

### 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 mandi (Rajkot) price for variety Shankar 6 was stood Rs.46,300/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

**The domestic cotton prices is on hike up by 3% in a week** due to rise in New York cotton future prices and lower arrivals in the market. Further hike in prices may notice if the government announces any hike in MSP for the ensuing kharif crop. Maharashtra government recommended an increase a 15% increase in MSP.

**Traders and ginners in India have hold their cotton stocks due to weight loss in May month** as it results in a loss of about Rs.800/candy to Rs.950/candy at current rates. Since cotton absorbs and exudes the moisture, traders are likely to wait until the onset of monsoon resulting in increase in weight to avoid the weight loss occurred in May month.

**News: 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.

**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.

### Weather Forecast for tomorrow:

The monsoon is likely to be delayed this year as its arrival expected on June 7, 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:

**Jul 19 Cotton closed at 69.470, up 108 points on Tuesday** as the rains in the South and warm dry weather in the Southeast (U.S) was supportive to the cotton prices after a low for last 2 weeks. The Cotlook A index for May 24 was up 75 points from the previous day to 78.50 cents/lb. The weekly Average World Price (AWP) is now 59.37 cents/lb, down 14 points from last week.

**US crop progress reports shows that 57% of the crop has been planted** with the normal pace at 58% and last year at 61%.

**On May 29, the reserve cotton sold 9831.9835 tons of raw materials, the actual turnover was 8294.988 tons, and the turnover rate was 84.37%.** From May 5 to May 29, the accumulated turnover of reserve cotton was 186,000 tons, and the turnover rate was 91.49%. 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.

**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.

**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	21870	21970	21710	21830	821	-562	2014	-557
19-Jun	170	22180	22240	21950	22130	1994	-887	14404	47
Spread	19-May	19-Jun	19-Jul	19-Aug	--	--	--	--	--
Spot					-	-	-	-	-
19-May	-270	-	-	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 29th May @ 5.30 pm

\* Updated at as on 29-May- 2019 @ 5:00 PM

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-May-19	28-May-19	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6530	6530	Unch
	Rajkot	B.T. Cotton	6550	6545	5
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6175	5945	230
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6525	6550	-25
	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	6680	6600	80
	Rawatsar	B.T. Cotton	6351	6400	-49

Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6550	6500	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	6686	6709	-23
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6459	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-May-19	28-May-19	
Punjab	Bhatinda	J-34	4960	4970	-10
	Abohar	J-34	4960	4990	-30
	Mansa	J-34	4930	4950	-20
Haryana	Sirsa	J-34	4910	4950	-40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-May-19	28-May-19	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	97	156	-59
	Rajkot	B.T. Cotton	820	825	-5
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9	8	1
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	600	355	245
	Rawatsar	B.T. Cotton	25	88	-63
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-

	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1200	1000	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	359	696	-337
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-May-19	28-May-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	43	85	-43
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	29-May-19	28-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	760	745	15
Delhi	New Delhi	Rs. /10 Kg.	720	713	7
Telangana	Hyderabad	Rs. /10 Kg.	718	712	6
Maharashtra	Mumbai	Rs. /10 Kg.	756	756	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-May-19	28-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2915	2917	-2
Maharashtra	Akola	Rs./Qtl	2823	2821	2

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-May-19	27-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	47700	47200	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45100	44500	600
Shankar-6(105)	29mm	3.5 - 4.9	28	46000	45600	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48000	47700	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48800	48500	300
DCH-32(107)	34mm	3.0 - 3.8	33	56500	56000	500

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

Index	Unit	29-May-19	28-May-19	Change
CCIndex(328)	RMB/Ton	14589	14596	-7
CCIndex(527)	RMB/Ton	13776	13799	-23
CCIndex(229)	RMB/Ton	15005	15005	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	29-May-19	28-May-19	Change
FC Index (S)	Cents/lb	84.52	83.52	1.00
FC Index (M)	Cents/lb	80.5	79.5	1.00
FC Index (L)	Cents/lb	76.59	75.59	1.00

**Cotlook Index:**

Cotlook Indices	Unit	28-May-19	27-May-19	Change
A-Index	Cents/Pound	79.5	NR	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-May-19	28-May-19	Bales
Southeast	cents/lb.	66.22	68.47	0
North Delta	cents/lb.	64.97	67.22	0
South Delta	cents/lb.	64.97	67.22	0
East TX-OK	cents/lb.	62.97	65.22	444
West Texas	cents/lb.	62.97	65.72	0
Desert SW	cents/lb.	62.47	66.47	0
SJ Valley	cents/lb.	62.97	71.87	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 29-May-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8750	160	8910
Equivalent	40 Kgs	9377	171	9548

Daily Futures Price Listing Tue May 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Jul</a>	190528	68.46	69.5	68.46	69.47	1.08	14,727	100,847	-1,029
<a href="#">19-Oct</a>	190528	68.95	69.17	68.95	69.17	1.18	0	49	0
<a href="#">19-Dec</a>	190528	67.62	68.52	67.37	68.47	0.92	10,974	87,030	-539
<a href="#">20-Mar</a>	190528	68.48	69.09	68.3	69.01	0.67	1,125	14,561	230
<a href="#">20-May</a>	190528	69.45	69.9	69.32	69.83	0.64	282	1,537	66
<a href="#">20-Jul</a>	190528	70.13	70.51	69.93	70.45	0.59	332	3,161	140
Total Volume and Open Interest							27,775	214,757	-1,085

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