

Soybean

NCDEX Jul Soybean fell more than 1% on Thursday tracking good monsoon progress which will improve sowing prospects in central and western India. Government hike minimum support price by 9% or 311 rupees to 3,710 per 100 kg for 2019/20 which also helps to increase acreage this year. As per farm ministry, acreage under soybean is 2.75 lakh ha so far, down about 67% from last year acreage of 8.56 lakh ha. The prices were under pressure earlier due to expectation of bumper sowing area. Moreover, slow down in soy meal exports also weigh on prices. 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.

Soybean arrivals for the Oct-May period pegged at 84.75 lt, up by 19.4% on year as per SPOA report. Until April, country crushed about 67.8 lt of soybean compared to 60.5 lt last year. In the 3rd advance estimates, government increased production forecast of soybean to 137.43 lt (Vs 109.33). USDA forecast output at 109 lt in 2019/20, down 5% compared to last year.

US markets were closed on Thursday. CBOT Soybean futures jump more than 1% on Wednesday due to improvement in export demand. US exporters shipped 2.56 MMT (94.08 mbu) of soybeans in May which was the second largest May total on record, behind only 2018 and a 6.72% jump from April. Of that total 1.28 MMT went to China.

Outlook

Soybean futures expected to trade sideways due to expectation of improving sowing progress in central India due to fast progress of monsoon rains. Moreover increasing import duty for edible oil will support oilseed prices. However, declining meal exports may put extra pressure on Oilseeds as the sowing season progressing.

RMseed (Mustard seed)

NCDEX July Mustard fell slightly to close at 3,929 rupees per 100 kg on Thursday. There is steady demand from the mills for crushing for mustard oil. As per data released by MOPA, with the new season arrivals is just above 50 lt, about 32.50 lt of mustard is crushed since March. In June 6.5 lt is crushed unchanged from last year. However, 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. However, reports of nil imports of rapeoil for third consecutive month in May keep domestic crush demand intact. In its 3rd adv estimates, mustard seed & rapeseed production revise higher to 87.82 lt from 83.97 lt in 2nd estimate. 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) in its monthly report.

Outlook

Mustard futures expected to trade sideways and looking to consolidate above 3900 levels as with steady demand for exports of rapemeal. However, good demand for mustard oil and slowing supplies in physical market may support prices.

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/100 kg	3694	-0.43	-1.15	-3.55	3.16	
Soybean- NCDEX Jul'19	R/100 kg	3625	-1.12	-1.55	-0.85	3.16	
Soybean CBOT- Jul'19	US\$/lb	885	1.03	-0.28	0.71	3.12	
RM Seed Spot- NCDEX	MYR/Tn	4080	0.05	0.53	-0.49	-0.49	
RM Seed- NCDEX Jul'19	R/100 kg	3929	-0.08	-0.43	-0.46	-1.16	
Rapeseed-WCE	CAN \$/Tn	450	0.20	2.06	-1.12	-13.59	

Price Chart –Soybean

NCDEX Jul'19



Price Chart –Rmseed

NCDEX Jul'19



Source: Reuters

Refine Soy Oil

Refined Soy Oil futures closed little higher and trade steady as no decision in hike in import duty on palm oil. It is expected that India might hike import duty on palm oil to restrict imports of cheap edible oil. However, soy oil imports have been lower for the second consecutive month in May compared to last year while the import of refine palm oil increase 38% on year since November. **In a fortnightly notification**, government cut tariff rate for soyoil to \$697 for 1st half of July from 709 dollar earlier. According to monthly report released by SEA, Soyoil imports down 41.6% to 2.32 lt in May compared to 3.97 lt last year same month. Overall, imports are lower by 1.31% for the first 7 months (Nov-May) of OY 2018/19 at 14.69 lt on year. USDA revised higher domestic consumption to 50 lt for 2018/19 compared to 49 lt in its monthly report. Consumption forecast to increase to 52 lt in 2019/20. As per latest SEA, edible oil stocks are at 22 lt as on 1st June, down compared to 26.62 lt last year same time.

Outlook

We expect Ref Soy oil may trade positive on reports due to reports of increase in import duty to support domestic refineries and farmers. However, good monsoon progress and cut in tariff value may pressurize prices.

Crude Palm oil

MCX CPO closed positive for 2nd consecutive session on Thursday due to short covering initiated by market participants to close at 513.00 rupees per 10 kg. Prices have been little under pressure recently due to cut in the tariff values by government. For 1st half of July, tariff value for CPO and RBD Palmolein cut by 17 and 22 dollar to 508 and 540 dollar per ton. Currently, CPO prices are about 18-20% down on year due to weak international prices and higher import prospects. **Palm oil stocks at port increased to 6.2 lt as on 1st June compared to 5.55 lt last month.**

According to USDA, India's palm oil imports in 2018/19 (Nov-Oct) are expected to jump by 20% on year to 105 lt due to weak International prices. According to SEA monthly press release, Import of CPO up 32.2% on year in May to 4.40 lt while import of RBD up by 135% to 3.71 lt.

Malaysian palm oil fell for a second consecutive session on Thursday strong ringgit and concerns over the longer term outlook for production and exports. A stronger ringgit, palm's currency of trade, usually makes the edible oil more expensive for foreign buyers. Palm oil production typically rises during the third and fourth quarters, and has tended to peak between August and October in recent years. Exports of Malaysian palm oil products for June fell 19.9% to 1,343,428 tonnes from 1,677,639 tonnes shipped during May.

Outlook

CPO futures expected to trade sideways to lower due to higher stocks in the port and expectation of higher imports in coming months coupled with lower Malaysian price. However, any import duty hike by the government may support palm oil prices.

Market Highlights – Edible Oils

		Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai		R/10 kgs	745.4	-0.22	0.44	-0.32	-1.5	
Ref Soy oil- NCDEX Jul'19		R/10 kgs	744.1	0.01	0.00	0.98	-1.1	
Soybean Oil- CBOT- Jul'19		USc/lbs	28.02	1.30	0.76	2.49	-3.8	
CPO-Bursa Malaysia - Sep'19		MYR/T	1950	-0.31	-0.66	-3.85	-16.2	
CPO-MCX - Jul'19		R/10 kg	510.4	0.35	-1.07	-0.82	-20.4	

Price Chart –Ref Soy Oil

NCDEX Jul'19



Price Chart –Crude Palm Oil

MCX Jul'19



Source: Reuters

Chana

NCDEX Jul Chana closed with gain on Thursday to close at 4,185 rupees per 100 kg due to short covering. Future prices have touched lowest levels in 4-months this week as government resumed disposal of chana stocks in Maharashtra and Madhya Pradesh. Majority of stock is with the government agencies. As per govt data, chana imports increase by 212% in April compared to last year at 24,600 tonnes. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. However, imports were down 84% to 1.86 lt in 2018/19 (Apr-Mar) compared to 9.81 lt last year, while exports are about 2.28 lt compared to 1.28 tonnes last year. In 2018/19, chana output forecast revised slightly lower at 100.90 lt in 3rd advance estimate compared to 103.2 lt in 2nd advance estimated by Government.

Outlook

Chana futures will trade sideways 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 Jul cotton close lower due to profit booking on Thursday and close at 21,470 rupees per bale. Government increase MSP for cotton (medium staple) and cotton (long staple), by Rs. 105 per quintal and Rs. 100 per quintal respectively. However, anticipation of improving sowing in Central and Western parts of country after forecast of consistent rains cotton growing states is keeping prices in a range. The progress in sowing area expected to improve in Maharashtra as monsoon rains covers all cotton growing regions. Area in Gujarat under cotton is higher by 217% as in 2-Jul-19 at 14.35 lakh ha compared to 4.92 lakh ha last year. As per farm ministry report, acreage under cotton in the country was 18.18 lakh ha so far, lower than 20.68 lakh ha from a year ago. There are reports that the [imports may be lower](#) in 2018/19 cotton year than expected as domestic prices have soften. Preliminary data published by the Ministry of Commerce indicates that shipments in the month of April 2019 are 74% lower at 2.11 lakh bales (Vs 8.23) as compared to last year.

US markets were closed on Thursday. ICE cotton jumped eased on Wednesday due to technical selling and lower exports figures for May. May trade data was released by Census with cotton exports shown at 1.831 million down 8.23% from last year's record but up 4.12% from April.

Outlook

Cotton futures may trade sideways due to good sowing progress in Gujarat. Moreover, expectation of steady to higher supplies in domestic market due to improving imports and decreased exports may keep supplies at optimum levels. However, forecast of normal monsoon and pick up in sowing in Maharashtra and Gujarat may keep prices under pressure during the sowing season.

Market Highlights– Chana & Cotton

	Unit	Last	Prevday	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	/qtl	4150	0.2	-1.5	-8.1	#N/A	
Chana- NCDEX-Jul'19	/qtl	4185	0.7	-1.2	-9.6	21.0	
NCDEX Kapas Apr '20	R/20 kgs	1123	0.09	0.85	-1.14	#N/A	
MCX Cotton Jul'19	Rs/Bale	21470	-0.23	-0.14	-2.72	-2.01	
ICE Cotton Dec'19	Usc/Lbs	67.25	-0.06	1.76	-1.06	-21.23	
Cotton ZCE	Yuan/ton	13470	-0.11	-0.59	4.87	-13.46	

Price Chart – Chana

NCDEX Jul'19



Footer

Price Chart – Cotton- MCX

MCX May'19



Source: Reuters

Spices (Jeera)

NCDEX Jeera closed unchanged on Thursday. Recently, prices have been little under pressure since last one month due to diminishing export demand and sufficient supplies. As per, Agmarknet data arrivals of jeera is about 20,7000 tonnes in June compared to 15,600 t last year same month. As per Commerce Ministry data release, Jeera exports in April is down by more than 11% on year to 23,300 tonnes. Moreover Jeera exports during first 4-months in 2019 down 14.4% on year to about 66,000 tn compared to 77,000 tn last year for same period. 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

Jeera futures expected to trade sideways to lower due to diminishing demand from bulk buyers and exporters. Overall exports demand will play a major role in prices movement as availability is good this season.

Turmeric

Turmeric futures closed unchanged on Thursday to close at 6,134 rupees per 100 kg. It slipped to fresh 4-month low this week due to sufficient rains in South peninsula and good carryover stocks coupled with expectation of good production next year. Turmeric exports during the month of April, little down 1.61% y/y to 10,744 tonnes (Vs 10,919 t), as per govt data. While, turmeric exports in first 4-months in 2019, up by 10% to 42,000 tn compared to 38,171 tn. 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 under pressure on higher stocks with traders and farmers. Moreover, good progress to monsoon rains in Turmeric growing areas may pressurize prices further as season progresses. The prices may improve in coming weeks due to low level buying.

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Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qrtl	17364	0.50	-0.24	-0.78	-5.37	
Jeera-NCDEX Jul'19	R/qrtl	17160	-0.20	0.50	-2.78	-4.72	
Turmeric Spot- NCDEX	R/qrtl	6452	0.15	-0.15	-3.99	-13.68	
Turmeric- NCDEX Jul'19	R/qrtl	6134	0.00	-2.60	-11.84	-17.26	

Technical Chart – Jeera

NCDEX Jul19



Price Chart – Turmeric

NCDEX Jul'19



Source: Reuters

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