



FOR PRIVATE CIRCULATION ONLY

September 11, 2018

MARKET OUTLOOK

Palm Oil:

The BMD Market is closed, no cues from the global counterparts, CBOT traded steady on Monday. Indian CPO price for September future ended the session on Monday positive at Rs. 605.9 up by around Rs. 5 from previous close. We see lot of price movement in the market though it is trading within a broad range. The domestic currency is playing an important role in deciding the price trend. The weakness of Indian rupee against the US dollar is making imported commodity price higher.

However, the broad fundamentals are still negative and we think eventually the gains in the price may be eroded. In fact for this week we have recommended selling the counter on rise. The details can be seen in our weekly report.

The monthly MPOB Report is rescheduled to be released on Wednesday at 10 AM IST. It is expected that the production number could rise above 1.50 million tons; the stockpiles might remain above 2.21 million bales. However, we shall get clarity on the exports number too. Broadly we consider the data to have negative impact on the price.

Also note as per the import parity calculation the MCX current and near month contracts are trading at Rs. 8 and Rs. 6 higher than the imported landed tariff price respectively. This determines the Indian palm oil is still under parity to landed price which can keep the MCX price elevated.

Nonetheless, the broad fundamentals are still bearish for palm oil hence we recommend selling on rise. For the week we recommend selling the September future at Rs. 610-612 for a target price of Rs. 597 with Stop loss above 617. However, for the day we expect it to trade in the range of Rs. 608 to Rs. 600 per 10kg.

FUTURES PRICE MOVEMENT

Contract	Open	High	Low	Close	% Chg	Vol (MT)	10-Sep-18	
							OI	△ OI
EDIBLE OIL COMPLEX								
NCDEX - SOY BEANS Rs./Qtl								
Oct-18	3252	3290	3228	3236	-0.55%	29320	63530	1090
Nov-18	3275	3294	3245	3256	-0.21%	19510	47340	2170
Dec-18	3328	3341	3300	3304	-0.18%	4190	19190	2310
NCDEX - REFINED SOY OIL Rs./10kg								
Sep-18	741.5	745.65	741.1	744.15	-0.24%	9120	20870	-3080
Oct-18	744.5	748.9	743.7	747.55	-0.23%	23770	38290	2850
Nov-18	743.8	747.7	743.1	746.35	-0.54%	800	7670	1350
NCDEX - MUSTARD SEED Rs./Qtl								
Sep-18	4121	4169	4121	4148	2.60%	25880	12640	-17340
Oct-18	4169	4245	4169	4217	2.78%	43670	58800	11710
Nov-18	4275	4299	4264	4284	3.60%	1370	1250	750
MCX - CRUDE PALM OIL Rs./10kg								
Sep-18	602.6	607.7	602.6	605.9	-0.10%	770	5740	-597
Oct-18	608.1	612.3	606.7	609.6	-0.02%	384	4284	-156
Nov-18	609.5	614.4	609.5	612.8	0.23%	31	368	138

Note : MCX OI in Lots

INTERNATIONAL

Contract	Open	High	Low	Close	Change	% chg
CBOT SOY BEAN US Cents / Bushel						
Nov-18	841.75	851.25	840.5	845.3	1.25	0.15%
Jan-19	855.25	864.5	854.25	859.0	1.75	0.20%
CBOT SOY MEAL US \$/short ton						
Dec-18	315.5	319.7	314.5	318.6	1.6	0.50%
Jan-19	314.6	318.5	313.7	317.7	1.7	0.54%
CBOT SOY BEAN OIL US Cents/Pound						
Dec-18	28.27	28.38	28.18	28.36	0.09	0.32%
Jan-19	28.49	28.61	28.41	28.6	0.1	0.35%
WCE CANOLA Canadian \$/ton						
Nov-18	495.5	497.8	494.4	496.7	1.2	0.24%
Jan-19	501.3	504.2	501	502.9	1.3	0.26%
BURSA MALAYSIA PALM MYR/ton						
Nov-18	2286	2290	2272	2277	-14	-0.61

RSO – CPO Spot Spread





MARKET OUTLOOK

Mustard Seed:

In last three trading sessions Mustard Seed prices have advanced over Rs. 170 per quintal. For reference October future has moved up from Rs. 4075 to Rs. 4245 and on Monday it closed at Rs. 4217 per quintal.

On the trading front the aggregate open interests have come down significantly amid September contract entering into its intension period. On 24th August the aggregate OI was around 0.136 million contracts which have come down to 72K contracts.

However, trading volumes have been more or less steady to slightly higher. This means, there has been huge short covering in the price along with lower level buying.

With the recent news of NAFED selling slowing down at the physical market may have supported mustard seed price to trade higher. We think the trend may remain positive today while recommend buying on lower levels. For the day the trading range would be Rs. 4190 to Rs. 4250 per quintal.

Soy Oil:

After 3 sessions of weakness, CBOT soy oil active December contract recovered 9 points or 0.3% on Monday to settle at 28.36 cents/pound. Price gained against increase in aggregated open interest and decent volume, which signals at long accumulation.

Strong dollar has continued to keep import of edible oil unattractive for other countries, like India. Apart from that, reports of rising stock pile in Malaysia and prospects of bumper soybean crop in U.S. is also keeping sentiments bearish for soy oil.

With regards to domestic market, Soy oil prices are being elevated by good demand from physical markets during on-going festive season and diminishing supply of its raw material, soybean.

MARKET ANALYSIS

Centre	Spot
SOY BEANS Rs./Qtl	
Indore	3445
Kota	3275
Nagpur	3557
REFINED SOY OIL Rs./10kg	
Indore	747
Mumbai	751
Nagpur	766
SOY MEAL Rs./ton	
Indore	28133
MUSTARD SEED Rs./Qtl	
Alwar	4437
Jaipur	4251

Source: NCDEX

CRUSH MARGIN & OIL-MEAL SHARE

Rape/Mustard Complex

Gross Crush (Rs.)	3000
Oil share	79.79%
Meal share	20.21%

Soybean Complex

Gross Crush (Rs.)	3504.70
Oil share	34.8%
Meal share	65.2%

Source: SEA, KCSL

Currency	Type	Close	%Chg
USD/INR	Spot	72.46	1.00

Oil (Crude)	C&F Rate-Mumbai	Imp Base Tariff	Landed Price	Domestic Price
Soyoil \$/ ton	694	750	926	694.15
Rs./ 10 kg	503	-	671	
Palm Oil \$/ ton	560	618	655	611
Rs./ 10 kg	406	-	464	

Source: SEA, KCSL

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

WARE HOUSE STOCKS in MT (As on 5th September 2018)

NCDEX		
	Demat	In Process
SOY BEAN		
TOTAL	0	0
MUSTARD SEED		
TOTAL	35168	0

COMMODITY	CONTRACT	SUPPORT	RESISTANCE	INTRADAY TREND
SOYBEAN	October	3213	3275	Bullish
RSO	October	742	752	Bearish
MUSTARD SEED	October	4190	4250	Bullish
CPO	October	600	610	Bearish

Soy oil spot price at Benchmark Indore market marginally rose by 0.1% and reached Rs.747.2/10 kg. While, soy oil October future price on NCDEX, increased by 0.7% to settle at Rs.747.55/10 kg on Monday.

Amid steep increase in domestic market price against import price from Argentina, Import parity of soy oil has increased further. As on September 10th, Soy oil September future price was trading at premium of 7 points compared to Import cost from Argentina which stood at Rs.741/kg.

Good demand in physical markets is expected to support soy oil prices



for near terms. However, negative basis will cap the upside potential to some extent. Hence, we expect soy oil to trade range-bound for today's session with positive bias.

Soybean:

With expectation of bumper crop in U.S. in upcoming USDA report and no-signs of reprieve from trade-war between U.S. and China, traders have turned cautious regarding soybean price movement in international market. CBOT Soybean active November contract price traded nearly steady yesterday and settled at \$845.75/bushel.

As per latest estimates, China's soybean imports in 2018-19 (Oct-Sept) could reach only 94 million metric tons, against 95 million metric tons last year as the nation's trade war with the U.S. rages. CBOT Soybean November contract price is down about 13% this year compared to corresponding period last year.

Soyabean active October future price on NCDEX declined for the second straight day and reached at Rs.3,236/quintal on Monday, which is lower by 0.6% from previous session. While, Soybean prices at Benchmark Indore market increased by nearly 20 points and stood at Rs.3,445/quintal yesterday.

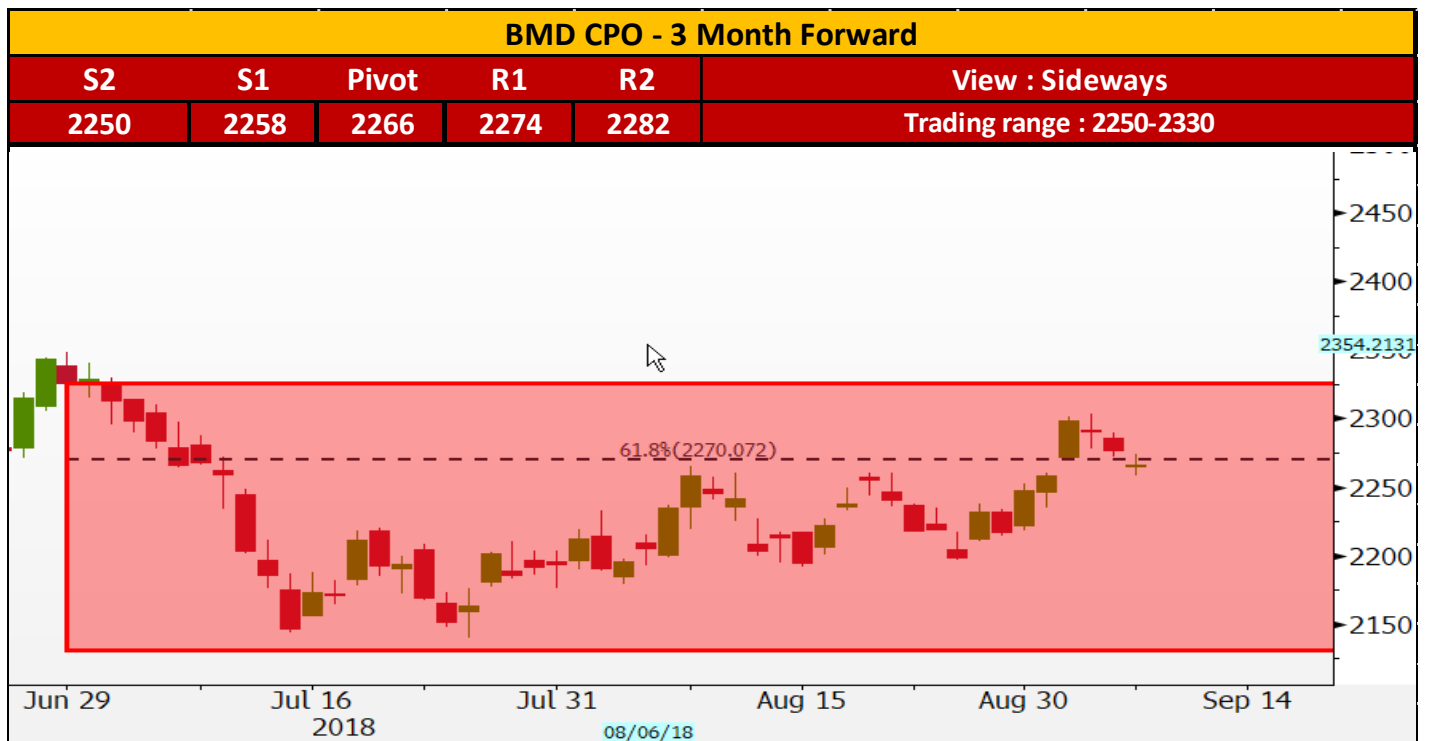
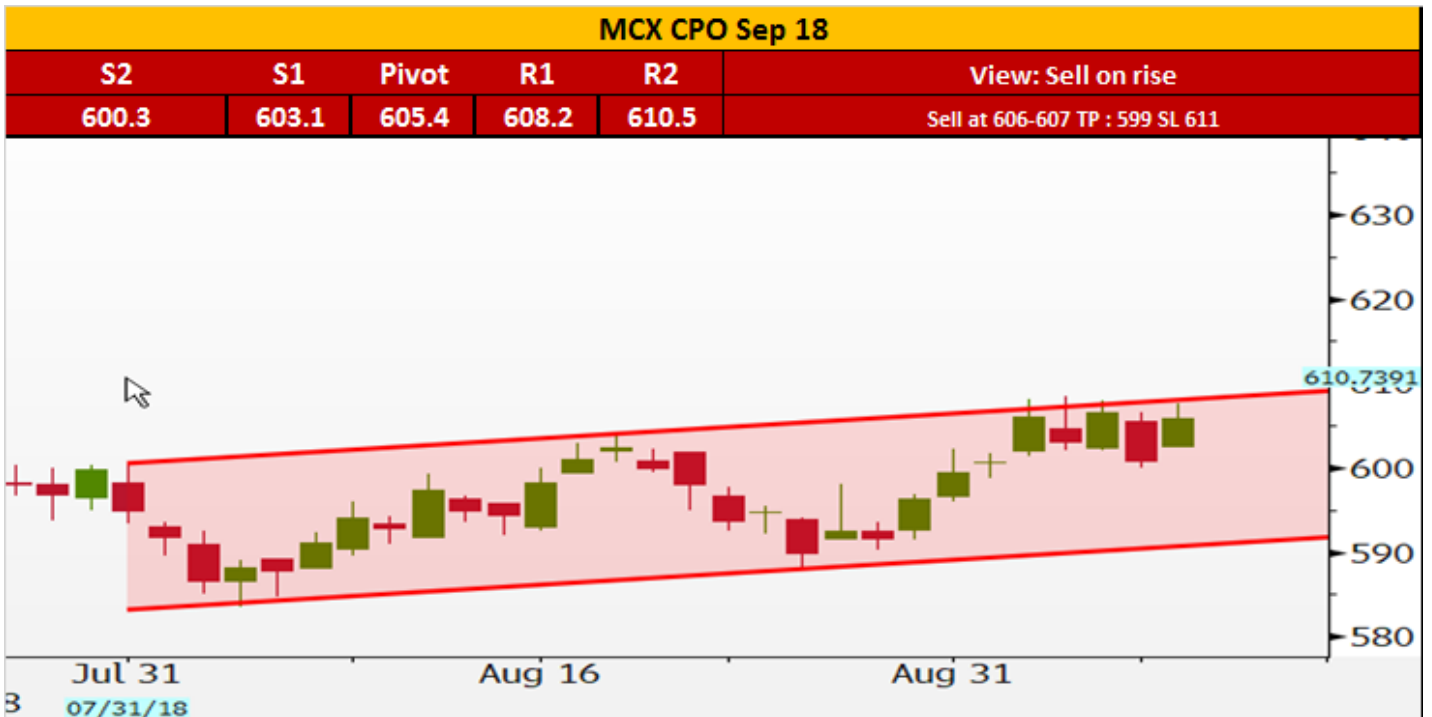
Correction in future market is expected to reverse as supply is persistently following against good demand from crushing units.

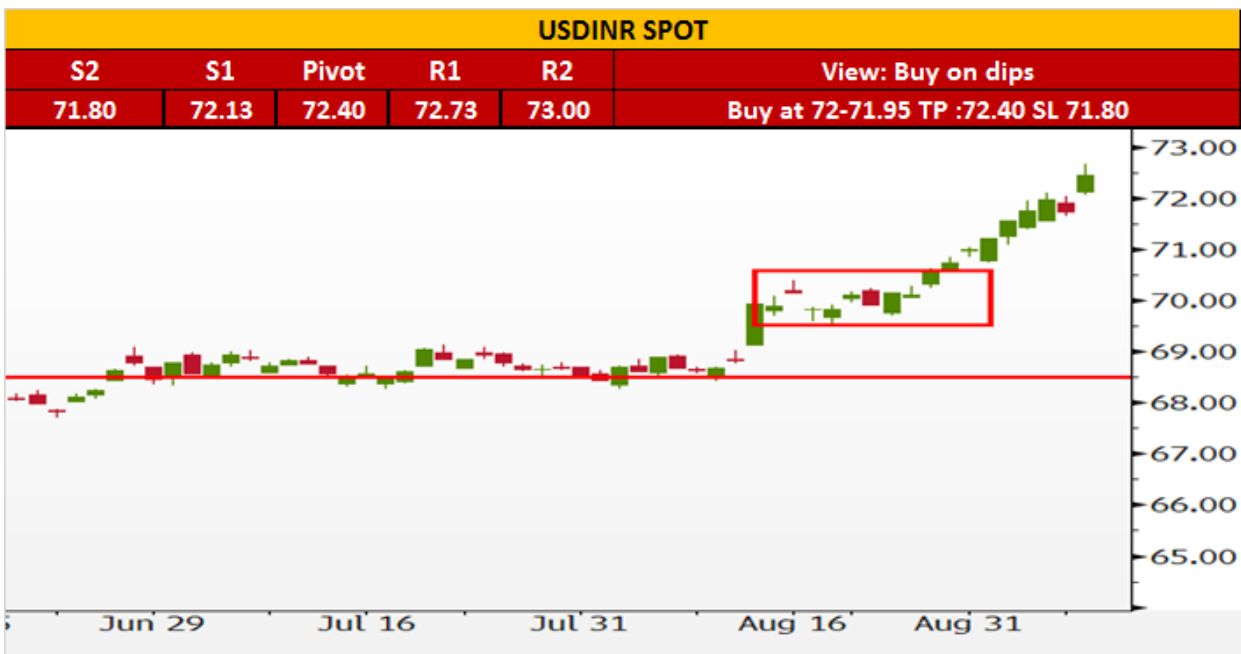
With regards to acreage, soyabean sowing has not increased as per expected growth rate of 10-15% higher from previous year. Till September 7th, Soyabean acreage across the country was reported at 111.92 lakh Hectares, which is 6.3% higher than same period last year.

However, with no signs of crop damage and adequate rainfall, soyabean crop yield is expected to rise significantly this season, which will keep overall output by at least 10-12% higher than last year's output of 109 lakh MT.

Indian rupee- Indian rupee opened higher by 0.2% to trade near 72.3 levels against the US dollar. Rupee is seeing some recovery after hitting record low level of 72.6738 in previous session. Rupee has benefitted from some correction in US dollar and crude oil. The US dollar weakened against European currencies yesterday amid signs of progress in Brexit talks. Brent crude is steady near \$77 per barrel as Iran worries are countered by rising OPEC, US and Russia supply. There are also reports that the Indian government has asked the central bank to bolster efforts to support the rupee. However, weighing on rupee is weaker risk sentiment amid trade war worries and contagion fear in emerging market economies. The US dollar is also supported by optimism about US economy and Fed's rate hike stance. Rupee may see some volatility as market players assess feasibility of RBI intervention but we expect weakness to continue unless there is stability in emerging markets. USDINR may trade in a range of 72.1-72.75 and bias may be on the upside.

Weather- Moisture totals through next Friday morning will range from 1.50 to 6.00 inches most often with local amounts over 8.00 inches. Monsoonal rain will begin to withdraw from portions of central India in this week. Maharashtra and western Madhya Pradesh through eastern Rajasthan is expected to see periods of rain through the end of next week, which augurs well for aggressive soybean crop growth during the next two weeks.







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