

Soybean

NCDEX May Soybean fell for second consecutive day on Tuesday to close at 3,745 rupees per 100 kg as market participants book profits on forecast of near normal monsoon forecast by IMD in the afternoon. Moreover, higher imports of edible oil also pressurize oilseed prices in the country. Last week, the prices have jumped to 9-weeks high of 3,898 due to good exports figures for soy meal from SEA. As per SEA, soy meal exports in March were provisionally reported at 1.94 lt, up 175% on year while Feb exports revised higher to 1.32 lt from 69,128 tonnes reported last month. Soybean meal exports in FY 2018/19(Apr-Mar) pegged at 13.37 lt, up 12.6% on year while for Oct – Mar period exports are up 31.8% at 9.2 lt. **Soybean arrivals for the Oct-Mar period is pegged at 77 lt, up by 23.2% on year by SOPA.** It expects availability of soybean for crushing, direct use and exports of about 101.8 lt as against 86 lt last year. SEA forecast soybean output at 102.43 lt in 2018/19, up more than 23% y/y.

CBOT Soybean fell to a five-month low on Wednesday as large harvests in South America fueled concerns over export demand. The United States is facing competition for export from South America, where Argentina estimated its soy harvest at 55.9 million tonnes after a drought slashed harvests last year. Moreover, Analysts with Brazilian consultancy Celeres expect the country's 2018/19 soybean crop to total 115.8 mt, up 2 mt from their prior projection. US Soybean exports in February were the 5th largest monthly total on record, 4,577 mt. up 8.65% yr/yr, but down 5.2% from January. Shipments to China were slightly larger than in 2018.

Outlook

Soybean futures expected to trade sideways to negative in coming days on concern over higher availability of oilseed in the country and slowing soybean meal exports. Moreover, higher edible oil imports will put extra pressure on Oilseeds.

RMseed (Mustard seed)

Mustard May futures closed lower at 3,773 rupees per 100 kg on Tuesday due to fresh selling initiated by investors amid higher crop and steady physical demand. Currently, spot mustard prices are lower than soybean because of bumper supplies expected this season. USDA also revised its production forecast by 21% to 80 lt in April monthly report from 66 lt last month. According to latest SEA, Rape meal exports in March is provisionally reported at 50,964 tonnes (Vs 125,000 t), down 59.2% on year as per SEA press release. February meal exports figures revised higher to 79,463 tonnes from 41,728 tonnes. Meal exports crossed 10 lt in FY 2018/19 first time in last 3 years. As per SEA, the mustard seed production will be higher by about 19% this season to over 81 lt due to better climate and higher area. **Nafed is expected to procure about 20 lakh tonnes of mustard at MSP from various states.**

Outlook

Mustard futures expected to trade sideways on steady demand for meals but heavy supplies of new season mustard crop is pressurizing prices. Reports of procurement by the states might support mustard prices in coming weeks.

Market Highlights – Oilseeds

					% Change		
	Unit	Last	Prev day	WoW	MoM	YoY	
Soybean Spot- NCDEX -							
Indore	R/100 kg	3870	-0.23	-0.59	1.84	2.30	
Soybean-NCDEX							
May'19	R/100 kg	3745	-0.27	-0.82	0.51	-2.90	
Soybean CBOT- May'19	USc/lb	879	-1.01	-2.55	-2.17	-15.97	
RM Seed Spot- NCDEX							
May'19	MYP/Tn	3864	-0.10	0.74	-1.32	-0.92	
RM Seed-NCDEX							
May'19	R/100 kg	3773	-0.47	-0.13	-2.00	-3.54	
Rapeseed-WCE	CAN \$/Tn	451	-0.73	-1.05	-1.10	-13.45	

Price Chart –Soybean

NCDEX May'19



Price Chart –Rmseed

NCDEX May'19



Source: Reuters

Refine Soy Oil

Refined Soy Oil slipped lower to close at 718.95 rupees per 100 kg on Tuesday due to higher imports and low tariff values. In a fortnightly notification, **Government cut tariff value** of crude soy oil by 18 dollar to \$693 per tn for the 2nd half of April. According to monthly report released by SEA, Soyoil import jumped by 154.5% to 2.92 lt in March compared to 1.15 lt last year same month. Overall, imports are higher by 19.5 for the period of Nov-Mar at 9.88 lt.

USDA reduces domestic consumption forecast of soy oil by 1% to 49 lakh tonnes in April report keeping production and imports unchanged. USDA FAS forecast India soyoil production at 17.22 lt in 2018/19, up by 14.2% forecast by official USDA while Soyoil imports are pegged at 36 lt Vs 34 lt.

Outlook

We expect Ref Soy oil to trade sideways to lower due to weakness in soybean rupees and stronger rupee is keeping imports cheaper. Improved imports of edible may put further pressure on prices in coming weeks.

Crude Palm oil

MCX Apr CPO closed higher for the second consecutive session on Wednesday tracking improvement in Malaysian palm oil prices. CPO futures close at 541.40 rupees per 10 kg to climb one week high and currently trading about 17% lower on year. India's palm oil imports in 2018/19 is expected to jump about 10% on year to a record high due to sharp fall in the prices. For 2nd half of Apr, tariff value for CPO and RBD Palmolein increase by 11 and 4 dollar to 540 and 573 dollar per ton.

According to SEA monthly update, Import of Crude palm oil down 19.8% on year in Mar to 4.74 lt but RBD palmolein imports surged by more than 91.5% by to 3.13 lt due to reduction in duty difference. According to USDA monthly report in February, palm oil consumption for India is forecast at 10.6 mt, up 16.7% on year.

Malaysian palm oil rose for a second straight session on Wednesday due to weaker ringgit. A weaker ringgit make palm oil cheaper for foreign buyers. Still prices are down by close to 15% y/y due to higher stocks and weaker exports. Malaysian palm oil shipments for the first half of April rose 1.5 percent from the corresponding period last month, according to independent inspection company AmSpec Agri Malaysia on Monday. The MPOB data showed that March end-stocks were down only 4.6% from February to 2.92 mt, while output rose 8.3% to 1.67 mt. Data shows, palm oil exports surged by 22.4% in Mar-Feb to 1.62 mt. Despite higher exports, the current stocks are 25.6% higher compared to last year same month.

Outlook

CPO futures expected to trade lower tracking weak palm oil prices in Malaysia. Further pressure on prices comes from lower tariff value and higher import figures. Higher edible oil stocks by 20% compared to last year ports 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	738.3	-0.24	-0.67	-1.46	-4.2	
Ref Soy oil- NCDEX May'19	R/10 kgs	719.0	-0.47	-0.53	-1.11	-3.2	
Soybean Oil- CBOT- May'19	USc/lbs	28.46	-0.91	-2.10	-3.75	-8.8	
CPO-Bursa Malaysia- May'19	MYR/T	2173	0.00	0.14	5.33	-9.2	
CPO- MCX – Apr'19	R/10 kg	541.4	0.84	1.05	2.85	-15.6	

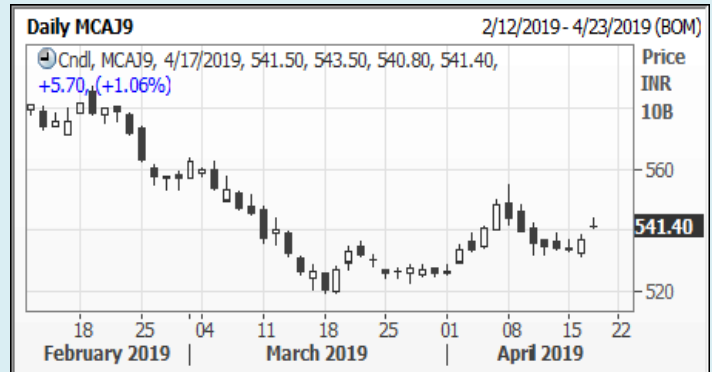
Price Chart –Ref Soy Oil

NCDEX May'19



Price Chart –Crude Palm Oil

MCX Apr'19



Source: Reuters

Chana

NCDEX Chana edged lower on Tuesday but traded fairly in a range due to balanced demand and supply situation. Futures climb to highest levels in 2019 on Monday due to lower carryover stocks with the traders, expensive imports and quantitative restrictions on yellow peas. Government has extended ban on Chana, tur, Urad and peas till March 2020. It has put quota of restricted imports – 1.5 lt each for peas, moong and Urad and 2 lt for tur. Currently, chana attract 60% import duty since Mar 2018 which restricted imports. Higher stocks with the government agencies keeping the prices below MSP. NAFED still has more than 16 lt of chana procured last year. In 2018/19, chana production forecast at 103.2 lt in 2nd advance estimated by Government, down 8% on year due to 10% less area. Chana, imports are down 85.1% to 1.43 lt compared to 9.58 lt last year during 2018/19 (Apr-Jan), while exported are close to 2lt of chana compared to 68,000 tonnes last year.

Outlook

Chana futures expected to trade positive as stocks with physical traders diminishing amid lower imports and high consumption. However, higher crop production for 3rd consecutive year may keep prices in control. Reports that NAFED may sell stocks in physical market may have negative impact on prices.

Cotton / Kapas

MCX cotton edged higher for the second consecutive session on Wednesday to close at 22,300 rupees per bale tracking firm international prices. International cotton prices increase by more than 5% in last one month. CAI trims cotton crop size to 321 lakh bales for 2018/19 season, lowest since 2009-10 which will raise imports and decline exports. However, India 2019/20 cotton output to increase about 7% yr/yr to hit five-year high on higher yields, acreage, according to USDA attaché report. Moreover, India is losing cotton export market to Brazil due to higher prices and stronger rupees. **USDA kept production and consumption figures unchanged at 27 and 24.8 million bales respectively but revised down imports and exports by 12.5% and 6.7% respectively.**

ICE cotton May contract edged higher on Wednesday on technical buying supported by optimism from progressing U.S.-China trade talks. Markets are hopeful that an end to the long-drawn trade war between the US and China is near. **China approved an additional 800,000 MT import quota for 2019, on top of the 840,000 MT TRQ required by WTO.** Cotton exports in February were tallied at 1.484 million bales according to newly released Census data. That was 21.55% larger than January, which is a typical seasonal rise, but 25.09% lower than Feb 2018.

Outlook

Cotton futures expected to trade sideways on forecast of near normal monsoon but lower estimate of cotton output in country may give support to prices. Moreover, improving in exports demand from China and increasing domestic mill demand may support prices. Reports of CCI selling its stock may keep prices in a range.

Market Highlights– Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	`/qtl	4367	-1.2	0.1	6.1	#N/A	
Chana- NCDEX-May'19	`/qtl	4516	-0.4	1.1	5.6	22.1	
NCDEX Kapas Apr '19	R/20 kgs	1216.5	0.16	0.83	6.52	#N/A	
MCX Cotton Apr'19	Rs/Bale	22220	0.00	1.23	4.22	6.26	
ICE Cotton May'19	Usc/Lbs	78.11	0.22	0.63	5.13	-6.04	
Cotton ZCE	Yuan/ton	15420	-0.23	0.29	6.49	3.77	

Price Chart – Chana



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera)

NCDEX May Jeera futures closed on positive note on Tuesday in a volatile market amid improving physical and export demand. Despite heavy arrivals, Jeera futures climb to 10-week high of 16,610 per 100 kg. During the first half of April, 45,300 tonnes of Jeera arrived in physical market compared to 23,800 tonnes in March second half and 17,000 tonnes last year same time. India's cummin seed (jeera) output is set to touch 4.16 lakh tonnes for 2019, about 9% higher than the previous year, supported by a sharp jump in production in Rajasthan. Exports of jeera is up 20.8% on year in January at 9,429 tn compared to 7,800 tn last year while for Apr-Jan period it is up 24.75% at 1.46 lt, compared to last year, according to DGCIS.

Outlook

We expect Jeera futures to trade sideways to positive on mixed fundamentals of heavy supplies and improving demand from the bulk buyers for new season crop. This season there will be higher availability thus exports demand will play a major role in prices movement.

Turmeric

NCDEX Turmeric close with little lower on Tuesday at 6,380 rupees per 100 kg due to fresh selling by market participants. Near normal monsoon forecast and higher carryover stocks is putting pressure on turmeric prices. **There is** anticipation of government procurement while improving export demand may support prices. As per Commerce Ministry, turmeric exports during the month of January, down 11.4% y/y to 7,774 tonnes (Vs 8,773 t). However, for Apr-Jan period exports up 18% at 1.10 lakh tonnes compared to 93,350 tonnes last year for the same period. In 2018/19, production is forecast at 11.5 lt in the 1st advance estimates by the government.

Outlook

Turmeric futures expected to trade sideways to lower due to technical correction. However, new season arrivals and good production prospects will keep prices lower. However, government procurement in some states coupled with good exports will support price rise.

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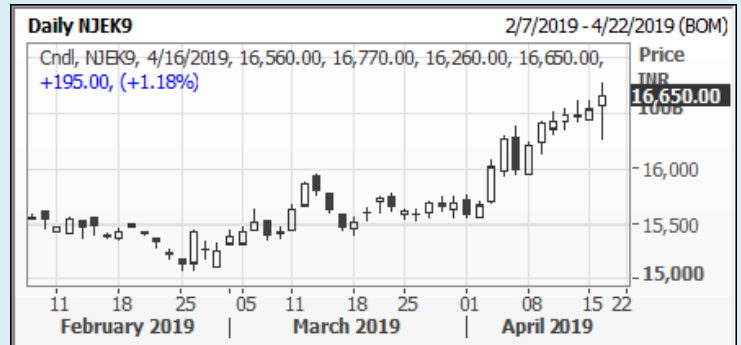
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Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha	R/qrtl	16575	-0.28	0.30	2.87	3.27	
Jeera- NCDEX May'19	R/qrtl	16650	0.73	1.37	6.46	7.64	
Turmeric Spot- NCDEX	R/qrtl	6243	-1.77	-4.52	0.20	-4.79	
Turmeric- NCDEX May'19	R/qrtl	6380	-0.06	-4.12	0.92	-6.97	

Technical Chart – Jeera

NCDEX May'19



Price Chart – Turmeric

NCDEX May'19



Source: Reuters

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