

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.46,150/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

News: *The country has produced a record of 275.93 million tons of cotton, last year 328.05 million tons was produced according to the third advance production estimate released by the Ministry of Agriculture, in 2018-19.*

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 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 8, 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 down 23 to 47 points in most contracts on Wednesday. The US dollar index was higher on Wednesday. The Cotlook A index for June 4 was up 125 points from the previous day to 80.35 cents/lb. The weekly Average World Price (AWP) is 61.31 cents/lb through Thursday.

Cotton producers in Texas, U.S are dealing with too much moisture from heavy rainfall this spring. Strong rains push seeds down too far into the ground and fields with standing water have to deal with seed rot. The weather has hampered the sowing in U.S affecting the cotton futures.

From May 5 to Jun 6, the cumulative turnover of reserve cotton was 224,000 tons, and the turnover rate was 85.23%. On 6th June, the reserve sales of reserve cotton was 9855.1348 tons, the actual turnover was 3813.267 tons, and the turnover rate was 38.69%. 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.

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.

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	21720	21860	21680	21890	1256	172	12500	-574
19-Jul	190	21940	22000	21810	22060	366	-129	5447	53
19-Aug	140	22010	22030	21850	22140	174	83	740	112

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-140	-	-	-	-	-
19-Jul	-	-30	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 6th June @ 5.30 pm

* Updated at as on 6-June- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Jun-19	5-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6300	Closed	-
	Gondal	Shankar-6	6430	Closed	-
	Rajkot	B.T. Cotton	6400	6340	60
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6105	NA	-

Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6350	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	6650	6680	-30
	Rawatsar	B.T. Cotton	6400	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6450	6400	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	Closed	-
	Hubli	D.C.H.	NA	Closed	-
	Hubli	B.T. Cotton	NA	Closed	-
	Raichur	H-44 Cotton	6319	Closed	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Jun-19	5-Jun-19	
Punjab	Bhatinda	J-34	4880	4880	Unch
	Abohar	J-34	4890	4885	5
	Mansa	J-34	4850	4850	Unch
Haryana	Sirsa	J-34	4830	4820	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jun-19	5-Jun-19	
Gujarat	Ahmedabad	Shankar-6	4250	Closed	-
	Gondal	Shankar-6	424	Closed	-
	Rajkot	B.T. Cotton	740	1040	-300
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	23	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	1000	-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	650	700	-50
	Rawatsar	B.T. Cotton	100	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	500	700	-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	NA	Closed	-
	Hubli	D.C.H.	NA	Closed	-
	Hubli	B.T. Cotton	NA	Closed	-
	Raichur	H-44 Cotton	37	Closed	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jun-19	5-Jun-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	17	17	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	6-Jun-19	5-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	750	-10
Delhi	New Delhi	Rs. /10 Kg.	712	715	-3
Telangana	Hyderabad	Rs. /10 Kg.	715	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	760	750	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	6-Jun-19	5-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2828	2846	-18
Maharashtra	Akola	Rs./Qtl	2754	2769	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy
				5-Jun-19
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41800
J-34(202)	26mm	3.5 - 4.9	23	46200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44700
Shankar-6(105)	29mm	3.5 - 4.9	28	45700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48700
DCH-32(107)	34mm	3.0 - 3.8	33	55000

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

Index	Unit	6-Jun-19	5-Jun-19	Change
CCIndex(328)	RMB/Ton	14092	14305	-213
CCIndex(527)	RMB/Ton	13302	13469	-167
CCIndex(229)	RMB/Ton	14519	14729	-210
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	6-Jun-19	5-Jun-19	Change
FC Index (S)	Cents/lb	83.95	84.2	-0.25
FC Index (M)	Cents/lb	79.3	79.55	-0.25
FC Index (L)	Cents/lb	75.34	75.59	-0.25

Cotlook Index:

Cotlook Indices	Unit	5-Jun-19	4-Jun-19	Change
A-Index	Cents/Pound	79.85	80.35	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		5-Jun-19	5-Jun-19	Bales
Southeast	cents/lb.	66.24	68.49	0



North Delta	cents/lb.	64.99	67.24	0
South Delta	cents/lb.	64.99	67.24	0
East TX-OK	cents/lb.	62.74	64.99	2888
West Texas	cents/lb.	62.74	65.49	1936
Desert SW	cents/lb.	61.74	65.74	0
SJ Valley	cents/lb.	62.24	71.14	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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