

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 45,950/candy (356kg).

News: *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 atleast 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.

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:

The Karachi Cotton Association reduced its spot rate by Rs50 to Rs8,800. Ginners with stocks of good quality cotton are of the view that the value of Pakistani rupee will depreciate further against the dollar and hence are unwilling to enter into deals at low prices

Cotton futures are currently 41 to 56 points lower ahead of the weekly export sales report and the China trade negotiations. The weekly Average World Price (AWP) is 68.27 cents/lb, effective through Thursday. The Cotlook A index was down 180 points from the previous day on May 7 at 83.15 cents/lb.

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.

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 28th March, 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-May	80	21610	21900	21500	21640	3328	1080	12939	-40
19-Jun	60	21840	21990	21730	21850	1511	424	7293	91

Spread	Mar-19		-	-	--	--
Spot				-	-	-
May-19				-	-	-

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

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

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-May-19	10-May-19	
Gujarat	Ahmedabad	Shankar-6	6125	6200	-75
	Gondal	Shankar-6	6030	6055	-25
	Rajkot	B.T. Cotton	6100	6140	-40
	Patan	B.T. Cotton	6205	6190	15
	Kadi	B.T. Cotton	6100	6200	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5750	5695	55
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6310	6300	10
	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	6470	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-

Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	6175	6225	-50
Maharashtra	Amravati	Mech-1	6300	6300	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	NA	6640	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6150	5800	350
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-May-19	10-May-19	
Punjab	Bhatinda	J-34	4850	4850	Unch
	Abohar	J-34	4820	4840	-20
	Mansa	J-34	4820	4820	Unch
Haryana	Sirsa	J-34	4750	4770	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-May-19	10-May-19	
Gujarat	Ahmedabad	Shankar-6	10200	11900	-1700
	Gondal	Shankar-6	194	275	-81
	Rajkot	B.T. Cotton	628	780	-152
	Patan	B.T. Cotton	1376	1006	370
	Kadi	B.T. Cotton	5000	10000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	17	22	-5
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	213	43
	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	800	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-

	Khargaon	Mech-1	285	120	165
Maharashtra	Amravati	Mech-1	800	1100	-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	NA	486	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	75	60	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-May-19	10-May-19	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	11-May-19	10-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	745	-15
Delhi	New Delhi	Rs. /10 Kg.	715	713	2
Telangana	Hyderabad	Rs. /10 Kg.	710	710	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	752	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-May-19	10-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2728	2727	1
Maharashtra	Akola	Rs./Qtl	2672	2665	7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-May-19	9-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	45700	46200	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	44500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45300	45600	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47400	47700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48400	48700	-300
DCH-32(107)	34mm	3.0 - 3.8	33	54500	55000	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	11-May-19	10-May-19	Change
CCIndex(328)	RMB/Ton	Closed	15588	-
CCIndex(527)	RMB/Ton	Closed	14618	-
CCIndex(229)	RMB/Ton	Closed	16024	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	11-May-19	10-May-19	Change
FC Index (S)	Cents/lb	Closed	84.15	-
FC Index (M)	Cents/lb	Closed	79.45	-
FC Index (L)	Cents/lb	Closed	76.75	-

Cotlook Index:

Cotlook Indices	Unit	11-May-19	10-May-19	Change
A-Index	Cents/Pound	Closed	81.9	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-May-19	10-May-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 9-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 Fri May 10, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190510	70.31	71.52	68.35	68.45	-1.78	26951	103817	-1,638
19-Oct	190510	71	71	69.65	69.65	-1.12	14	43	0
19-Dec	190510	70.58	71.61	69.3	69.4	-1.17	15166	94653	-773
20-Mar	190510	72.2	72.34	70.3	70.37	-1.07	1308	12355	666
20-May	190510	72.2	72.59	70.8	70.86	-0.84	109	1015	73
Total Volume and Open Interest							43,548	211,883	-1,672

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.