

Agri-Fundamentals

Soybean

NCDEX Apr Soybean closed lower due to profit booking. Futures slipped more than 6% since January due to higher arrivals and slowing in meal exports. In its latest press release by SOPA, soybean arrivals for the Oct-Feb period in the current crop year pegged at 73 lakh tonnes (lt), up by 24.9% on year. SOPA expects availability of soybean for crushing, direct use and exports in 2018/19 to be about 102 lakh tonnes as against 86 lt last year.

As per SEA, soy meal exports in February were provisionally reported at 69,428 tonnes, down 6% on year compared to 73,800 tonnes. Moreover, January exports are revised lower to 86,300 tonnes from over 2.1 lt reported in the last month release. In the second advance estimates for 2018-19, govt pegged 2018-19 production at 136.9 lt, up 24.7% on year.

CBOT Soybean futures inched higher on Thursday on short covering and squared positions a day after a steep drop to four-month lows. Wire reports are showing that US exporters sold 1.5 MMT of soybeans to China on Thursday for July/August shipment. USDA Export Sales report indicated very weak old crop soybean bookings for the week of 3/21 at 181,781 MT, well below most estimates. The USDA report to show that U.S. soybean stocks as of March 1 stood at 2.683 billion bushels, the biggest ever for that time of year.

Outlook

Soybean futures expected to trade sideways to higher as El Nino gain strength which may affect monsoon. However, higher availability may further pressurize prices.

RMseed (Mustard seed)

Mustard futures closed little lower due to fresh selling on Thursday to close at 3,747 rupees per 100 kg. Earlier in the week it slipped to 10-month but recovered well as the date for procurement from the states is nearing. Rajasthan, Madhya Pradesh and Haryana will start procurement at MSP of 4,200 rupees per 100 kg directly from farmers.

Mustard futures slipped to 17-month low this week due to slowing of meal exports coupled with reports of higher production prospects in 2018/19 season. **Rape meal exports in February were provisionally reported at 41,728 tonnes (Vs 52,071 t), down 20% on year as per SEA press release.** January exports figures revised higher to 57,000 tonnes from 34,270 tonnes pegged last month. As per SEA, the mustard seed production will be higher by about 19% this season to over 81 lakh tonnes due to better climate and higher area.

Outlook

Mustard futures expected to trade higher as major growing states are gearing up to procure mustard at MSP (4,200). There are expectations of meal demand from China following a trade dispute with Canada. However, forecast of bumper crop production may keep prices under control.

Market Highlights – Oilseeds

				% Change		
	Unit	Last	Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX -						
Indore	R/100 kg	3793	0.26	0.00	-1.28	0.42
Soybean- NCDEX						
Apr'19	R/100 kg	3657	-0.65	-1.35	-3.02	-2.43
Soybean CBOT- May'19	US\$/lb	890	0.23	-1.58	-3.71	-12.75
RM Seed Spot- NCDEX						
MYR/Tn		3839	0.37	0.11	-6.36	-3.46
RM Seed- NCDEX						
Apr'19	R/100 kg	3747	-0.11	0.00	-3.45	-6.37
Rapeseed-WCE	CAN \$/Tn	455	0.84	0.29	-3.91	-12.95

Price Chart –Soybean

NCDEX Apr'19 contract



Price Chart –Rmseed

NCDEX Apr'19 contract



Source: Reuters

Refine Soy Oil

Refined Soy Oil Futures fell for the third consecutive session on Thursday to close at 731.60 rupees per 10 kg. Prices have now slipped to 12-week low level due to higher stocks and stronger rupees. Stronger rupees make import of edible oil cheaper for the country. Lower tariff, higher stocks and improving imports of edible oil is also weighing on prices.

In a fortnightly notification, **Government cut tariff value** of crude soy oil by 24 dollar to \$729 per tn for the second half of March. According to monthly report released by SEA, soy oil import jumped by 64.7% to 2.20 lt in February compared to 1.34 lt last year same month. Overall, imports are lower by 2.31% for the period of Nov-Feb at 6.95 lt. USDA FAS in its latest GAIN report 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 and consumption pegged slightly higher this year at 50 lt Vs 49.5 lt.

Outlook

We expect Ref Soy oil to trade sideways due to higher supplies and steady physical demand. Stronger rupees are keeping imports cheaper. Improved imports of edible may put further pressure on prices in coming weeks.

Crude Palm oil

MCX CPO slipped further on Thursday as market sentiment remained bearish due to weak Malaysian palm oil and lower tariff value. It is currently trading near 12-week low as strong rupee also weighs on prices. 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. This made importers in India more attractive compared to rival soyoil and sunflower oil. For second half of March, tariff value for CPO and RBD Palmolein cut by 29 and 31 dollar to 543 and 571 dollar per ton.

According to SEA monthly update, import of Crude palm oil down 9% on year in February to 4.98 lt but RBD palmolein imports surged by more than 19% by to 2.41 lt mainly on 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 futures slipped on Thursday on concern about high inventory levels. Palm oil inventories in Malaysia, the world's second-largest producer and exporter, rose 1.3 percent to 3.05 million tonnes in February from a month earlier. In Indonesia, Palm oil production is forecast to reach 43 mt in 2019/20, a 1.5 mt increase from 2018/19. Malaysia kept its export duty on crude palm oil for April at zero percent.

Outlook

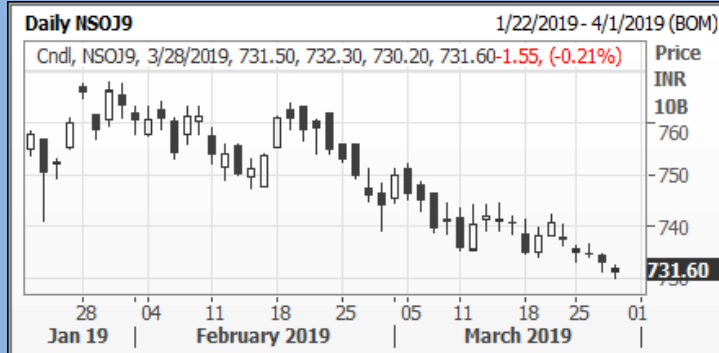
CPO futures expected to trade sideways to lower tracking weak Malaysia prices. Lower tariff value and higher import figures may pressurize prices. Moreover, higher edible oil stocks by 20% compared to last year ports may pressurize prices of edible oil.

Market Highlights – Edible Oils

				% Change		
	Unit	Last	Prevday	WoW	MoM	YoY
Ref Soyoil Spot -						
Mumbai	R/10 kgs	738.4	-0.07	-1.16	-4.17	-4.4
Ref Soy oil- NCDEX						
Apr'19	R/10 kgs	731.6	-0.20	-0.81	-3.09	-5.9
Soybean Oil- CBOT-						
May'19	USc/lbs	28.63	-0.66	-0.10	-7.20	-9.3
CPO-Bursa Malaysia -						
May'19	MYR/T	2120	-0.75	-2.17	-6.07	-11.7
CPO- MCX –Mar'19	R/10 kg	516.1	-0.14	-1.70	-8.72	-19.5

Price Chart –Ref Soy Oil

NCDEX Apr'19 contract



Price Chart –Crude Palm Oil

MCX Mar'19 contract



Source: Reuters

Chana

Chana Apr futures jumps about 1% on Thursday supported by physical demand and fresh buying by the market participants.

Futures touched its highest levels and crossed 4,300 levels for the first time in 2019. Currently chana market sees arrivals of new season but lower stocks with the physical market players are supporting prices. Higher stocks with the government agencies are keeping way below MSP. NAFED still has more than 17 lt of chana procured last year. In 2018/19, Chana production forecast at 103.2 lakh tonnes in 2nd advance estimated by Government, down 8% on year due to 10% less area. Chana attract 60% import duty since Mar 2018 which restricted imports. The govt have extended import curbs on all varieties of until the end of March. Overall, during 2018/19 (Apr-Jan), imports are down 85.1% to 1.43 lt compared to 9.58 lt last year while exported are close to 2 lt of chana compared to 68,000 tonnes last year.

Outlook

Chana futures is expectation to trade sideways to higher on reports of diminishing stocks with the traders amid lower imports and high consumption. However, higher stocks with Government agencies coupled with higher crop production for 3rd consecutive year may keep prices in control.

Cotton / Kapas

MCX Mar cotton fell more than 1.2% on Thursday mainly on profit booking after IMD said the monsoon will be bountiful this year. According to a top official of IMD, a strong El Nino force has not been predicted so far. Moreover, reports of positive trade negotiations between China-US may cut down cotton exports from India. India has already shipped around 600,000 bales to China so far in the 2018/19 marketing year that started on Oct. 1. Recently, cotton prices have improved in last one month on reports of lower production and improving demand. In 2018/19, production of Cotton is estimated at 300.9 l-bales (of 170 kg each), down about 7.4% compared to previous estimate of 324 l-bales as per latest govt Adv Est. CAI cuts 2018-19 production estimate further by 2 l-bales to 328 l-bales for the year 2018-19 however, higher imports of 27 l-bales (Vs 15) and lower exports of 50 lakh bales (Vs 69) for 2018/19 season is bearish. According to data compiled by DGCIS, country exported 120,904 tonnes (t) of cotton raw including wastes in January, down 27.4% compared to 166,546 t last year but Imports in January up by 21.4% at 17,645 t (Vs 14533 t).

ICE May contract slipped to one-week low on stronger dollar. A stronger dollar makes commodities more expensive for holders of other currencies. USDA reported net upland sales of 219,000 running bales for the fiber in the 2018-19 marketing year for week ended March 21, up 75% from the previous week and 79% from the prior four-week average.

Outlook

Cotton futures expected to trade sideways tracking weak global prices. However, improving in exports demand from China and increasing domestic demand may support prices. Reports of CCI selling its stock and normal monsoon may keep prices in a range.

Market Highlights— Chana & Cotton

	Unit	Last	Prevday	WoW	MoM	YoY
Chana Spot - NCDEX						
(Delhi)	`/qtl	4176	1.6	1.5	1.8	#N/A
Chana- NCDEX-Apr'19	`/qtl	4308	0.9	1.5	2.9	15.6
NCDEX Kapas Apr '19	R/20 kgs	1168	-0.26	-0.72	4.80	#N/A
MCX Cotton Mar'19	Rs/Bale	21020	-1.22	-1.59	2.54	4.58
ICE Cotton May'19	Usc/Lbs	75.87	-1.40	-0.93	3.92	-7.50
Cotton ZCE	Yuan/ton	15075	-0.82	-1.70	2.27	0.43

Price Chart – Chana

NCDEX Apr'19



Price Chart – Cotton- MCX

MCX Mar'19 contract



Source: Reuters

Spices (Jeera)

NCDEX Jeera Apr futures continue to trade higher this week and closed higher on Thursday mainly on short covering by the investors. New season jeera is hitting the market which is now having low moisture and fetching fairly higher prices as demand is good from the exporters and bulk buyers. India's cumin seed (jeera) output is set to touch 4,16,000 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 tonnes compared to 7,800 tn last year while for Apr-Jan period exports are up 24.75% at 1.46 lt, compared to last year, according to Commerce Ministry.

Outlook

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

Turmeric

NCDEX Apr Turmeric closed little higher on Thursday due to short covering. Prices have fallen about 11% in 2019 but with the help of government procurement and anticipation of improving upcountry and export demand the prices are expected to improve. Production is forecast at 11.5 lt in the 1st advance estimates by the government. As per Commerce Ministry, turmeric exports during the month of January, down 11.4% y/y to 7,774 tonnes (Vs 8,773 t). For Apr-Jan period exports up 18% at 1.10 lakh tonnes compared to 93,350 tonnes last year for the same period.

Outlook

Turmeric futures expected to improve in coming days due to higher physical demand. Moreover, government procurement in some states will also support price rise. However, new season arrivals and good production prospects will keep prices lower.

Market Highlights - Spices

				% Change		
	Unit	Last	Prev day	WoW	MoM	YoY
Jeera Spot- NCDEX -						
Unjha	R/qrtl	15811	0.00	-0.78	-4.09	-0.31
Jeera-NCDEX Apr'19	R/qrtl	15755	0.22	1.12	3.89	7.87
Turmeric Spot-NCDEX						
Turmeric-NCDEX	R/qrtl	6025	0.21	-2.19	-5.69	-9.47
Apr'19	R/qrtl	6094	0.07	0.23	-1.71	-8.53

Technical Chart – Jeera

NCDEX Apr'19 contract



Price Chart – Turmeric

NCDEX Apr'19 contract



Source: Reuters

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