

Agri-Fundamentals

Soybean

NCDEX Jul Soybean closed higher for the third consecutive day on Friday amid anticipation of higher domestic crushing of soybean after government increase customs duty on crude as well as refine soy oil to 35% and 45% respectively. However, prices falls on week due to reports of higher acreage for next season and forecast of normal rains along with lower meal exports data from both SEA and SOPA is weighing on prices this month.

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 plunged 2.5% to a one-year low on Friday as China is planning to place tariffs on US soybeans. China retaliated by releasing a statement that they are implementing 25% tariffs on \$50 billion of US goods. Duties on \$34 billion, including soybeans, will go into effect on July 6. Export sales of the 2017/18 soybean crop were reported at 519,557 MT, while Soybean shipments were 597,367 MT, well above this time last year. NOPA crush report that indicated a May record 163.572 mbu of soybeans were crushed by its members, 9.6% larger than last year and 1.6% above April crush, but short of most estimates.

RMseed (Mustard seed)

Mustard Jul futures recovered from two weeks low last week on expectation of good meal and crushing demand after government increase import duty on soft edible oil by 10-15%. According to data compiled by the MOPA, mills across the country crushed 900,000 tn of the oilseed in May much higher crushing volume compared to last year.

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 are 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 higher on expectation of improved domestic crushing demand due to hike in import duty for soft oil. However, higher sowing data due to forecast of normal rains may keep prices sideways.

Mustard futures expected to trade sideways to higher on expectation of recovery from the lower levels. Moreover, higher crushing demand and improved meal exports to support mustard prices.

Technical Levels

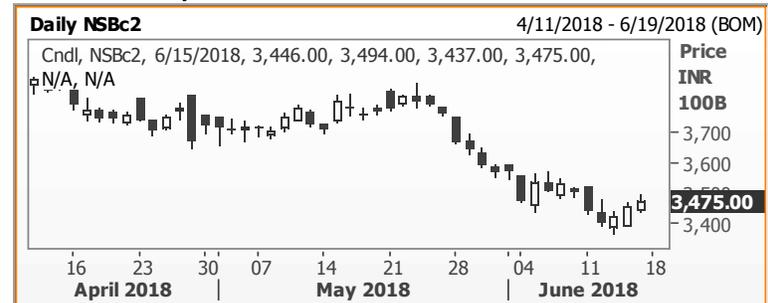
Contract	Unit	Support	Resistance
Soybean NCDEX Jul'18	₹/qtl	3360-3410	3510-3560
Mustard NCDEX Jul'18	₹/qtl	3920-3970	4040-4080

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/10 kg	3558	0.88	-0.03	-5.45	21.47	▲
Soybean- NCDEX Jul'18	R/10 kg	3475	0.52	-0.97	-8.62	23.61	
Soybean CBOT- Jul'18	US\$/lb	906	-2.35	-6.58	-9.43	-3.13	
RM Seed Spot- NCDEX	MYR/Tn	4100	1.03	0.00	3.23	10.81	▲
RM Seed- NCDEX Jul'18	R/10 kg	4017	0.27	-0.37	0.17	10.80	
Rapeseed-WCE	CAN \$/Tn	520	-1.81	0.48	-1.74	1.36	

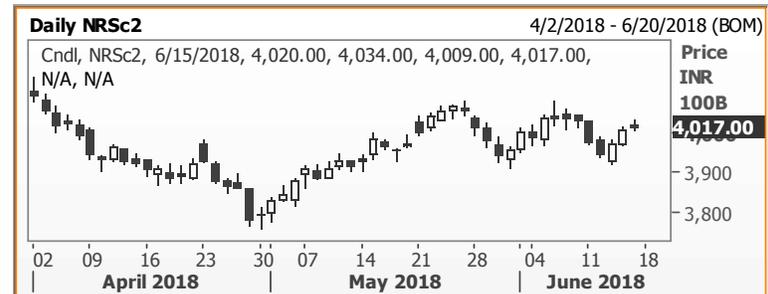
Price Chart –Soybean

NCDEX Jul'18 contract



Price Chart –Rmseed

NCDEX Jul'18 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures continue to trade on positive note after increase in import duty on refine and crude soyoil. However, the prices have closed lower on weekly basis due to reports of sufficient stocks with the traders and ample availability of oilseeds in the country. As per SEA monthly report., As on June 1, country' edible oil stock (in ports and pipeline)is at highest level ever at 26.6 lt putting pressure on domestic prices of edible oils.

As per the data from SEA, in May, for the first time, import of soft oils--soybean, sunflower and canola--was higher than palm oil, where the share of soft oils was at 60%. The rise in the imports of soft oil was primarily due to expectation of a rise in import duty. For the second fortnight of June, the base import price of crude soyoil has been cut to \$752 per tn from \$769 per tn by the govt.

Crude Palm oil

MCX CPO closed lower on Friday due to cut in tariff values of all the edible oils. The base import price of crude palm oil and RBD palmolein was cut by \$14 each and \$17 to \$644 per tn and \$673 per tn, respectively. According to SEA monthly update, plam oil imports into the country were down 33% and 46% for CPO and RBD Palomlein in May compared to last year. India's palm oil imports dropped in May due to higher taxes on shipments while weaker rupees making imports expensive.

Malaysian market was closed on Friday. Malaysian palm oil futures closed higher on Thursday due to bargain buying from the 22 month low. However, the prices are still trading 10-15% lower than the last year expectation of lower export demands due to continuation of export tax for July also weighs on prices. Malaysia's exports between June 1 and 10 stood at 324,947 tonnes, down 20 % from the same period a month earlier.

Malaysia, the world's second-largest palm oil producer, kept its crude palm oil export tax at 5% in July. 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 EU 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.

Outlook

We expect **Ref Soy oil** to trade sideways to higher on hike in import duty and improving demand from the stockists. However, higher stock levels in the country and reduce base import prices may keep prices in a range.

CPO futures may trade sideways to higher due to expectation of good physical demand due to increase in import duty of soft oil. However, weak international prices and higher domestic stocks may pressurize prices at higher levels.

Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'18	₹/qtl	739-745	755-763
CPO MCX Jun'18	₹/qtl	630-637	652-660

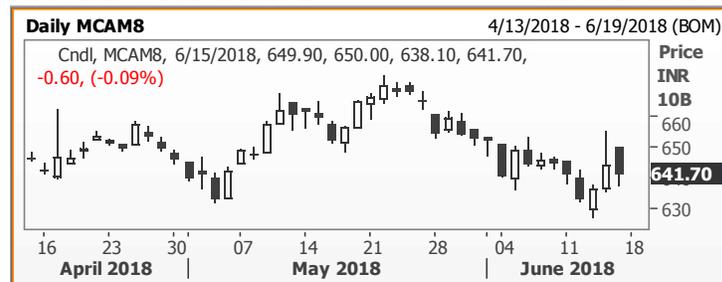
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot -							
Mumbai	R/10 kgs	760.3	2.87	1.88	0.19	22.1	
Ref Soy oil- NCDEX Jul'18	R/10 kgs	751.1	0.47	-1.33	-3.35	18.5	
Soybean Oil- CBOT- Jul'18	USc/lbs	29.50	-2.12	-3.34	-3.56	-10.9	
CPO-Bursa Malaysia - Aug'18	MYR/T	#N/A	#N/A	#N/A	#N/A	#N/A	
CPO- MCX –Jun'18	R/10 kg	641.7	-0.43	-0.59	-1.66	30.8	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Jul futures closed higher for the third consecutive day on Friday from the lowest levels since Jan 2015 due to short covering on expectation of improved physical demand. 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 MSP scheme due to shortage of warehousing space and packaging bags. Government is trying to support prices by removing export restrictions and procuring at MSP. Govt 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 higher on expectation recovery from the lower levels. 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	3300-3350	3460-3520

Cotton / Kapas

MCX June Cotton closed lower last week tracking weakness in International cotton prices. As per CAI, cotton exports may jump by 43% to over 100 lakh bales in 2018/19 season. Currently it is traded at 22 months high on reports of lower stocks and good exports demands. Recently, CAI cut its estimate for 2017-18 (Oct-Sep) closing stock to 16 lakh bales from 21 lakh bales seen in April. Moreover, In its balance sheet for the 2017-18 cotton season, CAI has estimated total cotton supply the till September 30 at 410 lakh bales. This includes the opening stock of 30 lakh bales in October 2017. Domestic consumption has been higher, at 324 lakh bales, while exports, at 70 lakh bales, are higher than earlier estimates of 50-55 lakh bales.

ICE Cotton fell more than 3% on Friday on reports of China's plans to impose tariffs in retaliation for U.S. President Donald Trump's announcement that the United States would put a 25 percent tariff on \$50 billion of Chinese goods. The weekly AWP was updated to 82.99 cents/lb on Thursday, 172 points above the week prior. Friday's CFTC data showed managed money trimming the cotton net long position by 788 contracts to a net position of 88,911 contracts as of Tuesday.

On Thursday, China announced they have approved 800,000 MT (3.673 million 480-lb bales) for additional import quota of cotton in 2018. During the current quarter (Apr-Jun) prices have surged about 18% on concerns of dry weather in West Texas, a major producing region and trade war with China.

Outlook

Cotton futures are expected trade sideways due to expectation of some consolidation at higher levels on report of good physical and export demand, diminishing arrivals and expectation of lower sowing expectation in coming season.

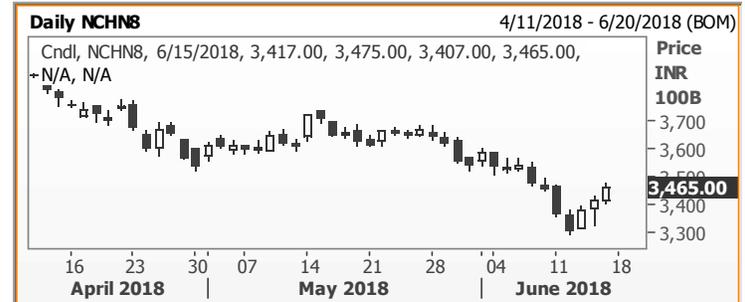
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr'18	₹/20 kgs	848-855	869-876
Cotton MCX Jun'18	₹/bale	22400-22700	22200-22700

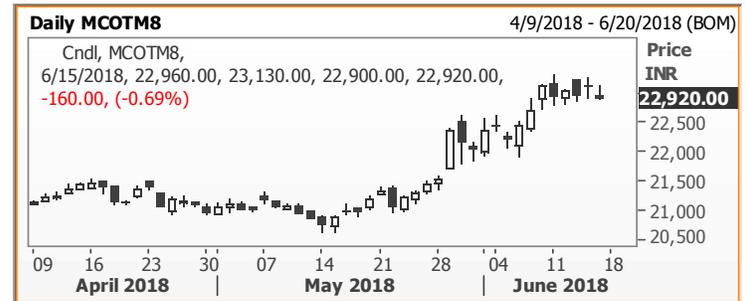
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	3528	1.4	0.8	-2.3	#N/A	
Chana- NCDEX-Jul'18	`/qtl	3465	1.4	0.2	-5.1	#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	22920	-0.87	-0.91	9.19	15.35	
ICE Cotton Dec'18	Usc/Lbs	89.85	-3.31	-2.97	11.35	25.00	
Cotton ZCE	Yuan/ton	16390	-2.50	-0.03	4.26	9.38	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jul Jeera futures closed higher last week due to fresh buying initiated by the market participants on reports of good demand in the domestic market. Jeera arrivals during 1-15 Jun are pegged at 7,780 tonnes compared to 5,055 tonnes last year for same period. **For the new season, the cumin futures have jumped 12.8% or Rs. 1,860 in the current quarter (Apr-Jun).** 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 Jul Turmeric closed lower for the second consecutive day on profit booking on Friday after it surged 3% on Wednesday. It was trading sideways to lower during last 5 weeks due to steady demand and forecast of normal rains in south peninsula. 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 expectation of 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 to higher on deficient rains in Telangana and Maharashtra turmeric growing areas and steady physical demand from up country buyer. Lower levels buying may support prices from the current levels.

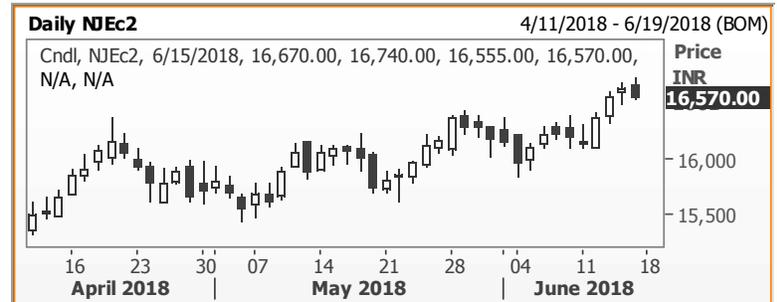
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'18	₹/qtl	16200-16400	16850-17000
Turmeric NCDEX Jul'18	₹/qtl	7150-7260	7480-7550

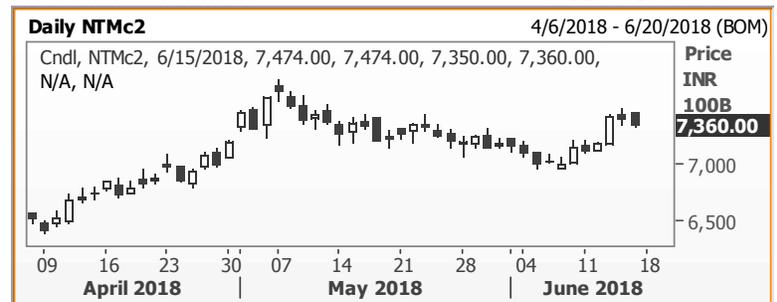
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	16483	-0.03	1.34	2.13	-10.86	
Jeera- NCDEX Jul'18	R/qtl	16570	-0.45	2.22	2.79	-12.12	
Turmeric Spot- NCDEX	R/qtl	7392	0.00	1.49	-1.44	33.01	
Turmeric- NCDEX Jul'18	R/qtl	7360	-0.84	2.65	-1.23	28.79	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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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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