

### Domestic Fundamentals:

**Market Outlook:** Cotton spot market prices across physical market traded on weak tone as the reports of monsoon progress weighed on market sentiments. Trade in US #2 Cotton futures and MCX 29mm Cotton futures remained muted as the market waits for fundamental cues.

### **In The News:**

According to USDA in 2018-19 India will plant cotton in area of 118 lakh hectares producing 285 lakh bales of 480 pound each. The production in the preliminary estimates by USDA has remained unchanged y-o-y. Exports have been estimated at 42.5 lakh bales down by 5 lakh bales at the end of 2017-18 seasons. We expect the USDA will upward revise the exports in coming WASDE report over brighter exports prospects of Indian cotton.

The cotton sowing is lagging as data compiled on 22<sup>nd</sup> June. The sowing has been done in 20.68 lakh hectares against 24.7 lakh hectares last year in the same time frame. Normal sowing as on date used to be at 32.69 lakh hectares. The delay in sowing is due to a brief lull period last week in the monsoon progress and activity. However current influx is expected to drive the monsoon further interior with US model showing development of low pressure in central Indian which might extend upto northwest propelling SW monsoon to reach north west much before the normal date.

### Monsoon Update

There has been steady influx of rain clouds into the interior of South Peninsula from the Bay of Bengal across the Andhra Pradesh-Odisha coasts. Convective clouds have been formed across central and peninsular Indian bringing much rain for the farm sector. Agricultural operation in these regions is expected to start rapidly in these areas.

### International Fundamentals

Traders in Pakistan are expecting lower production in lower Sindh by 400 to 500 thd bales. In central and upper Sindh the production can be at 2 million bales unchanged from last year. Since there was limited during early sowing season the arrivals are very restricted in the market.

According the latest data released by the Pakistan Bureau of Statistics, during the period from July-May, 2017-18, Raw cotton exports from the country during 11 months of current financial year grew by 32.66 percent as against the exports of the corresponding period of last year.

The cotton production in China in the USDA report is projected at 26.5 million bales (down 1.0 million bales) in 2018-19, as area is reduced slightly and yield declines from the 2017-18 record 1,761 kg/hectare to 1,722 kg/hectare—the second largest—as approximately 80 per cent of China's cotton is now grown in the high-yielding Xinjiang region in northwestern China.

Overall, world cotton production in 2018-19 is forecast at 120.4 million bales, 2 per cent (2.4 million bales) below the previous year, but still one of the largest crops during the last five seasons.

US has started feeling pinch on the trade disputes as the traders are fearing cancellation of forward contracts along with lack of new booking.

The U.S. Department of Agriculture (USDA) reported exports of 312,800 running bales (RB) for the week of June 14 Which were down 32 percent from the previous week and 31 percent from the prior four-week average. The USDA also reported net upland sales reductions of 112,400 RB for 2017-18 and net sales of 295,400 RB for 2018-19 for the same period.

| <b>MCX Cotton Futures*: (Prices in Rs/170 kgs)</b> |         |       |       |       |       |        |        |      |        |
|--|---------|-------|-------|-------|-------|--------|--------|------|--------|
| Contract   | +/-     | Open  | High  | Low   | Close | Volume | Change | OI   | Change |
| Jun-18   | 0       | 21890 | 22010 | 21850 | 21950 | 768    | -335   | 2957 | -800   |
| July-18  | -20     | 22200 | 22300 | 22120 | 22230 | 972    | -322   | 5824 | 616    |
| Spread   | June 18 |       |       | -     | -     | --     | --     |      |        |
| Spot   |         |       |       | -     | -     | -      | -      |      |        |
| jun-18   |         |       |       | -     | -     | -      | -      |      |        |
| (NB: Spread Basis = Spot- Near Month Future)       |         |       |       |       |       |        |        |      |        |
| * Updated at 05:00 pm as on 22-June 2018           |         |       |       |       |       |        |        |      |        |

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

| Commodity      | Kapas       |               | Prices (Rs./Quintal) |           | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State          | Centre      | Variety       | 22-Jun-18            | 21-Jun-18 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | 6000                 | 6000      | Unch   |
|                | Gondal      | Shankar-6     | 6205                 | 6255      | -50    |
|                | Rajkot      | B.T. Cotton   | 6225                 | 6285      | -60    |
|                | Patan       | B.T. Cotton   | NA                   | NA        | -      |
|                | Kadi        | B.T. Cotton   | NA                   | NA        | -      |
|                | Deesa       | B.T. Cotton   | NA                   | NA        | -      |
|                | Dhrol       | B.T. Cotton   | 5625                 | 5860      | -235   |
| Punjab         | Fazilika    | B.T. Cotton   | NR                   | NR        | -      |
|                | Muktsar     | B.T. Cotton   | NR                   | NR        | -      |
| Haryana        | Bhiwani     | B.T. Cotton   | 5700                 | 5750      | -50    |
|                | Bhiwani     | Desi          | NA                   | NA        | -      |
|                | Adampur     | B.T. Cotton   | NR                   | NR        | -      |
|                | Fatehabad   | B.T. Cotton   | 5800                 | 5750      | 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        | 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                        | 6219             | -             |
|                  | Hubli          | D.C.H.         | NR                        | NR               | -             |
|                  | Hubli          | B.T. Cotton    | NR                        | NR               | -             |
|                  | Raichur        | H-44 Cotton    | 5600                      | 5600             | Unch          |
| <b>Commodity</b> | <b>Lint</b>    |                | <b>Prices (Rs./Maund)</b> |                  | <b>Change</b> |
| <b>State</b>     | <b>Centre</b>  | <b>Variety</b> | <b>22-Jun-18</b>          | <b>21-Jun-18</b> |               |
| Punjab           | Bhatinda       | J-34           | 4745                      | 4730             | 15            |
|                  | Abohar         | J-34           | 4750                      | 4730             | 20            |
|                  | Mansa          | J-34           | 4725                      | 4700             | 25            |
|                  | Muktsar        | J-34           | NR                        | NR               | -             |
|                  | Fazilika       | J-34           | NR                        | NR               | -             |
| Haryana          | Sirsa          | J-34           | 4730                      | 4720             | 10            |
| Rajasthan        | Sri-Ganganagar | J-34           | NA                        | NA               | -             |

**Cotton Arrivals in Key Centers:**

|                  |               |                |                           |                  |               |
|------------------|---------------|----------------|---------------------------|------------------|---------------|
| <b>Commodity</b> | <b>Kapas</b>  |                | <b>Arrivals (Quintal)</b> |                  | <b>Change</b> |
| <b>State</b>     | <b>Centre</b> | <b>Variety</b> | <b>22-Jun-18</b>          | <b>21-Jun-18</b> |               |
| Gujarat          | Ahmedabad     | Shankar-6      | 5100                      | 5100             | Unch          |
|                  | Gondal        | Shankar-6      | 379                       | 318              | 61            |
|                  | Rajkot        | B.T. Cotton    | 494                       | 902              | -408          |
|                  | Patan         | B.T. Cotton    | NA                        | NA               | -             |
|                  | Kadi          | B.T. Cotton    | NA                        | NA               | -             |
|                  | Deesa         | B.T. Cotton    | NA                        | NA               | -             |
|                  | Dhrol         | B.T. Cotton    | 7                         | 9                | -2            |
| Punjab           | Fazilika      | B.T. Cotton    | NR                        | NR               | -             |
|                  | Muktsar       | B.T. Cotton    | NR                        | NR               | -             |
| Haryana          | Bhiwani       | B.T. Cotton    | 200                       | 200              | Unch          |
|                  | Bhiwani       | Desi           | NA                        | NA               | -             |
|                  | Adampur       | B.T. Cotton    | NR                        | NR               | -             |
|                  | Fatehabad     | B.T. Cotton    | 150                       | 150              | Unch          |
|                  | 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                        | 1444             | -             |
|                       | Hubli          | D.C.H.         | NR                        | NR               | -             |
|                       | Hubli          | B.T. Cotton    | NR                        | NR               | -             |
|                       | Raichur        | H-44 Cotton    | 120                       | 210              | -90           |
| <b>Commodity</b>      | <b>Lint</b>    |                | <b>Arrivals (Quintal)</b> |                  | <b>Change</b> |
| <b>State</b>          | <b>Centre</b>  | <b>Variety</b> | <b>22-Jun-18</b>          | <b>21-Jun-18</b> |               |
| <b>Punjab</b>         | Bhatinda       | J-34           | 170                       | 170              | Unch          |
|                       | Abohar         | J-34           | NA                        | NA               | -             |
|                       | Mansa          | J-34           | 85                        | 85               | Unch          |
| <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/<br>GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|---------------|---------------|--------|
|                                       |            |            |                  | 21-Jun-18     | 20-Jun-18     |        |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0  | 15               | 44800         | 45800         | -1000  |
| Bengal Deshi (SG)(201)                | Below 22mm | 5.0 - 7.0  | 15               | 45300         | 46300         | -1000  |
| J-34(202)                             | 26mm       | 3.5 - 4.9  | 23               | 45200         | 45000         | 200    |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 42800         | 43000         | -200   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 46500         | 46600         | -100   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 47400         | 47600         | -200   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 48400         | 48600         | -200   |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 59700         | 59700         | Unch   |

**Cotton Seed Oil Prices**

| Centre    | Unit        | Price     |           | Change |
|-----------|-------------|-----------|-----------|--------|
|           |             | 22-Jun-18 | 21-Jun-18 |        |
| Rajkot    | Rs. /10 Kg. | 740       | 740       | Unch   |
| New Delhi | Rs. /10 Kg. | 725       | 720       | 5      |
| Hyderabad | Rs. /10 Kg. | NR        | NR        | -      |

|        |             |     |    |   |
|--------|-------------|-----|----|---|
| Mumbai | Rs. /10 Kg. | 760 | NR | - |
|--------|-------------|-----|----|---|

**Cotton Seed Oil Seed Cake Prices**

| Centre          | Unit    | Price     |           | Change |
|-----------------|---------|-----------|-----------|--------|
|                 |         | 22-Jun-18 | 21-Jun-18 |        |
| Mahesana (Kadi) | Rs./Qtl | 1673      | 1712      | -39    |
| Akola           | Rs./Qtl | 1567      | 1579      | -12    |

**INTERNATIONAL PRICES AND INDICES**

| <u><b>China Cotton Index: As on 22-June-2018</b></u> |         |        |
|--|---------|--------|
| Index  | RMB/Ton | Change |
| CCIndex(328)   | 16353   | -10    |
| CCIndex(527)   | 15148   | -3     |
| CCIndex(229)   | 16958   | 3      |
| RMB -Renminbi, 1RMB =0.16 \$U.S.                     |         |        |

| <u><b>China Foreign Cotton (FCE) Index : As on 21-June-2018</b></u> |          |        |
|---|----------|--------|
| Index   | Cents/lb | Change |
| FC Index (S)  | 99.32    | Unch   |
| FC Index (M)  | 96.36    | Unch   |
| FC Index (L)  | 94.99    | Unch   |

| <u><b>Cotlook Index: As on 21-June-2018</b></u> |             |        |
|---|-------------|--------|
| Cotlook Indices                                 | Cents/Pound | Change |
| A-Index   | 93.40       | 0.40   |

| <u><b>USDA Cotton Spot Rates: As on 21-June-2018</b></u> |                     |                     |          |
|--|---------------------|---------------------|----------|
| Growth Area  | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|  | cents/lb.           |                     | Bales    |
| Southeast  | 85.30               | 87.55               | NIL      |
| North Delta  | 83.80               | 85.55               | NIL      |
| South Delta  | 83.80               | 85.55               | NIL      |
| East TX-OK   | 79.75               | 82.25               | 1928     |
| West Texas   | 79.25               | 81.75               | 1356     |
| Desert SW  | 79.55               | 83.55               | NIL      |
| SJ Valley  | 80.05               | 88.95               | 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 21-June-2018**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 18-May   | 83.40 | 84.20 | 83.01 | 83.21 | unch   |
| 18-Jul   | 85.45 | 85.94 | 84.83 | 85.30 | -0.06  |
| 18-Oct   | 84.39 | 85.14 | 84.13 | 84.29 | 0.11   |
| 18-Dec   | 84.11 | 84.78 | 83.90 | 83.96 | -0.03  |
| 19-Mar   | 84.64 | 84.68 | 83.88 | 83.93 | -0.11  |
| 19-May   | 84.25 | 84.25 | 83.90 | 83.99 | -0.16  |

**Pakistan Cotton Spot rates: As on 21-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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