

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed range-bound on Monday as sentiments remains bearish with falling prices in future market.

In The News: All India arrivals remain 50,000 to 60,000 bales per day. With limited arrivals ginners are willing to close mills for the season.

At the National Commodity and Derivatives Exchange, cottonseed oil cake to delivered in July was trading lower by Rs 6.50 or 0.50 per cent to Rs 1,295 per quintal, in an open interest of 57,960 lots.

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.

International Fundamentals

China sold 30002.91 tons average price at 15385 Yuan/ ton, up 546 Yuan/ ton from previous day.

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	110	21020	21200	20960	21010	1839	-1530	4729	-647
June-18	110	21290	21380	21280	21320	2121	-524	4987	755

Spread	Apr 18		-	-	--	--
Spot				-	-	-
May-18	-180			-	-	-

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

* Updated at 05:00 pm as on 21-May 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-May-18	19-May-18	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5335	5300	35
	Rajkot	B.T. Cotton	5500	5420	80
	Patan	B.T. Cotton	NA	5265	-
	Kadi	B.T. Cotton	5200	5300	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5160	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5200	5100	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5060	5080	-20
	Fatehabad	B.T. Cotton	5100	5100	Unch
	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	NA	Closed	-
	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	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	5400	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5250	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-May-18	19-May-18	
Punjab	Bhatinda	J-34	4420	4420	Unch
	Abohar	J-34	4430	4420	10
	Mansa	J-34	4415	4380	35
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4410	4410	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-May-18	19-May-18	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	283	180	103
	Rajkot	B.T. Cotton	1100	1250	-150
	Patan	B.T. Cotton	NA	1042	-
	Kadi	B.T. Cotton	15000	12500	2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	44	-
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	3400	8500	-5100
	Fatehabad	B.T. Cotton	250	500	-250
	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	NA	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	700	700	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	1049	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	577	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-May-18	19-May-18	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	340	170	170
	Mansa	J-34	102	119	-17
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
				19-May-18	18-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	41900	41700	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	38800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	41800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44900	44700	200
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55600	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		21-May-18	19-May-18	
Rajkot	Rs. /10 Kg.	742	745	-3
New Delhi	Rs. /10 Kg.	730	730	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	765	765	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		21-May-18	19-May-18	
Mahesana (Kadi)	Rs./Qtl	1318	1325	-7
Akola	Rs./Qtl	1310	1328	-18

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 21-May-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	15733	57
CCIndex(527)	14668	27
CCIndex(229)	16353	27
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 18-May-2018</u>		
Index	Cents/lb	Change
FC Index (S)	97.21	0.72
FC Index (M)	94.13	0.71
FC Index (L)	93.09	0.75

<u>Cotlook Index: As on 18-May-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	93.25	0.75

<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			

ICE Cotton Futures (Prices in cents/lb.): Ason18-May-2018

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 19-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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