

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were witnessed steady to firm on Friday.

In The News: Indian markets have received nearly 68% of the 2017-18 total cotton crops. India is world's largest cotton producing country. Total cotton arrivals across the country stood at 25.77 million bales as against 25.50 million bales a year ago, an official from Cotton Corporation of India (CCI) said.

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.

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	20780	20800	20720	20730	325	-196	8743	-30
June-18	-30	21050	21060	21010	21010	84	-150	922	30

Spread	Apr 18		-	-	--	--
Spot			-	-	-	-
May-18	-260		-	-	-	-

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

* Updated at 05:00 pm as on 04-May 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-May-18	3-May-18	
Gujarat	Ahmedabad	Shankar-6	5450	5450	Unch
	Gondal	Shankar-6	5305	NR	-
	Rajkot	B.T. Cotton	5425	5425	Unch
	Patan	B.T. Cotton	5700	5435	265
	Kadi	B.T. Cotton	5400	5250	150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	4960	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5090	5080	10
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5140	5150	-10
	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	5100	Unch
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4450	-
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	5405	-
	Hubli	D.C.H.	NR	3801	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5100	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-May-18	3-May-18	
Punjab	Bhatinda	J-34	4360	4360	Unch
	Abohar	J-34	4375	4360	15
	Mansa	J-34	4325	4325	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4345	4325	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-May-18	3-May-18	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	388	NR	-
	Rajkot	B.T. Cotton	1200	1200	Unch
	Patan	B.T. Cotton	3057	2887	170
	Kadi	B.T. Cotton	30000	25000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	20	-
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	500	200	300
	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	1000	1100	-100
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	NR	NA	-
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	1766	-
	Hubli	D.C.H.	NR	2	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	457	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-May-18	3-May-18	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	100	170	-70
Haryana	Sirsa	J-34	340	170	170
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
				3-May-18	2-May-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	42400	Unch
J-34(202)	26mm	3.5 - 4.9	23	41300	41200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	39000	200
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41500	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	55200	55000	200

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		4-May-18	3-May-18	
Rajkot	Rs. /10 Kg.	745	740	5
New Delhi	Rs. /10 Kg.	725	725	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	755	760	-5

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		4-May-18	3-May-18	
Mahesana (Kadi)	Rs./Qtl	1350	1336	14
Akola	Rs./Qtl	1297	1272	25

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 4-May-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	15465	3
CCIndex(527)	14516	9
CCIndex(229)	16113	6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 3-May-2018</u>		
Index	Cents/lb	Change
FC Index (S)	97.07	0.04
FC Index (M)	94.11	0.05
FC Index (L)	93.12	0.06

<u>Cotlook Index: As on 3-May-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	93.50	0.25

<u>USDA Cotton Spot Rates: As on 3-May-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	85.00	87.25	NIL
North Delta	83.50	85.25	395
South Delta	83.50	85.25	NIL
East TX-OK	75.50	77.25	3104
West Texas	74.00	75.75	1308
Desert SW	79.50	83.50	NIL
SJ Valley	80.00	88.90	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.): Ason3-May-2018

Contract	Open	High	Low	Close	Change
18-May	84.75	84.85	84.45	84.45	-0.56
18-Jul	84.70	85.12	83.83	84.50	-0.18
18-Oct	81.30	81.3	81.30	81.30	0.08
18-Dec	79.38	79.67	79.20	79.59	0.16
19-Mar	78.94	79.13	78.73	79.09	0.13
19-May	79.02	79.04	78.63	79.02	0.09

Pakistan Cotton Spot rates: As on3-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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