

Highlights:

- **High volatility persisted for the Agri sector as markets found some support at these lower levels in expectations of a rise in export and domestic demand in the coming weeks.**
- **Firmness in oil complex and kapas/cotton in International markets supported prices as moderate recovery in crude oil prices and strengthening of Dollar vs Rupee supported the market sentiments. As arrivals remain low, any rise in trading activities in mandis could ensure recovery in prices for the agri sector.**

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Jeera

- Jeera could not sustain above the psychological 19,000 mark as moderate dips continued for the commodity. The recent reports of rains in parts of growing areas in Gujarat and Rajasthan amidst reports of improved sowing with cooler climate likely in coming weeks had kept trend down. At these lower levels, recovery likely this week.
- Falling stocks, rising demand and expected fall in sowing from lower rains amidst delayed sowing reports in Gujarat/Rajasthan are supporting factors. Reports from Gujarat indicate a below normal rain to adversely affect the overall sowing. Massive rainfall deficit in Saurashtra and Kutch in Gujarat and in West and South Rajasthan could have some long term Bullish impact on the commodity prices. Firm demand on the export and Festive season domestic front will be seen as a supportive factor in addition to approaching festive season.
- Rising export demand from China noted. Due to high prevailing rates last year, more sowing was done for Jeera last year as traders estimate last year crop to be between 65-75 lakh bags (of 55 kg each). According to Gujarat gov-

ernment data on rabi sowing, as on November 26, jeera sowing was completed on 1,22,200 hectares, which is down by 36% against what was reported in the same period last year. Canal irrigation in some parts of Rajasthan may however keep production from falling too much.

- Falling production in International markets like Turkey and Syria due to on-going political tensions in those countries have shifted the exports towards India. Market estimates put exports at about 1.25 lakh tonnes so far this year and there is a possibility of it touching a record 1.75 lakh tonnes by the end of this fiscal. The highest export volume was recorded at 1.55 lakh tonnes in 2014.
- 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 January

Close	18810
S1	18680
S2	18540
R1	18960
R2	19120



Turmeric

- Even as Turmeric found immediate Resistance after the recent recovery in prices, prices kept trending firm on reports of lower stocks in mandis amidst moderate demand at these lower levels. Arrivals remained low at these low levels as traders were not willing to sell at these lower levels.
- Rise in domestic and export demand are likely to support prices in coming weeks with new crop arrivals only in Dec—end. All these factors could provide support to the prices that have fallen a lot. These lower levels are not sustainable also—as per traders. Good sowing reports had kept sentiments negative. Traders though anticipate that with prices at very low levels, further fall may be limited.
- 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 April

Close	6630
S1	6566
S2	6516
R1	6692
R2	6760

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Mentha Oil



MCX Mentha Oil December

Close	1616
S1	1604
S2	1588
R1	1628
R2	1644

- Mentha oil found strong support at these lower levels after the recent dips in prices as traders anticipate the winter season demand to gradually start rising. Overall sentiments are likely to recover during the winter season. Adverse reports on the production front too shall continue supporting prices.
- The output has not risen 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 rise in production prospects. Therefore the total availability of natural total availability of oil will rise this year.
- As of now traders expect a 20-25% rise in sowing versus last year. It should be noted that this year's production expectation of 38500-39000 MT remains slightly above the average production of 36,968 MT productions seen in between 2013-2018. Therefore expectations of a significant jump in production over last year due to is ruled out.
- In long run traders expect demand to pick up at lower rates and a firm trend can be expected. 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. We had seen historical low carry-over stocks of Mentha oil in domestic markets last year, this year again we are entering the new marketing year wherein the stocks to use ratio is more tight and making the commodity vulnerable to any supply disruptions, even for a short term.
- Rains in growing regions of UP have reportedly adversely affected the oil production process—thus supporting futures prices. Due to improving exports prospects, estimates for ending stocks has been reduced even lower than previous year.



Cotton / Kapas



MCX Cotton December

Close	21970
S1	21880
S2	21800
R1	22120
R2	22280

- Easing of tensions on the US-China trade war front provided support to cotton/kapas prices as the exports from the US is set to pick up. This could support falling prices as of now.
- CAB (Cotton Association Board) has lowered the 2018-19 crop at 361 lakh bales from 370n lakh bales last year. CAI has further reduced crop size for 2018-19 at 343 lakh bales (each of 170kg) from 365 lakh bales in 2017-18—attributed to adverse impact of drought-like situation in growing regions of Gujarat, Maharashtra and Karnataka. Govt had doubled import duty on 328 textile items to 20%, giving edge to domestic manufacturers as imported products are currently cheaper. Prospects of rising export demand from China for India due to US-China trade war could support prices. Demand is also expected to rise from Pakistan, Vietnam and Bangladesh. The ICAC says, production may be 25.89m tons, down from 25.94m estimated earlier, while consumption may rise to a record 27.46m tons from 26.38m year on year. 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—a 4% fall. Global consumption is projected to increase 4% to 27.5 million tons. Cotton demand is strong, with consumption projected to rise 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. Traders expect cotton production in 2018 to fall 4.7% from the previous season to 34.8 million bales due to lower rainfall in key cotton growing states and attack of pink bollworms
- USDA: U.S. balance sheet shows lower production, consumption, exports, and ending stocks. Production is reduced 1.35 million bales due mainly to decreases in the Southeast, reflecting the impact of adverse weather. Domestic mill use is reduced 100,000 bales and exports are reduced 500,000 bales. Projected ending stocks in 2018/19 are 700,000 bales lower this month, at 4.3 million bales. This month's 2018/19 world supply and demand forecasts include lower beginning stocks, production, consumption, trade, and ending stocks. Forecast global production is reduced 2.3 million bales as smaller expected crops in US, India, Pakistan, and Turkmenistan offset an increase in Benin. Consumption is reduced 875,000 bale. Global ending stocks are 1.8 million bales lower at 73 million bales.



Guar gum



NCDEX Guar gum January

Close	8860
S1	8760
S2	8680
R1	8976
R2	9120

- Markets failed to hold onto the gains of earlier days as no strong recovery in Crude oil prices was noted. Firmness in Dollar could however support prices at these lower levels as exports are expected to pick up amidst falling arrivals in mandis.
- Prospects of lower production from less rains received in Rajasthan supported prices. Reports of lower arrivals of new crop amidst prospects of fall in sowing area are Bullish factors. With low rains reported in West Rajasthan and excess rains reported in East Rajasthan this year, market sources believe both these factors to be damaging for the crop.
- With stocks reportedly on the lower side and falling, amidst no new arrivals for now, sentiments are looking positive for the counter. As the bearish impact of rains gradually get over fall in prices may be limited from the monsoon factor. Latest export figures from APEDA point towards rising trend at 1,77,748 MT for April-July 2018 vs 1,77,506 MT same period last year. In terms of value, it is 13% higher at Rs 1613 Cr.
- 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 prices. Water in canals of Sri Ganganagar and Hanumangarh are reportedly low. Rise in Moong MSP by 25% shifted crop there. Better returns in other crops like cotton and Bajra too are reducing crop area for Guar—as per sources.
- Earlier, cheaper substitute of slick water and friction reducer from China had limited exports. As per data released by Baker Hughes the number of oil rigs in USA has increased to 1048 as on 31st August 2018 up by 4 compared to 24th August 2018 and by 105 compared to 01st September 2017. 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. Guar gum is used as drilling chemical and gelling agent in fracturing process. Consumption of drilling chemicals is rising with rising crude prices. This year, as per estimates, Gaur seed production will be lower than the previous year at 70-80 lakh bags.



Ref Soy Oil



NCDEX Soy Oil January

Close	732.3
S1	728.8
S2	726
R1	736
R2	740.6

- Despite prices finding difficult to post sharp upside rally, buying interest in spot market improves significantly, whenever prices decline for two or more consecutive sessions. (As noted since last couple of months.)
- All in all, we do not expect much fall from current levels as of now. The trade restrictions between China and USA had put pressure few months back, but with reports of the likelihood for restrictions to ease in near term, global edible oil markets may not fall much from current levels. Soya oil December contract of NCDEX is expected to trade between 725-735 price band during this week with sideways to positive bias. The first month derivative had bounced

significantly from 713 last week. Soya oil Dec contract traded above consistently above 725 support area for yet another session.

- Lack of fresh cues from global markets and consolidation of soybean after morning dip capped the downside moves of soya oil. But weak tone in Malaysian palm oil did not allow prices to move upward. Jan soya oil over previous closing was mildly lower yesterday.
- The USDA report released last month has been again perceived as bearish, although the numbers stood slightly better than the industry's average estimates. As per sources there will be lower possibility of India to hike

import duty over edible oils. This shall be an obstacle against rise in prices in near term. On the whole, lowering inventories and approaching festive season demand shall continue lending support.

- Last but not the least, the near term trend for palm oil looks slightly bullish on anticipation of production to grow slower than previous expectations. This in turn, shall influence soya oil as both have strong positive correlation with each other.



Soybean



NCDEX Soybean January

Close	3356
S1	3335
S2	3312
R1	3376
R2	3400

- Soybean arrivals are decreasing gradually and at present the spot prices are quite cheaper to attract considered lower. Besides, USDA has downgraded India's soybean ending stock estimate in its October month report. At the same time futures contracts are trading near respective strong support levels. Overall we expect soybean market to post a moderate recovery slowly. Technically, the January contract will be able to show strong reversal from bearish phase once closes above 3450.
- The import duty hike on edible oils and upward revision of Soybean MSP in recent months, shall continue supporting futures market in near term. Reports of Govt initiating steps to purchase Oilseeds at MSP is likely to support prices for the Oil complex sector overall. Talks of possible damage in Maharashtra region shall be keeping prospects of price rise moving forward. The 2018/19 global oilseed

outlook includes lower production, exports, and increased stocks compared to last month. Global soybean production is reduced 2.0 million tons with lower production for the United States and Argentina partly offset by increases for China, India, and Ukraine. Global soybean exports are reduced 2.0 million tons to 155.4 million. Lower U.S. exports are partly offset by a 2-million-ton increase for Brazil and higher shipments out of Ukraine and Russia. With limited U.S. commitments to China so far this marketing year, China's soybean imports are lowered 4 million tons to 90 million. China's crush is also lowered, but protein meal consumption growth is expected to remain positive with support from available foreign exportable supplies. South America is expected to capture more of China's soybean market while the United States is likely to capture more market share in the rest of the world, during later half of 2019. Similarly the global end stock for

soybean crop is pegged at 1100 million bushels by USDA, higher than September month's estimate of 1082.6 million bushels. For Soy meal world ending stock is now expected at 120.1 million bushels versus previous estimate of 107.4 million bushels. In case of soya oil, global production is now estimated at 575.4 million bushels as against previous expectation of 575.1 million bushels. The global end stock for soya oil has been expected slightly higher at 36.4 million bushels versus 36.1 million bushels. In contrast, India's ending stock has been revised lower to 4.1 million bushels as against 4.6 million bushels given in the September month's report.



RM Seed



NCDEX RM Seed January

Close	4015
S1	4000
S2	3985
R1	4035
R2	4053

- Ongoing lean arrival season and recent news of China lifting ban on import of Indian Rapemeal shall continue restricting bearish price movement. RM seed stabilized at lower levels on Tuesday and the downside was capped. Day to day close was slightly down.
- Moving forward, the bullish factors will be the rising festive demand prospects, hike in Mustard MSP few months back, and decreasing supplies. On the other hand factors limiting the upside shall be sufficient amount of inventory and light demand for the processed product of RM

seed, i.e. RM DOC (Rape De-Oiled cake). Nevertheless the crushing demand for producing Rape DOC should also remain strong for the uptrend to sustain. Therefore in case spot demand fails to pick up, traders and speculators will be forced to take profits or unwind long positions, eventually resisting northward price movements. Technically, buying interest might improve soon, since futures have turned oversold now.

now attracting spot buyers. RM seed had traded down last week—tracking other oil complex weakness as good sowing reports amidst low demand kept pressure on prices. Reports of NAFED still having good amount of stocks to sell in the physical market kept trend weak.

- Weak tone in palm oil also puts pressure these days. Palm oil influences RM seed oil which ultimately impacts the direction of RM seed prices. The current inventory seems sufficient to balance the requirements as long as the supply season does not commence. This will be not cheering for the bulls.
- The projected decline in domestic mustard's sowing area versus last year shall continue to be a key broad based bullish fundamental as for now. Lower price levels are

Commodity	Exchange	Contract	Close	S1	S2	R1	R2	Expected Intraday Trend
Soybean	NCDEX	Jan	3356	3335	3312	3376	3400	Bullish opening, may fall later
RM seed	NCDEX	Jan	4015	4000	3985	4035	4053	Sideways firm opening, may fall later
Castor seed	NCDEX	Jan	5596	5568	5538	5656	5696	Sideways opening, may recover later
Ref Soy Oil	NCDEX	Jan	732.3	728.8	726	736	740.6	Sideways firm opening, may fall later
CPO	MCX	Dec	493.3	489.4	488	498	500.6	Sideways firm opening, may fall later
Jeera	NCDEX	Jan	18810	18680	18540	18960	19120	Sideways weak opening, may recover later
Turmeric	NCDEX	April	6630	6566	6516	6692	6760	Sideways weak opening, may recover later
Dhaniya	NCDEX	Jan	6688	6644	6608	6756	6820	Sideways opening, may recover later
Cotton	MCX	Dec	21970	21880	21800	22120	22280	Sideways opening, may recover later
Cocudakl	NCDEX	Jan	1869	1854	1838	1884	1908	Sideways weak opening, may fall later
Kapas	NCDEX	April	1182	1173	1166	1192	1204	Sideways opening, may recover later
Mentha Oil	MCX	Dec	1616	1604	1588	1628	1644	Sideways opening, may recover later
Chana	NCDEX	Jan	4608	4572	4544	4648	4696	Sideways opening, may recover later
Guargum5	NCDEX	Jan	8860	8760	8680	8976	9120	Sideways opening, may recover later
Guar seed 10MT	NCDEX	Jan	4390	4356	4316	4444	4520	Sideways opening, may recover later

