

Domestic Fundamentals:

Market Outlook: Spot Market of kapas mostly traded positive in the weekend Market over improved ginner's demand as the ginning season nears end. MCX 29 mm Cotton May contract is trading southwards in today's trading session and was at key support level taking cues from improved weather prospects for ongoing cotton sowing campaign in India.

In The News:

The sowing is going on at brisk pace and in areas of south Haryana and Haryana-Rajasthan border the farmers are preferring cotton over other crops.

Rains in Punjab and Haryana is deficit by 33% and 46% respectively for the pre monsoon season. However the week ending 9th May the rains were 99% and 44% high against LPA. Accumulated rain for the week was 2.3 mm and 3.1 mm respectively.

More rains are in offing and the situation to remain conducive for another spell of thunderstorm or dust storm over the national capital and its adjoining areas of Punjab, Haryana, North Rajasthan and West Uttar Pradesh

The government of Pakistan has allocated Rs 2.5 billion to boost the production of cotton in the country during the financial year 2018-19. The government is working towards using all the available resources to improve the agriculture sector as well as the financial condition of farmers and other involved in the industry.

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 2nd 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 10th 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	20630	20650	20350	20430	1211	88	8225	-74
June-18	-50	20900	20920	20640	20720	634	68	1401	+207

Spread	Apr 18		-	-	--	--
Spot			-	-	-	-
May-18	NA		-	-	-	-

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

* Updated at 05:00 pm as on 12-May 2018

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-May-18	12-May-18	
Gujarat	Ahmedabad	Shankar-6	5400	5400	Unch
	Gondal	Shankar-6	5230	NR	-
	Rajkot	B.T. Cotton	5450	5415	35

	Patan	B.T. Cotton	5335	5330	5
	Kadi	B.T. Cotton	5260	5250	10
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5245	5160	85
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5100	5125	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5070	5070	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	NR	Closed	-
	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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-May-18	12-May-18	
Punjab	Bhatinda	J-34	4360	4365	-5
	Abohar	J-34	4365	4370	-5
	Mansa	J-34	4350	4340	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4345	4345	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-May-18	12-May-18	

Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	301	NR	-
	Rajkot	B.T. Cotton	1600	1500	100
	Patan	B.T. Cotton	796	720	76
	Kadi	B.T. Cotton	15000	35000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	16	20	-4
Punjab	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	400	450	-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	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1000	800	200
	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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-May-18	12-May-18	
Punjab	Bhatinda	J-34	510	850	-340
	Abohar	J-34	170	170	Unch
	Mansa	J-34	170	100	70
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/	Rs. Per Candy	Rs. Per Candy	Change
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			GPT	12-May-18	11-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	41400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	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
		14-May-18	12-May-18	
Rajkot	Rs. /10 Kg.	748	748	Unch
New Delhi	Rs. /10 Kg.	730	730	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	768	765	3

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		14-May-18	12-May-18	
Mahesana (Kadi)	Rs./Qtl	1339	1361	-22
Akola	Rs./Qtl	1329	1350	-21

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14-May-2018		
Index	RMB/Ton	Change
CCIndex(328)	15538	13
CCIndex(527)	14565	6
CCIndex(229)	16170	7
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 14-May-2018		
Index	Cents/lb	Change

FC Index (S)	96.96	-1.15
FC Index (M)	93.97	-1.19
FC Index (L)	92.99	-1.20

Cotlook Index: As on 11-May-2018

Cotlook Indices	Cents/Pound	Change
A-Index	93.10	-1.25

USDA Cotton Spot Rates: As on 11-May-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	85.12	87.37	NIL
North Delta	83.62	85.37	NIL
South Delta	83.62	85.37	NIL
East TX-OK	75.75	77.50	2454
West Texas	74.25	76.00	1485
Desert SW	79.62	83.62	NIL
SJ Valley	80.12	89.02	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.): Ason11-May-2018

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

Pakistan Cotton Spot rates: As on12-May-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7400	145	7545
Equivalent	40 Kgs	7931	155	8086

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