

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.45,950/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

News: Cotton Association of India (CAI) recently released its latest cotton crop estimating the crop size at 315 lakh bales, lowest in over a decade and significantly down from the previous year's output estimate of 365 lakh bales. The total cotton supply estimated by the CAI during the period from October 2018 to May 2019 is 325 lakh bales including the arrival of 288 lakh bales and imports of 9 lakh bales up to May 31, 2019.

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 saw 80 to 134 point gains in most contracts on Monday, Jul 19 Cotton closed at 69.420, up 134 points. USDA reported cotton planting progress at 71% complete, a 14% move from last week. That is vs. the 72% average and 74% last year. The crop was also reported at 8% squared, vs. the normal pace of 7%. The Cotlook A index for May 231 was up 25 points from the previous day to 80.35 cents/lb. The weekly Average World Price (AWP) is 61.31 cents/lb through Thursday.

USDA estimates India's marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT) from 12.45 million hectares of planted area. Assuming a normal monsoon, the nationwide average yield estimates for MY 2019/20 is 512 kilograms per hectare.

From May 5 to Jun 4, the cumulative turnover of reserve cotton was 215,000 tons, and the turnover rate was 88.32%. On 4th June, the reserve sales of reserve cotton was 9842.4009 tons, the actual turnover was 5454.0114 tons, and the turnover rate was 55.41%. 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.

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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	21910	21970	21850	21960	1084	-471	13074	-172
19-Jul	190	22030	22070	21960	22070	495	-48	5394	66
19-Aug	140	22030	22080	21950	21990	91	-29	628	66

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-100	-	-	-	-	-
19-Jul	-	-10	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 4th June @ 5.30 pm

* Updated at as on 4-June- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Jun-19	3-Jun-19		
Gujarat	Ahmedabad	Shankar-6	6300	6350		-50
	Gondal	Shankar-6	6355	6430		-75
	Rajkot	B.T. Cotton	6400	6445		-45
	Patan	B.T. Cotton	NA	NA		-
	Kadi	B.T. Cotton	NA	NA		-
	Deesa	B.T. Cotton	NA	NA		-
	Dhrol	B.T. Cotton	5870	6120		-250
Haryana	Bhiwani	B.T. Cotton	NA	NA		-
	Bhiwani	Desi	NA	NA		-
	Adampur	B.T. Cotton	6325	6350		-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	6550		130
	Rawatsar	B.T. Cotton	6450	6350		100
Madhya Pradesh	Khandwa	Mech-1	NA	NA		-
	Khargaon	Mech-1	NA	NA		-
Maharashtra	Amravati	Mech-1	6350	6300		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	NA	6651	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6319	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Jun-19	3-Jun-19	
Punjab	Bhatinda	J-34	4900	4890	10
	Abohar	J-34	4880	4880	Unch
	Mansa	J-34	4860	4850	10
Haryana	Sirsa	J-34	4820	4810	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jun-19	3-Jun-19	
Gujarat	Ahmedabad	Shankar-6	5100	6800	-1700
	Gondal	Shankar-6	456	336	120
	Rajkot	B.T. Cotton	1410	1230	180
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5	25	-20
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	700	500	200
	Rawatsar	B.T. Cotton	100	50	50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	600	600	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	385	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	45	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jun-19	3-Jun-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	34	102	-68
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	4-Jun-19	3-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	750	740	10
Delhi	New Delhi	Rs. /10 Kg.	715	715	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	755	760	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	4-Jun-19	3-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2858	2883	-25
Maharashtra	Akola	Rs./Qtl	2772	2819	-47

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Jun-19	1-Jun-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41300	41300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41800	41800	Unch
J-34(202)	26mm	3.5 - 4.9	23	46200	46600	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44700	45000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47800	48000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48700	48900	-200

DCH-32(107)	34mm	3.0 - 3.8	33	56000	56500	-500
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INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	4-Jun-19	3-Jun-19	Change
CCIndex(328)	RMB/Ton	14423	14519	-96
CCIndex(527)	RMB/Ton	13596	13713	-117
CCIndex(229)	RMB/Ton	14829	14947	-118
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	4-Jun-19	3-Jun-19	Change
FC Index (S)	Cents/lb	84.66	83.25	1.41
FC Index (M)	Cents/lb	80	78.98	1.02
FC Index (L)	Cents/lb	76.21	75.08	1.13

Cotlook Index:

Cotlook Indices	Unit	3-Jun-19	1-Jun-19	Change
A-Index	Cents/Pound	79.1	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Jun-19	3-Jun-19	Bales
Southeast	cents/lb.	66.42	68.67	0
North Delta	cents/lb.	65.17	67.42	0
South Delta	cents/lb.	65.17	67.42	0
East TX-OK	cents/lb.	62.92	65.17	1275
West Texas	cents/lb.	62.92	65.67	7576
Desert SW	cents/lb.	62.42	66.42	0
SJ Valley	cents/lb.	62.92	71.82	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 4-June-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 Mon June 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190603	68.2	69.54	66.9	69.42	1.34	12,082	95,207	-1,614
19-Oct	190603	67.56	68.57	66.74	68.57	0.8	0	49	0
19-Dec	190603	66.8	68.12	65.94	67.97	0.9	8,108	92,542	1,005
20-Mar	190603	67.6	68.83	66.68	68.67	0.93	1,083	15,576	167
20-May	190603	68.08	69.74	67.68	69.59	0.9	201	1,912	96
20-Jul	190603	68.76	70.36	68.38	70.2	0.85	136	3,465	27
Total Volume and Open Interest							21,803	216,666	-267

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