

Domestic Fundamentals:**Market Outlook:**

Cotton prices expected to remain steady due to the effect of downfall of international market prices. 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.45,700/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

***News:** In Punjab, cotton crop has been sown in nearly 4 lakh hectares and may go up by 10,000 hectares as the sowing is still going on, according to the State Agriculture department. The acreage was nearly 2.84 lakh hectares in 2018. In Haryana, farmers had sown cotton in 6.35 lakh hectares till June 6. Last year the total area under cotton was 6.61 lakh hectares.*

The bulls continue to point to ever increasing imports of U.S. cotton by India. The world's largest cotton producing country finds itself with a weather reduced 2018-19 crop and is having to import cotton as the price of its dwindling domestic supplies increase almost daily. India will continue to buy U.S. cotton and this will offer slight upward price support for New York.

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 ginneries 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.

Weather Forecast for tomorrow:

Moderate to heavy rains are expected in Kerala, Coastal Karnataka, Andaman and Nicobar Islands. Light to moderate rains with few heavy spells may occur over Nagaland, Manipur, Mizoram, Tripura, Konkan & Goa, Madhya Maharashtra, Andhra Pradesh, Marathwada, Vidarbha, Telangana, Jammu and Kashmir. Himachal Pradesh, Uttarakhand and East Bihar will witness isolated rains. Heat wave conditions will prevail over parts of Rajasthan, Madhya Pradesh, Vidarbha, Gujarat and Uttar Pradesh.

International Fundamentals:

Cotton futures were up 6 to 40 points in most contracts on Monday. That is behind the average pace of 87%, with 11% squaring. The Cotlook A index for June 7 was down 25 points from the previous day to 79.35 cents/lb. The weekly Average World Price (AWP) from USDA is now 61.51 cents/lb through next Thursday.

The US Crop Progress report showed US cotton planting progress moving just 4% from last week to 75% complete. That is behind the average pace of 87%, with 11% squaring. U.S. cotton planting progress remains good. Cotton planting progress has been on par with the five-year average. USDA sees no shortage of cotton anywhere in the coming year.

Brazil is expected to increase their cotton area due to higher realization and disputes among China and US encouraged the exports from Brazil followed by Australia. China has lowered its reserves and is expected to increase imports to 11.1 million bales, NCC forecasts. The U.S. also is expected to increase cotton exports to 17.4 million bales in 2019. World cotton production is estimated to increase by 7 million bales in 2019 to 125.5 million bales.

India's exports to Pakistan too have dipped by about 32% to \$171.34 million in March as India raised the customs duty to 200% on all goods imported from Pakistan. According to the data of the Commerce Ministry, imports declined to \$2.84 million in March as compared to \$34.61 million in March 2018.

Seed cotton (phutti) equivalent to 10.777 million or 10,777,818 bales reached ginneries across Pakistan till June 1, 2019, according to the final report of Pakistan Cotton Ginners Association (PCGA) showing national cotton production for the year 2018-19. Out of total arrivals, 10,777,351 bales underwent the ginning process, said the last fortnightly PCGA report of 2018-19.

All upland cotton export sales totaled 182,316 RB for 18/19 during the week that ended on May 30, with China at net reductions of 8,997 RB and India buying 144,900 RB. That was well above the same time last year but down 36.86% from the previous week. New crop sales totaled just 51,625 RB. Weekly shipments were at 308,590 RB, a drop of 24.84% from previous week and down 46.46% from last year.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	21250	21340	21190	21180	1824	572	11918	-147
19-Jul	190	21350	21460	21310	21320	1001	302	5968	145
19-Aug	140	21400	21500	21390	21240	60	-173	907	38

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-120	-	-	-	-	-
19-Jul	-	-40	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th June @ 5.30 pm

* Updated at as on 11-June- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Jun-19	10-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6205	6230	-25
	Rajkot	B.T. Cotton	6330	6350	-20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5920	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6325	6320	5
	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	6670	6680	-10
	Rawatsar	B.T. Cotton	6500	6450	50
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	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6311	5600	711
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Jun-19	10-Jun-19	
Punjab	Bhatinda	J-34	4865	4850	15
	Abohar	J-34	4870	4865	5
	Mansa	J-34	4815	4835	-20
Haryana	Sirsa	J-34	4810	4810	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jun-19	10-Jun-19	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	342	218	124
	Rajkot	B.T. Cotton	830	690	140
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	11	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	170	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	450	325	125
	Rawatsar	B.T. Cotton	100	50	50
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	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	7	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jun-19	10-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	11-Jun-19	10-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	712	712	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	750	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-Jun-19	10-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2876	2878	-2
Maharashtra	Akola	Rs./Qtl	2756	2770	-14

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Jun-19	8-Jun-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	4100	41300	-37200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41800	41800	Unch
J-34(202)	26mm	3.5 - 4.9	23	46200	46100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	44400	100
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45300	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47600	47500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48500	48400	100
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Index	Unit	11-Jun-19	10-Jun-19	Change
CCIndex(328)	RMB/Ton	14008	14019	-11
CCIndex(527)	RMB/Ton	13105	13142	-37
CCIndex(229)	RMB/Ton	14412	14422	-10

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

China Foreign Cotton (FCE) Index :

Index	Unit	11-Jun-19	10-Jun-19	Change
FC Index (S)	Cents/lb	81.6	81.33	0.27
FC Index (M)	Cents/lb	76.93	76.74	0.19
FC Index (L)	Cents/lb	73.21	72.95	0.26

Cotlook Index:

Cotlook Indices	Unit	10-Jun-19	8-Jun-19	Change
A-Index	Cents/Pound	76.35	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Jun-19	10-Jun-19	Bales
Southeast	cents/lb.	63.49	65.74	0

North Delta	cents/lb.	62.24	64.49	0
South Delta	cents/lb.	62.24	64.49	0
East TX-OK	cents/lb.	59.99	62.24	0
West Texas	cents/lb.	59.99	62.74	0
Desert SW	cents/lb.	58.99	62.99	0
SJ Valley	cents/lb.	59.49	68.39	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 10-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 10, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190610	65.65	66.5	64.85	65.99	0.4	16,514	76,364	-2,981
19-Oct	190610	65.87	65.87	65.87	65.87	-0.01	4	58	3
19-Dec	190610	65.46	66.04	64.7	65.57	0.06	15,955	100,953	2,359
20-Mar	190610	66.24	66.64	65.42	66.41	0.27	1,832	17,380	312
20-May	190610	67.05	67.48	66.41	67.27	0.16	172	2,229	12
20-Jul	190610	67.77	68	67.15	67.82	0.01	84	3,481	0
Total Volume and Open Interest							34,842	208,967	-100

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