

Agri-Fundamentals

Soybean

NCDEX Soybean Nov futures closed higher on Thursday on short covering by the market participants hoping for higher demand for new season crop as prices are less than minimum support price. Market participants are expecting lower arrivals in the physical market because of festival season in coming weeks. In a press release SOPA, has estimated 2017-18 (Oct-Sep) soybean output at 9.15 mt, down from 11.49 mt a year ago.

Moreover, lower on reports of lower meal exports in September coupled with sufficient arrivals from new season crop is pressurizing the prices. India's soymeal exports during September were at 9,650 tn, down 21% from a year ago. Moreover, huge carryover stocks also weigh on prices. The arrival of soybean during first 10 days of October was 2.91 lakh tonnes which is higher compared to last year arrivals (1.75 lt) for the same period.

U.S. soybean to a 2-1/2-month high on Thursday after the U.S. Department of Agriculture lowered its U.S. soybean yield estimate in a monthly report, bucking trade expectations for a slight increase. The USDA cut its U.S. soybean yield estimate to 49.5 bushels per acre (bpa), down from 49.9 bpa in September projections. Soybeans drew additional support from worries about below-normal rainfall in northern portions of Brazil's soy belt, where planting is under way.

RMseed (Mustard seed)

Mustard Nov futures closed lower on Thursday on fresh selling by the market participants. The fall was restricted on reports of good meal exports during the first 6 months of new financial year and increasing demand for winter crushing. Reports of higher stock levels in the country and good physical demand from the oil mills is keeping the price steady.

There are improved mustard meal exports in first 6 month of FY 2017/18. Country exported 242,661 tonnes mustard meal during this period which is 76.4% higher on year. As per data compiled by Mustard Oil Producers Association of India, Oil mills across the country crushed 425,000 tn of mustard seed in September, down around 6% from previous month.

Outlook

Soybean futures are expected to trade on sideways as new season arrivals may keep pressure on prices. However, on reports that government is expected to step in for procurement of soybean in Maharashtra and Rajasthan to help farmers. Lower acreage in the country and improved prices of edible oil may support prices.

Mustard seed futures expected to trade sideways due to higher stocks and good physical demand from the oil mills. It is expected that there will be good demand for crushing in the winter. However, higher carryover stocks can keep the prices steady.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Nov'17	₹/qtl	2870-2900	2950-2980
Mustard NCDEX Nov'17	₹/qtl	3750-3780	3840-3870

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Soybean Spot- NCDEX -							
Indore	R/10 kg	2885	0.45	-1.33	-5.50	-5.10	
Soybean- NCDEX							
Nov'17	R/10 kg	2923	0.45	-1.08	-7.15	-6.64	
Soybean-CBOT Nov'17	USc/lb	992	2.77	2.03	3.33	3.06	
RM Seed Spot- NCDEX							
Nov'17	MYR/Tn	3900	0.00	0.00	-1.63	-17.36	
RM Seed- NCDEX							
Nov'17	R/10 kg	3815	-0.37	0.03	-1.95	-18.40	
Rapeseed-WCE	CAN \$/Tn	496	0.45	-0.20	2.06	1.68	

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Nov futures closed slightly higher on Wednesday on expectation of good demand in coming weeks but the prices have been trading in tight range. Sufficient stock of edible oil at ports is weighing on futures.

Soy oil the prices in physical market is falling as stockiest have good stocks ahead of festival season. Government kept the base import price of crude soyoil was kept unchanged at \$851/tonnes for the first half of October.

The government revises the base import prices every fortnight, based on global prices and changes in foreign exchange rate. Prices were last revised on Sep 15.

Crude Palm oil

MCX CPO closed lower on profit booking but prices have been trading in a range due to sufficient supplies with the stockiest. Moreover, higher supplies in the domestic market are keeping the prices in tight range.

The prices have been supported at higher levels due to increase in tariff value for the first half of October. The government increased the base import price of all palm oils, with the steepest hike of \$30 per tn for refined, bleached and deodorised palm oil.

The stock of CPO as on 1st Sept., 2017 at various ports is estimated at 3.4 lakh tonnes compared to 2.7 lakh tonnes in previous month. According to SEA release, during November-August period, crude palm oil import increased to 50.82 lt from 46.70 lt during the same period of the previous oil year.

Malaysian palm oil on Thursday extended gains for a second session, buoyed by stronger soyoil and technical buying. The rise in palm prices was supported by gains in soyoil futures on the Chicago Board of Trade and China's Dalian Commodity Exchange.

Cargo surveyor Intertek Agri Services on Tuesday reported Malaysia's palm oil exports during Oct 1-10 at 448,349 tonnes, up 18% on month, while SGS reported a 16.5% rise in exports at 462,082 tonnes. Market players are concerned about much higher production in Malaysia for the October month. Rising output could contribute to gains in inventory levels, which hit the 2 mt mark at end-September which is highest in last 19-months.

Outlook

We expect **Ref Soy oil** to trade sideways to higher tracking firm International prices. Moreover, good physical demand due to festival season coupled with seasonal arrivals of oilseed and higher imports of edible oil may keep the prices in range.

CPO futures may trade sideways on mixed fundamentals of firm International prices and higher stocks levels in the country. But good festive demand and higher import duty for edible oil may keep the prices supportive.

Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Oct'17	₹/qtl	658-662	669-673
CPO MCX Oct'17	₹/qtl	525-530	540-545

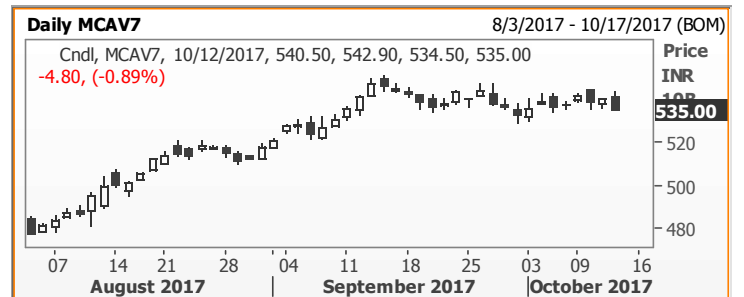
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	659.5	0.86	-1.00	-1.57	1.5	
Ref Soy oil- NCDEX Nov'17	R/10 kgs	665.1	0.17	0.82	-0.82	-2.3	▲
Soybean Oil- CBOT- Dec'17	USc/lbs	33.28	0.39	1.00	-5.32	-2.5	
CPO-Bursa Malaysia - Dec'17	MYR/T	2711	0.56	-0.70	-3.25	3.1	
CPO- MCX – Oct'17	R/10 kg	535.0	-0.83	-0.41	-0.06	-0.1	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Chana

Chana futures recover on Thursday from the lowest levels in two months on bargain buying and expectation that the MSP may be increased for the new Rabi season. However, the chana prices fall from Rs. 6,400 per quintal levels during August last week to Rs. 5,200 levels currently due to reports of higher stocks with the stockists and traders on higher production and imports during last year.

Chana production last year was increase by 32% to 93.3 lakh tonnes (lt) compared to 70.6 lt in the previous year. Moreover, the imports of chana during first four month of FY 2017/18 jumped by 655% to 2.44 lakh tonnes compared to 32,258 tonnes last year for same period.

Outlook

Chana futures may trade sideways to down on expectation of higher stocks and steady demand. But the prices may have some support due to festival demand and MSP increase prospects.

Technical Levels

Contract	Unit	Support	Resistance
Chana NCDEX Nov'17	₹/qtl	5020-5100	5260-5340

Cotton / Kapas

MCX Cotton Oct futures tank more than 1.2% on Thursday mainly on profit booking as recent rains in the cotton growing states may improve production in the country. Good demand for new season cotton and reports of good exports demand for Indian cotton from the Asian countries.

According to the first advance estimates for 2017-18 released by the government, India's 2017-18 (Jul-Jun) cotton output is pegged at 322.7 lakh bales (1 bale = 170 kg), down 2.5% from 330.9 lakh bales in 2016-17.

ICE cotton futures on Thursday fell over 1 percent to post their biggest percentage fall in three weeks after federal data estimated that U.S. 2017/18 production was not reduced by recent hurricanes as much as the market had expected.

The USDA, in its monthly World Agricultural Supply and Demand Estimates (WASDE) report, lowered U.S. production estimates for the 2017/18 crop year by 643,000 bales to 21.12 million bales. The cuts in U.S. production were reported largely in Texas and Georgia, the two top cotton-producing states impacted by hurricanes Harvey and Irma.

Outlook

Cotton futures are expected trade sideways on weak international prices but reports of lower than expected crop size, cci procurement and improved exports demand for Indian cotton may support prices. Expectation of good production and carryover stocks may keep prices steady during the arrival seasons.

Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	845-860	885-900
Cotton MCX Oct'17	₹/bale	18600-18800	19250-19500

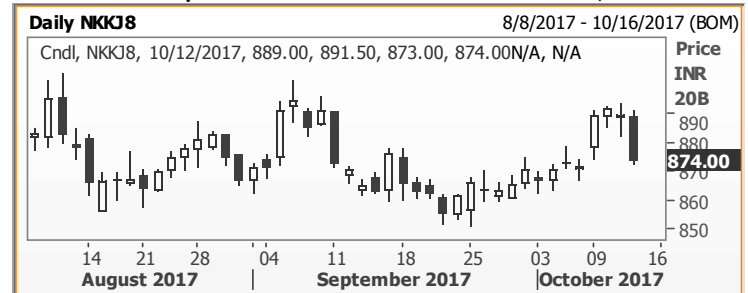
Market Highlights - Chana & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Chana Spot - NCDEX (Delhi)	₹/qtl	5169	0.7	-2.6	-13.8	6.5	
Chana- NCDEX-Nov'17	₹/tonne	5172	1.0	-1.8	-16.3	-36.4	
NCDEX Kapas Apr '18	R/20 kgs	874	-1.74	0.23	0.11	-1.24	
MCX Cotton Oct'17	Rs/Bale	19030	-1.25	1.93	1.06	-0.05	
ICE Cotton Dec '17	Usc/Lbs	67.84	-1.29	-1.45	-5.92	-3.87	
Cotton ZCE	Yuan/ton	14935	-0.67	#N/A	-4.17	-0.43	

Price Chart – Chana



Price Chart – Kapas-NCDEX



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera closed higher on Thursday due to fresh buying seen in the contract on expectation that the demand may resume. Currently there is subdued demand from the physical players due to weak exports demand. **As per government data, Jeera exports during first four month of FY 2017/18 (Apr-Jul) is 49,205 tonnes, down 11% compared to last year exports volume for the same period.** India's jeera exports in Jul down 12% on year to 7,498 tn.

The arrivals have been higher during first 10 days of October at 1,873 tonnes compared to 625 tonnes last year same period according to Agmarknet data .

Turmeric futures for Nov delivery continue to trade higher for the third consecutive day due to short covering by the market participants. The trend looks positive due to wet conditions in the southern peninsula which may affect the production.

The export of turmeric is down by 16.4% to 41,517 tonnes for the first 4 month of FY 2017/18 compared to last years' exports. For 2017/18, turmeric sowing in Telangana, this season down 1.5% to 44,956 hectares as compared to last year acreage of 45,633 hectares.

Outlook

We expect **Jeera** Nov futures expected to trade sideways due to higher supplies in the physical market but the prices have seen some uptrend during this week on reports of improving physical demand. Higher stocks in the NCDEX warehouse coupled with weak physical demand at higher prices are also pressurizing prices. Moreover, lower exports may also keep the prices under pressure.

Turmeric futures expected to trade sideways to higher as market is expecting production loss in turmeric due to wet weather conditions in Telangan. Moreover, good demand from the institutional buyers is positive for turmeric prices.

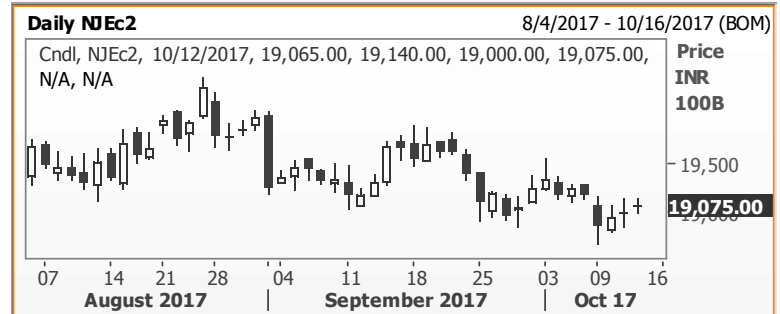
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Nov'17	₹/qtl	18700-18900	19200-19400
Turmeric NCDEX Nov'17	₹/qtl	7320-7400	7580-7670

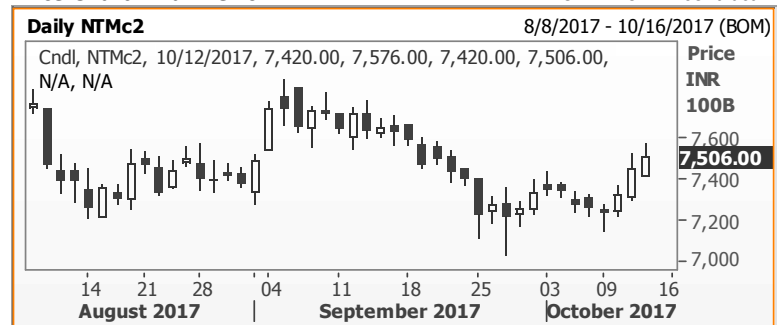
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX - Unjha							
	R/qtl	18930	0.42	0.01	-1.41	8.33	
Jeera- NCDEX Nov'17							
	R/qtl	19075	0.39	-0.63	-0.99	11.70	
Turmeric Spot-NCDEX							
Turmeric- NCDEX							
Nov'17							
	R/qtl	7488	0.73	1.76	-3.66	-0.83	
	R/qtl	7506	0.75	3.36	-2.54	5.81	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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

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