

Soybean

NCDEX Soybean edged lower on Thursday due to profit booking at higher levels to close at 3,769 rupees per 100 kg. It climb to 5-week high earlier in the week due to improving demand on forecast on below normal rains in monsoon season by Skymet. Moreover, lower crude soybean oil stocks at port also support soybean prices. USDA in its monthly report forecast output at 109 lt in 2019/20, down 5% compared to last year. As SEA, soymeal exports are revised higher to 13.58 lt, up 14.3% in 2018/19. SEA revised March 2018 exports figures to 2.15 lt which is highest single month exports in last 26 months. As per latest SOPA press release, soybean arrivals for the Oct-Apr period pegged at 81 lt, up by 21.8% on year. Until April, country crushed about 62 lt of soybean compared to 55.5 lt last year for same period. As per SOPA, availability of soybean for crushing, direct use and exports of about 101.8 lt as against 86 lt last year.

CBOT Soybean edged higher on Thursday mainly on goo exports data and strength in corn prices. Export Sales report from FAS indicated that 370,908 MT of 18/19 soybeans were sold during the week of May 9. That was 79.4% larger than last year at this time and well above last week's net reduction. According to USDA data, US soybean export down 5.3% m/m to 48.3 mt in 2018/19. Brazil will be largest soybean producing country in 2019/20 at 123 mt, up 5% on year.

Outlook

Soybean futures expected to trade sideways to higher in coming days on improving mill demand on expectation on improving meal exports. However, higher production and increase edible oil imports will put extra pressure on Oilseeds at higher levels.

RMseed (Mustard seed)

NCDEX Jun Mustard traded on positive note on Thursday to close 0.69% higher at 3,926 rupees per 100 kg. Currently, prices are consolidating near 3,900 levels on hopes of meal demand coming from China after US imposed fresh tariff. Moreover, reports of nil imports of rapeseed for second consecutive month in April keep domestic crush demand higher. Nafed expected to procure about 20 lt at MSP from various states. USDA increase export forecast of rapemeal to 9 lt from 6.5 lt due to likely exports to China with larger crop and crush.

As per SEA, export of rapemeal in 2018/19 is sharply increased to 10.94 lt (Vs 6.64 lt last year) while for march revised higher to 93,110 tonnes from 50,964 tonnes. However, provisional exports were down about 3.5% y/y in April at 94,462 t compared to 97,891 t last year. MOPA in its May release pegged 29 lt of mustard arrivals compared to 28 lt last year while crushing volumes 9 lt unchanged y/y. USDA revised higher its production forecast for 2018/19 by 21% to 80 lt (Vs 61 lt) in its monthly report.

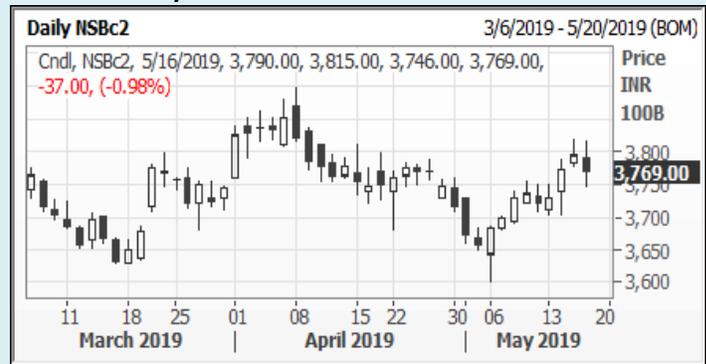
Outlook

Mustard futures expected to trade sideways to higher on steady demand for meals. However, heavy supplies of new season mustard crop and reports of procurement by the states might keep prices in a range.

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3891	0.36	1.65	0.54	4.04	▲
Soybean- NCDEX Jun'19	R/100 kg	3769	-0.63	0.91	-0.63	1.86	
Soybean CBOT- Jul'19	USc/lb	840	0.51	3.32	-6.88	-17.10	
RM Seed Spot- NCDEX	MYR/Tn	3982	0.80	2.30	3.04	0.80	▲
RM Seed- NCDEX Jun'19	R/100 kg	3926	0.69	1.89	2.83	0.57	
Rapeseed-WCE	CAN \$/Tn	447	1.25	2.50	-1.65	-15.93	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil June futures closed higher for the 4th successive session this week due to fresh buying initiated by market participants due to good physical demand. However, cut in tariff by government by 1% and reports of sufficient stocks at port and higher in pipeline may put pressure in coming weeks. Edible oil in pipeline is highest as on 1st May since October last year.

In a fortnightly notification, Government cut tariff value of crude soy oil by 7 dollar to \$689 per tn for the 2nd half of May.

According to monthly report released by SEA, Soyoil imports down 6% to 2.48 lt in April compared to 2.65 lt last year same month. Overall, imports are higher by 13.3% for the first half of OY 2018/19 (Nov-Apr) at 12.37 lt compared to last year same period. USDA in its monthly report revised higher the consumption to 50 lt in 2018/19 compared to 49 lt in previous month estimates. Consumption will increase to 52 lt in 2019/20.

Outlook

We expect Ref Soy oil to trade higher as International edible oil prices starting to pick up from the lower levels. However, weakness in domestic soybean prices and improved imports of edible may put pressure on prices in coming weeks.

Crude Palm oil

MCX May CPO edged little higher on Thursday tracking positive trend in Malaysian palm oil. Currently, CPO prices are about 20% down on year due to higher stocks, weak international prices and higher imports.

For 2nd half of May, tariff value for CPO and RBD Palmolein cut by 23 and 26 dollar to 522 and 556 dollar per ton which is lowest tariff rate in 2019. **According to USDA monthly report, India's palm oil imports in 2018/19 is expected to jump by 20% on year to 105 lakh tonnes due to sharp fall in the prices and lower tariff values.** According to SEA monthly press release, Import of Crude palm oil down 19.2% on year in April (4.50 lt) while import of RBD palmolein up by about 13.7% to 2.38 lt due to lower prices in the international markets.

Malaysian palm rose to a more than two-week high on Thursday supported by improving demand and tracking gains in soyoil on the U.S. CBOT. Moreover, Malaysian palm oil shipments rose for May 1-15, between 4-15% from the corresponding period last month, according to data from three cargo surveyors. Expectations of higher exports and negative growth for production also supported prices. Palm oil output in May expected to decline. Data from the MPOB last Friday showed April output fell 1.4% from the previous month to 1.65 mt.

Outlook

CPO futures expected to trade sideways to positive due to steady domestic demand and improving international prices. Moreover, lower tariff value and higher import figures are bearish sign. Higher edible oil stocks by 20% compared to last year ports is also pressurizing prices of edible oil.

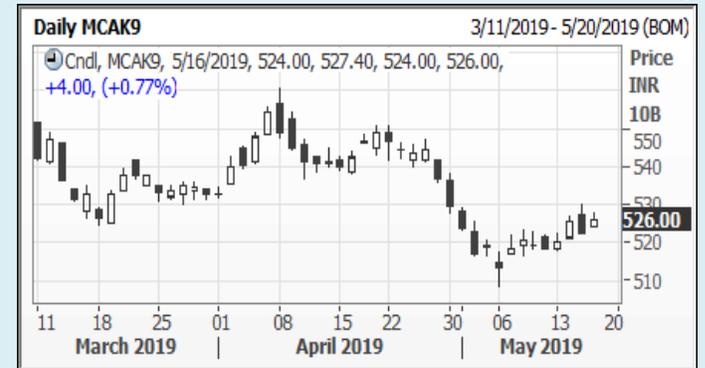
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	738.8	0.18	1.91	0.07	-3.3	
Ref Soy oil- NCDEX Jun'19	R/10 kgs	745.5	0.59	2.39	4.21	0.0	
Soybean Oil- CBOT- Jul'19	USc/lbs	27.72	1.76	4.09	-4.48	-10.9	
CPO-Bursa Malaysia- Aug'19	MYR/T	2096	3.30	4.54	-3.54	-11.6	
CPO- MCX – May'19	R/10 kg	526.0	0.69	1.31	-3.04	-20.4	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

NCDEX Jun Chana traded higher due to fresh buying in a high volume trade on Thursday to close at 4,633 rupees per 100 kg. It crossed MSP prices for the first time this season as demand coming from the stockists coupled with limited auctions from the government agencies created shortage in physical market. In 2018/19, chana output forecast at 103.2 Lt in 2nd advance estimated by Government, down 8% on year due to 10% less area. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. Chana, imports are down 84% to 1.71 Lt in 2018/19 (Apr-Feb) compared to 11.25 Lt last year, while exported are about 2.1 Lt compared to 89,316 tonnes last year.

Outlook

Chana futures will trade higher in coming days as stocks with physical traders diminishing amid lower imports and high consumption. Moreover, government agencies is holding major portion of chana which will be auction at or above MSP of 4,600 rupees per 100 kg.

Cotton / Kapas

MCX cotton edged higher for the third consecutive session but traded in a narrow range to close at 21,120 rupees per bales due to improving demand after prices falls this week. Moreover, reports of below normal monsoon and recovery in prices in International markets also support price. Recently, CAI has projected cotton exports at 46 lakh bales compared to 69 lakh bales last year due to higher prices and smaller crop size. With the lower exports and higher imports the closing stock as on September 30, 2019 may increase from 13 lakh bales is estimated by the CCI's Cotton Crop Committee.

USDA in its latest monthly report states that India will be back to number one position in 2019/20 season with projected production of 28.5 million bales. In the current season we see higher imports of about 31 lakh bales due to higher domestic prices there will. In April, cotton prices increased to highest levels in 2019 but now correcting on expectation on higher stocks in as exports have been down.

ICE cotton settled higher on Thursday due to good weekly export data. The weekly USDA Export Sales report showed 266,919 RB in old crop upland cotton sales in the week that ended on May 9, was 48.05% than a year ago. China bought a net 4,798 RB while Turkey was the lead buyer of 70,700 RB, with India at 55,800 RB. Meanwhile, the USDA in its monthly report forecast that the US cotton production in 2019/20 will be largest in 14 year. World cotton production is expected to grow by 6% on year to 125.5 million bales. USDA projected ending stocks for MY 2019/20 at 6.4 million bales, 1.8 million higher than the year before.

Outlook

Cotton futures may trade sideways due to expectation of higher supplies in domestic market increase imports, decreased exports. However, forecast of below normal monsoon and steady demand may keep supporting prices.

Market Highlights– Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	4498	2.0	4.2	3.0	#N/A	
Chana- NCDEX-Jun'19	`/qtl	4633	2.4	2.9	1.5	29.6	
NCDEX Kapas Apr '19	R/20 kgs	1174.5	0.00	0.00	-3.45	#N/A	
MCX Cotton May'19	Rs/Bale	21120	0.67	-2.04	-6.22	2.42	
ICE Cotton Jul'19	Usc/Lbs	66.8	0.68	-4.88	-14.97	-20.19	
Cotton ZCE	Yuan/ton	13955	2.08	-5.84	-9.71	-8.04	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera)

NCDEX Jun Jeera continue to trade higher to close at 17,935 rupees per 100 kg due to good physical and export demand. Jeera exports is up 4.6% on year in February at 10,186 tn compared to 9,736 tn last year while for Apr-Feb period it is up 23.2% at 1.57 lt, compared to last year, according to DGCIS. According to Agmarknet, 79,800 tonnes of Jeera arrived in physical market during April 2019 compared to 30,000 tonnes last year same month. In March 2019, close to 70,500 tonnes of cumin arrived in physical market. India's cumin seed (jeera) output is set to touch 4.16 lakh tonnes for 2019, about 9% higher than the previous year, supported by a sharp jump in production in Rajasthan.

Outlook

We expect Jeera futures to trade to higher in coming weeks due to improving demand from the bulk buyers. Overall exports demand will play a major role in prices movement as availability is good.

Turmeric

NCDEX Jun Turmeric continue to trade higher this week closed at 7,144 rupees per 100 kg on Thursday. This week prices have jumped more than 7% to climb to 7-month high reports of improving export demand and below normal rains. Moreover, government procurement and improving export demand also support prices. As per Commerce Ministry, turmeric exports during the month of February, up 5.6% y/y to 8,454 tonnes (Vs 8,006 t). However, for Apr-Feb period exports are up by 17% at 1.19 lt compared to 1 lt last year for the same period. In 2018/19, production is forecast at 11.5 lt in the 1st advance estimates by the government.

Outlook

Turmeric futures expected to trade positive in coming sessions but higher stocks with traders and farmers is pressurizing prices. Government procurement in some states coupled with improving demand for exports will support price rise.

Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qtl	17798	1.61	2.54	7.38	10.43	
Jeera- NCDEX Jun'19	R/qtl	17935	0.90	1.96	6.82	9.26	
Turmeric Spot- NCDEX	R/qtl	6676	1.15	3.00	6.95	-11.10	
Turmeric- NCDEX Jun'19	R/qtl	7144	2.12	8.28	10.21	-5.82	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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