

**Soybean**

**NCDEX Sep Soybean edged lower on Tuesday due to profit booking at higher levels tracking higher availability compared to last year.** USDA cut soybean forecast to 10.3 mt in its latest monthly report from 10.9 mt. Earlier, it was trading under pressure as monsoon revival, good supplies and lower demand for soymeal exports but increase suddenly on jump in edible oil prices. As per farm ministry, **acreage under soybean** is 109.8 lakh ha so far, down only 1 lakh ha from last year acreage of 110.7 lakh ha. Area in MP improved however in Maharashtra the area lower than last year. Government increase MSP price by 9% or 311 rupees to 3,710 per 100 kg for 2019/20 which also helps to increase acreage this year.

**Soy meal exports** provisionally down by 59% in July to 26,000 tonnes compared to last year. Similarly, **exports in first 4-months of FY 2019/20** (Apr-Jul) are down by about 41.5% to 1.83 lt compared to 3 lt last year. In the **3<sup>rd</sup> advance estimates, government** increased production forecast of soybean to 137.43 lt (Vs 109.33). USDA kept soybean output forecast unchanged at 109 lt in 2019/20 but down 5.2% y/y. As per SOPA, the **arrivals of soybean** this season is 94.25 lt compared to 80 lt last year.

**CBOT soybean** close with gain on Tuesday after the Trump administration delayed imposing a 10% import tariff on some Chinese goods following talks between high-level officials of the two countries.

**Outlook**

Soybean futures expected to trade sideways to higher tracking increase in International prices following China removing tariffs on edible oils. However, declining meal exports and revival of rains in central part of India may put extra pressure on Oilseeds on expectation of higher production prospect next year.

**RMseed (Mustard seed)**

**NCDEX Mustard closed slightly higher on Tuesday to close at 3,930 rupees per 100 kg on fresh buying by market participants.** It is still trading in a range **due to higher stocks and steady demand.** Nafed has commenced the sale of PSS Mustard seed rabi 2019-20 in Madhya pradesh from through NEML and MSTC portal. As per data released by MOPA, with the new season arrivals is close to 55 lt and stocks with farmers are on higher side at 43 lt. In its **3<sup>rd</sup> adv estimates, mustard production** revises higher to 87.82 lt from 83.97 lt in **2<sup>nd</sup> estimate.** USDA maintain export forecast of rapemeal to 9 lt and output in 2019/20 at 77 lt (Vs 80 lt ) in its monthly report. As per SEA, rape meal exports also down 11% to 3.58 lt during the first four month of FY 19/20 compared to 4 lt last year. However, for July, Mustard meal exports were 19% higher on year at 93,837 tn due to firm demand from South Korea.

**Outlook**

Mustard futures expected to trade sideways due to sufficient supplies and steady physical demand. Exports of rape meal is also not picking up as expected. However, good demand for mustard oil and increase demand for mustard crush may keep prices above 3900 levels.

**Market Highlights – Oilseeds**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX - Indore</b>	R/100 kg	3691	-0.14	1.99	2.16	3.97	
<b>Soybean- NCDEX Sep'19</b>	R/100 kg	3650	-0.05	3.11	1.05	10.99	
<b>Soybean CBOT- Nov'19</b>	US\$/lb	892	0.31	2.65	-2.78	0.28	
<b>RM Seed Spot- NCDEX</b>	MYR/Tn	4127	0.47	0.62	1.59	-4.79	
<b>RM Seed- NCDEX Sep'19</b>	R/100 kg	3930	0.18	0.08	-0.81	#N/A	
<b>Rapeseed-WCE</b>	CAN \$/Tn	449	-0.07	#N/A	0.11	-10.74	

**Price Chart –Soybean**

NCDEX Sep'19



**Price Chart –Rmseed**

NCDEX Aug'19



Source: Reuters

### Refine Soy Oil

**Refined Soy Oil futures** corrected after touching 8-weeks high on Tuesday mainly on fresh selling at higher levels. Prices have gained about 2.4% this month on firm International prices and weaker rupees. Moreover, higher tariff value is also helping prices to gain in the domestic market. **In a fortnightly notification**, government increased tariff rate for soyoil to \$705 for 1st half of Aug from 686 dollar earlier. According to monthly report released by SEA, **Soyoil imports** down 22.8% to 2.23 lt in Jun compared to 2.90 lt last year same month. Overall, imports are down 4.80% for the first eight months of OY 2018/19 (Nov-Jun) at 16.92 lt compared to last year same period.

**Soy oil imports** were down for the third consecutive month in June compared to last year while the import of refine palm oil increase more than 50% on year since November. As per latest SEA, edible oil stocks are at 21.5 lt as on 1<sup>st</sup> Jul, down compared to 25.18 lt last year same time. **USDA kept domestic consumption and production unchanged** to 51.50 lt and 17.1 lakh tonnes respectively for 2019/20 this month in its monthly report.

#### Outlook

We expect Ref Soy oil may trade sideways to higher due to increase in tariff rates above 700 dollars and improving physical demand for the coming festival season. However, expectation of increasing imports in coming months to keep prices steady.

### Crude Palm oil

**MCX CPO climb to 5-month high of 558.5 levels on Tuesday but corrected sharply toward the end the day to close slight higher at 549.10 rupees per 10.** The gain in prices is due to weak rupees and higher tariff values.

For 1st half of Aug, tariff value for CPO and RBD Palmolein increases by 5 and 7 dollar to 502 and 540 dollar per ton. Improving physical demand coupled with and sufficient stocks at ports is keeping prices in a range (490-515). According to SEA monthly press release, **import of crude palm oil** higher by 38.2% on year at 4.21 lt in June while **import of RBD Palmolein** up by about 44% to 2.56 lt due to lower prices in the international markets. Palm oil imports up by 40.5% on year at 6.77 lt. Imports of ref palm oil are likely to jump to a record 3 mt in the 2018/19 marketing year ending on Oct. 31, up 43% from a year ago.

**Malaysian palm oil** rose to their highest in more than four months on Tuesday, due to lower stockpiles in July. Inventory levels at the end of July were down for the fifth consecutive month to a one-year low, down 0.8% to 2.39 million tonnes. Production rose 15.1% to 1.74 million tonnes in July, the highest on a monthly basis so far this year.

#### Outlook

CPO futures expected to trade sideways to higher due to improve price in Malaysian Palm oil. Moreover, tariff duty hike and good physical demand in the domestic market is also supporting prices.

### Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	755.0	1.26	1.38	2.87	1.3	
Ref Soy oil- NCDEX Sep'19	R/10 kgs	751.6	-0.22	1.51	3.23	2.9	
Soybean Oil- CBOT- Dec'19	USc/lbs	29.64	0.34	4.88	3.46	3.7	
CPO-Bursa Malaysia - Sep'19	MYR/T	2212	1.51	5.69	13.96	-1.0	
CPO-MCX - Aug'19	R/10 kg	548.2	0.66	4.16	9.79	-7.4	

### Price Chart –Ref Soy Oil

NCDEX Aug'19



### Price Chart –Crude Palm Oil

MCX Jul'19



Source: Reuters

**Chana**

**NCDEX Chana closed higher on Tuesday after it slipped to 5-week lows last week.** It is trading in a tight range due to sufficient stocks in the physical market. NAFED is holding more than 12.8 lt of chana from last season. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. In new season NAFED only procured about 7.76 lt compared to more than 23 lt last season. As per govt data, during first quarter of FY19-20, **chana imports increase to 50,000** compared to only 13,500 t last year.. However, imports were down by 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 3<sup>rd</sup> advance estimate compared to 103.2 lt in 2<sup>nd</sup> advance estimate.

**Outlook**

Chana futures will trade mostly sideways as government agencies holding major portion of Chana. Moreover, good stocks with physical traders due to higher production this year are pressurizing the prices. Procurement of chana at MSP by NAFED is slow and may pick up in coming weeks.

**Cotton / Kapas**

**MCX Aug cotton continue to trade** positive on Tuesday taking momentum to this week to close higher by 1.4% to close at 20,560 rupees per bale. The prices recovered from one and half year lows touched earlier this month due to improving physical demand at lower prices. As on 13<sup>th</sup> Aug, area in Gujarat under cotton is lagging last year at 26 lakh ha compared to 26.7 lakh ha last year. As per farm ministry report, acreage under cotton in the country was 118 lakh ha so far, up from 112 lakh ha from a year ago. Since July, cotton futures have earlier slipped about 11% tracking higher cotton imports, good area and satisfactory monsoon progress in cotton growing districts in India but now recovered. USDA kept production forecast unchanged for India this month to 29 million bales while the consumption and Exports projections were down by 2% and 4.55% respectively for 2019/20 season. **Trade data** by Ministry of Commerce indicates that provisional shipments in the month of June 2019 are 88% lower at 60,000 (Vs 5 lakh bales) as compared to last year.

**ICE cotton** rose close to 1% support by US decision to delay tariff on China textile products and forecast of dry weather in cotton growing areas in US.

**Outlook**

Cotton futures may trade sideways to higher due to improvement in physical demand but improved sowing; higher imports and weak international prices also weighing on price may limit price gains in coming weeks. Moreover, fresh spell of showers will limit damage to cotton crops and ensure good production this season in India.

**Market Highlights– Chana & Cotton**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Chana Spot - NCDEX (Delhi)</b>	/qtl	4238	0.9	1.3	-0.4	#N/A	
<b>Chana- NCDEX-Sep'19</b>	/qtl	4302	0.8	0.6	-0.6	3.0	
<b>NCDEX Kapas Apr '20</b>	R/20 kgs	1082	-0.73	-0.82	-3.52	#N/A	
<b>MCX Cotton Aug'19</b>	Rs/Bale	20560	1.38	4.21	0.00	-14.08	
<b>ICE Cotton Dec'19</b>	Usc/Lbs	59.41	0.87	1.59	-5.82	-32.66	
<b>Cotton ZCE</b>	Yuan/ton	12465	1.26	-0.08	-2.81	-23.95	

**Price Chart – Chana**



Footer

**Price Chart – Cotton- MCX**



Source: Reuters

## Spices (Jeera)

**Jeera Sep futures slipped about 2.59% on Tuesday to close at 16,910 rupees per 100 kg.** The fall is mainly on fresh selling by market participants as there is higher supplies and lower export demand. Since the start of this month prices fall more than 5% due to profit booking at higher prices and good stocks with the traders. As per, Agmarknet data arrivals of jeera in Gujarat is about 14,000 tn during 1-14 Aug compared to 7,800 tn last year same period. As per Commerce Ministry data, the Jeera exports down to 18,165 tn compared to 22,000 tn last year in June. Overall, the export of Jeera has dropped 6.4% in the first quarter of FY20 to 71,000 compared to 75,800 tn in the same period last fiscal.

### Outlook

Jeera futures expected to trade sideways to lower as due to sufficient availability in the physical market pressurized prices at higher levels despite steady export demand. Prospects of good crop next season also pressurize the prices.

### Turmeric

**Turmeric futures jumps to 3-week high to close at 7,010 rupees per 100 kg** due to short covering by market participants. We have seen some support to prices mainly on improvement in physical demand. But sufficient supplies and steady exports is pressurizing prices. [Exports to Iran have come to a standstill](#) since May with the expiry of the US sanctions waiver to India for six months. [The rain deficit in south peninsula down to currently at 2%](#) from about 30% deficit in July. Turmeric exports in June, down 16.22% y/y to 11,883 tn (Vs 14,183 tn), as per govt data. However, turmeric exports in first half of 2019, up by 5.1% to 66,300 tn compared to 63,000 tn. In 2018/19, output is forecast at 10.77 lt in the 3rd advance estimates by the government.

### Outlook

Turmeric futures expected to trade sideways due to revival of monsoon rains in turmeric growing areas. However, there is expectation of improvement in upcountry and export demand which may restrict any steep fall.

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## Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qrtl	17438	-1.16	-1.00	0.18	-11.60	
Jeera- NCDEX Sep'19	R/qrtl	16910	-2.59	-3.70	-4.11	#N/A	
Turmeric Spot- NCDEX	R/qrtl	6803	2.44	3.60	5.89	-7.18	
Turmeric- NCDEX Sep'19	R/qrtl	7010	0.72	6.28	3.82	#N/A	

## Technical Chart – Jeera

NCDEX Sep'19



## Price Chart – Turmeric

NCDEX Sep'19



Source: Reuters

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