

Domestic Fundamentals:

Market Outlook: Spot Market of kapas mostly traded firm on Saturday as sentiments remains bearish with falling prices in future market.

In The News: looking at the cotton arrival pace of around 45 k daily and also CAI report of 311 lk till 30 April i assume May arrival to be 15-16 lk bales and also reports coming from most of the cotton growing states that crop is coming to end.

Karnataka is targeting kharif cotton output of 1,541,000 bales in 2018-19 (Jul-Jun), higher than 1,178,000 bales produced a year ago, an official with the state farm department said.

Average price of Lint at Sirsa during the week was Rs 4375 Per maund (of 37.32 Kg each), compared to the previous week price of Rs 4291 Cotton fiber (Shankar-6) prices noticed slightly weak this week. Average price was Rs 41880 per candy (of 355.6 kg each) during the week, which was Rs 41350 per candy previous week.

In the coming week we expect Kapas price to remain range bound to firm with the price band of Rs. 4800-5400 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 3900-4500 per maund.

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.

International Fundamentals

The weekly USDA US Cotton Planted Progress Report out after the close showed the US at 36 percent planted, ahead of the 31 percent 5-year average.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-18	190	20750	20940	20740	20900	3369	1440	5376	-338
June-18	210	21050	21240	21030	21210	2645	1207	4232	537

Spread	Apr 18		-	-	--	--
Spot			-	-	-	-
May-18	-300		-	-	-	-

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

* Updated at 05:00 pm as on 19-May 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-May-18	18-May-18	
Gujarat	Ahmedabad	Shankar-6	5550	5450	100
	Gondal	Shankar-6	5300	5285	15
	Rajkot	B.T. Cotton	5420	5410	10
	Patan	B.T. Cotton	5265	5255	10
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5160	5200	-40
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5080	5080	Unch
	Fatehabad	B.T. Cotton	5100	5090	10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	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	NA	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5225	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	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	NA	5333	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-May-18	18-May-18	
Punjab	Bhatinda	J-34	4420	4390	30
	Abohar	J-34	4420	4400	20
	Mansa	J-34	4380	4360	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4410	4370	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-May-18	18-May-18	
Gujarat	Ahmedabad	Shankar-6	20400	25500	-5100
	Gondal	Shankar-6	180	323	-143
	Rajkot	B.T. Cotton	1250	1200	50
	Patan	B.T. Cotton	1042	1110	-68
	Kadi	B.T. Cotton	12500	12500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	44	14	30
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	8500	5100	3400
	Fatehabad	B.T. Cotton	500	400	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	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	NA	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	700	800	-100
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	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	NA	1355	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	390	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-May-18	18-May-18	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	119	119	Unch
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/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-May-18	17-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	41700	41500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38800	38600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43300	43200	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44700	44600	100
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55800	200

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		19-May-18	18-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.	765	762	3

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		19-May-18	18-May-18	
Mahesana (Kadi)	Rs./Qtl	1325	1318	7
Akola	Rs./Qtl	1328	1327	1

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 18-May-2018</u>			
Index		RMB/Ton	Change
CCIndex(328)		15696	39
CCIndex(527)		14641	3
CCIndex(229)		16326	53
RMB -Renminbi, 1RMB =0.16 \$U.S.			

<u>China Foreign Cotton (FCE) Index : As on 18-May-2018</u>		
Index		Cents/lb
FC Index (S)		97.21
FC Index (M)		94.13
FC Index (L)		93.09

<u>Cotlook Index: As on 18-May-2018</u>		
Cotlook Indices		Cents/Pound
A-Index		93.25

<u>USDA Cotton Spot Rates: As on 18-May-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	87.05	89.30	NIL
North Delta	85.55	87.30	NIL
South Delta	85.55	87.30	NIL
East TX-OK	78.00	79.75	6931
West Texas	76.50	78.25	8381
Desert SW	81.55	85.55	NIL
SJ Valley	82.05	90.95	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			

<u>ICE Cotton Futures (Prices in cents/lb.): Ason18-May-2018</u>					
Contract	Open	High	Low	Close	Change

18-May	85.12	87.60	85.05	86.55	1.52
18-Jul	83.97	83.97	83.82	83.82	0.79
18-Oct	81.34	82.94	81.34	82.43	0.98
18-Dec	81.37	82.74	81.36	82.24	0.88
19-Mar	81.82	83.00	81.82	82.57	0.89
19-May	81.90	82.96	81.90	82.75	0.98

Pakistan Cotton Spot rates: As on 18-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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