



FOR PRIVATE CIRCULATION ONLY

May 23, 2017

MARKET OUTLOOK

Soybean- NCDEX June contract traded in a narrow range and closed tad lower. Benchmark June contract settled lower by Rs 21/quintal at 2814. Price declined with lower volume and OI. Futures price declined tracking selling in Mustard seed. Macro bearish tone across the agro commodities continued to keep oilseeds prices under pressure. Higher FED stock in the June contract also cap the upside. Against the futures, spot price at the Indore market gained by 33/quintal and settled at 3016/quintal. Rise in spot vis a vis futures price decline led the basis to widen from 148 to 202 (Spot-June).

Soybean arrivals had been in the range of 1.5 lakh bags on daily basis (90kg each) compared to 1.3 lakh bags on daily basis. Soybean prices traded in range of Rs 2800-2850 for the loose quality at Indore mandi. Soymeal price gained by Rs 300/MT and settled at 24000/MT from 23700/MT in Indore market. Exports in April were 1.23 lakh tons compared to 0.12 lakh tons last April. Currently the Indian soy meal is trading at a premium of \$70-\$80/ton compared to Argentina soy meal making Indian soy meal uncompetitive in the global market.

CBOT Soybean futures for July delivery gain 0.4% to close at \$9.56 1/2 a. Extensive rain delays final corn, soy seeding in US. Soybean planting probably rose to 52% completed as of May 21, up from 32% a week earlier but below 56% done a year ago, a Bloomberg survey of analysts showed ahead of USDA planting progress update later Monday. Delay n sowing supported higher price on CBOT.

Around 37000MT of FED stock will expire in June contract. Technical selling is expected to gain as market breaks the long term support of Rs 2850 which was last tested in 2012, a five year low.

Refined Soybean Oil – NCDEX June contract gained for the second consecutive trading session. Price gained by Rs 4.05/10 kg and settled at 639.55/10kg. Price gained with lower volume and OI. Price gained taking cues from higher BMD Palm oil price. Soybean-oil futures for July delivery drop 0.3% to 32.94c/lb after touching 33.44c, highest since May 5. Price tested the level of 33.39-

FUTURES PRICE MOVEMENT

22-May-17

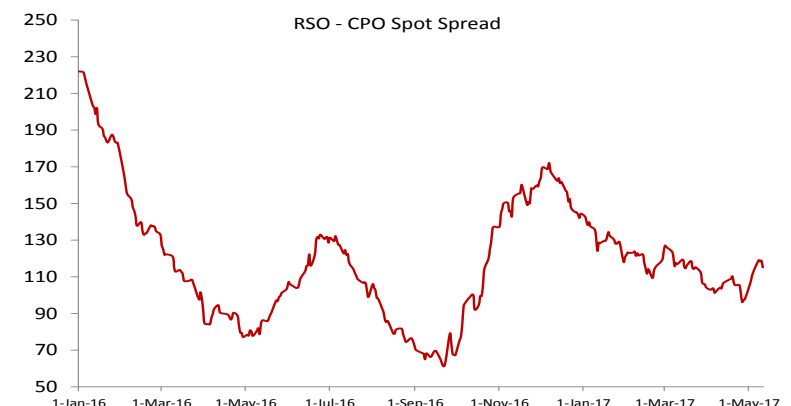
Contract	Open	High	Low	Close	% Chg	Vol (MT)	EDIBLE OIL COMPLEX	
							OI	△ OI
NCDEX - SOY BEANS Rs./Qtl								
Jun-17	2836	2854	2809	2814	-0.74%	23590	122980	-730
Jul-17	2907	2922	2876	2881	-0.72%	6570	45210	2360
Aug-17	2972	2972	2933	2945	-0.88%	640	12890	240
NCDEX - REFINED SOY OIL Rs./10kg								
Jun-17	636.9	640.3	636.9	639.55	0.64%	22070	47750	-280
Jul-17	639.8	642	638	641.65	0.76%	14620	28280	2670
Aug-17	640	641.5	636.8	640.5	1.12%	2120	11020	410
NCDEX - MUSTARD SEED Rs./Qtl								
Jun-17	3685	3687	3640	3648	-0.92%	23860	65910	-720
Jul-17	3734	3734	3688	3697	-0.91%	8240	21520	2220
Aug-17	3770	3774	3744	3760	-0.69%	140	3620	40
MCX - CRUDE PALM OIL Rs./10kg								
May-17	522.1	525.8	522	525.2	1.02%	753	3470	-21
Jun-17	511.9	516.1	511.8	514.9	1.04%	1218	3379	221
Jul-17	499	501.3	498.5	500.3	0.89%	360	1098	-33

Note : MCX OI in Lots

INTERNATIONAL

Contract	Open	High	Low	Close	Change	% chg
CBOT SOY BEAN US Cents / Bushel						
Jul-17	953	961	953	956.5	3.5	0.37%
Aug-17	954.25	962.75	954.25	958.3	4	0.42%
CBOT SOY MEAL US \$/short ton						
Jul-17	307	309.2	307	307.8	0.8	0.26%
Aug-17	308.6	310.4	308.4	309	0.8	0.26%
CBOT SOY BEAN OIL US Cents/Pound						
Jul-17	33.13	33.44	32.9	32.94	-0.1	-0.30%
Aug-17	33.22	33.53	33	33.04	-0.09	-0.27%
WCE CANOLA Canadian \$/ton						
May-17	524.1	524.1	524.1	524.1	4.6	0.89%
Jul-17	521	524.3	519.1	523.2	1.9	0.36%
BURSA MALAYSIA PALM MYR/ton						
Aug-17	2664	2681	2654	2662	27	1.02

RSO – CPO Spot Spread





MARKET OUTLOOK

Soy oil price fell in last week on depreciation of Brazilian Real due to political uncertainty in the country. The entire soy complex was under pressure due to depreciation of Real. Brazilian took advantage of prices and booked their cargoes of soybean bringing down global prices. Earlier Brazilian farmers were holding their produce to get good prices of their harvest.

World soybean oil inventories as percentage of use will fall for a third straight year to the lowest since 1977 in the season that begins Oct. 1, USDA forecast on May 10. Crude oil tops \$50/bbl, boosting demand prospects for fuel made from Veg oils. Soybean oil's share of crushing margin rose to ~35%, highest since Jan 12

Soy oil end stocks fell in US in April on lower production of soy oil due to lower crush of soybean is bullish for soy oil prices in medium term. U.S. oil inventories at the end of April fell 11% y/y. Soybean-oil inventories at end of April were 1.725b lbs, compared with 1.943b a year earlier.

Strong INR capped the upside in veg oil price in the domestic market. Import of soybean oil for June is above parity of Rs 6/10kg compared to soy oil prices on NCDEX.

Crude Palm Oil- MCX June Palm oil price gained for the eight consecutive sessions. Price gained with lower volume and higher OI in the active contract. Though appreciating Indian rupee capped the upside in price, Palm oil futures witnessed good gains. Price closed higher by 5.3/10 in last week and settled at 514.90/10kg.

Palm oil for Aug. delivery closed higher by 1% at 2,662 ringgit/ton on Bursa Malaysia Derivatives, highest for most-active contract since May 15. Palm oil's momentum should continue following an increase in Malaysian exports as per trade sources. Malaysia's May 1-20 palm exports were up by 20% m/m to 846,705 tons: Intertek.

MARKET ANALYSIS

Centre	Spot	Change
SOY BEANS Rs./Qtl		
Indore	3016	33
Kota	2882	26
Nagpur	2947	10
REFINED SOY OIL Rs./10kg		
Indore	636	4
Mumbai	635	3
Nagpur	633	5
SOY MEAL Rs./ton		
Indore	24100	400
MUSTARD SEED Rs./Qtl		
Alwar	3728	-39
Jaipur	3776	-17

Source: NCDEX

CRUSH MARGIN & OIL-MEAL SHARE

Rape/Mustard Complex	
Gross Crush (Rs.)	1880
Oil share	78.83%
Meal share	21.17%
Soybean Complex	
Gross Crush (Rs.)	2151.90
Oil share	35.0%
Meal share	65.0%

Source: SEA, KCSL

Currency	Type	Close	%Chg
USD/INR	Spot	64.54	-0.14

Oil (Crude)	C&F Rate- Mumbai	Imp Base Tariff	Landed Price	Domestic Price
Soyoil \$/ ton	813	793	915	589.55
Rs./ 10 kg	525	-	591	
Palm Oil \$/ ton	750	711	842	532
Rs./ 10 kg	484	-	540	

Source: SEA, KCSL

Note: Domestic price: Soy oil Ex Indore
Palm Oil Ex Kandla

WARE HOUSE STOCKS in MT (As on 22nd May 2017)

NCDEX		
	Demat	In Process
SOY BEAN		
TOTAL	95965	20020
MUSTARD SEED		
TOTAL	32848	7991

COMMODITY	CONTRACT	SUPPORT	RESISTANCE	INTRADAY TREND
SOYBEAN	June	2780	2840	Bearish
RSO	June	634	642	Neutral
MUSTARD SEED	May	3620	3670	Bearish
CPO	May	510	515	Bearish

Soybean oil's premium over palm oil at ~\$112/ton vs avg ~\$101 over past year has also led the demand to shift on palm oil. The strong basis (Spot-June @ 15) can support the price as futures are at deep discount. Basis (Spot -June) may narrow in the current week as May will come near expiry. With market in the overbought zone we expect some profit booking during the session.

Rapeseed- NCDEX June contract made a new contract low and settled lower by 34/quintal in last week. Price declined with lower OI and volume



indicating long liquidation. Mustard June price settled at 3648/quintal. Against the futures decline, spot price decline by mere 18/quintal. Rapeseed-mustard (Jaipur) fell on slack activity in cash market. Spot market witnessed arrivals of 2.65 lakh bags compared to 2.60 lakh bags. Mustard oil price traded steady at 720/10kg for Kachi gani. Mustard cake price declined from 15300 to 15000/MT at kandla. price.

Price on the futures is below the psychological mark of Rs 3700/quintal which is the MSP. Selling is expected to gain in the coming sessions. The basis is now at Rs 128/quintal compared to 110 in previous week. Farmers sold 40% Mustard crop in season 3 months till 15 May but 15 Feb-15 May crush totals only 29% of CY 69 LT crop. Traders estimate Rajasthan farmers selling Mustard faster than other States/Rajasthan farmers sold 47% crop till 15 May. UP sold 31%, Punjab Haryana 40% Guj 51% as per trade sources.

The mustard seed price may witness selling to continue and we recommend being on the sell side. Outlook for the session is negative. Trading range can be Rs. 3620 to Rs. 3670 for June future.





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