

COMMODITY INSIGHT

21ST MAY 2021



SILVER AND SOYBEAN



SILVER



News & Development

MCX Silver Futures has risen during the May month so far, due to falling bond yields and US Dollar Index with the US Stimulus package that led to resuming of the industrial and manufacturing activities. Moreover, silver prices had also gained back some strength during the last week due to possible reopening of the US and European Economy. By 20th May, MCX Silver futures closed at Rs.72323/kg, higher by 7.51% compared to Rs.67270/kg reported on 30th April.

For the coming month, we are estimating global silver prices to trade mixed as ETF investments has shown slowdown in the global markets due to rising covid-19 cases in Asian countries including Japan. Correspondingly, silver prices to also find support from the lower levels as the industrial demand is expected to find further recoveries in United States are expected to resume business activities. Moreover, silver eagle coins sales on the monthly basis, may prominently see rise as vaccination process is expected to revive the US economy but with caution. Currently the gold silver ratio which has come down to 65-66 levels still indicating cheaper silver prices which can support prices from the lower levels. In the case of India, the Central Government's effort to revive the economy with easing lockdown situation, by boosting industrial activities in construction and infrastructure developments is another added factor for silver prices strengthening. However, ongoing worries about the covid-19 situation in the some of states could sentimentally cap extreme upside movement in MCX silver prices. Correspondingly, the Indian equity market has sustained well in the month so far with further positivity expected during the monsoon season. This is expected to support the base metal prices in the longer duration and silver prices. Overall, investors with cautious note should remain sideways or buy on dips in MCX Silver futures for the month ahead.



On a four hourly chart, MCX Silver (July) future has been rising continuously in **Bullish channel** with **Higher Highs and Higher Lows** formation. However, price has shifted below the Middle band of **Bollinger** formation & **Stochastic RSI** also suggested negative crossover, which indicates some correction in the counter till the level of lower Bollinger band and prior demand zone. Although, the price is trading above 100 **Exponential Moving Averages**, which point-out positive trend for long term. **Hence, based on above technical structure we are recommending buy on dip strategy in MCX Silver (July) future, one can initiate a long position around 71000 or a fall in the price till 70800 levels can be used as buying opportunity for the upside target of 73700. However, the bullish view will be negated if MCX Silver (July) future close below the support level of 69500.**

SOYBEAN



News & Development

NCDEX Soybean future initially traded higher during the month of May due to increased demand in the domestic market with the effects of the supply tightness. However, prices fell majorly in the second of May due to lockdown situation in various states which eventually nearly nullified the auctions in the APMC Markets. The CONAB data has forecasted Brazil soybean production at 135.13 million tonnes of soybean in 2020-21, higher than 133.81 million tonnes from February month forecast. It is also kept higher against 124.85 million tonnes in last year, but then prices are not found correction. By 20th May, NCDEX Soybean futures has closed at Rs.7031/quintal, similar compared to Rs.7107/quintal by 30th April.

Fundamentally for the coming month, we are expecting NCDEX Soybean Futures to trade bearish with forecasts of higher monsoon in the major states of Madhya Pradesh, Maharashtra and Rajasthan during the upcoming monsoon season. Based on the recent IMD report; all India monsoon for the year 2021 is expected to be around 98% to 102% of normal. Moreover, monsoon in India is expected to be on time which will be an added factor. As per SEA recent report, India's Apr 2021 soymeal exports increased by 53% to 39,705 metric tonnes compared to 25,940 metric tonnes in the same period last year. Lockdown restrictions has been lifted in various states of India now and heavy supplies has been witnessed in the Indore market. As per recent USDA report, Soybean production in the world is likely to increase by 6% to 386 million tonnes in next marketing season (September- 2021- August 2020) in expectation of higher crop size in US and India. Total crop size in India may stand higher by 750,000 tonnes to 11.2 Million tonnes against 10.45 Million tonnes in this season. Overall, we expect a bearish trend in NCDEX Soybean prices in the month ahead.



On the daily chart, NCDEX SOYBEAN (Jun) future has given a breakdown of **Symmetrical Triangle Pattern** with large **Bearish Engulfing** candlesticks pattern, which indicates bearish movement in the near future. However, the price has taken support of prior demand zone & also the **RSI indicator** is at oversold zone which indicates slightly recovery in the counter. In addition, the price has settled below 21 **Exponential Moving Averages**, which confirms bearish momentum in the near future. **Hence, based on above technical structure, we are recommending sell on rise strategy in NCDEX Soybean (June) future, so one can initiate a short position in NCDEX Soybean (June) future around 7200 or a rise in the price till 7300 levels can be used as selling opportunity for the downside target of 6700. However, the bearish view will be negated if NCDEX Soybean (Jun) future close above the resistance level of 7600.**

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Commodity	LTP	Wow (%)	MoM (%)	Open Interest (weekly change)
Spot Silver (\$/oz)	26.69	1.25	4.05	-
Comex Silver (\$/oz)	27.73	1.35	4.25	15.960K
MCX Silver (Rs./kg)	71778	0.93	1.22	4950
NCDEX Soybean (Rs./quintal)	6972	-9.76	-12.91	9675

Seasonality Chart

Commodity	Country	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
SOYBEAN	India												
	USA												
	Brazil												
	Argentina												
	China												
	Sowing												
	Growth												
	Harvesting/Arrival												

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