

**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 11.1 mln bales of cotton 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 46,350/candy (356kg).

**News: Stock held by mills as of end-March is 4.6 million bales** in godowns of the CCI, multinational companies, ginners and the Multi Commodity Exchange, as of end-March. Trade sources say CAI recently convened a meeting of cotton traders and spinning mills to devise a strategy for selling its inventory.

**India's current cotton crop arrivals reached 27.88 million bales until 16<sup>th</sup> April 2019**, as per the latest CCI report. Physical prices traded steady last week on slow selling from ginners and slow demand from domestic mills.

**Indian importers have booked nearly 19 lakh bales while export is just at 40 lakh bales.** Net Outflow of cotton is near 20 lakh bales against last year's above 50 lakh bales. Indian consumers are regularly booking imports as their long-term strategy. Indian physical market remain range bound as ginners are holding good stock so now selling further arrivals in the market provides liquidity at regular pace and also some profit booking of investors.

**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.

**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.

### Weather Forecast for tomorrow:

According to IMD, India is likely to receive a “near normal” South-West monsoon this year but its onset over Kerala could be delayed owing to the prevailing El Nino conditions in the Pacific Ocean. El Nino may impact the onset of the monsoon over Kerala. But it’s a weak El Nino. Moreover, the temperature anomaly in the Pacific is expected to come down by July. Forecaster predicted that the chances of rainfall being either above normal or excess are remote. The national weather forecaster will issue its second stage forecast in the first week of June.

### International Fundamentals:

**Cotton futures were 7 to 19 points lower in most nearby contracts on Wednesday.** The Cotlook A Index was down 65 points at 86.55 on April 30. The weekly Average World Price (AWP) is 68.68, effective through Thursday.

**NASS reported that 11% of the US cotton crop has been planted as of 4/28, an increase of 2% from the previous week. US Export sales were decent 11,38,900 and export and shipment were 15,12,700 Bales. Total Commitments will cross USDA Export target in next one or two weeks but require pace of shipment is more than 4 lakh bales a 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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-May	0.56	22400	22470	22340	22340	1473	1419	16112	223
19-Jun	0.56	22630	22700	22600	22580	348	338	4692	220

Spread

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**DOMESTIC PRICES AND ARRIVAL****Cotton Prices at Key Spot Markets:**

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-May-19	1-May-19		
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch	
	Gondal	Shankar-6	6155	6155	Unch	
	Rajkot	B.T. Cotton	6205	6250	-45	
	Patan	B.T. Cotton	6245	6280	-35	
	Kadi	B.T. Cotton	6400	6500	-100	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	5920	5500	420	
Haryana	Bhiwani	B.T. Cotton	NA	NA	-	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	6350	6290	60	
	Fatehabad	B.T. Cotton	NA	NA	-	
	Jind	B.T. Cotton	NA	NA	-	
	Uchana	B.T. Cotton	6100	6100	Unch	
	Dabwali	B.T. Cotton	NA	NA	-	
Rajasthan	Hanumangarh	B.T. Cotton	6460	6470	-10	
	Rawatsar	B.T. Cotton	6200	6200	Unch	
Madhya Pradesh	Khandwa	Mech-1	6180	6400	-220	
	Khargaon	Mech-1	6240	6240	Unch	
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	NR	NR	-	
Karnataka	Bijapur	Bunny	6681	NA	-	
	Hubli	D.C.H.	NA	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	

	Raichur	H-44 Cotton	6260	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-May-19	1-May-19	
Punjab	Bhatinda	J-34	4955	4955	Unch
	Abohar	J-34	4960	4955	5
	Mansa	J-34	4925	4930	-5
Haryana	Sirsa	J-34	4890	4890	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-May-19	1-May-19	
Gujarat	Ahmedabad	Shankar-6	20400	17000	3400
	Gondal	Shankar-6	288	505	-217
	Rajkot	B.T. Cotton	1310	1180	130
	Patan	B.T. Cotton	2344	3708	-1364
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	42	4	38
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	200	250	-50
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	800	800	Unch
	Rawatsar	B.T. Cotton	245	158	87
Madhya Pradesh	Khandwa	Mech-1	48	235	-187
	Khargaon	Mech-1	385	650	-265
Maharashtra	Amravati	Mech-1	1700	1800	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	1442	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	75	NA	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-May-19	1-May-19	
Punjab	Bhatinda	J-34	340	425	-85
	Abohar	J-34	NA	34	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	255	170	85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	2-May-19	1-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	735	-5
Delhi	New Delhi	Rs. /10 Kg.	710	715	-5
Telangana	Hyderabad	Rs. /10 Kg.	720	Closed	-
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	2-May-19	1-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2632	2586	46
Maharashtra	Akola	Rs./Qtl	2569	2526	43

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-May-19	29-Apr-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	NR	40400	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	NR	40900	-
J-34(202)	26mm	3.5 - 4.9	23	NR	41200	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NR	40600	-
Shankar-6(105)	29mm	3.5 - 4.9	28	NR	42200	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	NR	43300	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NR	44500	-
DCH-32(107)	34mm	3.0 - 3.8	33	NR	50000	-

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	2-May-19	1-May-19	Change
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CCIndex(328)	RMB/Ton	0	NR	-
CCIndex(527)	RMB/Ton	0	NR	-
CCIndex(229)	RMB/Ton	0	NR	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	2-May-19	1-May-19	Change
FC Index (S)	Cents/lb	84.79	NR	-
FC Index (M)	Cents/lb	81.21	NR	-
FC Index (L)	Cents/lb	78.02	NR	-

**Cotlook Index:**

Cotlook Indices	Unit	1-May-19	29-Apr-19	Change
A-Index	Cents/Pound	0	87.2	<b>-87.20</b>

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		1-May-19	1-May-19	Bales
Southeast	cents/lb.	73.46	75.71	<b>1207</b>
North Delta	cents/lb.	72.21	74.46	<b>2579</b>
South Delta	cents/lb.	72.21	74.46	<b>7239</b>
East TX-OK	cents/lb.	70.21	72.46	<b>1136</b>
West Texas	cents/lb.	70.21	72.96	<b>3500</b>
Desert SW	cents/lb.	69.71	73.71	<b>0</b>
SJ Valley	cents/lb.	70.21	79.11	<b>0</b>

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 30-Apr-2019****(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8950	160	9110
Equivalent	40 Kgs	9592	171	9763

## Daily Futures Price Listing Wed May 01, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190501	75.46	75.91	75.46	75.91	-0.07	26	244	-27
<a href="#">19-Jul</a>	190501	76.65	76.87	75.65	76.71	-0.07	13,724	98,154	844
<a href="#">19-Oct</a>	190501	75.23	75.48	74.6	75.48	-0.19	2	52	-1
<a href="#">19-Dec</a>	190501	75.63	75.74	74.71	75.53	-0.16	9,320	93,347	6
<a href="#">20-Mar</a>	190501	76.14	76.15	75.2	75.99	-0.16	605	11,281	-57
<a href="#">20-May</a>	190501	75.91	75.94	75.29	75.93	-0.1	84	906	-3
Total Volume and Open Interest							23,895	210,952	785

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