

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. Monsoon 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 ginneries 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 15th 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.

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	OI	Change
May-18	100	20710	20910	20710	20870	575	-489	3176	-547
June-18	90	21030	21420	21230	21170	1010	-382	6174	528

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

(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	23-May-18	22-May-18	
Gujarat	Ahmedabad	Shankar-6	5550	5600	-50
	Gondal	Shankar-6	5335	5195	140
	Rajkot	B.T. Cotton	5500	5485	15
	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	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5200	5250	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5020	5080	-60
	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	-
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	5250	5300	-50
	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	5455	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-May-18	22-May-18	
Punjab	Bhatinda	J-34	4430	4460	-30
	Abohar	J-34	4435	4460	-25
	Mansa	J-34	4425	4450	-25
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

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	
Gujarat	Ahmedabad	Shankar-6	23800	25500	-1700
	Gondal	Shankar-6	180	262	-82
	Rajkot	B.T. Cotton	1250	1250	Unch
	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	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	250	200	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	5100	Unch
	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	-
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	800	700	100
	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	2388	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	495	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-May-18	22-May-18	
Punjab	Bhatinda	J-34	680	680	Unch
	Abohar	J-34	213	170	43

	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:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-May-18	21-May-18	
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	Price		Change
		23-May-18	22-May-18	
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	Price		Change
		23-May-18	22-May-18	
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/lb	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

USDA Cotton Spot Rates: As on 22-May-2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
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

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 Spot rates: As on 22-May-2018
(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

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