

**Highlights:**

- After the initial weakness in Agri markets, commodities bounced back strongly with near term sentiments now looking moderately firm.
- Reports of floods in many areas – mainly in Central and South India are creating apprehensions of crop damage. This would be Bullish for the long term, once confirmation is there.
- Rising export demand – aided by firm Dollar vs Rupee amidst rising Festive season demand – prices being fuelled further by rising Crude oil (Petrol and Diesel prices) are supporting market sentiments. Falling stocks with no new arrivals of crops too are keeping prices firm.

**Jeera**

- Markets bounced back from the lower levels for Jeera as demand started rising after the recent dips in prices. Moderate festive season demand on the domestic front and a rise in export demand are expected to provide support to the prices.
- Shifting of export demand towards India— aided by a firm Dollar vs Rupee would support prices in medium term. Rising export demand from China amidst falling arrivals kept supporting the price. Good monsoon reports had capped the upside somewhat. Demand is expected to rise at these lower levels —aided by a firm Dollar vs Rupee and firmness in crude oil price.
- Due to high prevailing rates last year, more sowing was done for Jeera. Good rains in Gujarat and Rajasthan further boosted productivity aspects and traders estimate the crop to be between 65-75 lakh bags. Jeera acreage in Gujarat is up by 38% to 3.83 lakh hectares as on 15-Jan-18. Acreage was 2.88 lakh ha at that same time.
- Falling production in International markets like Turkey and Syria due to on-going political tensions in those countries have shifted the exports towards India. This could well have a long term Bullish impact from May onwards as exports start rising.
- Due to better crop expectations, traders expect lower levels and firm Dollar could enhance export demand and support prices in coming sessions. Improved production prospect limits the upside. But now prices are quite low therefore some gains can be expected this week.
- Government has reported exports during FY 2017-18 (Apr-Mar) at 143,670 tonnes, up 21% in quantity and 23% in value vs earlier year. Exports from China have shown improvement. Demand from Gulf countries too has shifted to India as geopolitical tensions in Turkey and Syria adversely affected the production and the exports from there. India became major beneficiary due to this reason.



**NCDEX Jeera September**

Close	19300
S1	19160
S2	19080
R1	19440
R2	19600



**Turmeric**

- Turmeric failed to show any strong recovery even as prices found immediate support at these levels after the recent dips from improved sowing reports. Even as technical is still not very strongly positive, there are expectations of demand on the domestic and export front picking up with harvesting still time away. Traders though anticipate that with prices at very low levels, further fall may be limited.
- Ready demand in mandis improved in major mandis however resulted in smart gains. With prices turning significantly cheaper, buying interest might be robust like previous day.
- However, as Monsoon is expected to pick up in coming days, a strong recovery is unlikely with sowing expected to improve. Earlier, good monsoon reports had kept pressure on prices on better sowing prospects. But rise in export and domestic demand could support prices and prevent too much fall from these levels.
- April turmeric had posted high above 8000 last year amid expectations of rising export prospects and talks of lower sowing prospects versus last year but could not sustain above 8000. Total demand is expected at 105 lakh bags approx —as per traders. The overall stock level is expected far below that—leading to a demand-supply gap—keeping prices firm in medium term.
- Earlier, production forecast of 2015-2016 was lowered by Govt from 11.90 lakh tons to 8.52 lakh tons, amidst falling stocks. Government has reported exports during FY 2017-18 (Apr-Mar) at 107,300 tonnes, down 8% in quantity and down 17% in value vs earlier year. Lack of good quality produce had adversely affected the export demand.



**NCDEX Turmeric September**

Close	6776
S1	6728
S2	6666
R1	6856
R2	6920

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## Mentha Oil



**MCX Mentha Oil September**

Close	1766
S1	1748
S2	1734
R1	1788
R2	1816

- Profit booking at the higher levels after the recent rise brought some dips to Mentha Oil prices. Sentiments remained positive however on rising demand in mandis amidst falling arrivals as new crop arrivals get over. With harvesting getting over, the export and domestic demand for the new crop is on the rise. This could support prices in the medium to long term. Rains in growing regions of UP have reportedly adversely affected harvesting process—leading to firm prices.
- Mentha oil output has not increased in past few years and the number has been steady to lower. But in response to decent appreciation in last years' prices, farmers sowing improved resulting in increase in production prospects. Therefore the total availability of natural total availability of oil will

rise this year but due to rising exports prospects, estimates for ending stocks has been reduced even lower than previous year.

- Rains in growing areas could adversely affect the ongoing harvesting activities in UP. Good crop sowing reports have been noted earlier this year. Short term trend and the harvesting remains dependent on the weather factor in UP.
- As of now traders expect a 20-25% rise in sowing versus last year. Higher sowing figures amidst lack of strong demand had kept any strong uptrend limited. In longer run traders expect demand to pick up at lower rates and a firm trend can be expected then.

- High prices seen last year have ensured better sowing this year. But fall in carry forward stocks, over last year could support prices in medium term. During last year prospects of improving industrial demand and lower production had pushed prices significantly high. Lower Demat stocks in MCX warehouses noted will be another bullish factor. All in all the view for remaining part of the month will be positive. Govt has reported exports of Mint and Mint products during FY 2017-18 (Apr-Mar) at 21,500 tonnes, down 4% in quantity but up 28% in value vs earlier year.



## Cotton / Kapas



**MCX Cotton October**

Close	22910
S1	22820
S2	22760
R1	23020
R2	23120

- Bearish trend persisted for Cotton / Kapas on weakness in International markets as improved Monsoon activities in North-West India too pressurized market sentiments. Bearish reports from USDA pressurized rates. Govt doubled import duty on 328 textile items to 20%. Rise in duties would give edge to domestic manufacturers as imported products are currently cheaper. Trade war between US and China too kept pressure on market sentiments. Prospects of rising export demand from China for India amidst lower rains in Gujarat could support prices. Due to delayed monsoon, pace of cotton sowing has been sluggish in Gujarat at 241,578 ha as of June 25, down 64% from last year's 675,600 ha. The ICAC says, production may be 25.89m tons, down from 25.94m estimated last month, while consumption may rise to a record 27.46m tons from 26.38m year on year. However, the July forecast was 27.42m. Ending stockpiles may be 17.7m tons, down from 17.8m estimate last month. A year earlier, output was 26.87m tons and inventories were 19.29m. Global production for 2018/19 season is

currently projected at 25.9 million tonnes, which would represent a 4% decrease. Global consumption is projected to increase 4% to 27.5 million tonnes. Cotton demand is strong, with consumption projected to increase 4% to reach an all-time high of 27.5 million tonnes in 2018/19. Stocks in China are projected to fall for 5th consecutive year to 7.5 million tonnes, while stocks outside are expected to remain stable at 10.1 million tonnes. Cotton area in 2018/19 is projected to decrease in major producing countries including India (11.9 million hectares, down 3%) and the USA (4.25 million hectares, down 5%), although it should remain stable in China at 3.3 million ha.

bales. Ending stocks are 600,000 bales higher this month. Projected world 2018/19 ending stocks are down 1% this month, due to a combination of lower beginning stocks and higher consumption offsetting higher production. Beginning stocks are reduced 450,000 bales, reflecting both lower production and higher consumption estimates for 2017/18. Production in 2018/19 is increased 400,000 bales, with higher expected crops in US, Argentina, and Turkey offsetting reduced crops in Uzbekistan, Australia, and Turkmenistan. Consumption is raised 660,000 bales, led by a 300,000-bale increase for Pakistan, with smaller increases in Indonesia, Turkey, and other countries.

- USDA: This month's 2018/19 U.S. cotton forecast includes higher beginning stocks, production, exports, and ending stocks relative to last month. Production for 2018 crop is raised 4% to 19.2 million bales. Beginning stocks are raised 400,000 bales due to lower-than-expected 2017/18 exports and domestic consumption, and 2018/19 exports are 500,000 bales higher, at 15.5 million



## Guar gum



**NCDEX Guar gum October**

Close	9185
S1	9076
S2	9000
R1	9340
R2	9480

- Price found some support for Guar after recent fall in prices due to good rains in Rajasthan. Prices were unable to breach the 10,000 levels as profit booking set in with traders waiting for dips after the recent highs, before initiating fresh demand in mandis. Rains in Rajasthan too adversely affecting market sentiments. However, as the bearish impact of rains gradually get over with prices on the lower side and sowing period too nearing end, fall in prices may be limited from the monsoon factor. Earlier low rains in Rajasthan ensured lower sowing area. Lower export figures so far are however keeping uptrend limited. Prospects of better export in coming weeks amidst falling stocks are likely to support prices in long term. Firmness in crude oil prices, continuously falling Rupee amidst falling stocks and rising export demand—all these are factors that could lead to long term Bullish

impact on Guar prices. Water in canals of Sri Ganganagar and Hanumangar reportedly low. Rise in Moong MSP by 25% could shift crop there—leading to further fall in acreage for Guar. Falling export demand from US oil drilling industry which is relying more on cheaper substitute of slick water and friction reducer from China had been keeping strong upside movement limited for Guar.

- For the week ended July 6, 2018, the number of land rig drillings for oil in US totaled 863 – 5 times more than previous week and up by 100 vs an year back. Rising export demand from shale gas industry of N America due to rising crude oil prices have now been noted. As per global organizations, USA will lead in oil production in 2018 hence usage of guar gum might remain higher this year. It may be noted that Guar gum is used as drilling

chemical and gelling agent in fracturing process. Strength in crude oil will help its export demand. Consumption of drilling chemicals is increasing with rising crude oil prices. Market report says that guar gum export was 40% higher than last year until Dec. This year, as per estimates, Guar seed production will be lower than the previous year at 70-80 lakh bags. In 2017-18, Indian exports were at 4.4 lakh tonnes of Gum and this is expected to rise further this FY.



**Ref Soy Oil**



**NCDEX Soy Oil September**

Close	731.5
S1	729.4
S2	727
R1	734
R2	737

- Positive inputs from soybean and lack of fresh bearish cues from global edible oil markets pushed soya oil prices higher. Soya oil had faced resistance in moving above 750 level in recent weeks, although the downside has been limited up to 725-727. The first month derivative had bounced significantly from 725 level just couple of days back.

- The near term trend for palm oil seems better as cheaper offer have made this oil highly competitive in edible oil segment. Palm oil and soya oil have a positive correlation with each other— therefore soya oil price direction, shall also be driven by palm oil to some extent. In this case this would be offering support to the domestic/global soya oil prices. Price direction in near term will be also

depending on factors such as the currency fluctuations, inventories lying in the ports and foreign trade policies i.e. import duty hike possibilities etc. As per charts Sep soy oil shall show moderate recovery next week if continues holding above 725.

- The edible market in recent months had maintained a cautious stance over the start of the China-U.S. trade tariffs. It may be noted that U.S. tariffs on \$34 billion worth of Chinese imports were adversely effected just few weeks back, after a deadline was passed. Recently the world's two biggest economies i.e US and China took a high-stakes turn towards an all-out trade war due to which edible prices are not able to sustain higher currently. Although the trade restrictions between China

and USA shall put pressure few weeks back, but with China removing import duty on soymeal from India just few weeks back, it will be seen as a supportive factor for soy oil to a great extent.

- The USDA report released this month was perceived as bearish but as global market participants have discounted these factors already, prices in near term may prefer to remain in northward territory.



**Soybean**



**NCDEX Soybean October**

Close	3225
S1	3203
S2	3182
R1	3252
R2	3275

- Soybean futures once again found fresh buying interest. Reserved selling mood amongst stockists and positive global cues helped soybean in posting moderate recovery. As viewed on the charts, NCDEX October soybean in near term may rise up to 3290-3350 at least, if fails to sustain below 3150 on any particular week.

- Soybean had been unable to post upside rallies in recent weeks, although prices could not fall much from strong support levels. At current rates, which are quite low, demand prospects may improve in coming days. From a month's perspective, lean season for Indian/US soybean and decreasing South American supply pressure will be keeping speculative buyers active in the futures market. All in all we expect downside in soybean futures to remain capped as of now. The trade war between US and China will be seen as a positive news for

domestic soy meal export, prospects in coming weeks/months. The recent import duty hike on edible oils and expected significant rise in MSP for Kharif crops shall continue helping the domestic futures to maintain firm levels in near term.

- USDA report : Global oilseed 2018/19 supply and demand forecasts include higher production, exports, crush, and stocks compared to last month. Production for 2018/19 is projected at 603.1 million tons, up 10.5 million with higher soybean, sunflower seed, cottonseed, and peanut production partly offset by lower rapeseed. Global soybean, peanut, and cottonseed crops are raised on higher U.S. production. Conversely, hot, dry weather in northern Europe resulted in a 1-million-ton reduction to EU rapeseed production. Other oilseed production changes include higher sunflower seed and rapeseed pro-

duction for Russia and Ukraine due to beneficial weather conditions over the past few weeks. Global oilseed exports for 2018/19 are projected at 182.5 million tons, up 1.2 million with higher soybean exports for the United States and higher rapeseed exports for Ukraine. Global crush is raised 1.2 million tons to 501.8 million. Lower soybean crush for China and rapeseed crush for the EU are offset by higher rapeseed crush for Russia and sunflower seed crush for the EU, Russia, and Ukraine. With larger increases to supply than use, global oilseed stocks are raised 8.3 million tons to 119.9 million.



**RM Seed**



**NCDEX RM Seed September**

Close	3984
S1	3962
S2	3940
R1	4020
R2	4050

- RM seed posted a moderate recovery yesterday. Reports of good rains across key producing regions of Rajasthan had pressured mustard a day before, on ideas of improving soil moisture, necessary for crop growth during the planting season. However, with prices turning significantly cheaper, and fresh reports of India likely to resume export of rape meal from China, we now do not anticipate much fall now and prices in medium term may find strong support. The trade war between US and China is seen as a positive news for Indian rape meal exports from a broader perspective. The projected decline in domestic mustard's sowing area versus last year will

be seen as a key bullish fundamental in broader term. Reports on future demand prospects for DOC will be equally important. Also, likelihood of a decent jump in summer season demand shall be checking any major price fall.

- Reports of NAFED agency given permission to sell mustard in open market will continue pressurizing prices but with prices nearing the 3950 mark, downward movement is most likely to be short lived now. At these lower levels, sellers might refrain from fresh deals in mandis, which would prevent any sharp fall in futures prices from current levels. On the other hand bearish reports for the oil com-

plex sector in USDA may pressurize market sentiments for RM Seed to some extent. Overall, lowering arrivals, and improving better export demand prospects in RM DOC shall continue supporting prices at lower levels in forthcoming sessions, or weeks.

- RM seed futures will stabilize once the probable impact of NAFED selling is discounted fully. Considering the broader fundamentals, buying interest on the whole, may remain impressive in coming weeks. Logically, in coming months, the first month derivative will tend to move above 4200/4300 and sustain, if Rape meal exports turn healthy.

Commodity	Exchange	Contract	Close	S1	S2	R1	R2	Expected Intraday Trend
Soybean	NCDEX	Oct	3225	3203	3182	3252	3275	Sideways firm opening, may fall later
RM seed	NCDEX	Sep	3984	3962	3940	4020	4050	Sideways firm opening, may fall later
Castor seed	NCDEX	Sep	4612	4574	4544	4646	4692	Sideways firm opening, may fall later
Ref Soy Oil	NCDEX	Sep	731.5	729.4	727	734	737	Sideways firm opening, may fall later
CPO	MCX	Sep	596	592.4	590.6	599.8	604	Sideways firm opening, may fall later
Jeera	NCDEX	Sep	19300	19160	19080	19440	19600	Sideways firm opening, may fall later
Turmeric	NCDEX	Sep	6776	6728	6666	6856	6920	Sideways weak opening, may recover later
Dhaniya	NCDEX	Sep	4592	4544	4488	4646	4712	Sideways weak opening, may recover later
Cotton	MCX	Oct	22910	22820	22760	23020	23120	Sideways weak opening, may recover later
Cocudakl	NCDEX	Sep	1655	1634	1622	1672	1692	Sideways opening, may recover later
Kapas	NCDEX	April	1144	1140	1135	1150	1156	Sideways weak opening, may recover later
Mentha Oil	MCX	Sep	1766	1748	1734	1788	1816	Sideways weak opening, may recover later
Chana	NCDEX	Sep	3894	3844	3816	3940	4020	Sideways opening, may recover later
Guargum5	NCDEX	Oct	9185	9076	9000	9340	9480	Sideways opening, may recover later
Guar seed 10MT	NCDEX	Oct	4282	4242	4218	4322	4372	Sideways opening, may recover later

