

**Agri-Fundamentals**

**Soybean**

**NCDEX Feb Soybean** fell yesterday due to fresh selling by Market participants. However, currently soybean is trading at 6 month high as supplies have been diminishing slowly in the physical market and reports that the inventories are lower compared to last year. According to SOPA, soybean inventories with farmers, traders and plant owners at the end of December were at 6.5 mt, down from 8.2 mt a year ago. The arrivals have been lower during December compared to last year.

The Soybean Processors Association of India (SOPA), India's soymeal exports during December fell 32% on year to 224,000 tonnes from 327,000 tonnes a year ago. Soymeal exports fell for the first time in the current marketing year starting October but exports during Oct-Dec were pegged at 579,000 tonnes, as against 507,000 tonnes a year ago.

**US Soybean futures** fell to a four-month low on Thursday on expectation of bigger U.S. stockpiles and higher Brazilian soy output. Brazil's agriculture agency, Conab, has raised its forecast for the country's soybean harvests by over 1 mt to 110.4 mt for 2017-2018 season. The big Brazilian crop was likely to dominate global export trade markets in the months to come, stealing away market share from U.S. soy exporters. USDA weekly export Sales report showed 17/18 sales of soybeans at 607,381 MT for the week ending Jan 4, which is 74.1% larger than this time last year.

**RMseed (Mustard seed)**

**Mustard Apr futures** closed lower due to fresh selling initiated by market participants tracking weak physical demand. Market is still expecting for some demand side fundamentals as downside looks limited. Currently, mustard is trading lower than its MSP due to reports good progress in sowing season and steady demand. Currently the prices have been moving according to the winter demand but reports of lower acreage than last year and higher carry-over stocks are putting pressure in futures. The acreage of mustard was down 6% till last week at 65.3 lakh ha, as per latest rabi sowing report by the government. Rajasthan is the largest mustard growing state but the sowing pace is slower than last year at 20.9 lakh ha Vs 28 lakh ha.

**Outlook**

**Soybean futures** are expected to trade sideways to higher on reports of improved demand from the oil mills. However, technical selling at higher levels may keep the prices under pressure. Moreover, higher incentives for oil meal export, improved estimates for meal exports and slow arrivals of soybean in physical market will support soybean prices in coming months.

**Mustard futures** expected to trade sideways due to mixed fundamentals good physical demand coupled with higher stocks with the oil mills. There is an anticipation of good physical uptake by oil mills on expectation of good winter demand may keep prices supported above 4000 levels.

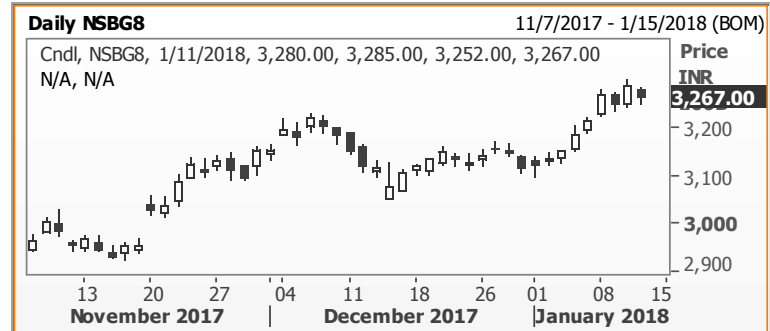
**Technical Levels**

Contract	Unit	Support	Resistance
Soybean NCDEX Feb'18	₹/qtl	3210-3240	3295-3325
Mustard NCDEX Apr'18	₹/qtl	4020-4040	4090-4120

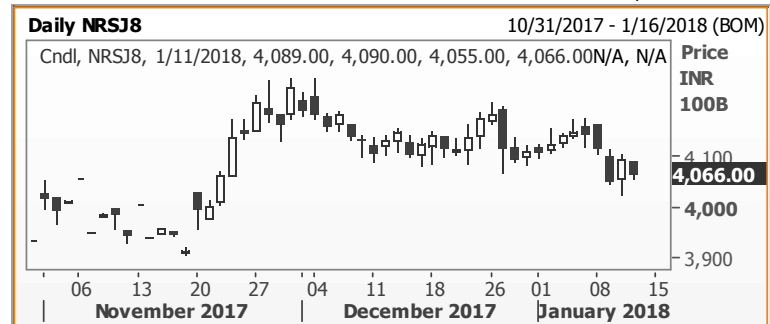
**Market Highlights – Oilseeds**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Soybean Spot- NCDEX -</b>							
<b>Indore</b>	R/10 kg	3333	0.21	4.22	8.36	9.49	
<b>Soybean- NCDEX</b>							
<b>Feb'18</b>	R/10 kg	3267	-0.64	2.57	3.65	7.99	
<b>Soybean CBOT- Mar'18</b>	USc/lb	950	-0.52	-1.83	-4.43	-7.95	
<b>RM Seed Spot- NCDEX</b>							
	MYR/Tn	4032	0.00	-0.81	-1.96	-5.13	
<b>RM Seed- NCDEX</b>							
<b>Apr'18</b>	R/10 kg	4066	-0.66	-1.98	-1.00	-6.11	
<b>Rapeseed-WCE</b>	CAN \$/Tn	485	-0.57	-1.14	-3.54	-2.30	

**Price Chart –Soybean**



**Price Chart –Rmseed**



Source: Reuters

**Refine Soy Oil**

**Refined Soy Oil Feb** contract fell on technical selling by the market participants due to higher stocks in the country and sufficient stocks in the pipeline amid improved domestic crushing and higher imports in November.

Moreover, government has slashed the base import price of all edible oils. For soy oil the base import prices were cut by \$19 per ton to \$813 for the first fortnight of Jan 2018. The government revises base import prices every fortnight based on global prices and changes in foreign exchange rate. Prices were last revised on Dec 30.

According to data released by the Solvent Extractors' Association (SEA), India vegetable oil imports rose around 6% on year to 12.5 lakh tonnes in November. Soyoil imports surged by 66.7% in November to 2.74 lt compared to 1.64 lt last year.

**Crude Palm oil**

**MCX CPO** fell on stronger rupees and weak Malaysian palm oil prices. CPO prices have been trading in a narrow range due to reports of steady demand from the stockists amid sufficient supplies. However, on anticipation that country will import more as Malaysia lifted export taxes may pressurize prices in the coming weeks. Government cuts base import prices of palm oil by \$25 to \$678 per tonnes for the first half of Jan. As per SEA latest report, the stocks of edible oil in the country are higher by 24% compared to last year stocks at 22.67 lakh tonnes.

**Malaysian palm oil futures** fell over 2% on Thursday on stronger ringgit. Gains in the ringgit, palm's currency of trade, usually makes the tropical oil more expensive for foreign buyers. The ringgit had strengthened 0.4 percent to 3.9850 per dollar in the evening, trading in range of its strongest levels in 16 months.

Industry regulator the Malaysian Palm Oil Board reported that palm oil stocks in Malaysia rose 7% on the month to a more than two-year high of 2.7 mt at end-December. Production fell 5.6% on the month to 1.8mt, while exports edged up 4.9% to 1.4 mt. Earlier, Malaysia suspended export taxes on crude palm oil for a three-month period starting on Jan. 8 to boost prices and reduce stockpiles.

**Outlook**

We expect **Ref Soy oil** to trade sideways to lower on some corrections. Moreover, cut in base import prices good stocks may pressurize prices at higher levels. Reports of improved demand in physical market before the start of festival season is supporting.

**CPO futures** may trade sideways to down tracking weak international prices. Moreover, higher stocks and cut in base import prices by the government for first half of January may keep prices in a range. Appreciation in USDINR may also impacted negative for the CPO prices.

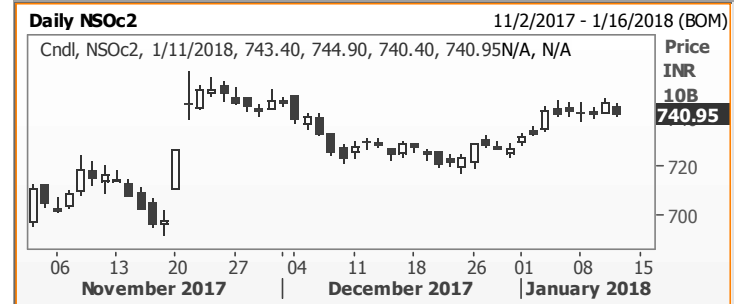
**Technical Levels**

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Feb'18	₹/qtl	734-737	744-748
CPO MCX Jan'17	₹/qtl	550-555	565-570

**Market Highlights – Edible Oils**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	723.4	-0.71	0.44	2.34	-0.9	
Ref Soy oil- NCDEX Feb'18	R/10 kgs	741.0	-0.60	-0.01	1.02	1.7	
Soybean Oil- CBOT- Mar'18	USc/lbs	33.15	-0.90	-2.13	-1.37	-7.5	
CPO-Bursa Malaysia - Mar'18	MYR/T	2567	-2.10	-0.70	4.39	-21.1	
CPO- MCX – Jan'18	R/10 kg	559.5	-0.48	-0.53	-0.39	-4.8	

**Price Chart –Ref Soy Oil**



**Price Chart –Crude Palm Oil**



Source: Reuters

**Chana**

**Chana Mar futures** closed higher on fresh buying by the market participants tracking good demand in physical market at lower prices. Current futures have been trading at nearly 3 year low on reports on higher stocks and good sowing progress. As per government sowing data, area under the chana crop across the country was up 12.7% on year at 103.8 lakh ha as on last week. As per government data, India imported about 5.84 lakh tonnes of chana during Apr-Oct, up by 430% compared the last year imports.

Market participants will shift to Mar delivery contract as margins have been levied on the near month contracts. Earlier, NCDEX imposed a special margin of 5% on the sell side to support falling prices.

**Outlook**

Chana futures may trade sideways to higher today on expectation of further buying at lower levels. However, expectation of higher crop and acreage may keep the prices under pressure.

**Technical Levels**

Contract	Unit	Support	Resistance
Chana NCDEX Mar'18	₹/qtl	3800-3830	3880-3910

**Cotton / Kapas**

**MCX Jan Cotton** closed higher on Thursday tracking firm trend in International cotton and kapas prices in the domestic market. Good physical demand and improved exports are keeping the prices higher. Market arrivals of cotton in the first three months of the 2017-18 marketing season starting October are higher by around 43% over corresponding last year.

However, based on the healthy market arrival trend of cotton so far, the Cotton Association of India (CAI) has maintained the crop size for the 2017-18 season at 375 lakh bales (of 170 kg each) in its latest estimates. Cotton Corporation of India (CCI) has procured around 5 lakh bales this season of which 4 lakh bales have been procured at MSP and the remaining 1 lakh bales as part of its commercial operations.

**ICE cotton** surged nearly 3.8% on Thursday supported by strong export sales report. The USDA on Thursday reported net upland cotton sales of 274,500 running bales (RB) for 2017-18 for the week ending Jan. 4. This was up 42% from the previous week and 16% from the prior 4-week average. Exports of 281,600 RB, a marketing-year high, were up 35% from the previous week and 41% from the prior 4-week average.

**Outlook**

Cotton futures are expected trade sideways to higher due improved physical demand from the domestic mills and higher exports demand from neighboring countries. However, lower than expected production in the country may keep prices supported at higher levels.

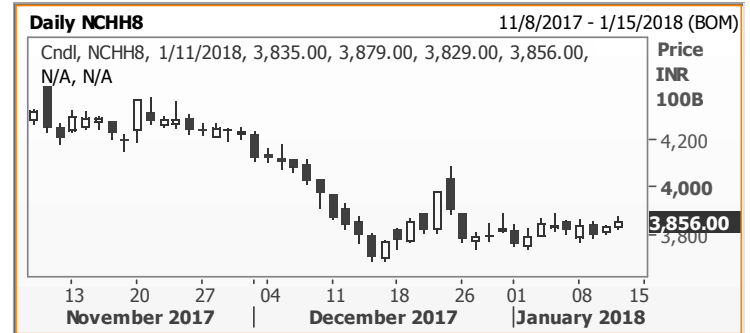
**Technical Levels**

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	979-995	1024-1037
Cotton MCX Jan'18	₹/bale	20150-20400	20950-21200

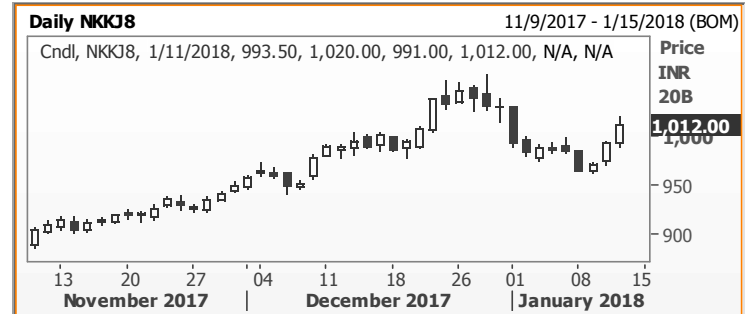
**Market Highlights - Chana & Cotton**

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Chana Spot - NCDEX (Delhi)</b>	₹/qtl	4066	1.3	-4.1	-2.2	#N/A	
<b>Chana- NCDEX-Feb'18</b>	₹/qtl	3856	0.7	0.3	-5.9	#N/A	
<b>NCDEX Kapas Apr '18</b>	₹/20 kgs	1012	1.81	2.53	2.27	-0.78	
<b>MCX Cotton Jan'18</b>	₹/Bale	20740	2.12	2.27	6.96	1.72	
<b>ICE Cotton Mar '18</b>	Usc/Lbs	82.65	3.77	4.29	13.22	14.25	
<b>Cotton ZCE</b>	Yuan/ton	14925	0.24	1.77	-0.83	-1.19	

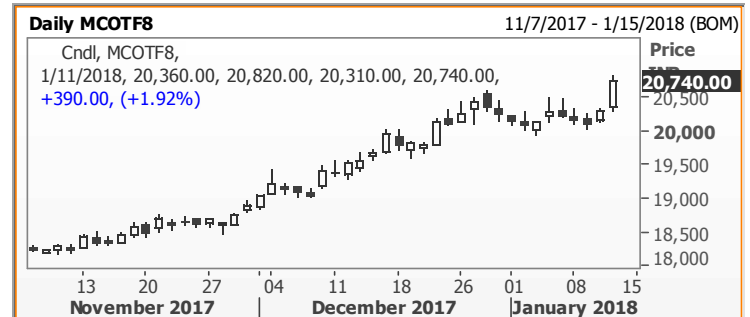
**Price Chart – Chana**



**Price Chart – Kapas-NCDEX**



**Price Chart – Cotton- MCX**



Source: Reuters

## Spices (Jeera & Turmeric)

**NCDEX Mar Jeera** recover on Thursday due to fresh buying initiated by market participants as market participants after falling more than 3.8% in previous two trading sessions. There is an expectation that jeera production may be higher in coming season on reports of higher acreage of cumin in the current season. In Gujarat, Jeera acreage is up by 38% to 3.83 lakh hectares as on 9-Jan-18. Last year, it was 2.88 lakh ha at that same time. Jeera arrivals during first 10 days of Jan 18 Dec were down to 879.5 tonnes on year compared to 3,944 tonnes due to tight supplies and lower stocks with the stockists. Moreover, good progress of jeera sowing in Gujarat pressurizes prices.

As per government data, Jeera exports during first seven month of FY 2017/18 (Apr-Sep) is 88,229 tonnes, up 11% compared to last year exports volume for the same period. India's jeera exports in October increase by 37% on year to 10,402 tn.

**Turmeric Apr** contract closed higher on short covering by the Market participants. The supplies from the new season turmeric have been lower during first 10 days of Jan at 4,118 tonnes compared to 5,527 tonnes last year, as per Agmarknet data. The export of turmeric is down by 17% to 63,395 tonnes for the first 7 month of FY 2017/18 compared to last years' exports.

### Outlook

We expect **Jeera** Jan futures may trade sideways to lower today due to good sowing progress in Gujarat keeping prices under pressure. The demand is also waning for oil crop due to higher prices. Fresh exports demand may keep the prices supported.

**Turmeric Apr** futures expected to trade sideways to higher due to improving physical demand and lower than expected supplies. However, expectation of improvement in up country demands for new season crop may support prices in coming weeks.

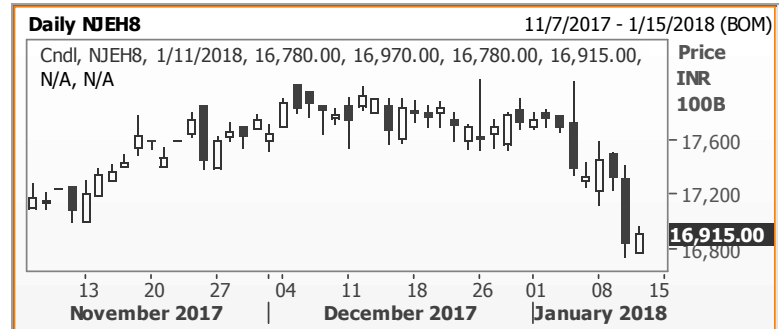
### Technical Levels

	Unit	Support	Resistance
<b>Jeera NCDEX Mar'18</b>	₹/qtl	16500-16700	17100-17300
<b>Turmeric NCDEX Apr'18</b>	₹/qtl	7440-7510	7630-7690

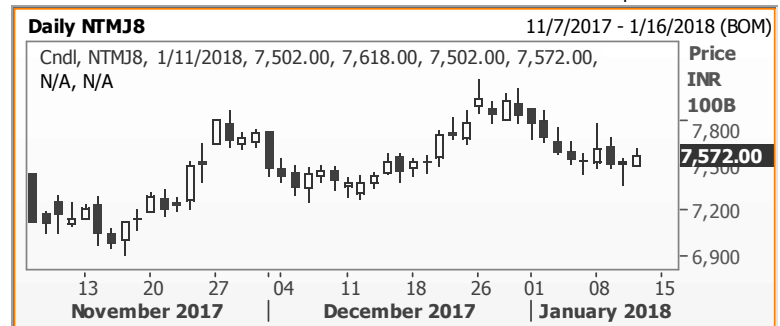
## Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
<b>Jeera Spot- NCDEX - Unjha</b>	R/qtl	20630	0.43	-1.02	-1.28	13.04	
<b>Jeera- NCDEX Mar'18</b>	R/qtl	16915	0.39	-2.73	-4.70	13.73	
<b>Turmeric Spot-NCDEX</b>	R/qtl	7650	0.44	-1.18	1.92	4.90	
<b>Turmeric- NCDEX Apr'18</b>	R/qtl	7572	0.56	0.29	2.55	14.38	

## Technical Chart – Jeera



## Price Chart – Turmeric



Source: Reuters

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