

#### **Domestic Fundamentals:**

Market Outlook: Cotton spot market prices were witnessed steady to weak Tuesday.

**In The News:** Bangladesh has emerged as the biggest importer of Indian cotton this season. It imported around 21 lakh bales of cotton from India overtaking China, which was largest importer of Indian cotton until now.

So far, India has exported 15 lakh bales of cotton to China. As per data provided by CAI, the country has contracted 15-20 lakh bales for exports to China. Following the trade war with the US, China has imposed tariffs on import of cotton from the US. Cotton is one of the 106 US goods on which Beijing has imposed up to 25% tariffs.

According to trade sources, in the past three months, the export price of India's 30S pure cotton yarn has risen by 2%, while the export price of Pakistan's cotton yarn with the same quality has decreased by 1.7%. In the coming weeks, it's expected that the price of cotton yarn will not be lowered due to the support of high level cotton prices.

Cotton exports surged 151% in March with shipment of 12.5 lakh bales (170 kg) as against just less than 5 lakh bales exported in March 2017. The first six months of 2017-18 cotton marketing year shipment aggregated 5.66 million bales as against 4.82 million bales in the corresponding months of previous marketing year.

Cotton Corporation of India (CCI) has purchased 11 lakh bales of cotton so far this cotton season (October to September) and sold four lakh bales.

India's cotton exports may touch 7 million bales this marketing year, a rise of 27 per cent over the earlier estimate due to a surge in demand, mainly from China, as Indian cotton is selling at discount, says the Cotton Association of India (CAI).

According to trade sources, With Indian cotton selling at discounts of 7-10 cents per pound, there is demand for all qualities of cotton.

The area under Cotton cultivation in India likely to go down by 10-15% this year as farmers are expected to shift to Soyabean that gives better returns and because of the risk of pink bollworm attack, industry sources said.

Cotton Association of India has released its March estimate of the 2017-18 crop year beginning from 1<sup>st</sup> October 2017-18. In this latest estimate, the CAI has estimated cotton crop for the ongoing 2017-18 season at 360 lakh bales of 170 kgs. each, which is lower by 2 lakh bales – one lakh bales each in the states of Maharashtra and Karnataka

90% cotton crop has arrived in the markets and new crop season already set in, the estimate for cotton arrival has been lowered fifth time for Punjab. On other hand, the estimates have been revised upwards in the neighbouring states of Haryana and Rajasthan.

As per Agriwatch estimates, cotton acreage in the southern states might decline by 8-10% in 2018-19, because of losses this year, but a part of it will be made up by the northern states. Overall we- expect the national acreage to decline by about 3%. Current year's yields in southern states were affected by pink bollworm attacks.



#### **International Fundamentals**

Cotton production remains marginal in Thailand totalling approximately 1,500 -1,600 metric tons (2,300 -2,500 bales) due to unattractive returns compared to other field crops like sugarcane. This production accounts for less than one percent of total demand. The government does not provide any incentives to farmers to produce cotton. The government still bans the domestic production of all transgenic (biotech) plant varieties, including cotton.

World Cotton consumption in 2017-18 is projected at 120.4 million bales, as per latest US Department of Agriculture (USDA) figures. This is 5% or 5.6 million bales above 2016-17.

USDA 2018 cotton sowing progress, week ended April 16, showed 8% of the total area planted vs 8% last year. Arzona, Texas, California and Georgia begun planting.

In 2018/19, Post forecasts Australian cotton production to reach 4.7 million bales from a harvested area of 450,000 hectares. This compares to 4 million bales in 2017/18 from a revised harvested area of 470,000 hectares due to poor seasonal conditions. Exports are forecast at 4.4 million bales in 2018/19as a result of the larger harvest and strong international demand. (Source: FAS report)

From March 12 to April 13, the cumulative turnover of cotton reserves was 411,600 tons, with a turnover rate of 57.15%.

According to China Cotton Association, survey China Cotton plantings seen falling 4% in 2018-19 to 2.8 Mln ha as farmers respond to lower prices last year.

As per the United States Department of Agriculture (USDA) figures, India is the largest producer of cotton in the world with 365 lakh bales this year, followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil (103 lakh bales).

ICE cotton contract for May expiry settled up 0.72 cent, or 0.89 percent, at 81.46 cents per lb. It traded within a range of 80.68 and 82.2 cents a lb the contract was down 0.45 percent for the week.

Cotton in Australia estimates there were 372,000 hectares of irrigated cotton planted this season and 81,000 green hectares of dry land, giving total Australian crop of 453.000 ha.

|                | NCDEX Kapas Futures*: (Prices in Rs/20kg) |                     |               |              |              |               |              |                    |                |
|----------------|---|---------------------|---------------|--------------|--------------|---------------|--------------|--------------------|----------------|
| Contract       | +/-<br>-14                                | Open<br>882.5       | High<br>888.5 | Low<br>870.5 | Close<br>872 | Volume<br>488 | Change<br>14 | <b>O</b> I<br>1620 | Change<br>-513 |
| Cont. (C1)     |   |                     |               |              |              |               |              |                    |                |
| Spread<br>Spot |   | Cont (C1)<br>-181.5 |               |              |              |               |              |                    |                |
|                |   |                     |               |              |              |               |              |                    |                |
|                | Updated at 05:00 pm as on 24–Apr-2018     |                     |               |              |              |               |              |                    |                |



| Contract                                     | +/-  | Open  | High  | Low   | Close | Volume | Change | OI   | Change |
|--|------|-------|-------|-------|-------|--------|--------|------|--------|
| Apr-18                                       | -170 | 20770 | 20780 | 20650 | 20680 | 1002   | -190   | 2713 | -803   |
| May-18                                       | -180 | 21100 | 21100 | 20950 | 20970 | 1159   | -245   | 6848 | 570    |
|  |      |       |       |       |       |        |        |      |        |
| Spread                                       | Ap   | r 18  |       |       |       |        |        |      |        |
| Spot   |      |       |       |       |       |        |        |      |        |
| Apr-18                                       | -3   | 320   |       |       |       |        |        |      |        |
| (NB: Spread Basis = Spot- Near Month Future) |      |       |       |       |       |        |        |      |        |

### **DOMESTIC PRICES AND ARRIVALS**

## **Cotton Prices at Key Spot Markets:**

| Commodity        |             | Kapas         | Prices (R | s./Quintal) | Change |
|------------------|-------------|---------------|-----------|-------------|--------|
| State            | Centre      | Variety       | 24-Apr-18 | 23-Apr-18   | Change |
|                  | Ahmedabad   | Shankar-6     | 5450      | 5450        | Unch   |
|                  | Gondal      | Shankar-6     | Closed    | NR          | -      |
|                  | Rajkot      | B.T. Cotton   | 5350      | 5415        | -65    |
| Gujarat          | Patan       | B.T. Cotton   | 5300      | 5420        | -120   |
|                  | Kadi        | B.T. Cotton   | 5250      | 5250        | Unch   |
|                  | Deesa       | B.T. Cotton   | NA        | NA          | -      |
|                  | Dhrol       | B.T. Cotton   | 5105      | 5145        | -40    |
| Duniah           | Fazilika    | B.T. Cotton   | NR        | NR          | -      |
| Punjab           | Muktsar     | B.T. Cotton   | NR        | NR          | -      |
|                  | Bhiwani     | B.T. Cotton   | 5100      | 5100        | Unch   |
|                  | Bhiwani     | Desi          | NA        | NA          | -      |
|                  | Adampur     | B.T. Cotton   | NR        | NR          | -      |
| Haryana          | Fatehabad   | B.T. Cotton   | 5030      | 5090        | -60    |
|                  | Jind        | B.T. Cotton   | NA        | NA          | -      |
|                  | Uchana      | B.T. Cotton   | NR        | NR          | -      |
|                  | Dabwali     | B.T. Cotton   | NA        | NA          | -      |
| Dojaathan        | Hanumangarh | B.T. Cotton   | NA        | NA          | -      |
| Rajasthan        | Rawatsar    | B.T. Cotton   | NA        | NA          | -      |
| Madhya Pradesh   | Khandwa     | Mech-1        | 4900      | 4900        | Unch   |
| Mauriya Frauesii | Khargaon    | Mech-1        | NR        | NR          | -      |
| Maharashtra      | Amravati    | Mech-1        | 5150      | 5125        | 25     |
| wandrashtra      | Jamner      | Medium Staple | NR        | NR          | -      |
| Uttar Pradesh    | Hathras     | B.T. Cotton   | NA        | NA          | -      |
| Ullai Frauesii   | Hathras     | Desi          | NA        | NA          | -      |
| Telangana        | Adilabad    | Un-Ginned     | NR        | 4570        | -      |



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|-----------------|--------------------------------------|----------------------|--|---|------------------|
| Andhus Bushash  | Guntur                               | Un-Ginned            | NA   | NA  | -                |
|                 | Kurnool                              | Un-Ginned            | NA   | NA  | -                |
| Andhra Pradesh  | Krishna                              | Un-Ginned            | NA   | NA  | -                |
|                 | East Godavari                        | Un-Ginned            | NA   | NA  | -                |
| Karnataka       | Bijapur                              | Bunny                | NR   | 5455  | -                |
|                 | Hubli                                | D.C.H.               | NR   | 4285  | -                |
|                 | Hubli                                | B.T. Cotton          | NR   | NR  | -                |
|                 | Raichur                              | H-44 Cotton          | NR   | 5175  | _                |
|                 | rtaioriai                            | 11 11 001.011        |  | 0.70  |                  |
| Commodity       |                                      | int                  |  | s./Maund)   | Change           |
| Commodity State |                                      |                      |  | <u> </u>  | Change           |
|                 | L                                    | int                  | Prices (R  | s./Maund)   | Change           |
|                 | L<br>Centre                          | int<br>Variety       | Prices (R<br>24-Apr-18   | s./Maund)<br>23-Apr-18  |                  |
|                 | Centre Bhatinda                      | Variety J-34         | Prices (R<br>24-Apr-18<br>4295   | <b>23-Apr-18</b> 4300   | -5               |
| State           | Centre Bhatinda Abohar               | Variety J-34 J-34    | Prices (R 24-Apr-18 4295 4290  | <b>23-Apr-18</b> 4300 4310  | -5<br>-20        |
| State           | Centre Bhatinda Abohar Mansa         | J-34<br>J-34<br>J-34 | Prices (R  24-Apr-18  4295  4290  4250   | <b>23-Apr-18</b> 4300 4310 4280   | -5<br>-20<br>-30 |
| State           | Centre Bhatinda Abohar Mansa Muktsar | J-34 J-34 J-34 J-34  | Prices (R  24-Apr-18  4295  4290  4250  NR   | <b>23-Apr-18</b> 4300 4310 4280 NR  | -5<br>-20<br>-30 |

# **Cotton Arrivals in Key Centers:**

| Commodity      | К           | apas          | Arrivals  | (Quintal) | Change |
|----------------|-------------|---------------|-----------|-----------|--------|
| State          | Centre      | Variety       | 24-Apr-18 | 23-Apr-18 | Change |
|                | Ahmedabad   | Shankar-6     | 42500     | 42500     | Unch   |
|                | Gondal      | Shankar-6     | Closed    | NR        | -      |
|                | Rajkot      | B.T. Cotton   | 1200      | 1400      | -200   |
| Gujarat        | Patan       | B.T. Cotton   | 3110      | 3645      | -535   |
|                | Kadi        | B.T. Cotton   | 40000     | 35000     | 5000   |
|                | Deesa       | B.T. Cotton   | NA        | NA        | -      |
|                | Dhrol       | B.T. Cotton   | 57        | 52        | 5      |
| Duniah         | Fazilika    | B.T. Cotton   | NR        | NR        | -      |
| Punjab         | Muktsar     | B.T. Cotton   | NR        | NR        | -      |
|                | Bhiwani     | B.T. Cotton   | 500       | 600       | -100   |
|                | Bhiwani     | Desi          | NA        | NA        | -      |
|                | Adampur     | B.T. Cotton   | NR        | NR        | -      |
| Haryana        | Fatehabad   | B.T. Cotton   | 150       | 80        | 70     |
|                | Jind        | B.T. Cotton   | NA        | NA        | -      |
|                | Uchana      | B.T. Cotton   | NR        | NR        | -      |
|                | Dabwali     | B.T. Cotton   | NA        | NA        | -      |
| Deisethan      | Hanumangarh | B.T. Cotton   | NA        | NA        | -      |
| Rajasthan      | Rawatsar    | B.T. Cotton   | NA        | NA        | -      |
| Madhya Bradash | Khandwa     | Mech-1        | 400       | 300       | 100    |
| Madhya Pradesh | Khargaon    | Mech-1        | NR        | NR        | -      |
| Maharashtra    | Amravati    | Mech-1        | 1100      | 1300      | -200   |
| wanarashta     | Jamner      | Medium Staple | NR        | NR        | -      |





| Litter Dredock    | Hathras        | B.T. Cotton | NA                 | NA        | -      |
|-------------------|----------------|-------------|--------------------|-----------|--------|
| Uttar Pradesh     | Hathras        | Desi        | NA                 | NA        | -      |
| Telangana         | Adilabad       | Un-Ginned   | NA                 | NA        | -      |
|                   | Guntur         | Un-Ginned   | NA                 | NA        | -      |
| Andhra Pradesh    | Kurnool        | Un-Ginned   | NA                 | NA        | -      |
| Allullia Flauesii | Krishna        | Un-Ginned   | NA                 | NA        | -      |
|                   | East Godavari  | Un-Ginned   | NA                 | NA        | -      |
|                   | Bijapur        | Bunny       | NR                 | 3915      | -      |
| Karnataka         | Hubli          | D.C.H.      | NR                 | 82        | -      |
| Namalaka          | Hubli          | B.T. Cotton | NR                 | NR        | -      |
|                   | Raichur        | H-44 Cotton | NR                 | 847       | -      |
| Commodity         | Li             | nt          | Arrivals (Quintal) |           | Change |
| State             | Centre         | Variety     | 24-Apr-18          | 23-Apr-18 | Change |
|                   | Bhatinda       | J-34        | 1020               | 1190      | -170   |
| Punjab            | Abohar         | J-34        | 170                | 85        | 85     |
|                   | Mansa          | J-34        | 170                | 170       | Unch   |
| Haryana           | Sirsa          | J-34        | 85                 | 170       | -85    |
| Rajasthan         | Sri-Ganganagar | J-34        | NA                 | NA        | -      |

## **DOMESTIC PRICES AND ARRIVALS**

| Cotton Association of India Spot Rates:     |               |             |           |               |               |        |  |  |
|---|---------------|-------------|-----------|---------------|---------------|--------|--|--|
| Trade Name                                  | Otamla        | Micronaire  | Strength/ | Rs. Per Candy | Rs. Per Candy | Changa |  |  |
| Trade Name                                  | Staple        | Wilcronaire | GPT       | 23-Apr-18     | 21-Apr-18     | Change |  |  |
| Bengal Deshi<br>(RG)/Assam Comilla<br>(101) | Below<br>22mm | 5.0 - 7.0   | 15        | 41800         | 42100         | -300   |  |  |
| Bengal Deshi (SG)(201)                      | Below<br>22mm | 5.0 - 7.0   | 15        | 42300         | 42600         | -300   |  |  |
| J-34(202)                                   | 26mm          | 3.5 - 4.9   | 23        | 40700         | 40300         | 400    |  |  |
| H-4/ MECH-1(105)                            | 28mm          | 3.5 – 4.9   | 27        | 38000         | 37700         | 300    |  |  |
| Shankar-6(105)                              | 29mm          | 3.5 – 4.9   | 28        | 41700         | 41400         | 300    |  |  |
| Bunny/ Brahma(105)                          | 31mm          | 3.5 - 4.9   | 30        | 43000         | 42700         | 300    |  |  |
| MCU-5/ Surabhi(106)                         | 32mm          | 3.3 - 4.9   | 31        | 44100         | 44400         | -300   |  |  |
| DCH-32(107)                                 | 34mm          | 3.0 - 3.8   | 33        | 54500         | 54500         | Unch   |  |  |

## **Cotton Seed Oil Prices**

| Centre    | Unit        | Pri       | Change    |        |
|-----------|-------------|-----------|-----------|--------|
| Centre    | Offic       | 24-Apr-18 | 23-Apr-18 | Change |
| Rajkot    | Rs. /10 Kg. | 745       | 750       | -5     |
| New Delhi | Rs. /10 Kg. | 725       | 725       | Unch   |
| Hyderabad | Rs. /10 Kg. | NR        | NR        | -      |
| Mumbai    | Rs. /10 Kg. | 765       | 770       | -5     |

### **Cotton Seed Oil Seed Cake Prices**



| Centre          | Unit    | Pri       | Chango    |        |
|-----------------|---------|-----------|-----------|--------|
| Centre          | Offic   | 24-Apr-18 | 23-Apr-18 | Change |
| Mahesana (Kadi) | Rs./Qtl | 1288      | 1336      | -48    |
| Akola           | Rs./Qtl | 1300      | 1348      | -48    |

## **INTERNATIONAL PRICES AND INDICES**

| China Cotton Index: As on 24-April-2018 |         |        |  |  |  |  |
|---|---------|--------|--|--|--|--|
| Index                                   | RMB/Ton | Change |  |  |  |  |
| CCIndex(328)                            | 15463   | -16    |  |  |  |  |
| CCIndex(527)                            | 14503   | -9     |  |  |  |  |
| CCIndex(229)                            | 16097   | -7     |  |  |  |  |
| RMB -Renminbi, 1RMB =0.16 \$U.S.        |         |        |  |  |  |  |

| China Foreign Cotton (FCE) Index : As on 24-April-2018 |          |        |  |  |  |  |
|--|----------|--------|--|--|--|--|
| Index  | Cents/lb | Change |  |  |  |  |
| FC Index (S)   | 95.50    | -0.81  |  |  |  |  |
| FC Index (M)   | 92.13    | -0.77  |  |  |  |  |
| FC Index (L)   | 91.47    | -0.76  |  |  |  |  |

| Cotlook Index: As on 23-April-2018 |       |      |  |  |  |
|------------------------------------|-------|------|--|--|--|
| Cotlook Indices Cents/Pound Change |       |      |  |  |  |
| A-Index                            | 93.80 | 1.85 |  |  |  |

| USDA Cotton Spot Rates: As on 23-April-2018 |                     |                     |          |  |  |  |
|---|---------------------|---------------------|----------|--|--|--|
| Growth Area                                 | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |  |  |  |
|   | cent                | Bales               |          |  |  |  |
| Southeast                                   | 84.62               | 86.87               | NIL      |  |  |  |
| North Delta                                 | 83.12               | 84.87               | 4267     |  |  |  |
| South Delta                                 | 83.12               | 84.87               | NIL      |  |  |  |
| East TX-OK                                  | 77.50               | 79.25               | 6161     |  |  |  |
| West Texas                                  | 76.50               | 78.25               | 199      |  |  |  |
| Desert SW                                   | 79.12               | 83.12               | NIL      |  |  |  |
| SJ Valley                                   | 79.62               | 88.52               | NIL      |  |  |  |

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4



| ICE Cotton Futures (Prices in cents/lb.): Ason 23-April-2018 |       |       |       |       |        |  |  |
|--|-------|-------|-------|-------|--------|--|--|
| Contract   | Open  | High  | Low   | Close | Change |  |  |
| 18-May   | 85.70 | 86.44 | 82.90 | 83.19 | -2.28  |  |  |
| 18-Jul   | 84.89 | 85.39 | 84.04 | 84.12 | -0.61  |  |  |
| 18-Oct   | 81.45 | 82.00 | 81.16 | 81.16 | -0.51  |  |  |
| 18-Dec   | 79.45 | 79.9  | 79.25 | 79.35 | -0.08  |  |  |
| 19-Mar   | 79.31 | 79.74 | 79.15 | 79.21 | -0.03  |  |  |
| 19-May   | 79.09 | 79.75 | 79.09 | 79.14 | 0.05   |  |  |

| Pakistan Cotton | (in Pakistan Rupees) |              |                  |                   |
|-----------------|----------------------|--------------|------------------|-------------------|
| Product         | Rate for             | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
| Cotton          | 37.32 Kgs            | 7500         | 145              | 7645              |
| Equivalent      | 40 Kgs               | 8038         | 155              | 8193              |

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