

#### Domestic Fundamentals:

**Market Outlook**: Cotton spot market prices gained taking cues from futures market. US Cotton No 2 futures trading weak with the favourable weather conditions and season planting ahead of last year pace. MCX Cotton 29 mm futures is trading high over expected lower acreages in Haryana and Punjab.

#### In The News:

Rainfall in Punjab and Haryana for the pre monsoon season is lagging behind by 47% and 23% respectively. With the poor availability of water in canals the cotton farmers is expected to sow less cotton in this season. Usually the farmers sow cotton in pre monsoon season. Late sowing can result in attack of white flies. The substitutable crop paddy too is facing the same problem.

At the demand prospects with Pakistan mulling over importing 20000 tons of cotton from Afghanistan, Indian exporters may face a setback. However aggressive imports demand from Bangladesh is expected to overshadow any fall in demand. Overall we can still expect year on year higher exports at the end of cotton season.

Pakistan is India's one of the major importers of cotton. The Pakistan govt lifted ban on Indian cotton last year after brief period of ban on political tensions. Pakistan is expected to import 460 thd bales in July and August. In 2017-18 Pakistan has imported 3.2 million bales. The annual requirement is around 15 million bales whereas production is around 10 million bales.

At the monsoon front, the expected development of low pressure area in Bay of Bengal is going to further bolster the on time monsoon arrivals, as per various weather model.

There has been [formation of twin cyclones in Arabian sea which might stall progress of monsoon. Monsooon is scheduled to arrive Andaman sea today. According to US Model the monsoon can hit kerala coast by 27th and soon there can be a follow up low pressure area along with strong offshore trough. Thus keeping the Arabian sea stream of SW monsoon strong.

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

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.

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 15<sup>th</sup> may.

#### **International Fundamentals**

In Pakistan the sowing of new season has been very slow due to lack of water. By end of mid may the sowing has been completed only in 1 third of the intended area. As per Pakistani officials the cotton was sowed on about 1.07 million hectares against the national target of 2.95 million hectares, showing progress of nearly 35 percent. In Punjab, cotton was sowed on only 31 percent of 2.31 million hectares, which was over 41 percent area planted in the corresponding period of last year. Cotton sowing should ideally be completed by mid-May in Sindh and by the end of the month in Punjab. Otherwise, cotton plants are susceptible to heat waves and attack of diseases, insects, and pests, which can impact yield.

### **W AGRIWATCH**

The ministry of agriculture has set a target of producing 14.37 million bales from an area of 2.95 million hectares. Due to lower snow in the winter season the Indus river canals system is facing one of the worst water scarcity this season.

In US too there has been sever drought conditions despite of recent rains. However supportive prices is expected to witness acreages reaching to around 13.5 million acres a high by 7% from last year, but the same might not reflect in production due to yield compromise over drought conditions. The latest U.S. Drought Monitor showed nearly 13 percent of Texas is facing extreme drought. 4.6 percent is seeing exceptional drought, and the majority of that is parked in West Texas and the Panhandle.

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

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 13<sup>th</sup> 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 ginners are expanding capacity in US.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	01	Change
May-18	100	20710	20910	20710	20870	575	-489	3176	-547
June-18	90	21030	21420	21230	21170	1010	-382	6174	528
June-10									
Spread	Ар	or 18			-	-			
	Ар	or 18			-	-			
Spread	Ар	or 18			-				



# **Cotton-Daily-Fundamental-Report** May 24, 2018

#### DOMESTIC PRICES AND ARRIVALS

Commodity		Kapas	Prices (R	s./Quintal)	Change
State	Centre	Variety	23-May-18	22-May-18	Change
	Ahmedabad	Shankar-6	5550	5600	-50
	Gondal	Shankar-6	5335	5195	140
	Rajkot	B.T. Cotton	5500	5485	15
Gujarat	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5150	5150	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	4890	-
Duniah	Fazilika	B.T. Cotton	NR	NR	-
Punjab	Muktsar	B.T. Cotton	NR	NR	-
	Bhiwani	B.T. Cotton	5200	5250	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5020	5080	-60
Haryana	Fatehabad	B.T. Cotton	5070	5080	-10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>_</b>	Hanumangarh	B.T. Cotton	NA	NA	-
Rajasthan	Rawatsar	B.T. Cotton	NA	NA	-
	Khandwa	Mech-1	NA	NA	-
Madhya Pradesh	Khargaon	Mech-1	NR	NR	-
	Amravati	Mech-1	5250	5300	-50
Maharashtra	Jamner	Medium Staple	NR	NR	-
	Hathras	B.T. Cotton	NA	NA	-
Uttar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
Andhra Pradesh	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
	Bijapur	Bunny	NR	5455	-
	Hubli	D.C.H.	NR	NR	-
Karnataka	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5300	-
Commodity		Lint	Prices (R	s./Maund)	
State	Centre	Variety	23-May-18	22-May-18	Change
	Bhatinda	J-34	4430	4460	-30
	Abohar	J-34	4435	4460	-25
Punjab	Mansa	J-34	4425	4450	-25
-	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-



## Cotton-Daily-Fundamental-Report

May 24, 2018

Haryana	Sirsa	J-34	4410	4440	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### **Cotton Arrivals in Key Centers:**

Commodity		Kapas	Arrivals	(Quintal)	Change
State	Centre	Variety	23-May-18	22-May-18	Change
	Ahmedabad	Shankar-6	23800	25500	-1700
	Gondal	Shankar-6	180	262	-82
	Rajkot	B.T. Cotton	1250	1250	Unch
Gujarat	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	20	-
<b>.</b>	Fazilika	B.T. Cotton	NR	NR	-
Punjab	Muktsar	B.T. Cotton	NR	NR	-
	Bhiwani	B.T. Cotton	250	200	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	5100	Unch
Haryana	Fatehabad	B.T. Cotton	500	450	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>-</b>	Hanumangarh	B.T. Cotton	NA	NA	-
Rajasthan	Rawatsar	B.T. Cotton	NA	NA	-
	Khandwa	Mech-1	NA	NA	-
Madhya Pradesh	Khargaon	Mech-1	NR	NR	-
	Amravati	Mech-1	800	700	100
Maharashtra	Jamner	Medium Staple	NR	NR	-
	Hathras	B.T. Cotton	NA	NA	-
Uttar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
Andhra Pradesh	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
	Bijapur	Bunny	NR	2388	-
Kowastalia	Hubli	D.C.H.	NR	NR	-
Karnataka	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	495	-
Commodity		Lint	Arrivals	Arrivals (Quintal)	
State	Centre	Variety	23-May-18	22-May-18	Change
D	Bhatinda	J-34	680	680	Unch
Punjab	Abohar	J-34	213	170	43



## **Cotton-Daily-Fundamental-Report** May 24, 2018

	Mansa	J-34	170	255	-85
Haryana	Sirsa	J-34	255	340	-85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:							
Trada Nama	Otavila	Micronaire	Strength/	Rs. Per Candy	Rs. Per Candy	Change	
Trade Name	Staple		GPT	22-May-18	21-May-18	Change	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42400	41900	500	
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42900	42400	500	
J-34(202)	26mm	3.5 - 4.9	23	42100	42000	100	
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39500	39300	200	
Shankar-6(105)	29mm	3.5 – 4.9	28	42500	42500	Unch	
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44000	43800	200	
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45100	44900	200	
DCH-32(107)	34mm	3.0 - 3.8	33	55700	55600	100	

#### **Cotton Seed Oil Prices**

Centre	Unit	Pr	Change	
Centre	Offic	23-May-18	22-May-18	Change
Rajkot	Rs. /10 Kg.	750	745	5
New Delhi	Rs. /10 Kg.	735	735	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	765	765	Unch

#### Cotton Seed Oil Seed Cake Prices

Centre	Unit	Pri	ice	Chango	
Centre	Onit	23-May-18	22-May-18	Change	
Mahesana (Kadi)	Rs./Qtl	1313	1311	2	
Akola	Rs./Qtl	1300	1295	5	



#### **INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 23-May-2018					
Index	RMB/Ton	Change			
CCIndex(328)	16023	95			
CCIndex(527)	14878	82			
CCIndex(229)	16602	92			
RMB -Renminbi, 1RMB =0.16 \$U.S.					

China Foreign Cotton (FCE) Index : As on 22-May-2018					
Index Cents/Ib Change					
FC Index (S)	99.59	1.11			
FC Index (M)	96.16	0.69			
FC Index (L)	95.28	0.64			

Cotlook Index: As on 22-May-2018				
Cotlook Indices Cents/Pound Change				
A-Index	95.90	1.45		

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cen	cents/lb.	
Southeast	87.85	90.10	NIL
North Delta	86.35	88.10	NIL
South Delta	86.35	88.10	NIL
East TX-OK	78.25	80.00	2891
West Texas	76.75	78.50	281
Desert SW	82.35	86.35	NIL
SJ Valley	82.85	91.75	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





May 24, 2018

ICE Cotton Futures (Prices in cents/lb.): As on 22-May-2018							
Contract	Open	High	Low	Close	Change		
18-May	88.60	89.88	86.63	87.35	-1.07		
18-Jul	85.37	85.37	85.20	85.20	-0.60		
18-Oct	84.15	84.75	83.03	83.84	-0.32		
18-Dec	83.93	84.59	82.76	83.40	-0.65		
19-Mar	84.19	84.85	83.08	83.77	-0.57		
19-May	84.35	85.01	83.25	84.02	-0.49		

Pakistan Cotton S	(in Pakistan Rupees)			
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7500	145	7645
Equivalent	40 Kgs	8038	155	8193

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2018 Indian Agribusiness Systems Pvt. Ltd.