

Domestic Fundamentals:

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

In The News: Gujarat market is in Range of ₹ 41500 to 42500 for good quality shankar 6 , which is now second highest Rates in India, earlier Gujarat Rates was Higher than North India.

Crop size will be Achieved as targeted by CAB that is 377 lakh and 330 arrived that is 87.55% arrived.

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.

All India arrivals remain daily 70,000 to 75,000 bales. Limited arrivals ginners are willing to close factory.

Gujarat cotton prices of 29 mm remained between 41,850 to 42,200 Rs/Candy during the week

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.

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 | 210 | 20900 | 21040 | 20900 | 20960 | 852 | 315 | 8784 | 73 |
| June-18 | 210 | 21240 | 21300 | 21220 | 21240 | 158 | 53 | 950 | 29 |

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

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

* Updated at 05:00 pm as on 07-May 2018

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|---------------|----------------------|----------|--------|
| State | Centre | Variety | 7-May-18 | 5-May-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 5500 | 5500 | Unch |
| | Gondal | Shankar-6 | NR | 5315 | - |
| | Rajkot | B.T. Cotton | 5470 | 5450 | 20 |
| | Patan | B.T. Cotton | 5570 | 5500 | 70 |
| | Kadi | B.T. Cotton | 5300 | 5250 | 50 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NR | 4750 | - |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 5050 | 5020 | 30 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | NR | NR | - |
| | Fatehabad | B.T. Cotton | 5160 | 5160 | Unch |
| | 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 | 5200 | NR | - |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 5350 | 5300 | 50 |
| | Jamner | Medium Staple | NR | NR | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 4450 | 4500 | -50 |
| 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 | 5709 | - |
| | Hubli | D.C.H. | NR | 1919 | - |
| | Hubli | B.T. Cotton | NR | NR | - |
| | Raichur | H-44 Cotton | NR | 5200 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 7-May-18 | 5-May-18 | |
| Punjab | Bhatinda | J-34 | 4420 | 4400 | 20 |
| | Abohar | J-34 | 4420 | 4400 | 20 |
| | Mansa | J-34 | 4400 | 4350 | 50 |
| | Muktsar | J-34 | NR | NR | - |
| | Fazilika | J-34 | NR | NR | - |
| Haryana | Sirsa | J-34 | 4390 | 4375 | 15 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| | | | | | |
|------------------|---------------|----------------|---------------------------|-----------------|---------------|
| Commodity | Kapas | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 7-May-18 | 5-May-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 34000 | 34000 | Unch |
| | Gondal | Shankar-6 | NR | 389 | - |
| | Rajkot | B.T. Cotton | 1300 | 1100 | 200 |
| | Patan | B.T. Cotton | 1975 | 2010 | -35 |
| | Kadi | B.T. Cotton | 30000 | 40000 | -10000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NR | 31 | - |
| 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 | 400 | 500 | -100 |
| | 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 | 200 | NR | - |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 1200 | 1000 | 200 |
| | Jamner | Medium Staple | NR | NR | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |

| | | | | | |
|------------------|----------------|----------------|---------------------------|-----------------|---------------|
| Telangana | Adilabad | Un-Ginned | NA | 365 | - |
| 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 | 1186 | - |
| | Hubli | D.C.H. | NR | 6 | - |
| | Hubli | B.T. Cotton | NR | NR | - |
| | Raichur | H-44 Cotton | NR | 435 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 7-May-18 | 5-May-18 | |
| Punjab | Bhatinda | J-34 | 850 | 850 | Unch |
| | Abohar | J-34 | 170 | 170 | Unch |
| | Mansa | J-34 | 100 | NA | - |
| Haryana | Sirsa | J-34 | 340 | 340 | 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 |
| | | | | 5-May-18 | 4-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 | 41600 | 41400 | 200 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 39200 | 39200 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 41800 | 41600 | 200 |
| 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 | 56000 | 55700 | 300 |

Cotton Seed Oil Prices

| Centre | Unit | Price | | Change |
|-----------|-------------|----------|----------|--------|
| | | 7-May-18 | 5-May-18 | |
| Rajkot | Rs. /10 Kg. | 750 | 750 | Unch |
| New Delhi | Rs. /10 Kg. | 725 | 725 | Unch |
| Hyderabad | Rs. /10 Kg. | NR | NR | - |
| Mumbai | Rs. /10 Kg. | 760 | 760 | Unch |

Cotton Seed Oil Seed Cake Prices

| Centre | Unit | Price | | Change |
|-----------------|---------|----------|----------|-------------|
| | | 7-May-18 | 5-May-18 | |
| Mahesana (Kadi) | Rs./Qtl | 1346 | 1346 | Unch |
| Akola | Rs./Qtl | 1293 | 1284 | 9 |

INTERNATIONAL PRICES AND INDICES

| <u>China Cotton Index: As on 7-May-2018</u> | | |
|----------------------------------------------------|---------|-----------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 15478 | 13 |
| CCIndex(527) | 14537 | 21 |
| CCIndex(229) | 16136 | 23 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

| <u>China Foreign Cotton (FCE) Index : As on 4-May-2018</u> | | |
|-------------------------------------------------------------------|----------|--------------|
| Index | Cents/lb | Change |
| FC Index (S) | 96.79 | -0.28 |
| FC Index (M) | 93.91 | -0.20 |
| FC Index (L) | 92.89 | -0.23 |

| <u>Cotlook Index: As on 4-May-2018</u> | | |
|-----------------------------------------------|-------------|--------------|
| Cotlook Indices | Cents/Pound | Change |
| A-Index | 93.25 | -0.25 |

| <u>USDA Cotton Spot Rates: As on 4-May-2018</u> | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------|
| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
| | cents/lb. | | Bales |
| Southeast | 87.40 | 89.65 | NIL |
| North Delta | 85.90 | 87.65 | 395 |
| South Delta | 85.90 | 87.65 | NIL |
| East TX-OK | 78.50 | 80.25 | 2908 |
| West Texas | 77.00 | 78.75 | 856 |
| Desert SW | 81.90 | 85.90 | NIL |
| SJ Valley | 82.40 | 91.30 | 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.): Ason4-May-2018

| Contract | Open | High | Low | Close | Change |
|---------------|-------|-------|-------|-------|-------------|
| 18-May | 84.90 | 86.35 | 84.90 | 86.35 | 1.90 |
| 18-Jul | 84.55 | 87.06 | 84.02 | 86.90 | 2.40 |
| 18-Oct | 81.35 | 82.85 | 81.35 | 82.85 | 1.55 |
| 18-Dec | 79.50 | 80.7 | 79.30 | 80.57 | 0.98 |
| 19-Mar | 79.00 | 80.13 | 78.84 | 80.02 | 0.93 |
| 19-May | 78.78 | 79.95 | 78.78 | 79.82 | 0.80 |

Pakistan Cotton Spot rates: As on5-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 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2018 Indian Agribusiness Systems Ltd.