

## Soybean

**NCDEX Jun Soybean** traded in a range for the third consecutive day on Wednesday this week to close little lower at 3,707 rupees per 100 kg. This year soybean area may be higher as prices are higher than MSP of 3399 rupees per 100 kg. We have seen downtrend in prices last week due to lower demand for crushing on expectation of improving edible oil imports. As per latest SOPA press release, soybean arrivals for the Oct-Apr period pegged at 81 Lt, up by 21.8% on year. Until April, country crushed about 62 Lt of soybean compared to 55.5 Lt last year. As SEA, soymeal exports are revised higher to 13.58 Lt, up 14.3% in 2018/19. SEA revised March 2018 exports figures to 2.15 Lt which is highest single month exports in last 26 months. 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 Wednesday due to lower level buying after prices declined on previous day as the market awaited details of a government farm aid package that could encourage farmers to plant more soybean. In a weekly U.S. Department of Agriculture report that showed farmers had seeded just 19% of their intended soybean acreage as of May 19. The five-year average is 47%.

### Outlook

Soybean futures expected to trade sideways in coming days due to lower physical demand by the oil mills. However, higher production and increase edible oil imports will put extra pressure on Oilseeds at higher levels.

### RMseed (Mustard seed)

**NCDEX Jun Mustard edged higher to close at 3,926 rupees per 100 kg** on Wednesday due to good physical demand and short covering by the market participants. Currently, prices are consolidating near 3,900 levels on hopes of meal demand coming from China as it refuse shipment from Canada. Moreover, reports of nil imports of rapeseed for second consecutive month in April keep domestic crush demand higher. 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 due to likely exports to China with larger crop and crush.

**As per SEA**, export of rapemeal in 2018/19 is sharply increased to 10.94 Lt (Vs 6.64 Lt last year) while for march revised higher to 93,110 tonnes from 50,964 tonnes. However, provisional exports were down about 3.5% y/y in April at 94,462 t compared to 97,891 t last year. **USDA** revised higher its production forecast for 2018/19 by 21% to 80 Lt (Vs 61 Lt) in its monthly report.

### Outlook

Mustard futures expected to trade sideways to higher on steady demand for meals. However, heavy supplies of new season mustard crop and reports of procurement by the states might keep prices in a range.

## Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX - Indore</b>	R/100 kg	3868	0.55	-0.23	0.34	2.79	
<b>Soybean- NCDEX Jun'19</b>	R/100 kg	3706	-0.16	-2.29	-1.67	-0.11	
<b>Soybean CBOT- Jul'19</b>	USc/lb	829	0.79	-0.84	-4.63	-17.03	
<b>RM Seed Spot- NCDEX</b>	MYR/Tn	4011	0.57	1.54	2.84	0.27	
<b>RM Seed- NCDEX Jun'19</b>	R/100 kg	3926	0.64	0.69	2.05	0.20	
<b>Rapeseed-WCE</b>	CAN \$/Tn	446	0.77	0.97	1.53	-16.27	

## Price Chart –Soybean

NCDEX Jun'19



## Price Chart –Rmseed

NCDEX Jun'19



Source: Reuters

**Refine Soy Oil**

**Refined Soy Oil June futures** edged higher for the third consecutive session on Wednesday due to bargain buying and improving physical demand. Cut in tariff by government by 1% and reports of sufficient stocks at port and higher in pipeline is keeping prices below 750 levels. Edible oil in pipeline is highest as on 1<sup>st</sup> May since October last year.

**In a fortnightly notification, Government cut tariff value of crude soy oil by 7 dollar to \$689 per tn for the 2nd half of May.**

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 towards 750 as International edible oil prices starting to pick up from the lower levels. However, weakness in domestic soybean prices and improved imports of edible may put pressure on prices in coming weeks.

**Crude Palm oil**

**MCX May CPO edged lower on Wednesday due to fresh sell initiated by market participants on expectation of more weakness in Malaysian CPO to close at 514 rupees per 100 kg.** Currently, CPO prices are about 20% down on year due to higher stocks, weak international prices and higher imports.

For 2<sup>nd</sup> half of May, tariff value for CPO and RBD Palmolein cut by 23 and 26 dollar to 522 and 556 dollar per ton which is lowest tariff rate in 2019. **According to USDA monthly report, India's palm oil imports in 2018/19 is expected to jump by 20% on year to 105 lakh tonnes 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 markets were closed on Wednesday.** Malaysian palm closed nearly 2% down on Tuesday on concern that May output would be higher than expected. Flat or rising stocks from April to May, however, could add to already high inventory levels which are pressurizing prices. Meanwhile, Malaysian palm oil shipments for May 1-20 rose between 5.6% and 13% compared with the same period last month. Data from the MPOB last Friday showed April output fell 1.4% from the previous month to 1.65 mt.

**Outlook**

CPO futures expected to trade sideways to lower due to weak international prices. Moreover, lower tariff value and higher import figures are bearish sign. 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
<b>Ref Soyoil Spot - Mumbai</b>	R/10 kgs	742.0	-0.34	0.61	0.74	-2.3	
<b>Ref Soy oil- NCDEX Jun'19</b>	R/10 kgs	741.7	0.01	0.07	1.17	-1.2	
<b>Soybean Oil- CBOT- Jul'19</b>	USc/lbs	27.31	0.63	0.26	-3.22	-11.8	
<b>CPO-Bursa Malaysia - Aug'19</b>	MYR/T	2057	-1.95	1.38	-5.21	-15.5	
<b>CPO-MCX – May'19</b>	R/10 kg	514.0	-1.04	-1.61	-5.39	-21.4	

**Price Chart –Ref Soy Oil**

NCDEX Jun'19



**Price Chart –Crude Palm Oil**

MCX May'19



Source: Reuters

**Chana**

**NCDEX Jun** Chana edged lower on Wednesday due to profit booking at higher levels to close at of 4,644 rupees per 100 kg. The trend is still up as demand is intact from the stockists as the stocks are limited in open market however it 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 2<sup>nd</sup> 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 higher in coming days as stocks with physical traders diminishing amid lower imports and high consumption. Moreover, government agencies is holding major portion of chana which will be auction at or above MSP of 4,600 rupees per 100 kg.

**Cotton / Kapas**

**MCX cotton closed lower on Wednesday to close at 21,120 rupees per bale on steady demand for domestic stocks after reports of higher imports.** Moreover, reports of below normal monsoon may support prices. 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 is estimated by the CCI's Cotton Crop Committee.

USDA in its latest monthly report states that 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 there will. In April, cotton prices increased to highest levels in 2019 but now correcting on expectation on higher stocks in as exports have been down.

**ICE cotton edged lower on Wednesday on concern over China and the United States trade war and favorable planting weather in parts of Texas promised larger crop harvests.** Meanwhile, China's industry website said that over 10,000 tonnes of cotton was sold at its auction of state reserves on Wednesday, after selling more than 11,000 tonnes on Tuesday. Meanwhile, the USDA in its monthly report forecast that the US cotton production in 2019/20 will be largest in 14 year. World cotton production is expected to grow by 6% on year to 125.5 million bales.

**Outlook**

Cotton futures may trade sideways due to expectation of higher supplies in domestic market increase imports, decreased exports. However, forecast of below normal monsoon and steady demand may keep supporting prices.

**Market Highlights– Chana & Cotton**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Chana Spot - NCDEX (Delhi)</b>	`/qtl	4596	0.5	4.2	6.5	#N/A	
<b>Chana- NCDEX-Jun'19</b>	`/qtl	4644	-0.9	2.6	3.8	28.9	
<b>NCDEX Kapas Apr '19</b>	R/20 kgs	1139.5	0.00	-2.98	-6.37	#N/A	
<b>MCX Cotton May'19</b>	Rs/Bale	21120	-0.61	0.67	-5.38	1.98	
<b>ICE Cotton Jul'19</b>	Usc/Lbs	66.75	-0.85	0.60	-13.45	-22.88	
<b>Cotton ZCE</b>	Yuan/ton	13340	-2.59	-2.41	-12.72	-17.60	

**Price Chart – Chana**



**Price Chart – Cotton- MCX**



Source: Reuters

## Spices (Jeera)

**NCDEX Jun Jeera continue to fall this week due to fresh selling initiated by market participants at higher levels** to close at 17,510 rupees per 100 kg. According to Agmarknet, 28,400 tonnes of Jeera arrived in physical market during 1-20 May 2019 compared to 15,900 tonnes last year same period. However, arrivals have down on month from 65,300 tonnes during first 20 days in April. Jeera exports is up 4.6% on year in February at 10,186 tn compared to 9,736 tn last year while for Apr-Feb period it is up 23.2% at 1.57 lt, compared to last year, according to DGCIS. In March 2019, close to 70,500 tonnes of cumin arrived in physical market. India's cumin 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.

### Outlook

We expect Jeera futures to 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.

### Turmeric

**NCDEX Jun Turmeric corrected on Wednesday due to profit booking after it climb to contract high on the previous session** to close at 7,204 rupees per 100 kg. This month prices have climb more than 13% to 9-month high reports of improving export demand and below normal rains. Moreover, government procurement and improving export demand also support prices. As per Commerce Ministry, turmeric exports during the month of February, up 5.6% y/y to 8,454 tonnes (Vs 8,006 t). However, for Apr-Feb period exports are up by 17% at 1.19 lt compared to 1 lt 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 positive in coming sessions but higher stocks with traders and farmers is pressurizing 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
<b>Jeera Spot- NCDEX - Unjha</b>	R/qrtl	17612	-0.59	0.54	3.09	9.44	
<b>Jeera- NCDEX Jun'19</b>	R/qrtl	17510	-1.05	-1.49	1.07	7.09	
<b>Turmeric Spot- NCDEX</b>	R/qrtl	6774	0.37	2.63	6.17	-8.77	
<b>Turmeric- NCDEX Jun'19</b>	R/qrtl	7204	-1.04	2.97	11.34	0.59	

## Technical Chart – Jeera



## Price Chart – Turmeric



Source: Reuters

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