

# COMMODITY INSIGHT

19TH MARCH 2021



COPPER &  
CASTOR SEED



# COPPER



## News & Development

MCX Copper prices has majorly traded lower during the past couple of weeks, owing to worries of covid-19 cases in U.S and European Union once has again disrupted the supply chain in the global markets capping major upside movement. The US Stimulus Package of \$1.9 trillion, couldn't lift the global base metal prices in the earlier weeks. By 18th March, MCX Copper futures closed at Rs.675/kg, lower by 6.13% compared to Rs.716.4/kg reported on 26th February.

Fundamentally for the coming month, we expect MCX Copper futures to trade bearish as the global economy is witnessing another phase of covid worries with reports of higher cases in India, Europe and United States. Slowdown of the vaccination for the people in the western countries is also another factor that has added worries put pressure in global copper prices. Global crude prices has also shown slump indicating worries in the industrial sector. Moreover, global copper prices upside may be capped in case of significant incline in US Dollar index that could damage imports. The refinery production in the major countries of Chile, Peru and China is forecasted to see decline as the virus cases continue to spur that could lead to supply tightness. Correspondingly, there are certain other factors that could potentially support copper prices from lower levels; as we are witnessing overall higher global usage for copper in the current year as compared to refinery production during the monthly basis. As per International Copper Study Group, global usage for Nov'2020 has reported at 2.197 million tonnes, lower by 1.72% compared to 2.271 million tonnes of the previous month. In the case of World Refinery production, global production for Nov'20 has been reported at 2.120 million tonnes, similar compared to 2.126 million tonnes of Oct'20. Though the usage exceeds over the production Global copper prices is likely to remain sluggish amid rising worries that can possibly drop the demand/ usage in the month ahead.



On a 4 hours chart, MCX Copper (Apr) future has been trading in bearish direction from last couple of days. Also, the price has given **Symmetrical Triangle Breakout** on a 4 hours chart, which shows the bearish sentiments in the counter. Moreover, the price is trading below **Ichimoku Cloud** formation and also crossed 100 days **Exponential Moving Average** which is the sign of bearish momentum for the near term. In additions, an **Oscillator Stochastic** supports the bearish trend by given the negative crossover on a 4 hourly charts. **So, based on the above technical structure one can initiate a short position in MCX Copper (Apr) future at CMP 668 or a rise in the price till 672 levels can be used as a selling opportunity for the downside target of 625. However, the bearish view will be negated if MCX Copper (Apr) future closes above the resistance of 690.**

## News & Development

NCDEX Castor Seed Futures initially traded higher during the March month, owing to delayed arrivals of the new crops from the states of Gujarat and Rajasthan. However, prices has also witnessed decline due to fall in exports of castor oil and castor meal in Europe and United States. But then, higher exports to China amid easing lockdown in their country had also sentimentally supported the spot and future prices from extreme bearishness. By 18th March, NCDEX Castor Seed futures closed at Rs.4700/quintal, higher by 5.28% compared to Rs.4464/quintal reported on 26th February.

Fundamentally for the coming month, we are expecting NCDEX Castor Seed futures to trade bearish with reports of higher arrivals of castor seed in the major mandis of Deesa, Palanpur and Patan in Gujarat. Moreover, prices of other vegetable oils such as Crude Palm Oil and Soy Oil have started to ease and is estimated to ease the prices of castor seed as well. Castor Oil buying has been sluggish and could also show concerns as covid cases has shown a sudden spike over the last week in India, which has added worries in certain states for a possible lockdown. Moreover, exports which had been sluggish in the last month due to second covid-19 wave in Europe and US; could be relatively similar in this month and coming month with improved buying from China. This can limit extreme bearishness in prices. Harvesting in Gujarat has begun which is expected to bring some about of further decline in prices. But then again, Due to less availability of Hybrid Castor seeds the productivity this year might go down by 10%. Last year, per hectare productivity was 2200 Kgs, which is expected to go down to 1900-2000 Kgs. As per primary estimate, above two factors would lead to a decline of 4-5 lakh tonnes in the total production of Castor seeds. In 2019-20 total production of Castor Seeds was close to 18-20 lakh tonnes, which is anticipated to come down to 13-15 lakh tonnes in 2020-21. Overall, we are bearish in NCDEX Castor Seed Futures for the month ahead.



On the daily chart, NCDEX Castor Seed (Apr) future has been trading in bearish trend from last few days after formed **Rickshaw Man Candlestick Pattern**, which is the sign of the bearish trend reversal. The price has also shown reversal after touched **Upper Bollinger** band which indicates bearish sentiments. In additions, an **Oscillator Stochastic** has given a bearish crossover on the daily chart and **RSI** is also showing downward movement after tested over bought zone. **So, based on the above technical structure one can initiate a short position in NCDEX Castor Seed (Apr) future at CMP 4674 or a rise in the price till 4700 levels can be used as a selling opportunity for the downside target of 4100. However, the bearish view will be negated if NCDEX Castor Seed (Apr) future closes above the resistance of 5050.**

## Commodity Insight

Commodity	LTP	Wow (%)	MoM (%)	Open Interest (weekly change)
LME Copper (\$/tonne)	9077	-2.73	-7.56	-2140
Shanghai Copper (\$/tonne)	58430	-2.56	-7.24	-14560
MCX Copper (Rs./kg)	669.75	-3.56	-6.13	-4260
NCDEX Castor Seed (Rs./quintal)	4674	-1.25	5.28	-3500

### Seasonality Chart

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

### Research Team

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