

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 45,700/candy (356kg).

News: *Considering near-normal rainfall, India's sowing may witness 10-15% increase from last year.* According to CAI, area under cotton in Punjab in the coming year is expected to around 350,000 ha higher than 275,000ha in the previous year whereas Haryana with 664,000 ha under cotton in the current year may witness a shift to bajra if rains are delayed beyond two weeks, some regional media reports said. Sowing in Gujarat and Maharashtra will depend on onset and distribution of monsoon rains.

From October 2018 to April 2019 the total cotton supply estimated by CAI is 314 lakh bales of 170 kgs. each which consists of the arrival of 278.73 lakh bales upto 30th April 2019, imports of 7.27 lakh bales upto 30th April 2019 and the opening stock at the beginning of season on 1st October 2018 at 28 lakh bales.

India's 2018/19 cotton imports are likely to double from a year ago to a record 3.1 million bales as the drop in production to the lowest level in nine years. The cotton crop estimate for the season is reduced by 600,000 bales to 31.5 million bales in CAI's latest report whereas exports are likely to reduce to 4.7 million bales.

The USDA has estimated that India's 2018-19 cotton production would be 34.525 million bales, 7.5% higher than the estimate of CAI of 32.1 million bales, revised downward by from its previous one of 32.8 million bales. Cotton Association of India (CAI) strongly objected to the cotton production estimates issued by the USDA.

India's cotton imports has shipped 8 lakh to 9 lakh mln bales and remaining is likely to be shipped between May and July out of contracted 1.8 mln bales. Indian imports from US rose to 2.56 lakh bales in April from 79,900 bales in March due to high domestic prices and short supply. Imports are taking place at Rs. 47,500 to 48,000/candy landed cost at port.

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.

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 posted 175 to 208 point losses in most contracts on Thursday. The weekly Average World Price (AWP) is now 64.65 cents/lb, down 3.62 cents from last week. The Cotlook A index was down 40 points from the previous day on May 8 at 82.75 cents/lb.

Net sales of 235,800 RB for 2018/2019 were up 63 percent from the previous week and 6 percent from the prior 4-week average. Increases were reported for Turkey (78,800 RB, including decreases of 3,900 RB), Vietnam (56,400 RB, including decreases of 100 RB), India (26,900 RB, including decreases of 100 RB), Bangladesh (18,500 RB, including decreases of 100 RB), and China (16,900 RB, including 800 RB switched from Hong Kong).

After President Trump announced a hike from 10% to 25% for tariffs on \$200 billion of Chinese goods effective this Friday. 18% of the US cotton crop was planted by May 5, 7% more from the week prior. That is even with a year ago but lagging the average by 1%.

On May 7th reserve cotton sales resources Sold 100% at 10016.0599 tons. The average transaction price was 14614 yuan/ton, down 59 yuan/ton from the previous trading day; discount 3128 price 16041 yuan per ton, down 44 yuan per ton compared with the previous trading day. The previous two days cumulative turnover of reserve cotton was 30,000 tons and turnover rate was 100%.

China has announced that it will auction 800,000 ton from its reserve in 2019. According to forecasts from the International Cotton Advisory Council (ICAC), the country has approved cotton sliding tariff import quota, with the reserve auction set to begin on 5 May and run through 30 September.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-May	0.56	21610	21900	21530	21560	2248	-389	12979	-768
19-Jun	0.56	21840	21990	21770	21790	1087	-271	7202	65

Spread	Mar-19		-	-	--	--
Spot	-90		-	-	-	-
Apr-19			-	-	-	-

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

* Updated at as on 10-May- 2019@5pm

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-May-19	9-May-19	
Gujarat	Ahmedabad	Shankar-6	6200	6125	75
	Gondal	Shankar-6	6055	6055	Unch
	Rajkot	B.T. Cotton	6140	6065	75
	Patan	B.T. Cotton	6190	6225	-35
	Kadi	B.T. Cotton	6200	6200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5695	5710	-15
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	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	6455	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	6225	6210	15
Maharashtra	Amravati	Mech-1	6300	6250	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	6640	6651	-11
	Hubli	D.C.H.	NA	4255	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5800	6300	-500
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-May-19	9-May-19	
Punjab	Bhatinda	J-34	4850	4870	-20
	Abohar	J-34	4840	4870	-30
	Mansa	J-34	4820	4850	-30
Haryana	Sirsa	J-34	4770	4870	-100
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-May-19	9-May-19	
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	275	274	1
	Rajkot	B.T. Cotton	780	620	160
	Patan	B.T. Cotton	1006	1001	5
	Kadi	B.T. Cotton	10000	12500	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	22	10	12
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	213	213	Unch
	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	NA	530	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	120	135	-15
Maharashtra	Amravati	Mech-1	1100	2100	-1000
	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	486	1135	-649
	Hubli	D.C.H.	NA	2	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	60	82	-22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-May-19	9-May-19	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	255	-85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	10-May-19	9-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	745	740	5
Delhi	New Delhi	Rs. /10 Kg.	713	710	3
Telangana	Hyderabad	Rs. /10 Kg.	710	705	5
Maharashtra	Mumbai	Rs. /10 Kg.	752	745	7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-May-19	9-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2727	2713	14
Maharashtra	Akola	Rs./Qtl	2665	2652	13

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-May-19	8-May-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
J-34(202)	26mm	3.5 - 4.9	23	46200	46600	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	44700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45900	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47700	47700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48700	48700	Unch

DCH-32(107)	34mm	3.0 - 3.8	33	55000	55000	Unch
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INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	10-May-19	9-May-19	Change
CCIndex(328)	RMB/Ton	15588	15599	-11
CCIndex(527)	RMB/Ton	14618	14635	-17
CCIndex(229)	RMB/Ton	16024	16033	-9
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	10-May-19	9-May-19	Change
FC Index (S)	Cents/lb	84.15	85.97	-1.82
FC Index (M)	Cents/lb	79.45	81.38	-1.93
FC Index (L)	Cents/lb	76.75	78.63	-1.88

Cotlook Index:

Cotlook Indices	Unit	9-May-19	8-May-19	Change
A-Index	Cents/Pound	81.9	82.75	-0.85

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		9-May-19	9-May-19	Bales
Southeast	cents/lb.	66.98	69.23	0
North Delta	cents/lb.	65.73	67.98	0
South Delta	cents/lb.	65.73	67.98	0
East TX-OK	cents/lb.	63.73	65.98	583
West Texas	cents/lb.	63.73	66.48	0
Desert SW	cents/lb.	63.23	67.23	0
SJ Valley	cents/lb.	63.73	72.63	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 7-May-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Thu May 09, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190508	72	72	71.45	71.45	-0.83	2	193	2
19-Jul	190509	72.2	72.34	69.64	70.23	-2.08	20,241	104,622	-833
19-Oct	190509	71.3	71.32	70.77	70.77	-1.75	0	43	0
19-Dec	190509	72.39	72.47	70.25	70.57	-1.85	13,741	94,417	-1,009
20-Mar	190509	73.12	73.23	71.15	71.44	-1.79	1,365	11,903	214
20-May	190509	72.99	73.01	71.7	71.7	-1.74	339	927	-15
Total Volume and Open Interest							36,240	220,228	-1,468

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