

Domestic Fundamentals:**Market Outlook:**

NCDEX Cotton witnessed another deep cut intraday, but later recovered to close slightly positive for the day, even as the previous US market session had closed firmly negative. Indian market seems to have found a short term support at current levels as availability of raw material for mills is currently strained. Even US market during the current session has registered gains (trading at 66.76c at the time of this writing compared to previous close of 65.45c). At least a short term bottom in ICE futures might already be in place or close from current levels.

Even before the current decline and widened basis, India's 2018/19 cotton imports were expected to double from a year ago to a record 3.1 million bales. In view of the current price action, the imports may be even higher.

News:

Cotton prices on Tuesday recovered from a near three-year low hit earlier in the session on renewed optimism that a trade war between China and the United States will be resolved and as poor weather delayed planting progress in the United States

Following hike in US's import tariffs on Chinese goods from 10% to 25% on USD 200 billion worth of imports, China has said US goods worth \$60 billion in imports will be subject to additional tariffs from June 1. Meanwhile, trade talks continue between the negotiators of the two countries.

Due to worsening trade atmosphere, almost 8 lakh bales of current US cotton crop and 13 lakh bales of new crop purchases by Chinese buyers are under threat of cancellation.

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 of 8 lakh to 9 lakh mln bales have been shipped and remaining are 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 ginner 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:

China has said US goods worth \$60 billion in imports will be subject to additional tariffs from June 1, after President Trump announced a hike from 10% to 25% for tariffs on \$200 billion of Chinese goods.

According to data released by **Bangladesh Textile Mill Association**, India accounted for 26.12% of the country's total cotton imports, down from more than 60% two years ago. East and West African countries now account for 37.06% of Bangladesh's cotton imports.

The Karachi Cotton Association reduced its spot rate by Rs50 to Rs8,800. Ginner 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

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
May-19	+170	21050	21050	20740	20880	3219		11846	
Jun-19	+170	21260	21300	20990	21130	2344		7508	
Jul-19	+160	21350	21440	21170	21280	461		1949	
Aug-19	+390	21490	21490	21250	21100	6		117	

Spread	May-19	Jun-19	Jul-19	Aug-19	--	--
Spot					-	-
May-19	-470	-	-	-	-	-
Jun-19	-	-220	-	-	-	-
Jul-19	-	-	-80	-	-	-
Aug-19	-	-	-	-30	-	-

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

* Updated at as on 15-May- 2019 @ 6:00 PM

DOMESTIC PRICES AND ARRIVAL

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-May-19	14-May-19	
Gujarat	Ahmedabad	Shankar-6	6100	6125	-25
	Gondal	Shankar-6	6055	6005	50
	Rajkot	B.T. Cotton	6075	6105	-30

	Patan	B.T. Cotton	6135	5980	155
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5920	5680	240
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6250	6200	50
	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	6470	Unch
	Rawatsar	B.T. Cotton	6160	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	6100	6165	-65
Maharashtra	Amravati	Mech-1	6100	6150	-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	6459	6383	76
	Hubli	D.C.H.	NA	6100	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6111	5900	211
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-May-19	14-May-19	
Punjab	Bhatinda	J-34	4700	4690	10
	Abohar	J-34	4710	4690	20
	Mansa	J-34	4680	4750	-70
Haryana	Sirsa	J-34	4630	4630	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-May-19	14-May-19	
Gujarat	Ahmedabad	Shankar-6	11900	10200	1700
	Gondal	Shankar-6	265	177	88
	Rajkot	B.T. Cotton	715	610	105
	Patan	B.T. Cotton	650	830	-180

	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	26	11	15
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	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	930	335	595
	Rawatsar	B.T. Cotton	35	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	100	120	-20
Maharashtra	Amravati	Mech-1	500	600	-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	623	559	64
	Hubli	D.C.H.	NA	50	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	52	30	22
Commodity		Lint		Arrivals (Quintal)	
State	Centre	Variety	15-May-19	14-May-19	Change
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-May-19	14-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	750	740	10
Delhi	New Delhi	Rs. /10 Kg.	722	720	2
Telangana	Hyderabad	Rs. /10 Kg.	720	715	5
Maharashtra	Mumbai	Rs. /10 Kg.	755	755	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-May-19	14-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2853	2862	-9
Maharashtra	Akola	Rs./Qtl	2776	2783	-7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-May-19	13-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	44700	45200	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43500	43900	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	44500	44800	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46800	46800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47800	47800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54100	54100	Unch

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	15-May-19	14-May-19	Change
CCIndex(328)	RMB/Ton	15191	15323	-132
CCIndex(527)	RMB/Ton	14368	14438	-70
CCIndex(229)	RMB/Ton	15650	15777	-127
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	15-May-19	14-May-19	Change
FC Index (S)	Cents/lb	82.11	81.17	0.94
FC Index (M)	Cents/lb	77.79	76.98	0.81
FC Index (L)	Cents/lb	74.29	73.42	0.87

Cotlook Index:

Cotlook Indices	Unit	14-May-19	13-May-19	Change
A-Index	Cents/Pound	76	79	-3.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-May-19	13-May-19	Bales
Southeast	cents/lb.	63.51	64.45	0
North Delta	cents/lb.	62.26	63.2	0
South Delta	cents/lb.	62.26	63.2	0
East TX-OK	cents/lb.	60.26	61.2	306
West Texas	cents/lb.	60.26	61.7	0
Desert SW	cents/lb.	59.76	62.45	0
SJ Valley	cents/lb.	60.26	67.85	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 13-May-2019

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8650	160	8810
Equivalent	40 Kgs	9270	171	9441

Daily Futures Price Listing Tue May 15, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190514	65.85	67.15	64.5	66.76	1.31	26,951	103,750	-67
19-Oct	190514	66.9	67.91	66.53	67.46	0.81	14	42	-1
19-Dec	190514	66.42	67.44	65.25	66.99	0.59	15,166	95,136	483
20-Mar	190514	68.25	68.61	66.6	68.08	0.46	1,308	12,429	74
20-May	190514	68.15	69.33	67.62	68.88	0.53	109	1,057	42



20-Jul	190514	68.55	69.86	68.22	69.49	0.63	75	2,800	-42
Total Volume and Open Interest							44,082	221,050	715

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