

Domestic market summary

Domestic market Scenario: Cotton spot markets mostly noticed firm during the month. Average price of Lint at Sirsa during the month was Rs. 4406 per maund (of 37.32 Kg each), compared to the previous month price of Rs 4195. Cotton fiber (Shankar-6) prices noticed firm tone this month. Average price was Rs 42246 per candy (of 355.6 kg each) during the month, which was Rs 40846 per candy previous month.

Monthly Price Outlook : In the coming month we expect Kapas price to remain range bound to firm with the price band of Rs 5000-5700per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

Major Market Highlights:

- Cotton spot market across India traded firm on the back of fall in acreages in Punjab and Haryana and support from international prices.
- Prospects of lower production in the coming season due to unfavorable weather lend support to domestic as well as international prices.
- Gujarat cotton prices of 29 MM, remained between 42800 to 44850 Rs/ candy during the month.
- All India cotton arrivals remain daily 40000 to 45000 bales. With limited arrivals ginners are willing to close factory.
- Cotton exports are expected to increase around 30 per cent in 2017-18 from its last year's level and may reach a four-year high of 7.5 million bales. The rise in shipment can be attributed to a soaring global prices and a weaker rupee (the rupee has fallen more than 6 per cent in 2018, making Indian cotton cheaper for overseas buyers).
- Sowing progress in Haryana is off mark and With ideal time for sowing already over by more than a week, Haryana has so far been able to achieve only 76 per cent of its target of cotton sowing. As on May 22 cotton had been sown on 4.97 lakh hectares against the target of 6.48 lakh. The sowing is low in Punjab as well as Haryana due to lower supplies of water in canal.
- According to the latest data from the department of Agriculture and Cooperation cotton sowing has so far come down by 30 per cent to 7.82 lakh ha from 11.24 lakh hectare in 2017. Precariously low water storage levels in reservoirs used for irrigation could be one of the main reasons for tepid sowing. According to data released by the Central Water Commission, on Thursday the average water storage in 91 reservoirs monitored by it was 18 per cent as compared to around 20 per cent during the corresponding period last year.
- Haryana has sown 4.5 lakh hectares against 5.08 lakh hectares of 5 year average as on date and 5.83 lakh hectares last year. Punjab has sown 2.48 lakh hectares against 3.648 of last 5 years and 3.44 in 2017. Both these states may result in net fall in acreages by nearly 1.5 lakh hectares against last year.



- With Indian shipping industry relaxing the cabotage law the industry is expecting the cost of transportation to fall. Coimbatore's textile industry will be a major beneficiary of this change as they will be able to enjoy price discount of at least INR 200 per bale against road transport. It is going to help in increase the textile production as well as the exports of yarn, textiles and garments.
- In a bid to circumvent the pink bollworm cycle Maharashtra state government is allowing seeds of shorter duration varieties to be marketed. Further the state official is touring the main cotton area to look into sanitation for the fields before the sowing commences.
- Karnataka is targeting kharif cotton output of 1,541,000 bales in 2018-19 (Jul-Jun)- higher than 1,178,000 bales produced a year ago, an official with the state farm department said. If this materializes, it will partly offset the production decline in other states.
- The Maharashtra government sanctioned Rs 176.12 crores in compensation to the farmers affected by loss of crop due to pink bollworm attack in Nanded district. The amount will be disbursed to the bank accounts of the beneficiaries.
- In a recent development, Ministry of Agriculture has decided not to change the prices of cotton this season after the Delhi High court decision of denying Monsanto patent on their 2nd generation BT Cotton "Bollgard II". The price of Bollgard II seeds has been fixed by the government at INR 740 per packet of 450 gm which includes the trait value of INR 39 being paid to trait technology patent holder. Currently the matter is with Supreme Court for further hearing.
- Recent spells of rain across the northern belt are going to boost the planting prospects of Cotton in the region. Widespread rains have been reported in the north western states along with strong wind and the same is forecasted to continue for another couple of days.

Domestic Cotton Balance sheet

Supply	2016-17*	2017-18*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Opening Stock	36.50	30.00	30.00	97.06	163.23	109.84
Production	337.25	362.00	163.80	152.88	34.76	15.56
Imports	27.00	22.00	3.00	9.00	4.00	6.00
Total Supply	400.75	414.00	196.80	258.94	201.99	131.40
Demand						
Mill	265.00	275.00	65.53	69.77	70.45	69.63
Small mill	27.00	30.00	6.86	7.50	7.85	7.70
Non Mill	15.75	15.00	3.75	3.75	3.75	3.75
Total Consumption	307.75	320.00	76.14	81.02	82.05	81.08
Exports	63.00	70.00	23.60	14.70	10.10	6.60
Total Consumption	370.75	390.00	99.74	95.72	92.15	87.68
Ending Stocks	30.00	24.00	97.06	163.23	109.84	43.71

Annual Production, consumption and Export figures are sourced from Cotton Association of India (CAI).

**Quarterly Balance Sheet figures estimated by Agriwatch.



Balance Sheet Highlight (2017-18):

As per the latest estimates by CAI, cotton output in country during the season 2017-18 would be around 362 lakh bales (of 170 kg each) which is higher compared to production of last season.

Following higher production, cotton imports will rise marginally to 22 lakh bales compared to 27 lakh bales in previous season.

Due to lower opening stock, imports, and higher production of cotton availability would be standing higher this season at 414 lakh bales compared to 400 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 320 lakh bales compared to 307 lakh bales during the previous season.

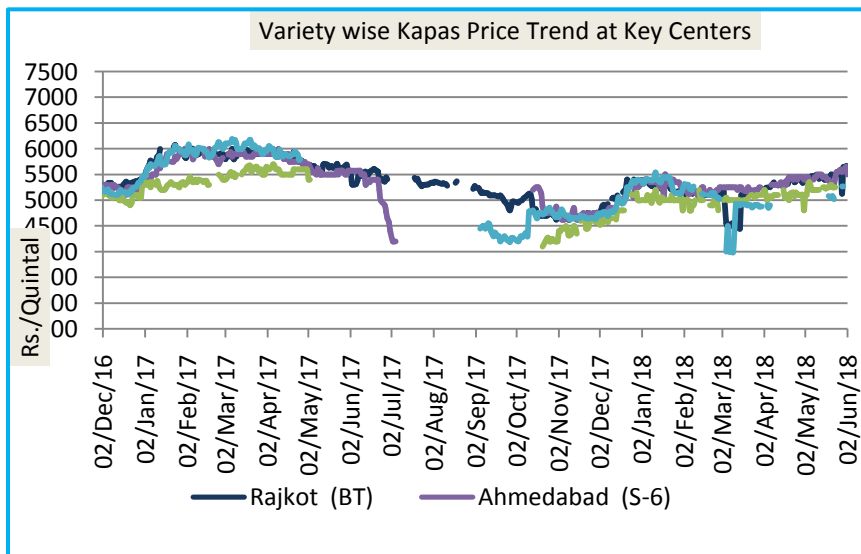
Cotton exports are expected to remain higher as that of previous year. It is expected that country would export around 70 lakh bales of cotton in the season 2017-18.

Ending stocks are expected to be around 24 lakh bales, it is lower compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

Domestic Cotton Prices Scenari

Kapas (Raw Cotton) Weekly Price Scenario



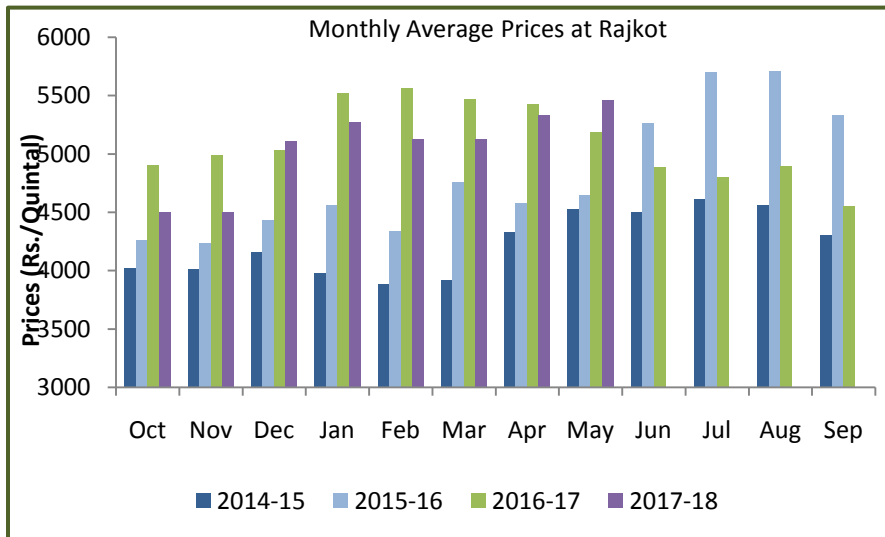
Monthly Price Review: Monthly kapas average price at Rajkot rose from Rs 5455/quintal this month.

According to latest report of USDA attaché, India's 2017/18 cotton production forecast is 30.00 million 480 lb. bales on higher acreage of 12.20 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Monthly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5000-5700 per quintal for the coming month.



Kapas Monthly Y-o-Y Price Scenario

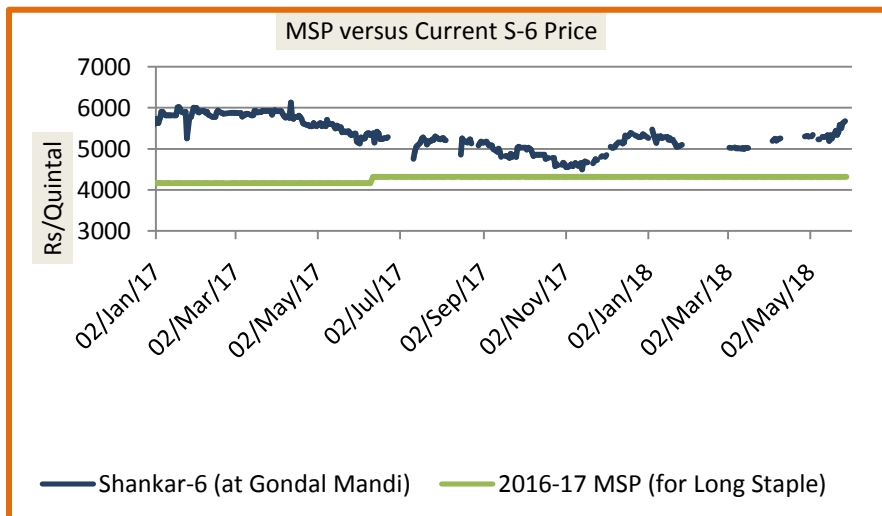


Kapas(seed cotton) prices in country noticed firm tone during the May month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5445 per quintal during May, which was Rs. 5331 during previous month and Rs. 5191

per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to firm in the coming month. The expected price range for June month is likely to be Rs 5000-5700 per quintal.

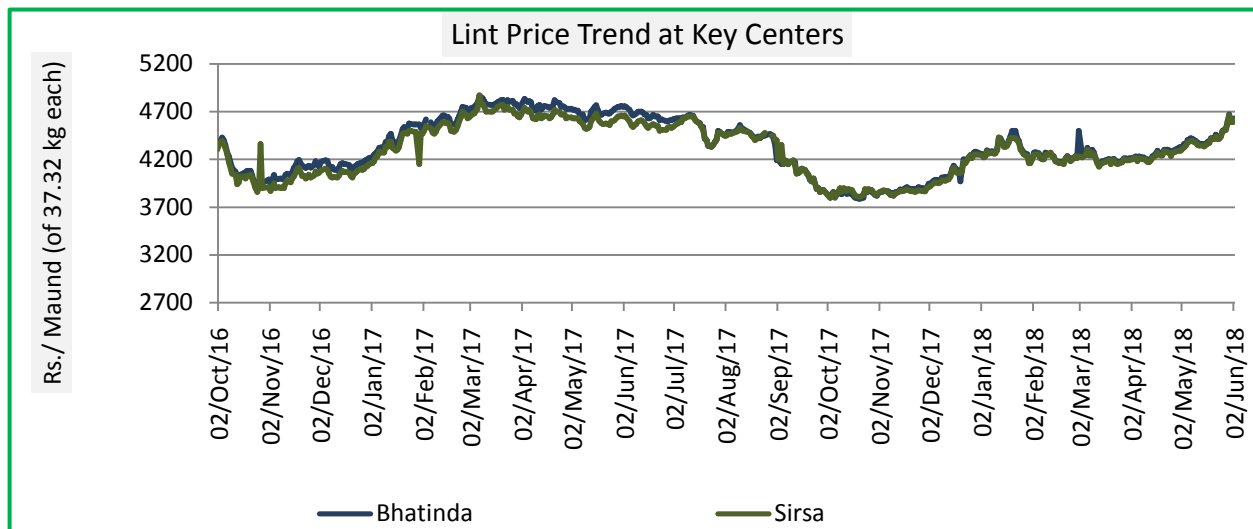
Spot Price versus MSP



The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this month. The average gap between the prices was Rs 1006 compared to Rs 912 a month earlier. This indicates prices are increasing.

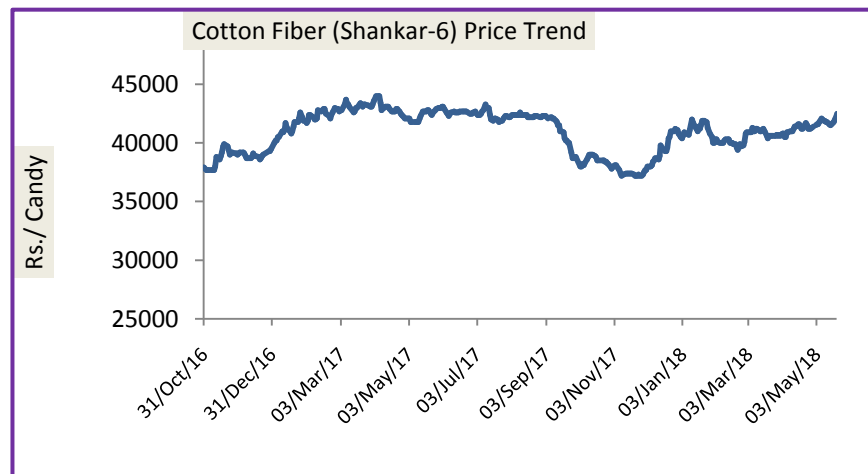
Lint price Outlook

Lint prices remained firm during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs.4406 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4231 per maund.



Cotton Fiber price Outlook

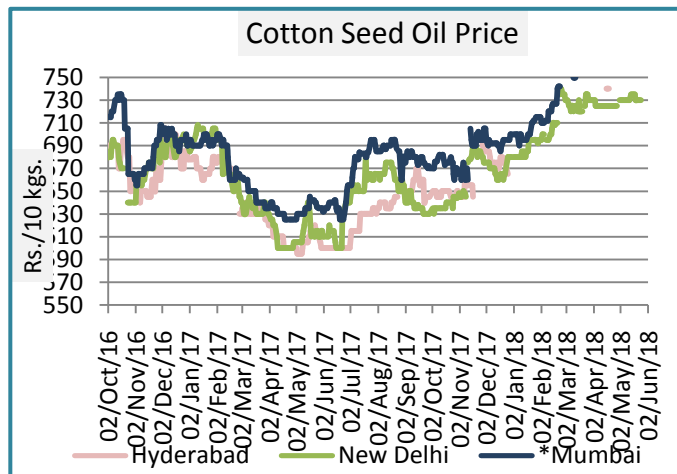
Cotton fiber noticed up trend in this month compared to the previous month amid good demand in domestic and international market. Monthly average price of Shankar-6 during was Rs. 42246 per candy, which was Rs. 41172 previous month and around Rs 42385 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs 40000 -45000 per candy in the coming month.



Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

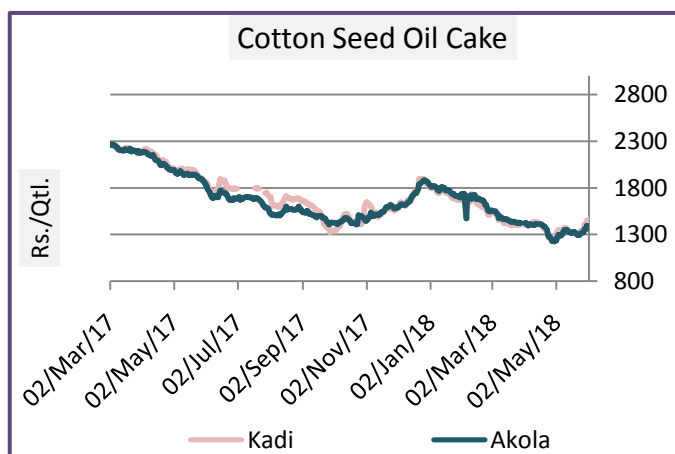
Cotton seed oil price noticed firm tone during the month. monthly average price in New Delhi is Rs729 per 10 Kg, higher compared to the monthly average price of Rs 727 per 10 Kg in previous month.



Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	May	Apr	
New Delhi	729	727.2	0.25
Rajkot	745	745.5	-0.07
Hyderabad	NA	740	
Mumbai*	763.52	763	0.07

Cotton Seed Oil Cake Monthly Price Scenario

Cotton seed oil cake price noticed weak tone during this month. Monthly average price in Akola remained Rs 1315 per quintal, lower compared to the monthly average price of Rs 1468 per quintal in the previous month



Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	May	Apr	
Kadi	1342	1372	-2.19
Akola	1315	1468	-10.42

*Source: NCDEX

International Market Scenario

International cotton prices remained firm during the month. Cotlook A index monthly average stood at 94.48 cents/pound this month, which was 92.24 cents/pound during last month.

Major Market Highlights:

- In 2017/18, world cotton production is estimated at 26.6 million tonnes while world mill use is projected at 25.5 million tonnes, which represents the third consecutive season of growth in demand for cotton.

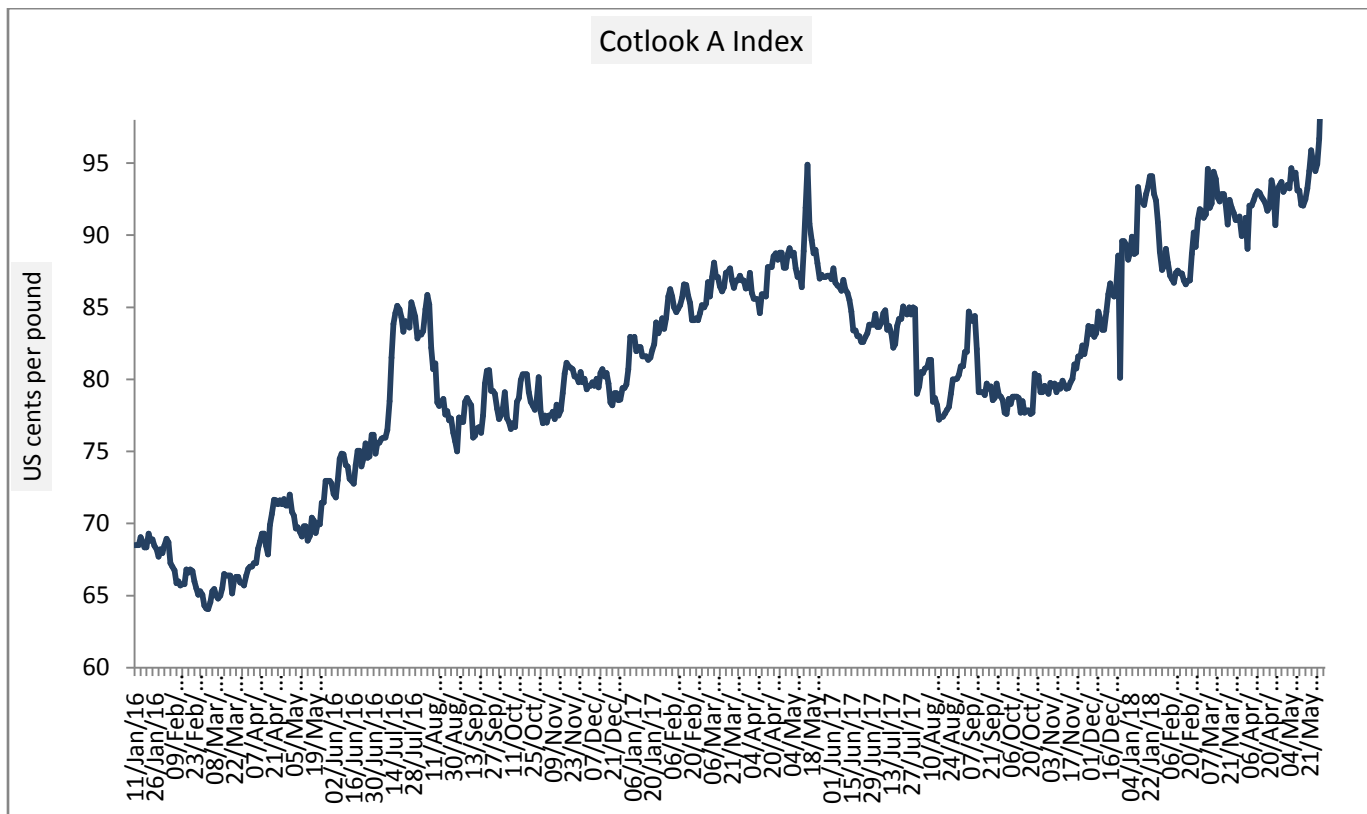


- As a result, world ending stocks are forecasted to decrease to 18.3 million tonnes representing the fourth consecutive season of diminishing global reserves.
- The decline occurs within China where stocks at the end the 2017/18 season are projected down to 8 million tonnes. Stocks held outside of China are projected up to 10.3 million tonnes, a continuous increase over the past four consecutive seasons.
- At International front there is expected fall in acreages in Pakistan this season. Further the crop development is also not satisfactory which is indicating y-o-y lower crop from Pakistan. In Uzbekistan another leading cotton producer has witnessed cool and drier conditions which has depressed the cotton production estimates. In US too persistent drought has resulted in market speculations of the y-o-y lower crop.
- Thus early estimates of lower global production for the coming marketing year is expected to remain supportive for prices in coming months.
- At the demand prospects with Pakistan mulling importing 20000 tons of cotton from Afghanistan, Indian exporters may face a setback. However aggressive imports demand from Bangladesh is expected to overshadow any fall in demand. Overall we can still expect year on year higher exports at the end of cotton season.
- Pakistan is one of India's major importers of cotton. The Pakistan government lifted ban on Indian cotton last year after brief period of ban on political tensions. Pakistan is expected to import 460,000 bales in July and August. In 2017-18 Pakistan has imported 3.2 million bales. Pakistan's annual requirement is around 15 million bales whereas production is around 10 million bales.

Cotlook A Index

Cotlook A index remained firm during the month.

Cotlook A Index	Monthly Average Price as on		% Change
	May	Apr	
Prices	94.48	92.24	2.43
Prices in US cents per Pound			



China Cotton Index and Foreign Cotton Index

According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2017 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons. In 2017, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Monthly Average Price as on		% Change
	May	Apr	
FC (S)	98.56	95.48	3.23
FC (M)	95.4	91.9	3.81
FC (L)	94.44	91.2	3.55
Prices in US cents per Pound			



China Index remained firm during the month. CC Index (328) remained 15768 Yuan per ton during the week. Average was 15489 Yuan per ton during previous week.

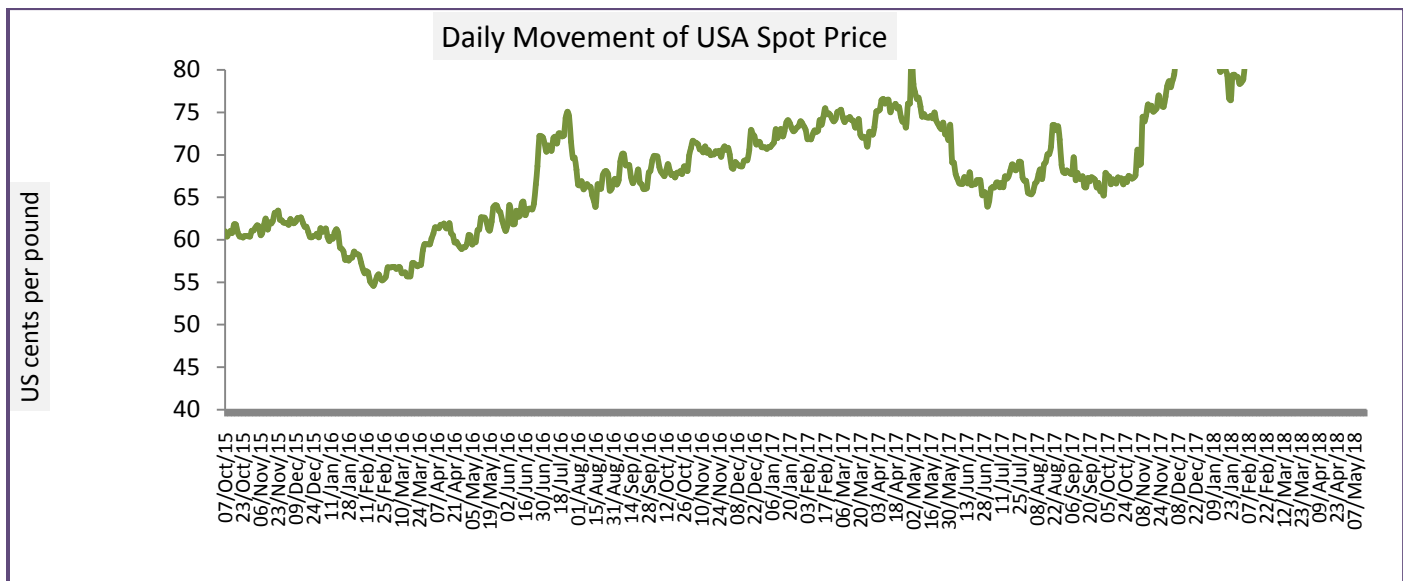
Cotton Index	Monthly Average Price as on		% Change
	May	Apr	
CCIndex(328)	15768	15489	1.80
CCIndex(527)	14713	14529	1.27
CCIndex(229)	16381	16116	1.64
Prices in Yuan per ton			



USA Spot Prices

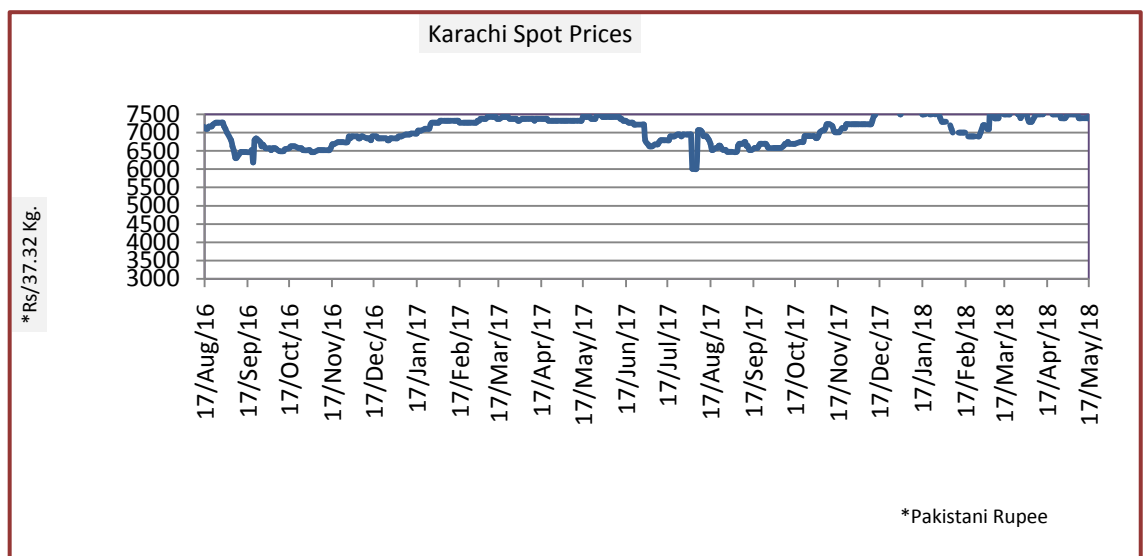
As per the United States Department of Agriculture (USDA) estimates, India has surpassed China's cotton production to become the largest cotton producing country with 365 lakh bales of production. India is followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil (103 lakh bales).

USA Spot Prices	Monthly Average Price as on		% Change
	May	Apr	
Prices	89.20	85.78	3.99
Prices in US cents per Pound			



Pakistan Spot Prices

Annual growth output of Cotton in Pakistan has increased to 12.3 per cent amid higher arrivals of seed cotton during the period October 01-15, 2017. Pakistan has harvested 8.134 million bales of cotton up to October 31, 2017 according to data released by the



Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period increased by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 9.15 million bales during the current season.

Karachi Spot Prices	Monthly Average Price as on		% Change
	May	Apr	
Prices	7521	7516	0.07
Prices in Rs per 37.32 Kg			



Technical Analysis of Cotton Future (July '18 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote bullish movement in the market.
- Volume decreased while Open Interest increased.
- We expect cotton prices to remain sideways to weak in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	80.00-95.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
80.00	70.00	110.00	100.00

Figures in US cents/pound

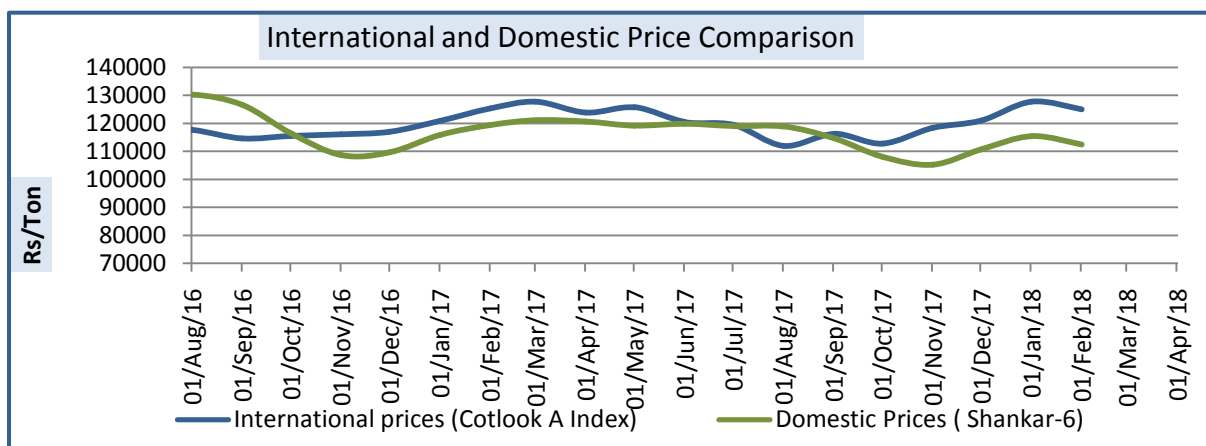


Cotton Future Prices at IC

Cotton Future Prices

Contracts	31-May-18	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
01-Jul-18	93.15	87.46	83.84	72.74	6.51	11.10	28.06
01-Oct-18	93.35	86.30	80.42	73.07	8.06	16.08	27.75
01-Dec-18	91.64	85.55	78.78		7.06	16.32	
01-Mar-19	90.86	85.14	78.61		6.69	15.58	
01-May-19	90.48	84.96	78.72		6.48	14.94	
01-Jul-19	90.25	84.80			6.41		

International and Domestic Price Comparison





Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	May,2018	April,2018	
Gujarat	Ahmedabad	Shankar-6	5506	5378	128
	Gondal	Shankar-6	5327	5232	95
	Rajkot	B.T. Cotton	5455	5331	124
	Patan	B.T. Cotton	5412	5369	43
	Kadi	B.T. Cotton	5210	5245	-35
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5113	5097	16
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5163	5051	112
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5097	4882	215
	Fatehabad	B.T. Cotton	5145	4973	171
	Jind	B.T. Cotton	NA	5032	-
	Uchana	B.T. Cotton	NA	4864	-
	Dabwali	B.T. Cotton	NA	4759	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	4902	-
	Rawatsar	B.T. Cotton	NA	4790	-
Madhya Pradesh	Khandwa	Mech-1	5200	4988	213
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5201	5096	106
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4454	4526	-71
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5439	5419	20
	Hubli	D.C.H.	3251	4211	-960
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5254	5068	187
Commodity	Lint		Montly Prices Avg. (Rs./Maund of		Change



State	Centre	Variety	37.32kg each)		
			May,2018	April,2018	
Punjab	Bhatinda	J-34	4426	4253	174
	Abohar	J-34	4431	4256	174
	Mansa	J-34	4396	4224	173
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4407	4232	175
Rajasthan	Sri-Ganganagar	J-34	NA	3995	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	May,2018	April,2018	
Gujarat	Ahmedabad	Shankar-6	678300	1095990	-417690
	Gondal	Shankar-6	8024	6091	1933
	Rajkot	B.T. Cotton	30100	43770	-13670
	Patan	B.T. Cotton	27653	61108	-33455
	Kadi	B.T. Cotton	490000	1025000	-535000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	590	1922	-1332
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6050	21800	-15750
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	30200	21514	8685
	Fatehabad	B.T. Cotton	10500	16990	-6490
	Jind	B.T. Cotton	NA	1071	-
	Uchana	B.T. Cotton	NA	7070	-
	Dabwali	B.T. Cotton	NA	227	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	4550	-
	Rawatsar	B.T. Cotton	NA	4850	-
Madhya Pradesh	Khandwa	Mech-1	1000	6100	-5100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	19100	32400	-13300
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1556	16131	-14575
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-



	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	27033	56728	-29695
	Hubli	D.C.H.	57	433	-376
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7075	11289	-4214
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	May,2018	April,2018	
Punjab	Bhatinda	J-34	20825	44540	-23715
	Abohar	J-34	5176.5	11339	-6163
	Mansa	J-34	4629.1	9792	-5163
Haryana	Sirsa	J-34	7820	9265	-1445
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				May,2018	April,2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42081	42308	-228
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42581	42808	-228
J-34(202)	26mm	3.5 - 4.9	23	41896	40208	1688
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39300	37767	1533
Shankar-6(105)	29mm	3.5 - 4.9	28	42146	41163	984
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43554	42313	1241
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44808	43863	945
DCH-32(107)	34mm	3.0 - 3.8	33	55977	54067	1910

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