

Soybean

NCDEX Jun Soybean closed little higher but traded mostly in narrow range due to sufficient availability of soybean with the mills due to lower soymeal exports in April. As per SEA, country export only export 40,000 tonnes of soy meal down in May 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. 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 66.5 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 last year). There are chances of higher planting this season as farmers got good return last year. Moreover, IMD confirms normal rains in its second stage forecast recently. Lower demand for crushing also pressure due to expectation of improving edible oil imports.

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 closed higher on Tuesday despite reports of higher ending stocks in latest USDA report. Meanwhile earlier, the USDA showed that 714,627 MT of US soybeans were shipped in the week of June 6, up 40% wk/wk and 5.77% above the same week last year.

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 progresses.

RMseed (Mustard seed)

NCDEX Mustard slipped to 4-week low but recovered well to close little higher on Tuesday due to pressured by weak edible oil and other oilseeds. 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 3,900 levels on hopes of meal demand coming from China as it refuse shipment from Canada. In its 3rd adv estimates, mustard seed & rapeseed production is revise higher to 87.82 lt from 83.97 lt in 2nd 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 increase export forecast of rapemeal to 9 lt from 6.5 lt. USDA revised higher its output forecast for 2018/19 by 21% to 80 lt (Vs 61 lt) in its monthly report.

Outlook

Mustard futures expected to trade sideways to lower heavy supplies of new season mustard crop and subdued demand for meal export. However, 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	3763	-0.71	-1.75	-1.70	4.09	
Soybean- NCDEX Jul'19	R/100 kg	3640	0.11	-0.44	-3.55	2.32	
Soybean CBOT- Jul'19	US\$/lb	859	0.09	-2.25	5.72	-13.58	
RM Seed Spot- NCDEX	MYR/Tn	4050	-0.58	-1.22	4.06	-1.60	
RM Seed- NCDEX Jul'19	R/100 kg	3904	0.08	-1.09	0.15	-2.46	
Rapeseed-WCE	CAN \$/Tn	456	0.24	0.04	4.45	-13.02	

Price Chart –Soybean

NCDEX Jul'19



Price Chart –Rmseed

NCDEX Jul'19



Source: Reuters

Refine Soy Oil

Refined Soy Oil futures recover a little on Tuesday but still trading in a range due to slow down in physical demand against higher availability in the physical market. Recently government increase tariff value of crude soy oil by 3% for the 1st 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 1st 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 closed little lower on Tuesday after it slipped below 500 levels this week, first time in 6-months tracking weak trend in International markets and tariff cut on crude palm oil by government. Moreover, tariff difference between CPO and RBD increased to over 40 dollars. For 1st 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 climbed more than 1% on Tuesday, on expectation that the inventory is likely to hit a 10-month low when MPOB publish its monthly data today. Malaysian palm oil exports from June 1-10 fell around 31% from the corresponding period in May, according cargo surveyor Services.

Outlook

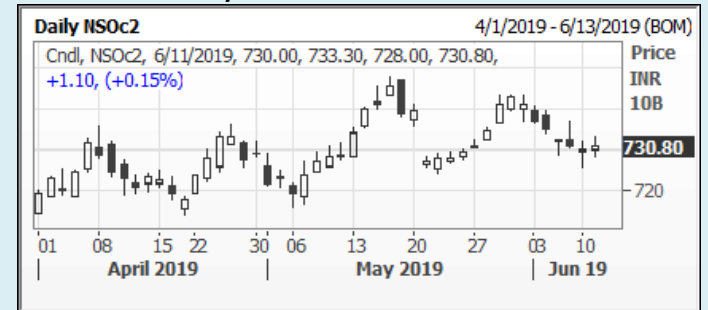
CPO futures expected to trade sideways to lower due to weak international prices. Moreover, lower tariff value and higher import figures bearish sign. Higher edible oil stocks by 20% compared to last year is also pressurizing prices of edible oil.

Market Highlights – Edible Oils

		Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai		R/10 kgs	738.2	-0.49	-1.28	1.83	-1.1	
Ref Soy oil- NCDEX Jul'19		R/10 kgs	730.8	0.12	-0.83	1.69	-1.3	
Soybean Oil- CBOT- Jul'19		USc/lbs	27.22	-0.58	-0.44	2.22	-11.2	
CPO-Bursa Malaysia - Sep'19		MYR/T	2007	0.65	-1.04	0.10	-16.2	
CPO- MCX – Jun'19		R/10 kg	498.7	-0.04	-2.58	-3.50	-23.1	

Price Chart –Ref Soy Oil

NCDEX Jul'19



Price Chart –Crude Palm Oil

MCX May'19



Source: Reuters

Chana

NCDEX Chana closed positive on Tuesday after dropping for four consecutive sessions. Prices have slipped 4-week low tracking weak demand in the physical market and sufficient supplies. For 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 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 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 edged little higher on Tuesday to close at 21,200 rupees per bale. 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 settled higher global ending stocks in a monthly crop supply and demand report. The monthly USDA report showed no changes to the US cotton, with old crop carryout left at 4.65 million bales and new crop at 6.4 million bales. The Commitment of Traders 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
Chana Spot - NCDEX (Delhi)	`/qtl	4348	-0.4	-3.7	0.7	#N/A	
Chana- NCDEX-Jul'19	`/qtl	4421	0.3	-4.5	-2.8	25.1	
NCDEX Kapas Apr '19	R/20 kgs	1139.5	0.00	0.00	-2.98	#N/A	
MCX Cotton Jun'19	Rs/Bale	21200	0.09	-3.46	-2.71	-4.59	
ICE Cotton Jul'19	Usc/Lbs	65.65	-0.52	-5.43	-6.52	-27.82	
Cotton ZCE	Yuan/ton	12775	0.55	-0.54	-13.80	-22.62	

Price Chart – Chana

NCDEX Jul'19



Price Chart – Cotton- MCX

MCX May'19



Source: Reuters

Spices (Jeera)

NCDEX Jul Jeera edged higher on Tuesday to close at 17,625 rupees per 100 kg. 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 DGCIIS latest data update. The arrivals have are 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 closed lower on Tuesday due to profit booking by market participants as new season sowing started in major states. 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. Moreover, government procurement and improving export demand also support prices. 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
Jeera Spot- NCDEX -							
Unjha	R/qrtl	17500	-0.07	0.00	0.82	8.12	
Jeera- NCDEX Jul'19	R/qrtl	17625	0.20	-0.14	-0.54	9.59	
Turmeric Spot- NCDEX							
Turmeric	R/qrtl	6563	-1.16	-2.35	1.25	-9.65	
Turmeric- NCDEX Jul'19	R/qrtl	6706	-0.42	-3.62	0.42	-3.11	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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