

Agri-Fundamentals

Soybean

NCDEX Soybean futures closed higher on Wednesday due to reports of good physical demand as Soybean Processors Association of India (SOPA) increased its estimates for meal exports for 2017/18. Moreover, earlier government has increased export incentives by 2% for all meals.

According to SOPA, Soymeal exports from the country in 2017-18 (Oct-Sep) are seen rising to around 20 lakh tn from previous estimate of 15 lakh tn due to a recent rise in export incentives.

India's soymeal exports during November quadrupled to 248,000 tn from 61,000 tn a year ago, according to the SOPA. As per Agmarknet data, the arrivals in Nov increased to 15 lt compared to last year arrivals of 8.33 lt for the same period.

US Soybean fell on Wednesday, pressured by technical selling amid lower than expected exports numbers and strengthening dollar. The USDA issued a correction to a private export sale to China reported on Nov 30, lowering the total from 525,000 MT to 393,000 MT.

Census data shows soybean exports in October at 9.441 mt, down 15.8% from last year but more than double September's total.

RMseed (Mustard seed)

Mustard Jan futures closed lower for the third consecutive day on as market is stabilizing at the current levels due to steady demand and higher inventories with the traders. According to Mustard Oil Producers Association of India, mustard stock with Farmers & Processors as on 30th Nov'17 was at 13 lakh tonnes. Mills across the country crushed 475,000 tn of the oilseed in November, up nearly 6% on month.

As per rabi sowing report from the government, the acreage of mustard, another major rabi crop, was at 56 lakh ha, down from 61 lakh ha a year ago. Rajasthan is the largest mustard growing state but the sowing pace is slower than last year at 20.3 lakh ha Vs 27.3 lakh ha. The lower mustard acreage can be attributed to poor rains in Rajasthan that led to low soil moisture and hampered sowing.

Outlook

Soybean futures are expected to trade sideways to higher on good demand for new season crop for domestic crushing as edible oil import duty is hiked. Moreover, higher incentives for oil meal export and higher estimates for meal exports will also support soybean prices.

Mustard futures expected to trade sideways to lower on higher stocks with the oil mills and good start to rabi sowing. However, anticipation of good physical uptake by oil mills on expectation of good winter demand may keep prices supported above 4000 levels.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Dec'17	₹/qtl	3030-3060	3120-3150
Mustard NCDEX Dec'17	₹/qtl	3960-4000	4080-4130

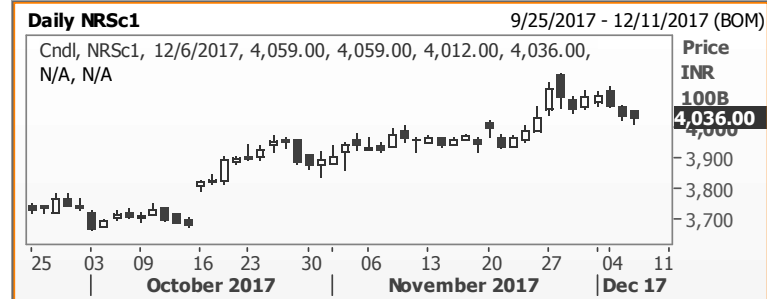
Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX - Indore	R/10 kg	3074	0.72	3.61	10.93	0.03	
Soybean- NCDEX Jan'18	R/10 kg	3160	1.31	4.02	9.38	2.89	
Soybean CBOT- Jan'18	US\$/lb	1003	-0.57	1.03	0.88	-4.41	
RM Seed Spot- NCDEX	MYR/Tn	4185	-0.17	0.22	4.89	-12.82	
RM Seed- NCDEX Jan'18	R/10 kg	4081	-0.07	-0.24	1.75	-14.09	
Rapeseed-WCE	CAN \$/Tn	508	-0.33	-0.47	-1.63	-4.02	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Jan contract closed lower on Wednesday and on correction mode due to higher stock levels and weak international prices after it jumped higher when government increase the import duty of all edible oils. The government raised the duty of the crude soy oil to 30% from 17.5% to support domestic oilseed industry and farmers. The physical demand also increased from the bulk buyers on anticipation of further rise in prices.

For the first half of December, government cut the base import price of soy oil, by \$18 per tonnes. The government revises base import prices every fortnight, based on global prices and changes in foreign exchange rate. Prices were last revised on Nov 15.

As per latest SEA import report, Soybean oil imports slumped 21% to 220,200 tons in October from a year earlier while imports dropped during the oil year ended Oct. 31 by 22 % to 3.32 mt.

Crude Palm oil

MCX CPO closed lower on Wednesday weighs down by weak overseas prices and strength in rupees during last week. Moreover, government reduced base import price of all edible oils, with the steepest plunge of \$26 per tn in crude palm oil for first half of December.

The prices have jumped higher in Nov when center has raised the import duty on crude palm oil to 30% from 15% and on refined oil to 40% from 25% in a bid to curb cheaper shipments and boost local prices for supporting farmers and refiners.

Malaysian palm fell to a near five-month low on Wednesday evening, charting a third straight day of losses, on expectations of rising stockpiles and slowing demand.

According to Reuter’s survey, Palm oil inventories in Malaysia are forecast to rise to the highest in nearly two years at the end of November, as a fall in exports outweighs a decline in production. Stockpiles are expected to swell 11.4 % to 2.44 mt from the end of October, while output is expected to fall 3 percent on-month to 1.95 mt. Exports are seen falling in November, down % at 1.45 mt, the first monthly decline in five months.

Outlook

We expect **Ref Soy oil** to trade sideways as prices now stabilized due to higher stocks and good domestic crushing. Moreover, higher import duty and good demand from the stockists is supporting edible oil prices at 10 months high in India despite higher stocks and record oilseed production.

CPO futures may trade sideways due to weaker international palm oil prices and reduced base import prices by the government for first half of December. Increase in import duty to 30% and 40% for crude palm oi and refine palm oil respectively has kept the prices at 10 months high.

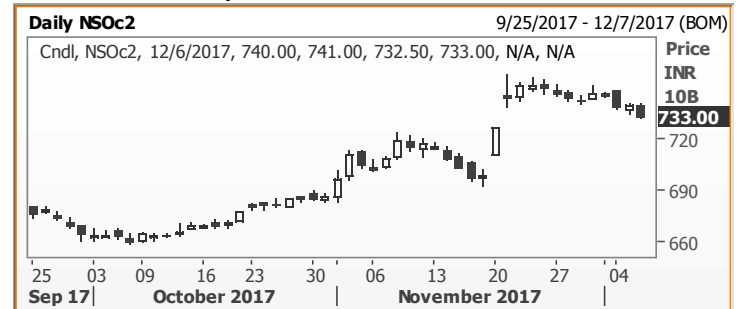
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Dec'17	₹/qtl	709-716	726-733
CPO MCX Nov'17	₹/qtl	561-568	581-588

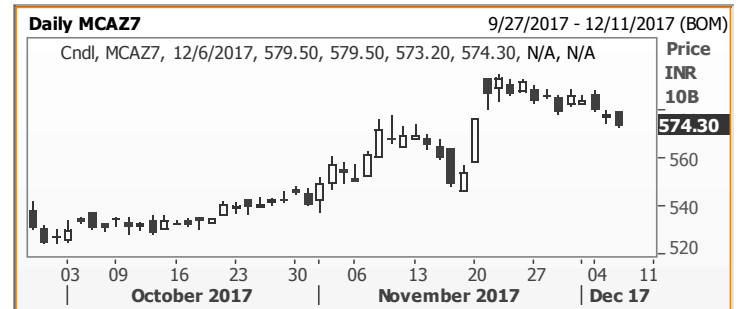
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	716.6	-0.56	-1.27	5.86	-2.2	
Ref Soy oil- NCDEX Jan'18	R/10 kgs	733.0	-0.90	-1.29	3.43	-0.3	
Soybean Oil- CBOT- Jan'18	USc/lbs	33.09	-0.96	-2.53	-4.72	-12.3	
CPO-Bursa Malaysia - Feb'18	MYR/T	2535	-1.09	-1.09	-8.91	-20.8	
CPO- MCX – Dec'17	R/10 kg	574.3	-0.69	-1.05	4.25	3.0	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana Dec futures continue to trade lower Wednesday as fresh selling is seen due to improved sowing progress coupled with higher stocks in the country due to record imports. As per government data, India imported about 4.78 lakh tonnes of chana during April-Sep, up by 430% compared the last year imports.

As per government sowing data, area under the rabi chana crop across the country was up 7.8% on year at 84 lakh ha as on last week. The acreage of chana in MP and Karnataka, the largest and the second-largest grower of pulse, was up 15.7% on year at 30.4 lakh ha, and up 44.6% on year at 12.7 lakh ha, respectively.

To encourage farmers, govt. increase MSP by 10% to Rs. 4,400 per quintal. According to the target estimate released by government, India's chana production target estimate for 2017-18 is 97.5 mt.

Outlook

Chana futures to trade sideways to down on good sowing progress while higher imports data for the current FY have increase stocks in the country also pressurizing prices.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Dec'17	₹/qtl	4300-4370	4500-4560

Cotton / Kapas

MCX Dec Cotton falls on Wednesday mainly on fresh selling at higher levels. Prices have been higher on expectation of big fall in output due to pink bollworm attacks in some states, even though there is little clarity yet on the extent of the damage. Concerns about crop quality have also impacted prices.

Of late, instances of rejections of cotton bales by buyers have increased. According to trade sources, about 60 lakh bales have arrived in the Indian markets this season compared to 47.3 lakh bales last year till Dec 1.

ICE cotton edged up on Wednesday, on concerns over crop damage in top producer India. However, the International Cotton Advisory Committee increased their projection for 2017/18 world cotton production 0.18 mt to 25.74 mt. That would be 2.74 mt larger than the previous year, as ending stocks were raised 0.34 mt from last month to 19.24 mt. During October, the US shipped 97,302 MT of cotton for export which is a drop of 21.5% from the previous month and 22.5% lower than last October. The USDA Export Sales report is expected to show a slowdown in upland cotton sales in Thursday's report.

Outlook

Cotton futures are expected trade sideways on mixed fundamentals of higher arrivals and loss of production due to pest attack in three biggest cotton growing states. Moreover, good physical demand from the mills and traders and commencement of procurement by CCI also keeping prices supportive.

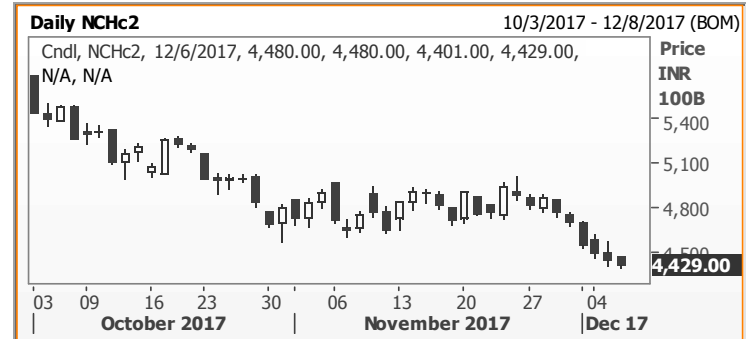
Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	925-450	975-985
Cotton MCX Nov'17	₹/bale	18350-18600	19200-19500

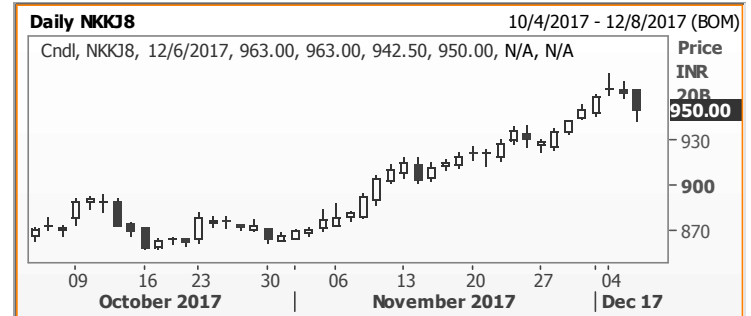
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	4432	-0.7	-6.3	-9.9	#N/A	
Chana- NCDEX-Jan'18	\$/tonne	4429	-0.7	-7.3	-6.2	#N/A	
NCDEX Kapas Apr '18	R/20 kgs	950	-1.14	0.80	8.08	4.40	
MCX Cotton Dec'17	Rs/Bale	18900	-0.11	1.50	4.02	0.53	
ICE Cotton Mar '18	Usc/Lbs	72.72	0.29	-0.97	5.24	0.85	
Cotton ZCE	Yuan/ton	15155	0.03	0.70	1.27	-3.38	

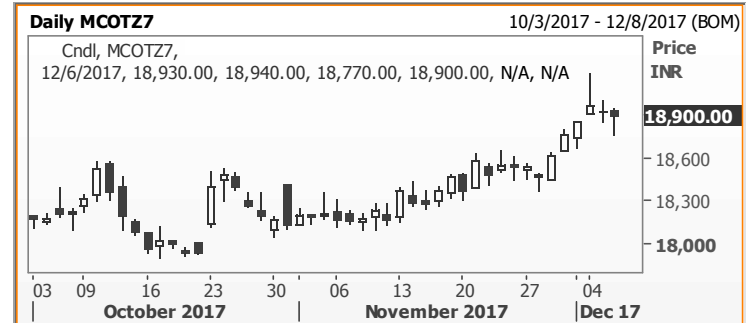
Price Chart – Chana



Price Chart – Kapas-NCDEX



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jan Jeera falls on fresh selling by market participants on Wednesday mainly due to encouraging jeera sowing progress in Gujarat. **In Gujarat, jeera acreage up by 50% to 2.7 lakh ha this year compared to 1.8 lakh ha last year as on 4th Dec.** As per government data, Jeera exports during first six month of FY 2017/18 (Apr-Sep) is 77,827 tonnes, up 8.4% compared to last year exports volume for the same period. India's jeera exports in Sep increase 110% on year to 14,742 tn. On the import front, country imported about 998 tonnes of jeera during the month of Sep and thus the imports this FY is higher by about 60% compared to last year.

Turmeric Dec futures falls for the third consecutive day on Tuesday on profit booking at higher levels. There are reports good supplies from the government auctions and lower exports data also pressurizing prices. **The export of turmeric is down by 15.2% to 56,900 tonnes for the first 6 month of FY 2017/18 compared to last years' exports.** The arrivals increase in November this year to 9,431 tonnes compared to 7,211 tonnes last year same month according to Agmarknet data.

Outlook

We expect **Jeera** Dec futures to trade lower on expectation of further technical correction as sowing progress is encouraging in Gujarat. Recently, export demand drive prices to all-time highs coupled with diminishing stocks with the traders also supporting prices.

Turmeric futures expected to trade sideways to down on expectation of arrival of new season crop and lower than expected exports figures. The turmeric prices may get support from the up country demand however supplies from the government auctions and arrivals of medium quality supplies may keep the prices sideways.

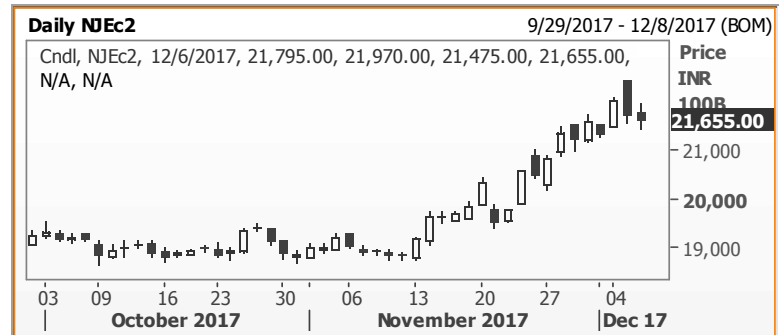
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Dec'17	₹/qtl	21000-21300	21800-22100
Turmeric NCDEX Dec'17	₹/qtl	7280-7360	7560 7700

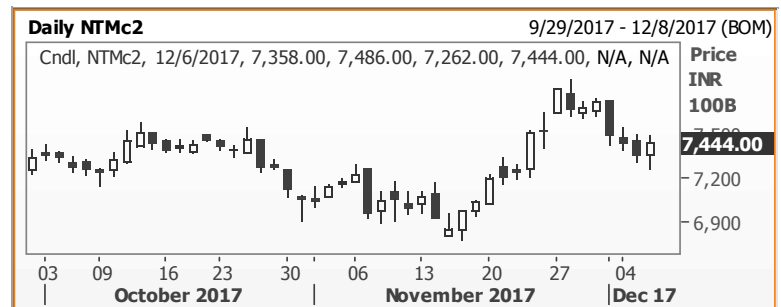
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX -							
Unjha	R/qtl	20900	-0.51	1.00	10.18	12.97	
Jeera- NCDEX Jan'18	R/qtl	21655	-0.51	1.79	13.91	20.72	
Turmeric Spot- NCDEX							
Turmeric- NCDEX	R/qtl	7649	-0.36	-0.67	4.06	-1.05	
Apr'18	R/qtl	7444	1.14	-3.07	0.27	-0.22	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

Prepared By

Anuj Gupta
Head-Technical Research (Commodity & Currency)

Anuj.gupta@angelbroking.com

(011) 4916 5954

Angel Commodities Broking Pvt. Ltd.

Registered Office: G-1, Akruti Trade Centre, Rd. No. 7, MIDC, Andheri (E), Mumbai - 400 093.

Corporate Office: 6th Floor, Akruti Star, MIDC, Andheri (E), Mumbai - 400 093. Tel: (022) 2921 2000

MCX Member ID: 12685 / FMC Regn No: MCX / TCM / CORP / 0037 NCDEX: Member ID 00220 / FMC Regn No: NCDEX / TCM / CORP / 0302

Ritesh Kumar Sahu
Research Analyst – Agri-Commodities

riteshkumar.sahu@angelbroking.com

(022) 2921 2000 (Ext 6165)

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. The document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "Angel Commodities Broking (P) Ltd". Your feedback is appreciated on commodities@angelbroking.com