

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed steady on Saturday.

In The News: The domestic cotton crop output is expected to moderate to 35 million bales in Cotton Year (CY) 2019 (refers to year ending September 2019) after a reasonably good CY2018, owing to a decline in domestic cotton acreage to 114 lakh hectares for CY2019 vis-à-vis 122 lakh hectares estimated for CY2018, according to ICRA.

According to Joint Director, Agriculture Department of Punjab, state registering a figure of 2.84 lakh hectares till May 28, the area under cotton cultivation in the state may barely touch 3 lakh hectares as compared to 3.83 lakh hectares last year and much below the agriculture department's target of 4 lakh hectares.

According to Agricultural Marketing department Telangana has accessed pre-harvest price of cotton for kharif 2018-19, under expected normal rainfall and crop acreage, it is predicted that the cotton price per quintal will be around Rs 4350 - 4650 at the time of harvesting (Nov2018 Feb 2019). This price forecast is based on the monthly model price of cotton obtained for 17 years from Warangal regulated markets.

In the lower Rajasthan, sowing area of cotton crop has done 3.7 lacs hectares of land; last year it was cropping in 3.4 lac hectares of land.

China buys 500,000 bales of new cotton crop from India at 88-92 cents/pound and cotton crop to be shipped to China in Nov-Dec.

Cotton prices are on the upswing in Country moved up by 100 to 200 per quintal in past 10 days on the back of good export demand and rising international rates of the commodity precipitated by adverse weather conditions in US and China.

All India cotton arrivals remain daily 40000 to 45000 bales. With limited arrivals ginneries are willing to close factory.

Cotton exports are expected to increase around 30 per cent in 2017-18 from its last year's level and may reach a four-year high of 7.5 million bales. The rise in shipment can be attributed to a soaring global prices and a weaker rupee (the rupee has fallen more than 6 per cent in 2018, making Indian cotton cheaper for overseas buyers).

Farmers in the country had sown cotton across 781,600 ha as of Thursday (24May) for the kharif season, down 30.5% on year, according to data from the farm ministry.

The fall in area under cotton can be attributed to a lag in sowing due to a delay in the harvest of rabi crops, following thunderstorms and rains in northern and eastern parts of the country. Cotton sowing is in its initial stages, with growers awaiting monsoon rains, traders said.

According to the latest data from the department of Agriculture and Cooperation cotton sowing has so far come down by 30 per cent to 7.82 lha from 11.24 lakh hectare in 2017. The precariously low water storage levels in reservoirs used for irrigation could be one of the main reasons for tepid improvement in sowing. According to data released by the Central Water Commission, on Thursday the average water storage in 91 reservoirs monitored by it was 18 per cent as compared to around 20 per cent during the corresponding period last year.

International Fundamentals

The most active cotton contract on ICE Futures U.S., the third-month December contract, settled up 2.24 cent, or 2.47 percent, at 92.79 cents per lb.

Pakistan has missed cotton sowing targets, largely in Sindh, due to acute water shortage amid climate change. The situation may lead to low cotton production compared to the target of 14 million bales in the next season (2018-19) as well. Farmers have so far sown cotton seeds over 2.31 million hectares in the country that is around 22% short of the target of 2.95 million hectares as on June 1, according to government statistics.

According China Cotton Association survey, China cotton plantings are seen falling by 4% in 2018-19 to 2.8 million hectares as farmers respond lower prices of last year.

China is set to boost its imports of cotton by issuing additional import quotas to mills, said the China Cotton Association on Monday, a move seen by the market as another step toward meeting the demands of top exporter the United States.

In 2017/18, world cotton production is estimated at 26.6 million tonnes while world mill use is projected at 25.5 million tonnes, which represents the third consecutive season of growth in demand for cotton.

As a result, world ending stocks are forecasted to decrease to 18.3 million tonnes representing the fourth consecutive season of diminishing global reserves.

The decline occurs within China where stocks at the end the 2017/18 season are projected down to 8 million tonnes. Stocks held outside of China are projected up to 10.3 million tonnes, a continuous increase over the past four consecutive seasons.

At International front there is expected fall in acreages in Pakistan this season. Further the crop development is also not satisfactory which is indicating y-o-y lower crop from Pakistan. In Uzbekistan another leading cotton producer has witnessed cool and drier conditions which has depressed the cotton production estimates. In US too persistent drought has resulted in market speculations of the y-o-y lower crop.

Thus early estimates of lower global production for the coming marketing year is expected to remain supportive for prices in coming months.

The China Cotton Association sought to calm market volatility on Monday, telling investors supplies were sufficient and revealing government plans to allow for more imports in the near future. The comments from the association, which lobbies the government on behalf of cotton farmers and processors, follow a rally that has driven domestic cotton futures up nearly 18 percent since early April.

China will from Monday ban non-textile companies from buying cotton from 2017/18 state reserve auctions, the country's cotton industry website cottonchina.org said on the weekend.

Data obtained from the Sindh agriculture department shows that only around 45 per cent (269,000 hectares) of the cotton sowing target had been achieved by end May while Sindh was pursuing a cotton cultivation target of 620,000ha.

Cotton price experienced extreme volatility without a major change in cotton supply/demand recently. This is quickly followed by a jump in reserve selling and a growing tension in the market. China Cotton Association, after investigation and communication with relevant departments, has concluded that government has sufficient reserve supplies for auction, and at the meantime, it is also workable to maintain a steady cotton supply by issuing additional import quota. There is no supply tension in China.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-18	420	22900	23150	22740	23130	2855	964	6937	-12
July-18	440	23190	23450	23020	23430	1347	538	2367	135

Spread	June 18		-	-	--	--
Spot				-	-	-
jun-18	-300			-	-	-

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

* Updated at 05:00 pm as on 09-June 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Jun-18	8-Jun-18	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6245	5955	290
	Rajkot	B.T. Cotton	6160	6160	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5695	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5800	5800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5915	5750	165
	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	NA	NA	-
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4320	4320	Unch
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	5887	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Jun-18	8-Jun-18	
Punjab	Bhatinda	J-34	4765	4725	40
	Abohar	J-34	4770	4730	40
	Mansa	J-34	4750	4660	90
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4750	4710	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Jun-18	8-Jun-18	
Gujarat	Ahmedabad	Shankar-6	17000	11900	5100
	Gondal	Shankar-6	212	222	-10
	Rajkot	B.T. Cotton	550	626	-76
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	7000	5000	2000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	21	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	200	400	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	125	20	105
	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	NA	NA	-
	Jamner	Medium Staple	NR	NR	-
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	NR	213	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Jun-18	8-Jun-18	
Punjab	Bhatinda	J-34	170	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	170	170	Unch
Haryana	Sirsa	J-34	85	85	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
				8-Jun-18	7-Jun-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43200	43200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43700	43700	Unch
J-34(202)	26mm	3.5 - 4.9	23	45100	44500	600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42400	41900	500
Shankar-6(105)	29mm	3.5 - 4.9	28	45900	44900	1000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46800	45800	1000
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47600	46600	1000
DCH-32(107)	34mm	3.0 - 3.8	33	58900	57900	1000

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		9-Jun-18	8-Jun-18	
Rajkot	Rs. /10 Kg.	732	732	Unch
New Delhi	Rs. /10 Kg.	730	730	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	760	752	8

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		9-Jun-18	8-Jun-18	
Mahesana (Kadi)	Rs./Qtl	1630	1620	10
Akola	Rs./Qtl	1498	1500	-2

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 8-June-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	16458	-3
CCIndex(527)	15189	Unch
CCIndex(229)	17042	-5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 7-June-2018</u>		
Index	Cents/lb	Change
FC Index (S)	102.65	1.28
FC Index (M)	99.55	1.52
FC Index (L)	98.24	1.24

<u>Cotlook Index: As on 7-June-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	99.00	1.50

<u>USDA Cotton Spot Rates: As on 7-June-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	94.22	96.47	NIL
North Delta	92.72	94.47	NIL
South Delta	92.72	94.47	NIL
East TX-OK	84.00	85.75	2823
West Texas	83.50	85.25	28
Desert SW	88.72	92.72	NIL
SJ Valley	89.22	98.12	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.): Ason8-June-2018</u>					
Contract	Open	High	Low	Close	Change

18-May	93.97	95.84	93.59	94.94	1.22
18-Jul	93.80	95.64	93.66	93.66	-0.13
18-Oct	92.79	94.82	92.29	92.60	-0.19
18-Dec	92.58	94.50	92.19	92.40	-0.18
19-Mar	92.69	94.25	92.00	92.24	-0.15
19-May	92.44	94.00	91.93	92.04	-0.13

Pakistan Cotton Spot rates: As on 7-June-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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