

Agri-Fundamentals

Soybean

Soybean Jul futures closed the week on positive note on reports of slow progress in soybean sowing in the country. As per the government weekly sowing data, area under soybean crop across the country for the 2017-18 kharif was at 45,000 ha till last week, down 55.4% on year. The prices were under pressure all season on higher arrivals and bumper crop with the farmers.

Moreover, reports of increase in Minimum Support Prices (MSP) for soybean to Rs. 3,050 per quintal also support. As per Agmarknet data, arrivals of soybean during last week down by 50% to 21,680 tonnes as compared to 43,859 tonnes in the previous week.

CBOT July soybean futures fell 0.18% for the week on reports of higher production in Brazil and Argentina coupled with good sowing progress in the US. Net sales of 340,200 tonnes for 2016/2017 were up noticeably from the previous week, but down 15% from the prior 4-week average. As per USDA report, US soybeans are 92% planted vs 83% wk ago (87 pct 5-yr avg).

There are forecasts for crop-friendly rains in the United States which may be pressure on prices. Moreover, higher beginning stocks and better production forecast for coming season will keep the prices under control.

RMseed (Mustard seed)

Mustard Jul futures close with a gain of 0.56% last week due to some fresh buying at lower levels by the market participants. Reports of increase of MSP for Kharif oilseeds also support prices. However, increase in imports of Mustard oil capped some gains. As per SEA recent data, mustard oil imports increase by 55.7% in May compared to last year imports. Moreover, imports for period Nov-May increase to 1.18 lt in 2016/17 from 1.72 lt in the previous year.

The trend is still upwards as there is tight supplies in the physical market and improving crushing demand. Meal exports from the country during last month jumped which improves demand for oilseed. Mustard meal exports have increase 1275% in May this year at 42,488 tonnes compared to last year in May. Last year, India exports about 3,090 tonnes of meals in May.

The arrivals have increase slightly been in the physical market 1st week. As per agmarknet data, the mustard arrivals were 32,496 tonnes last week compared to 32,194 tonnes in the previous week.

Outlook

Soybean futures are expected to trade sideways on reports of higher edible oil imports. However, anticipation of higher MSP, lower acreage in coming kharif and improving edible oil demand may support prices. Similarly **mustard futures** expected to trade lower due to higher edible oil imports but lower physical supplies may support prices.

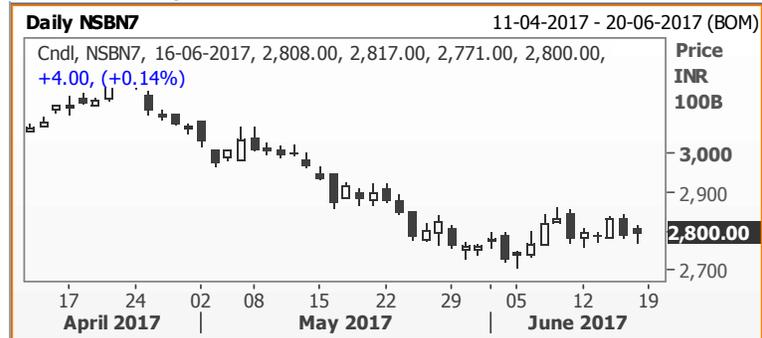
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jul'17	₹/qtl	2720-2760	2830-2870
Mustard NCDEX Jul'17	₹/qtl	3530-3560	3640-3690

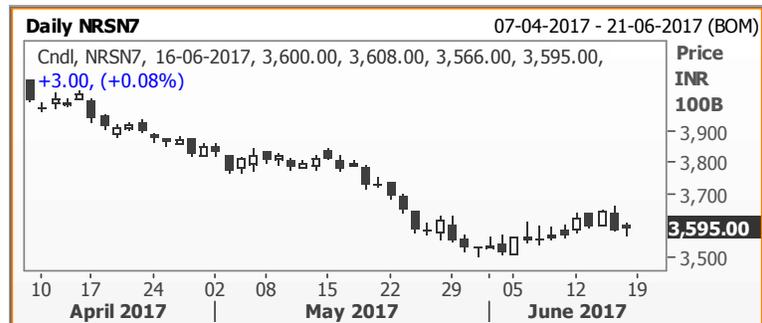
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/10 kg	2931	0.07	1.56	-1.74	-25.04	
Soybean-NCDEX Jul'17	R/10 kg	2800	0.18	0.54	-3.51	-26.79	
Soybean-CBOT Jul'17	US\$/lb	939	0.45	-0.27	-1.47	-19.02	
RM Seed Spot- NCDEX	MYR/Tn	3693	-0.19	-0.54	-2.66	-21.84	
RM Seed- NCDEX Jul'17	R/10 kg	3595	0.11	0.56	-3.65	-26.02	
Rapeseed-WCE	CAN \$/Tn	514	0.21	-0.10	-1.74	0.71	

Price Chart –Soybean



Price Chart –Rmseed



Refine Soy Oil

Refined soy oil futures close the last week higher by 0.66% tracking higher soybean prices, weaker Rupees and increase in base import prices of soy oil. Government increases the tariff value for crude soyoil for the second half of Jun by \$1 to \$812 per tonne. During last week, Rupees weaken by about 0.034% against US dollar to close at 64.47.

Edible oil prices have increase over the week on anticipation that Government may increase import duty but The government has no plans to raise import duty at this moment.

As per SEA, Import of soy oils during May 2017 is reported at 3.40 Lt compared to 1.78 Lt in may 2016 – up by 91% however, the import volume is down by about 30% for the period from Nov-May to 16.10 Lt compared to 24.22 Lt last year for same period.

Crude Palm oil

MCX CPO closed the last week lower by 0.26% on reports of higher imports of palm oil during the last two months while reduction in base import prices too pressurize prices. As per SEA latest release, the imports of palm oil have been higher by 12 lakh tonnes to 72 Lt in the calendar year 2017 compared to last year's 60 Lt during the first 5 months.

As per SEA, palm oil import rose 21.6% y-o-y to 7.99 Lt in May on higher shipment of crude palm oil (CPO). There are good stocks in the country due to higher imports during last two month.

For the second fortnight of May, Base import prices of crude palm oil were cut by \$15 to \$716 per tonne while for RBD Palmolein the cut was about \$14 to \$747 per tonne.

Malaysian palm oil futures rose more than 1 percent on Friday evening, charting a third straight day of gains, supported by a weaker ringgit MYR= and rising related edible oils.

A declining ringgit, palm's traded currency, typically supports the market by making the tropical oil cheaper for holders of foreign currencies.

Palm oil production is seen falling in June as workers go on leave during the Muslim fasting month of Ramadan and the Eid-Al-Fitr holiday period, leading to a shortage of workers to harvest the oilseed. Moreover, Malaysian palm oil shipments in the first 10 days of June grew at a smaller rate, 5.8%, versus the corresponding period last month.

Outlook

We expect Ref Soy oil to trade sideways to higher on pickup in physical demand for soybean as supplies have been lower while CPO futures may trade sideways to lower on sufficient supplies and reports of higher imports. Any reports of increase the import duty of edible oil may support prices.

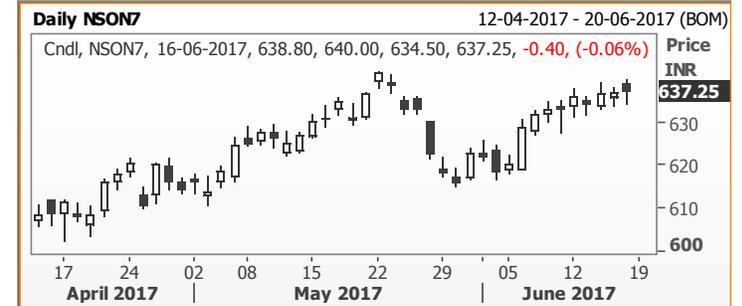
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'17	₹/qtl	630-634	639-641
CPO MCX Jul'17	₹/qtl	484-487	493-496

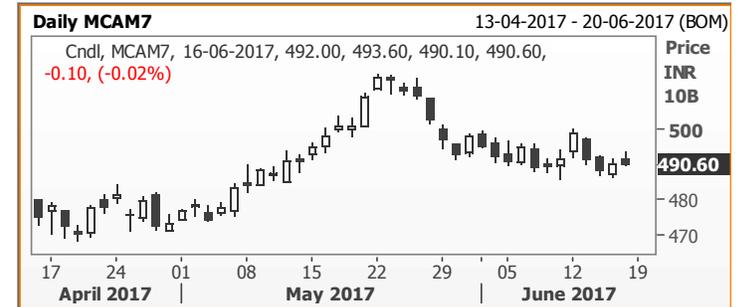
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	622.5	0.00	0.81	-1.58	-0.9	
Ref Soy oil- NCDEX Jul'17	R/10 kgs	637.3	0.02	0.66	0.07	-2.4	
Soybean Oil- CBOT- Jul'17	USc/lbs	33.11	1.13	2.54	0.21	3.7	
CPO-Bursa Malaysia - Sep'17	MYR/T	2484	-0.56	1.10	-5.73	0.0	
CPO- MCX – Jun'17	R/10 kg	490.6	0.00	-0.26	-3.73	-3.9	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Sugar

Sugar Futures mostly unchanged from the last week close due to reports of record sugar production next year. Sugar output in Maharashtra is set to see a dramatic revival in coming season estimating a production of 73 lt for 2017-18, a rise of 74% from last. According to government data, Sugarcane acreage in the country was at 47.4 lakh ha, higher than 44.8 lakh ha a year ago. According to industry sources, India's 2017/18 sugar production will likely jump 25% from the previous year to 25 mt on good monsoon forecast.

ICE Raw sugar futures closed lower for the week on expectation of higher output in Brazil. Brazil's state-controlled oil company Petroleo Brasileiro further cut its average gasoline and diesel prices on Wednesday, reducing the competitiveness of ethanol for Brazilian producers and adding to the bearish mood in the sugar market. The sugar market is heading for a surplus of 3.5 million tonnes in 2017/18, Sucden said in a quarterly report.

Outlook

Sugar futures may trade sideways as the supplies have been sufficient in the domestic market. Increase in FRP is encouraging farmers to take sugarcane crop while good sowing progress in the country will keep pressure on the sugar prices.

Technical Levels

Contract	Unit	Support	Resistance
Sugar NCDEX Jul'17	₹/qtl	3660-3680	3730-3760

Cotton / Kapas

MCX cotton close with a gain on Friday due to lower level buying but fell 2.7% for the week on anticipation of good production in the next season as sowing progress in the country starts in a brisk manner. **As per latest data from Agricultural Ministry, cotton is planted in 16.7 lakh hectares (l ha) till last week, higher by 36.1% compared to last year acreage of 12.25 l ha for same period.** As per ICAC, Cotton area in India is forecast to expand by 7% to 11.3 million hectares, and production could increase by 3% to 6 mt in 2017/18.

ICE futures fell to lowest in six months on prospects of robust new crop yields due to favorable weather in the top growing regions. The plantings have been going well in the U.S., China, and India. The weather has continuously been moderate to good in all the planting areas. US sowing data showed 92% of cotton crops were planted in the US by the week ended June 12, up from 80% in the previous week. Speculators reduced a bullish stance in cotton futures and options to the lowest since November 2016.

Outlook

Cotton futures are expected to be under pressure on reports of good sowing progress and higher stock levels in the country. Normal monsoon forecast and higher prevailing price of cotton may encourage farmers to plant more cotton as prices of oilseeds and pulses are at multi year lows.

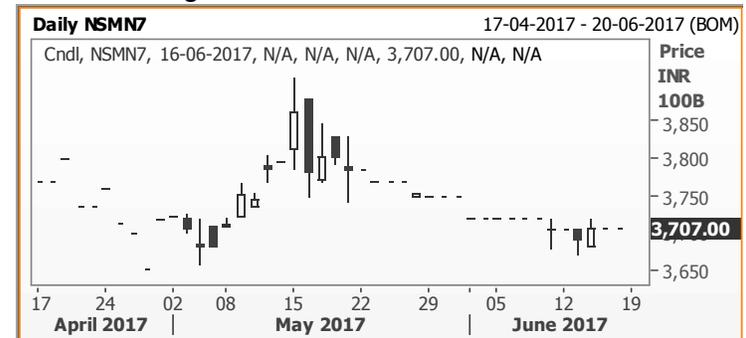
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	880-895	920-935
Cotton MCX Jun'17	₹/bale	19400-19600	20300-20550

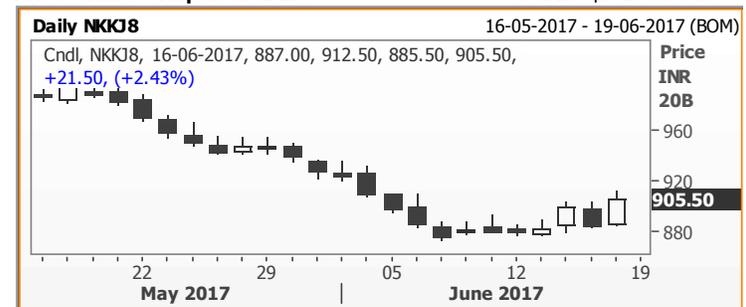
Market Highlights - Sugar & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Sugar M- NCDEX	R/qtl	3707	0.0	0.0	-2.0	3.0	
ICE-Europe Sugar No 5-Aug'17	\$/tonne	399.5	0.1	-4.2	-14.0	-25.5	
ICE-US Sugar No 11-Jul'17	\$/tonne	13.44	-0.2	-5.8	-17.9	-32.0	
NCDEX Kapas Apr '17	R/20 kgs	905.5	2.20	2.78	-7.88	-1.90	
MCX Cotton May'17	Rs/Bale	20180	1.56	-2.70	-4.54	-2.37	
ICE Cotton Jul '17	Usc/Lbs	71.88	-0.04	-5.03	-9.53	11.32	
Cotton ZCE	Yuan/ton	14985	-0.17	-1.96	-3.29	14.13	

Price Chart – Sugar M



Price Chart – Kapas-NCDEX



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

Jeera Jun futures closed higher last week on good physical demand and reports of less carryover stocks. Moreover, exports demand is increasing while the stocks in the Exchange warehouse are diminishing. The jeera arrival in May is lower this year compared to last year. As per Agmarknet data, about 10,688 tonnes of jeera arrived in May 2017 compared to 14,302 May last year. **On the export front, country the exports increase by 26% to 1.24 ltr in 2016/17 as per the data release by Dept. of commerce, GOI.** The stock levels in the NCDEX warehouse as on Jun 14 were 1,238 tonnes which has been constant in June. Last year, stocks were higher at 3,500 tonnes.

NCDEX Turmeric jumps 4.5% last week to close at 5,772 per quintal, which is highest price in last one month. This is second successive weekly gain due to rising physical demand coupled with diminishing supplies. However, the trend seems to be little sideways on reports of good rains in turmeric growing areas. There was lower demand all season from upcountry and industrial buyers. Turmeric arrivals in the country are higher in the month of May.

As per Agmarknet data, about 6,378 tonnes arrived last week compared to 11,942 tonnes during previous week. **As per spice board, increased global demand for turmeric, especially in the pharmaceutical sector, drove its exports to attain figures of 1,16,500 tonnes in volume and crossed Rs 1,241 crore in value terms in 2016-17.**

Outlook

We expect **Jeera** futures expected to trade higher on good export demand and diminishing supplies in physical market. **Turmeric** futures expected to trade sideways on improving demand from upcountry buyers and expectation that farmer may sow lesser area this season will support prices.

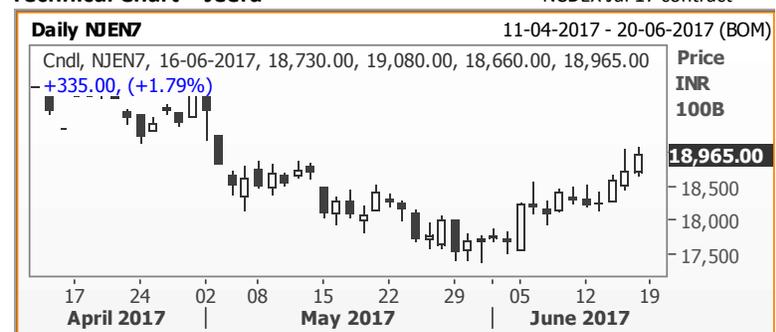
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'17	₹/qtl	18500-18700	19300-19600
Turmeric NCDEX Jul'17	₹/qtl	5550-5630	5850-5950

Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Unjha	R/qtl	18555	0.34	0.66	0.39	6.52	
Jeera- NCDEX Jul'17	R/qtl	18965	1.31	3.55	2.99	6.25	
Turmeric Spot- NCDEX	R/qtl	5569	0.21	0.79	0.79	-33.35	
Turmeric- NCDEX Jul'17	R/qtl	5772	1.37	4.57	1.44	-30.72	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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