

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 an average price of 46,550/candy (356kg).

News: *The largest producer among the southern states, Telangana's total cotton output is seen falling 19% on year to 4.1 mln bales in 2018-19 season due to sharp fall in yields led by moisture deficiency after scanty rains. The cotton yield expected to decline to 381kg/ha from 451 kg in the previous year.*

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 26th 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 1st 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 were down 37 to 62 points in most front months on Tuesday, with pressure coming from strength in the US dollar. 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	21970	22110	21900	22010	2551	-2554	3722	-1548
19-May	0.56	22280	22420	22210	22330	2695	-2937	15153	1067

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

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

* Updated at as on 24-Apr- 2019@5pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Apr-19	23-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6250	Closed	-
	Gondal	Shankar-6	6230	Closed	-
	Rajkot	B.T. Cotton	6355	Closed	-
	Patan	B.T. Cotton	6225	Closed	-
	Kadi	B.T. Cotton	6500	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	NA	Closed	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6250	6340	-90
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	6150	6150	Unch
	Dabwali	B.T. Cotton	NA	NA	-

Rajasthan	Hanumangarh	B.T. Cotton	6250	6220	30
	Rawatsar	B.T. Cotton	6260	6250	10
Madhya Pradesh	Khandwa	Mech-1	6360	6375	-15
	Khargaon	Mech-1	6325	6340	-15
Maharashtra	Amravati	Mech-1	6600	6500	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	6779	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6300	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Apr-19	23-Apr-19	
Punjab	Bhatinda	J-34	4955	4980	-25
	Abohar	J-34	4960	4980	-20
	Mansa	J-34	4940	4950	-10
Haryana	Sirsa	J-34	4900	4920	-20
Rajasthan	Sri-Ganganagar	J-34	4559	4559	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Apr-19	23-Apr-19	
Gujarat	Ahmedabad	Shankar-6	25500	Closed	-
	Gondal	Shankar-6	300	Closed	-
	Rajkot	B.T. Cotton	1400	Closed	-
	Patan	B.T. Cotton	2835	Closed	-
	Kadi	B.T. Cotton	10000	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	NA	Closed	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	255	-85
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	160	160	Unch
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	100	65	35

	Rawatsar	B.T. Cotton	215	385	-170
Madhya Pradesh	Khandwa	Mech-1	40	190	-150
	Khargaon	Mech-1	1290	1200	90
Maharashtra	Amravati	Mech-1	300	400	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1600	2180	-580
Karnataka	Bijapur	Bunny	1175	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	67	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Apr-19	23-Apr-19	
Punjab	Bhatinda	J-34	680	850	-170
	Abohar	J-34	85	119	-34
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	110	110	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Apr-19	23-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	745	740	5
Delhi	New Delhi	Rs. /10 Kg.	725	715	10
Telangana	Hyderabad	Rs. /10 Kg.	730	730	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	752	750	2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Apr-19	23-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2577	Closed	-
Maharashtra	Akola	Rs./Qtl	2516	2500	16

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Apr-19	22-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	46600	42200	4400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48100	43300	4800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49000	44500	4500
DCH-32(107)	34mm	3.0 - 3.8	33	55500	50000	5500

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

Index	Unit	24-Apr-19	23-Apr-19	Change
CCIndex(328)	RMB/Ton	15703	15706	-3
CCIndex(527)	RMB/Ton	14766	14766	Unch
CCIndex(229)	RMB/Ton	16117	16119	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	24-Apr-19	23-Apr-19	Change
FC Index (S)	Cents/lb	91.62	92.06	-0.44
FC Index (M)	Cents/lb	86.92	87.31	-0.39
FC Index (L)	Cents/lb	84.42	84.92	-0.50

Cotlook Index:

Cotlook Indices	Unit	23-Apr-19	22-Apr-19	Change
A-Index	Cents/Pound	87.75	88.25	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Apr-19	23-Apr-19	Bales
Southeast	cents/lb.	74.66	76.91	0
North Delta	cents/lb.	73.41	75.16	0
South Delta	cents/lb.	73.41	75.16	0

East TX-OK	cents/lb.	71.66	73.91	1673
West Texas	cents/lb.	71.66	74.41	1295
Desert SW	cents/lb.	70.91	74.91	0
SJ Valley	cents/lb.	71.41	80.31	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 23-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 Tue April 23, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190423	77.1	77.1	76.11	76.57	-0.62	4,337	6,345	-2,478
19-Jul	190423	78.4	78.52	77.17	77.91	-0.56	14,564	99,498	1,201
19-Oct	190423	76.96	77.16	76.27	76.97	-0.48	0	47	0
19-Dec	190423	77.16	77.26	76.01	76.85	-0.37	4,637	90,056	1,223
20-Mar	190423	77.35	77.47	76.34	77.22	-0.09	311	10,517	178
20-May	190423	77.04	77.22	76.18	77.02	-0.01	61	829	11
Total Volume and Open Interest							24,499	213,138	293

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