

**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 46,450/candy (356kg).

**News:** International Cotton Advisory Committee (ICAC), the apex cotton body in their April 2019 report, have projected a 6% rise in global production for 2019-20 at 276 lakh tonne.

**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 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:**

Scattered light to moderate rain and thundershower will continue over parts of Jammu and Kashmir, Himachal Pradesh, North Punjab and North Haryana. Isolated rains are likely to occur over Uttarakhand. Dust storm activities are likely to occur over Western parts of Rajasthan. Light rains are likely at a few places over Kerala, interior Tamil Nadu, Assam, Meghalaya and Arunachal Pradesh.

### **International Fundamentals:**

**Cotton futures are trading 22 to 42 points lower on Friday.** The Cotlook A Index was down 55 points at 87.20 on April 24. The weekly Average World Price (AWP) was updated on Thursday to 68.68, down 20 points from last week.

**According to the Federal Committee on Agriculture (FCA) of Pakistan, which set a cotton production target of 15 million bales for the year 2019-20** in Pakistan because it is hoped that sufficient amount of water will be available for the crop. The cotton will be sowed on an area of 2.895 million hectares.

The **Brazilian Association of Cotton Producers** forecast cotton acreage to grow to 1.4 million hectares (3.46 million acres). And China is the top market for Brazilian cotton, and a 25% tariff on U.S. cotton creates expectation that continued trade disruption between the U.S. and China will be an advantage to Brazil.

**China has lowered its reserves and is expected to increase imports to 11.1 million bales, National Cotton Council (NCC) forecasts.** The U.S. also is expected to increase cotton exports to 17.4 million bales in 2019.

**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	22160	22220	22120	22100	1480	-103	1718	-934
19-May	0.56	22450	22510	22400	22400	3486	1708	15790	-318

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

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

\* Updated at as on 26-Apr- 2019@5pm

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Apr-19	25-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6200	6250	-50
	Gondal	Shankar-6	6230	6180	50
	Rajkot	B.T. Cotton	6285	6300	-15
	Patan	B.T. Cotton	6250	6225	25
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5980	5870	110
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6300	6300	Unch
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	6200	6200	Unch
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6220	6220	Unch
	Rawatsar	B.T. Cotton	6265	6200	65
Madhya Pradesh	Khandwa	Mech-1	6310	6360	-50
	Khargaon	Mech-1	6265	6255	10
Maharashtra	Amravati	Mech-1	6500	6500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6100	6050	50
Karnataka	Bijapur	Bunny	6659	6600	59
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6385	-385
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	26-Apr-19	25-Apr-19	
Punjab	Bhatinda	J-34	4950	4940	10
	Abohar	J-34	4960	4950	10
	Mansa	J-34	4940	4915	25
Haryana	Sirsa	J-34	4900	4890	10
Rajasthan	Sri-Ganganagar	J-34	NA	4536	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Apr-19	25-Apr-19	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	492	486	6
	Rajkot	B.T. Cotton	1600	1400	200
	Patan	B.T. Cotton	4198	4525	-327
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	32	24	8
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	170	170
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	270	270	Unch
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	140	70	70
	Rawatsar	B.T. Cotton	450	65	385
Madhya Pradesh	Khandwa	Mech-1	57	40	17
	Khargaon	Mech-1	955	1210	-255
Maharashtra	Amravati	Mech-1	1500	450	1050
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	790	470	320
Karnataka	Bijapur	Bunny	1265	688	577
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	82	75	7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Apr-19	25-Apr-19	
Punjab	Bhatinda	J-34	510	510	Unch
	Abohar	J-34	119	85	34
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	50	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	26-Apr-19	25-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	735	735	Unch
Delhi	New Delhi	Rs. /10 Kg.	720	720	Unch
Telangana	Hyderabad	Rs. /10 Kg.	720	720	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	26-Apr-19	25-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2604	2587	17
Maharashtra	Akola	Rs./Qtl	2533	2512	21

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Apr-19	24-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	45100	40600	4500
Shankar-6(105)	29mm	3.5 – 4.9	28	46200	42200	4000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48200	43300	4900
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49200	44500	4700
DCH-32(107)	34mm	3.0 - 3.8	33	55500	50000	5500

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

Index	Unit	26-Apr-19	25-Apr-19	Change
CCIndex(328)	RMB/Ton	15682	15683	-1
CCIndex(527)	RMB/Ton	14743	14751	-8
CCIndex(229)	RMB/Ton	16102	16105	-3

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

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

Index	Unit	26-Apr-19	25-Apr-19	Change
FC Index (S)	Cents/lb	91.78	90.85	0.93

FC Index (M)	Cents/lb	86.96	86.16	0.80
FC Index (L)	Cents/lb	84.68	83.69	0.99

**Cotlook Index:**

Cotlook Indices	Unit	25-Apr-19	24-Apr-19	Change
A-Index	Cents/Pound	86.45	87.2	-0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Apr-19	25-Apr-19	Bales
Southeast	cents/lb.	75.07	77.32	0
North Delta	cents/lb.	73.82	75.57	0
South Delta	cents/lb.	73.82	75.57	0
East TX-OK	cents/lb.	72.07	74.32	1875
West Texas	cents/lb.	72.07	74.82	443
Desert SW	cents/lb.	71.32	75.32	0
SJ Valley	cents/lb.	71.82	80.72	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 25-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 Thu April 25, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190425	76.3	76.97	76.3	76.97	1.2	2,695	448	-1,469
<a href="#">19-Jul</a>	190425	77.12	78.48	77.12	78.32	1.2	20,223	100,614	754
<a href="#">19-Oct</a>	190425	76.88	76.88	76.88	76.88	0.71	7	53	1
<a href="#">19-Dec</a>	190425	76	76.86	76	76.71	0.65	11,431	94,196	2,339
<a href="#">20-Mar</a>	190425	76.5	77.12	76.4	76.84	0.36	1,197	11,263	492
<a href="#">20-May</a>	190425	76.55	76.82	76.37	76.56	0.26	291	822	-26
Total Volume and Open Interest							36,251	213,717	2,405



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