

SOYBEAN



News & Development

NCDEX Soybean future traded bullish during the month of February month so far due to rise in bird flue situation in India which has added worries in the domestic market and lowered the demand. Moreover, reports of higher exports of soymeal and crush from India supported uptrend. However, prices are currently finding resistance at the higher levels ahead of the harvesting season in Brazil, beginning from March month onwards. So far, the CONAB data has forecasted soybean production at 133.81 million tonnes of soybean in 2020-21 slightly higher than 133.69 million tonnes from Jan month forecast. It is also kept higher against 124.85 million tonnes in last year. By 15th February, NCDEX Soybean futures has closed at Rs.4773/quintal, higher by 2.77% compared to Rs.4644/quintal by 31st January.

Fundamentally for the coming month, we are expecting NCDEX Soybean Futures to trade bullish amid with estimation of improved demand for soybean crush and oil to China from India and United States. Moreover, the domestic traders and industrialists have also pointed out for higher export demand for Soybean meal from India. Dryness continue to prevail in Brazil and Argentina ahead of harvesting. Correspondingly, the recent WASDE monthly report has pointed out increased exports and lower ending stocks. Soybean exports are projected at 2.25 billion bushels, up by 20 million from last month reflecting record marketing-year exports through January and a slow start to Brazil's export season resulting from harvest delays. With crush unchanged, soybean ending stocks are reduced by 20 million bushels to 120 million bushels. If realized, soybean ending stocks would be down 77% from 2019-20, and the lowest since 2013-14. Global 2020-21 soybean supply and demand forecasts include higher exports and lower ending stocks. Global exports are raised by 0.6 million tonnes to 169.7 million tonnes on higher exports from the United States and Russia. Overall, we continue to remain bullish in NCDEX Soybean futures for the month ahead.



On the daily chart, NCDEX Soybean (Mar) has been trading in **Higher Highs & Higher Lows** formation, which suggests bullish continuation for near term. In addition, the price has also sustained above **Ichimoku Cloud** formation with positive crossover, which indicates bullish strength for long term. However, in the recent trend, the counter showed **Negative Divergence** where the price moves to a new high, but the indicator RSI (14) fails to record high and forms a lower high. Furthermore, an oscillator Stochastic has also shown negative crossover, which point-out bearish move for near term. **So, based on the above technical structure, we are recommending buy on dips strategy for long term. One can initiate a long position in NCDEX Soybean (Mar) future around 4740 or a fall in the prices till 4700 levels can be used as a buying opportunity for the upside target of 5100. However, the bullish view will be negated if NCDEX Soybean (Mar) closes below the support of 4580.**