

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.46,000/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

News: USDA has pruned India's output for 2018-19 to 25.5 mln bales of 480 pounds each, that equals 32.7 mln bales of 170 kg each. Until April, USDA had estimated India's output around 27.0 mln bales of 480 pounds or 34.62 mln 170-kg bales. The lower output is also reflected in 40% decline in exports and 100% rise in imports as estimated by the Cotton Association of India. India's exports for the current year are estimated to fall to 4.6 mln bales from 6.9 mln bales, while imports may hike up to 3.1 mln bales, compared with 1.5 mln bales a year ago.

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 ginner 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.

Brazil shipped 1.1 million tons of cotton between August 2018 and fourth week of May 2019. This figure exceeds the record 1.042 million tons of cotton exported in August-July 2011-12 season. During the last 12 months, the volume of cotton exported from Brazil totals 1.12 million tons.

From May 5 to June 5, the cumulative turnover of reserve cotton was 219,900 tons, with a turnover rate of 87.04%. On 5th June, the reserve sales of reserve cotton was 9788.3954 tons, the actual turnover was 5416.983 tons, and the turnover rate was 55.34%. 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 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.

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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Jun-19	4-Jun-19	
Gujarat	Ahmedabad	Shankar-6	Closed	6300	-
	Gondal	Shankar-6	Closed	6355	-
	Rajkot	B.T. Cotton	6340	6400	-60
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5870	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6400	6325	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	Closed	6450	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6400	6350	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	Closed	NA	-
	Hubli	D.C.H.	Closed	NA	-
	Hubli	B.T. Cotton	Closed	NA	-
	Raichur	H-44 Cotton	Closed	6319	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Jun-19	4-Jun-19	
Punjab	Bhatinda	J-34	4880	4900	-20
	Abohar	J-34	4885	4880	5
	Mansa	J-34	4850	4860	-10
Haryana	Sirsa	J-34	4820	4820	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jun-19	4-Jun-19	
Gujarat	Ahmedabad	Shankar-6	Closed	5100	-
	Gondal	Shankar-6	Closed	456	-
	Rajkot	B.T. Cotton	1040	1410	-370
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1000	255	745
	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	700	Unch
	Rawatsar	B.T. Cotton	Closed	100	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	700	600	100
	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	Closed	NA	-
	Hubli	D.C.H.	Closed	NA	-
	Hubli	B.T. Cotton	Closed	NA	-
	Raichur	H-44 Cotton	Closed	45	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jun-19	4-Jun-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	17	34	-17
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

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

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Jun-19	4-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2846	2858	-12
Maharashtra	Akola	Rs./Qtl	2769	2772	-3

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Jun-19	3-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	46200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44700	44700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45700	45600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47800	47800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48700	48700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55500	56000	-500

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

Index	Unit	5-Jun-19	4-Jun-19	Change
CCIndex(328)	RMB/Ton	14305	14423	-118
CCIndex(527)	RMB/Ton	13469	13596	-127
CCIndex(229)	RMB/Ton	14729	14829	-100

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

China Foreign Cotton (FCE) Index :

Index	Unit	5-Jun-19	4-Jun-19	Change
FC Index (S)	Cents/lb	84.2	84.66	-0.46
FC Index (M)	Cents/lb	79.55	80	-0.45
FC Index (L)	Cents/lb	75.59	76.21	-0.62

Cotlook Index:

Cotlook Indices	Unit	4-Jun-19	3-Jun-19	Change
A-Index	Cents/Pound	80.35	79.1	1.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Jun-19	4-Jun-19	Bales
Southeast	cents/lb.	66.47	68.72	151
North Delta	cents/lb.	65.22	67.47	0
South Delta	cents/lb.	65.22	67.47	168
East TX-OK	cents/lb.	62.97	65.22	2200
West Texas	cents/lb.	62.97	65.72	456
Desert SW	cents/lb.	61.97	65.97	0
SJ Valley	cents/lb.	62.47	71.37	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 Tue June 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190604	69.91	69.91	68.48	68.97	-0.45	13,822	93,449	-1,758
19-Oct	190604	68.5	68.5	67.77	67.77	-0.8	0	49	0
19-Dec	190604	68	68.25	66.72	67.2	-0.77	9,359	93,661	1,119
20-Mar	190604	68.82	68.95	67.49	67.87	-0.8	1,188	15,856	280
20-May	190604	69.65	69.8	68.53	68.79	-0.8	148	2,005	93
20-Jul	190604	70.23	70.23	69	69.37	-0.83	105	3,502	37
Total Volume and Open Interest							24,907	216,573	-93

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