

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed firm on Thursday.

In The News: India's cotton shortage is likely to be higher than earlier estimates. The reason for this is that export can reach level of 75 million bales, whereas earlier it was estimated to be 65 lakh only. There was an estimated 20 lakh bales of imports, which has now been reduced to 10 to 12 lakh bales. According to CAI.

Gujarat cotton prices of 29 mm remained between 45,050 to 47000/candy. A month ago the price of cotton was 43000 candy.

According to the Cotton Association of India (CAI), better prices for cash crops like soybean and paddy may distract the farmers from cotton sowing and in result, cotton sowing area is expected to decline by 10-12 percent to 10.7 million hectare this year in comparison of 12.2 million hectare last year as distressed farmers in Punjab, Maharashtra, Telangana and Andhra Pradesh have evinced weak interest in this cash crop.

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.

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.

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.

International Fundamentals

China will import 1.4 million tonnes of cotton in 2018-19 crop year, its agriculture minister said on Tuesday.

China new crop is going to be about 10% lower. Expected crop is 4.50 million tons. Consumption is above 8.5 million tons.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-18	-90	23140	23270	22930	23210	2228	269	6247	-6547
July-18	240	23430	23580	23230	23540	2076	116	3707	-2868

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

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

* Updated at 05:00 pm as on 12-June 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Jun-18	13-Jun-18	
Gujarat	Ahmedabad	Shankar-6	6250	6125	125
	Gondal	Shankar-6	6330	6255	75
	Rajkot	B.T. Cotton	6460	6440	20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5650	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5900	5900	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5960	5950	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	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	6100	-
	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	14-Jun-18	13-Jun-18	
Punjab	Bhatinda	J-34	4860	4820	40
	Abohar	J-34	4860	4825	35
	Mansa	J-34	4850	4800	50
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4850	4800	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jun-18	13-Jun-18	
Gujarat	Ahmedabad	Shankar-6	6800	8500	-1700
	Gondal	Shankar-6	246	270	-24
	Rajkot	B.T. Cotton	750	845	-95
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	10	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	300	200	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	125	325	-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	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	1711	-
	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	14-Jun-18	13-Jun-18	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	85	85	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
				13-Jun-18	12-Jun-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44000	43800	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44500	44300	200
J-34(202)	26mm	3.5 - 4.9	23	45800	45600	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	42400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	46500	46200	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47300	46800	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48200	47700	500
DCH-32(107)	34mm	3.0 - 3.8	33	59300	59000	300

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		14-Jun-18	13-Jun-18	
Rajkot	Rs. /10 Kg.	735	730	5
New Delhi	Rs. /10 Kg.	720	720	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	750	750	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		14-Jun-18	13-Jun-18	
Mahesana (Kadi)	Rs./Qtl	1704	1701	3
Akola	Rs./Qtl	1597	1562	35

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 14-June-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	16401	-2
CCIndex(527)	15168	9
CCIndex(229)	16986	7
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 13-June-2018</u>		
Index	Cents/lb	Change
FC Index (S)	106.20	-0.32
FC Index (M)	103.18	-0.26
FC Index (L)	101.99	-0.25

<u>Cotlook Index: As on 13-June-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	101.70	1.05

<u>USDA Cotton Spot Rates: As on 13-June-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	94.31	96.56	145
North Delta	92.81	94.56	NIL
South Delta	92.81	94.56	NIL
East TX-OK	86.00	88.50	993
West Texas	85.50	88.00	2
Desert SW	88.81	92.81	NIL
SJ Valley	89.31	98.21	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.): Ason13-June-2018</u>
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Contract	Open	High	Low	Close	Change
18-May	95.30	95.66	93.21	93.81	-1.40
18-Jul	94.30	94.97	93.72	93.94	0.31
18-Oct	92.90	93.69	91.92	92.93	0.03
18-Dec	92.81	93.50	91.79	92.82	0.03
19-Mar	92.60	93.20	91.66	92.61	Unch
19-May	92.40	92.90	91.51	92.34	-0.03

Pakistan Cotton Spot rates: As on13-June-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7600	145	7745
Equivalent	40 Kgs	8145	155	8300

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