Soybean: As per our expectation, Soybean July futures at NCDEX continued with marginal gains for sixth straight session on Tuesday to settle at Rs.3,842/quintal, up by 0.1% from previous session. Despite steadily increasing supply in mandis, huge discount of Soybean from its close substitute, Mustard (around Rs.900/quintal as of last week), all time high Mustard oil and shortage of edible oil in physical market have kept Soybean prices afloat since last week. However, we believe the strength will soon start to erode and drag Soybean from higher levels in coming sessions amid limited demand by crushing units and substantial increase in acreage this season.

Besides, SOPA has estimated around 34.5 lakh tons are still left with farmers, traders and millers, which is one third of the total crop and adequate enough to cater domestic demand till new crop starts to hit the physical market by mid-September. On top of it, U.S. trade advisor’s negative comment about trade deal with China, lack of demand for Soybean’s primary product, Soymeal, good progress of monsoon and bumper production expectation will also keep Soybean under pressure in coming sessions. As per ministry of agriculture, Soybean sowing till June 19th have reached above 3.5 lakh Ha against 23,000 Ha last week and around 50,000 Ha sown last year.

In international market, as we mentioned in our previous report, CBOT Soybean November contract extended weakness on Tuesday and fell by 0.6% to settle near 874 cents/bushel following improving weather in key Soybean belt in U.S. Moreover, White House trade adviser Peter Navarro said recently the trade deal with China is “over,” and he linked the breakdown in part to Washington’s anger over Beijing’s not sounding the alarm earlier about the coronavirus outbreak. Hence, we expect Soybean to continue with some more losses.

Soy oil: Overlooking recovery in BMD CPO (about 1%), CBOT Soy oil Dec contract fell by 0.6% on Tuesday to settle near 29 cents/pound. Lower Soybean crushing by US in May and reports of India and China replenishing their stocks for edible oil kept Soy oil firm in last many sessions. However, looking at weak cues from Soybean following rising worries between U.S. – China we expect Soy oil to trade range-bound with negative bias for near future.
In line with CBOT Soy oil, Soy oil July contract at NCDEX also fell by 0.7% yesterday to settle near Rs.832/10 kg levels. As per our projection, soy oil have retreated a little after posting strong rally of 12% in previous six straight weeks due to some profit booking on higher levels. Limited supply in physical market due to lower imports last month weak soybean crushing have kept soy oil firm in domestic market in past one and a half months. We expect some more correction to take place in soy oil in coming sessions before the edible oil could rise again on higher domestic demand and huge discount of Soy oil compared to mustard oil. As on June 23rd, Soy oil July contract at NCDEX was trading at the premium of Rs.19 from import cost at Kandla port (813).

**Palm Oil:** After posting 1% losses in the first session of the week, Palm oil third month futures recovered all the losses in yesterday’s trade and settled at 2,466 MYR/ton, up by nearly 1% from previous session. Rising exports have lifted palm oil futures by around 2% from day’s low levels. Traders expect that palm oil production in Malaysia during 1-15 June have risen by 22% M-o-M. Whereas, exports from the country has increased by over 55% in first 20 days of June (over 12 lakh tons). However, Industry Veteran analyst, Thomas Mielke, projected world palm oil demand to decline by 22 lakh tons (record declined in history) in 2019-20 season following COVID-19 epidemic. MPOC also projected palm oil to trade at an average 2,337 ringgit in coming months of this year. Hence, we expect palm oil to range-bound with negative bias this week.

In contrast to 1% rise in BMD CPO, MCX CPO July futures fell by 0.3% on Tuesday to settle below Rs.700/10 kg levels. We expect MCX CPO to trade range-bound with negative bias for today amid anticipated weakness in BMD CPO. As on June 23rd, MCX CPO July contract was trading at premium of Rs.17 from import cost.

**Mustard:** After out-performing entire edible oil complex in past many weeks, Mustard July contract witnesses sheer profit booking yesterday and it settled at Rs.4,654/qintal, down by 1.4% from last session. All time high Mustard oil Spot prices at Jaipur (quoted around Rs.1,050/10 kg last week) and good quantity of procurement by NAFED (7.7 lakh tons so far) have lifted Mustard spot prices above Rs.4,900/qintal after multiple months. Besides, higher spot prices may also compel NAFED to start offloading stocks in open market and make some quick money by next month. Hence, we expect Mustard to trade range-bound with negative bias in coming sessions.
MCX CPO (Jun): Trading range: 726-737

Source – esignal, KS Commodity Research

NCDEX Soybean (Jul): Trading range: 3880-3820

Source – esignal, KS Commodity Research
PIVOT POINTS

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<tr>
<th>Commodity</th>
<th>S3</th>
<th>S2</th>
<th>S1</th>
<th>Pivot</th>
<th>R1</th>
<th>R2</th>
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<th>Breakout Target</th>
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Source – esignal, KS Commodity Research

**Pivot:** If the Price opens above the pivot, the day trend might be positive and if the price opens below pivot the day trend might be negative.

**Supports/Resistances:** During the normal course of trading, supports/resistances are important levels which may be used by traders to book profits if they have any buy/sell position.

**Breakout/Breakdown:** Breakout and Breakdown levels are the extreme levels above which the direction might change. The direction changes to bullish above the mentioned breakout and bearish if the price moves below the breakdown.

**Breakout/ Breakdown Target:** It is the price which might be achieved if it trades above or below the breakout or breakdown respectively.

**Note:** Pivot, Support/Resistances, Breakout, Breakdown are generated as per statistical formulas. So these levels might differ from the levels given by the technical analyst as the analyst use technical charts for giving trading levels.
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BUY - We expect the commodity to deliver 1% or more returns
SELL - We expect the commodity to deliver (-1%) or more returns
SIDeways - We expect the commodity to trade in the range of (+/-)1%

NOTE - The recommendations are valid for one day from the date of issue of the report, subject to mentioned stop loss, if any

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