

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 46,150/candy (356kg).

News: *The Punjab agriculture department has increased the area under cotton by nearly 40% to 4 lakh hectares, up from 2.84 lakh hectares in 2018-19 season. The season for cotton sowing has already set in and the sowing is expected to pick pace from the first week of May.*

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 were firm to 23 points higher in most contracts on Friday, with May down 2.57% from Friday to Friday. The weekly Average World Price (AWP) is now 68.27 cents/lb, down 41 points from the previous week. The Cotlook A index was UNCH from the previous day on May 2 at 86.20 cents/lb.

China is going to commence the state cotton reserve's auction from May 5 and end on Sep 30. The reserve will offer 10,000 metric tons (about 45,000 bales) each session. The market seems to be affected bearish as it will impact global trade. Qualities are expected to be low grades, which will help sustain demand since the low-grade market within China is reportedly very tight.

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.

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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-May-19	3-May-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6155	6155	Unch
	Rajkot	B.T. Cotton	6250	6225	25
	Patan	B.T. Cotton	6140	6240	-100
	Kadi	B.T. Cotton	6400	6325	75
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5870	5865	5
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6280	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6400	6400	Unch
	Rawatsar	B.T. Cotton	Closed	NA	-
Madhya Pradesh	Khandwa	Mech-1	Closed	5900	-
	Khargaon	Mech-1	6270	6320	-50
Maharashtra	Amravati	Mech-1	6400	6400	Unch
	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	6690	6700	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6325	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-May-19	3-May-19	
Punjab	Bhatinda	J-34	4840	4840	Unch
	Abohar	J-34	4940	4940	Unch
	Mansa	J-34	4900	4900	Unch
Haryana	Sirsa	J-34	4880	4880	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-May-19	3-May-19	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	246	384	-138
	Rajkot	B.T. Cotton	1220	1350	-130
	Patan	B.T. Cotton	1960	1726	234
	Kadi	B.T. Cotton	15000	12500	2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5	38	-33
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	750	750	Unch
	Rawatsar	B.T. Cotton	Closed	NA	-
Madhya Pradesh	Khandwa	Mech-1	Closed	30	-
	Khargaon	Mech-1	495	405	90
Maharashtra	Amravati	Mech-1	1600	2000	-400
	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	376	870	-494
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	45	-
Commodity		Lint		Arrivals (Quintal)	
State	Centre	Variety	4-May-19	3-May-19	Change
Punjab	Bhatinda	J-34	340	255	85
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	119	85	34
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity		Cotton Seed Oil		Price	
State	Centre	Unit	4-May-19	3-May-19	Change
Gujarat	Rajkot	Rs. /10 Kg.	730	730	Unch
Delhi	New Delhi	Rs. /10 Kg.	707	710	-3
Telangana	Hyderabad	Rs. /10 Kg.	700	700	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	746	746	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity		Cotton Seed Oil Seed Cake		Price	
State	Centre	Unit	4-May-19	3-May-19	Change
Gujarat	Mahesana (Kadi)	Rs./Qtl	2631	2628	3
Maharashtra	Akola	Rs./Qtl	2586	2584	2

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-May-19	1-May-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	46900	41200	5700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45300	40600	4700
Shankar-6(105)	29mm	3.5 - 4.9	28	46100	42200	3900
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 INDICESChina Cotton Index:

Index	Unit	4-May-19	3-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	4-May-19	3-May-19	Change
FC Index (S)	Cents/lb	Closed	NR	-
FC Index (M)	Cents/lb	Closed	NR	-
FC Index (L)	Cents/lb	Closed	NR	-

Cotlook Index:

Cotlook Indices	Unit	3-May-19	1-May-19	Change
A-Index	Cents/Pound	NR	86.2	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-May-19	3-May-19	Bales
Southeast	cents/lb.	72.43	74.68	5561
North Delta	cents/lb.	71.18	73.43	0
South Delta	cents/lb.	71.18	73.43	0
East TX-OK	cents/lb.	69.18	71.43	1833
West Texas	cents/lb.	69.18	71.93	1847
Desert SW	cents/lb.	68.68	72.68	0
SJ Valley	cents/lb.	69.18	78.08	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 3-May-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 Fri May 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190503	74.78	74.78	74.78	74.78	0.13	1	211	-2
19-Jul	190503	75.49	76.31	75.43	75.68	0.23	21,438	101,102	2,680
19-Oct	190503	74.27	74.27	74.27	74.27	-0.01	6	53	-1
19-Dec	190503	74.48	75	74.42	74.45	0.03	12,285	94,513	293
20-Mar	190503	75.14	75.45	75.01	75.03	-0.04	1,299	11,363	-98
20-May	190503	75.15	75.28	75.06	75.06	-0.03	130	894	12
Total Volume and Open Interest							35,494	215,491	3,134

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