

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed mixed tone on Tuesday as sentiments remains bearish with falling prices in future market.

In The News: Sowing in the current kharif season has commenced in right earnest with an area of 54 lakh hectares (lh) brought under cultivation till Friday, according to data released by the Agriculture Ministry. A total of 55 lh was covered during the same period last year.

Cotton futures are expected trade sideways on report of normal monsoon and higher physical arrivals. However, improved cotton exports to China may keep the prices supported above 20,6 00 levels.

With cotton prices remaining stable and ruling at lower levels compared to the international market, textile mills have seen a sharp improvement in their fortunes. Export of cotton yarn, fabric, made-ups and handloom products surged 18% year-on-year (y-o-y) or by \$884 million in April.

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.

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	-60	21090	21110	20920	20970	1064	-775	3723	-1006
June-18	-60	21400	21420	21230	21280	1392	-729	5646	659

Spread	Apr 18		-	-	-	-	-
Spot							
May-18	-310						

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

* Updated at 05:00 pm as on 22-May 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-May-18	21-May-18	
Gujarat	Ahmedabad	Shankar-6	5600	5550	50
	Gondal	Shankar-6	5195	5335	-140
	Rajkot	B.T. Cotton	5485	5500	-15
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5150	5200	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5340	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5250	5200	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5080	5050	30
	Fatehabad	B.T. Cotton	5080	5100	-20
	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	NA	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5300	5250	50
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4650	-

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	5445	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5260	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-May-18	21-May-18	
Punjab	Bhatinda	J-34	4460	4420	40
	Abohar	J-34	4460	4430	30
	Mansa	J-34	4450	4415	35
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4440	4410	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-May-18	21-May-18	
Gujarat	Ahmedabad	Shankar-6	25500	20400	5100
	Gondal	Shankar-6	262	283	-21
	Rajkot	B.T. Cotton	1250	1100	150
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	42	-
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	5100	3400	1700
	Fatehabad	B.T. Cotton	450	250	200
	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	NA	-
	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	#VALUE!	73	-
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	2512	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	675	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-May-18	21-May-18	
Punjab	Bhatinda	J-34	680	850	-170
	Abohar	J-34	170	340	-170
	Mansa	J-34	255	102	153
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
				21-May-18	19-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	42000	41900	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39300	39000	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42000	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43500	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44900	44900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55600	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		22-May-18	21-May-18	
Rajkot	Rs. /10 Kg.	745	742	3
New Delhi	Rs. /10 Kg.	735	730	5
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	765	765	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		22-May-18	21-May-18	
Mahesana (Kadi)	Rs./Qtl	1311	1318	-7
Akola	Rs./Qtl	1295	1310	-15

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 22-May-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	15928	175
CCIndex(527)	14796	128
CCIndex(229)	16510	157
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 21-May-2018</u>		
Index	Cents/lb	Change
FC Index (S)	98.48	1.27
FC Index (M)	95.47	1.34
FC Index (L)	94.64	1.55

<u>Cotlook Index: As on 21-May-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	94.45	1.20

<u>USDA Cotton Spot Rates: As on 21-May-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	88.92	91.17	NIL
North Delta	87.42	89.17	NIL
South Delta	87.42	89.17	NIL
East TX-OK	78.75	80.50	6766
West Texas	77.25	79.00	795
Desert SW	83.42	87.42	NIL
SJ Valley	83.92	92.82	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.): Ason21-May-2018

Contract	Open	High	Low	Close	Change
18-May	87.30	88.73	87.10	88.42	1.87
18-Jul	85.90	85.90	85.23	85.80	1.98
18-Oct	82.70	84.89	82.70	84.16	1.73
18-Dec	82.80	84.80	82.64	84.05	1.81
19-Mar	83.10	85.15	83.10	84.34	1.77
19-May	83.25	85.30	83.25	84.51	1.76

Pakistan Cotton Spot rates: As on 21-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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