

Soybean

NCDEX Aug Soybean closed little lower on Wednesday due to disappointed meal exports figures and good monsoon rains in the soybean bowl in [Madhya Pradesh](#). As per SOPA, press release, the arrivals of soybean improved during June to 4.5 lt compared to Apr and May. Overall, arrivals this season is 89.25 lt compared to 75 lt last year.

As per data released by SEA, soy meal exports provisionally down by 82.5% in June to 18,185 tonnes compared to last year. Similarly, exports for 1st quarter (Apr-Jun) are down by about 55% to 1.12 lakh tonnes compared to 2.5 lakh tonnes last year. 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 16.75 lakh ha so far, increased from 2.75 lac from previous week but down about 65% from last year acreage of 48.42 lakh ha.

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.

CBOT soybean closed higher due to short covering from the lower levels on expectation that there would be dropping in area, yield and carryover stocks.

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 Aug Mustard closes little low at 3,906 rupees per 100 kg mainly due to fresh selling initiated by market participants. The demand for rape meal is slowed down at higher prices.

As per SEA, Rape meal exports also down 23% to 2.5 lakh tonnes during the first quarter of 2019/20 compared to 3.2 lakh tonnes last year. For June, rape meal exports are provisionally kept at 54,250 tonnes, down by more than 40% on year. 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.

The 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	3587	0.62	-3.32	-5.36	-0.36	
Soybean- NCDEX Aug'19	R/100 kg	3580	-0.06	-2.43	-2.27	0.03	
Soybean CBOT- Nov'19	US\$/lb	913	0.94	0.44	3.05	9.25	
RM Seed Spot- NCDEX	MYR/Tn	4050	0.00	-0.69	-0.58	-2.71	
RM Seed- NCDEX ug'19	R/100 kg	3906	-0.13	-1.19	-0.74	-3.61	
Rapeseed-WCE	CAN \$/Tn	446	1.16	-0.91	-1.83	-12.51	

Price Chart –Soybean

NCDEX Aug'19



Price Chart –Rmseed

NCDEX Aug'19



Source: Reuters

Refine Soy Oil

Refined Soy Oil futures for July delivery closed lower for fourth consecutive session to close at 723.70 rupees per 100 kg due to no hike in import duty on palm and oil cut in tariff value. It is expected that India might hike import duty on palm oil to restrict imports of cheap edible oil but no decision taken in the budget. **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.

Soy oil imports were down for the second consecutive month in May compared to last year while the import of refine palm oil increase 38% on year since November. 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.

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.

Outlook

We expect Ref Soy oil may trade sideways to lower good monsoon progress and cut in tariff value. However, it may turn positive if there is any increase in import duty to support domestic refineries and farmers.

Crude Palm Oil

MCX CPO slipped to its lowest levels for the current year and close at 493.20 rupees per 10 kg due to weak International prices and tariff cuts by the 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 on Wednesday weighed down by higher than forecast inventory levels in June by Malaysian Palm Oil Board (MPOB). Malaysian stockpiles at end-June eased 0.97% on-month to 2.42 mt while output in June fell 9.2% month-on-month to 1.52 mt, while exports dropped 19.4% from May to 1.38 mt last month.

Outlook

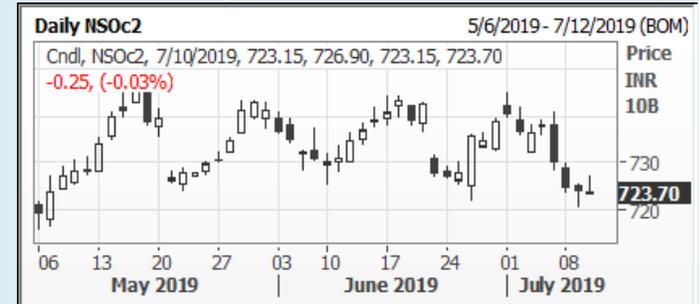
CPO futures expected to trade sideways to lower due to higher stocks in the port and expectation of higher imports in coming months coupled with lower Malaysian price. However, any import duty hike by the government may support palm oil prices.

Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	737.1	0.01	-1.33	-0.63	-2.8	
Ref Soy oil- NCDEX Jul'19	R/10 kgs	723.7	-0.03	-1.70	0.84	-2.8	
Soybean Oil- CBOT- Dec'19	USc/lbs	28.56	0.25	-0.35	1.93	0.3	
CPO-Bursa Malaysia - Sep'19	MYR/T	1937	-0.26	-0.97	-2.86	-15.2	
CPO-MCX-Jul'19	R/10 kg	493.2	-0.66	-3.37	-1.93	-21.5	

Price Chart –Ref Soy Oil

NCDEX Aug'19



Price Chart –Crude Palm Oil

MCX Jul'19



Source: Reuters

Chana

NCDEX Chana edged little higher on Wednesday and trading in a range after it jumps to 3-week high on Monday. Improvement in demand in physical market is supporting price. On reports the government resumed disposal of chana stocks in Maharashtra and Madhya Pradesh the prices have slipped to 4-month low early in July. 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 exported 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 to higher 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.

Cotton / Kapas

MCX Jul cotton saw some recovery on Wednesday after fell to 8-week low to close at 21,320 rupees per bale. Cotton area is fast improving in the country but area is still lower compared to last year. As per farm ministry report, acreage under cotton in the country was 45.85 lakh ha so far, lower than 54.60 lakh ha from a year ago. Anticipation of improving sowing in Central and Western parts of country after consistent rains in cotton growing states is keeping prices in check. Area in Gujarat under cotton is higher by 64% as in 8-Jul-19 at 18.76 lakh ha compared to 11.44 lakh ha last year. There are reports that the [imports may be lower](#) in 2018/19 cotton year than expected as domestic prices came down. 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. Government increase MSP for cotton (medium staple) and cotton (long staple), by Rs. 105 per quintal and Rs. 100 per quintal respectively.

ICE cotton closed higher Wednesday mainly on short covering by market participants after it fell to 3-years low in the previous session.

Outlook

Cotton futures may trade sideways due to good sowing progress in Gujarat. The progress in sowing area expected to improve in Maharashtra as monsoon rains covers all cotton growing regions. Moreover, expectation of steady to higher supplies in domestic market due to improving imports and decreased exports may keep supplies at optimum levels.

Market Highlights– Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	/qtl	4265	0.4	3.0	-2.3	#N/A	
Chana- NCDEX-Jul'19	/qtl	4334	0.4	3.6	-2.5	18.8	
NCDEX Kapas Apr '20	R/20 kgs	1123.5	0.54	0.13	0.72	#N/A	
MCX Cotton Jul'19	Rs/Bale	21320	1.23	-0.93	0.00	-5.08	
ICE Cotton Dec'19	Usc/Lbs	63.82	0.85	-5.10	-2.67	-23.78	
Cotton ZCE	Yuan/ton	12705	-2.08	-5.78	0.00	-15.72	

Price Chart – Chana



Footer

Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera)

NCDEX Aug Jeera continues its up-trend this week and close at 17,500 rupees per 100 kg due fresh buying by market participants tracking improving domestic demand. Prices have been in a range since last one month due to diminishing export demand and sufficient supplies. As per, Agmarknet data arrivals of jeera in Gujarat is about 5,500 tonnes during 1-10 July compared to 3000 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 lt.

Outlook

Jeera futures expected to trade sideways due to steady demand from bulk buyers and exporters. Overall exports demand is good which is keeping prices above 17,000 levels.

Turmeric

Turmeric Aug futures close little higher on Wednesday to close at 6,706 rupees per 100 kg on fresh buying by market participants. Arrival of turmeric at the Erode markets in July after prices slipped to 4-month lows last week due to sufficient rains and good carryover stocks. 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 positive due to low level buying. However, it may remain mostly in a range due to sufficient stocks with traders and farmers. Moreover, good progress to monsoon rains in Turmeric growing areas may pressurize prices further as season progresses.

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Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qrtl	17400	0.66	0.70	-0.64	-6.35	
Jeera-NCDEX Aug'19	R/qrtl	17500	0.40	1.27	-1.13	-6.74	
Turmeric Spot- NCDEX	R/qrtl	6421	-0.06	-0.33	-3.29	-12.94	
Turmeric- NCDEX Aug'19	R/qrtl	6706	0.06	1.24	-3.70	-17.62	

Technical Chart – Jeera

NCDEX Aug'19



Price Chart – Turmeric

NCDEX Aug'19



Source: Reuters

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