

**Soybean**

**NCDEX Jul Soybean** closed higher on Thursday mainly on short covering by market participants on reports that monsoon will be further delayed due to Cyclone Vayu. In the 3<sup>rd</sup> advance estimates, government increased production forecast of soybean to 137.43 lt (Vs 109.33 last year). There are chances of higher planting this season as farmers got good return last year. As per latest SOPA press release, soybean arrivals for the Oct-May period pegged at 84.75 lt, up by 19.4% on year. Until April, country crushed about 67.8 lt of soybean compared to 60.5 lt last year. As per SEA, country export only export 40,000 tonnes of soy meal in May down 41.4% y/y. Moreover, for Apr-May period, India shipped out about 58,470 tonnes of soybean meal down 59% compared to last year.

USDA in its monthly report forecast output at 109 lt in 2019/20, down 5% compared to last year. Lower crude soybean oil stocks at port may support soybean but lowering of tariff on edible oils and lower soyoil in international market pressurize soybean.

**CBOT Soybean edged higher** on Thursday due to wet weather in the US may further delay the planting progress which is already behind schedule.

**Outlook**

Soybean futures expected to trade under pressure in coming days due to higher stocks and lower physical demand from the oil mills. Moreover, higher production and increase edible oil imports will put extra pressure on Oilseeds as the sowing season approaching.

**RMseed (Mustard seed)**

**NCDEX Mustard inched higher on Thursday on technical buying after it** slipped to 4-week low in the previous session. The demand for rapemeal is slowed down at higher prices. As per SEA, export of rapemeal in May is provisionally kept at 19,500 tonnes, down 89% on year.

Currently, prices are consolidating near 3,920 levels on hopes of meal demand coming from China as it refuse shipment from Canada. In its 3<sup>rd</sup> adv estimates, mustard seed & rapeseed production is revise higher to 87.82 lt from 83.97 lt in 2<sup>nd</sup> estimate. Moreover, reports of nil imports of rapeoil for second consecutive month in April keep domestic crush demand intact. Nafed expected to procure about 20 lt at MSP from various states. USDA maintain export forecast of rapemeal to 9 lt this month after raise it last month from 6.5 lt. USDA expects rapeseed output in 2019/20 at 77 lt (Vs 80 lt last year) in its monthly report.

**Outlook**

Mustard futures expected to trade with positive bias due to improving demand as supplies are diminishing. However, reports of procurement by the states keeping prices in a range.

**Market Highlights – Oilseeds**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX - Indore</b>	R/100 kg	3802	0.82	-0.16	-1.02	6.83	
<b>Soybean- NCDEX Jul'19</b>	R/100 kg	3694	0.82	0.41	-1.94	5.77	
<b>Soybean CBOT- Jul'19</b>	US\$/lb	888	1.14	2.22	10.65	-8.38	
<b>RM Seed Spot- NCDEX</b>	MYR/Tn	4075	0.37	-0.61	3.15	-0.61	
<b>RM Seed- NCDEX Jul'19</b>	R/100 kg	3935	0.38	-0.56	-0.28	-1.60	
<b>Rapeseed-WCE</b>	CAN \$/Tn	457	-0.22	0.40	5.06	-11.79	

**Price Chart –Soybean**

NCDEX Jul'19



**Price Chart –Rmseed**

NCDEX Jul'19



Source: Reuters

**Refine Soy Oil**

**Refined Soy Oil futures** continue to recover on Thursday to close at 736.9 rupees per 10 kg as we see some fresh buying tracking improving demand in the physical market. Recently government increase tariff value of crude soy oil by 3% for the 1<sup>st</sup> half of June but cut CPO tariff which may increase demand for palm oil imports. As per latest SEA press release, edible oil in pipeline is highest as on 1<sup>st</sup> May since October last year.

**In a fortnightly notification, Government increase tariff value of crude soy oil by 20 dollar to \$709 per tn for the 1st half of June.**

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 under pressure due to cut CPO tariff. Moreover, weakness in domestic soybean prices and improved imports of edible may put pressure on prices in coming weeks.

**Crude Palm oil**

**MCX CPO recovered on Thursday** tracking jump in Malaysian palm oil. It is trading still below 500 levels due to tariff cut on crude palm oil by government and higher stockst. Moreover, tariff difference between CPO and RBD increased to over 40 dollars. For 1<sup>st</sup> half of May, tariff value for CPO and RBD Palmolein cut by 8 and 1 dollar to 514 and 555 dollar per ton which is lowest tariff rate in 2019. Currently, CPO prices are about 18-20% down on year due to higher stocks, weak international prices and higher imports.

**According to USDA**, India's palm oil imports in 2018/19 is expected to jump by 20% on year to 105 lt 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 at 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 futures** jumped more than 2% on Thursday, supported by overnight gains in U.S. soyoil on the Chicago Board of Trade (CBOT). Malaysia's palm oil stockpiles at the end of May dropped 10.3% from the previous month to 2.45 million tonnes. Malaysian palm oil exports from June 1-10 fell around 31% from the corresponding period in May, according cargo surveyor Services.

**Outlook**

CPO futures expected to trade sideways to lower due to weak international prices. Moreover, lower tariff value and higher import figures bearish sign. Higher edible oil stocks by 20% compared to last year 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	740.2	-0.23	-0.18	1.54	-0.8	
Ref Soy oil- NCDEX	Jul'19	R/10 kgs	736.9	0.31	0.63	1.84	0.5	
Soybean Oil- CBOT-	Jul'19	USc/lbs	28.02	1.67	0.94	5.30	-8.2	
CPO-Bursa Malaysia -	Sep'19	MYR/T	2008	2.03	#N/A	1.16	-15.1	
CPO- MCX – Jun'19		R/10 kg	499.2	0.87	-2.42	-3.85	-22.7	

**Price Chart –Ref Soy Oil**

NCDEX Jul'19



**Price Chart –Crude Palm Oil**

MCX May'19



Source: Reuters

**Chana**

**NCDEX** Chana closed flat on Thursday and trading in a narrow range after it slipped 4-week low earlier this week. There is steady demand in the physical market and stock is sufficient with the stockists. In second quarter of 2019, chana prices slipped from 4745 levels to currently trade at 4400 levels. Majority of stock is with the government agencies which may auction it as the prices have now crossed over MSP of 4,600 rupees. In 2018/19, chana output forecast revised slightly lower at 100.90 lt in 3<sup>rd</sup> advance estimate compared to 103.2 lt in 2<sup>nd</sup> advance estimated by Government. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. Chana, imports are down 84% to 1.86 lt in 2018/19 (Apr-Mar) compared to 9.81 lt last year, while exported are about 2.28 lt compared to 1.28 tonnes last year.

**Outlook**

Chana futures will trade sideways to lower in coming days as government agencies holding major portion of Chana may auction to stabilize prices near MSP. However, stocks with physical traders diminishing amid lower imports and high consumption may support prices if it drops below MSP.

**Cotton / Kapas**

**MCX Jun cotton** traded on narrow range to close positive at 21,500 rupees per bale on Thursday tracking gains in international prices. Reports of normal monsoon and good sowing progress in Northern India keeping the prices in check. 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 as estimated by the CCI's Cotton Crop Committee.

In its latest monthly report in June, USDA kept the production, export and import unchanged. 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. In April, cotton prices increased to highest levels in 2019 but now correcting as exports of cotton is down by 27% for first 3-months in 2019 compared to last year while imports up by 12%.

**ICE cotton gain more than 1% on Thursday reports of adverse weather conditions in cotton growing regions in US.** The weekly Export Sales report from USDA showed just 75,110 RB in old crop upland sales, down from last week but more than double the same week last year. India purchased 30,400 RB, with 25,200 RB for Vietnam. The COT report showed that the large spec funds reduced their net short in cotton by 7,399 contracts in the week ending June 4. That put them net short -27,805 contracts.

**Outlook**

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

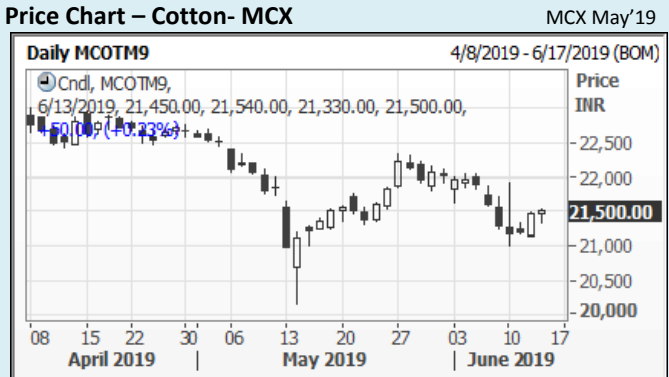
**Market Highlights– Chana & Cotton**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Chana Spot - NCDEX (Delhi)</b>	`/qtl	4352	0.0	-2.3	-2.0	#N/A	
<b>Chana- NCDEX-Jul'19</b>	`/qtl	4425	-0.1	-2.2	-3.6	29.2	
<b>NCDEX Kapas Apr '19</b>	R/20 kgs	1139.5	0.00	0.00	-2.98	#N/A	
<b>MCX Cotton Jun'19</b>	Rs/Bale	21500	0.23	-0.46	2.48	-5.33	
<b>ICE Cotton Jul'19</b>	Usc/Lbs	66.83	0.39	-2.57	2.11	-29.61	
<b>Cotton ZCE</b>	Yuan/ton	13170	1.27	4.15	-8.45	-19.67	

**Price Chart – Chana**



**Price Chart – Cotton- MCX**



Source: Reuters

**Spices (Jeera)**

**NCDEX Jul Jeera closed lower on Thursday as market participants initiated fresh selling** to close at 17,415 rupees per 100 kg. As per Commerce Ministry data release, Jeera exports is up 12% on year in 2018/19 (Apr-Mar) at 179,874 tn compared to 160,500 tn last year. Exports in March was lower at 23,300 tn compared to 33,450 tn last year, according to DGCI's latest data update. The arrivals have been higher during first 12 days in June at 8000 tn against only 6,600 tn last year. According to third advance estimates by Government, India's cumin seed (jeera) output in 2018/19 is 5 lakh tonnes, down 36.3% than the previous year's production of 7.85 lakh tonnes.

**Outlook**

We expect Jeera futures to trade positive and consolidate at current levels of in coming weeks to gauge demand at these levels. Overall exports demand will play a major role in prices movement as availability is good this season.

**Turmeric**

**NCDEX Turmeric fell 1.27% due to fresh selling** by market participants on Thursday to close at 6,680 rupees per 100 kg. Since April, the prices have corrected after climb to the 2019 high of 7,360 levels due to sufficient availability of turmeric with the farmers. The improving export demand and forecast of below normal rains in the turmeric growing areas of the country may support prices as season progresses. As per Commerce Ministry, turmeric exports during the month of March, up 25.5% y/y to 13,140 tonnes (Vs 10,473 t). While, turmeric exports in 2018/19 is up by 19.2% compared to last year. Country exported about 1.33 lakh tonnes of turmeric in FY 18-19 compared to 1.11 lt last year. In 2018/19, production is forecast at 10.77 lt in the 3rd advance estimates by the government.

**Outlook**

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

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**Market Highlights - Spices**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Jeera Spot- NCDEX - Unjha</b>	R/qrtl	17440	-0.21	-1.31	-0.10	7.22	
<b>Jeera- NCDEX Jul'19</b>	R/qrtl	17415	-1.86	-0.83	-2.22	9.13	
<b>Turmeric Spot- NCDEX</b>	R/qrtl	6537	-0.24	-2.69	0.57	-10.25	
<b>Turmeric- NCDEX Jul'19</b>	R/qrtl	6680	-1.27	-2.31	-1.59	-2.75	

**Technical Chart – Jeera**



**Price Chart – Turmeric**



Source: Reuters

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