

**Domestic Fundamentals:****Market Outlook:**

Cotton prices expected to remain firm as the crop has been short by 700,000 bales in production estimate this year and due to exports demand from International markets especially from China. Moreover, China has announced import quota of 800,000 ton (47 lakh bales) of cotton and as many as 500,000 bales for direct mill sales which may further increase the prices in coming days. The benchmark Shankar-6 variety prices moved up by Rs.3000 in the past one month alone and is now trading between 46,400 to 46,700/candy (356kg).

**News:** According to CAI, the balance sheet projects total cotton supply of 37.60 million bales, a domestic consumption of 31.60 million bales, exports of 4.70 million bales and a carry-over stock of 1.3 million bales. New crop planting started in some areas of North India. Good availability of canal water and better prices of seed cotton in the current season against competing crops will likely favor cotton sowing in North India.

**India's cotton crop production may fall 7.87 per cent to 343 lakh bales (of 170 kg each) in the 2018-19 season**, mainly due to drought in many cotton-growing regions, as per estimates released Monday by Confederation of Indian Textile Industry (CITI). The domestic textile industry body based the projections on actual data collected from cotton-growing areas for the October-September 2018 crop season.

**India expect to see a year-over-year increase of 7%**, Brazil too is looking to produce some 12.5 million bales, or a 5% jump. Pakistan's crop is expected to increase some 6.7% regarding global production for 2019.

**The cotton output this year is likely to decline by 27% to 82 lakh bales lowest since 2008** despite of higher than normal sowing against last year's output of 105 lakh bales in Gujarat, the largest producer of natural fibre in India. This is due to scanty of rainfall in the major cotton producing areas reducing the per hectare yield to 532kg from 619kg in the previous year.

**Total cotton supply projected is 290.00 lakh bales of 170 kgs each** during the period from October 2018 to March 2019 which consists of the arrival of 255.83 lakh bales upto 31st March 2019, imports of 6.17 lakh bales upto 31st March 2019 and the opening stock at the beginning of the season at 28 lakh bales.

**According to CAI, cotton exports for the season (October 2018-September 2019) estimated a decline to 47 lakh bales, against last year's estimated 69 lakh bales.** This dip is attributed to the higher prices and smaller crop size of Indian cotton. The imports this year are likely to be higher at 27 lakh bales, against last year's estimated 15 lakh bales.

**The CAI has estimated cotton crop for 2018-19 at 321 lakh bales of 170 kgs each** which is lower by 7 lakh bales than its previous estimate of 328 lakh bales made during last month. The CAI has reduced the crop estimate for Gujarat by 1 lakh bales, Maharashtra by 80,000 bales, Telangana by 4 lakh bales, Andhra Pradesh by 1 lakh bales and Karnataka by 75,000 bales whereas there is marginal increase of 50,000 bales in Tamil Nadu and 5,000 bales in the State of Orissa.

**Andhra pegs 2018-19 cotton crop 1.44 mln bales vs 2.04 mln bales yr ago** due to lower acreage and yields. In Jun-Sep, Andhra Pradesh received 443.1 mm rainfall, 12% below normal. Villages in Anantapur district have been declared drought-hit, and major parts of Kadapa, Kurnool, Chittoor, Prakasam and Nellore witnessed scanty and deficient rainfall.

**Daily arrivals have declined to about 80,000-90,000 bales as against 1.3 lakh bales last year.** So far about 42 lakh bales have been exported, some 2 lakh bales have been exported to Bangladesh. Another 40 lakh bales have been exported to Vietnam, China and Bangladesh, among others. Another 5-6 lakh bales are expected to be exported, according to reports. Due to higher prices, export contracts have taken a halt. But the target of 50 lakh bales will be achieved with China and Bangladesh as key destinations by September, 2019.

**The arrivals for 2018-19 season reached 25.03 million bales as of March 26<sup>th</sup> down 4.6% on y-o-y**, as per the Cotton Corporation of India (CCI). Weather forecasts predict that the southwest monsoon rains during the June- September period

are expected to be below normal, mainly attributed to the El-nino phenomenon. An 80% chance of EL- nino during March-May and 60% chance during Jun-Aug is predicted.

**On April 2, market arrivals stood at 75,000 bales as against 1.35 lakh bales on the same day last year.** There has been a sharp decline in market arrivals in recent weeks.

**India's marketing year (MY) 2019/20 cotton production estimate is 29.3 million 480 lb. bales on 12.45 million hectares.** Yields are expected to rebound in most of the states after an erratic monsoon last year.

**According to CCI, market arrivals of cotton stood at 254 lakh bales of 170 kg each till 1<sup>st</sup> April** against a target of 328 lakh bales this season. Further decline has been seen as on April 2, market arrivals stood at 75,000 bales as against 1.35 lakh bales on the same day last year.

**At present the current rate of 29mm good quality cotton is Rs. 45,900 per candy in the spot trade,** which was Rs. 41,000 per candy during same period of previous year. At this rate Indian cotton is having good parity for export. If this rate continues for another 45 days, we will achieve our export target of 50-53 lakh bales very easily.

**CCI has commenced the sale of 1.1 million bales cotton procured in the 2018-2019 (October-September)** of which around 10,000 bales have already been sold at the rate of Rs.47,000/candy via e-auction so far in the physical market of Telangana and Maharashtra said the state agency.

### **Weather Forecast for tomorrow:**

The Western Disturbance which caused severe weather over major parts of northwest India and adjoining central India yesterday, has further moved eastwards. The resultant reduction in moisture incursion from the Arabian Sea is likely to weaken the intensity of the system from today. However, fairly widespread to widespread rainfall with isolated thunderstorms, lightning and gusty winds (speed reaching 40- 50 kmph) are likely over Punjab, Haryana, Chandigarh & Delhi, northeast Rajasthan, Uttar Pradesh, Himachal Pradesh and Uttarakhand during next 24 hours. Isolated thundersquall and hailstorms are likely over East Madhya Pradesh and north Chhattisgarh during next 24 hours.

### **International Fundamentals:**

**Cotton futures settled 17 to 40 points higher.** Global cotton exports in February were tallied at 1.484 million bales according to newly released Census data. That was 21.55% larger than January, which is a typical seasonal rise, but 25.09% lower than Feb 2018. The Cotlook A Index was down 145 points at 86.25 on April 16. The weekly Average World Price (AWP) is 69.21, 99 points higher than the previous week.

**USDA showed that 7% of the US cotton crop has been planted as of 4/14,** according to the weekly Crop Progress report. That is even with the average but behind the 8% from last year. The Cotlook A Index was down 50 points at 86.70 on April 12. The weekly Average World Price (AWP) is 69.21, 99 points higher than the previous week and effective through Thursday.

**The weekly export sales report showed net sales for both marketing years, 2018-19 and 2019-20, at 527,700 bales.** This included current year sales of 289,000 bales of Upland and 30,200 of Pima. Vietnam, India and China were major buyers.

**Total export commitments for upland cotton did gain a little ground against a year ago last week, now down 12.5%.** USDA's projected 15 million bale projected export total is now 95% achieved via total commitments, matching the average pace. Chinese imports were raised by 500,000 bales, while Turkey imports were trimmed by 200,000 bales. Indian exports were cut by 300,000 bales, with Australia up 200,000 bales.

**U.S. export sales exploded with more than 500,000 bales booked during the prior week.** USDA did release its April world supply demand report which was seemingly bearish, but was totally faded by the market. China needs an additional 800,000 bales for its reserve program and as many as 500,000 bales for direct mill sales.

**The cotton market finished higher Thursday amid a strong showing in USDA's weekly sales and exports.** Combining both crop years, sales totaled some 475,000 bales where China was a net buyer in both seasons. Additionally, weekly exports found to be over 400,000 bales. Such demand power continues to under-gird the market.

**World trade is expected to increase to 42.3 million bales in 2018-19, the highest level since 2012-13's record.** Production will exceed consumption in 2019-20, raising world stocks slightly by 1 million bales. World cotton consumption in 2018-19 is expected to reach 123.6 million bales, growing 0.9 percent from the previous year, to the highest level since 2007-08.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Apr	0.56	22270	22320	22160	22300	1923	1801	9306	-869
19-May	0.56	22560	22610	22470	22600	1685	1520	9816	871

Spread	Mar-19		-	-	--	--
Spot	-290		-	-	-	-
Apr-19			-	-	-	-

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

\* Updated at as on 18-Apr- 2019@5pm

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Apr-19	17-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6300	Closed	-
	Gondal	Shankar-6	6255	Closed	-
	Rajkot	B.T. Cotton	6325	6325	Unch
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5980	-
Haryana	Bhiwani	B.T. Cotton	6350	6400	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6270	6270	Unch
	Fatehabad	B.T. Cotton	6200	6200	Unch
	Jind	B.T. Cotton	6300	6450	-150
	Uchana	B.T. Cotton	6200	6205	-5

	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6350	6470	-120
	Rawatsar	B.T. Cotton	6250	6300	-50
Madhya Pradesh	Khandwa	Mech-1	6350	6375	-25
	Khargaon	Mech-1	6300	6330	-30
Maharashtra	Amravati	Mech-1	Closed	6400	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	6025	-
Karnataka	Bijapur	Bunny	6639	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6350	NA	-
Commodity		Lint	Prices (Rs./Maund)		Change
State	Centre	Variety	18-Apr-19	17-Apr-19	
Punjab	Bhatinda	J-34	4960	4950	10
	Abohar	J-34	4960	4950	10
	Mansa	J-34	4920	4925	-5
Haryana	Sirsa	J-34	4890	4880	10
Rajasthan	Sri-Ganganagar	J-34	4536	4512	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Apr-19	17-Apr-19	
Gujarat	Ahmedabad	Shankar-6	30600	Closed	-
	Gondal	Shankar-6	852	Closed	-
	Rajkot	B.T. Cotton	2200	1800	400
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	72	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	200	250	-50
	Jind	B.T. Cotton	340	170	170
	Uchana	B.T. Cotton	150	190	-40
	Dabwali	B.T. Cotton	NA	NA	-

Rajasthan	Hanumangarh	B.T. Cotton	600	2100	-1500
	Rawatsar	B.T. Cotton	380	180	200
Madhya Pradesh	Khandwa	Mech-1	50	40	10
	Khargaon	Mech-1	1100	1115	-15
Maharashtra	Amravati	Mech-1	Closed	2200	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	6290	-
Karnataka	Bijapur	Bunny	2713	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Apr-19	17-Apr-19	
Punjab	Bhatinda	J-34	340	340	Unch
	Abohar	J-34	170	85	85
	Mansa	J-34	255	170	85
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	50	100	-50

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Apr-19	17-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	735	740	-5
Delhi	New Delhi	Rs. /10 Kg.	705	705	Unch
Telangana	Hyderabad	Rs. /10 Kg.	725	725	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	745	745	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Apr-19	17-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2537	2536	1
Maharashtra	Akola	Rs./Qtl	Closed	2449	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Apr-19	16-Apr-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42300	40400	1900
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42800	40900	1900
J-34(202)	26mm	3.5 - 4.9	23	46300	41200	5100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45000	40600	4400
Shankar-6(105)	29mm	3.5 - 4.9	28	46200	42200	4000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47700	43300	4400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48700	44500	4200
DCH-32(107)	34mm	3.0 - 3.8	33	55800	50000	5800

**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	18-Apr-19	17-Apr-19	Change
CCIndex(328)	RMB/Ton	15672	15669	3
CCIndex(527)	RMB/Ton	14707	14702	5
CCIndex(229)	RMB/Ton	16093	16093	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

**China Foreign Cotton (FCE) Index :**

Index	Unit	18-Apr-19	17-Apr-19	Change
FC Index (S)	Cents/lb	92.57	92.35	0.22
FC Index (M)	Cents/lb	87.85	87.62	0.23
FC Index (L)	Cents/lb	85.58	85.36	0.22

**Cotlook Index:**

Cotlook Indices	Unit	17-Apr-19	16-Apr-19	Change
A-Index	Cents/Pound	87.75	86.25	1.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Apr-19	17-Apr-19	Bales
Southeast	cents/lb.	75.71	77.96	0

North Delta	cents/lb.	74.46	76.21	0
South Delta	cents/lb.	74.46	76.21	0
East TX-OK	cents/lb.	72.71	74.96	2221
West Texas	cents/lb.	72.71	75.46	2451
Desert SW	cents/lb.	71.96	75.96	0
SJ Valley	cents/lb.	72.46	81.36	0

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

Pakistan Cotton Spot rates: As on 17-Apr-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Wed April 17, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190417	77.94	78.44	77.5	78.11	0.17	14,478	16,711	-5,916
<a href="#">19-Jul</a>	190417	78.56	79.25	78.1	78.96	0.4	29,298	96,390	1,911
<a href="#">19-Oct</a>	190417	77.74	77.74	77.74	77.74	0.38	20	48	-2
<a href="#">19-Dec</a>	190417	76.9	77.6	76.66	77.41	0.54	14,132	87,336	2,183
<a href="#">20-Mar</a>	190417	77.16	77.66	76.89	77.36	0.34	854	9,986	-29
<a href="#">20-May</a>	190417	76.85	77.24	76.83	76.96	0.28	218	745	16
Total Volume and Open Interest							59,212	214,899	-1,766

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