

### Domestic Fundamentals:

**Market Outlook:** Spot Market firmed in the yesterday trading session taking cues from international market coupled with the expected offseason tightening of stocks. MCX Cotton Futures market is trading weak in today's trading session taking cues from international market.

#### **In The News:**

Off season decline in arrivals is the key for the price action in coming weeks along with plantings in US and India.

In a recent development ministry of Agriculture has decided not to change the prices of cotton this season after the Delhi High court decision of denying Monsanto patent on their 2<sup>nd</sup> generation BT Cotton "Bollgard II". The Bollgard II prices has been priced at INR 740 per packet of 450 gm which includes the trait value of INR 39 being paid to trait technology patent holder. Currently the matter is with Supreme Court for further hearing.

Recent spells of rain across the northern belt is going to boost the planting prospects of Cotton in the Northern cotton belt. Widespread rains has been reported in the north western states along with strong wind and the same is forecasted for another couple of days.

In US, growers seeded 8% of their crop in a week to get overall US seedings to 20% completion, catching up with the average pace.

Arrivals in May will decline more in all markets across the country.

Still saurashtra zone has 12 lakh bales equivalent of kapas with farmers, north Gujarat has around 50,000 bales, other states like Andhra, Madhy Pradesh has small quantity kapas has to come.

The CAI in its latest estimates, The production figures for the states of Maharashtra and Karnataka are estimated to be higher by 2 lakh bales and 50,000 bales respectively while the production in the states of Telangana and Andhra Pradesh are now estimated lower by 1.50 lakh bales and 1 lakh bales respectively thus retaining the crop at the same level as in the previous estimate made by the CAI in the last month.

Supreme Court refused to stay a Delhi high court order which held that plant varieties, seeds cannot be patented under Indian law and that royalties would be decided by a specialized panel of agriculture ministry.

Gujarat and Saurashtra sowing depends on only rain, no early sowing possible due to water shortage, may be sowing start in mid june.

Upper Rajasthan/Punjab is about 10-15% early sowing has been done and in this month balance sowing will be done.

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 ginnerers are willing to close factory.

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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

### 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)

<b>MCX Cotton Futures*: (Prices in Rs/170 kgs)</b>									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-18	-40	20790	20820	20690	20750	833	+607	8564	-99
June-18	-30	21080	21120	20990	21040	250	+214	1153	
Spread	Apr 18			-	-	--	--		
Spot						-	-		
May-18	NA					-	-		

(NB: Spread Basis = Spot- Near Month Future)  
 \* Updated at 05:00 pm as on 09-May 2018

### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
	State	Centre	Variety	10-May-18	
Gujarat	Ahmedabad	Shankar-6	5450	5450	Unch
	Gondal	Shankar-6	5345	5305	40
	Rajkot	B.T. Cotton	5500	5450	50
	Patan	B.T. Cotton	5380	5500	-120
	Kadi	B.T. Cotton	5150	5150	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5240	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5100	5150	-50
	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	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	NR	NR	-
<b>Maharashtra</b>	Amravati	Mech-1	5200	5200	Unch
	Jamner	Medium Staple	NR	NR	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NR	NR	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NR	5380	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5250	-
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>10-May-18</b>	<b>9-May-18</b>	
<b>Punjab</b>	Bhatinda	J-34	4390	4400	-10
	Abohar	J-34	4395	4405	-10
	Mansa	J-34	4380	4380	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4370	4380	-10
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

<b>Commodity</b>	<b>Kapas</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>10-May-18</b>	<b>9-May-18</b>	
<b>Gujarat</b>	Ahmedabad	Shankar-6	28900	34000	-5100
	Gondal	Shankar-6	559	995	-436
	Rajkot	B.T. Cotton	1300	1200	100
	Patan	B.T. Cotton	1905	2090	-185
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	47	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-

	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	300	200	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	600	250	350
	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	200	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	900	1000	-100
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	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	1604	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	240	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>10-May-18</b>	<b>9-May-18</b>	
Punjab	Bhatinda	J-34	850	680	170
	Abohar	J-34	170	340	-170
	Mansa	J-34	150	150	Unch
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		Change
				9-May-18	8-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	41800	41800	Unch

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39200	39200	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	41900	42000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	43200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56300	56300	Unch

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		10-May-18	9-May-18	
Rajkot	Rs. /10 Kg.	750	750	Unch
New Delhi	Rs. /10 Kg.	730	730	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	760	765	-5

**Cotton Seed Oil Seed Cake Prices**

Centre	Unit	Price		Change
		10-May-18	9-May-18	
Mahesana (Kadi)	Rs./Qtl	1374	1357	17
Akola	Rs./Qtl	1351	1337	14

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 10-May-2018**

Index	RMB/Ton	Change
CCIndex(328)	15518	9
CCIndex(527)	14553	8
CCIndex(229)	16161	3

RMB -Renminbi, 1RMB =0.16 \$U.S.

**China Foreign Cotton (FCE) Index : As on 10-May-2018**

Index	Cents/lb	Change
FC Index (S)	98.11	0.36
FC Index (M)	95.16	0.29
FC Index (L)	94.19	0.31

**Cotlook Index: As on 9-May-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	93.95	-0.70

**USDA Cotton Spot Rates: As on 9-May-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	86.36	88.61	NIL
North Delta	84.86	86.61	NIL
South Delta	84.86	86.61	NIL
East TX-OK	77.25	79.00	6516
West Texas	75.75	77.50	1308
Desert SW	80.86	84.86	NIL
SJ Valley	81.36	90.26	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.): As on 9-May-2018**

Contract	Open	High	Low	Close	Change
18-May	85.38	85.38	85.38	85.38	-0.61
18-Jul	85.65	86.04	85.18	85.86	0.48
18-Oct	82.75	82.75	82.28	82.28	0.43
18-Dec	80.00	80.65	79.9	80.56	0.46
19-Mar	79.90	80.25	79.75	80.18	0.35
19-May	79.86	80.17	79.86	80.10	0.30

**Pakistan Cotton Spot rates: As on 9-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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