

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed firm on Thursday.

In The News: The Maharashtra state government has released Rs 1,100 crore for disbursement of assistance from Wednesday (May 2) to cotton farmers in Vidarbha who had lost their crop to pink bollworm attack pushing many to suicide. The government scheme targets providing relief to 45 lakh farmers for which it has sought an estimated Rs 3,373 crore from union government.

The new genetically modified variety, PAU Bt 1, will go for trials over 3,000 acres in the current kharif season and the Punjab Agricultural University has started distributing seed packets of 400gm each free of cost, asking cotton growers to sow it over one kanal (one-eighth of an acre). The cost of three kg of seeds of prevailing Bt varieties for one acre is Rs 1,600, which is a major cost factor for farmers.

Sowing of cotton under ideal conditions, only 9,600 hectares have been covered in Punjab till April 30. Last year the crop was sown in 22,000 hectares till April end. Sowing of cotton is termed ideal till May 15 in the state. The delayed release of canal water is termed as the biggest reason behind late sowing. The canal water reached villages in Fazilka and Muktsar districts on April 29, but that too not at full capacity whereas it had reached the other cotton districts on April 21. The sowing is expected to pick up in the first week of May.

According to trade sources, many Indian cotton farmers are reportedly looking to shift to soybean during the coming kharif sowing season, as the oilseed fetched a better return last year. Expecting at least 15 per cent of cotton farmers shifting towards soybean this kharif season, for better realisation.

Currently Rs 4,700-5,500 a qtl, cotton prices moved up during the past month when export demand emerged suddenly from Bangladesh, China and Pakistan.

Gujarat cotton prices of 29 mm remained between 41,850 to 42,250 Rs./candy.

According to data provided by the Confederation of Indian Textile Industry, of the total commodities exports from India, the textile apparel exports share has come down by a percentage point to 12% in fiscal 2018 from 13% in the previous fiscal.

Cotton prices are likely to remain steady during June-October 2018 due to very tight financial situation prevailing in the spinning sector and comfortable availability of quality cotton, according to the Indian Cotton Federation here.

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.

International Fundamentals

World cotton consumption is expected to continue to grow steadily through 2018-19 to a projected 26.7 million tons from 25.5 million tons estimated in 2017-18.

Cotton prices have remained high in 2017-18 at an average of 84.63 cents per pound thus far over the course of the season. Higher prices are expected to impact planting decisions to expand area under cotton for the 2018-19 seasons.

U.S. cotton acres will be up 7% in 2018 compared to 2017 and nearly 35% from 2016, according to USDA's Prospective Plantings report. Amid low grain prices, this Southern crop is back in vogue—and it's expanding in certain states that traditionally plant row crops.

Total 2017-18 U.S sales have reached 16,429,800 bales, 2.46 million bales ahead of same week sales last year.

In MY 2017/18, Vietnam's cotton imports are expected to reach 1.38 million metric tons (MMT), up 15 percent over MY 2016/17, as Vietnam's spinning sector continues to expand alongside its textile and garment industry.

US Crop progress report showed on Monday, 12% of the US cotton crop was planted as on Sunday, a 2% move from the week prior.

Cotlook has lowered its forecast for 2018-19 global Cotton production by 69,000 tonnes to 26.23 million tonnes owing to a change for the US which more than offset increases for Uzbekistan and Brazil. It also lowered global Cotton consumption by 103,000 tonnes to 26.77 million tonnes.

According to U.S weekly export sales-shipments report, China's 2018-19 cotton imports projected to climb to 6.4 million bales from 5.05 million estimated for this season.

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. Arizona, 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 2018/19 as a result of the larger harvest and strong international demand. (Source: FAS report)

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-18	-20	20870	20890	20780	20830	521	-46	8773	-93
June-18	-20	21100	21130	21040	21100	234	54	892	142

Spread	Apr 18		-	-	--	--
Spot				-	-	-
May-18	-240			-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 05:00 pm as on 03-May 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-May-18	2-May-18	
Gujarat	Ahmedabad	Shankar-6	5450	5400	50
	Gondal	Shankar-6	NR	5265	-
	Rajkot	B.T. Cotton	5425	5395	30
	Patan	B.T. Cotton	5435	5550	-115
	Kadi	B.T. Cotton	5250	5200	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4960	5110	-150
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5080	5000	80
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5150	5060	90
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	4800	300
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4450	NR	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-

	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	5395	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5150	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-May-18	2-May-18	
Punjab	Bhatinda	J-34	4360	4335	25
	Abohar	J-34	4360	4350	10
	Mansa	J-34	4325	4300	25
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4325	4310	15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-May-18	2-May-18	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	NR	645	-
	Rajkot	B.T. Cotton	1200	1300	-100
	Patan	B.T. Cotton	2887	1520	1367
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	20	43	-23
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	200	200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	200	250	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1100	1200	-100
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NR	-

Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	2565	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	787	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-May-18	2-May-18	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	170	170	Unch
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

DOMESTIC PRICES AND ARRIVALS

Cotton Association of India Spot Rates:						
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-May-18	30-Apr-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	41600	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	42100	300
J-34(202)	26mm	3.5 - 4.9	23	41200	40800	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41500	41400	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55000	54500	500

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		3-May-18	2-May-18	
Rajkot	Rs. /10 Kg.	740	742	-2
New Delhi	Rs. /10 Kg.	725	725	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	760	765	-5

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price	Change
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		3-May-18	2-May-18	
Mahesana (Kadi)	Rs./Qtl	1336	1289	47
Akola	Rs./Qtl	1272	1237	35

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3-May-2018

Index	RMB/Ton	Change
CCIndex(328)	15462	11
CCIndex(527)	14507	8
CCIndex(229)	16107	15
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 1-May-2018

Index	Cents/lb	Change
FC Index (S)	97.03	0.29
FC Index (M)	94.06	0.48
FC Index (L)	93.06	0.18

Cotlook Index: As on 2-May-2018

Cotlook Indices	Cents/Pound	Change
A-Index	93.25	0.25

USDA Cotton Spot Rates: As on 2-May-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	85.18	87.43	NIL
North Delta	83.68	85.43	153
South Delta	83.68	85.43	NIL
East TX-OK	76.00	77.75	3558
West Texas	74.50	76.25	1069
Desert SW	79.68	83.68	NIL
SJ Valley	80.18	89.08	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.): Ason2-May-2018

Contract	Open	High	Low	Close	Change
18-May	85.33	85.38	84.65	85.01	-0.11
18-Jul	84.55	85.10	84.13	84.68	0.20
18-Oct	81.22	81.22	81.22	81.22	0.38

18-Dec	78.75	79.45	78.75	79.43	0.63
19-Mar	78.47	78.97	78.42	78.96	0.60
19-May	78.67	78.93	78.49	78.93	0.53

Pakistan Cotton Spot rates: As on 2-May-2018				(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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