

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 but gaining momentum since last two days due to adverse weather conditions prevailing in US affecting the planting progress. Indian markets have followed suit but the decline here has been comparatively tepid owing to tightness in domestic supplies. The bench market mandi (Rajkot) price for variety Shankar 6 was stood Rs.46,500/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

News: Cotton sowing has already inclined by 10-20% in northern India and further simultaneously the total acreage for cotton is expected to increase by 7-8% due to low carryover stock and steady prices prevailing in the market for cotton encouraging sowing in some areas of north India. Cotton seed sale is up in Hanumangarh, Rajasthan due to re-sowing after rains in recent weeks damaged the crop.

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 posted 120 to 136 point losses in most contracts on Friday, the July cotton contract, settled down 1.26 cents, or 1.8%, at 68.08 cents per lb. as President Trump added a 5% tariff on all imports from Mexico effective from 10th June. The Cotlook A index for May 28 was down 50 points from the previous day to 80.10 cents/lb. The weekly Average World Price (AWP) is now 61.31 cents/lb.

U.S Export sales for the week ended on May 23 were seen improvement. A combined 425,000 bales of net sales for current marketing year and new crop were reported for Upland cotton. New crop sales totaled 136,212 RB, with Mexico buying 23,600 RB and China at 15,400 RB and 288,732 RB for old crop. The lead buyer was Vietnam of 120,700 RB, with India at 77,700 RB. Shipments were at 410,600 bales of Upland and 32,100 bales of Pima cotton. The continuous good sales and demand for U.S around the world is mainly due to attractive prices for mill buyers.

China Sold May Month cumulative turnover (5th to 31st May) of reserve cotton was 203,000 tons (5.71 Lakh Indian BIs), and the turnover rate was 91.00%. On 31st May, the reserve sales of reserve cotton was 9970.4702 tons, the actual turnover was 8146.5367 tons, and the turnover rate was 81.71%. 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	22030	22100	21930	22070	2201	284	13460	-785
19-Jul	190	22030	22100	21990	22050	1403	768	5312	644
19-Aug	140	21980	22120	21980	22010	42	10	468	61

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	0	-	-	-	-	-
19-Jul	-	-20	-	-	-	-

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

* Updated at as on 31-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Jun-19	31-May-19	
Gujarat	Ahmedabad	Shankar-6	6350	6400	-50
	Gondal	Shankar-6	6505	6505	Unch
	Rajkot	B.T. Cotton	6505	6525	-20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6090	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6450	6400	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	6600	6680	-80
	Rawatsar	B.T. Cotton	6400	6400	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6500	6525	-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	NA	6700	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6459	6475	-16
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Jun-19	31-May-19	
Punjab	Bhatinda	J-34	4895	4900	-5
	Abohar	J-34	4900	4910	-10
	Mansa	J-34	4925	4900	25
Haryana	Sirsa	J-34	4830	4850	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Jun-19	31-May-19	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	305	300	5
	Rajkot	B.T. Cotton	930	1225	-295
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5	NA	-
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	400	525	-125
	Rawatsar	B.T. Cotton	100	100	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1000	1000	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	326	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	37	22	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Jun-19	31-May-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	34	26	9
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	1-Jun-19	31-May-19	
Gujarat	Rajkot	Rs. /10 Kg.	745	765	-20
Delhi	New Delhi	Rs. /10 Kg.	725	725	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	722	-7
Maharashtra	Mumbai	Rs. /10 Kg.	760	760	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Jun-19	31-May-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2908	2908	Unch
Maharashtra	Akola	Rs./Qtl	2828	2828	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-May-19	30-May-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41300	41400	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41800	41900	-100
J-34(202)	26mm	3.5 - 4.9	23	46700	47000	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45000	44900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	45800	45800	Unch



Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48100	48100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48900	48900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56500	57000	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	1-Jun-19	31-May-19	Change
CCIndex(328)	RMB/Ton	Closed	14581	-
CCIndex(527)	RMB/Ton	Closed	13742	-
CCIndex(229)	RMB/Ton	Closed	15002	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	1-Jun-19	31-May-19	Change
FC Index (S)	Cents/lb	Closed	84.37	-
FC Index (M)	Cents/lb	Closed	80.42	-
FC Index (L)	Cents/lb	Closed	76.35	-

Cotlook Index:

Cotlook Indices	Unit	31-May-19	30-May-19	Change
A-Index	Cents/Pound	NR	80.1	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-May-19	31-May-19	Bales
Southeast	cents/lb.	65.08	67.33	0
North Delta	cents/lb.	63.83	66.08	0
South Delta	cents/lb.	63.83	66.08	0
East TX-OK	cents/lb.	61.58	63.83	1341
West Texas	cents/lb.	61.58	64.33	660
Desert SW	cents/lb.	61.08	65.08	0
SJ Valley	cents/lb.	61.58	70.48	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 30-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 31, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190531	69.48	69.69	68	68.08	-1.26	14,394	96,821	-1,112
19-Oct	190531	67.77	67.77	67.77	67.77	-1.36	2	49	0
19-Dec	190531	68.4	68.4	67	67.07	-1.25	8,663	91,537	2,006
20-Mar	190531	69.03	69.03	67.61	67.74	-1.2	688	15,409	111
20-May	190531	69.97	69.97	68.57	68.69	-1.12	137	1,816	62
20-Jul	190531	69.96	70.4	69.21	69.35	-1.13	210	3,438	31
Total Volume and Open Interest							24,122	216,933	1,118

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