

Agri-Fundamentals

Soybean

NCDEX Jul Soybean traded on a positive note on Tuesday after reports that China may cut its import tariff on soybeans from India, South Korea, and Bangladesh. Moreover, slow start to kharif sowing in the country also supported prices. **The area under soybean in the country was at 212,400 ha as of last week, down 59% from a year ago, according to data released by the farm ministry.** There is expectation improved demand from the oil mills due to higher crushing of soybean after government increase customs duty on crude as well as refine soy oil to 35% and 45% respectively. However, prices have been under pressure on forecast of normal rains and lower meal exports data from both SEA and SOPA is weighing on prices this month. Bangladesh, one of the largest importers of soymeal from India, reduced the import duty to nil which may result into tough competition from South American countries.

CBOT Jul Soybean rose slightly on Tuesday due to bargain buying after hitting their lowest in over two years on Monday on concern on U.S.-China trade tensions and crop-friendly weather in the Midwest United Prices were down almost 15% this month on pressure came from continued trade uncertainty and weather. The average trade estimate ahead of Friday's Planted Acreage report from NASS shows an expectation for soybean acreage in 2018 at 89.691 million acres which is 709,000 acre jump from March, but is still 451,000 lower than last year. The EPA reportedly plans to increase biofuels blending mandate by 3% in 2019 to 19.88 billion gallons. Biodiesel is targeted at 2.43 billion gallons, up 330 million gallons.

RMseed (Mustard seed)

Mustard Jul futures recover from 4 weeks low on Tuesday due to short covering by the market participants. There is an expectation of improved meal and crushing demand after government increase import duty on soft edible oil by 10-15% may support prices. 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 on expectation of higher sowing due to forecast of normal rains but expectation of improved domestic crushing demand on hike in import duty for soft oil may support prices **Moreover, soybean meal import tax cut by China for India may keep prices higher.**

Mustard futures expected to trade lower on technical correction. But expectation of recovery from the lower levels due to higher crushing demand and improved meal exports to support mustard prices.

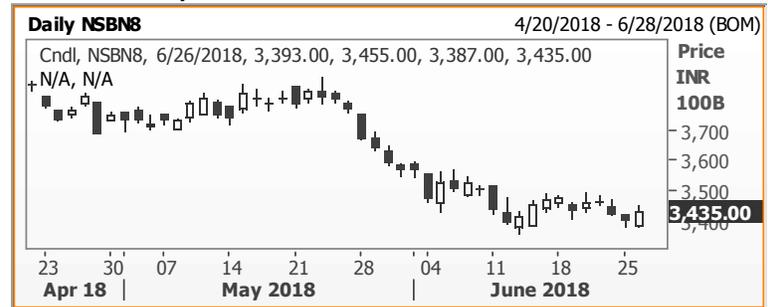
Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Jul'18	₹/qtl	3360-3400	3470-3510
Mustard NCDEX Jul'18	₹/qtl	3850-3890	3970-4010

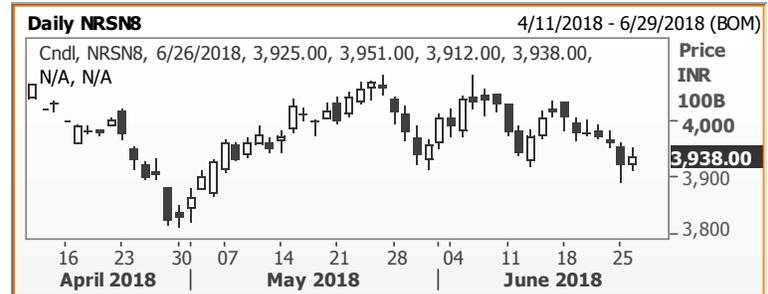
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX -							
Indore	R/100 kg	3509	-0.17	-0.59	-7.27	19.60	▼
Soybean- NCDEX Jul'18	R/100 kg	3435	0.85	-0.17	-8.93	20.57	
Soybean CBOT- Jul'18	USc/lb	867	-0.83	-2.45	-16.73	-4.83	
RM Seed Spot- NCDEX							
RM Seed- NCDEX Jul'18	MYR/Tn	4067	-0.02	-0.19	0.45	10.11	▼
Rapeseed-WCE	CAN \$/Tn	522	-1.53	0.62	-3.08	1.72	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures edged little higher due to weaker rupees and steady demand but still trades in a narrow range. It is traded under pressure since last one month on reports of good stocks level 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. **However, the prices may increase further due to expectation of firming up prices in Brazil and Argentina after China decision to impose tariff. Moreover, increase in import duty on refine and crude soy oil may also support higher prices.**

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 continues to trade higher for the third successive session due to weaker rupees which makes imports expensive. However, cut in tariff values of all the edible oils by the Indian government kept the prices lower. 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. In the month of June, According to SEA monthly update, palm 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 palm oil futures saw their sharpest fall in a week on Tuesday, snapping two sessions of gains, due to weak exports figures. Malaysian palm oil exports for June 1-25 fell 14.1 % from the corresponding period a month ago according to cargo surveyor Societe Generale de Surveillance on weak demand from key markets such as Europe, China and Pakistan. It was down 2.1 % last week, marking its fourth straight weekly decline, due to weaker export demand and higher inventories. **Malaysia, the world's second-largest palm oil producer, kept its crude palm oil export tax at 5% in July.** Malaysian palm oil output declined 2.1% to 1.53 mt in May, according to official data, marking a second consecutive monthly fall.

Outlook

We expect **Ref Soy oil** to trade sideways to down due to little corrections on higher stock levels in the country and reduce base import prices may keep the prices steady. But improved physical demand and high import duty may keep prices supportive.

CPO futures may trade sideways to positive on bargain buying and improved prices in international prices. However higher domestic stocks and steady domestic demand from the stockists may keep the prices sideways.

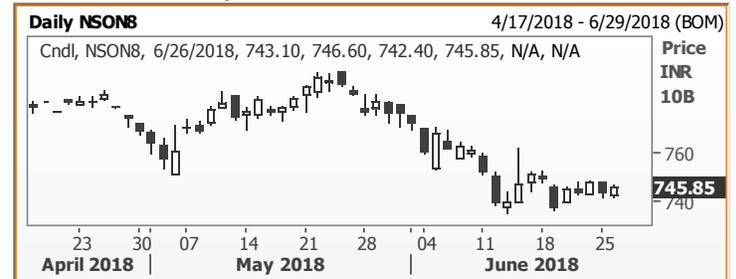
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Jul'18	₹/qtl	738-742	751-756
CPO MCX Jun'18	₹/qtl	631-636	645-649

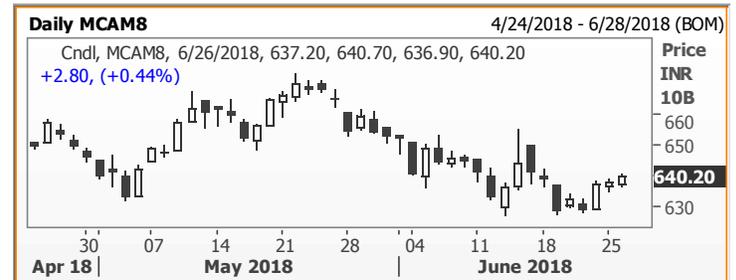
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot -							
Mumbai	R/10 kgs	749.6	-0.16	-0.25	-1.26	20.9	
Ref Soy oil- NCDEX Jul'18	R/10 kgs	745.9	0.23	1.01	-4.91	18.1	
Soybean Oil- CBOT- Jul'18	USc/lbs	28.94	0.00	0.31	-7.66	-9.8	
CPO-Bursa Malaysia- Sep'18	MYR/T	2277	-0.57	0.62	-7.25	#N/A	
CPO- MCX –Jun'18	R/10 kg	640.2	0.36	1.76	-3.76	30.7	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Jul futures recovers on Tuesday after two days of lower trading. Chana is still under pressure on higher availability of Chana in physical market as states ends procurement at MSP.

Government has tried to keep the prices higher by removing export restrictions and procuring at MSP. According to govt officials, MP has completed procurement of 1.8 mt of rabi-harvested chana and masur. Earlier, govt has announced of a 7% duty credit incentive on exports. **Recently**, Maharashtra govt discontinued procurement of the chana under the MSP scheme due to shortage of warehousing space and packaging bags.

Outlook

Chana futures may trade sideways to lower due to steady in physical demand. 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	3330-3380	3480-3530

Cotton / Kapas

MCX June Cotton closed lower for the second consecutive session tracking weak trend in International market. But prices are at higher level on reports of good export demand and lower pace of kharif sowing in the country. A higher stock in the country and higher expected cotton exports to China from India may increase fivefold in coming cotton season is keeping prices sideways. **Cotton acreage till last week was down by 16% on year to 20.7 lakh hac, according to the farm ministry data.** The fall in area of cotton was mainly due to delay in arrival of monsoon over Gujarat, one of the largest growers of the commodity. According to commerce ministry data, cotton exports in April is about 8.23 lakh bales, up by 86.13% on year. Exports for the season are only higher by 7% at 51.21 lakh bales in cotton year 2017/18 started on October. **Bangladesh (19.2 lakh bales), Pakistan (9.6 lb) and Vietnam (9 lb) are the top cotton export destination in CY 2017/18.**

ICE Cotton fell on Tuesday on worries on exports demand to China, and increased rain in major producing region West Texas.

Planted acreage report is expected to show cotton acreage for 2018 at 13.781 million acres, 312,000 more than March and a 1.169 million acre jump from last year. NASS reported the US cotton crop was 32% squared vs. the average at 28% and 6% setting bolls. CFTC data showed managed money trimming the cotton net long position by 7,673 contracts to a net position of 81,238 contracts. The weekly AWP was updated to 78.23 cents/lb for this next week, down 476 points from the week prior.

Outlook

Cotton futures are expected trade sideways to positive on higher demand but weak international prices and expectation of higher acreage of cotton due to good prices may keep prices sideways.

Technical Levels

Contract	Unit	Support	Resistance
Cotton MCX Jun'18	₹/bale	21500-21700	22100-22300
Kapas NCDEX Apr'19	₹/20 kg	1100-1130	1180-1210

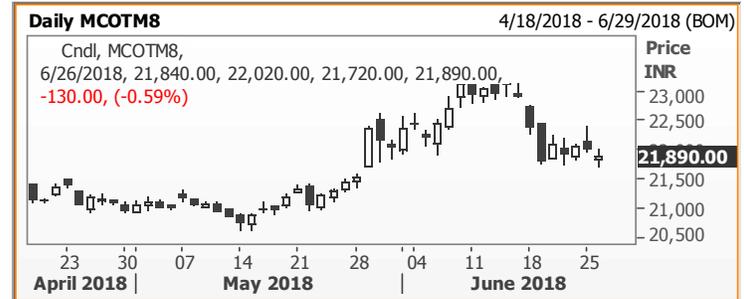
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	3525	0.4	-1.1	-2.9	#N/A	
Chana- NCDEX-Jul'18	₹/qtl	3423	0.4	-1.4	-6.7	#N/A	
NCDEX Kapas Apr '19	R/20 kgs	1157	0.83	1.00	#N/A	#N/A	
MCX Cotton Jun'18	Rs/Bale	21890	-0.64	0.27	2.10	11.23	
ICE Cotton Dec'18	Usc/Lbs	84.51	-0.48	0.82	-2.47	13.53	
Cotton ZCE	Yuan/ton	15630	-1.61	-2.34	-6.49	4.37	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jul Jeera futures continue to trade positive for the second consecutive day this week supported by reports of higher exports and restricted supplies in the physical market. Cumin futures have jumped 7.7% this month from the lows and more than 20% this quarter starting April. According to export data released by Commerce ministry, Jeera recorded its highest monthly exports of 33,458 tonnes in March while in April the exports were 74% higher on year at 25,900 tonnes. During FY 2017/18, country exported about 1,60,479 tonnes of jeera, up by 24.5% on year. Jeera arrivals during 1-15 Jun are pegged at 7,780 tonnes compared to 5,055 tonnes last year for same period.

NCDEX Jul Turmeric closed unchanged on Tuesday due to good physical demand and diminishing arrivals. In the current month, prices have surged more than 3.1% on expectation of lower supplies in coming months. 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 24% at 10,462 tonnes in April 2018 compared to last years' exports. Exports are lower by 15.5% in first 4 month of current year compared to last year.

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 futures expected to trade sideways on expectation of further corrections. Moreover, rains in Telangana and Maharashtra turmeric growing areas may keep the prices sideways. However, diminishing supplies and improving physical demand from up country buyer may support prices in coming weeks.

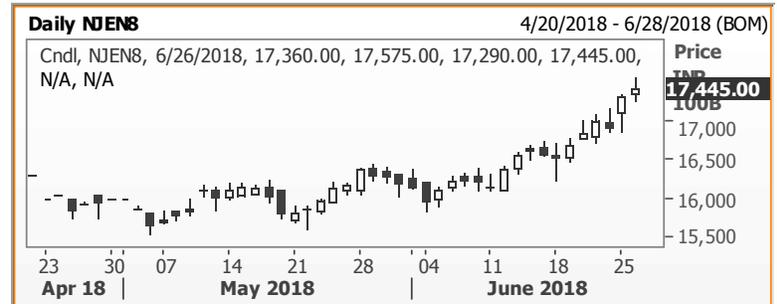
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Jul'18	₹/qtl	17000-17200	17600-17800
Turmeric NCDEX Jul'18	₹/qtl	7220-7280	7400-7460

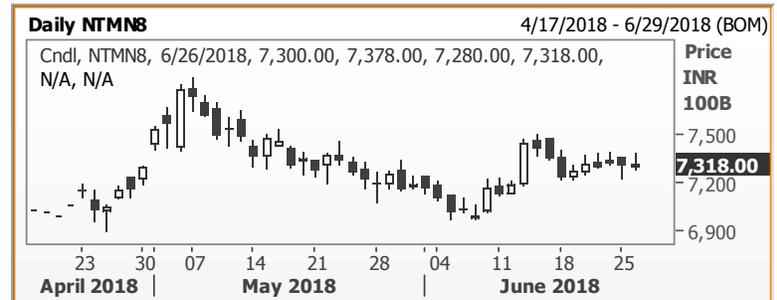
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	17520	1.93	5.90	8.82	-5.51	
Jeera- NCDEX Jul'18	R/qtl	17445	0.75	4.46	7.85	-7.87	
Turmeric Spot- NCDEX	R/qtl	7462	0.43	1.61	1.28	25.62	
Turmeric- NCDEX Jul'18	R/qtl	7318	0.00	0.63	1.27	14.81	

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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