

**Soybean**

**NCDEX Jun Soybean** edged lower for the 4<sup>th</sup> consecutive session on Tuesday on profit booking by the market participants on reports of higher sowing in coming season. In the 3<sup>rd</sup> advance estimates, government increased production forecast of soybean to 137.43 lt (Vs 109.33 last year). There are chances of higher planting this season as farmers got good return last year. Moreover, IMD confirm normal rains in its in its second stage forecast recently. Lower demand for crushing also pressure due to expectation of improving edible oil imports. As per latest SOPA press release, soybean arrivals for the Oct-Apr period pegged at 81 lt, up by 21.8% on year. Until April, country crushed about 62 lt of soybean compared to 55.5 lt last year.

USDA in its monthly report forecast output at 109 lt in 2019/20, down 5% compared to last year. Lower crude soybean oil stocks at port may support soybean but lowering of tariff on edible oils and lower soyoil in international market pressurize soybean.

As per SEA, soymeal exports are revised higher to 13.58 lt, up 14.3% in 2018/19. SEA revised March 2018 exports figures to 2.15 lt which is highest single month exports in last 26 months.

**CBOT Soybean** closed lower on Wednesday on forecasts of warmer temperatures in the U.S. Midwest which will hasten sowing progress in coming weeks.

**Outlook**

Soybean futures expected to trade sideways to lower in coming days due to lower physical demand by the oil mills. Moreover, higher production and increase edible oil imports will put extra pressure on Oilseeds at higher levels.

**RMseed (Mustard seed)**

**NCDEX Jun Mustard** slipped to 2-week low (3,877) on Tuesday but then recover well to close 0.15% high due to short covering to close at 3,920 rupees per 100 kg. In its 3<sup>rd</sup> adv estimates, mustard seed & rapeseed production is revise higher to 87.82 lakh tonnes from 83.97 lt in 2<sup>nd</sup> estimate. Currently, prices are consolidating near 3,900 levels on hopes of meal demand coming from China as it refuse shipment from Canada. Moreover, reports of nil imports of rapeseed for second consecutive month in April keep domestic crush demand higher. Nafed expected to procure about 20 lt at MSP from various states. USDA increase export forecast of rapemeal to 9 lt from 6.5 lt due to likely exports to China with larger crop and crush.

**As per SEA**, export of rapemeal in 2018/19 is sharply increased to 10.94 lt (Vs 6.64 lt last year) while for march revised higher to 93,110 tonnes from 50,964 tn. **USDA** revised higher its production forecast for 2018/19 by 21% to 80 lt (Vs 61 lt) in its monthly report.

**Outlook**

Mustard futures expected to trade sideways on expectation of improving demand for meal export. However, heavy supplies of new season mustard crop and reports of procurement by the states might keep prices in a range.

**Market Highlights – Oilseeds**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX - Indore</b>	R/100 kg	3810	-0.52	-1.75	2.14	4.56	
<b>Soybean- NCDEX Jun'19</b>	R/100 kg	3620	-0.33	-2.14	-1.04	1.37	
<b>Soybean CBOT- Jul'19</b>	USc/lb	870	-1.36	1.61	3.27	-14.60	
<b>RM Seed Spot- NCDEX</b>	MYR/Tn	4076	-0.59	-0.59	6.98	2.29	
<b>RM Seed- NCDEX Jun'19</b>	R/100 kg	3920	0.15	0.26	3.92	0.54	
<b>Rapeseed-WCE</b>	CAN \$/Tn	450	-0.64	-0.16	4.72	-15.71	

**Price Chart –Soybean**

NCDEX Jun'19



**Price Chart –Rmseed**

NCDEX Jun'19



Source: Reuters

**Refine Soy Oil**

**Refined Soy Oil June futures** closed lower on Tuesday on profit booking to close at 748.35 rupees per 10 kg. Recently government increase tariff value of crude soy oil by 3% for the 1<sup>st</sup> half of June but cut CPO tariff which may decline import demand for soyoil. As per latest SEA press release, edible oil in pipeline is highest as on 1<sup>st</sup> May since October last year.

**In a fortnightly notification, Government increase tariff value of crude soy oil by 20 dollar to \$709 per tn for the 1st half of June.**

According to monthly report released by SEA, Soyoil imports down 6% to 2.48 lt in April compared to 2.65 lt last year same month. Overall, imports are higher by 13.3% for the first half of OY 2018/19 (Nov-Apr) at 12.37 lt compared to last year same period. USDA in its monthly report revised higher the consumption to 50 lt in 2018/19 compared to 49 lt in previous month estimates. Consumption will increase to 52 lt in 2019/20.

**Outlook**

We expect Ref Soy oil to trade under pressure due to cut CPO tariff. Moreover, weakness in domestic soybean prices and improved imports of edible may put pressure on prices in coming weeks.

**Crude Palm oil**

**MCX Jun CPO edged lower** for the third consecutive session due to tariff cut on crude palm oil. Moreover, tariff difference between CPO and RBD increased to over 40 dollars. For 1<sup>st</sup> half of May, tariff value for CPO and RBD Palmolein cut by 8 and 1 dollar to 514 and 555 dollar per ton which is lowest tariff rate in 2019. Currently, CPO prices are about 18-20% down on year due to higher stocks, weak international prices and higher imports.

**According to USDA monthly report**, India's palm oil imports in 2018/19 is expected to jump by 20% on year to 105 lakh tonnes due to sharp fall in the prices and lower tariff values. According to SEA monthly press release, Import of Crude palm oil down 19.2% on year in April at 4.50 lt while import of RBD palmolein up by about 13.7% to 2.38 lt due to lower prices in the international markets.

**Malaysian palm** rose after three sessions of losses in early trade on Tuesday, tracking a recovery in soyoil on the U.S. Chicago Board of Trade. The market will be closed from Tuesday afternoon until Thursday for Eid holidays, and will reopen for a full trading session on Friday. Malaysian palm oil exports rose 6.5-10.2% on a monthly basis in May, according to data from cargo surveyors.

**Outlook**

CPO futures expected to trade sideways to lower due to weak international prices. Moreover, lower tariff value and higher import figures bearish sign. Higher edible oil stocks by 20% compared to last year 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	745.6	-0.29	0.89	1.89	-1.4
Ref Soy oil- NCDEX Jun'19	R/10 kgs	748.4	-0.27	-0.41	3.51	-2.3
Soybean Oil- CBOT- Jul'19	USc/lbs	27.22	-0.98	-0.26	-0.48	-12.5
CPO-Bursa Malaysia - Aug'19	MYR/T	2056	-0.05	-0.48	2.29	-15.3
CPO- MCX – Jun'19	R/10 kg	513.4	-0.39	-1.00	-1.70	-21.1

**Price Chart –Ref Soy Oil**

NCDEX Jun'19



**Price Chart –Crude Palm Oil**

MCX May'19



Source: Reuters

**Chana**

**NCDEX Jun** Chana plunge 1.4% on Tuesday due to profit booking to close at 4,502 rupees per 100 kg. Last month, the prices have gain 6.5% as stocks are limited in open market. Majority of stock is with the government agencies which may auction it as the prices have now crossed over MSP of 4,600 rupees. In 2018/19, chana output forecast at 103.2 lt in 2<sup>nd</sup> 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 84% to 1.71 lt in 2018/19 (Apr-Feb) compared to 11.25 lt last year, while exported are about 2.1 lt compared to 89,316 tonnes last year.

**Outlook**

Chana futures will trade sideways to lower in coming days as government agencies holding major portion of Chana may auction to stabilize prices near MSP. However, stocks with physical traders diminishing amid lower imports and high consumption may support prices if it drops below MSP.

**Cotton / Kapas**

**MCX Jun cotton traded in a narrow range on Wednesday and edged lower to close at 21,890 rupees per bale.** Moreover, reports of normal monsoon and good sowing progress in Northern India keeping the prices in check. Recently, CAI has projected cotton exports at 46 lakh bales compared to 69 lakh bales last year due to higher prices and smaller crop size. With the lower exports and higher imports the closing stock as on September 30, 2019 may increase from 13 lakh bales as estimated by the CCI's Cotton Crop Committee.

USDA in its latest monthly report states that India will be back to number one position in 2019/20 season with projected production of 28.5 million bales. In the current season we see higher imports of about 31 lakh bales due to higher domestic prices. In April, cotton prices increased to highest levels in 2019 but now correcting on expectation on higher stocks as exports have been down.

**ICE cotton closed lower on Wednesday tracking strong dollar and weak grain market.** USDA reported cotton planting progress at 71% complete, a 14% move from last week compared to 72% average and 74% last year. As of Tuesday, Spec traders in Cotton futures and options backed off their record net short position by 1,882 contracts to -35,204 contracts. Cotton export sales in the week that ended on May 23 were tallied at 288,732 RB for old crop. The lead buyer was Vietnam of 120,700 RB, with India at 77,700 RB.

**Outlook**

Cotton futures may trade sideways due to expectation of steady to higher supplies in domestic market due to increase imports and decreased exports. Moreover, forecast of normal monsoon and steady demand may keep prices under pressure.

**Market Highlights– Chana & Cotton**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	4486	-0.6	-0.2	6.8	#N/A	
Chana- NCDEX-Jun'19	`/qtl	4520	-1.4	-0.3	4.3	28.5	
NCDEX Kapas Apr'19	R/20 kgs	1139.5	0.00	0.00	-2.98	#N/A	
MCX Cotton Jun'19	Rs/Bale	21890	-0.36	-1.08	-2.84	0.50	
ICE Cotton Jul'19	Usc/Lbs	68.74	-0.33	-1.05	-9.17	-26.21	
Cotton ZCE	Yuan/ton	12830	-0.12	-3.24	#N/A	-26.41	

**Price Chart – Chana**



**Price Chart – Cotton- MCX**



Source: Reuters

**Spices (Jeera)**

**NCDEX Jun Jeera jumps by about 1.5% on Tuesday supported by continuous increase in physical and export demand.** It closes at 17,790 rupees per 100 kg. The arrivals have down on month from 78,000 tonnes during April to 38,000 in May. Jeera exports is up 4.6% on year in February at 10,186 tn compared to 9,736 tn last year while for Apr-Feb period it is up 23.2% at 1.57 lt, compared to last year, according to DGCIS. According to [third advance estimates by Government](#), India's cumin seed (jeera) output in 2018/19 is 5 lakh tonnes, down 36.3% than the previous year's production of 7.85 lakh tonnes.

**Outlook**

We expect Jeera futures to trade positive and consolidate at current levels of in coming weeks to gauge demand at these levels. Overall exports demand will play a major role in prices movement as availability is good this season.

**Turmeric**

**NCDEX Jun Turmeric edged little higher on Tuesday** to close at 6,910 rupees per 100 kg. Since April, the prices have climbed more than 13.5% on reports of improving export demand and below normal rains in the turmeric growing areas of the country. Moreover, government procurement and improving export demand also support prices. As per Commerce Ministry, turmeric exports during the month of February, up 5.6% y/y to 8,454 tonnes (Vs 8,006 t). However, for Apr-Feb period exports are up by 17% at 1.19 lt compared to 1 lt last year for the same period. In 2018/19, production is forecast at 10.77 lt in the 3rd advance estimates by the government.

**Outlook**

Turmeric futures expected to trade sideways in coming sessions but higher stocks with traders and farmers may pressurize prices. Government procurement in some states coupled with improving demand for exports will support price rise.

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MCX Member ID: 12685 / FMC Regn No: MCX / TCM / CORP / 0037 NCDEX: Member ID 00220 / FMC Regn No: NCDEX / TCM / CORP / 0302

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**Market Highlights - Spices**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Jeera Spot-NCDEX -</b>							
Unjha	R/qrtl	17633	0.76	0.52	4.11	9.32	
Jeera-NCDEX Jun'19	R/qrtl	17790	1.48	2.60	4.77	8.91	
<b>Turmeric Spot- NCDEX</b>							
Turmeric- NCDEX Jun'19	R/qrtl	6718	-0.04	0.36	3.56	-8.25	

**Technical Chart – Jeera**



**Price Chart – Turmeric**



Source: Reuters

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