

Agri-Fundamentals

Soybean

NCDEX Oct Soybean traded in narrow range since last two sessions as market is expecting bumper crop during next season and lowering meal exports data. As per SOPA, soybean production in 2018/19 may highest in last 5 year at 114.8 lakh tonnes 37.8% higher than last year production. **As per 1st advance estimate 2018/19, soybean production is forecast about 22.5% higher at 134.6 lakh tonnes on year.** India's soymeal exports fell 32% on year to 48,000 tn in September, according to the latest report by The Soybean Processors' Association of India. For Apr-Aug, India's soymeal exports down by 4% on year at 3.72 lakh tonnes. However, there is anticipation of good physical demand for crushing due to expectations over rising exports to China. China has shown interest in buying soybean de-oiled cake produced in Maharashtra.

CBOT Nov futures fell about 1% on Wednesday, on expectations of a bumper U.S. crop and concerns about U.S.-China trade war which depressed demand for U.S. shipments. Export inspections of soybeans during the week of 10/4 were 569,776 tn was just 38.22% of the same week last year and down 9.6% from the previous week. Brazil's Abiove expects the 18/19 soybean crop to be 119.5 mt, with 2018 exports seen at 77 mt and crush at 43.6 mt. AgRural estimates that Brazil's soybean crop is 10% planted, doubling last year at this time. Safra & Mercado show farmer sales in Brazil at 27.3% of expected production, vs. 14.1% sold at this time last year.

RMseed (Mustard seed)

Mustard Nov futures continue to trade lower this week on reports of bumper oilseed crop in kharif and there is sufficient stocks in the physical market. Moreover, pending decisions for meal exports to China is also making the market to fall. The minimum support price for mustard increased by 200 rupees to 4,200 rupees per 100 kg by the govt. 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 lt. **According to MOPA, country crushed about 5 lt of mustard in September, 18% higher on year.** In 2018, about 49 lakh tonnes of mustard were crushed, up 13.3% on year.

Outlook

Soybean futures expected to trade sideways to lower on expectation of bumper crop prospects due good rains in soybean growing areas near MSP levels. However, improving crushing demand from oil mills, anticipation of exports demand for soy meal exports and MSP procurement.

Mustard futures expected to trade sideways to lower due to good stocks and steady physical demand. However, the trend looks positive on expectation of improved export demand for meal but fresh physical arrivals from the NAFED stocks sale may suppress the prices.

Technical Levels

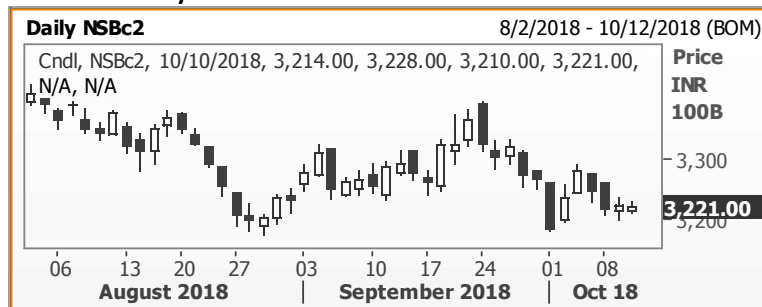
Contract	Unit	Support	Resistance
Soybean NCDEX Nov'18	₹/qtl	3145-3180	3250-3285
Mustard NCDEX Nov'18	₹/qtl	4060-4100	4180-4225

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3197	0.57	1.43	-7.92	12.41	
Soybean- NCDEX Nov'18	R/100 kg	3221	-0.09	-0.46	-0.92	12.46	▲
Soybean CBOT- Nov'18	US\$/lb	852	-1.25	-1.07	1.70	-11.78	
RM Seed Spot- NCDEX	MYR/Tn	4233	-0.08	-1.22	1.00	8.53	▲
RM Seed- NCDEX Nov'18	R/100 kg	4153	-0.26	-1.52	-0.17	9.06	
Rapeseed-WCE	CAN \$/Tn	497	-0.56	-0.46	0.04	0.32	

Price Chart –Soybean

NCDEX Nov'18 contract



Price Chart –Rmseed

NCDEX Nov'18 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures closed little lower in low volatile trade on Tuesday due to balance supply and demand situation. However, there is consistent increase in demand from stockists due to coming festival. Moreover, weak rupees is making imports expensive into the country. Currently, it is trading about 11.5% higher than last year levels supported by higher import duty, weaker rupees and improving physical demand. 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.

According to an official notification, government decreases base import prices of all edible oils. **For the first fortnight of October, base import price of crude soyoil cut to \$701 per tn from \$714 per tn.** As per the data from SEA, import of vegetable (cooking) oils in August jumped to 15.12 lakh tonnes from 11.19 lakh tonnes in July, as pipelines were dried up due to lesser import during June and July 2018. Soyoil degummed imports also increase by 7.7% to 312,049 tons compared to 249,746tons in August.

Crude Palm oil

MCX Oct CPO futures closed lower on Wednesday tracking fall in International palm oil prices. However, weaker rupees and steady physical demand may support CPO prices in domestic market. **According to SEA monthly update during August, import of palm oil increased sharply to 920,894 tn from 868,744 tn seen in the corresponding period a year ago and 550,180 tn a month ago.** The base import price of crude palm oil cut for the first half of October by \$23 per tin to \$549 per tn from \$572 per tn. During Nov-Aug, palm oil imports (CPO + RBD) declined to 69.4 lt from 75.48 lt. Reports of higher stock levels in the country and expectation of cheaper imports from Malaysia due to zero duty may keep prices in check. It is still traded higher than last year levels due to weaker rupees and higher import duty.

Malaysian palm oil fell to a one-week low on Wednesday as data showing weak October exports and rising September stockpiles. MPOB said inventories in September rose 1.45% to 2.54 mt, an eight-month top, while production was up 14.38% to 1.85 mt. Malaysian palm oil shipments from Oct. 1-10 fell around 39 percent from the corresponding period last month, according to independent inspection company AmSpec Agri Malaysia and cargo surveyor Intertek Testing Services. Malaysia, announced Zero percent export tax export in October. Exports of Malaysian palm oil products for Sep rose 51.6% to 1,628,070 tonnes from 1,073,903 tonnes shipped during August.

Outlook

We expect **Ref Soy oil** to trade down on higher stocks and weak international prices for edible oil. However, improving physical demand for edible oil due to festive demand and weaker rupees may support prices from lower levels.

CPO futures may trade sideways to lower on weak CPO prices in international markets. Steady physical demand from the stockists to support prices.

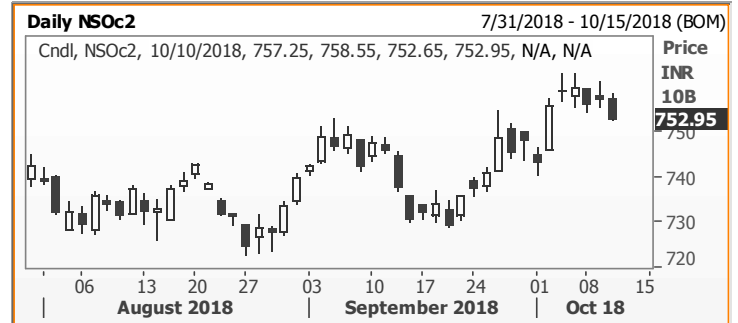
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Nov'18	₹/qtl	745-749	756-759
CPO MCX Oct'18	₹/qtl	582-585	591-594

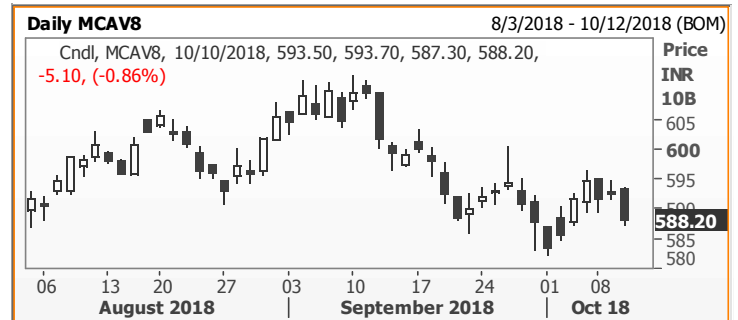
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	746.6	-0.05	0.02	-0.57	13.2	
Ref Soy oil- NCDEX Nov'18	R/10 kgs	753.0	-0.59	-0.40	0.61	13.5	
Soybean Oil- CBOT- Dec'18	USc/lbs	28.93	-1.13	-3.05	1.30	-12.0	
CPO-Bursa Malaysia- Dec'18	MYR/T	2193	-0.54	-0.27	-4.28	-19.1	
CPO- MCX – Oct'18	R/10 kg	588.2	-0.76	0.41	-2.95	8.7	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Nov futures edges lower on Wednesday mainly due to initiation of fresh selling at higher levels. Prices may still rise on reports of hike in minimum support price for the 2018/19 season crop. For Chana, the government has fixed the support price at 4,620 rupees per 100 kg, 220 rupees higher from the previous year. The government have extend import curbs on all varieties of peas by 3 months until the end of December to support prices. **Government is likely to increase export chana (Bengal gram / Chickpea) to 15% from 7%.** In March, the government had announced 7% duty credit incentive for three months. Chana exports from the country increased by 159% to 105,118 tonnes on year for Apr-Jul period. Top three export destinations in FY 2018/19 are UAE, Turkey and Algeria.

Outlook

Chana futures may trade sideways to higher due to likely increase in export incentives and expectation of higher MSP declaration for the rabi crop. However, NAFED auctioning its procured chana in states of Rajasthan and Madhya Pradesh.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Nov'18	₹/qtl	4060-4110	4200-4250

Cotton / Kapas

MCX Oct Cotton closed little higher on Wednesday on improving physical demand and reports of delay in peak arrivals from Gujarat and Rajasthan, which may result in supply squeeze in Nov. According to CAI, cotton production in 2018/19 is likely to fall 4.7% from the previous season to 34.8 million bales due to scant rainfall and an attack of pink bollworms expected to affect the crop yields. As per CAI, India's forward export contracts of cotton have more than doubled from about 7 lakh bales in September 2017, driven by increased demand from China.

ICE cotton futures edged lower on Wednesday as traders remained cautious ahead of the USDA's monthly crop supply and demand report. Moreover, there are concerns that Hurricane Michael likely hit Georgia, the second largest producer of the cotton in the U.S where 88% of their bolls open, with only 12% harvested. Estimates ahead of Thursday's monthly USDA report are showing production down slightly from September. **Cotlook. Meanwhile, the U.S. Department of Agriculture's weekly crop progress report on Tuesday showed 25 percent of the cotton crop harvested versus 19% a week ago.** US August cotton exports totaled 117,000 MT (814,600 bales), down 12.5% from last year and 25.15% lower than July. The USDA in its weekly export sales report showed net upland sales of 21,800 running bales (RB) for the 2018/2019 crop year, a marketing-year low.

Outlook

Cotton futures expected to trade sideways tracking weak trend in international prices. However, reports of delay in peak cotton arrivals and improving domestic demand may support prices in coming weeks.

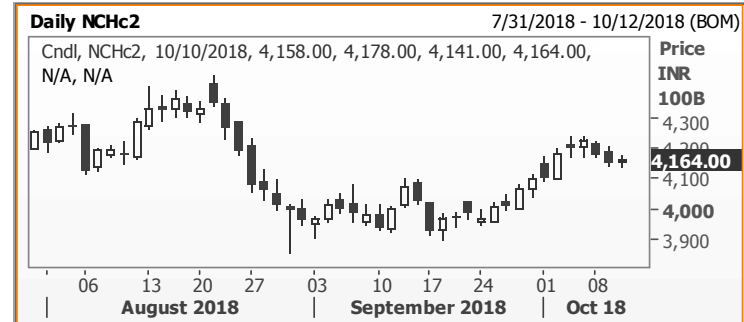
Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Oct'18	₹/bale	21800-22100	22600-22800
Kapas NCDEX Apr'19	₹/20 kg	1140-1150	1185-1200

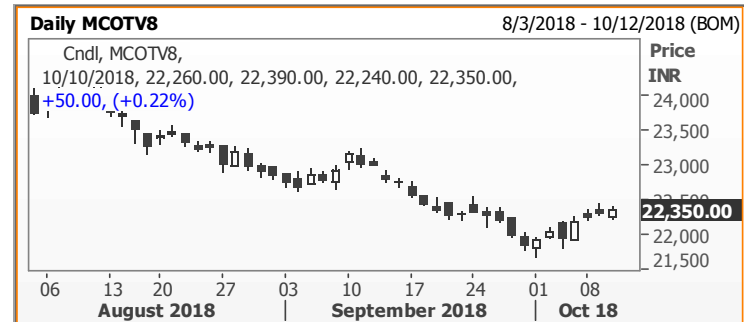
Market Highlights – Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	4172	-0.4	0.0	6.7	#N/A	
Chana- NCDEX-Nov'18	₹/qtl	4164	0.2	-0.4	2.9	-21.2	
NCDEX Kapas Apr '19	₹/20 kgs	1163.5	-0.21	1.17	0.87	#N/A	
MCX Cotton Oct'18	₹/Bale	22350	0.22	1.36	-2.19	18.63	
ICE Cotton Dec'18	Usc/Lbs	76.8	-0.27	0.44	-6.01	11.39	
Cotton ZCE	Yuan/ton	15195	0.03	#N/A	-3.80	1.40	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera Nov futures closed lower in a volatile trade on Wednesday due to fresh selling at higher levels. **Seasonally, the exports of Jeera dip during the 4th quarter of the calendar year. During monsoon season, Jeera producing districts of Gujarat received scanty rains, which will affect its production in next season. The prevailing water crisis may curtail jeera sowing by about 25% from last year's 7.80 lakh ha.** According to Commerce ministry data, exports in July surged 70.3% on year to 13,039 tonnes while for Apr-Jul period, exports were high by 76% at 88,885 tonnes compared to last year export volume.

NCDEX Turmeric recover on Wednesday after three consecutive session falls due to short covering initiated at lower levels. The prices have been under pressure and fall to 5 months low due to improved sowing and lower exports demand. **There are expectation of improving demand coupled with diminishing arrivals.** During the September, arrivals of turmeric have been higher at 12,478 t (Vs 10,978 t) compared last year, as per Agmarknet data. The July export of turmeric was higher on year by 29% at 10,570 tonnes and exports were also higher by 2% on year to 44,438 tonnes for Apr-Jul period. However, imports too jumped by 136% to 15,731 tonnes in Apr-Jul period which is pressurizing the prices in physical market.

Outlook

We expect **Jeera** futures to trade sideways to higher on some technical bounce and bargain buying. Moreover, improved physical domestic and exports demands from China and Bangladesh may keep prices steady. However, good stocks and higher prices in the domestic market may dent export prospects.

Turmeric futures expected to trade higher on reports of lower level buying and expectation of pick up in domestic demand will support prices in coming weeks. However, improved sowing turmeric growing areas of Tamilnadu, Karnataka and Maharashtra.

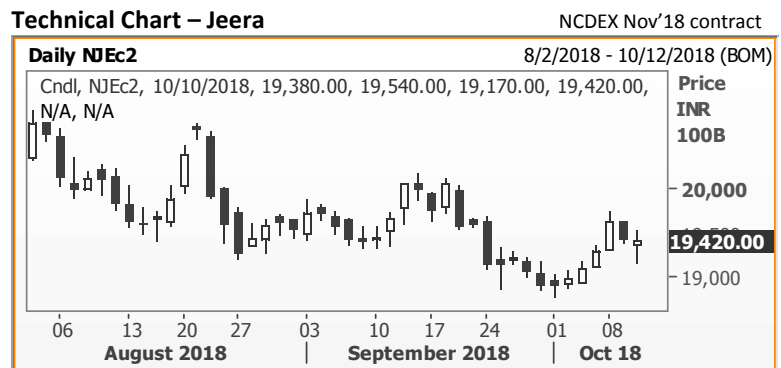
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Nov'18	₹/qtl	19000-19200	19600-19800
Turmeric NCDEX Nov'18	₹/qtl	6530-6600	6730-6800

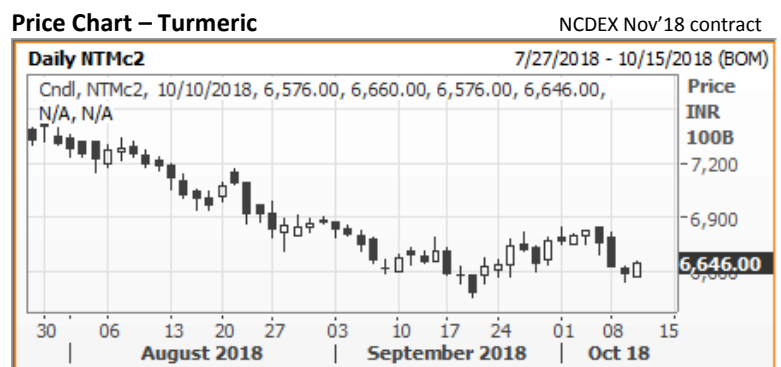
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	19500	-0.22	1.45	0.00	3.55	
Jeera- NCDEX Nov'18	R/qtl	19420	-0.08	2.29	-2.24	3.94	
Turmeric Spot- NCDEX	R/qtl	6854	-0.01	-0.49	-1.89	-7.13	
Turmeric- NCDEX Nov'18	R/qtl	6646	0.85	-2.29	-3.34	-6.35	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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