

COMMODITY INSIGHT

27TH APRIL 2021



COPPER &
CASTOR SEED



COPPER



News & Development

MCX Copper prices has majorly traded higher during the past couple of weeks, owing to easing worries of covid-19 cases in U.S and European Union with countries like Australia showing significant signs of recovery. The impact of the US Stimulus Package of \$3 trillion is finally into motion with higher vaccination process and falling US Dollar Index. By 26th April, MCX Copper futures closed at Rs.749/kg, higher by 10.23% compared to Rs.679.5/kg reported on 31st March.

Fundamentally for the coming month, we expect MCX Copper futures to trade bullish as the global economy is witnessing faster than expected recovery with Chinese Economy improving its industrial production and import of its raw material. Fast pace of the vaccination for the people in the western countries is also another factor that has added support in global copper prices. Although the economic activities in India has slowdowns with series of lockdown in various states. However, the economic data in the United States and China are showing recoveries which is expected to support prices. The refinery production in the major countries of Chile and Peru is forecasted to see decline as the virus cases continue to spur that could lead to supply tightness. Correspondingly, copper prices could further upside as European countries are slowly opening up, however, worries in the Japanese economy continue as cases continue to rise. As per International Copper Study Group, global usage for Jan'2021 has reported at 2.069 million tonnes, lower compared to 2.097 tonnes of the previous month. In the case of World Refinery production, global production for Jan'21 has been reported at 2.097 million tonnes, similar compared to 2.097 million tonnes of Dec'20. Though the production exceeds over the usage the Global copper prices is likely to remain bullish with global positive sentiments, weak US Dollar Index and falling bond yields.



On the daily chart, MCX Copper (May) future has been rising continuously with **Higher Highs & Higher Lows** formation for the last three weeks after taking a support with 50 days Exponential Moving Averages, which indicates a bullish reversal in the counter for the long term. Moreover, the price has also taken support of previous supply zone after breakout, which supporting the bullish trend for the near term. In addition, **Bullish Marubozu** candlestick has formed on the daily chart, which confirms bullish momentum in the near term. Trend indicator **Parabolic SAR** is also supportive to Bullish Momentum. On the COMEX division, Copper has strong support of \$ 4.34. **So based on the above technical structure, one can initiate a long position at CMP 763 or fall in the prices till 760 for the upside target of 790. However, the bullish view will be negated if MCX Copper (May) closes below the support of 745.**

CASTOR SEED



News & Development

NCDEX Castor Seed Futures initially traded higher during the April month, owing to delayed arrivals of the new crops from the states of Gujarat and Rajasthan. Moreover, prices has also witnessed incline due to rise in exports of castor oil and castor meal in Europe and United States. Higher exports to China amid easing lockdown in their country had also sentimentally supported the spot and future prices. After making a yearly high last week, future prices say some correction from higher levels. By 26th April, NCDEX Castor Seed futures closed at Rs.5176/quintal, higher by 5.59% compared to Rs.4902/quintal reported on 31st March.

Fundamentally for the coming month, we are expecting NCDEX Castor Seed futures to trade bullish as the APMC markets in the major mandis of Deesa, Palanpur and Patan in Gujarat is shut due to covid-19 norms and rising cases. This has led to supply tightness in domestic markets. Moreover, prices of other vegetable oils such as Crude Palm Oil and Soy Oil have started to rise and is estimated to support the prices of castor seed as well. Although, Castor Oil domestic buying has been sluggish due to increased curfew and lockdown in various states, but then, exports to China, US and Europe has remained steady over the months and expected to rise in the month of May with higher vaccination process. Due to less availability of Hybrid Castor seeds the productivity this year has gone down by 10%. Last year, per hectare productivity was 2200 Kgs, which is expected to go down to 1900-2000 Kgs. As per SEA associated agriculture research, the total production of Castor seeds for castor seed is down to 17.5 lakh tonnes, lower compared to 19 lakh tonnes earlier estimated in , which is anticipated to come down to 13-15 lakh tonnes in 2020-21. The yield has also been further reduced to 1750-1800 kg per hectare as well. With lower production numbers and expectancy of lower stocks before the beginning of the next season and higher exports, we are estimating bullish trend in NCDEX Castor Seed Futures for the month ahead.



On the daily timeframe, NCDEX Castor Seed (June) future has made higher highs formation, which indicates a bullish trend. Moreover, the price has been moving above the 21 **Exponential Moving Averages**, which supports the bullish trend for the near term. Moreover, the trend indicator **Parabolic SAR** and a momentum indicator RSI (14) also supportive for long position. However, the price has shifted below the Upper **Bollinger Band** formation, which indicates some correction in the counter after a long trend. **Hence, based on the above technical structure, we are recommending buy on dip strategy in Castor seed future, one can initiate a long position in NCDEX Castor Seed (June) future around 5150 or a fall in the prices till 5100 levels can be used as a buying opportunity for the upside target of Rs.5800. However, the bullish view will be negated if NCDEX Castor seed (June) closes below the support of 4740.**

Commodity Insight

Commodity	LTP	Wow (%)	MoM (%)	Open Interest (weekly change)
LME Copper (\$/tonne)	9913	5.41	11.29	4700
Shanghai Copper (\$/tonne)	62410	5.78	12.52	17690
MCX Copper (Rs./kg)	765.7	5.36	10.58	5300
NCDEX Castor Seed (Rs./quintal)	5286	0.50	5.59	8450

Seasonality Chart

Commodity	Country	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Castor Seed	India												
	Sowing												
	Growth												
	Harvesting/Arrival												

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