

### Domestic Fundamentals:

**Market Outlook:** Cotton spot market declined following sharp fall in international market. US #2 Cotton futures was trading weak by 2.15% at the 5:00 PM IST giving strong bearish sentiments in the international cotton market. MCX 29 mm cotton also dipped by 1.7% till the time report was written taking global cues.

**In The News:** Cotton advisory board (CAB) is stating that the cotton production could be at 370 lakh bales and the ends stock can be at 43 lakh bales. CAB is adding textile mills to be comfortable as the supplies are ample and current bullishness in prices is due to the international market.

On the other hand the CAI has estimated cotton crop for the ongoing 2017-18 season at 365 lakh bales of 170 kgs each, which is higher by 5 lakh bales from its previous estimate – 3 lakh bales in Gujarat, 1 Lakh bales in Karnataka, 50,000 bales in Andhra Pradesh & 25,000 bales each in the states of Madhya Pradesh & Tamil Nadu. Further earlier CAI has estimated end stocks to be at 2 lakh bales for the current season. However in the latest estimate CAI is projecting the closing stock at 16 lakh tons.

The arrival is estimated at 340 lakh bales upto 31st May, 2018. Around 93 % of the total crop for the season has already arrived in the market upto 31st May, 2018. The stock at the end of May, 2018 is estimated at 100.50 lakh bales including 58 lakh bales with textile mills while the remaining 42.50 lakh bales are estimated to be held with CCI & others (MNCs, Traders, Ginners, etc).

The confederation of Indian Textile Industry (CITI) is estimating the cotton production to be at 373 lakh bales. The ending stock according to CITI would be at 49.81 lakh bales.

As on 14th June 2014 cotton sowing has been carried out in the area of 16.914 lakh hectares against 16.671 lakh hectares in the 2017-18 season. Haryana after sowing slower pace of sowing has recovered significantly post y-o-y higher acreages at 6.56 lakh hectares against 6.3 lakh hectares. Most of the sowing is late and hence are susceptible for white flies pest.

Punjab though has witnessed fall in y-o-y acreages and sowing has been carried out in 2.84 lakh hectares against 3.82 lakh hectares last year. Sowing window in Haryana and Punjab is closed and we have witnessed a net fall in acreages by .75 thd hectares. Thus the acreages has significantly recovered against initial apprehensions.

Karnataka and Telangana is leading this year as far as sowing pace is concerned as monsoon has entered on time and there has been good rainfall observed till then.

Indian exporters has bagged contract of exporting 500,000 bales to China in the coming season. Robust demand from China and higher prices has helped the exporters to go for forward agreements much before the start of the season. The shipments are going to happen in Nov-Dec and around 2 million bales is expected to get exported to China in these two months. India cotton is cheaper by 10 cents per pound against the Brazilian cotton.

Fears loom in Maharashtra for reoccurrence of pink bollworm attack and thus In Maharashtra the acreages can fall by 10% y-o-y although the prices are good this year. The effect of dust storms is widely noticeable in Jind, Sirsa, Fatehbad, Bhiwani, and Hisar.

In Punjab and Haryana dust storms has resulted in heavy deposition of the dust on standing crops which is a month old. Such deposition is going to result in the stunted vegetative growth and thus can compromise the yields against average.

### 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.

<b>MCX Cotton Futures*: (Prices in Rs/170 kgs)</b>									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-18	-440	22730	22770	22470	22480	1739	-489	5452	-795
July-18	-450	23210	23210	22760	22780	1549	-527	4001	294
Spread	June 18			-	-	--	--		
Spot				-	-	-	-		-
jun-18				-	-	-	-		-
(NB: Spread Basis = Spot- Near Month Future)									
* Updated at 05:00 pm as on 15-June 2018									

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Jun-18	15-Jun-18	
Gujarat	Ahmedabad	Shankar-6	6375	6250	125
	Gondal	Shankar-6	6380	6480	-100
	Rajkot	B.T. Cotton	6500	6490	10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5200	5650	-450
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5900	6100	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5900	5960	-60
	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	NA	NA	-
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	6151	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5600	5650	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Jun-18	15-Jun-18	
Punjab	Bhatinda	J-34	4780	4870	-90
	Abohar	J-34	4780	4870	-90
	Mansa	J-34	4800	4850	-50
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4760	4860	-100
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jun-18	15-Jun-18	
Gujarat	Ahmedabad	Shankar-6	5780	6800	-1020
	Gondal	Shankar-6	222	348	-126
	Rajkot	B.T. Cotton	990	400	590
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	14	13	1
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	80	150	-70
	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	NA	NA	-

<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NR	NR	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NR	1239	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	187	232	-45
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>18-Jun-18</b>	<b>15-Jun-18</b>	
<b>Punjab</b>	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	34	85	-51
<b>Haryana</b>	Sirsa	J-34	85	85	Unch
<b>Rajasthan</b>	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
				16-Jun-18	15-Jun-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45300	45300	Unch
J-34(202)	26mm	3.5 - 4.9	23	45700	46100	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	43000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	46800	47100	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47600	47700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48600	48700	-100
DCH-32(107)	34mm	3.0 - 3.8	33	59700	59900	-200

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		18-Jun-18	15-Jun-18	
Rajkot	Rs. /10 Kg.	745	750	-5
New Delhi	Rs. /10 Kg.	725	720	5
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	760	760	Unch

**Cotton Seed Oil Seed Cake Prices**

Centre	Unit	Price		Change
		18-Jun-18	15-Jun-18	
Mahesana (Kadi)	Rs./Qtl	1721	1755	-34
Akola	Rs./Qtl	1630	1620	10

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 15-June-2018</b>		
Index	RMB/Ton	Change
CCIndex(328)	16401	Unch
CCIndex(527)	15168	Unch
CCIndex(229)	16986	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 15-June-2018</b>		
Index	Cents/lb	Change
FC Index (S)	106.20	Unch
FC Index (M)	103.18	Unch
FC Index (L)	101.99	Unch

<b>Cotlook Index: As on 15-June-2018</b>		
Cotlook Indices	Cents/Pound	Change
A-Index	101.45	Unch

<b>USDA Cotton Spot Rates: As on 15-June-2018</b>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	91.22	93.47	NIL
North Delta	89.72	91.47	NIL
South Delta	89.72	91.47	NIL
East TX-OK	83.25	85.75	1270.00
West Texas	82.75	85.25	NIL
Desert SW	85.72	89.72	NIL
SJ Valley	86.22	95.12	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

**ICE Cotton Futures (Prices in cents/lb.): As on 15-June-2018**

Contract	Open	High	Low	Close	Change
18-May	93.14	93.14	90.50	90.72	-2.69
18-Jul	91.57	92.47	91.13	91.28	-2.81
18-Oct	92.80	92.80	89.52	89.85	-3.11
18-Dec	91.80	92.50	89.49	89.76	-3.10
19-Mar	92.32	92.33	89.50	89.71	-3.01
19-May	91.70	91.70	89.43	89.60	-2.95

**Pakistan Cotton Spot rates: As on 14-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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