

**Domestic Fundamentals:****Market Outlook:**

**Cotton prices expected to remain firm as the crop has been short and arrivals are likely to reach an end in the coming days.** However, the international markets have fallen quite sharply during the last two weeks. Indian markets have followed suit but the decline here has been comparatively tepid owing to tightness in domestic supplies. The benchmark market (Rajkot) price for variety Shankar 6 was stood Rs 45850/ per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

**The farmers are likely to shift their crop from cotton to soybean as the latter crop is sturdy** and can withstand adverse weather conditions and even it has better export opportunities over cotton. Also the shift is seen due to IMD's forecast that the onset monsoon is delayed by 7 days in Kerala and due to scorching heat soybean seems to be a better source of utilizing the land and resources. The greatest rise in soybean area could be in Maharashtra, where farmers were not happy with returns from cotton.

**News: As Punjab government has targeted its cotton area to 4 lakhs, the following varieties 7172 cotton seed, BT 7172 and Bio Seed 11 have been recommended** which will lower their cost of production with less usage of fertilizers and pesticides. Also the Punjab government is encouraging farmers to adopt drip irrigation technology on cotton crop by providing a subsidy of 80 per cent on the total cost of the project. In spite of government's recommendation Punjab farmers are likely to shift to paddy cultivation.

**North India Cotton Association president Ashok Kapur said,** that the Agriculture Department has pegged the target for Punjab area on the higher side, as he doesn't expect the area to increase from 2.84 lakh hectares in 2018-19 to 4 lakh hectares in 2019-20. The weather will play a very vital role especially for India, monsoon will have major effect. The season for cotton sowing has already set in and the sowing is expected to pick pace from the first week of May. The actual acreage figure shall give a clear picture on the new season.

**Indian cotton market, however, showed resilience,** falling only 10% in the futures market during this period. Prices in spot market are down just 5-6% amid severe supply crunch due to lower production, though volumes have fallen due to volatile prices.

**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.

**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 16<sup>th</sup> 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.

### **Weather Forecast for tomorrow:**

The monsoon is likely to be delayed this year as its arrival expected on June 6, five days after its normal onset date, the India Meteorological Department said on Wednesday. This year, the statistical model forecast suggests that the monsoon onset over Kerala is likely to be slightly delayed according to IMD. The dreaded El Nino, which often disrupts global weather patterns including the monsoon, is likely to be neutralised by a local phenomenon in the Indian Ocean, which can lead to good rainfall in the June-September season, top meteorologists said.

### **International Fundamentals:**

**Cotton futures saw gains of 72 to 91 points in the front months on Friday.** The Cotlook A index for May 23 was down 55 points from the previous day to 77.75 cents/lb. The weekly Average World Price (AWP) is now 59.37 cents/lb, down 14 points from last week.

**On May 28, the reserve sales of reserve cotton was 9834.7784 tons, the actual turnover was 8393.4121 tons,** and the transaction rate was 85.34%. From May 5 to May 28, the cumulative turnover of reserve cotton was 177,700 tons, and the turnover rate was 91.85%.

**USDA data shows cotton export shipments at 70% of USDA's projected total,** with the average pace at 78%. Including the unshipped sales, total commitments are 107% of that projection, with the average pace at 101%. US Cotton crop progress as per latest report shows that 44% area is planted by 19<sup>th</sup> May compared to 50% in the last season.

**From May 5 to May 27, the cumulative turnover of reserve cotton was 169,300 tons, and the turnover rate was 92.20%.** China has commenced 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. Qualities are expected to be low grades, which will help sustain demand since the low-grade market within China is reportedly very tight.

**Despite persistent challenges, global cotton consumption** should reach an all-time high in 2019/20. World production should rise to 27.6 million tonnes, boosted in part by a 6% increase in global yields. Ending stocks are projected to increase slightly from 2018/19 to 17.7 million tonnes.

**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.**

**With U.S. cotton making up a large percentage of the available supplies** until next harvest, broad demand for U.S. cotton seems likely to continue although there is a higher risk that some sales will be cancelled because of the steepness of the price decline and the escalation of tensions with China.

**More cotton acreage is being planted in Brazil**, while corn remains the major safrinha crop for Brazilian farmers, more cotton acreage is being planted in Mato Grosso this spring, as well. Over the past two years, cotton planting has increased by nearly one-third for the safrinha in Mato Grosso. The Brazilian Association of Cotton Producers (Abrapa) forecast cotton acreage to grow to 1.4 million hectares (3.46 million acres). Mato Grosso accounts for about 88% of Brazil's cotton production.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-May	170	21920	22000	21860	21940	1383	-314	2571	-1424
19-Jun	170	22220	22300	22150	22230	2881	352	14357	1110

  

Spread	19-May	19-Jun	19-Jul	19-Aug	--	--
Spot					-	-
19-May	-300	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 23 rd May @ 5.30 pm

\* Updated at as on 28-May- 2019 @ 5:30 PM

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-May-19	27-May-19	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6530	6430	100
	Rajkot	B.T. Cotton	6545	6525	20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5945	5850	95
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6550	6550	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	6600	6515	85
	Rawatsar	B.T. Cotton	6400	6300	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6500	6475	25
	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	6709	6670	39
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5800	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-May-19	27-May-19	
Punjab	Bhatinda	J-34	4970	4960	10
	Abohar	J-34	4990	4970	20
	Mansa	J-34	4950	4900	50
Haryana	Sirsa	J-34	4950	4920	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-May-19	27-May-19	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	156	135	21
	Rajkot	B.T. Cotton	825	630	195
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8	8	Unch
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	355	120	235
	Rawatsar	B.T. Cotton	88	125	-37
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1000	1200	-200
	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	696	706	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	37	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-May-19	27-May-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	170	-85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-May-19	27-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	745	750	-5
Delhi	New Delhi	Rs. /10 Kg.	713	713	Unch
Telangana	Hyderabad	Rs. /10 Kg.	712	717	-5
Maharashtra	Mumbai	Rs. /10 Kg.	756	760	-4

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-May-19	27-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2917	2902	15
Maharashtra	Akola	Rs./Qtl	2821	2810	11

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
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				27-May-19	25-May-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41100	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41900	41600	300
J-34(202)	26mm	3.5 - 4.9	23	47200	46400	800
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	43800	700
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45000	600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47700	47400	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48500	48200	300
DCH-32(107)	34mm	3.0 - 3.8	33	56000	55200	800

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

Index	Unit	28-May-19	27-May-19	Change
CCIndex(328)	RMB/Ton	14596	14609	-13
CCIndex(527)	RMB/Ton	13799	13815	-16
CCIndex(229)	RMB/Ton	15005	15021	-16
RMB -Renminbi, 1RMB =0.16 \$U.S.				

**China Foreign Cotton (FCE) Index :**

Index	Unit	28-May-19	27-May-19	Change
FC Index (S)	Cents/lb	83.52	83.52	Unch
FC Index (M)	Cents/lb	79.5	79.5	Unch
FC Index (L)	Cents/lb	75.59	75.59	Unch

**Cotlook Index:**

Cotlook Indices	Unit	27-May-19	25-May-19	Change
A-Index	Cents/Pound	NR	Closed	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-May-19	27-May-19	Bales
Southeast	cents/lb.	NR	NR	NR
North Delta	cents/lb.	NR	NR	NR
South Delta	cents/lb.	NR	NR	NR
East TX-OK	cents/lb.	NR	NR	NR
West Texas	cents/lb.	NR	NR	NR
Desert SW	cents/lb.	NR	NR	NR



SJ Valley

cents/lb.

NR

NR

NR

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 23-May-2019

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8700	160	8860
Equivalent	40 Kgs	9324	171	9495

### Daily Futures Price Listing Mon May 27, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Jul</a>	190524	67.35	68.59	67.35	68.39	0.91	11,000	101,876	374
<a href="#">19-Oct</a>	190524	67.99	67.99	67.99	67.99	0.76	4	49	-2
<a href="#">19-Dec</a>	190524	66.83	67.73	66.6	67.55	0.72	8,285	87,569	-429
<a href="#">20-Mar</a>	190524	67.54	68.45	67.37	68.34	0.78	1,081	14,331	10
<a href="#">20-May</a>	190524	68.28	69.26	68.25	69.19	0.79	218	1,471	42
<a href="#">20-Jul</a>	190524	68.97	70	68.94	69.86	0.8	123	3,021	46
Total Volume and Open Interest							21,094	215,842	315

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