

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.46,450/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

News: 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.

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:

Cotton futures were 41 to 59 points lower at 69.06 in the front months on Wednesday due to stronger US dollar discouraging imports of US cotton. The Cotlook A index for May 28 was up 100 points from the previous day to 79.50 cents/lb. The weekly Average World Price (AWP) is now 59.37 cents/lb, down 14 points from last week.

On May 30, the reserve cotton sales resources were 9770.9339 tons, the actual turnover was 8834.2905 tons, and the turnover rate was 90.41%. From May 5 to May 30, the cumulative turnover of reserve cotton was 195,000 tons, with a turnover rate of 91.44%. 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.

US crop progress report on 28th May shows that 57% of the crop has been planted with the normal pace at 58% and last year at 61%.

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 19th 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-Jun	170	21870	22070	21800	21970	1917	475	14245	1950
19-Jul	190	22090	22140	21880	22080	635	477	4668	1645
19-Aug	140	21850	22100	21850	22250	32	29	407	30

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-70	-	-	-	-	-
19-Jul	-	40	-	-	-	-

(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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-May-19	29-May-19	
Gujarat	Ahmedabad	Shankar-6	6400	6500	-100
	Gondal	Shankar-6	6505	6530	-25
	Rajkot	B.T. Cotton	6565	6550	15
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5860	6175	-315
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6450	6525	-75
	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	6680	Unch
	Rawatsar	B.T. Cotton	6400	6351	49
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6550	6550	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	6677	6686	-9
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6459	-459
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-May-19	29-May-19	
Punjab	Bhatinda	J-34	4920	4960	-40
	Abohar	J-34	4935	4960	-25
	Mansa	J-34	4925	4930	-5
Haryana	Sirsa	J-34	4880	4910	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-May-19	29-May-19	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	237	97	140
	Rajkot	B.T. Cotton	950	820	130
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2	9	-7
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	255	-85
	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	500	600	-100
	Rawatsar	B.T. Cotton	179	25	154
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	800	1200	-400
	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	349	359	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	37	15	22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-May-19	29-May-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	43	43	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	30-May-19	29-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	765	760	5
Delhi	New Delhi	Rs. /10 Kg.	730	720	10
Telangana	Hyderabad	Rs. /10 Kg.	722	718	4
Maharashtra	Mumbai	Rs. /10 Kg.	760	756	4

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-May-19	29-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2918	2915	3
Maharashtra	Akola	Rs./Qtl	2833	2823	10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-May-19	28-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	47300	47700	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45100	45100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	46000	46000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48100	48000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48900	48800	100

DCH-32(107)	34mm	3.0 - 3.8	33	57000	56500	500
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INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	30-May-19	29-May-19	Change
CCIndex(328)	RMB/Ton	14581	14589	-8
CCIndex(527)	RMB/Ton	13765	13776	-11
CCIndex(229)	RMB/Ton	15003	15005	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	30-May-19	29-May-19	Change
FC Index (S)	Cents/lb	84.1	84.52	-0.42
FC Index (M)	Cents/lb	80.15	80.5	-0.35
FC Index (L)	Cents/lb	76.1	76.59	-0.49

Cotlook Index:

Cotlook Indices	Unit	29-May-19	28-May-19	Change
A-Index	Cents/Pound	80.6	79.5	1.10

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-May-19	29-May-19	Bales
Southeast	cents/lb.	65.81	68.06	0
North Delta	cents/lb.	64.56	66.81	0
South Delta	cents/lb.	64.56	66.81	0
East TX-OK	cents/lb.	62.56	64.81	1117
West Texas	cents/lb.	62.56	65.31	794
Desert SW	cents/lb.	62.06	66.06	0
SJ Valley	cents/lb.	62.56	71.46	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 Wed May 29, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190529	69.66	69.81	68.61	69.06	-0.41	13,422	98,476	-2,371
19-Oct	190529	68.75	68.75	68.58	68.58	-0.59	0	49	0
19-Dec	190529	68.6	68.6	67.6	67.98	-0.49	9,759	89,221	2,191
20-Mar	190529	69.11	69.2	68.25	68.59	-0.42	708	14,555	-6
20-May	190529	69.76	69.99	69.09	69.43	-0.4	174	1,585	48
20-Jul	190529	70.43	70.56	69.7	70.08	-0.37	234	3,274	113
Total Volume and Open Interest							24,470	214,852	95

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