

## Domestic Fundamentals:

**Market Outlook:** Spot Market mostly weakened in the yesterday trading session. MCX 29 mm Cotton May contract closed 80 points low on Friday's trading session taking cues from the recent rains bringing bearish sentiment in the market.

### **In The News:**

Initial indication are showing that the cotton acreages is slated to be lower this year in Punjab and Haryana as the sales of BT seeds are down as being reported by seed marketers. The seeds sales are sluggish which may be due to lower availability of water in canals. With recent rains the sales of seeds is expected to improve but still the scepticism looms over cotton acreages in these states.

Seed companies are saying that the farmers are shifting towards other crop especially paddy and maize. It is to be noted that farmers in Punjab and Rajasthan go for basmati paddy and the sowing starts from May onwards. Last year basmati fetched good returns. Seed sellers are saying that the sowing in the states may drop by 15-20% despite of 8% discount on seeds offered to farmers. Punjab government is targeting cotton acreages at 4 lakh hectares.

The Maharashtra government sanctioned Rs 176.12 crores for the compensation to the farmers affected by loss of crop due to pink boll worm attack in Nanded district. The amount will be disbursed to the bank account of the beneficiaries.

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.

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.

### International Fundamentals

Cotton crop in Australia is witnessing this year with areas like Macquarie Valley reporting yield as high as 16 bales per hectare. The crop quality is good with clean and limited leaf matter. The irrigated areas has reported above average yields whereas the dry areas are reporting below average yields. Analysts are expecting harvest of 4.6 million bales equivalent to 1 million ton if lint.

It is noted that the Australian cotton is high in demand because of quality and its suitability for blending. The Australian cotton is imported by Bangladesh, Thailand, China, India and Vietnam.

In the latest WASDE report released on 10<sup>th</sup> of this month the global end stock for the MY 2017-18 has been almost unchanged to 88.21 Million bales of 480 pound from 88.29 million bales in previous WASDE estimate. US end stock has been down to 4.7 million bushels from 5.3 million bales. US Cotton No 2 has traded sideways in yesterday trading session. New crop in US is estimated at 19.5 million bales against current season production of 23.79 million bales.

In the last few trading session cotton prices has rallied towards 4 years high on the back of lower water availability in key cotton growing regions of US. Persisting drought like conditions has kept the traders sceptical over US cotton production numbers. The growers are expecting good yield this year as the pest attack has been limited and may make up the fall in acreages.

However there has been forecast of near- to above normal rainfall across most of the country will contrast with drier-than-normal conditions in southern Texas.

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.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-18	-80	20660	20720	20600	20620	1123	567	8299	-154
June-18	-50	20990	20990	20880	20930	566	277	1206	-2
Spread	Apr 18			-	-	--	--		
Spot				-	-	-	-		
May-18	NA			-	-	-	-		

(NB: Spread Basis = Spot- Near Month Future)  
\* Updated at 05:00 pm as on 12-May 2018

### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-May-18	11-May-18	
Gujarat	Ahmedabad	Shankar-6	5400	5450	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5415	NR	-
	Patan	B.T. Cotton	5330	5375	-45
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5015	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5125	5150	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5070	5120	-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	Closed	5200	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5200	5200	Unch
	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	5170	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>12-May-18</b>	<b>11-May-18</b>	
Punjab	Bhatinda	J-34	4365	4375	-10
	Abohar	J-34	4370	4395	-25
	Mansa	J-34	4340	4350	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4345	4350	-5
Rajasthan	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>12-May-18</b>	<b>11-May-18</b>	
Gujarat	Ahmedabad	Shankar-6	25500	28900	-3400
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	1500	NR	-
	Patan	B.T. Cotton	720	918	-198
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	11	-
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	450	500	-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	Closed	200	-

	Khargaon	Mech-1	NR	NR	-
<b>Maharashtra</b>	Amravati	Mech-1	800	800	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	284	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>12-May-18</b>	<b>11-May-18</b>	
<b>Punjab</b>	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	100	150	-49
<b>Haryana</b>	Sirsa	J-34	340	340	Unch
<b>Rajasthan</b>	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
				11-May-18	10-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	41400	41700	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39200	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43200	-200
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
		12-May-18	11-May-18	
Rajkot	Rs. /10 Kg.	748	750	-2
New Delhi	Rs. /10 Kg.	730	730	Unch

Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	765	768	-3

### Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		12-May-18	11-May-18	
Mahesana (Kadi)	Rs./Qtl	1361	1365	-4
Akola	Rs./Qtl	1350	1348	2

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 10-May-2018</u>			
Index	RMB/Ton	Change	
CCIndex(328)	15525	7	
CCIndex(527)	14559	6	
CCIndex(229)	16163	2	
RMB -Renminbi, 1RMB =0.16 \$U.S.			

<u>China Foreign Cotton (FCE) Index : As on 10-May-2018</u>			
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	

<u>Cotlook Index: As on 10-May-2018</u>			
Cotlook Indices	Cents/Pound	Change	
A-Index	94.35	0.40	

<u>USDA Cotton Spot Rates: As on 10-May-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales

<b>Southeast</b>	85.06	87.31	<b>NIL</b>
<b>North Delta</b>	83.56	85.31	<b>NIL</b>
<b>South Delta</b>	83.56	85.31	<b>NIL</b>
<b>East TX-OK</b>	76.00	77.75	<b>5179</b>
<b>West Texas</b>	74.50	76.25	<b>1586</b>
<b>Desert SW</b>	79.56	83.56	<b>NIL</b>
<b>SJ Valley</b>	80.06	88.96	<b>NIL</b>

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 11-May-2018**

<b>Contract</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Change</b>
<b>18-May</b>	84.56	84.96	83.50	84.62	<b>0.06</b>
<b>18-Jul</b>	82.02	82.02	82.02	82.02	<b>0.40</b>
<b>18-Oct</b>	80.04	80.4	79.68	80.24	<b>0.13</b>
<b>18-Dec</b>	79.50	80.18	79.50	80.06	<b>0.18</b>
<b>19-Mar</b>	80.17	80.27	79.77	80.20	<b>0.18</b>
<b>19-May</b>	80.15	80.25	79.70	80.17	<b>0.15</b>

**Pakistan Cotton Spot rates: As on 10-May-2018**

(in Pakistan Rupees)

<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
<b>Cotton</b>	<b>37.32 Kgs</b>	7400	145	7545
<b>Equivalent</b>	<b>40 Kgs</b>	7931	155	8086

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