Soybean

NCDEX Aug Soybean closed lower on Tuesday due to monsoon revival and lower demand for soymeal exports. As per farm ministry, **acreage under soybean** is 97.1 lakh ha so far, down about 4 lakh ha from last year acreage of 101.5 lakh ha. Area in MP improved up to last year areas however in Maharashtra the area lower than last year. Edible oil imports expected to be on higher side in coming months due to lower tariffs. Government hike minimum support price by 9% or 311 rupees to 3,710 per 100 kg for 2019/20 which also helps to increase acreage this year.

As per SOPA, the **arrivals of soybean** improved during June to 4.5 lt compared to Apr and May. Overall, arrivals this season is 89.25 lt compared to 75 lt last year. **Soy meal exports** provisionally down by 82.5% in June to 18,185 tonnes compared to last year. Similarly, **exports for 1st quarter** (Apr-Jun) are down by about 55% to 1.12 lt compared to 2.5 lt last year. In the **3rd advance estimates, government** increased production forecast of soybean to 137.43 lt (Vs 109.33). USDA kept soybean output forecast unchanged at 109 lt in 2019/20 but down 5.2% y/y.

CBOT soybean neared a seven-week low on Tuesday on worries over the U.S.-China trade war that may slow exports of US soybean. President Trump criticized China for lack of promised purchases of US ag goods and warned them from waiting on a trade deal until after the 2020 election.

Outlook

Soybean futures expected to trade sideways to lower due to revival of rains in central part of India. Moreover, declining meal exports may put extra pressure on Oilseeds as the sowing season progressing.

RMseed (Mustard seed)

NCDEX Mustard traded under pressure on Tuesday to close at 3,928 rupees per 100 kg. The prices have been consolidated at 3900 levels due to good crushing demand on reports of nil imports of rape oil for third consecutive month in May. As per data released by MOPA, with the new season arrivals is just above 50 lt. In its 3rd adv estimates, mustard production revises higher to 87.82 lt from 83.97 lt in 2nd estimate. USDA maintain export forecast of rapemeal to 9 lt and output in 2019/20 at 77 lt (Vs 80 lt) in its monthly report. As per SEA, rape meal exports also down 23% to 2.5 lt during the first quarter of 2019/20 compared to 3.2 lt last year. For June, rape meal exports are provisionally kept at 54,250 tonnes, down by more than 40% on year.

Outlook

Mustard futures expected to trade sideways due to sufficient supplies and steady physical demand. Exports of rape meal is also not picking up as expected. However, good demand for mustard oil and increase demand for mustard crush may keep prices above 3900 levels.

Market Highlights – Oilseeds

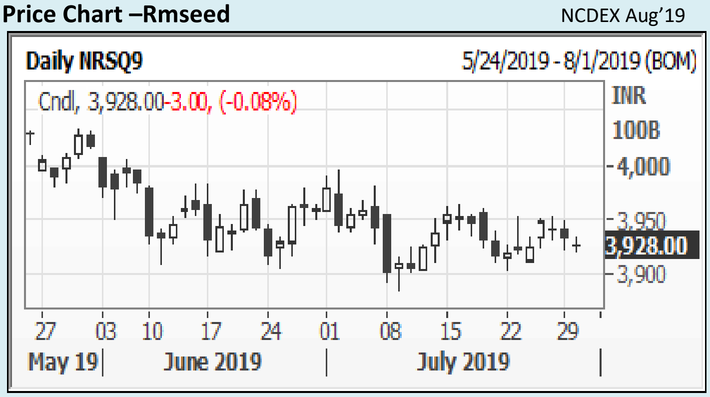
				% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX - Indore	R/100 kg	3630	0.03	-0.33	-3.10	2.83
Soybean- NCDEX Aug'19	R/100 kg	3576	-0.33	-0.94	-1.95	6.68
Soybean CBOT- Nov'19	USc/lb	897	-0.83	-0.77	-2.84	4.18
RM Seed Spot- NCDEX	MYR/Tn	4100	0.00	0.00	1.05	-5.11
RM Seed- NCDEX Aug'19	R/100 kg	3928	-0.13	0.13	-0.78	-5.71
Rapeseed-WCE	CAN $/Tn	448	-0.22	0.20	-0.80	-8.40

Price Chart –Soybean

NCDEX Aug'19

Price Chart –Rmseed

NCDEX Aug'19



Source: Reuters

Refine Soy Oil

Refined Soy Oil futures fell slightly on Tuesday to close at 737.85 rupees per 10 kg. Earlier in the week it touched 4-week high tracking improving physical demand against lower stocks at the ports coupled with increasing international prices. Lower tariff value and expectation of higher imports in coming months may pressurize price. **In a fortnightly notification,** government cut tariff rate for soyoil to $686 for 2nd half of July from 697 dollar earlier. According to monthly report released by SEA, **Soyoil imports** down 22.8% to 2.23 lt in Jun compared to 2.90 lt last year same month. Overall, imports are down 4.80% for the first eight months of OY 2018/19 (Nov-Jun) at 16.92 lt compared to last year same period.

Soy oil imports were down for the third consecutive month in June compared to last year while the import of refine palm oil increase more than 50% on year since November. As per latest SEA, edible oil stocks are at 21.5 lt as on 1st Jul, down compared to 25.18 lt last year same time. **USDA revised higher domestic consumption** to 50 lt for 2018/19 compared to 49 lt in its monthly report. Consumption forecast to increase to 52 lt in 2019/20.

Outlook

We expect Ref Soy oil may trade higher on improving physical demand for the coming festival season. However, lower tariff and expectation of increasing imports in coming months to keep prices steady.

Crude Palm oil

MCX CPO slipped to 4-day low but closed unchanged at 514.70 rupees per 10 kg tracking weakness in Malaysian palm oil. Moreover, improving physical demand coupled with and sufficient stocks at ports is keeping prices in a range (490-515). According to SEA monthly press release, **import of crude palm oil** higher by 38.2% on year at 4.21 lt in June while **import of RBD Palmolein** up by about 44% to 2.56 lt due to lower prices in the international markets. Palm oil imports up by 40.5% on year at 6.77 lakh tonnes. For 2nd half of July, tariff value for CPO and RBD Palmolein further cut by 11 and 7 dollar to 497 and 533 dollar per ton. Imports of refined palm oil imports are likely to jump to a record 3 million tonnes in the 2018/19 marketing year ending on Oct. 31, up 43% from a year ago.

Malaysian palm oil closed lower on Monday fell from seven-week high tracking weaker crude oil prices and as traders booked profits. Malaysian markets will be closed on Tuesday for a public holiday, and resume trading on Wednesday.

Outlook

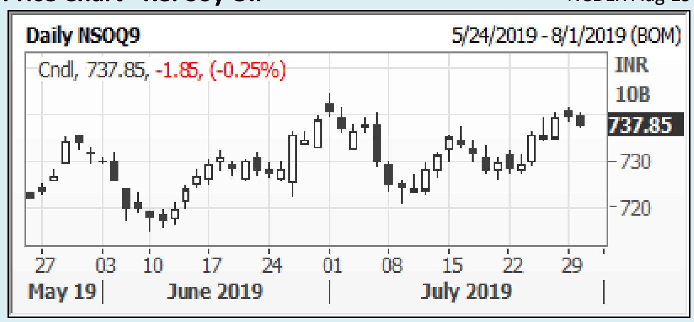
CPO futures expected to trade sideways to higher due to improvement in Malaysian Palm oil prices. Moreover, any import duty hike by the government may also support palm oil prices.

Market Highlights – Edible Oils

				% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Ref Soyoil Spot - Mumbai	R/10 kgs	741.2	-0.03	0.43	-0.02	-2.0
Ref Soy oil- NCDEX Aug'19	R/10 kgs	737.9	-0.22	1.23	-0.12	-0.7
Soybean Oil-CBOT-Dec'19	USc/lbs	28.83	-0.48	1.23	0.00	1.5
CPO-Bursa Malaysia - Sep'19	MYR/T	#N/A	#N/A	#N/A	#N/A	#N/A
CPO-MCX – Jul'19	R/10 kg	514.7	0.00	1.16	-0.52	-17.4

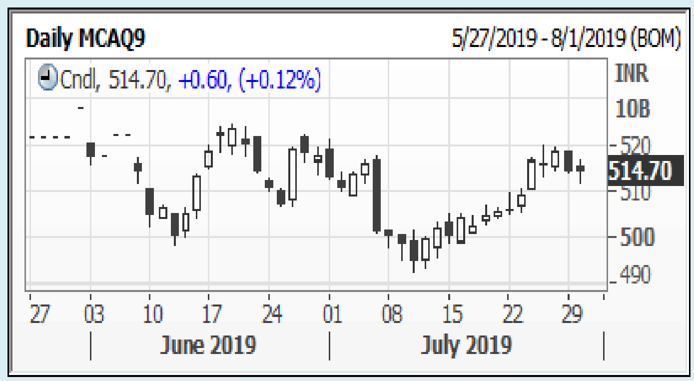
Price Chart –Ref Soy Oil

NCDEX Aug'19



Price Chart –Crude Palm Oil

MCX Jul'19



Source: Reuters

Chana

NCDEX Chana edged slightly lower for second consecutive session on Tuesday but traded in a range to close at 4,288 levels due to profit booking. There is expectation of improving demand in physical market due to coming festival season. Prices have been trading in a range this month due to sufficient supplies in the physical market coupled with slow procurement by government at MSP. NAFED is still holding more than 12.8 lt of chana from last season. In new season NAFED only procured about 7.75 lt compared to more than 23 lt last season. As per govt data, **chana imports increase** by 212% in April y/y at 24,600 tonnes. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. Imports were down 84% to 1.86 lt in 2018/19 (Apr-Mar) compared to 9.81 lt last year, while exported are about 2.28 lt compared to 1.28 tonnes last year. In 2018/19, **chana output** forecast revised slightly lower at 100.90 lt in 3rd advance estimate compared to 103.2 lt in 2nd advance estimate.

Outlook

Chana futures will trade sideways as government agencies holding major portion of Chana. Moreover, good stocks with physical traders due to higher production this year are pressurizing the prices. Procurement of chana at MSP by NAFED is slow and may pick up in coming weeks.

Cotton / Kapas

MCX Aug cotton fell about 1% on Tuesday tracking improved cotton imports, good area and satisfactory monsoon progress in cotton growing districts in India. The trend looks negative tracking fresh showers in cotton growing areas in Gujarat and Maharashtra which will boost production prospects. Moreover, improved sowing, higher imports and weak international prices also weighing on prices. As per farm ministry report, acreage under cotton in the country was 108.95 lakh ha so far, up from 102.52 lakh ha from a year ago. Area in Gujarat under cotton is higher as on 22-Jul-19 at 22.5 lakh ha compared to 21.8 lakh ha last year. USDA increase production forecast for cotton in India by 1.75% this month to 29 million bales while the stocks jump by 17.8% to 8.93 m-bales. **Trade data by** Ministry of Commerce indicates that shipments in the month of April 2019 are 74% lower at 2.11 lakh bales (Vs 8.23) as compared to last year.

ICE cotton fell more than 1.3% on Tuesday on reports of good crop ratings and delay in trade deal between the US –China further added demand worries. The COT report on Friday showed spec funds pushing their net short position to a new record of 45,230 contracts as of Tuesday. Reports show that Chinese mills have been granted permission to buy up to 50,000 MT of US cotton with a waiver of the 25% tariff.

Outlook

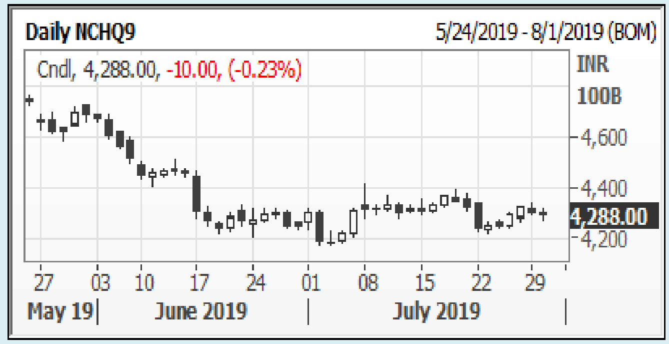
Cotton futures may trade sideways to lower due to fresh spell of showers in Saurashtra may limit damage to cotton crops. Moreover, expectation of higher imports and improvement in monsoon rains in cotton producing areas in last week of July and during August will ensure good production this season in India.

Market Highlights– Chana & Cotton

			% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Chana Spot - NCDEX (Delhi)	`/qtl	4239	-0.2	1.1	1.3	#N/A
Chana- NCDEX-Aug'19	`/qtl	4288	-0.2	0.9	0.8	2.7
NCDEX Kapas Apr '20	R/20 kgs	1102	-1.91	-1.83	-0.99	#N/A
MCX Cotton Aug'19	Rs/Bale	20660	-0.96	-1.34	-3.10	-7.00
ICE Cotton Dec'19	Usc/Lbs	63.36	-1.32	-0.58	-4.12	-28.65
Cotton ZCE	Yuan/ton	13145	-0.79	-0.45	-2.16	-17.77

Price Chart – Chana

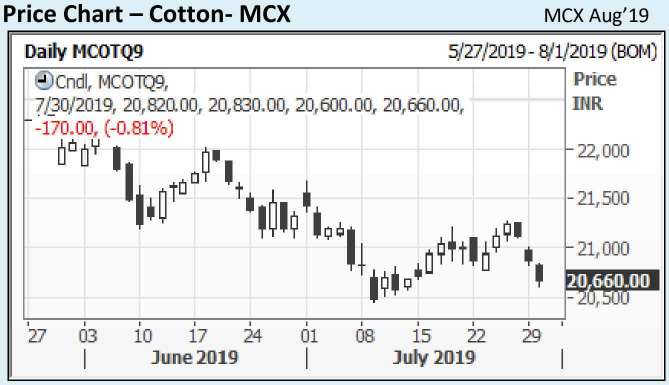
NCDEX Aug'19



Footer

Price Chart – Cotton- MCX

MCX Aug'19



Source: Reuters

Spices (Jeera)

The Aug Jeera continue its correction on Tuesday due to profit booking tracking improved arrivals as prices have improved in last fortnight. As per, Agmarknet data arrivals of jeera in Gujarat is about 30,000 tn during 1-30 July compared to 7,500 tn last year same period. Jeera prices have surged in the first half of July on reports that the crop from competing countries — Syria and Turkey — are poor, and India only supplier in world market. As a result, China has increased offtake of jeera from India. As per Commerce Ministry data, Jeera exports in April is down by more than 11% on year to 23,300 tn. Overall, exports during first 4-months in 2019 down 14.4% y/y to about 66,000 tn compared to 77,000 tn last year for same period.

Outlook

Jeera futures expected to trade sideways as due to sufficient availability in the physical market pressurized prices at higher levels despite improving export demand.

Turmeric

Turmeric Aug futures continue to slip further and close at 6,710 levels due to reports of lower imports from Iran. Exports to Iran have come to a standstill since May with the expiry of the US sanctions waiver to India for six months. The trends still looks down on revival in monsoon rains in turmeric growing districts in south India. The rain deficit in south peninsula increase to currently at 18.8% from about 30% deficit last week. Turmeric exports during the month of April, down 1.61% y/y to 10,744 tn (Vs 10,919 tn), as per govt data. However, turmeric exports in first 4-months in 2019, up by 10% to 42,000 tn compared to 38,171 tn. Last year, country exported about 1.33 lt of turmeric compared to 1.11 lt previous year. In 2018/19, output is forecast at 10.77 lt in the 3rd advance estimates by the government.

Outlook

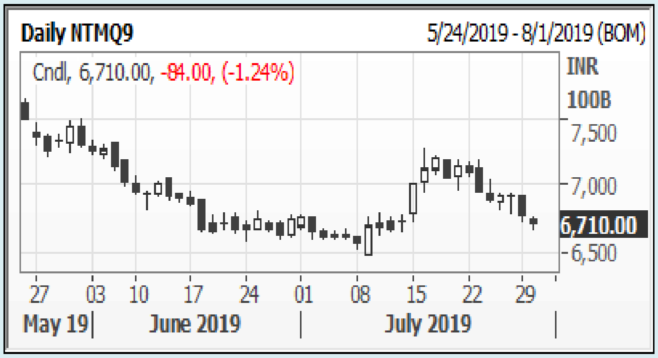
Turmeric futures expected to trade sideways to down due to revival of monsoon rains in turmeric growing areas. Moreover, higher stocks positions may also put pressure on price. However, there is expectation of improvement in upcountry and export demand may restrict any steep fall.

Market Highlights - Spices

	Unit	Last	Prev day	WoW (% Change)	MoM (% Change)	YoY (% Change)
Jeera Spot- NCDEX - Unjha	R/qtl	17858	0.00	0.00	2.93	-7.33
Jeera- NCDEX Aug'19	R/qtl	17680	-0.92	-0.17	2.37	-10.41
Turmeric Spot- NCDEX	R/qtl	6670	-1.17	-1.12	2.94	-10.11
Turmeric- NCDEX Aug'19	R/qtl	6710	-1.00	-3.62	-0.62	-9.00

Technical Chart – Jeera
NCDEX Aug'19

Price Chart – Turmeric
NCDEX Aug'19



Source: Reuters

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