

Agri-Fundamentals

Soybean

NCDEX Aug Soybean closed lower last week due to improved sowing data. **The area under soybean in the country increased by 6.4% compared to last year sowing at 101.53 lakh ha as of last week, according to data released by the farm ministry.** However, expectation of increase in meal exports is keeping prices in a range.

Government has increased the export incentives on soymeal to 10% of the free-on-board value from the current 7% till Mar 31 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 futures rose 1.1 % on Friday, supported by hopes of strong export demand despite a trade war with China. For the week, soybean futures rose 2.4 %, soymeal futures rose 2.2 % and soyoil futures rose 1.4%. Export commitments for soybeans are now 4.1% lower than in the same time last year, however, they are now even with the average at 103% of the USDA projected total.

Money managers in soybean futures and options added another 2,916 contracts to their net short position as of Tuesday.

RMseed (Mustard seed)

Mustard Aug futures slipped 1% last week due to profit booking from the higher levels. It touched 4 months high earlier in the week. There is still 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 sideways to higher on steady improvement in demand from the oil mills as government increase the incentives for soy meal exports may keep prices supported. However, expectation of good acreage for soybean this season due to forecast of normal rains.

Mustard futures expected to trade sideways to lower on further corrections but improved demand for crushing and lower arrivals may support prices from lower levels. Moreover, improved meal exports will support mustard prices.

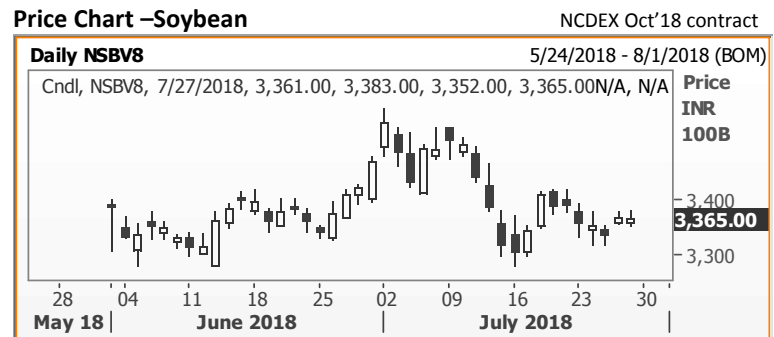
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Oct'18	₹/qtl	3295-3330	3340-3440
Mustard NCDEX Aug'18	₹/qtl	4010-4140	4210-4250

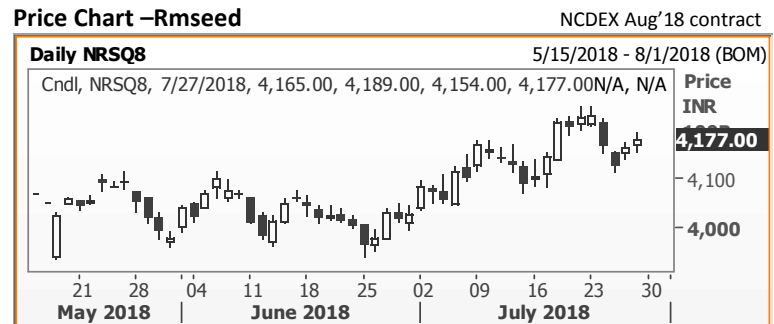
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3541	0.17	-0.98	0.06	19.15	▲
Soybean- NCDEX Oct'18	R/100 kg	3365	-0.15	-0.74	-1.32	10.04	
Soybean CBOT- Nov'18	USc/lb	885	1.06	2.37	-0.42	-11.54	
RM Seed Spot- NCDEX	MYR/Tn	4341	0.37	-0.51	6.35	12.48	▲
RM Seed- NCDEX Aug'18	R/100 kg	4177	0.38	-1.07	3.67	13.01	▲
Rapeseed-WCE	CAN \$/Tn	#N/A	#N/A	#N/A	#N/A	#N/A	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Aug Futures ended the week on a negative note due steady physical demand, lower tariff value and higher stock positions in the country is keeping price sideways. However, weaker rupees, higher import duty and improving demand from the physical market participants have kept the prices 17% higher on year. Stocks of edible oil in ports and pipeline are estimated at 2.52 mt as on July 1 compared to 2.28 mt a year ago while lower than 2.66 mt in May.

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 closed little lower last week tracking weak trend in Malaysian palm oil prices. However, improved physical demand, 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 lt from 59.3 lt.

Malaysian palm oil futures fell on Friday on expectation of higher output, which seasonally begins in the third quarter of the year, typically adds to inventory levels and weighs on prices. Exports of palm oil products from Indonesia, the world's biggest exporter, rose 7.5% in June from a year earlier, Indonesia's palm oil association (GAPKI) said on Friday. Malaysian palm oil products for July 1 to 25 rose 5% versus the corresponding period last month according to inspection company AmSpec Agri. 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 higher stocks and steady 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 amid higher domestic stocks and steady domestic demand from the stockists. Weak Malaysian palm oil prices too pressurize prices.

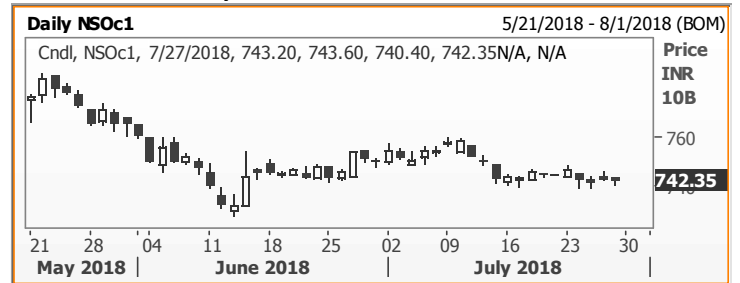
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Aug'18	₹/qtl	734-738	745-749
CPO MCX Aug'18	₹/qtl	597-601	608-613

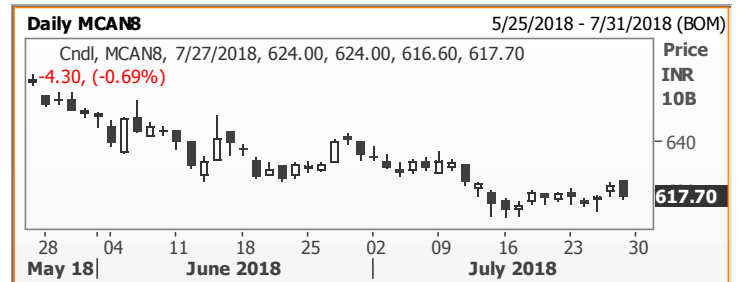
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	753.3	0.13	0.07	0.36	18.6	
Ref Soy oil- NCDEX Aug'18	R/10 kgs	742.4	-0.09	-0.58	-2.03	14.9	
Soybean Oil- CBOT- Aug'18	USc/lbs	28.56	1.46	1.20	-1.96	-17.5	
CPO-Bursa Malaysia- Oct'18	MYR/T	2186	-0.73	-0.36	-5.57	-18.0	
CPO- MCX -Jul'18	R/10 kg	617.7	-0.66	-0.11	-3.50	26.6	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Aug futures closed lower last week on expectation that there will be sufficient supplies of Chana in the physical market as NAFED announce to auction its procured Chana. However, it closed higher on Friday due to short covering. 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 to technical recovery but reports of NAFED selling its procured chana in the physical market may keep prices under pressure.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Aug'18	₹/qtl	4060-4120	4190-4250

Cotton / Kapas

MCX Jul Cotton closed higher last week due to improved prices in the International prices. However, reports of lower exports and pickup in sowing progress in the Country is pressurizing 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 8% on year to 102.51 lakh ha compared to 111.4 lakh ha last 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 closed higher last week as dry weather concerns lingered in Texas, the top cotton-producing state in the United States. The large spec funds in cotton futures and options added 406 contracts to their net long position as of Tuesday to 81,458 contracts. The USDA reported net upland sales of 2,300 running bales (RB) for 2017-18 and 199,100 RB for 2018-19, for the week ended July 19. Exports of 293,300 RB were up 29 percent from the previous week.

Outlook

Cotton futures are expected to trade sideways to positive on improved demand, lower acreage 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.

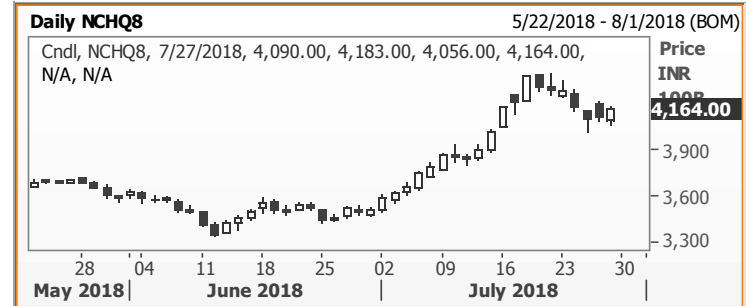
Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Oct'18	₹/bale	23100-23300	24000-24300
Kapas NCDEX Apr'19	₹/20 kg	1140-1160	1200-1230

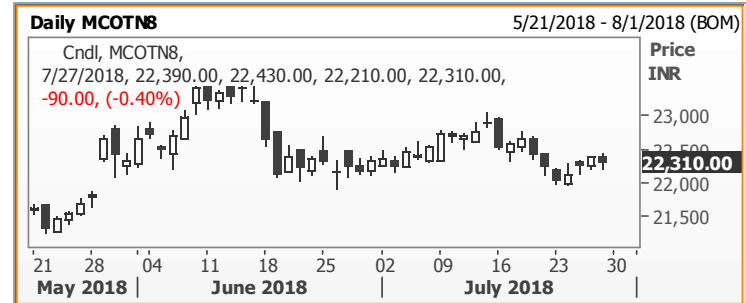
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	4204	0.3	-4.0	17.7	#N/A	
Chana- NCDEX-Aug'18	`/qtl	4164	1.3	-2.8	18.2	-13.6	
NCDEX Kapas Apr '19	R/20 kgs	1184.5	0.81	1.59	2.20	#N/A	
MCX Cotton Jul'18	Rs/Bale	22310	-0.31	0.13	0.22	7.16	
ICE Cotton Dec'18	Usc/Lbs	88.34	0.12	1.45	4.09	25.80	
Cotton ZCE	Yuan/ton	15960	3.54	0.44	2.34	8.13	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Aug Jeera futures closed higher last week as market participants initiated fresh buying due to good physical demand. Jeera prices surged more than 5.5% during July 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 year to 27,790 tonnes. Moreover, country exports about 87,115 tonnes of jeera during Mar-May 2018. Jeera arrivals during 1-12 Jun are pegged at 6,809 tonnes compared to 3,188 tonnes last year for same period.

NCDEX Aug Turmeric edged lower last week due to profit booking. However, the trend is still positive 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 25 days in July at 15,090 t (Vs 16,411 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. For the first 5 months, the exports are lower by 13.4% compared to last year.

Outlook

We expect **Jeera** futures to trade 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 sideways to 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.

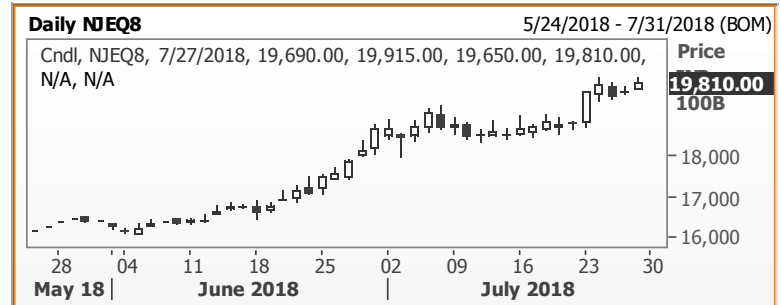
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Aug'18	₹/qtl	19300-19550	20200-20280
Turmeric NCDEX Aug'18	₹/qtl	7080-7160	7350-7450

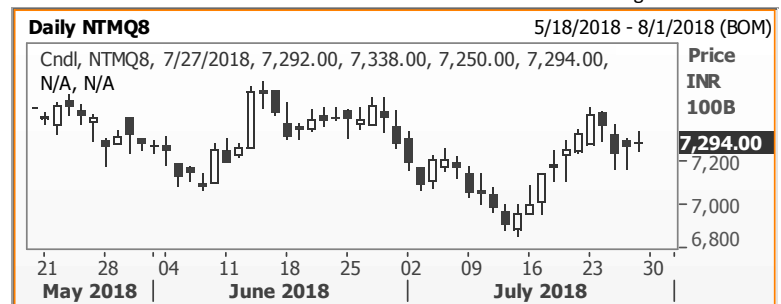
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	19362	0.47	3.82	9.72	-0.37	
Jeera- NCDEX Aug'18	R/qtl	19810	1.07	5.20	10.70	3.23	
Turmeric Spot- NCDEX Turmeric- NCDEX Aug'18	R/qtl	7420	0.00	0.86	-0.81	2.46	
	R/qtl	7294	0.22	-0.55	-2.17	0.69	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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