

Agri-Fundamentals

Soybean

NCDEX Soybean slipped to 5 months low and continues to trade under pressure on reports of higher acreage for next season on forecast of normal rains and lower meal exports data from SEA and SOPA. As per SEA, **Soymeal exports in May slipped to 41,452 tn from 48,900 tn in the corresponding period last year. According to SPOA, India's soymeal exports plunged 64% on year in May to 47,000 tn. Soybean acreage is 20% higher than the last year acreage according to farm ministry report.** Bangladesh, one of the largest importers of soymeal from India, reduced the import duty to nil which may result into tough competition for the country from South American peers in soymeal exports to Bangladesh. **The government is likely to raise the incentive under Merchandise Exports from India Scheme on soymeal to 10% of FOB value from the current 7%.**

CBOT Jul Soybean futures traded under pressure on Monday, closing sharply down amid trade uncertainty and a strong start to the U.S. growing season. Elevated trade tensions between the United States and major trading partners like China, Mexico and Canada also weighed down grain prices amid concerns about slower export demand. Rains over the weekend and forecasts for the upcoming week held down the market. Moreover, export Inspection report for the week ending June 7 shows exports of 644,327 MT was up 12.39% from the week ending May 31 and nearly 25.91% larger than this point last year.

RMseed (Mustard seed)

Mustard Jul futures edged lower due to fresh selling by the market participants amid forecast of normal rains in the country. However, the prices are still trading in range due to good meal and crushing demand. According to data compiled by the MOPA, mills across the country crushed 900,000 tn of the oilseed in May, unchanged from the previous month but the crushing is higher compared to last year. Overall mustard stock in the country were estimated at 53 lakh tonnes (70 lt production minus 17 lt crushed), out of which 42 lt is still with the farmers while 11 lt with the oil mills and stockists. As per latest SEA import data, mustard oil imports were down 14% on year in April which may lead to higher domestic crushing. According to SEA latest export report, mustard meal exports during first 5 months of 2018 is higher by 164% on year due to higher demand from South Korea. Exports have been 209% higher at 6.64 lt for the FY 2017/18 compared to previous year's export volume of 2.14 lt.

Outlook

Soybean futures are expected to trade sideways to lower on expectation of higher sowing data due to forecast of normal rains. However, improved domestic demand may support prices.

Mustard futures expected to trade sideways on little corrections but higher crushing demand and improved meal exports to support mustard prices.

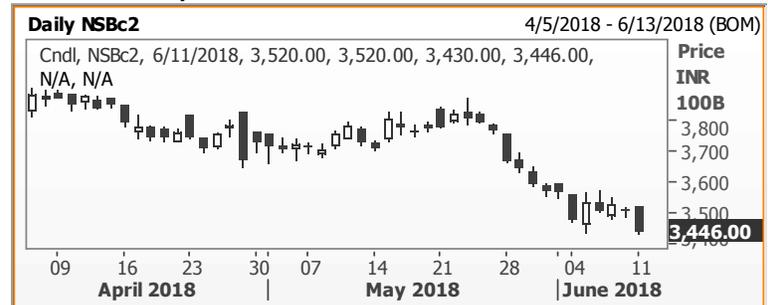
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jul'18	₹/qtl	3360-3400	3490-3540
Mustard NCDEX Jul'18	₹/qtl	3900-3940	4030-4090

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/10 kg	3535	-0.67	-2.48	-6.33	22.49	▲
Soybean- NCDEX Jul'18	R/10 kg	3446	-1.80	-0.98	-9.43	23.56	
Soybean CBOT- Jul'18	USc/lb	954	-1.60	-4.79	-6.61	1.30	
RM Seed Spot- NCDEX	MYR/Tn	4058	-1.03	0.19	2.73	9.29	▲
RM Seed- NCDEX Jul'18	R/10 kg	3980	-1.29	-0.33	0.10	11.39	
Rapeseed-WCE	CAN \$/Tn	517	-2.44	-1.64	-3.00	0.41	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures closed lower on Monday due to higher stocks with the traders and sufficient availability of oilseeds in the country. There was **anticipation that government is likely to hike import duty of all soft oils** to support prices of domestic oilseeds **but because of no decision the prices are going down.**

Moreover, government has slashed the base import prices of crude soyoil for the second consecutive fortnight by \$31 per tn to \$769 per tonnes. Based on global prices and fluctuation in foreign exchange rates, the government revises base import prices every fortnight, it was last revised on 15th May.

As per the data from SEA, crude soyoil imports during the April dropped 13% to 264,750 tons compared to 304,942 tons in the same period a year ago. Stocks of edible oil in ports and pipeline are estimated at 2.34 mt as on May 1 compared to 2.12 mt a year ago while higher than 2.1112 mt in April.

Crude Palm oil

MCX CPO traded under pressure tracking weak international prices and higher stocks of edible oil the country. Earlier, **government has raised the base import price of palm oil.** The government hiked the base import price of RMD Palmolein to \$681 per tn from \$672 per tn. The base import price of CPO has been hiked to \$658 per tn from \$655 per tn. India's palm oil imports dropped in April due to higher taxes on shipments and weaker rupees making imports expensive. As per SEA latest report, CPO imports in March increased by 30.33% compared to same period a year ago despite the govt. imposed higher duty. However, Shipment of RBD palmolein dropped 25.56% to 163,222 tons compared to 219,270 tons last year.

Malaysian palm oil futures extended a downward trend, closing 0.3% lower on Monday, on concern over slowing demand and higher inventories in the country Demand for palm oil showed further signs of weakness on Monday, as Malaysia's exports between June 1 and 10 stood at 324,947 tonnes, down 20 % from the same period a month earlier. As per latest MPOB data release, Malaysia's palm oil exports fell 15.7% on month to 1.29 mt in May due to lower demand from China and the European Union resulted in a fall in exports. Malaysia's crude palm oil production also declined 2.11% on month to 1.53 mt in May. Crude palm oil inventories were at 1.17 mt in the country at the end of May, down 2.08% from a month ago, while processed palm oil stocks rose by 1.4% on month to 1.0 mt.

Outlook

We expect **Ref Soy oil** to trade sideways to lower on expectation of technical correction as base import prices have been steeply reduced. However, reports of hike in import duty and improving demand from the stockists will support prices from lower levels.

CPO futures may trade sideways to lower weak international prices and higher domestic stocks. However, reports of hike in import duty of soft oils may support prices.

Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'18	₹/qtl	742-747	757-762
CPO MCX Jun'18	₹/qtl	631-636	647-653

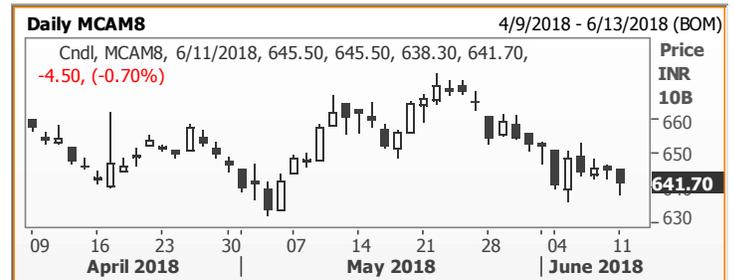
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot -							
Mumbai	R/10 kgs	746.1	-0.02	-0.06	-1.53	20.8	
Ref Soy oil- NCDEX Jul'18	R/10 kgs	752.9	-1.10	-1.01	-3.56	17.7	
Soybean Oil- CBOT- Jul'18	USc/lbs	30.58	0.20	-1.13	-1.77	-5.3	
CPO-Bursa Malaysia - Aug'18	MYR/T	2360	-0.25	-2.03	#N/A	-11.9	
CPO- MCX –Jun'18	R/10 kg	641.7	-0.59	0.08	-3.10	30.5	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana futures continue to fall for second consecutive week and now trading lowest since Jan 2015 on concern about higher stocks in the country. The government will procure around 200,000 t more chana from farmers in Rajasthan under the price support scheme. Recently, Maharashtra government discontinued procurement of the chana under the minimum support price scheme due to shortage of warehousing space and packaging bags. Government is trying to support prices by removing export restrictions and procuring at MSP. Government restricted import of yellow peas, an substitute added in the Chana flour, till June end. Earlier, govt has announced of a 7% duty credit incentive on exports.

Outlook

Chana futures may trade sideways to lower on expectation further corrections due to higher stocks. But restricted yellow pea imports and MSP procurement in different states may support Chana prices.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Jul'18	₹/qtl	3390-3430	3510-3550

Cotton / Kapas

MCX June Cotton edged lower on Monday tracking fall in international prices and technical selling at higher levels. Currently, cotton is trading at 22 months highs in the domestic market as Miller and traders are stocking up cotton for the lean season. Moreover, good export demand from China is also fueling the prices. China buys 500,000 bales of new cotton crop from India to be shipped to China in Nov-Dec. Till last week, India kharif cotton acreage is 18% lower at 9.96 lakh ha vs 12.18 lakh ha yr ago. India's cotton exports are seen rising around 21% on year to 75 lakh bales (1 bale = 170 kg), backed by depreciation in the rupee and higher international prices of the commodity.

ICE Cotton fell 1% on Monday, as the market awaited a monthly crop supply and demand report from the USDA. Last week it traded over six-year high earlier in the session on expectations of an increase in buying from major importer China. Export Sales of old crop upland cotton totaled just 6,792 RB but new crop sales were shown at 106,768 RB. Shipments of upland cotton were at a MY high of 576,413 RB, 82.37% more than the same week in 2017. Managed money was net long 89,699 contracts in cotton futures and option, 1,730 more than their CFTC position the previous week. The Cotlook A index was up 150 points from the previous day to 99 cents/lb on June 7. The cotton AWP was updated to 81.27 cents/lb on Thursday, 1.39 cents/lb above the day prior.

Outlook

Cotton futures are expected trade sideways to higher on report of good physical and export demand, higher exports, diminishing arrivals and expectation of lower sowing expectation in coming season may keep the prices supported.

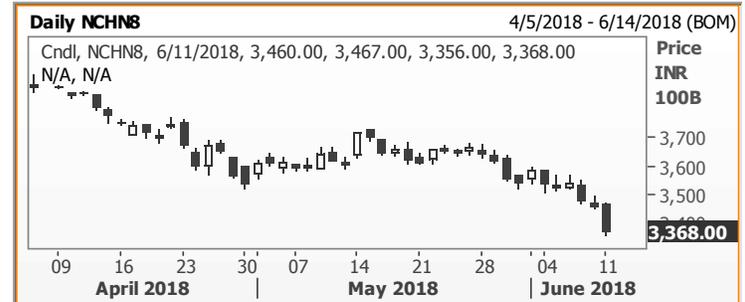
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	848-855	869-876
Cotton MCX Jun'18	₹/bale	22500-22700	23300-23700

Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	3469	-0.9	-1.6	-2.7	#N/A	
Chana- NCDEX-Jul'18	`/qtl	3368	-2.6	-4.9	-7.0	#N/A	
NCDEX Kapas Apr '18	R/20 kgs	#N/A	#N/A	#N/A	#N/A	#N/A	
MCX Cotton Jun'18	Rs/Bale	22950	-0.78	2.23	9.39	10.66	
ICE Cotton Jul'18	Usc/Lbs	94.75	-0.20	2.88	12.05	25.18	
Cotton ZCE	Yuan/ton	16395	0.00	-6.69	8.22	7.26	

Price Chart – Chana



Spices (Jeera & Turmeric)

NCDEX Jun Jeera futures closed lower on technical corrections and tracking weak physical prices. Heavy arrivals of jeera in physical market are keeping the prices sideways. Jeera arrivals during May are pegged at 21,713 tonnes compared to 11,000 tonnes last year for same month. According to export data released by government, Jeera recorded its highest monthly exports of 33,458 tonnes in March. During FY 2017/18, country exported about 1,60,479 tonnes of jeera, up by 24.5% on year.

NCDEX Turmeric futures closed little lower on Monday tracking good progress of monsoon rains in turmeric growing regions of Tamil Nadu and Karnataka and tracking steady demand in the physical market. In the last month, prices have fallen about 6% from its three months high levels due to profit booking by market participants. Supplies from the new season turmeric have been lower during May at 53,500 t (Vs 73,500 t) compared last year, as per Agmarknet data. The export of turmeric was down by 13% at 108,897 tonnes in FY 2017/18 compared to last years' exports. Turmeric Exports in March was pegged at 10,410 tonnes is 22.4% lower on year but 31.58 % higher on month.

Outlook

We expect **Jeera** futures to trade sideways to higher on improved physical and exports demand as prices are at lower levels as compared to last year. There is mixed signals from spot market which may keep the prices in a range.

Turmeric Apr futures expected to trade sideways on good rains in turmeric growing areas and steady physical demand from up country buyer. Lower levels buying may support prices from the current levels.

Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'18	₹/qtl	15800-16000	16350-16600
Turmeric NCDEX Jul'18	₹/qtl	6960-7040	7220-7320

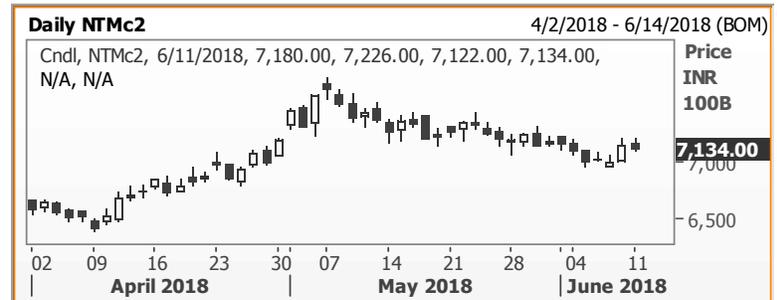
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	16227	-0.23	0.62	0.76	-11.97	
Jeera- NCDEX Jul'18	R/qtl	16155	-0.34	1.13	0.31	-13.13	
Turmeric Spot- NCDEX	R/qtl	7302	0.25	0.33	-4.20	32.16	
Turmeric- NCDEX Jul'18	R/qtl	7134	-0.50	0.25	-5.41	28.63	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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