

MARKET NEWS/UPDATES

- The National Commodity and Derivatives Exchange is considering launching options on futures in a few spices and other commodities. These commodities currently have options on goods contracts but are being phased out by the commodity derivatives exchange where agricultural commodities constitute a bulk of trading volume. "NCDEX is working to explore offering Options on Futures in a few commodities in the next few months," an official spokesperson at the exchange told Informist. But he did not specify on which commodities the options on futures contracts will be launched. The options on goods contracts on a commodity are benchmarked to the spot price of the underlying commodity, whereas options on futures contracts are linked to the futures prices of the commodity. The settlement is delivery-based for options on goods contracts while the options on futures contracts are cash settled. The jump in trading volume on options on futures contracts in crude oil and natural gas on the Multi Commodity Exchange in the last one year led the commodity derivatives brokers to seek similar contracts in agricultural commodities on the NCDEX. The exchange already provides options trading in a few commodities but these contracts are options on goods. However, at the end of January, NCDEX announced that it was discontinuing options on goods contracts in guar seed, guar gum, maize, coriander, jeera, and turmeric. The exchange said that it will not introduce new expiries in respect of the options on goods contracts on these six agricultural commodities. These six options on goods contracts "were largely illiquid". According to a source in the commodity broking business, the commodities on which NCDEX is considering introducing options on futures contracts will be among the six agricultural commodities where the options on goods contracts are being discontinued. The exchange will, however, have to comply with norms on introduction of new commodity derivatives contracts laid down by the Securities and Exchange Board of India. As per the market regulator's norms, options on futures are permitted only if the average daily turnover of underlying futures contracts of the corresponding commodity during the previous 12 months is 2 bln rupees for agricultural and agri-processed commodities, and 10 bln rupees for other commodities. Currently, on NCDEX, the daily futures turnover is higher than 2 bln rupees only on select agricultural commodities. For instance, in jeera futures on the NCDEX, the average daily turnover was 1.6 bln rupees in Feb-Jan, which meant it didn't meet the regulatory requirement for the launch of an options on futures contract on it. But in guar gum futures, the average daily turnover was 2.04 bln rupees and in guar seed was 2.31 bln rupees, and would therefore be eligible for launching options on futures contracts.
- The US Department of Agriculture has lowered the global cotton output estimate for 2023-24 (Aug-Jul) by 360,000 bales (1 bale = 480 pounds or 217.72 kg) to 112.82 mln bales, it said in the February edition of its monthly World Agricultural Supply and Demand Estimates report. In January, it had estimated the number at 113.18 mln bales. World production has lowered this month, with cuts in Australia and Benin, the department said in the report. Australia's production has been lowered by 300,000 bales to 4.8 mln bales. For India, it has estimated cotton output in 2023-24 at 25 mln bales, unchanged from its earlier forecast. The USDA has projected global cotton consumption in 2023-24 at 112.46 mln bales, marginally up from its earlier estimate of 112.43 mln bales. "World consumption is virtually unchanged as increases in China and Vietnam are offset by lower consumption in Turkey, the US, and Thailand," the agency said. In the February report, the agency lowered the opening global stock estimate for the year to 82.97 mln bales from 83.22 mln bales projected in its January edition. This is majorly due to a downward revision in Argentina's 2022-23 cotton crop, the report said. The year-end stock estimate, too, has been revised to 83.70 mln bales from 84.38 mln bales. World trade is nearly 200,000 bales lower as a 500,000-bale increase in China's imports is more than the reductions in India, Pakistan, Thailand, and Turkey. Global exports of cotton in 2023-24 are now estimated at 42.87 mln bales, down from 43.05 mln bales estimated earlier. Exports are higher for the US, Burkina Faso, and Turkey, and lower for Brazil, Argentina, and Australia, according to the report. Exports from India are seen at 1.60 mln bales, unchanged from earlier estimates. India is also likely to import 1.0 mln bales in 2023-24, lower than 1.3 mln bales estimated a month ago.
- The US Department of Agriculture has reduced its monthly estimate for global oilseed output for 2023-24 (May-Apr) to 659.40 mln tn from 660.18 mln tn forecast in January. Production of oilseeds in the US in 2023-24 was seen steady from last month's estimate at 122.37 mln tn, the department said in its monthly report. Global ending stocks of oilseed in 2023-24 are pegged at 133.37 mln tn, up 2.03 mln tn from the estimate in January, according to the report. Global 2023-24 soybean supply and demand forecasts include higher beginning stocks, lower production, lower exports, and higher ending stocks compared to last month, the report said. The department has projected global soybean output at 398.21 mln tn, down 77,000 tn from the previous month. The department has kept the outlook for US soybean production at 113.34 mln tn, unchanged from the previous month's estimate. Soybean production forecasts for Argentina, the US, China and Paraguay remain unchanged from last month, while Brazil's production is projected to dip. Production in Argentina and Paraguay were steady at 50 mln tn and 10.3 mln tn, respectively, according to the report. However, Brazil's production of soybean in 2023-24 was seen lower by 1 mln tn from January at 156 mln tn, the USDA said in the report. "Higher harvested area is offset by a lower yield on adverse weather conditions in southern Mato Grosso and Parana," the report said. Brazil is the world's largest producer of soybean, followed by the US and Argentina. "Soybean exports are forecast at 1.72 bln bushels, down 35 million from last month, reflecting the slow pace of shipments through January and strong competition with Brazil," the report said. "Global soybean exports for 2023/24 are reduced 400,000 tons to 170.6 mln tn on lower shipments for the United States," said the report. Global ending stocks of soybean in 2023-24 are pegged at 116.03 mln tn, up 1.43 mln tn from last month's projection on higher stocks for the US and Brazil. The US season-average soybean price forecast (for 2023-24) is unchanged at \$12.65 per bushel, down 10 cents from last month, soybean meal price is projected unchanged at \$380 per short tn, and soybean oil price is forecast at 51 cents per pound, down 3 cents, the agency said in its report. The US government agency sees global soybean meal output in 2023-24 down at 258.52 mln tn from 258.59 mln tn last month. Soybean meal is a derivative of soybean, manufactured by crushing oilseeds, and is mainly used in producing poultry feed.

TECHNICAL VIEW

JEERA NCDEX MAR	Choppy moves expected. However, a voluminous fall past 26700 or a rise above 27850 may lend fresh direction for the day.	
DHANIYA NCDEX APR	May vary inside 8000-7650 ranges.	
TURMERIC NCDEX APR	A rise above 16300 or a fall past 14800 may lend fresh directional move for the day.	
COCU- DAKL NCDEX MAR	2470 is the immediate support and slip-page past the same may call for 2456-2440 or even more. Else may hold the same for a bounce up.	
COTTON CANDY MCX FEB	Choppy moves expected.	
KAPAS NCDEX APR24	May trade sideways to weak unless 1500 is breached convincingly upside.	
CASTOR NCDEX MAR	A rise above 5680 or a fall past 5540 may lend fresh direction for the day.	
GUAR- SEED NCDEX MAR	May trade sideways to weak unless 5380 is breached convincingly upside.	
GUARGUM NCDEX MAR	Choppy to weak trades expected unless 10380 is breached convincingly upside.	
SUNOIL NCDEX FEB	A voluminous rise above 852 or a fall past 830 may lend fresh direction for the day.	



TECHNICAL LEVELS

Commodity	Exchange	Open*	High*	Low*	LTP*	S3	S2	S1	Pivot	R1	R2	R3
JEERAUNJHA MAR4	NCDEX	27000	27280	26950	27175	26660	26805	26990	27135	27320	27465	27650
TMCFGRNZM APR4	NCDEX	15334	15498	15060	15220	14583	14821	15021	15259	15459	15697	15897
DHANIYA APR4	NCDEX	7842	7842	7724	7768	7596	7660	7714	7778	7832	7896	7950
CASTORSEED MAR4	NCDEX	5596	5637	5590	5602	5535	5590	5582	5610	5629	5657	5676
GUARSEED10 MAR4	NCDEX	5349	5366	5263	5265	5127	5195	5230	5298	5333	5401	5436
GUARGUM5 MAR4	NCDEX	10284	10345	10142	10185	9900	10021	10103	10224	10306	10427	10509
MENTHAOIL FEB4	MCX	910.0	916.4	896.0	904.9	875	885	895	906	916	926	936
COCUDAKL MAR4	NCDEX	2527	2527	2476	2476	2408	2442	2459	2493	2510	2544	2561
KAPAS APR4	NCDEX	1495.0	1496.0	1477.0	1477.0	1452	1464	1471	1483	1490	1502	1509
COTTONCNDY MAR4	MCX	58300	58520	57700	57720	56620	57160	57440	57980	58260	58800	59080
SUNOIL FEB4	NCDEX	847	847	840	841	832	836	838	843	845	849	852

Pivot Point: A predictive indicator of the market which is calculated as an average of significant prices from the performance of a market in the prior trading period. An open above the pivot point is generally considered bullish and vice versa.
 S1, S2 & S3 are supports and R1, R2, and R3 are resistances from where a turnaround can be anticipated.
 *Open, High, Low and Close prices of previous trading day / ^ Cottonseed Oil Cake

TRADING SIGNALS

Commodities	Exchange	Intraday	Medium term		RSI		Volatility	
		View	13 day EMA	22 day EMA	Condition	Trending	1 day	Annualised
JEERAUNJHA MAR4	NCDEX	FLAT/CHOPPY	NEGATIVE	NEGATIVE	Oversold	Strong	4.03%	64.0%
TMCFGRNZM APR4	NCDEX	NEGATIVE	NEGATIVE	POSITIVE	Neutral	Weak	3.04%	48.2%
DHANIYA APR4	NCDEX	NEGATIVE	NEGATIVE	POSITIVE	Overbought	Strong	3.18%	50.4%
GUARSEED10 MAR4	NCDEX	NEGATIVE	NEGATIVE	NEGATIVE	Oversold	Strong	1.00%	15.8%
GUARGUM5 MAR4	NCDEX	NEGATIVE	NEGATIVE	NEGATIVE	Neutral	Strong	1.42%	22.6%
CASTORSEED MAR4	NCDEX	NEGATIVE	NEGATIVE	NEGATIVE	Neutral	Strong	0.60%	9.5%
KAPAS APR4	NCDEX	NEGATIVE	NEGATIVE	NEGATIVE	Oversold	Strong	0.43%	6.8%
COTTONCNDY MAR4	MCX	NEGATIVE	POSITIVE	POSITIVE	Neutral	Weak	0.90%	14.2%
COCUDAKL MAR4	NCDEX	NEGATIVE	NEGATIVE	NEGATIVE	Oversold	Strong	1.11%	17.6%
MENTHAOIL FEB4	MCX	POSITIVE	POSITIVE	POSITIVE	Neutral	Strong	0.86%	13.7%
SUNOIL JAN4	MCX	POSITIVE	NEGATIVE	NEGATIVE	Neutral	Strong	0.93%	14.7%

Trading signals is prepared based on statistical analysis and is purely on technical indicators like exponential moving averages (EMAs), Relative strength Index (RSI) and stochastic, putting together provides an idea about intraday, short, medium and long term trend of the commodities. It also signals the risk of an investment in both agricultural and global commodities as well. Based on all listed indicators above, investors were able to fix a daily, near-term and long term trends. However, must be cautious especially for real-time intraday traders/jobbers.

Trading Strategy based on EMA

Trading strategies mentioned in the report is mainly based on 3, 5, 13, 22, 45 & 60 days exponential Moving Averages. 3 and 5 day EMA has taken for developing Intraday trading strategy, 13 days and 22 days EMA for Short term and Medium term, while 45,60 days EMA for Long term. Here, we use EMAs for POSITIVE and NEGATIVE signals. POSITIVE signal is formed when a short-term moving average (eg: 30 day) crosses from below a longer-term average (eg: 60 day), which is considered bullish. Likewise, NEGATIVE signal is formed when a short-term moving average (eg: 30 day) crosses from above a longer-term moving average (eg: 60 day), which is considered bearish.

Annualised Volatility >	Risk %	Ratings	Risk %	Ratings	Risk %	Ratings	Risk %	Ratings	Risk %	Ratings
> 35%	> 35%	Very High risk	27 to 34%	High risk	20 to 26%	Moderate risk	11 to 19%	Low risk	1 to 10%	Very Low risk



Strong bias or bullish



Mild bullish bias



Choppy with positive note



Choppy or Sideways



Weak bias or bearish



Mild bearish bias



Choppy with negative note

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