerce ministry data, cotton exports in May surged by 27.6% to 5.7 lakh bales as compared to last year. **Cotton acreage till last week was down by 11% on year to 92.7 lakh hac compared to 104.8 lakh ha las year, according to the farm ministry data.**

FAS India forecasts marketing year 2018/19 cotton production at 28.7 million 480 lb. bales on 11.85 million hectares but cut its estimate for India's cotton closing stocks in 2018-19 (Aug-Jul) to 14.07 mln bales (1 US bale = 218 kg) from 14.33 mln bales pegged earlier. Market participants are expecting higher imports in coming months as govt increase MSP for cotton by 26-28%.

ICE Cotton fell on Friday for a third straight session after a weekly U.S. government report showed a fall in export sales amid intensifying trade tensions between the United States and China. The USDA reported net upland sales of 12,900 running bales (RB) for 2017-18 and 247,700 RB for 2018-19, in its weekly export sales report. That compares with sales of 121,600 running bales (RB) for 2017-18 and 251,400 RB for 2018-19, reported last week. Cotton on Call report showed mills increasing their unfixed call sales position for December by 562 contracts to 52,774 contracts as of 7/13.

Outlook

Cotton futures are expected to trade sideways to positive on improved demand and increase in MSP by government. However, weak international prices and expectation of higher acreage of cotton due to good prices may keep prices sideways.

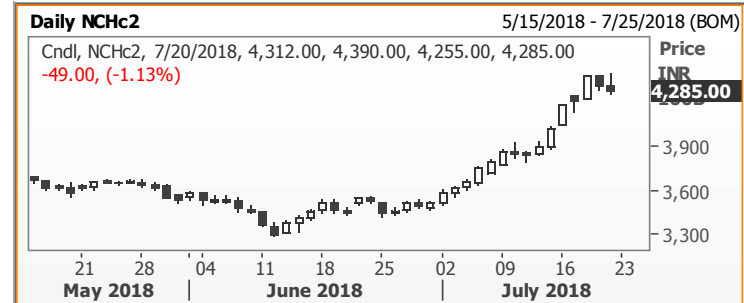
Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Jul'18	₹/bale	21900-22100	22600-22900
Kapas NCDEX Apr'19	₹/20 kg	1130-1150	1190-1210

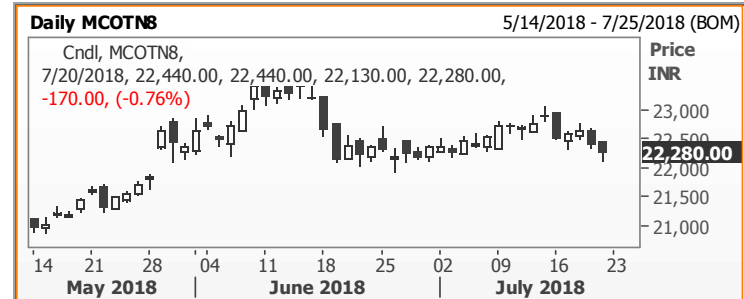
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	4377	0.6	11.3	23.1	#N/A	
Chana- NCDEX-Aug'18	`/qtl	4285	-0.6	6.6	22.5	-16.5	
NCDEX Kapas Apr '19	R/20 kgs	1166	-0.81	-0.21	0.52	#N/A	
MCX Cotton Jul'18	Rs/Bale	22280	-0.67	-2.71	-0.54	9.86	
ICE Cotton Dec'18	Usc/Lbs	87.08	-0.54	-0.87	3.44	25.95	
Cotton ZCE	Yuan/ton	15890	3.08	1.47	1.34	3.52	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Aug Jeera futures ended last week on positive note supported by good physical demand. However, prices are moving mostly sideways due to pressure at higher level. Jeera prices surged more than 27% during the second quarter (Apr-Jun) on higher exports from China and Bangladesh due to restricted supplies from Syria. According to export data released by Commerce ministry, exports in May surged 96% on yea 27,790 tonnes. Moreover, country exports about 87115 tonnes of jeera during Mar-May 2018. Jeera arrivals during 1-15 Jun are pegged at 4,991 tonnes compared to 880 tonnes last year for same period.

NCDEX Aug Turmeric jumped higher last week and gained 5.4% as market participants are covering their short positions on anticipation of good physical demand. Earlier, it is trading under pressure on expecting higher acreage of turmeric in Andhra Pradesh and Maharashtra following good rains this monsoon. In June, prices have surged more than 3.7% on expectation of lower supplies in coming months. Arrivals of turmeric have been lower during first 20 days in July at 13,755 t (Vs 13,908 t) compared last year, as per Agmarknet data. The export of turmeric was down by 5% at 10,651 tonnes in May 2018 compared to last years' exports. Exports are lower by 13.4% in first 5 month of current year compared to last year.

Outlook

We expect **Jeera** futures to trade sideways to higher on expectation of good physical and exports demands from China and Bangladesh. However, correction from the higher levels may keep the prices sideways.

Turmeric futures expected to trade higher on expectation of increase in physical demand during sowing season. However, reports of improved sowing turmeric growing areas of Tamilnadu, Karnataka and Maharashtra may keep prices sideways.

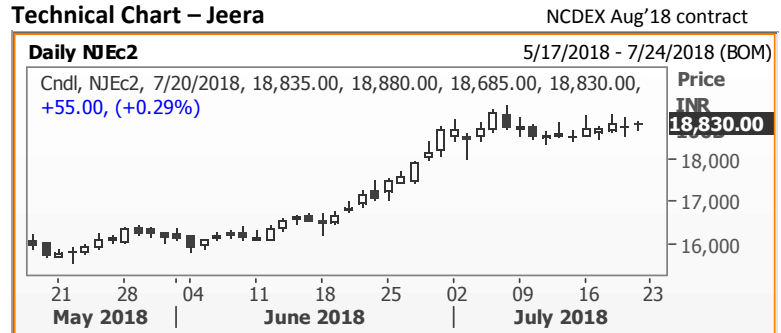
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Aug'18	₹/qtl	18300-18500	19100-19350
Turmeric NCDEX Aug'18	₹/qtl	7150-7250	7450-7550

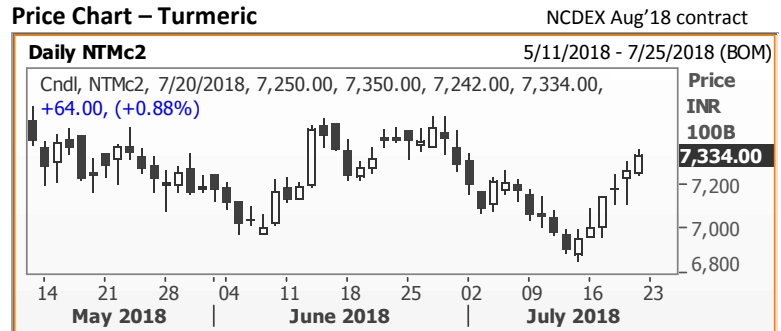
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	18650	0.09	0.81	11.08	-4.20	
Jeera- NCDEX Aug'18	R/qtl	18830	0.32	1.70	11.03	-4.57	
Turmeric Spot- NCDEX Turmeric- NCDEX Aug'18	R/qtl	7357	0.00	0.99	-0.30	-0.19	
	R/qtl	7334	1.02	5.40	-0.81	1.28	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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