

## Agri-Fundamentals

### Soybean

**NCDEX Oct Soybean** closed lower after touching 3-day high in the morning session due to lower than expected meal exports from the country coupled with forecast of bumper soybean crop in coming season. According to the data released by SEA, India's soy meal exports down 32% on year to 59,643 tn in August due to dull demand from major importers. For Apr-Aug, India's soymeal exports down by 4% on year at 3.72 lakh tonnes. **The area under soybean in the country up 6.3% at 111.9 lakh ha as of last week compared to last year sowing, according to data released by the farm ministry.** According to the trade body, this year soybean production will be 20% higher than the last year production. However, weaker rupees is supporting meal exports which helps in improving demand for soybean from the mills.

**CBOT Nov futures** closed higher on Monday due to improving exports figures and expectation of reduction ending stocks for 2017/18 crops. USDA Export Inspections of 924,839 MT were reported for the week of 9/6, up 19.2% from the previous week. It is expected that, monthly USDA report is expected to show a slight reduction to 17/18 US ending stocks, with new crop seen up 43 mbu to 828 mbu on increased production. The USDA monthly Fats and Oils report showed 178.84 mbu of soybeans crushed during July, slightly above the average trade estimate. That was the second largest monthly crush total on record. Chinese customs data showed that 9.15 mt of soybeans were imported during August, up 14.4% from July. USDA's Ag Attaché in China expects the country to import 94 mt of soybeans in 18/19, vs. USDA's 95 mt in the August WASDE report.

### RMseed (Mustard seed)

**Mustard Oct futures** continue to trade on positive note for the third successive day on Monday on reports of good exports and higher crushing for Mustard seed in August. As per SEA data, India's rapeseed meal exports up 24% on year to 88,236 tn in August due to good export demand. For Apr-Aug, India's rape meal exports up by 107% on year at 4.90 lakh tonnes. According to MOPA, country crushed about 5 lakh tonnes of mustard in August, 11% higher on year. However, last week it slipped to 9-weeks low on concern about higher supplies in physical market and pending decisions for meal exports to China. NAFED started selling mustard seed in Rajasthan which had procured under the price support scheme in 2017-18 (Jul-Jun).

### Outlook

**Soybean futures** are expected to trade sideways due to bumper crop prospects on good rains in soybean growing areas states of MP and Maharashtra. Prices may get support on better crushing demand on improving exports demand for soy meal exports.

**Mustard futures** expected to trade sideways to higher on improved meal exports data, good crushing demand and diminishing supplies.

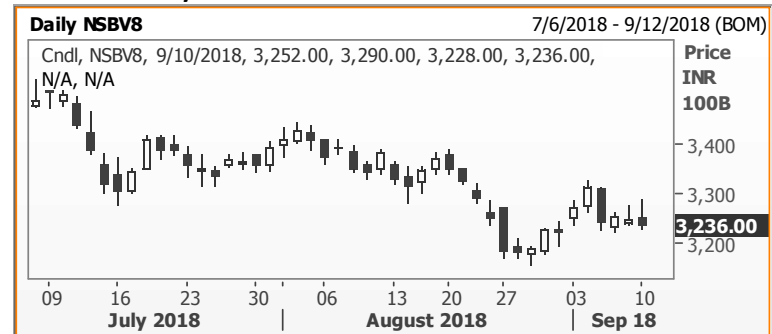
### Technical Levels

| Contract             | Unit  | Support   | Resistance |
|----------------------|-------|-----------|------------|
| Soybean NCDEX Oct'18 | ₹/qtl | 3150-3190 | 3270-3310  |
| Mustard NCDEX Oct'18 | ₹/qtl | 4140-4180 | 4260-4300  |

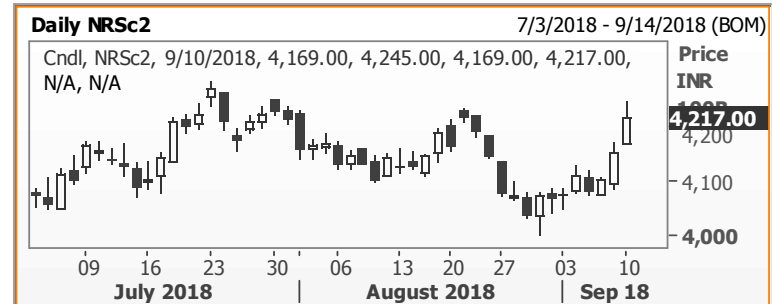
## Market Highlights – Oilseeds

|                                     | Unit      | Last | Prev day | WoW   | MoM   | YoY    | % Change |
|-------------------------------------|-----------|------|----------|-------|-------|--------|----------|
| <b>Soybean Spot- NCDEX - Indore</b> | R/100 kg  | 3445 | 0.55     | 0.73  | -2.96 | 12.54  |          |
| <b>Soybean- NCDEX Oct'18</b>        | R/100 kg  | 3236 | -0.31    | -1.13 | -4.63 | 4.02   |          |
| <b>Soybean CBOT- Nov'18</b>         | US\$/lb   | 845  | 0.15     | #N/A  | -6.68 | -10.48 |          |
| <b>RM Seed Spot- NCDEX</b>          | MYR/Tn    | 4251 | 0.00     | 1.45  | -1.92 | 7.63   |          |
| <b>RM Seed- NCDEX Oct'18</b>        | R/100 kg  | 4217 | 1.57     | 3.46  | 0.05  | 11.39  |          |
| <b>Rapeseed-WCE</b>                 | CAN \$/Tn | 497  | 0.24     | #N/A  | -1.17 | 2.54   |          |

### Price Chart –Soybean



### Price Chart –Rmseed



Source: Reuters

**Refine Soy Oil**

**Refined Soy Oil Sep Futures closed higher on Monday supported by improving physical demand and weaker rupees.** Higher import duty and depreciation in Indian rupee against the dollar has slow down the imports of edible oils in the country during the last three months which is shrinking the edible oil stocks in the country.

According to an official notification, government cut the base import prices of all edible oils by \$2-\$6 per tn. **For the first fortnight of September, base import price of crude soyoil has been slashed to \$711 per tn from \$717 per tn.** 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 edged higher on Monday tracking good physical demand and also supported by weaker rupees and improved demand from the stockists ahead of festive season.** Currently CPO is trading at 15% high on year due to higher export duty and weaker rupees. The base import price of crude palm oil was cut for 6 successive time to \$567 per tn from \$573 per tn for the first fortnight of September. **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 markets will be closed on Monday and Tuesday for national holidays.** Malaysian palm oil edged lower for the third consecutive session on Friday tracking weaker edible oils and expectation on higher production and inventory forecasts for August. According to Reuters survey, August end-stocks are forecast to rise 9% on-month to 2.41 mt, their highest since February, while production is seen jumping 9.9% to 1.65%, its highest level so far this year. **Data from cargo surveyors Intertek Testing Services and AmSpec Agri Malaysia showed that palm oil shipments from Malaysia rose 3-4 percent in August.** Malaysia cut its export tax on crude palm oil for September to Nil, which could encourage demand. Palm oil output typically rises in the third and fourth quarter of the year in line with seasonal trends. According to cargo surveyor.

**Outlook**

We expect **Ref Soy oil** to trade sideways to higher due to weaker rupees and improving physical demand for edible oil due to festive demand. However, lower soybean prices and higher stock positions of edible oil may keep the prices rise in check.

**CPO futures** may trade sideways to higher on steady physical demand from the stockists and weaker rupees. However, higher domestic stocks and weak palm oil prices in Malaysia may keep the prices in a range.

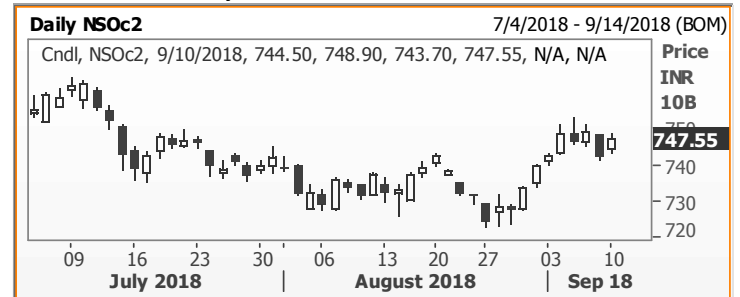
**Technical Levels**

| Contract                 | Unit  | Support | Resistance |
|--------------------------|-------|---------|------------|
| Ref Soy Oil NCDEX Oct'18 | ₹/qtl | 741-744 | 751-754    |
| CPO MCX Sep'18           | ₹/qtl | 600-603 | 608-611    |

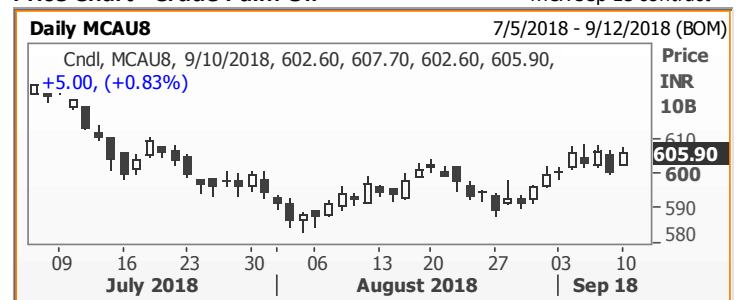
**Market Highlights – Edible Oils**

|                            | Unit     | Last  | Prev day | WoW  | MoM   | YoY   | % Change |
|----------------------------|----------|-------|----------|------|-------|-------|----------|
| Ref Soyoil Spot - Mumbai   | R/10 kgs | 751.7 | -0.16    | 0.54 | 0.88  | 11.4  |          |
| Ref Soy oil- NCDEX Oct'18  | R/10 kgs | 747.6 | 0.67     | 0.67 | 2.33  | 12.9  |          |
| Soybean Oil- CBOT- Oct'18  | USc/lbs  | 28.10 | 0.21     | #N/A | -2.67 | -19.3 |          |
| CPO-Bursa Malaysia- Nov'18 | MYR/T    | #N/A  | #N/A     | #N/A | #N/A  | #N/A  |          |
| CPO- MCX –Sep'18           | R/10 kg  | 605.9 | 0.85     | 0.87 | 2.50  | 13.2  |          |

**Price Chart –Ref Soy Oil**



**Price Chart –Crude Palm Oil**



Source: Reuters

**Chana**

**Chana Oct futures edged lower on Monday and trade in a very narrow range due to sufficient supplies in physical market.** NAFED started auctioning chana from the 2017-18 rabi season in Gujarat, Karnataka, Uttar Pradesh, Telangana and Andhra Pradesh. It procured 27.4 lakh tn of chana in the current rabi season Last Wednesday (29-Aug-18), the government had lifted the 100,000-tn import cap on peas that was in place till Sep 30, following the order of Madras High Court. **However, it again restricted imports on the next day which provide support to chana prices.** 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 due to lower level buying. But, higher availability in physical market on reports of NAFED selling its procured chana in states of Rajasthan and Madhya Pradesh may keep the prices in range.

**Technical Levels**

| Contract           | Unit  | Support   | Resistance |
|--------------------|-------|-----------|------------|
| Chana NCDEX Oct'18 | ₹/qtl | 3840-3890 | 4000-4050  |

**Cotton / Kapas**

**MCX Oct Cotton** closed higher for the second consecutive day on Monday firm International prices. However, reports of improvement in acreage and lesser pest attacks in Maharashtra is keeping prices under control. Reports of China cancels import of up to 200,000 bales of India new crop cotton also pressurized prices. China is more keen to import cotton from Brazil in case of US-China trade war. Brazil may become the second largest exporter of cotton displacing Indian to third position. In India, **cotton acreage till last week was down by 2.4% on year to 118.1 lakh hac compared to 120.1 lakh ha last year, according to the farm ministry data. Currently cotton futures are traded about 25% higher than last year prices.** 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.

**ICE cotton** futures jumped over 2% on Monday on fears that Hurricane Florence could damage the cotton crop. There is a forecasts for Florence, the hurricane to hit land on Thursday or Friday as a Category 3 or 4 hurricane to hit Georgia and North Carolina, are some of the main cotton growing regions in the United States. Speculators cut their net long position in cotton by 4,055 contracts to 62,058 in week to Sept. 4, the U.S. Commodity Futures Trading Commission data showed on Friday. The ICAC trimmed their 18/19 world cotton carryout by 0.88 mt to 16.91 mt mainly due to a smaller 17/18 ending stocks and increased consumption.

**Outlook**

Cotton futures are expected to trade sideways to higher tracking firm trend in international prices. However, reports of cancellation of cotton export orders and improving domestic acreage may pressurize prices as the harvesting season comes near.

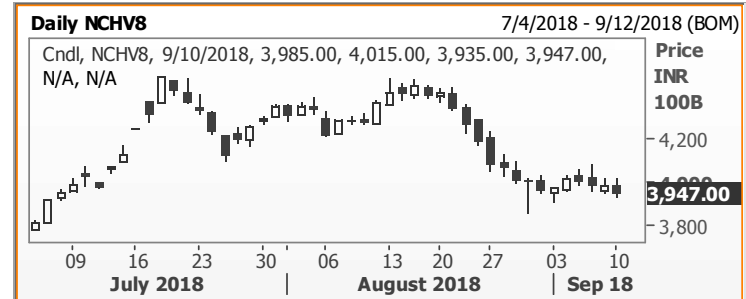
**Technical Levels**

| Contract           | Unit    | Support     | Resistance  |
|--------------------|---------|-------------|-------------|
| Cotton MCX Oct'18  | ₹/bale  | 22800-23000 | 23400-23600 |
| Kapas NCDEX Apr'19 | ₹/20 kg | 1135-1150   | 1180-1195   |

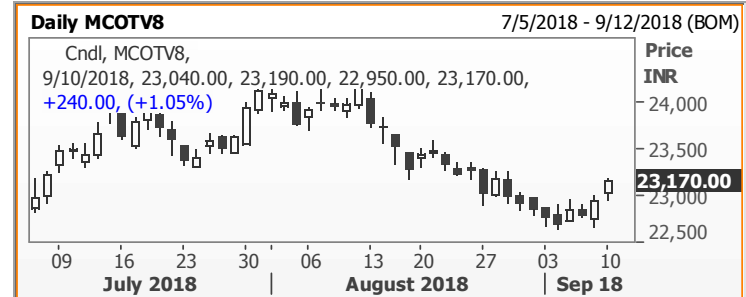
**Market Highlights – Chana & Cotton**

|                                   | Unit     | Last  | Prev day | WoW   | MoM   | YoY   | % Change |
|-----------------------------------|----------|-------|----------|-------|-------|-------|----------|
| <b>Chana Spot - NCDEX (Delhi)</b> | `/qtl    | 3950  | 0.0      | 1.0   | -5.5  | #N/A  |          |
| <b>Chana- NCDEX-Oct'18</b>        | `/qtl    | 3947  | -1.0     | -0.6  | -7.9  | -37.6 |          |
| <b>NCDEX Kapas Apr '19</b>        | R/20 kgs | 1168  | 0.82     | 2.10  | -2.50 | #N/A  |          |
| <b>MCX Cotton Oct'18</b>          | Rs/Bale  | 23170 | 1.00     | 1.76  | -3.42 | 23.05 |          |
| <b>ICE Cotton Dec'18</b>          | Usc/Lbs  | 83.85 | 2.27     | #N/A  | -4.61 | 18.58 |          |
| <b>Cotton ZCE</b>                 | Yuan/ton | 15695 | 0.16     | -0.63 | -4.24 | 0.87  |          |

**Price Chart – Chana**



**Price Chart – Cotton- MCX**



Source: Reuters

## Spices (Jeera & Turmeric)

**NCDEX Jeera Sep futures closed little higher on Monday but trading in a tight range. Improving demand from the physical market players is keeping prices in a range after it fallen to 5-week lower last Monday. Improved rains in the central Gujarat major Jeera producing area pressurize prices in recent times. In August, Jeera prices have slipped close to 6% from its high on concern about exports at higher levels. 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 Oct Turmeric recover close to 1% on bargain buying at lower levels and it is trading at 5-month low. The prices are under pressure due to improved sowing and lower exports demand. During the August, arrivals of turmeric have been higher at 14,941 t (Vs 12,983 t) compared last year, as per Agmarknet data. The export of turmeric was higher by 5% at 12,755 tonnes in June 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 sideways to lower on balance supply and demand while improved physical domestic and exports demands from China and Bangladesh may support prices. However, correction from the higher levels is expected due to good rains in Gujarat.

**Turmeric** futures expected to trade sideways to lower on reports of improved sowing turmeric growing areas of Tamilnadu, Karnataka and Maharashtra. Moreover, lower export demand is also pressurizing the prices.

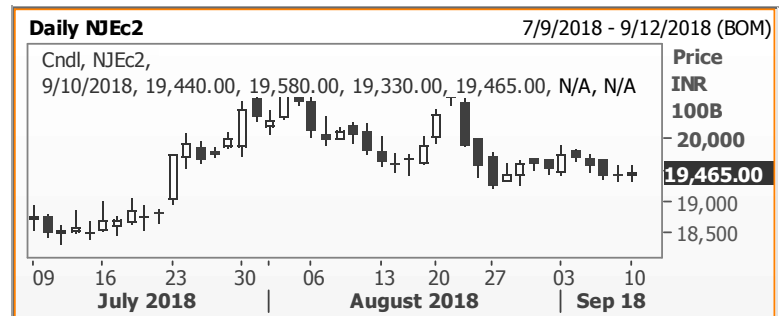
### Technical Levels

|                       | Unit  | Support     | Resistance  |
|-----------------------|-------|-------------|-------------|
| Jeera NCDEX Oct'18    | ₹/qtl | 19000-19200 | 19600-19800 |
| Turmeric NCDEX Oct'18 | ₹/qtl | 6550-6610   | 6740-6800   |

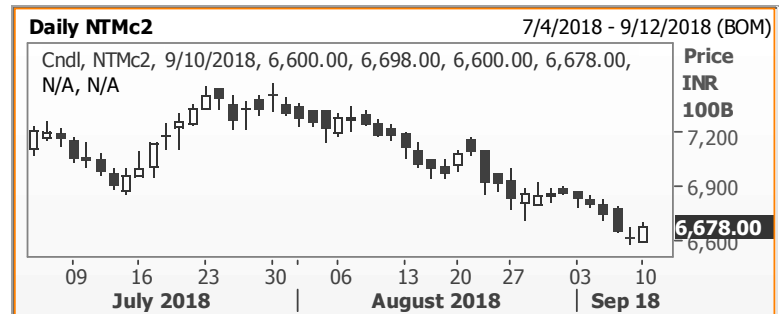
## Market Highlights - Spices

|                                  | Unit  | Last  | Prev day | WoW   | MoM   | YoY    | % Change |
|----------------------------------|-------|-------|----------|-------|-------|--------|----------|
| <b>Jeera Spot- NCDEX - Unjha</b> | R/qtl | 19450 | 0.00     | -0.48 | -1.40 | 1.54   |          |
| <b>Jeera- NCDEX Oct'18</b>       | R/qtl | 19465 | 0.23     | -1.37 | -3.92 | -4.33  |          |
| <b>Turmeric Spot- NCDEX</b>      | R/qtl | 6909  | 0.00     | -1.97 | -5.73 | -10.97 |          |
| <b>Turmeric- NCDEX Oct'18</b>    | R/qtl | 6678  | 0.94     | -2.34 | -9.44 | -14.13 |          |

## Technical Chart – Jeera



## Price Chart – Turmeric



Source: Reuters

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