

## Agri-Fundamentals

### Soybean

**NCDEX Oct Soybean** closed lower for the second consecutive day on Thursday mainly due to profit booking by the market participants on forecast of good rains in the central India after a brief dry spell. **The area under soybean in the country increased by 10.6% at 10.9 lakh ha as of last week compared to last year sowing, according to data released by the farm ministry.** Moreover, the arrivals have also declined by about 38% in July to 2.55 lakh tonnes compared to last year same month (4.11 lt). **Government has increased the export incentives on soymeal to 10% of the free-on-board value from the current 7% till Mar 31.** According to the latest report by The Soybean Processors' Association of India, India's soymeal exports rose 12% on year to 102,000 tn in July. There was strong demand from Bangladesh, France and Israel boosting export of the oilmeal.

**CBOT Nov futures closed lower on Thursday after two sessions of gains in a profit-taking ahead of Friday's ISDA monthly report. Earlier prices were supported by forecasts for dry weather in soybean growing areas and hopes of exports demand from China.** The USDA cut good-to-excellent Ratings for the U.S. crop by 3% points to 67 %. Traders, on average, had expected a 1-point decline. Old crop soybean export sales totaled 421,841 MT in the week that ended on August 2, as new crop sales were at 532,540 MT. Soybean exports were well above the normal pace for this time of the year at 1.016 MMT. CONAB's monthly crop report bumped their Brazilian soybean production estimate up 0.13 to 118.99 MMT, matching USDA's July number.

### RMseed (Mustard seed)

**Mustard Aug futures** edged lower on Thursday for the second successive day due to profit booking by the traders on expectation of higher availability of rmseed in physical market. There is an expectation of higher availability of mustard in market as National Agricultural Cooperative Marketing Federation of India (NAFED) started selling mustard seed in Rajasthan from Friday. NAFED had procured the oilseed under the price support scheme in 2017-18 (Jul-Jun). Prices touched 4 months high last week. There is still good demand for meal exports. According to data compiled by Mustard Oil Producers Association, oil mills across the country crushed 450,000 tn of mustard in July, down 30.8% on month and 18.2% on year. According to SEA latest export report, overall exports during April and July 2018, is up 24% at 898,871 tonnes compared to 725,250 tonnes during the same period last year.

### 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. However, expectation of good area this season due to forecast of normal rains.

**Mustard futures** expected to trade sideways to lower on reports of NAFED selling mustard seed in Rajasthan. However, the prices may improve on steady demand for crushing and higher MSP.

### Technical Levels

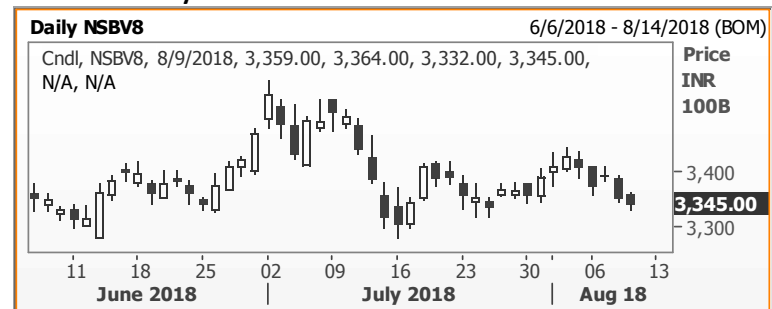
Contract	Unit	Support	Resistance
Soybean NCDEX Oct'18	₹/qtl	3260-3310	3390-3430
Mustard NCDEX Aug'18	₹/qtl	4030-4070	4140-4180

## Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX - Indore</b>	R/100 kg	3503	-0.99	-2.59	-3.68	17.67	
<b>Soybean- NCDEX Oct'18</b>	R/100 kg	3345	-0.21	-2.45	-4.43	13.01	
<b>Soybean CBOT- Nov'18</b>	USc/lb	904	-0.71	0.72	3.73	-2.87	
<b>RM Seed Spot- NCDEX</b>	MYR/Tn	4331	-0.12	0.11	2.35	12.49	
<b>RM Seed- NCDEX Aug'18</b>	R/100 kg	4059	-0.73	-1.50	-2.33	10.96	
<b>Rapeseed-WCE</b>	CAN \$/Tn	509	-3.95	2.56	-1.13	0.49	

### Price Chart –Soybean

NCDEX Oct'18 contract



### Price Chart –Rmseed

NCDEX Aug'18 contract



Source: Reuters

## Refine Soy Oil

**Refined Soy Oil Aug Futures closed lower on Thursday mainly on technical selling to steady demand and supply scenario. However, earlier the prices have been under pressure due to lower tariff value and higher stock positions in the country.** According to an official notification, government slashed the base import price of all edible oils in the range of \$20-\$36 per tn.

**For the first fortnight of August, the base import price of crude soyoil has been cut to \$723 per tn from \$743 per tn by the govt which is lowest since Jan 2016.**

Higher duty and depreciation in Indian rupee against the dollar has slow down the imports. As per the data from SEA, 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.

## Crude Palm oil

**MCX CPO** closed lower on Thursday after trading higher for 4 successive sessions tracking Malaysia palm oil. Moreover, cut in tariff value for the palm oil imports and steady physical demand is keeping the prices in a range. The base import price of crude palm oil has been cut to \$578 per tn from \$614 per tn earlier. Moreover, govt cuts RBD palm oil base import price to \$599/tn vs \$629/tn. Based on global prices and fluctuations in foreign exchange rates, the government revises base import prices every fortnight.

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** ended lower on Thursday tracking losses overnight in soyoil on the Chicago Board of Trade (CBOT) snapping a four-session winning streak. It is expected that Malaysia, the world's second largest palm oil producer, sets a monthly export duty for crude palm oil, but a zero rate is incurred if palm prices fall below 2,250 ringgit. Indonesia aims to make the use of biodiesel compulsory for all vehicles and heavy machinery from Sept. 1, to cut down on diesel imports and reduce the country's current account deficit. Exports of palm oil products from Indonesia, the world's biggest exporter, rose 7.5% in June from a year earlier according to Indonesia's palm oil association (GAPKI).

## Outlook

We expect **Ref Soy oil** to trade sideways on higher stocks and steady physical demand may keep the prices in a range. Higher import duty on refine and crude soy oil may keep the prices higher.

**CPO futures** may trade sideways due to balance supply and demand. However, higher domestic stocks and steady domestic demand from the stockists may keep the prices in a range.

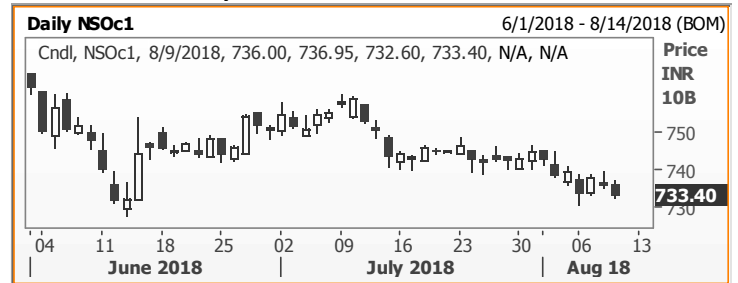
## Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Aug'18	₹/qtl	724-727	736-741
CPO MCX Aug'18	₹/qtl	585-589	697-601

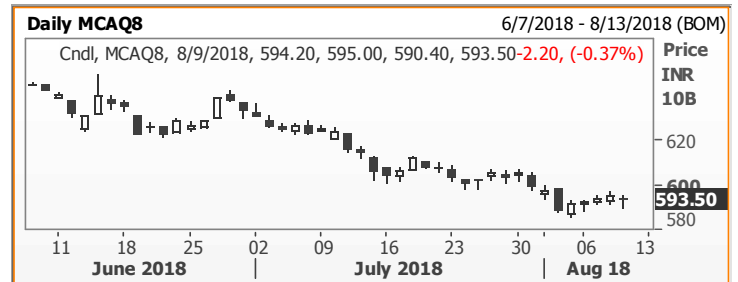
## Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	747.5	0.23	-0.41	-2.33	18.2	
Ref Soy oil- NCDEX Aug'18	R/10 kgs	733.4	-0.37	-0.71	-3.82	14.0	
Soybean Oil- CBOT- Aug'18	USc/lbs	28.42	-0.11	1.07	-1.97	-15.8	
CPO-Bursa Malaysia- Oct'18	MYR/T	2246	-0.53	2.51	-0.58	-15.7	
CPO- MCX – Aug'18	R/10 kg	593.5	-0.27	0.78	-4.92	19.9	

## Price Chart –Ref Soy Oil



## Price Chart –Crude Palm Oil



Source: Reuters

**Chana**

**Chana Aug futures closed with little change on Thursday due to reports that government on Thursday approved a proposal to sell pulses at discounted rates to state governments.** 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 on steady physical demand 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	4050-4120	4240-4290

**Cotton / Kapas**

**MCX Oct Cotton** closed little higher on Thursday due to reports of irregular rains in cotton growing states in the country which may affect yields. Gujarat may witness a decline in yield following deficient and delayed rains in Maharashtra attack of pest this year may limit the yields of cotton. Cotton growers in Saurashtra and North Gujarat — two key cotton growing regions in the State — have raised an alarm with most of the districts facing deficient rains in the range of 62-88% of the normal rainfall. The trend is still positive on reports of lower sowing this season compared to last season. **Cotton acreage till last week was down by 4% on year to 109.8 lakh hac compared to 114.3 lakh ha las year, according to the farm ministry data.** As per Commerce ministry data, cotton exports in May surged by 27.6% to 5.7 lakh bales as compared to last year.

**ICE Cotton** were little changed on Thursday as the market awaited a monthly crop supply and demand report from the USDA. The weekly USDA Export Sales report showed 17,526 RB of upland cotton export sales in the last week of the 17/18 MY, with 176,600 RB in 18/19 sales. It was under pressure on expectations for rain in drought-hit Texas, the top producing state, and concerns about an intensifying U.S.-China trade dispute. Traders, in general, are expecting NASS to show a reduction to the US cotton production figure on Friday. The CFTC report on Friday showed specs in cotton futures and options adding another 7,334 contracts to their net long position to 88,792 as of Tuesday.

**Outlook**

Cotton futures are expected to trade sideways to higher on reports of erratic rains in Gujarat and Maharashtra. Moreover, reports of pest attack and increase in MSP by government may keep supporting the prices.

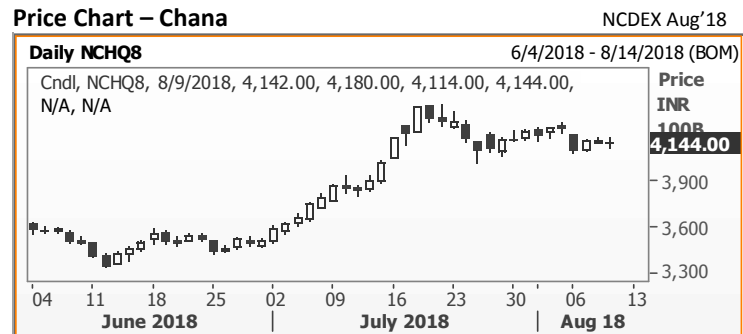
**Technical Levels**

Contract	Unit	Support	Resistance
Cotton MCX Oct'18	₹/bale	23500-23750	24200-24400
Kapas NCDEX Apr'19	₹/20 kg	1170-1180	1210-1225

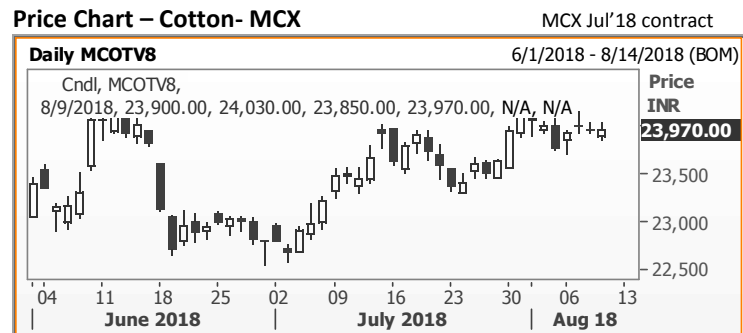
**Market Highlights - Chana & Cotton**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Chana Spot - NCDEX (Delhi)</b>	`/qtl	4171	-0.2	-2.0	9.8	#N/A	
<b>Chana- NCDEX-Aug'18</b>	`/qtl	4144	-0.2	-2.2	7.4	-21.0	
<b>NCDEX Kapas Apr '19</b>	R/20 kgs	1195.5	0.17	-1.12	3.69	#N/A	
<b>MCX Cotton Oct'18</b>	Rs/Bale	23970	0.04	-0.08	2.04	27.91	
<b>ICE Cotton Dec'18</b>	Usc/Lbs	87.26	0.09	-1.77	1.02	25.99	
<b>Cotton ZCE</b>	Yuan/ton	16430	6.58	2.24	6.38	8.56	

**Price Chart – Chana**



**Price Chart – Cotton- MCX**



Source: Reuters

## Spices (Jeera & Turmeric)

**NCDEX Aug Jeera futures closed unchanged on Thursday and trading in a range this week due to balanced demand and supply. Recently, prices have declined after touching 20,000 levels for the new season crop due. In August, Jeera prices down 2.4% on profit booking after it surged more than 9.2% last month (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 July are pegged at 8,700 tonnes compared to 3,800 tonnes last year for same period.**

**NCDEX Aug Turmeric edged lower on profit booking by the market participants. It is trading under pressure on expecting higher acreage of turmeric in Andhra Pradesh and Maharashtra following good rains this monsoon.** Arrivals of turmeric have been lower during first 30 days in July at 18,575 t (Vs 17,116 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 sideways due to technical selling by the market participants at higher levels. The trend is still positive on lower rains in northern Gujarat, 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 on expectation reports of improved sowing turmeric growing areas of Tamilnadu, Karnataka and Maharashtra. However, increase in physical demand during sowing season may keep prices supported.

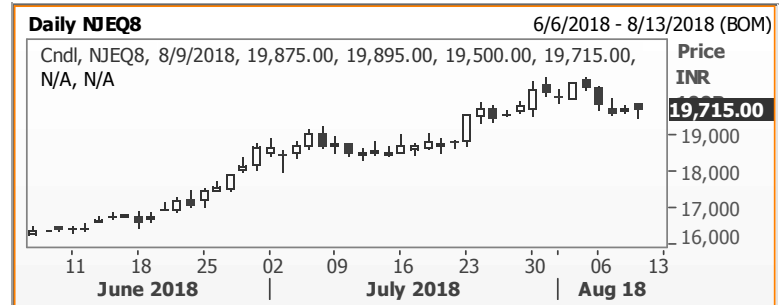
### Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Aug'18	₹/qtl	19600-19850	20350-20550
Turmeric NCDEX Aug'18	₹/qtl	7050-7120	7270-7340

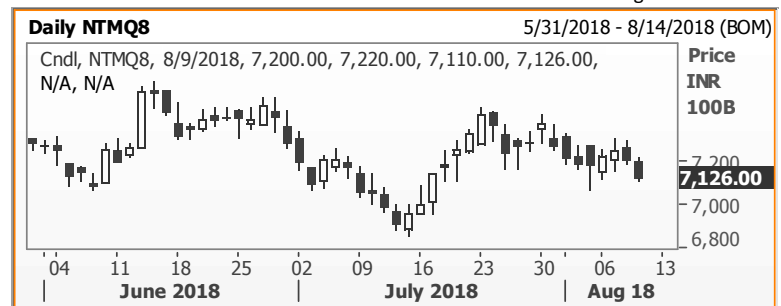
## Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Jeera Spot- NCDEX - Unjha</b>	R/qtl	19781	0.11	0.32	6.98	2.49	
<b>Jeera- NCDEX Aug'18</b>	R/qtl	19715	0.00	-3.69	6.40	4.56	
<b>Turmeric Spot- NCDEX Turmeric- NCDEX Aug'18</b>	R/qtl	7215	-0.82	-2.76	-1.57	-4.98	
	R/qtl	7126	-1.17	-0.92	1.02	-2.76	

## 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

MCX Member ID: 12685 / FMC Regn No: MCX / TCM / CORP / 0037 NCDEX: Member ID 00220 / FMC Regn No: NCDEX / TCM / CORP / 0302

**Ritesh Kumar Sahu**  
 Research Analyst – Agri-Commodities  
 riteshkumar.sahu@angelbroking.com  
 (022) 2921 2000 (Ext 6165)