Agri-Fundamentals

Soybean

NCDEX Soybean Nov futures continue to trade lower on reports of lower meal exports in September coupled with sufficient arrivals from new season crop. India's soymeal exports during September were at 9,650 tn, down 21% from a year ago. While with huge carryover stocks also pressurize prices. Moreover, extend in the limits on stocks of oilseeds and edible oils with traders and mills till September 30, 2018 also bearish for the oilseeds. In a press release, has estimated 2017-18 (Oct-Sep) soybean output at 9.15 mt, down from 11.49 mt a year ago.

U.S. soybean futures closed slightly lower on Tuesday, retreating from early advances on technical selling and profit-taking in the previous session. Soybeans drew early support from news that Brazilian statistics agency Conab forecast the country's 2017-18 soybean crop at between 106 mt and 108.2 mt tonnes, down from the 2016-17 crop of 114 mt. Analysts expect the USDA in its monthly supply/demand reports on Thursday to raise its U.S. soybean yield estimate but lower its forecast of U.S. 2017-18 soybean ending stocks.

RMseed (Mustard seed)

Mustard Nov futures closed higher on Tuesday on reports of good meal exports during the first 6 months of new financial year and increasing demand for winter crushing. Reports of higher stock levels in the country and good physical demand from the oil mills is keeping the price steady.

There are improved mustard meal exports in first 6 month of FY 2017/18. Country exported 242,661 tonnes mustard meal during this period which is 76.4% higher on year. As per data compiled by Mustard Oil Producers Association of India, Oil mills across the country crushed 425,000 tn of mustard seed in September, down around 6% from previous month.

Country's top mustard producing state, Rajasthan, has set a target of 37.7 lakh tonnes production in 2017-18 (Jul-Jun), 4.3% lower from the output a year ago.

Outlook

Soybean futures are expected to trade on sideways as new season arrivals may keep pressure on prices. However, on reports that government is expected to step in for procurement of soybean in Maharashtra and Rajasthan to help farmers. Lower acreage in the country and improved prices of edible oil may support prices.

M**ustard seed futures** expected to trade sideways to higher due to rebound in physical demand form the oil mills. It is expected that there will be good demand for crushing in the winter. However, higher carryover stocks can keep the prices under pressure.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Nov'17	₹/qtl	2800-2820	2870-2900
Mustard NCDEX Nov'17	₹/qtl	3780-3810	3880-3920

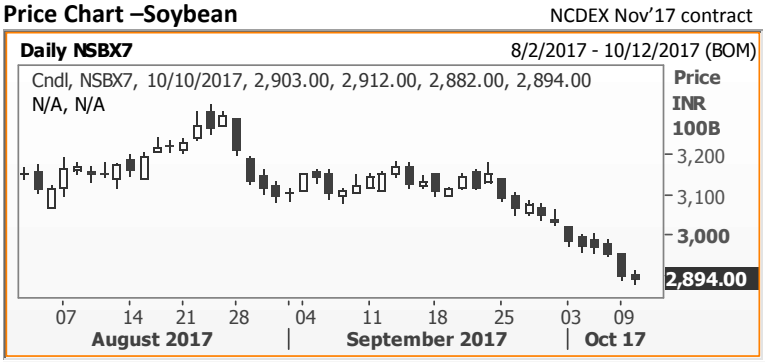
Market Highlights – Oilseeds

% Change

	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX - Indore	R/10 kg	2844	-0.87	-3.10	-7.48	-9.25
Soybean- NCDEX Nov'17	R/10 kg	2894	-0.14	-2.76	-6.98	-8.86
Soybean-CBOT Nov'17	USc/lb	966	-0.08	0.81	-0.28	1.20
RM Seed Spot- NCDEX	MYR/Tn	3900	0.00	0.23	-1.84	-18.31
RM Seed- NCDEX Nov'17	R/10 kg	3843	0.76	1.29	-1.69	-17.96
Rapeseed-WCE	CAN $/Tn	495	#N/A	0.36	0.65	#N/A

Price Chart –Soybean

NCDEX Nov'17 contract



Price Chart –Rmseed

NCDEX Nov'17 contract

Source: Reuters

Refine Soy Oil

Refined Soy Oil Nov futures closed slightly lower on Tuesday tracking a decline in soybean and crude palm oil contracts, and due to a firm rupee. Sufficient stock of edible oil at ports is also seen weighing on futures.

Soy oil the prices in physical market were earlier supported by good retail demand as festival season in the country is nearing. Government kept the base import price of crude soyoil was kept unchanged at $851/tonnes for the first half of October.

The government revises the base import prices every fortnight, based on global prices and changes in foreign exchange rate. Prices were last revised on Sep 15.

Crude Palm oil

MCX CPO closed lower tracking weak prices of palm oil at Bursa Malaysia Derivatives. Moreover, higher supplies in the domestic market keeping the prices in tight range.

The prices have been supported at higher levels due to increase in tariff value for the first half of October. The government increased the base import price of all palm oils, with the steepest hike of $30 per tn for refined, bleached and deodorised palm oil.

The stock of CPO as on 1st Sept., 2017 at various ports is estimated at 3.4 lakh tonnes compared to 2.7 lakh tonnes in previous month. According to SEA release, during November-August period, crude palm oil import increased to 50.82 lt from 46.70 lt during the same period of the previous oil year.

Malaysian palm oil closed sharply down on Tuesday after five straight sessions of gains, tracking weakness in related edible oils on China's Dalian Commodity Exchange and release of September inventory, exports, and output data from MPOB.

In September, Malaysian palm oil inventories increased to a 19-month high of 2.02 mt and also up 4% on month. Output had declined 1.7% to 1.mt, while exports rose 1.8% to 1.52 mt. Firmness in the ringgit against the dollar also contributed to the downside in Malaysian crude palm oil contracts, as a strong ringgit makes export of palm oil less attractive for sellers of the commodity.

Outlook

We expect **Ref Soy oil** to trade sideways on mixed fundamentals of good physical demand due to festival season coupled with seasonal arrivals of oilseed and higher imports of edible oil.

CPO futures may trade sideways on weak international prices but good festive demand and higher import duty for edible oil may keep the prices supportive. Higher stocks levels and weak Rupees may keep prices lower.

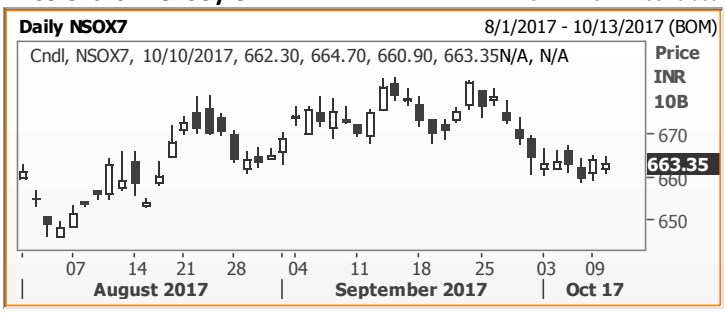
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Oct'17	₹/qtl	658-661	667-670
CPO MCX Oct'17	₹/qtl	529-533	542-547

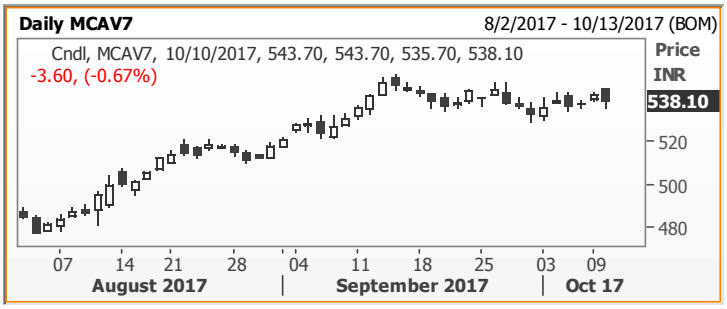
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY
						% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	659.5	-0.83	-0.01	-2.30	1.5
Ref Soy oil- NCDEX Nov'17	R/10 kgs	663.4	-0.10	-0.04	-1.78	-1.4
Soybean Oil- CBOT- Dec'17	USc/lbs	33.11	-0.45	-0.36	-6.55	-1.5
CPO-Bursa Malaysia - Dec'17	MYR/T	2694	-1.50	-0.77	-3.16	4.2
CPO- MCX – Oct'17	R/10 kg	538.1	-0.57	-0.09	2.18	1.1

Price Chart –Ref Soy Oil NCDEX Nov'17 contract



Price Chart –Crude Palm Oil MCX Oct'17 contract



Source: Reuters

Sugar

Sugar Futures closed higher on reports that the crushing will be delayed in UP as well as Maharashtra coupled with festival demand. As per a senior industry official said today Mills in Uttar Pradesh are likely to delay crushing operations for 2017-18 (Oct-Sep) season to the last week of October due to poor sugar recovery from cane. The production in the country will jump 24% in 2017/18 to around 25 mt.

ICE March raw sugar settled up 0.17 cent, or 1.2%, at 14.17 cents per lb, extending intraday gains to 14.27 after data showed top grower Brazil crushed less-than-expected amounts of cane in the second half of September. Brazil's center-south region crushed 40.309 mt of cane and produced 2.848 mt of sugar.

Outlook

Sugar futures may trade sideways on good festive demand and delay in crushing, but forecast of higher production and good availability of sugar with the mills may keep the prices steady.

Technical Levels

Contract	Unit	Support	Resistance
Sugar NCDEX Dec'17	₹/qtl	3360-3380	3420-3440

Cotton / Kapas

MCX Cotton Oct futures jumped highest in a month on good demand for new season cotton and reports of good exports demand for Indian cotton from the Asian countries. Moreover, wet weather in the states like Telangana may damage ready to harvest cotton which may further cut down on production.

According to the first advance estimates for 2017-18 released by the government, India's 2017-18 (Jul-Jun) cotton output is pegged at 322.7 lakh bales (1 bale = 170 kg), down 2.5% from 330.9 lakh bales in 2016-17.

ICE cotton futures settled flat on Tuesday after rising to near a one-week high on concerns about Texas weather, with the market awaiting a monthly crop supply and demand report from the U.S. government on Thursday.

Analysts are expecting US projected production for 17/18 will be lowered 0.45 million bales to 21.31 million bales in Thursday's USDA report. Moreover, USDA reported that the US cotton harvest was 25% complete as of October 8, ahead of the average of 19%. China's government placed their cotton import quota for 2018 at 894,000 MT, matching with this year and also 2016.

Outlook

Cotton futures are expected trade sideways to higher on reports of lower than expected crop size, cci procurement and improved exports demand for Indian cotton. However, expectation of good production and carryover stocks for the next season may keep domestic prices steady during the arrival seasons.

Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	876-883	898-905
Cotton MCX Oct'17	₹/bale	18800-19000	19500-19700

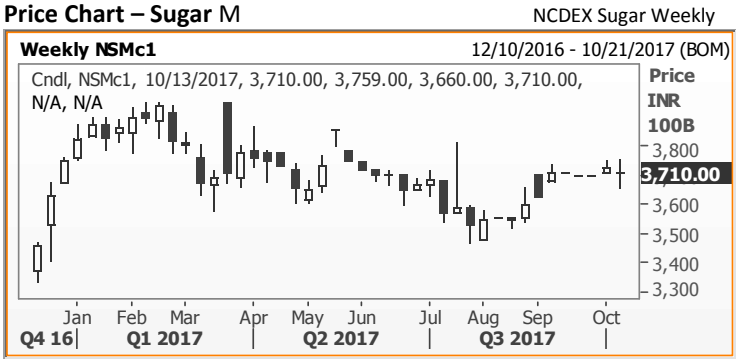
Market Highlights - Sugar & Cotton

% Change

	Unit	Last	Prev day	WoW	MoM	YoY
NCDEX Sugar M-Dec'17	R/qtl	3400	1.5	1.5	1.5	6.6
ICE-Europe Sugar No 5-Mar'18	$/tonne	374.4	0.6	-0.3	-3.4	-36.8
ICE-US Sugar No 11-Mar'18	$/tonne	14.17	1.2	-0.6	-3.2	-38.7
NCDEX Kapas Apr '18	R/20 kgs	892	0.28	2.41	0.73	0.79
MCX Cotton Oct'17	Rs/Bale	19250	2.18	4.00	1.05	-0.05
ICE Cotton Dec '17	Usc/Lbs	68.95	0.00	0.22	-7.16	2.36
Cotton ZCE	Yuan/ton	14985	0.67	#N/A	-4.92	-3.17

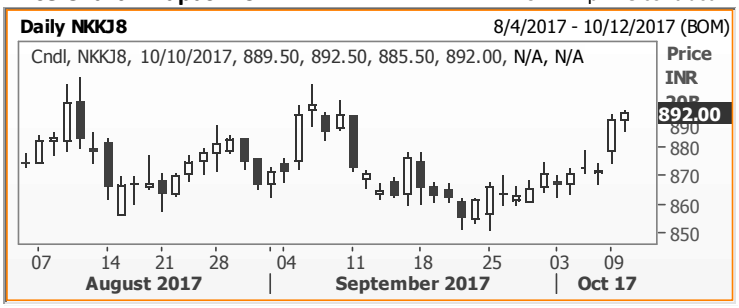
Price Chart – Sugar M

NCDEX Sugar Weekly



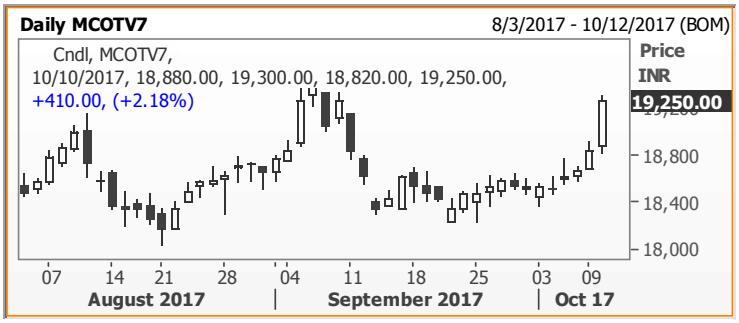
Price Chart – Kapas-NCDEX

NCDEX Apr '18 contract



Price Chart – Cotton- MCX

MCX Oct'17 contract



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera recovered on Tuesday after plunge to 3 month low on Monday on technical rebound. Currently there is subdued demand from the physical players due to weak exports demand. A**s per government data, Jeera exports during first four month of FY 2017/18 (Apr-Jul) is 49,205 tonnes, down 11% compared to last year exports volume for the same period.** Moreover, there are assumptions that the area under jeera may increase by more than 30% in coming rabi season due to higher prices.

The arrivals have been lower during September at 6,529 tonnes compared to 7,103 tonnes in August. India's jeera exports in Jul down 12% on year to 7,498 tn.

Turmeric futures for Nov delivery jumped higher on fresh buying by the market participants. The trend looks sideways to lower due to beneficial rains in the southern peninsula. The export of turmeric is down by 16.4% to 41,517 tonnes for the first 4 month of FY 2017/18 compared to last years' exports. For 2017/18, turmeric sowing in Telangana, as on 27th Sep, down 1.5% to 44,956 hectares as compared to last year acreage of 45,633 hectares.

The production estimate of turmeric for 2016/17 is pegged at 11.32 lakh tonnes by government in 3rd advance estimate higher from 9.43 lakh tonnes in 2015/16.

Outlook

We expect **Jeera** Nov futures expected to trade sideways due to balanced demand and supplies. However, weak physical demand and lower exports may keep the prices under pressure but there are reports of diminishing in case of improved exports demand may support prices.

Turmeric futures expected to trade sideways on anticipation of good production from turmeric growing areas in Telangana and Karnataka. However, the prices may rise if there is damage in turmeric fields in Telangana due to recent heavy rains.

Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Nov'17	₹/qtl	18600-18800	19200-19400
Turmeric NCDEX Nov'17	₹/qtl	7150-7230	7400-7480

Market Highlights - Spices

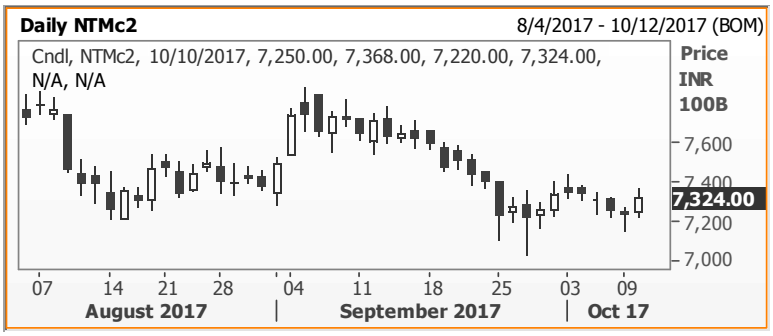
	Unit	Last	Prev day	% Change WoW	MoM	YoY
Jeera Spot- NCDEX - Unjha	R/qtl	18832	-0.28	-0.88	-2.81	7.87
Jeera- NCDEX Nov'17	R/qtl	18950	0.37	-1.30	-2.75	12.66
Turmeric Spot- NCDEX	R/qtl	7380	0.51	0.11	-4.99	-1.91
Turmeric- NCDEX Nov'17	R/qtl	7324	1.10	-0.35	-5.50	3.95

Technical Chart – Jeera

NCDEX Nov'17 contract

Price Chart – Turmeric

NCDEX Nov'17 contract



Source: Reuters

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