

Domestic Fundamentals:

Market Outlook: Spot Market of kapas mostly traded steady on Thursday as sentiments remains bearish with falling prices in future market. MCX 29 mm Cotton May contract is trading red in today's market taking cues from international market.

In The News: According to the data compiled by Punjab agriculture and farmer welfare department, the crop has been sown on 1.84 lakh hectares against the target of 4 lakh hectares as on 15th may.

Since last few days' daily arrivals are below daily cotton consumption (approx 90,000 bales). So if we count daily consumption plus exports, now mill stocks are reducing.

Indian cotton balance sheet closing stock as per CAI last report is 21 lakh bales.

The scarcity of water in Punjab persists due to acute shortage of canal water. However the local bodies are assuring release of water in coming days.

There are rains in the North West region of the country accompanied by heavy storm. There rains are going to be beneficial and is going to improve the sowing progress of the ongoing season.

According to the data released by the central water commission the storage level in H.P., Punjab, and Uttarkhand is way low to the normal storage level in the same time period. In HP the storage level is down by 48%, Punjab by 37%, and Uttarakhand by 39%.

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 northwestern states along with strong wind and the same is forecasted for another couple of days.

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.

International Fundamentals

One of the world's largest cotton exporters, Uzbekistan is looking at Indian textiles companies for a possible collaboration. The former Soviet republic is likely to ink an agreement with the Union Textiles Ministry in this regard.

In US the planting has been done in 36% of the intended planting acreages ahead of 31% of last year and 5 year average as on 13th May. Last week rains in the South US region bettered the prospects of fast sowing of the season's cotton crop. This year the cotton acreages is expected to be up by 7% against last year and 35% up from 2016. Kansas, Oklahoma and Texas are projected to increase cotton acres this year by 40%, 16% and 6%, respectively. In its March Prospective Plantings Report, the USDA is estimating there will be 13.5 million acres of cotton. This is due to lower grain prices, lower availability of water and cotton re-entry in farm bill. In response the ginneries are expanding capacity in US.

A broad area of low pressure, moving slowly northward across the eastern Gulf of Mexico, has a 30 percent chance of strengthening into a tropical cyclone in the next 48 hours, the U.S. National Hurricane Centre said on Monday.

China sells 18,200 tonnes of cotton at auction of state reserves at average price of 14,450 yuan (\$2,280.76) per tonne, according to industry website cncotton.com. Sale represents 60.74 percent of total cotton available at the auction.

In Pakistan, Punjab Agriculture Department has asked farmers to grow cotton on maximum area as its demand is set to increase in 2018-19 due to various factors. In Pakistan sowing is underway amidst the shortage of irrigation water.

Turkey is considering stopping imports of US cotton and explores new markets for its cotton requirements including from India, Pakistan, Uzbekistan and Egypt after US imposed heavy duty on the iron rod angles from Turkey.

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.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-18	-50	20770	20770	20620	20670	754	-755	6744	-178
June-18	-30	21060	21060	20910	20960	514	-624	2761	279

Spread	Apr 18		-	-	--	--
Spot			-	-	-	-
May-18	-290		-	-	-	-

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

* Updated at 05:00 pm as on 17-May 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-May-18	16-May-18	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5295	NR	-
	Rajkot	B.T. Cotton	5400	5400	Unch
	Patan	B.T. Cotton	5205	5300	-95
	Kadi	B.T. Cotton	5100	5050	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5145	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5150	5150	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5050	5050	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	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5250	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	5283	-
	Hubli	D.C.H.	NR	5150	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5200	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	17-May-18	16-May-18	
Punjab	Bhatinda	J-34	4380	4360	20
	Abohar	J-34	4380	4370	10
	Mansa	J-34	4350	4340	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4360	4350	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-May-18	16-May-18	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	504	NR	-
	Rajkot	B.T. Cotton	1200	1000	200
	Patan	B.T. Cotton	805	970	-165
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	33	-
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	400	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	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1000	1000	Unch
	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	1219	-
	Hubli	D.C.H.	NR	12	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	300	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-May-18	16-May-18	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	85	500	-415
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
				16-May-18	15-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	38400	38300	100
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41500	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43100	43000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44400	100
DCH-32(107)	34mm	3.0 - 3.8	33	56000	56200	-200

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		17-May-18	16-May-18	
Rajkot	Rs. /10 Kg.	745	745	Unch
New Delhi	Rs. /10 Kg.	730	730	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	NR	762	-

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		17-May-18	16-May-18	
Mahesana (Kadi)	Rs./Qtl	1327	1328	-1
Akola	Rs./Qtl	1319	1319	Unch

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 17-May-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	15657	111
CCIndex(527)	14638	59
CCIndex(229)	16273	96
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 15-May-2018</u>		
Index	Cents/lb	Change
FC Index (S)	95.94	-1.20
FC Index (M)	92.95	-1.20
FC Index (L)	91.84	-1.15

<u>Cotlook Index: As on 16-May-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	92.05	-0.05

<u>USDA Cotton Spot Rates: As on 16-May-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	84.85	87.10	NIL
North Delta	83.35	85.10	NIL
South Delta	83.35	85.10	NIL
East TX-OK	76.50	78.25	6493
West Texas	75.00	76.75	398
Desert SW	79.35	83.35	NIL
SJ Valley	79.85	88.75	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.): Ason16-May-2018

Contract	Open	High	Low	Close	Change
18-May	83.88	85.39	83.63	84.35	0.59
18-Jul	83.10	83.10	82.40	82.40	1.06
18-Oct	80.10	81.38	79.98	80.69	0.58
18-Dec	79.78	81.28	79.78	80.49	0.58
19-Mar	80.05	81.43	80.04	80.70	0.57
19-May	80.16	81.49	80.15	80.84	0.59

Pakistan Cotton Spot rates: As on16-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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