

Soybean

NCDEX May Soybean closed lower on Wednesday due to fresh selling by market participants despite good exports figures for soymeal from SEA due to lower physical demand and high stocks. As per SEA, soy meal exports in March were provisionally reported at 1.94 lakh tonnes, up 175% on year. Moreover, February exports are revised higher to 1.32 lt from 69,128 tonnes reported in the last month release. Soybean meal exports in FY 2018/19(Apr-Mar) are about 13.37 lt, up 12.6% on year while for Oct – Mar period exports are up 31.8% at 9.2 lt. **In its latest press release by SOPA, soybean arrivals for the Oct-Mar period in the current crop year pegged at 77 lt, up by 23.2% on year.** SOPA expects availability of soybean for crushing, direct use and exports about 101.8 lt as against 86 lt last year. SEA forecast soybean production at 102.43 lt in 2018/19, up more than 23% y/y.

CBOT Soybean closed higher on reports of improving exports. Optimism about U.S.-China trade talks added support as trade talks continue to make progress and the two sides have basically settled on a mechanism to police any agreement, including new enforcement offices. In Monthly report USDA trimmed their US soybean carryout projection by 5 mbu to 895 mbu due to lower imports and higher seed usage. Brazil production estimate was raised by 0.5 mt to 117 mt on a higher average yield and Argentine output unchanged 55 mt.

Outlook

Soybean futures expected to trade sideways to negative in coming days on concern over higher availability of oilseed in the country and slowing soybean meal exports. Moreover, higher edible oil imports will put extra pressure on Oilseeds.

RMseed (Mustard seed)

Mustard May futures closed slightly higher to close at 3,778 levels and expected to gain more coming days. Currently, spot mustard prices are lower than soybean because of bumper supplies expected this season. **USDA also revised its production forecast by 21% to 80 lt in April monthly report from 66 lt last month.**

According to latest SEA, Rape meal exports in March is provisionally reported at 50,964 tonnes (Vs 125,000 t), down 59.2% on year as per SEA press release. February meal exports figures revised higher to 79,463 tonnes from 41,728 tonnes. Meal exports crossed 10 lt in FY 2018/19 first time in last 3 years. As per SEA, the mustard seed production will be higher by about 19% this season to over 81 lt due to better climate and higher area. State agencies to started procurement at MSP of 4,200 rupees per 100 kg directly from farmers.

Outlook

Mustard futures expected to trade sideways in coming days due to heavy supplies of new season mustard crop. There are expectations of meal demand from China following a trade dispute with Canada. However, reports of higher procurement by the states will support mustard prices in coming weeks.

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3893	-0.51	-0.38	2.31	0.28	
Soybean-NCDEX May'19	R/100 kg	3776	-0.24	-1.49	0.40	-1.62	
Soybean CBOT- May'19	US\$/lb	902	0.36	-0.50	0.70	-13.91	
RM Seed Spot- NCDEX	MYR/Tn	3836	-0.37	-1.41	-2.89	-2.62	
RM Seed-NCDEX May'19	R/100 kg	3778	0.08	-0.87	-2.73	-4.05	
Rapeseed-WCE	CAN \$/Tn	456	0.15	-0.44	0.82	-12.88	

Price Chart –Soybean

NCDEX Apr'19



Price Chart –Rmseed

NCDEX May'19



Source: Reuters

Refine Soy Oil

Refined Soy Oil May Futures edged lower for third consecutive session to close at 722.80 rupees per 10 kg on expectation of higher imports at cheaper prices in March. Prices are now correcting from 6-week high touched on Monday due to stronger rupees and higher imports of edible oils in domestic market due to low tariff value for imports. USDA reduces consumption forecast by 1% to 49 lakh tonnes in April report keeping production and import unchanged.

In a fortnightly notification, **Government cut tariff value** of crude soy oil by 18 dollar to \$711 per tn for the first half of April. According to monthly report released by SEA, soy oil import jumped by 64.7% to 2.20 lt in February compared to 1.34 lt last year same month. However, overall imports are lower by 2.31% for Nov-Feb at 6.95 lt. USDA FAS forecast India soyoil production at 17.22 lt in 2018/19, up by 14.2% forecast by official USDA while Soyoil imports are pegged at 36 lt Vs 34 lt.

Outlook

We expect Ref Soy oil to trade sideways to lower due to stronger rupee is keeping imports cheaper. Improved imports of edible may put further pressure on prices in coming weeks.

Crude Palm oil

MCX Apr CPO edged lower for the second trading session on Tuesday on anticipation of higher imports of CPO and RBD in March at cheaper prices. India's palm oil imports in 2018/19 is expected to jump about 10% on year to a record high due to sharp fall in the prices. For first half of Apr, tariff value for CPO and RBD Palmolein cut by 24 and 4 dollar to 529 and 567 dollar per ton.

According to SEA monthly update, import of CPO down 9% on year in February to 4.98 lt but RBD imports surged by more than 19% by to 2.41 lt mainly on reduction in duty difference. According to USDA monthly report in February, palm oil consumption for India is forecast at 10.6 mt, up 16.7% on year.

Malaysian palm oil fell more than 2% to a one-week low on Wednesday as government data showed higher production trend and higher march end-stocks. The MPOB data showed that March end-stocks were down only 4.6% from February to 2.92 mt, while output rose 8.3% to 1.67 mt. Data shows, palm oil exports surged by 22.4% in March from February to 1.62 mt. Despite higher exports, the current stocks are 25.6% higher compared to last year same month.

Outlook

CPO futures expected to trade lower tracking weak palm oil prices in Malaysia. Further pressure on prices comes from lower tariff value and higher import figures. Higher edible oil stocks by 20% compared to last year ports is also pressurizing prices of edible oil.

Market Highlights – Edible Oils

		% Change				
	Unit	Last	Prev day	WoW	MoM	YoY
Ref Soyoil Spot - Mumbai	R/10 kgs	743.3	-0.35	0.26	-2.04	-3.8
Ref Soy oil- NCDEX May'19	R/10 kgs	722.8	-0.21	-0.23	-1.28	-3.6
Soybean Oil- CBOT- May'19	USc/lbs	29.07	0.10	-0.45	-1.96	-7.8
CPO-Bursa Malaysia- May'19	MYR/T	2170	-1.90	-1.54	2.12	-9.5
CPO- MCX – Apr'19	R/10 kg	535.8	-0.76	-0.94	-1.80	-17.1

Price Chart –Ref Soy Oil

NCDEX May'19



Price Chart –Crude Palm Oil

MCX Apr'19



Source: Reuters

Chana

Chana May futures close fairly unchanged on Wednesday. It surged to 14-week high last week as government put quantitative restrictions on pulses for next one year. Government has extended ban on Chana, tur, Urad and peas till March 2020. It has put quota of restricted imports – 1.5 Lt each for peas, moong and Urad and 2 Lt for tur. Currently Chana sees arrivals of new season but lower stocks with the physical market players are supporting prices. Higher stocks with the government agencies keeping the prices below MSP. NAFED still has more than 16 Lt of chana procured last year. In 2018/19, chana production forecast at 103.2 Lt in 2nd advance estimated by Government, down 8% on year due to 10% less area. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. Chana, imports are down 85.1% to 1.43 Lt compared to 9.58 Lt last year during 2018/19 (Apr-Jan), while exported are close to 2Lt of chana compared to 68,000 tonnes last year.

Outlook

Chana futures expected to trade sideways on reports that NAFED may sell stocks as prices have improved in physical market. The stocks with physical traders diminishing amid lower imports and high consumption. However, higher crop production for 3rd consecutive year may keep prices in control.

Cotton / Kapas

MCX cotton closed lower for the third consecutive session on Tuesday to close at 21,950 rupees per bale mainly on technical selling. USDA kept production and consumption figures unchanged at 27 and 24.8 million bales respectively but revised down imports and exports by 12.5% and 6.7% respectively. Cotton supply is dwindling quickly as 2018-19 crop is likely to be much lower than the initial projection of around 350 lakh bales. According to USDA attaché report, India 2019/20 cotton output to rise about 7% yr/yr to hit five-year high on higher yields, acreage. It may boost export prospects. CAI trims cotton crop size to 321 lakh bales, lowest since 2009-10 which will raise imports and decline exports.

ICE cotton May contract settled lower on Wednesday as investors booked profits as consumption are cut and ending stocks are higher this month for the US. Estimates for U.S. ending stocks were increased by 100,000 bales to 4.4 million bales for the 2018/19 crop year, while world ending stocks were seen at 76.44 million bales, 360,000 bales above a previous estimate. Chinese imports were raised by 500,000 bales to 8 million. In their monthly update, ICAC is looking for global cotton consumption to hit an all time high of 27.3 mt in 2019/20.

Outlook

Cotton futures expected to trade sideways to lower tracking weak global prices due to bearish USDA monthly report. Moreover, improving in exports demand from China and increasing domestic demand may support prices. Reports of CCI selling its stock may keep prices in a range.

Market Highlights– Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	4362	0.3	0.0	7.7	#N/A	
Chana- NCDEX-May'19	`/qtl	4465	0.2	-0.7	6.0	18.5	
NCDEX Kapas Apr '19	R/20 kgs	1206.5	-0.21	-0.78	7.48	#N/A	
MCX Cotton Apr'19	Rs/Bale	21950	-0.77	-0.81	4.52	5.89	
ICE Cotton May'19	Usc/Lbs	77.62	-0.60	0.39	5.62	-7.41	
Cotton ZCE	Yuan/ton	15375	0.72	1.38	6.51	3.57	

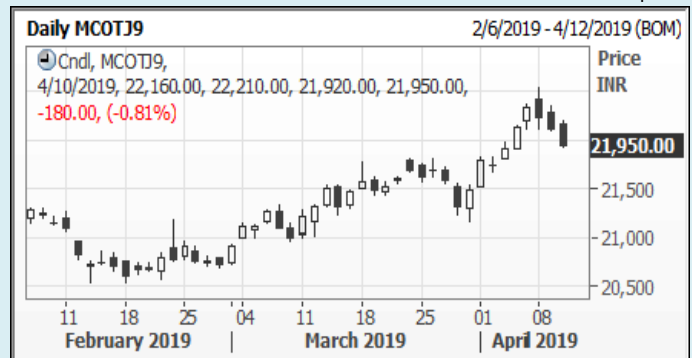
Price Chart – Chana

NCDEX May'19



Price Chart – Cotton- MCX

MCX Apr'19



Source: Reuters

Spices (Jeera)

NCDEX May Jeera futures closed higher for third consecutive session on Wednesday tracking improving physical demand. Despite heavy arrivals, jeera futures climb to 10-week high on improving demand from the bulk buyers and exporters. During the second half of March, 23,800 tonnes of jeera arrived in physical market across the country compared to 18,500 last year. India's cumin seed (jeera) output is set to touch 4.16 lakh tonnes for 2019, about 9% higher than the previous year, supported by a sharp jump in production in Rajasthan. Exports of jeera is up 20.8% on year in January at 9,429 tn compared to 7,800 tn last year while for Apr-Jan period it is up 24.75% at 1.46 lt, compared to last year, according to DGCIS.

Outlook

We expect Jeera futures to trade sideways to positive on mixed fundamentals of heavy supplies and improving demand from the bulk buyers for new season crop. This season there will be higher availability thus exports demand will play a major role in prices movement.

Turmeric

NCDEX May Turmeric corrected on Tuesday after hitting upper circuit in the previous session due to technical selling. There is steady increase in physical demand and anticipation of government procurement. Improving export demand is also supporting price. The prices have rebound from 15-week low touched last week. As per Commerce Ministry, turmeric exports during the month of January, down 11.4% y/y to 7,774 tonnes (Vs 8,773 t). However, for Apr-Jan period exports up 18% at 1.10 lakh tonnes compared to 93,350 tonnes last year for the same period. In 2018/19, production is forecast at 11.5 lt in the 1st advance estimates by the government.

Outlook

Turmeric futures expected to trade sideways to lower due to technical correction. However, new season arrivals and good production prospects will keep prices lower. However, government procurement in some states coupled with good exports will support price rise.

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Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qrtl	16525	0.20	1.97	2.07	4.13	
Jeera- NCDEX May'19	R/qrtl	16425	0.15	1.01	6.48	8.99	
Turmeric Spot- NCDEX	R/qrtl	6538	0.00	3.92	3.37	2.29	
Turmeric- NCDEX May'19	R/qrtl	6654	-0.42	2.84	3.00	2.08	

Technical Chart – Jeera

NCDEX May'19



Price Chart – Turmeric

NCDEX May'19



Source: Reuters

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