

Agri-Fundamentals

Soybean

NCDEX Oct Soybean closed lower on Monday mainly on fresh selling 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 9% at 11.1 lakh ha as of last week compared to last year sowing, according to data released by the farm ministry. 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. Soymeal exports in August are expected to double on year to over 100,000 tn due to robust demand from European countries. There was strong demand from Bangladesh, France and Israel boosting export of the oilmeal.

CBOT Nov futures closed higher on bargain buying after it tumbled nearly 5% on due to projected larger-than-expected U.S. crops at 124.8 million tonnes (mt) and stocks would swell to record highs. In its monthly supply and demand report, the USDA projected a record-large 2018 U.S. soybean crop. NASS reported that 84% of the US soybean crop was setting pods as of Sunday vs. the average of 72%. A private export sale of 142,500 MT of 18/19 soybeans was reported for delivery to Mexico through the USDA's daily reporting system. The USDA indicated that 580,824 MT of soybeans were inspected for export during the week ending 8/9. That was a 34.97% drop from the week prior and down 1.7% from this week last year.

RMseed (Mustard seed)

Mustard Sep futures closed lower on Monday 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 on steady improvement in demand from the oil mills as government increase the incentives for soy meal exports which will increase soymeal exports. However, expectation of good area this season due to forecast of normal rains may keep the prices under pressure.

Mustard futures expected to trade sideways on reports of NAFED selling mustard seed in Rajasthan. However, improve in physical demand and diminishing supplies may keep supporting prices.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Oct'18	₹/qtl	3270-3300	3370-3410
Mustard NCDEX Aug'18	₹/qtl	4070-4100	4160-4190

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3466	-1.37	-2.50	-4.04	14.73	
Soybean- NCDEX Oct'18	R/100 kg	3331	-1.51	-1.33	-1.71	11.37	
Soybean CBOT- Nov'18	US\$/lb	869	0.81	-2.77	2.30	-6.13	
RM Seed Spot- NCDEX	MYR/Tn	4350	0.20	0.33	2.51	12.43	
RM Seed- NCDEX Aug'18	R/100 kg	4126	-0.41	-0.12	-1.10	10.69	
Rapeseed-WCE	CAN \$/Tn	505	-4.65	#N/A	2.48	0.58	

Price Chart –Soybean

NCDEX Oct'18 contract



Price Chart –Rmseed

NCDEX Sep'18 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Sep Futures traded under pressure due to technical selling tracking weak soy oil prices in International markets however, the fall was limited due to weak rupees. 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 decline on Monday tracking weak trend in 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 fell for the third straight session and seen its sharpest daily decline in a month on Monday mainly due to higher stockpiles and weakness in soyoil on the CBOT. Malaysian Palm Oil Board (MPOB) reported a 1.3% monthly rise in July inventory levels to 2.21 million tonnes (mt). The data also showed production rose 12.8% to 1.5 mt and exports were up 6.8% at 1.21 mt from the previous month. Palm oil production in Malaysia, the world's second largest producer, is set to further rise in the coming months and reach peak output levels towards the end of the year. Meanwhile, Malaysian palm oil shipments during August 1-10 rose 7.4% from the corresponding period last month, reported inspection company AmSpec Agri Malaysia on Friday.

Outlook

We expect **Ref Soy oil** to trade sideways due to higher stocks and steady physical demand. However, weak rupees and higher import duty on refine and crude soy oil may support prices in coming days.

CPO futures may trade sideways due to weak palm oil in International market. Moreover, higher domestic stocks and steady domestic demand may keep the prices in a range.

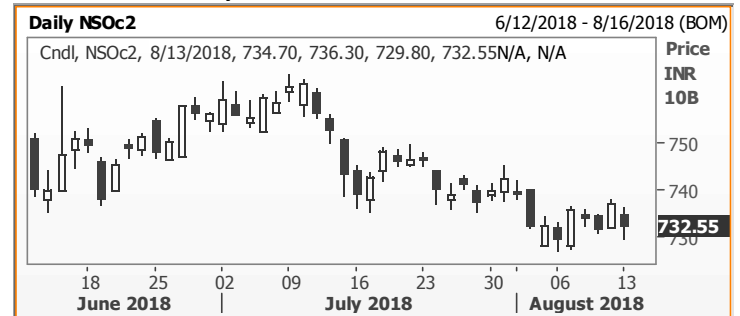
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Aug'18	₹/qtl	725-729	737-741
CPO MCX Aug'18	₹/qtl	589-592	599-602

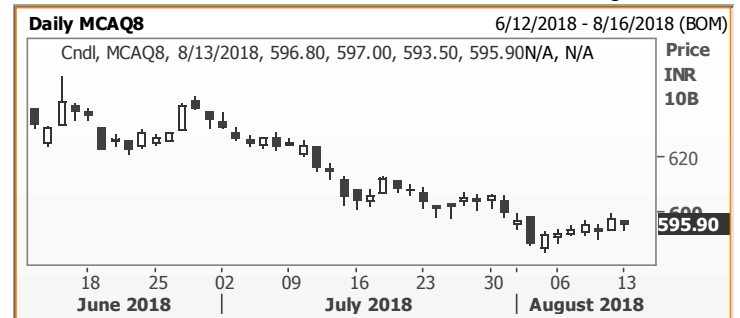
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	747.7	0.02	0.03	-1.37	15.0	
Ref Soy oil- NCDEX Aug'18	R/10 kgs	732.6	-0.66	0.40	-2.81	14.2	
Soybean Oil- CBOT- Aug'18	USc/lbs	28.24	0.89	-0.18	-0.11	-14.4	
CPO-Bursa Malaysia- Oct'18	MYR/T	2204	-1.69	-0.09	0.82	-17.4	
CPO- MCX – Aug'18	R/10 kg	595.9	-0.32	0.64	-3.15	19.7	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Sep futures closed higher for the second consecutive day on Monday supported by fresh buying by the market participants mainly on good physical demand from the bulk buyers. Earlier, 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. There are reports that government approved a proposal to sell pulses at discounted rates to state governments. 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 improved physical demand from the bulk buyers. However, 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	4170-4250	4420-4490

Cotton / Kapas

MCX Oct Cotton fell over 1% on Monday tracking weak trend in the US cotton futures. However, prices have surged 7.9% on August on irregular rains in cotton growing states which may affect yields. Gujarat witness deficient rains so far while in Maharashtra there is an attack of pest this year. 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 111.3 lakh hac compared to 117.1 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 slid more than 3% on Monday on concerns about the economic crisis in Turkey, a major importer of the natural fiber from the US, and on forecasts for higher U.S. cotton production. U.S. cotton production forecasts for the 2018/19 crop year to 19.24 million bales from 18.50 million bales in July. The US ending stocks number was up 600,000 bales to 4.6 million with old crop exports trimmed 350,000 bales to 15.85 million bales. World ending stocks were cut by a slight 0.74 to 77.1 million bales. The weekly USDA AWP was updated to 79.68 cents/lb today, down 39 points from the previous week.

Outlook

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

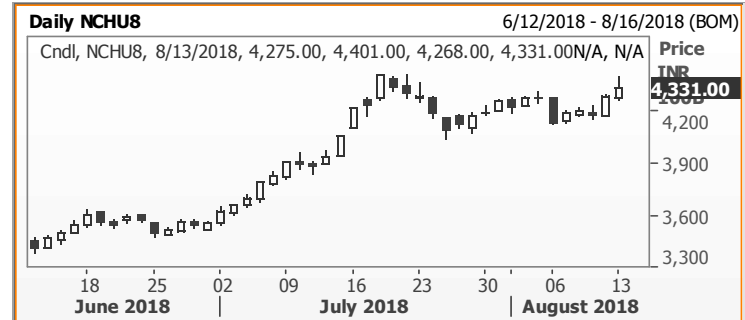
Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Oct'18	₹/bale	23100-23400	24000-24300
Kapas NCDEX Apr'19	₹/20 kg	1150-1175	1210-1230

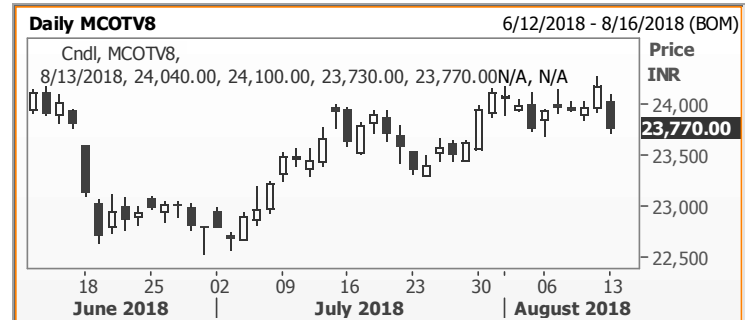
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	4300	1.5	3.6	11.0	#N/A	
Chana- NCDEX-Sep'18	₹/qtl	4331	1.0	4.9	10.0	-22.4	
NCDEX Kapas Apr '19	₹/20 kgs	1192.5	-1.61	0.29	3.20	#N/A	
MCX Cotton Oct'18	₹/Bale	23770	-1.70	-0.67	0.42	29.33	
ICE Cotton Dec'18	Usc/Lbs	82.76	-2.90	-6.38	-6.53	20.82	
Cotton ZCE	Yuan/ton	16175	4.93	0.90	4.90	5.75	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera Sep futures edged lower for the third consecutive day on Monday due to fresh selling by the market participants. Prices are moving down after touching 20,000 levels for the new season crop due to fear of lower exports. In August, Jeera prices down 5% 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 Sep Turmeric edged lower for the 4th consecutive session to touch 4 weeks' low on Monday mainly on fresh selling 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. During the first 10 days of August, arrivals of turmeric have been higher at 7,434 t (Vs 6,521 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 to lower 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 to down 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.

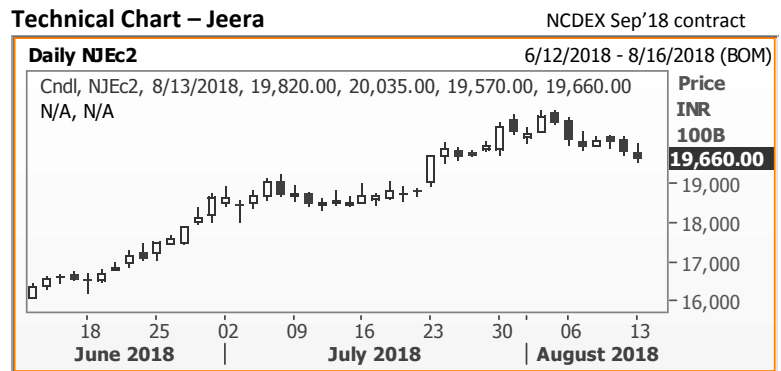
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Aug'18	₹/qtl	19300-19480	19900-20100
Turmeric NCDEX Aug'18	₹/qtl	6970-7050	7200-7280

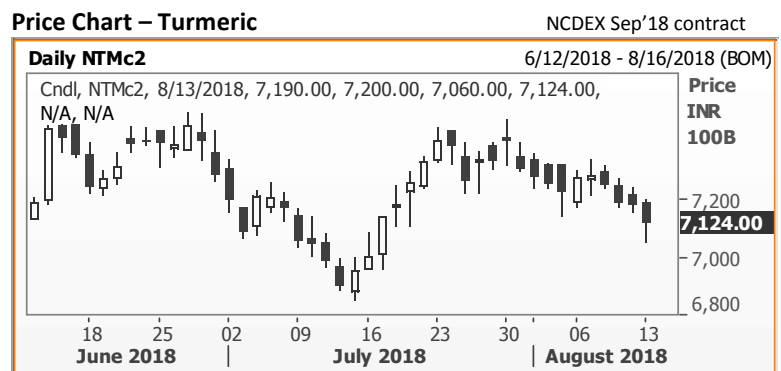
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	19646	-0.50	-0.45	6.11	1.35	
Jeera- NCDEX Sep'18	R/qtl	19660	-0.91	-2.41	4.32	0.13	
Turmeric Spot- NCDEX Turmeric- NCDEX Sep'18	R/qtl	7143	-0.48	-3.73	-1.94	-5.83	
	R/qtl	7124	-0.89	-2.12	2.27	-4.81	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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