Agri-Fundamentals

Soybean

NCDEX Mar Soybean futures closed for the 5th consecutive week amid profit booking by the market participants on higher off-season arrivals and higher production forecasts. As per latest press release by SOPA, India's soybean output is higher by 38% at 114.8 lakh tonnes this year due to increase in average yield across the country. Demand for Indian soymeal is growing from Europe and West Asia while Iran is emerging as one of the largest buyers**.** Soymeal exports up by 98% on year in January to 210,166 tonne, as per SEA press release. Overall, Soymeal exports are higher by 16% at 10.66 lakh tonnes for the Apr- Jan period compared to last year. Soymeal exports from India are expected to rise 25% on year to around 15 lakh tn in 2018-19 (Apr-Mar).

CBOT Soybean *slipped on Friday on technical selling and amid concerns about competition for export business on the global market. USDA's 2019 Agricultural Outlook Forum* predicts that U.S. farmers will plant 85 million acres of soybeans, which is down 4.7% from last year. The Fats & Oils report showing delayed December data indicated that 183.5 mbu of soybeans were crushed in that month which was monthly record crush number and 4.1% larger yr/yr. A preliminary USDA estimate for the 2019/20 soybean S&D table shows ending stocks at 845 mbu, which would be down from the current 910 mbu 18/19 projection.

Outlook

Soybean futures expected to trade sideways to lower on expectation of more correction. However, **reports of lower soy oil imports which may need higher crushing in coming weeks.**

RMseed (Mustard seed)

Mustard Apr future ended little higher last week on expectation of higher production this season. As per government data, acreage under mustard is higher by 2.30 lakh ha this year at 69.4 lakh ha as on 22-Feb. Mustard output is expected at 75 lt tn in 2018-19 (Jul-Jun), up 7.1% from the previous year's due to expectation of higher yields this year**. In January,** rape oil imports are down by 43.5% on year to 9,434 tonnes. Overall, for current oil year starting November, the imports were down by 55% to about 34,500 tons. **However, USDA pegged rapeseed production at 60 lakh tons for 2018/19 in its latest monthly report, down about 7% on year. As per SEA press release rapeseed meal exports are higher by 37% on year in January to 34,270 tonnes.** For Apr-Jan, India's rapemeal exports up by 84% on year at 8.98 lt. **January and February months are lean season for rapemeal exports.**

Outlook

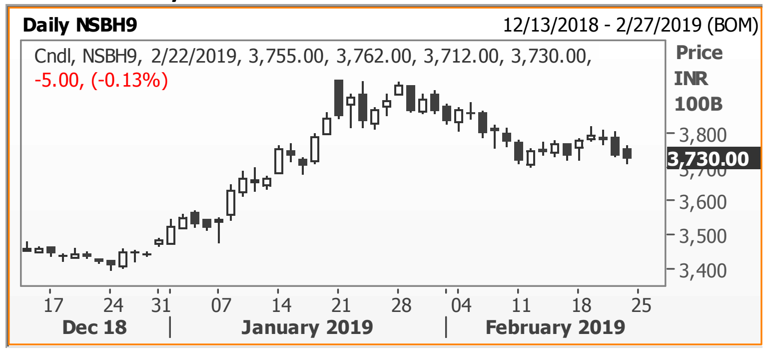
Mustard futures expected to trade sideways to higher in coming weeks **on expectation of improving mustard demand from the industrial users.** Moreover, good exports of meal and lower rape oil imports may also support prices. However new season arrivals may keep prices in a range.

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Soybean Spot- NCDEX - Indore	R/100 kg	3842	-0.08	0.42	-0.60	0.84
Soybean- NCDEX Mar'19	R/100 kg	3730	-0.29	-0.24	-2.89	-0.88
Soybean CBOT- Mar'19	USc/lb	910	-0.08	0.30	-0.52	-11.80
RM Seed Spot- NCDEX	MYR/Tn	4100	-0.19	-0.43	-1.33	-1.13
RM Seed- NCDEX Apr'19	R/100 kg	3881	-0.10	-0.79	-1.80	-6.14
Rapeseed-WCE	CAN $/Tn	475	0.83	-0.21	-2.28	-7.03

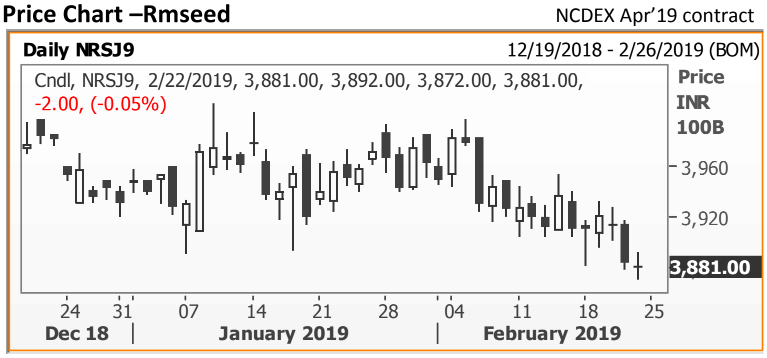
Price Chart –Soybean

NCDEX Mar'19 contract



Price Chart –Rmseed

NCDEX Apr'19 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Mar Futures surged 3-week higher but slipped later in the week due to profit booking at higher levels. Currently trading near 9-month high. There are reports of lower imports and declining stock positions for crude soy oil at ports. According to monthly report released by Solvent Extractors Association, crude soy oil imports down 17.3% on year to 1.86 lakh tonnes (lt) in January 2019. For Nov-Jan period, soy oil import volume drop 17.8%. Moreover, stocks in the port pegged at 70,000 tonnes at the end of Jan compared to 200,000 tonnes last year. In a fortnightly notification, Government hike tariff value of crude soy oil by 24 dollar to $758 per tn for the second half of February. USDA in its latest monthly update forecast India soyoil production was revised down by more than 4% to 16.20 lt, however, production is higher y/y by 16.9%. Soyoil imports are unchanged for month at 34 lt, but up 14% on year. Consumption pegged at 49.5 lt, up 7% compared to last year.

Outlook

We expect Ref Soy oil to trade lower on steady domestic demand and correction in soybean prices. Technical corrections expected at higher levels. Improved imports of edible oil in January may put pressure on prices in coming weeks.

Crude Palm oil

MCX CPO closed little higher last week but slipped more than 1.3% on Friday tracking weakness in Malaysia palm oil and stronger rupees. Higher tariff value and good demand is supporting prices earlier in the week. For second half of February, tariff value for CPO and RBD Palmolein increase by 23 and 28 dollar to 575 and 611 dollar per ton. According to SEA monthly update, Crude palm oil imports were also down by 4.1% on year in Jan to 6.45 lt but there is increase in imports for RBD palmolein by more than 11% to 1.67 lt mainly on reduction in duty difference. According to USDA monthly report in February, India palm oil imports figures are unchanged at 10.5 mt, up 22% compared to past year imports. Domestic consumption for India is forecast at 10.6 mt, up 16.7% on year. India has cut import taxes on crude and refined palm oil from Southeast Asian (ASEAN) countries after a request from suppliers.

Malaysian palm oil futures closed lower tracking declines in soyoil on the U.S. Chicago Board of Trade. Palm oil generally registers production declines in the first quarter. **CPO production figures are highest on recorded in Malaysia for the month of January.** Meanwhile to support exports, Malaysia kept its export duty on crude palm oil for March at zero percent. Exports of Malaysian palm oil products for Feb 1-20 rose 0.8% to 919,492 tonnes from 912,061 tonnes shipped during Jan 1-20 acc. to cargo surveyor.

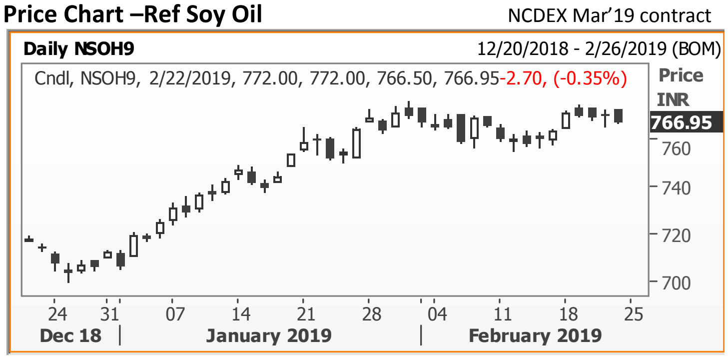
Outlook

CPO futures expected to trade sideways to lower tracking weak international prices. Moreover, higher tariff value and improving physical demand from the stockiest may further support edible oil prices. Need to watch out for import figures, which may pressurize prices in second half of Feb.

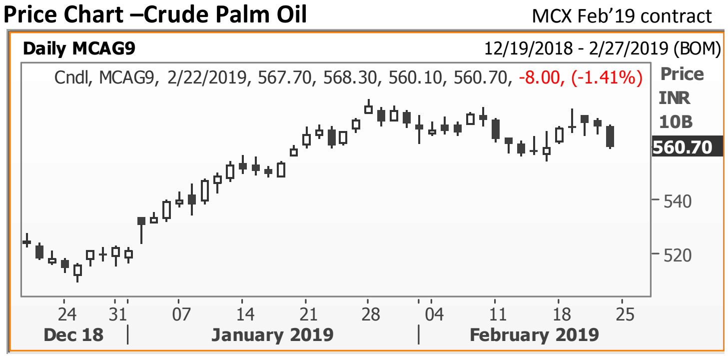
Market Highlights – Edible Oils

			% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Ref Soyoil Spot - Mumbai	R/10 kgs	770.6	-0.06	-0.58	0.82	4.8
Ref Soy oil- NCDEX Mar'19	R/10 kgs	767.0	-0.38	0.47	1.93	2.2
Soybean Oil- CBOT-Mar'19	USc/lbs	30.51	0.07	1.87	3.85	-4.8
CPO-Bursa Malaysia - Mar'19	MYR/T	2257	-0.31	0.13	-1.14	-10.0
CPO- MCX – Feb'19	R/10 kg	560.7	-1.35	0.18	-0.09	-3.5

Price Chart –Ref Soy Oil NCDEX Mar'19 contract



Price Chart –Crude Palm Oil MCX Feb'19 contract



Source: Reuters

Chana

Chana futures slipped for the second consecutive week mainly on new season arrivals and higher carryover stocks with the government agencies. **There is concern over crop loss due to forecast of heavy rains and hail storm in North and Central India**. Area under chana is lower compared to last year, as Feb-22, chana acreage is at 96.6 lakh ha, down 10% compared to last year acreage on over 107.6 lakh ha. Chana stocks are diminishing with physical market players due to steady domestic consumption and lower imports of chana. **Chana attract 60% import duty since March 2018.** Moreover, chana exports from the country increased by 218% to 1.77 lt. The govt have extended import curbs on all varieties of peas by 3 months until the end of March. Chana ended January on negative note and slipped more than 10% in last two months on expectation of better production for third successive year.

Outlook

Chana futures is expectation to trade sideways on reports of diminishing stocks with the traders coupled with expecting higher crop production for 3rd consecutive year. Moreover, higher stocks with Government agencies may keep pressurizing prices when new season crops arrive in physical market.

Cotton / Kapas

MCX cotton little higher last week but slipped on Friday tracking weak trend in International market. Cotton slipped to 11-month low last week tracking due to subdued demand from the Industrial users. Currently, prices higher compared to last year on reports of lower than expected production prospects in the Country.

In its latest press release, CAI cuts 2018-19 production estimate further by 5 lakh bales to 330 lakh bales for the year 2018- 19 however, higher imports of 27 lakh bales (15) and lower exports of 50 lakh bales (Vs 69) for 2018/19 season is bearish.

As per the data published by Commerce MInsitry, country exported 17.83 lakh bales of cotton in first three month of new cotton year, compared to 16.65 lakh bales last year. Imports are higher by 6% at 2.3 lakh bales.

ICE Mar slipped more than 1 percent on Friday after combined weekly export sales data from the U.S. government fell short of investors' expectations. **The Export Sales report showed all old crop upland cotton bookings of 977,144 RB in the weeks of 1/10-2/14 that averaged 162,857 RB per week and was 46.09% down the same period in 2018. The USDA released preliminary forecasts for 19/20 cotton numbers, showing production at 22.5 million bales and carryout rising 2 million bales to a burdensome 6.3 million.**

Outlook

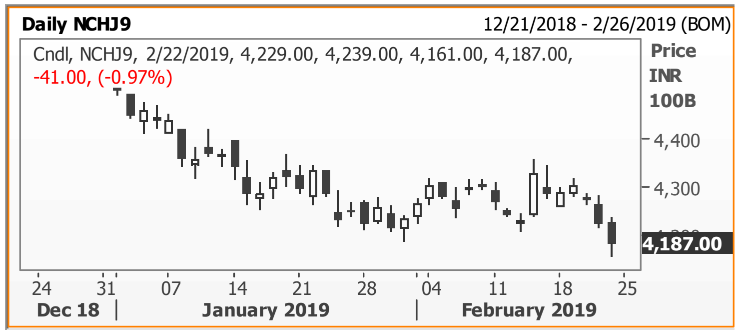
Cotton futures expected to trade sideways mixed fundamentals of higher International prices and lower demand from the bulk industrial buyers in the country. Prices have already factor for the lower production and slower exports in New Year. Higher cotton stocks with farmers and fear of imports may keep prices under pressure in coming weeks.

Market Highlights– Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY
Chana Spot - NCDEX (Delhi)	**`/qtl**	**4100**	**-0.7**	**-1.4**	**-1.5**	**#N/A**
Chana- NCDEX-Mar'19	**`/qtl**	**4156**	**-1.0**	**-2.3**	**-2.0**	**6.8**
NCDEX Kapas Apr '19	R/20 kgs	1114.5	-0.49	-1.46	-1.89	#N/A
MCX Cotton Feb'19	Rs/Bale	20180	-0.25	0.25	-3.86	0.85
ICE Cotton May'19	Usc/Lbs	73.01	-1.35	1.60	-2.46	-9.35
Cotton ZCE	Yuan/ton	14740	0.34	1.87	-0.14	0.34

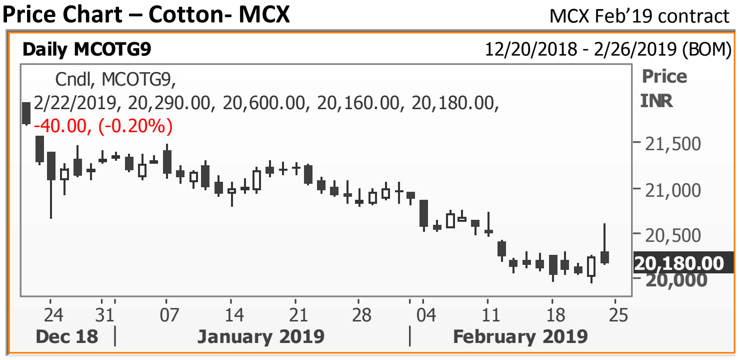
Price Chart – Chana

NCDEX Mar'19



Price Chart – Cotton- MCX

MCX Feb'19 contract



Source: Reuters

Spices (Jeera)

NCDEX Jeera Mar futures edged lower last week as new season jeera hitting the market. It is currently trading at **10-month low.** Subdued exports demand is keeping prices range bound. According to 1st Adv est. by Agriculture Ministry, cumin output may be higher by 10% on year to 7.56 lakh tonne. In the 2nd advance estimate, cumin production in Gujarat is forecasted down by 25% on year at 2.23 lakh tonnes for 2018/19 crop. Area under cumin in the state is pegged at 3.48 lakh ha as on 4-Feb, down 9.1% on year **but higher by 8.75% than normal area as per govt data**. Exports of jeera is down 5.6% on year in December at 9,085 tonnes compared to 8,600 tn last year but jeera exports in 2018/19 (Apr-Dec) is 1.37 lt, up 25% compared to exports last year, acc. to Commerce Ministry.

Outlook

We expect Jeera futures to trade sideways on expectation on some technical support. However, higher availability in the physical market amid slowing export demand may still pressurizing prices.

Turmeric

NCDEX Apr Turmeric touched its lowest levels in New Year amid higher supplies prospects from new season crop are putting pressure on turmeric prices. Production is forecasted at 11.5 lakh tonnes in the 1st advance estimates by the government little higher then to last year production. Prices are down more than 6.5% in 2019 on subdued export demand and good production prospects. As per data released by Commerce Ministry, turmeric exports during the month of Dec 2018, up 5% on year to 9,301 tonnes (Vs 8,854 tonnes). Turmeric exports in 2018/19 (Apr-Dec) is up 12.4% at 102,347 tonnes compared to 84,523 last year for the same period.

Outlook

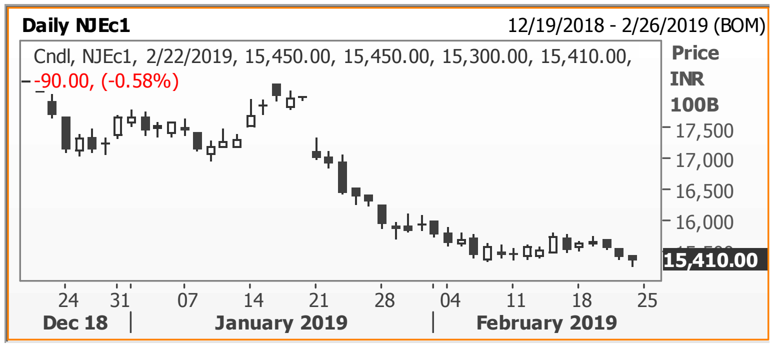
Turmeric futures expected to trade sideways on new season arrivals and good production prospects due to higher turmeric areas in Tamilnadu, Karnataka and Maharashtra. However, expectation of demand may support prices.

Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY
			% Change			
Jeera Spot- NCDEX - Unjha	R/qtl	16486	-0.60	-0.93	-8.58	-10.65
Jeera- NCDEX Mar'19	R/qtl	15410	-0.39	-0.96	-6.58	-1.44
Turmeric Spot- NCDEX	R/qtl	6389	-0.18	-1.97	-6.54	-7.46
Turmeric- NCDEX Apr'19	R/qtl	6200	-0.45	-1.68	-4.44	-11.23

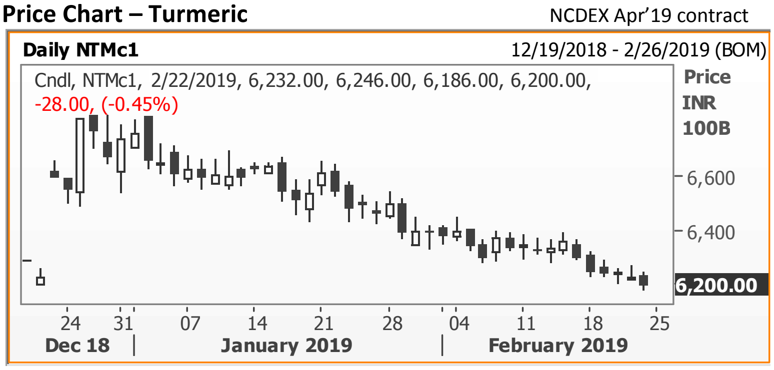
Technical Chart – Jeera

NCDEX Mar'19 contract



Price Chart – Turmeric

NCDEX Apr'19 contract



Source: Reuters

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