

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 46,300/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 16th 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 losses 92 to 126 point in most contracts on Thursday. The USDA showed just 144,778 RB in old crop upland cotton export sales for the week of 4/25. That was a 6-week low and down 23.75% from the same week a year ago. The Cotlook A Index was down 35 points at 86.20 on May 1. The weekly Average World Price (AWP) is now 68.27 cents/lb, down 41 points from the previous week. Turkey was the lead buyer of 42,600 RB, with India at 32,800 RB and China at just 9,944 RB.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-May	0.56	22300	22330	22200	22310	1724	251	15886	-226
19-Jun	0.56	22530	22550	22440	22550	776	428	5114	422

Spread	Mar-19		-	-	--	--
Spot	-220		-	-	-	-
Apr-19			-	-	-	-

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

* Updated at as on 3-May- 2019@5pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-May-19	2-May-19		
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch	
	Gondal	Shankar-6	6155	6155	Unch	
	Rajkot	B.T. Cotton	6225	6205	20	
	Patan	B.T. Cotton	6240	6245	-5	
	Kadi	B.T. Cotton	6325	6400	-75	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	5865	5920	-55	
Haryana	Bhiwani	B.T. Cotton	NA	NA	-	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	NA	6350	-	
	Fatehabad	B.T. Cotton	NA	NA	-	
	Jind	B.T. Cotton	NA	NA	-	
	Uchana	B.T. Cotton	NA	6100	-	
	Dabwali	B.T. Cotton	NA	NA	-	
Rajasthan	Hanumangarh	B.T. Cotton	6400	6460	-60	
	Rawatsar	B.T. Cotton	NA	6200	-	
Madhya Pradesh	Khandwa	Mech-1	5900	6180	-280	
	Khargaon	Mech-1	6320	6240	80	
Maharashtra	Amravati	Mech-1	6400	6450	-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	6700	6681	19	
	Hubli	D.C.H.	NA	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	6325	6260	65	
Commodity		Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-May-19	2-May-19		
Punjab	Bhatinda	J-34	4840	4955	-115	
	Abohar	J-34	4940	4960	-20	
	Mansa	J-34	4900	4925	-25	
Haryana	Sirsa	J-34	4880	4890	-10	
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-	

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-May-19	2-May-19	
Gujarat	Ahmedabad	Shankar-6	17000	20400	-3400
	Gondal	Shankar-6	384	288	96
	Rajkot	B.T. Cotton	1350	1310	40
	Patan	B.T. Cotton	1726	2344	-618
	Kadi	B.T. Cotton	12500	20000	-7500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	38	42	-4
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	255	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	200	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	750	800	-50
	Rawatsar	B.T. Cotton	NA	245	-
Madhya Pradesh	Khandwa	Mech-1	30	48	-18
	Khargaon	Mech-1	405	385	20
Maharashtra	Amravati	Mech-1	2000	1700	300
	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	870	1442	-572
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	45	75	-30
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-May-19	2-May-19	
Punjab	Bhatinda	J-34	255	340	-85
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	255	-170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	3-May-19	2-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	730	Unch
Delhi	New Delhi	Rs. /10 Kg.	710	710	Unch
Telangana	Hyderabad	Rs. /10 Kg.	700	720	-20
Maharashtra	Mumbai	Rs. /10 Kg.	746	750	-4

Cotton Seed Oil Seed Cake Prices:

Commodity		Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	3-May-19	2-May-19		
Gujarat	Mahesana (Kadi)	Rs./Qtl	2628	2632	-4	
Maharashtra	Akola	Rs./Qtl	2584	2569	15	

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-May-19	30-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	47000	41200	5800
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45400	40600	4800
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	55800	50000	5800

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	3-May-19	2-May-19	Change
CCIndex(328)	RMB/Ton	NR	NR	-
CCIndex(527)	RMB/Ton	NR	NR	-
CCIndex(229)	RMB/Ton	NR	NR	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	3-May-19	2-May-19	Change
FC Index (S)	Cents/lb	NR	84.79	-
FC Index (M)	Cents/lb	NR	81.21	-

FC Index (L)	Cents/lb	NR	78.02	-
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Cotlook Index:

Cotlook Indices	Unit	2-May-19	30-Apr-19	Change
A-Index	Cents/Pound	0	86.55	-86.55

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		2-May-19	2-May-19	Bales
Southeast	cents/lb.	72.2	74.45	6175
North Delta	cents/lb.	70.95	73.2	178
South Delta	cents/lb.	70.95	73.2	513
East TX-OK	cents/lb.	68.95	71.2	462
West Texas	cents/lb.	68.95	71.7	5502
Desert SW	cents/lb.	68.45	72.45	0
SJ Valley	cents/lb.	68.95	77.85	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 2-May-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

Daily Futures Price Listing Thu May 02, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190502	75.65	75.65	74.65	74.65	-1.26	3	213	-31
19-Jul	190502	76.35	76.59	75.37	75.45	-1.26	13,647	98,422	268
19-Oct	190502	75.17	75.17	74.01	74.28	-1.2	7	54	2
19-Dec	190502	75.22	75.43	74.38	74.42	-1.11	6,770	94,220	873
20-Mar	190502	75.7	75.85	75.02	75.07	-0.92	633	11,461	180
20-May	190502	75.28	75.28	75.09	75.09	-0.84	268	882	-24
Total Volume and Open Interest							21,748	212,357	1,405

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