

**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 46,400/candy (356kg).

**News:** *Maharashtra Commission for Agricultural Costs & Prices are expecting to raise the minimum support price of cotton by 10 % and in the same lines CCI also told that there is a possibility of at least 10% increase in MSP for cotton in the coming kharif season.*

**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:**

Due to the approach of Cyclonic Storm, wind speed is likely to increase around the coast of Tamil Nadu, Andhra Pradesh and Kerala. The speed may vary between 50 and 60 kmph during the next 24 hours and may increase gradually. Light to moderate rain may occur over the northeastern states, Sub Himalayan West Bengal and adjoining Bihar along with isolated squall. Rains may occur over parts of Kerala, South Karnataka, North Andhra Pradesh coast, Rayalaseema, extreme South Madhya Maharashtra and Jammu and Kashmir. Isolated dust storm is possible over Punjab, extreme North Rajasthan and Himachal Pradesh. Heat wave conditions will continue in Madhya Pradesh, Gujarat, Maharashtra, Rajasthan and extend further over southwestern parts of Haryana, South and West Uttar Pradesh, Chhattisgarh and adjoining West Odisha.

### **International Fundamentals:**

**Cotton futures were down 22 to 62 points in most contracts on Friday, with May 0.72% lower on the week.** The Cotlook A Index was down 75 points at 86.45 on April 25. The weekly Average World Price (AWP) was updated on Thursday to 68.68, down 20 points from last week.

**Mixed trend was seen in international cotton market after fluctuation.** China hinted to import 8 lac tons bales which is approximately equal to 47 lac cotton bales while on the other hand China showed its interest of selling 10 lac bales from

its old stock. The price of cotton in America remained between 76 to 78 American cent because the prices of cotton in America are linked with weather conditions and fluctuation in dollar price.

**UPLAND Exports of 3,18,000 RB were down 7 percent from the previous week and 16 percent from the prior 4-week average.** Exports were primarily to Vietnam (75,900 RB), Pakistan (43,400 RB), China (38,300 RB), Turkey (38,000 RB), and Bangladesh (26,200 RB).

**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.

**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.

### 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	29-Apr-19	27-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6300	6250	50
	Gondal	Shankar-6	6205	6205	Unch
	Rajkot	B.T. Cotton	6225	6315	-90
	Patan	B.T. Cotton	6255	6230	25
	Kadi	B.T. Cotton	6400	6400	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5750	5755	-5
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6280	6275	5
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	6110	6200	-90
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6425	6250	175
	Rawatsar	B.T. Cotton	6200	6265	-65
Madhya Pradesh	Khandwa	Mech-1	6330	6350	-20
	Khargaon	Mech-1	6315	6270	45
Maharashtra	Amravati	Mech-1	6450	6500	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6050	6050	Unch
Karnataka	Bijapur	Bunny	6671	6621	50
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	29-Apr-19	27-Apr-19	
Punjab	Bhatinda	J-34	4970	4960	10
	Abohar	J-34	4970	4970	Unch
	Mansa	J-34	4940	4940	Unch
Haryana	Sirsa	J-34	4900	4900	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Apr-19	27-Apr-19	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	294	365	-71
	Rajkot	B.T. Cotton	1100	1000	100
	Patan	B.T. Cotton	3910	3909	1
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	38	12	26
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	213	808
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	100	270	-170
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	825	860	-35
	Rawatsar	B.T. Cotton	220	450	-230
Madhya Pradesh	Khandwa	Mech-1	130	50	80
	Khargaon	Mech-1	765	790	-25
Maharashtra	Amravati	Mech-1	1300	1600	-300
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1940	1940	Unch
Karnataka	Bijapur	Bunny	1084	331	753
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	105	60	45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Apr-19	27-Apr-19	
Punjab	Bhatinda	J-34	425	340	85
	Abohar	J-34	26	170	-145
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	85	85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	29-Apr-19	27-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	735	735	Unch
Delhi	New Delhi	Rs. /10 Kg.	715	720	-5
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	29-Apr-19	27-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2606	2606	Unch
Maharashtra	Akola	Rs./Qtl	2536	2536	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Apr-19	26-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	47100	41200	5900
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	45200	40600	4600
Shankar-6(105)	29mm	3.5 – 4.9	28	46300	42200	4100
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	29-Apr-19	27-Apr-19	Change
CCIndex(328)	RMB/Ton	15671	Closed	-
CCIndex(527)	RMB/Ton	14735	Closed	-
CCIndex(229)	RMB/Ton	16091	Closed	-

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

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

Index	Unit	29-Apr-19	27-Apr-19	Change
FC Index (S)	Cents/lb	NR	Closed	-
FC Index (M)	Cents/lb	NR	Closed	-



FC Index (L)	Cents/lb	NR	Closed	-
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**Cotlook Index:**

Cotlook Indices	Unit	27-Apr-19	26-Apr-19	Change
A-Index	Cents/Pound	Closed	87.7	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Apr-19	27-Apr-19	Bales
Southeast	cents/lb.	Closed	Closed	Closed
North Delta	cents/lb.	Closed	Closed	Closed
South Delta	cents/lb.	Closed	Closed	Closed
East TX-OK	cents/lb.	Closed	Closed	Closed
West Texas	cents/lb.	Closed	Closed	Closed
Desert SW	cents/lb.	Closed	Closed	Closed
SJ Valley	cents/lb.	Closed	Closed	Closed

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 27-Apr-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9000	160	9160
Equivalent	40 Kgs	9645	171	9816

**Daily Futures Price Listing Fri April 26, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">19-May</a>	190426	76.58	76.75	76.54	76.75	-0.22	43	344	-104
<a href="#">19-Jul</a>	190426	78.44	78.44	77.27	77.7	-0.62	16,564	99,263	-1,351
<a href="#">19-Oct</a>	190426	76.52	76.64	76.34	76.34	-0.54	5	53	0
<a href="#">19-Dec</a>	190426	76.76	76.76	75.96	76.19	-0.52	8,619	94,126	-70
<a href="#">20-Mar</a>	190426	76.73	76.83	76.29	76.53	-0.31	414	11,443	180
<a href="#">20-May</a>	190426	76.23	76.43	76.07	76.4	-0.16	99	892	70
Total Volume and Open Interest							25,955	212,619	-1,098

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