

Agri-Fundamentals

Soybean

NCDEX Apr Soybean future corrected on Thursday due to ample supplies and lower soy meal exports figures. In its latest press release by SOPA, soybean arrivals for the Oct-Feb period in the current crop year pegged at 73 lakh tonnes (lt), up by 24.9% on year. As per SEA, soy meal exports were provisionally reported at 69,428 tonnes, down 6% on year compared to 73,800 tonnes. Moreover, January exports are revised lower to 86,300 tonnes from over 2.1 lt expected in the last month release. In the second advance estimates for 2018-19, govt pegged 2018-19 production at 136.9 lt, up 24.7% on year. However, SOPA expects availability of soybean for crushing, direct use and exports in 2018/19 to be about 102 lt as against 86 lt lat year.

CBOT Soybean futures rose a little due to some improved exports figures by USDA but uncertainty over trade deal with China is still pressuring prices. Weekly export Sales report showed 1.912 MMT of old crop soybean in the week that ended on March 7, was just above the top end of trade estimates and 50.6% larger than the same week in 2018. CONAB revised their 18/19 soybean crop projection to 113.459 mt, down 1.884 mt from their previous number. The USDA raised its forecast of global 2018/19 soy ending stocks to 107.17 mt, from 106.72 mt last month. Safra & Mercado estimates the Brazil soybean harvest was 52.1% complete as of March 8, compared to the 46.4% average.

Outlook

Soybean futures expected to trade sideways to lower due to steady demand and higher availability in the physical market. Moreover, slower exports for soymeal from India are also pressurizing prices.

RMseed (Mustard seed)

Mustard futures slipped further on Thursday to close at 3,813 on anticipation of improving arrivals for new season crop. Rape meal exports in February were provisionally reported at 41,728 tonnes (Vs 52,071 t), down 20% on year as per SEA press release. January exports figures are revised to 57,000 tonnes from 34,270 tonnes pegged last month. Prices were under pressure since last month on reports of higher production prospects this year coupled with slowing of meal exports in February. In March, USDA FAS forecasts 2018/19 India rapeseed production at 7.2 million tons, up 9% from official USDA estimate. Mustard production is forecast about 84 lakh tonnes, up 1% y/y, in second advance estimate for 2018-19 by Government. As per SEA, the production will be higher by about 19% this season to over 81 lakh tonnes due to better climate and higher area.

Outlook

Mustard futures expected to trade sideways to higher on expectation of improving meal demand from China following a trade dispute with Canada. However, **forecast of bumper crop production may keep prices under control.**

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3800	0.48	-0.39	-0.68	-0.68	
Soybean- NCDEX Apr'19	R/100 kg	3667	-0.78	-1.29	-2.58	-3.12	
Soybean CBOT- May'19	US\$/lb	890	0.06	-0.14	-1.71	-13.51	
RM Seed Spot- NCDEX	MYR/Tn	3916	-0.18	-0.31	-4.79	-3.90	
RM Seed- NCDEX Apr'19	R/100 kg	3813	-0.63	-0.29	-2.93	-8.32	
Rapeseed-WCE	CAN\$/Tn	456	0.64	1.11	-4.90	-11.07	

Price Chart –Soybean

NCDEX Apr'19 contract



Price Chart –Rmseed

NCDEX Apr'19 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures traded in the range on Thursday on mixed fundamentals of higher supplies and improving festival demand. Moreover, stronger rupees which make import of edible oil cheaper for the country is also keeping prices in check.

In a fortnightly notification, Government cut tariff value of crude soy oil by 5 dollar to \$753 per tn for the first half of March.

USDA FAS in its latest GAIN report, forecast India soyoil production at 17.22 lakh tonnes in 2018/19, up by 14.2% forecast by official USDA while Soyoil imports are pegged at 36 lt Vs 34 lt by USDA. Consumption pegged at 50 lt Vs 49.5 lt by USDA.

There are reports of lower imports and declining stock positions for crude soy oil at ports. According to monthly report released by SEA, crude soy oil imports down 17.3% on year to 1.86 lakh tonnes (lt) in January 2019. For Nov-Jan period, soy oil import volume drop 17.8%. Moreover, stocks in the port pegged at 70,000 tonnes at the end of Jan compared to 200,000 tonnes last year.

Outlook

We expect Ref Soy oil to trade sideways to lower due to higher supplies and steady physical demand. Moreover, stronger rupees are also making import cheaper. Improved imports of edible oil in Jan and Feb may put further pressure on prices in coming weeks.

Crude Palm oil

MCX CPO continues to fall this week tracking weakness in Malaysian palm oil. It is currently trading at 10-week low.

Moreover, lower tariff value, strong rupee and expectation of higher imports also weighs on prices. In recent GAIN report USDA FAS, India CPO production is pegged at 2.5 lt, up from 2 lt by USDA. For first half of March, tariff value for CPO and RBD Palmolein cut by 3 and 9 dollar to 572 and 602 dollar per ton. According to SEA monthly update, crude palm oil imports were down by 4.1% on year in Jan to 6.45 lt but there is increase in imports for RBD palmolein by more than 11% to 1.67 lt mainly on reduction in duty difference. According to USDA monthly report in February, palm oil consumption for India is forecast at 10.6 mt, up 16.7% on year.

Malaysian palm oil fell for a seventh consecutive session on Thursday on concerns over slowing exports and rising production dragged. It is now trading at three-month low.

Malaysian palm oil exports fell 14.5-15.3% for the full month of February, according to cargo surveyors. Exports of Malaysian palm oil products for February fell 15.2% to 1,243,308 tonnes from 1,466,932 tonnes shipped during January according to cargo surveyor. There are sufficient supplies in consuming countries, China and India while European Union is slowly reducing imports of CPO and phase out use of palm oil in transport fuel as palm oil cultivation results in excessive deforestation.

Outlook

CPO futures expected to trade sideways to lower tracking weak international prices. Moreover, lower tariff value and import figures may pressurize prices during this month.

Market Highlights – Edible Oils

	Unit	Last	Prevday	WoW	MoM	YoY	% Change
Ref Soyoil Spot -							
Mumbai	R/10 kgs	749.2	-0.21	-1.53	-2.71	-2.8	
Ref Soy oil- NCDEX							
Apr'19	R/10 kgs	741.5	-0.09	0.24	-1.66	-1.8	
Soybean Oil- CBOT-							
May'19	USc/lbs	29.40	-0.98	-0.03	-2.78	-7.5	
CPO-Bursa Malaysia -							
May'19	MYR/T	2063	-1.34	-3.37	-8.96	-15.5	
CPO- MCX –Mar'19	R/10 kg	521.8	-1.06	-3.58	-8.74	-18.4	

Price Chart –Ref Soy Oil

NCDEX Apr'19 contract



Price Chart –Crude Palm Oil

MCX Mar'19 contract



Source: Reuters

Chana

Chana Mar futures close unchanged at 4,238 on Thursday as NAFED still has more than 18 lakh tonnes of chana procured last year. However, it is trading at 3-week high supported by improving demand and diminishing stocks with the traders. The trend seems to be positive despite higher carryover stocks with the government agencies and improving production prospects. Chana production this season is forecast at 103.2 lakh tonnes in second advance estimated by Government, down 8% on year due to 10% less area. Chana attract 60% import duty since March 2018 which restricted imports during last year. The govt have extended import curbs on all varieties of peas by 3 months until the end of March. However, chana exports from the country increased by 218% to 1.77 lt.

Outlook

Chana futures is expectation to trade sideways to higher on reports of diminishing stocks with the traders amid lower imports and high consumption. However, higher stocks with Government agencies coupled with higher crop production for 3rd consecutive year may keep prices in control.

Cotton / Kapas

MCX cotton edged lower on Thursday due to profit booking after it climb to 6-week high in the previous trading session. There are reports of export demand coming from China. In a recent development, Indian traders have signed contracts to ship 800,000 bales of cotton to China as demand surged from the world's biggest consumer due to a rally in prices in China. India has already shipped around 600,000 bales to China so far in the 2018/19 marketing year that started on Oct. 1. Cotton prices have improved since last one month on reports of lower production. In 2018/19, production of Cotton is estimated at 300.9 lakh bales (of 170 kg each), down about 7.4% compared to previous estimate of 324 lakh bales as per latest government advance estimates.

CAI cuts 2018-19 production estimate further by 2 l-bales to 328 l-bales for the year 2018- 19 however, higher imports of 27 l-bales (15) and lower exports of 50 lakh bales (Vs 69) for 2018/19 season is bearish. According to data compiled by DGCIS, country exported 120,904 tonnes (t) of cotton raw including wasted in January, down 27.4% compared to 166,546 t last year. Imports in January up by 21.4% at 17,645 t (Vs 14533 t).

ICE May contract fell about 2 percent on Thursday on concerns over delaying trade negotiations between China and the US while stronger dollar too weigh on prices. A stronger currency makes commodities priced in dollars such as cotton more expensive for holders of other currencies. USDA report indicated that US exporters sold 166,125 RB of old crop upland cotton in the week of 3/7 up 45.69% from last week but still 48.31% below that week last year.

Outlook

Cotton futures expected to trade sideways to higher due improving in exports demand from China. Moreover, increasing domestic demand and procurement by CCI also support prices. However, reports of CCI likely to start selling its stock may keep prices in a range.

Market Highlights– Chana & Cotton

	Unit	Last	Prevday	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	\qtl	4114	0.0	1.3	-0.8	#N/A	
Chana- NCDEX-Apr'19	\qtl	4238	0.1	1.5	-0.8	13.6	
NCDEX Kapas Apr '19	R/20 kgs	1142	-0.74	1.83	0.31	#N/A	
MCX Cotton Mar'19	Rs/Bale	21020	-0.94	1.01	1.06	1.74	
ICE Cotton May'19	Usc/Lbs	74.3	-1.88	1.63	3.54	-10.95	
Cotton ZCE	Yuan/ton	14480	0.24	-0.55	-2.03	1.26	

Price Chart – Chana

NCDEX Apr'19



Price Chart – Cotton- MCX

MCX Mar'19 contract



Source: Reuters

Spices (Jeera)

NCDEX Jeera Apr futures fell for the second consecutive session on Thursday mainly on fresh selling initiated by market participants on anticipation of heavy arrivals in coming weeks. However, demand from the traders improving for the good quality new season jeera crop is supporting prices. India's cumin seed (jeera) output is set to touch 4,16,000 tonnes for 2019, about 9 per cent higher than the previous year, supported by a sharp jump in production in Rajasthan. India's jeera exports may be lower than the anticipated exports due to higher prices. Exports of jeera is up 5.6% on year in December at 9,085 tonnes compared to 8,600 tn last year while for Apr-Dec period exports are up 25% at 1.37 lt, compared to last year, acc. to Commerce Ministry.

Outlook

We expect Jeera futures to trade lower due to improved arrivals and higher availability in the physical market. However, increasing demand for the new season crop and stronger rupee may keep prices supported.

Turmeric

NCDEX Apr Turmeric edged lower on Thursday due to profit booking by the market participants.. Last week prices have improved on expectation of up country turmeric demand. However, higher supplies prospects from new season crop is putting pressure on turmeric prices. Production is forecast at 11.5 lt in the 1st advance estimates by the government. As per Commerce Ministry, turmeric exports during the month of Dec, up 5% y/y to 9,301 tonnes (Vs 8,854 t). For Apr-Dec period exports up 12.4% at 1.02 lakh tonnes compared to 84,523 tonnes last year for the same period.

Outlook

Turmeric futures expected to trade sideways due to improving physical demand. Moreover, government procurement in some states also support price rise. However, new season arrivals and good production prospects may keep prices sideways.

Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	16113	-1.05	-0.54	-2.87	-0.44	
Jeera-NCDEX Apr'19	R/qtl	15515	-1.15	1.77	0.94	11.68	
Turmeric Spot-NCDEX Turmeric-NCDEX	R/qtl	6230	-0.80	-0.66	-5.31	-8.04	
Apr'19	R/qtl	6262	-0.73	-1.26	-1.39	-7.42	

Technical Chart – Jeera

NCDEX Apr'19 contract



Price Chart – Turmeric

NCDEX Apr'19 contract



Source: Reuters

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