

**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 at 46,550/candy (356kg).

**News:** *This kharif season, farmers are planning to migrate to other competing crops like maize and soybean due to higher realization in these crops in the last few months. But, rainfall and their distribution pattern would set the trend for kharif sowing this season.*

**All India daily cotton arrivals are reported to be about 75'000 bales according to CAI.** Active import business continued for West African & US origins. India remains in the market for U.S. cotton which support prices to remain high and China, Vietnam and Turkey were major buyers.

**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.

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

A low pressure area is likely to develop over Equatorial Indian Ocean and adjoining southwest Bay of Bengal to the southeast of Sri Lanka around 25th April. It is likely to intensify into a depression during subsequent 48 hours. It is very likely to move northwestwards towards Tamilnadu coast across east coast of Srilanka. Isolated thunderstorms with gusty wind (wind speed reaching 50-60 kmph) likely over Coastal Andhra Pradesh and Tamilnadu during next 24 hours. Heat wave conditions are likely in isolated pockets over Vidarbha, Madhya Pradesh and Rajasthan from 24th onwards.

#### **International Fundamentals:**

**Cotton futures are trading 66 to 87 points lower on Tuesday.** They were 17 to 22 points higher in most 2019 contracts on Monday, with nearby May down 12 points. The dollar was weaker and crude oil was up \$1.82/barrel, supporting cotton. The dollar has firmed this morning. The Cotlook A Index was up 50 points at 88.25 on April 18. The weekly Average World Price (AWP) is 68.88, effective through Thursday.

**USDA showed US cotton acreage 9% planted, a 2% increase from last week.** That was even with the 5 year average and slow vs. the 10% last year. USDA reports suggest that Chinese cotton imports will rise 200,000 MT to 2.0 MMT in 2019/20 and that Egyptian imports will rise 2% for the same year due to sharply reduced 2019 plantings.

**World total production is projected to reach 27.6 million tonnes,** a number boosted by a 6% increase in global yields and consumption is still expected to set an all time high in 2019/20, reaching 27.3 million tonnes, according to ICAC.

**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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Apr	0.56	22170	22190	21910	22150	5105	970	5270	-2159
19-May	0.56	22480	22500	22230	22450	5632	2145	14086	2284

Spread	Mar-19		-	-	--	--
Spot	-310		-	-	-	-
Apr-19			-	-	-	-

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

\* Updated at as on 23-Apr- 2019@5pm

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Apr-19	22-Apr-19	
Gujarat	Ahmedabad	Shankar-6	Closed	6250	-
	Gondal	Shankar-6	Closed	6230	-
	Rajkot	B.T. Cotton	Closed	6355	-
	Patan	B.T. Cotton	Closed	6250	-
	Kadi	B.T. Cotton	Closed	6500	-
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	Closed	5755	-
Haryana	Bhiwani	B.T. Cotton	NA	6200	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6340	6330	10
	Fatehabad	B.T. Cotton	NA	6200	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	6150	6070	80
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6220	6270	-50

	Rawatsar	B.T. Cotton	6250	6200	50
Madhya Pradesh	Khandwa	Mech-1	6375	6150	225
	Khargaon	Mech-1	6340	6270	70
Maharashtra	Amravati	Mech-1	6500	6400	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6000	6000	Unch
Karnataka	Bijapur	Bunny	NA	6619	-
	Hubli	D.C.H.	NA	4500	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity		Lint	Prices (Rs./Maund)		Change
State	Centre	Variety	23-Apr-19	22-Apr-19	
Punjab	Bhatinda	J-34	4980	4960	20
	Abohar	J-34	4980	4975	5
	Mansa	J-34	4950	4945	5
Haryana	Sirsa	J-34	4920	4940	-20
Rajasthan	Sri-Ganganagar	J-34	4559	4559	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Apr-19	22-Apr-19	
Gujarat	Ahmedabad	Shankar-6	Closed	25500	-
	Gondal	Shankar-6	Closed	588	-
	Rajkot	B.T. Cotton	Closed	2400	-
	Patan	B.T. Cotton	Closed	4701	-
	Kadi	B.T. Cotton	Closed	20000	-
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	Closed	23	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	NA	100	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	160	45	115
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	65	160	-95
	Rawatsar	B.T. Cotton	385	50	335

Madhya Pradesh	Khandwa	Mech-1	190	15	175
	Khargaon	Mech-1	1200	1165	35
Maharashtra	Amravati	Mech-1	400	2000	-1600
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2180	1980	200
Karnataka	Bijapur	Bunny	NA	1328	-
	Hubli	D.C.H.	NA	6	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Apr-19	22-Apr-19	
Punjab	Bhatinda	J-34	850	170	680
	Abohar	J-34	119	170	-51
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	NA	-
Rajasthan	Sri-Ganganagar	J-34	110	110	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Apr-19	22-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	715	715	Unch
Telangana	Hyderabad	Rs. /10 Kg.	730	730	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	750	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Apr-19	22-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	2556	-
Maharashtra	Akola	Rs./Qtl	2500	2461	39

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Apr-19	21-Apr-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42400	40400	2000

Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42900	40900	2000
J-34(202)	26mm	3.5 - 4.9	23	46800	41200	5600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45200	40600	4600
Shankar-6(105)	29mm	3.5 - 4.9	28	46400	42200	4200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47900	43300	4600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48800	44500	4300
DCH-32(107)	34mm	3.0 - 3.8	33	55500	50000	5500

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index:

Index	Unit	23-Apr-19	22-Apr-19	Change
CCIndex(328)	RMB/Ton	15706	15693	13
CCIndex(527)	RMB/Ton	14766	14738	28
CCIndex(229)	RMB/Ton	16119	16106	13

RMB -Renminbi, 1RMB =0.16 \$U.S.

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

Index	Unit	23-Apr-19	22-Apr-19	Change
FC Index (S)	Cents/lb	92.06	91.93	0.13
FC Index (M)	Cents/lb	87.31	87.25	0.06
FC Index (L)	Cents/lb	84.92	84.83	0.09

#### Cotlook Index:

Cotlook Indices	Unit	22-Apr-19	21-Apr-19	Change
A-Index	Cents/Pound	NR	#N/A	-

#### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Apr-19	22-Apr-19	Bales
Southeast	cents/lb.	75.22	77.47	0
North Delta	cents/lb.	73.97	75.72	0
South Delta	cents/lb.	73.97	75.72	0
East TX-OK	cents/lb.	72.22	74.47	685
West Texas	cents/lb.	72.22	74.97	33
Desert SW	cents/lb.	71.47	75.47	0
SJ Valley	cents/lb.	71.97	80.87	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 22-Apr-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8850	160	9010
Equivalent	40 Kgs	9485	171	9656

Daily Futures Price Listing Mon April 22, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190422	77.65	77.86	77	77.19	-0.12	6,652	8,823	-3,731
<a href="#">19-Jul</a>	190422	78.08	78.84	78.03	78.47	0.2	19,636	98,297	795
<a href="#">19-Oct</a>	190422	77.79	77.79	77.26	77.45	0.22	0	47	0
<a href="#">19-Dec</a>	190422	76.99	77.47	76.92	77.22	0.17	10,303	88,833	2,105
<a href="#">20-Mar</a>	190422	77.3	77.65	77.13	77.31	0.22	1,764	10,339	230
<a href="#">20-May</a>	190422	77	77.35	76.86	77.03	0.26	222	818	32
Total Volume and Open Interest							39,530	212,845	336

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