

Agri-Fundamentals

Soybean

NCDEX Oct Soybean edged lower for the second consecutive day on Tuesday due to fresh selling initiated by market participants due to improved rains in central India which will enhance soybean production. However, improved meal exports keep the prices in uptrend. Earlier, **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 SOPA, 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. **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.**

CBOT Nov futures soybean futures fell on Wednesday on expectations for improving U.S. yields following beneficial rains this week. Soybean plants in central and west-central Illinois, the top growing U.S. soy state, have 12-15% more pods compared to last year points to a bumper harvest, according to an annual crop tour. There was more pressure due to doubts that the diplomatic talks this week between top global soy buyer China and the United States will ease trade tensions. U.S. President Donald Trump told Reuters on Monday he did not expect much progress from the talks in Washington.

RMseed (Mustard seed)

Mustard Sep futures closed lower on Tuesday due to profit booking at higher levels. However, the prices are still trading at 3 weeks high due to reports of higher meal exports from the country. Moreover, China is likely to lift a six-year old ban on import of mustard meal from India soon as per the SEA official. As per Commerce ministry data, mustard meal exports surged 63.8% on year in June to 90,856 tonnes. For the first six months of 2018, exports were 100% higher compared to last year. National Agricultural Cooperative Marketing Federation of India (NAFED) started selling mustard seed in Rajasthan which had procured under the price support scheme in 2017-18 (Jul-Jun). 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.

Outlook

Soybean futures are expected to trade sideways due to good rains and production prospects. However, higher crushing demand for soy meal exports may keep supporting prices in coming weeks.

Mustard futures expected to trade sideways to higher on improved meal exports data and diminishing supplies. However, NAFED selling mustard seed in Rajasthan may keep the prices under control.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Oct'18	₹/qtl	3250-3390	3370-3410
Mustard NCDEX Sep'18	₹/qtl	4060-4110	4200-4245

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3456	-0.55	-0.29	-3.71	11.23	▲
Soybean- NCDEX Oct'18	R/100 kg	3326	-0.72	-0.15	-1.89	2.78	
Soybean CBOT- Nov'18	US\$/lb	870	-1.78	0.17	1.02	-6.80	
RM Seed Spot- NCDEX	MYR/Tn	4358	-0.20	0.18	0.18	10.41	▲
RM Seed- NCDEX Aug'18	R/100 kg	4153	-0.31	0.65	-2.12	8.69	
Rapeseed-WCE	CAN \$/Tn	502	-1.16	-0.67	1.68	-1.03	

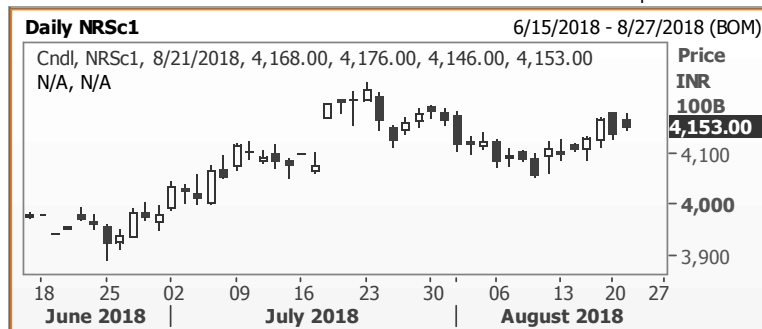
Price Chart –Soybean

NCDEX Oct'18 contract



Price Chart –Rmseed

NCDEX Sep'18 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Sep Futures closed lower on Tuesday but still on uptrend due to weaker rupees and improve physical demand by the stockists. Weaker rupees make imports costlier for the Indian importers. Last week, prices have touched its 7 months' low on Tuesday due to technical selling tracking weak soy oil prices in International markets. The prices have been under pressure due to lower tariff value and higher stock positions in the country. According to an official notification, government today cut the base import prices of all edible oils by \$1-\$8 per tn. **For the second fortnight of August, base import price of crude soyoil has been slashed to \$717 per tn from \$723 per tn.** 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 10.53 lt in July compared to 14.89 lt in the same period a year ago. Soyoil degummed imports fell by 25% to 325,325 tons compared to 468,439 tons in July.

Crude Palm oil

MCX CPO closed lower tracking Malaysian palm oil price which ease due to lower exports from the country. However, good physical demand in the domestic market and weaker rupees is supporting the price. Recently, 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 was cut to \$573 per tn from \$578 per tn for the second fortnight of August. Moreover, govt cuts RBD palm oil base import price to \$598/tn vs \$ 599tn. **According to SEA monthly update, palm oil imports were down 29% and 39% for CPO and RBD Palmolein in July compared to last year.** India's palm oil imports dropped in July due to higher taxes on shipments while weaker rupees making imports expensive. During Nov-Jul, palm oil imports (CPO + RBD) declined to 60.4 lt from 66.9 lt.

Malaysian palm oil edged lower on Tuesday pressured by a stronger ringgit, lower exports data and weaker related edible oils. According to cargo surveyor Am Spec Agri, Malaysia's August 1-20 palm oil exports fell 10.6 percent to 609,098 tons compared to 681,178 ton in corresponding period last month. 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.

Outlook

We expect **Ref Soy oil** to trade higher due to improved physical demand and weak rupees. However, higher stock positions may keep prices sideways.

CPO futures may trade sideways to lower on weak trend in International prices. However, steady physical demand from the stockists and higher domestic stocks may keep the prices in a range.

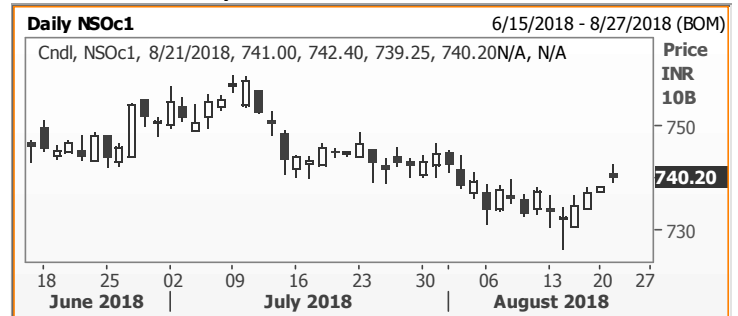
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Sep'18	₹/qtl	734-738	746-751
CPO MCX Aug'18	₹/qtl	594-597	604-608

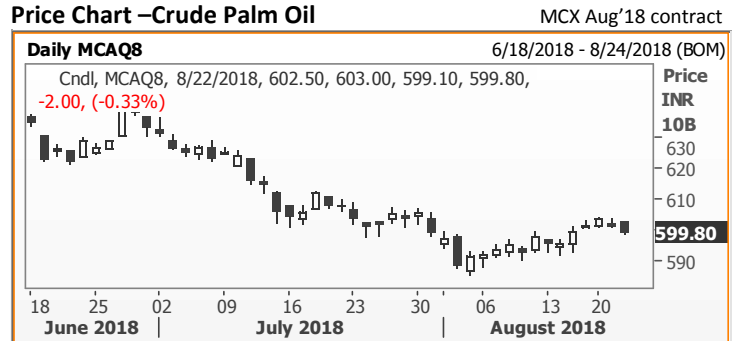
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	749.5	-0.09	0.24	-0.40	11.9	
Ref Soy oil- NCDEX Aug'18	R/10 kgs	740.2	-0.33	1.04	-0.79	12.1	
Soybean Oil- CBOT- Oct'18	USc/lbs	28.35	-1.32	-0.39	1.21	-16.8	
CPO-Bursa Malaysia- Oct'18	MYR/T	2241	-0.62	1.68	2.19	-17.9	
CPO- MCX – Aug'18	R/10 kg	601.5	-0.41	0.94	-1.20	16.7	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Sep futures closed lower on Tuesday due to profit booking at higher levels. It is traded above 4200 levels on improved physical demand as stocks are diminishing from the stockists. Earlier, chana surged during July as government has extended the imports ban for dry peas for three more months. 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 and Stockists. However, reports of NAFED selling its procured chana in the physical market may keep prices in a range.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Sep'18	₹/qtl	4180-4230	4290-4330

Cotton / Kapas

MCX Oct Cotton edged lower on Wednesday tracking International cotton prices. Currently cotton is trading above 23,000 levels on reports on cut in production prospects by the cotton body. The USDA's FAS has projected India's cotton production to decline 1.7% on year to 365 lakh bales (1 bale = 170 kg) due to delay in monsoon rains and fall in acreage. Cotton acreage till last week was down by 4% on year to 111.3 lakh hac compared to 117.1 lakh ha last year, according to the farm ministry data. As per Commerce ministry data, cotton exports in June surged by 27.6% to 5.7 lakh bales as compared to last year. India is likely to export 70 lakh bales of cotton in 2018/19, down 30% from an earlier estimate due to low crops. India has so far contracted to export around 6 lakh bales to China, which has imposed sanctions on shipments from top exporter the United States.

ICE cotton fell over 1% on Wednesday, pressured by good weather conditions in top-producing state Texas and doubt about any positive outcome from the U.S.-China trade talks. There are rain forecast for West Texas which will relief from the drought which causing huge problems for the U.S. production. The USDA Export Sales report showed 77,718 RB in old crop upland sales in the week that ended on August 9. NASS reported after the close that 86% of the US cotton crop was setting bolls, even with the average, as 17% of the crop had bolls opening (12% avg). The cotton crop conditions were improved 2% to 42% good/ex.

Outlook

Cotton futures are expected to trade sideways due to improving acreage and weather conditions in top cotton growing states - Gujarat and Maharashtra. However, reports of pest attack may restrict production prospects.

Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Oct'18	₹/bale	22900-23100	23700-23900
Kapas NCDEX Apr'19	₹/20 kg	1120-1140	1180-1200

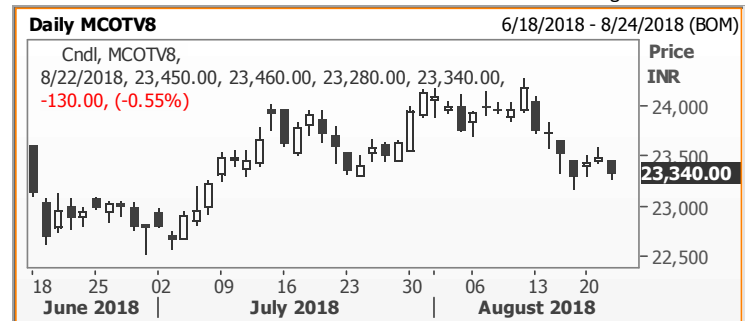
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	4222	-1.0	-1.8	-2.9	#N/A	
Chana- NCDEX-Sep'18	₹/qtl	4263	-1.6	-1.6	-1.8	-26.3	
NCDEX Kapas Apr '19	R/20 kgs	1154	-0.77	-3.23	-1.83	#N/A	
MCX Cotton Oct'18	Rs/Bale	23340	-0.60	-1.81	-1.64	27.96	
ICE Cotton Dec'18	Usc/Lbs	82.29	-1.15	-0.57	-6.01	19.47	
Cotton ZCE	Yuan/ton	15960	0.00	-1.33	0.47	4.04	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera Sep futures closed little lower in technical selling on Tuesday. However, the trend is still positive due to improving physical demand. In August, Jeera prices have recovered from its lower level by about 6.3% on higher exports from China and Bangladesh. According to export data released by Commerce ministry, exports in June surged 55.7% on year to 21,404 tonnes. Moreover, country exports about 75,242 tonnes of Jeera during Apr-Jun 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 on profit booking by the market participants. Prices are under pressure mainly due to improved sowing and lower exports demand. During the first 20 days of August, arrivals of turmeric have been higher at 10,117t (Vs 8,761 t) compared last year, as per Agmarknet data. The export of turmeric was higher by 5% at 12,755 tonnes in Jun 2018 compared to last years' exports. For the first 6 months, the exports are lower by 7.7% compared to last year.

Outlook

We expect **Jeera** futures to trade higher due to improved physical domestic 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 expectations of bargain buying at lower levels. However, reports of improved sowing turmeric growing areas of Tamilnadu, Karnataka and Maharashtra may keep prices lower.

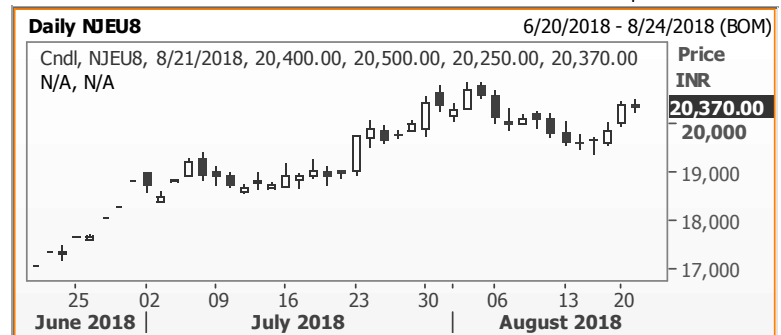
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Sep'18	₹/qtl	19900-20150	20700-20950
Turmeric NCDEX Sep'18	₹/qtl	6850-6950	7100-7180

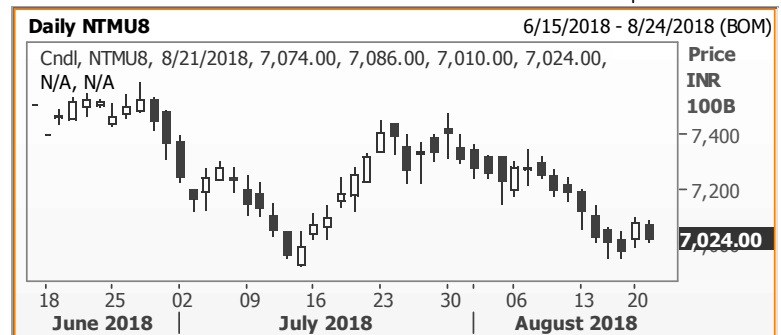
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	20111	0.67	2.36	7.93	3.24	
Jeera- NCDEX Sep'18	R/qtl	20370	-0.10	3.61	7.52	3.61	
Turmeric Spot- NCDEX Turmeric- NCDEX Sep'18	R/qtl	7129	0.40	-0.21	-3.10	-5.70	
	R/qtl	7024	-0.76	-1.40	-3.20	-2.93	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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