

Domestic market summary

Domestic market Scenario : Cotton prices expected to rise slowly due to China's state cotton reserve's auction which is starting from 5th May and would likely to be firmer after two weeks due to increased booked imports rather than exports. Currently prices are ruling above MSP which depicts that the traders are actively procuring cotton at competitive rates. This may occur gradually over the next few months Average price of Lint at Sirsa during the month was Rs. 4845 per maund (of 37.32 Kg each), firmer compared to the previous month price of Rs 4484. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs 46,045.8 per candy (of 355.6 kg each) during the month, which was Rs 41,172 per candy previous month.

Monthly Price Outlook : However, cotton spot market prices are expected to trade in the coming month to remain range bound with the price band of Rs 6200-6500 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4850-5100 per maund.

Major Market Highlights:

The April month's average spot price of 29mm good quality cotton stood at Rs. 46,390 per candy in the spot trade, which was Rs. 41,172 per candy during same period of previous year.

India's current cotton crop arrivals reached 27.88 million bales until 16th April 2019, as per the latest CCI report. Total cotton supply projected is 290.00 lakh bales of 170 kgs each during the period from October 2018 to March 2019 which consists of the arrival of 255.83 lakh bales upto 31st March 2019, imports of 6.17 lakh bales upto 31st March 2019 and the opening stock at the beginning of the season at 28 lakh bales.

The CAI has estimated cotton crop for 2018-19 at 321 lakh bales of 170 kgs each which is lower by 7 lakh bales than its previous estimate of 328 lakh bales made during last month. The CAI has reduced the crop estimate for Gujarat by 1 lakh bales, Maharashtra by 80,000 bales, Telangana by 4 lakh bales, Andhra Pradesh by 1 lakh bales and Karnataka by 75,000 bales whereas there is marginal increase of 50,000 bales in Tamil Nadu and 5,000 bales in the State of Orissa.

According to CAI, the balance sheet projects total cotton supply of 37.60 million bales, a domestic consumption of 31.60 million bales, exports of 4.70 million bales and a carry-over stock of 1.3 million bales for 2018-19. New crop planting started in some areas of North India. Good availability of canal water and better prices of seed cotton in the current season against competing crops will likely favor cotton sowing in North India.

Till now 40 lakh bales have been shipped according to CAI and expected to reach upto 47 lakh bales till the end of this season. At the moment exports are in halt due to lower availability and lower demand of Indian cotton due to higher prices against international prices.

Indian importers have booked nearly 19 lakh bales Net Outflow of cotton is near 20 lakh bales against last year's above 50 lakh bales. Indian consumers are regularly booking imports as their long-term strategy. Indian physical



market remain range bound as ginnerers are holding good stock so now selling further arrivals in the market provides liquidity at regular pace and also some profit booking of investors. The imports this year are likely to be higher at 27 lakh bales, against last year's estimated 15 lakh bales.

India expect to see a year-over-year increase of 7%, Brazil too is looking to produce some 12.5 million bales, or a 5% jump. Pakistan's crop is expected to increase some 6.7% regarding global production for 2019.

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 336.53 lakh bales (of 170 kg each) which is lower compared to 365 lakh bales of last season. AW has reduced the crop estimate for Gujarat to around 82.82 lakh bales (from 108 lakh bales last year), Maharashtra to around 72 lakh bales (83 lakh last year), Telangana and AP by 52.00 lakh and 16.50 lakh bales respectively. The main reason for reduction in cotton crop is that farmers have uprooted more than 50% of their cotton crop after second picking and foregone the third and fourth pickings due to moisture deficiency and pest attacks. Dry spells in the initial stages of the crop, too, led to stunted growth of bolls, were the major reasons to decline in cotton yield in India.

Cotton Balance Sheet (India):

In Lakh Bales(170 KGS)	2014-15	2015-16	2016-17	2017-18	2018-19*	Oct-Dec*	Jan-Mar*	Apr-Jun*	Jul-Sep*
Supply									
Opening stock	33	66.23	36.67	48.04	24.04				
Cotton production	386	332	345	365	336.53				
Imports	14.39	22.79	30.94	15	30	4	6	11	9
Total supply	433.39	421.02	412.61	428.04	390.57				
Demand									
Mill consumption	278.06	270.2	262.66	288	270.5				
Consumption by SSI	26.38	27.08	26.2	27	28				
Non Mill consumption	5	18	17.5	19	20.21				
Exports	57.72	69.07	58.21	70	50	15	22	8	5
Total Demand	367.16	384.35	364.57	404	368.71				
Ending Stock	66.23	36.67	48.04	24.04	21.86				
Stock to use Ratio	0.180	0.095	0.132	0.060	0.059				

*All figures in Lakh Bales (of 170 Kgs. Each) Source: CAI& Agriwatch *: estimated*

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 336.53 lakh bales (of 170 kg each) which is lower compared to production of 365 lakh bales of last season.

Following lower production, imports will rise marginally to 30 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock and lower production of cotton availability would be standing lower this season at 390.57 lakh bales compared to 428.04 lakh bales during the previous season.



Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 368.71 lakh bales compared to 404 lakh bales during the previous season.

Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 50 lakh bales of cotton in the season 2018-19.

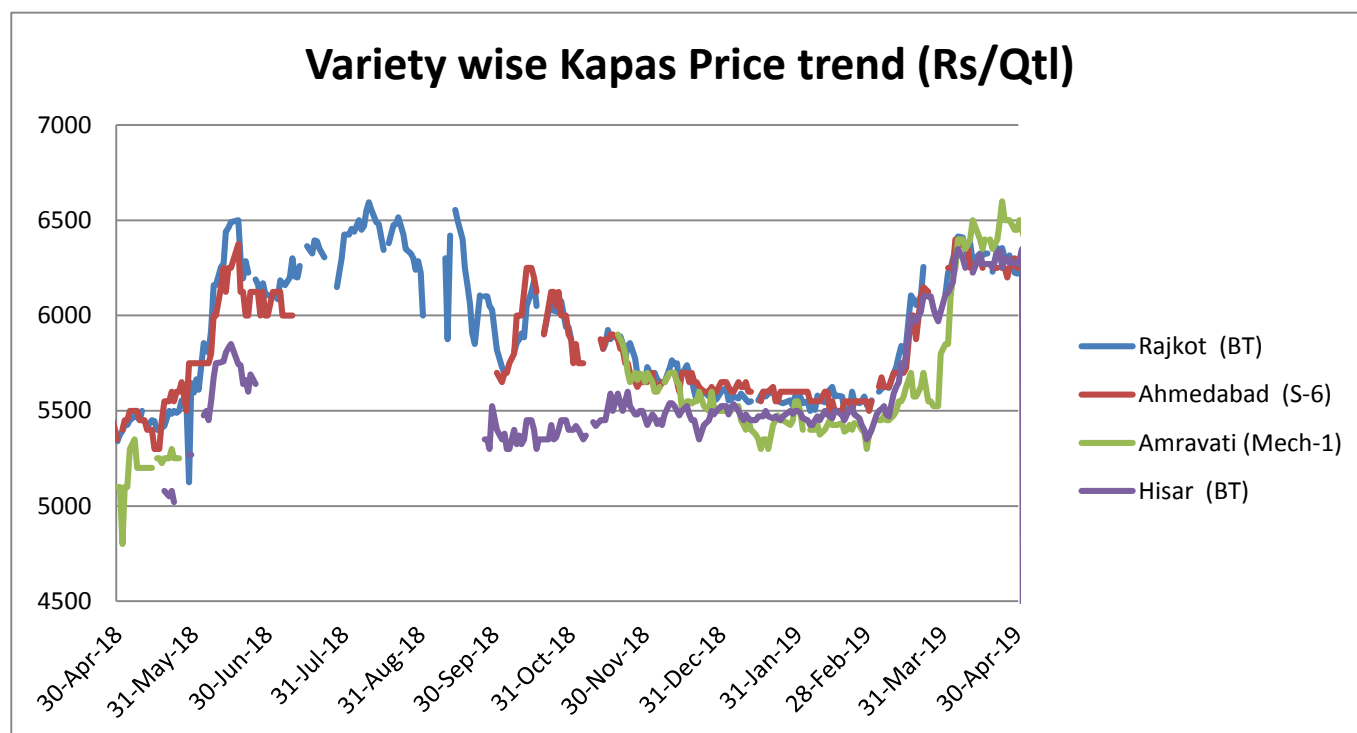
Ending stocks are expected to be around 20.57 lakh bales, it is lower compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

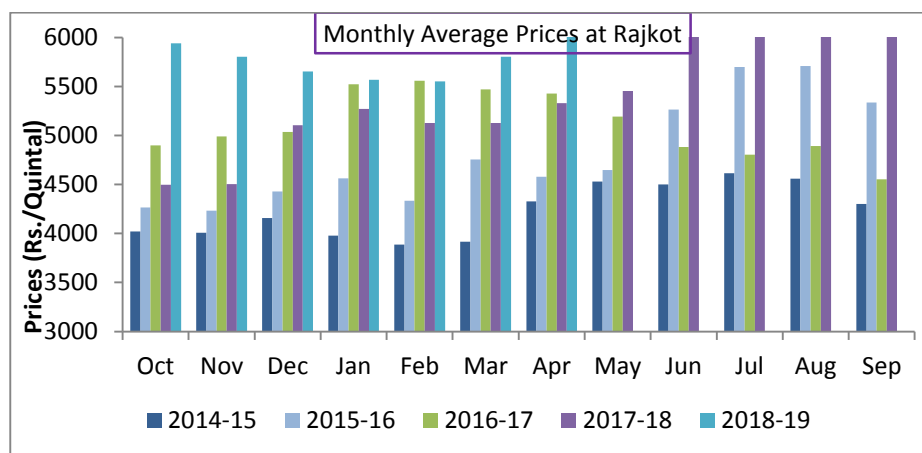
Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot rose is Rs 6302.6/quintal this month.

Monthly Price Outlook: Kapas prices are expected to remain firm in coming months. The expected range for Kapas at Rajkot is Rs 6200-6500 per quintal for the coming month.



Kapas Monthly M-o-M Price Scenario

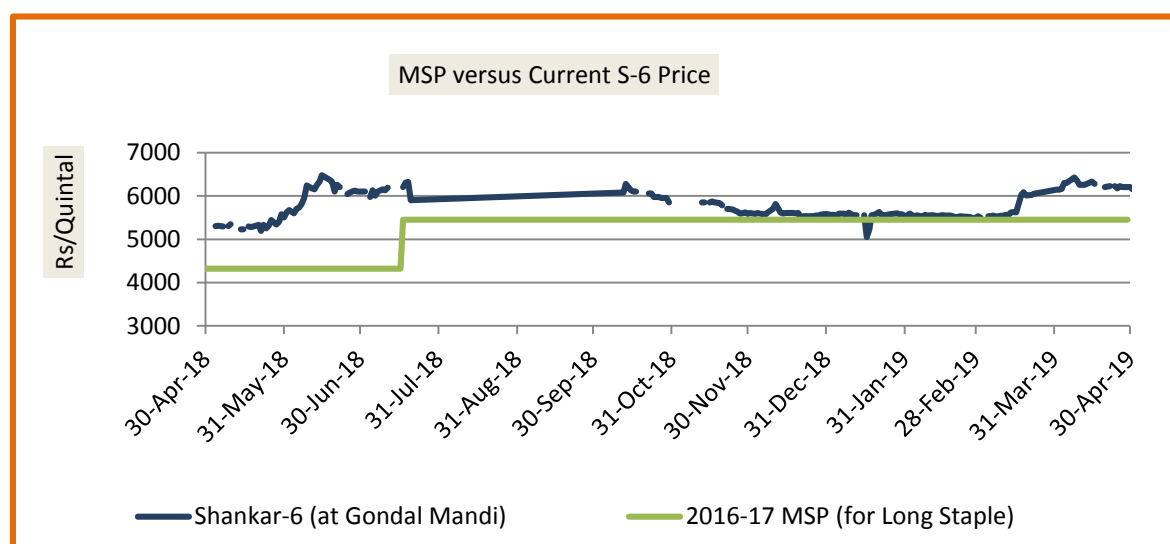


Kapas(seed cotton) prices in country noticed firm during the April when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.6302.6 per quintal during Apr, which was Rs.5804.7 during previous month and Rs.5331.3 per quintal during the corresponding month last year. We expect Kapas prices to remain firm further in the coming month. The expected price range for May month is likely to be Rs 6200-6500 per quintal.

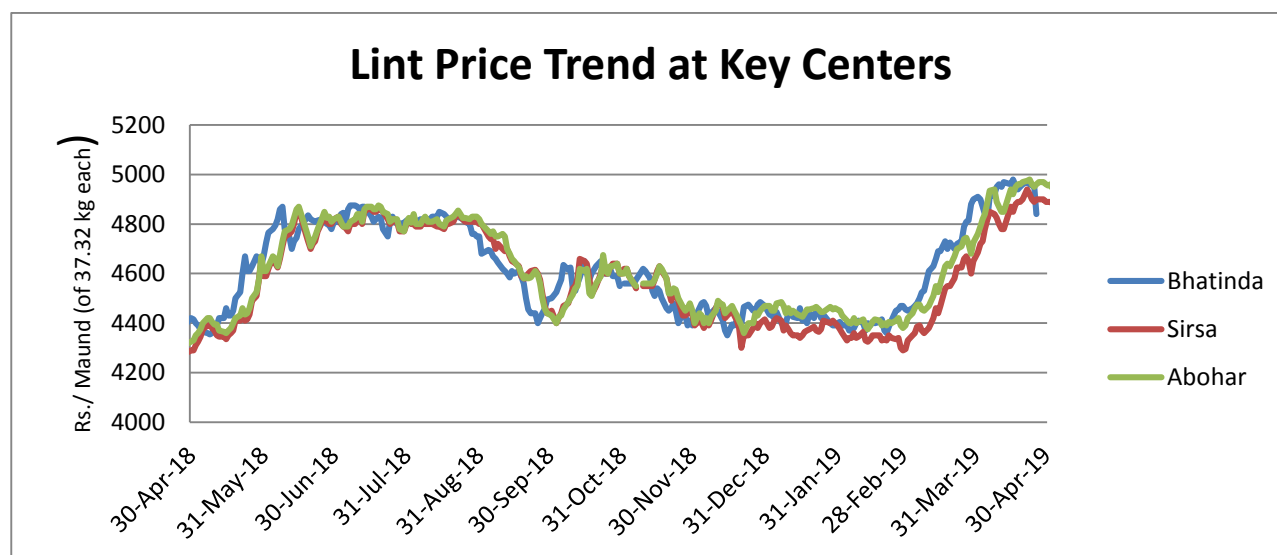
Spot Price versus MSP

The Kapas prices are ruling much above the MSP so far. The gap between the two prices has increased in the month of Apr. The average gap between the prices surged by Rs.789.6.



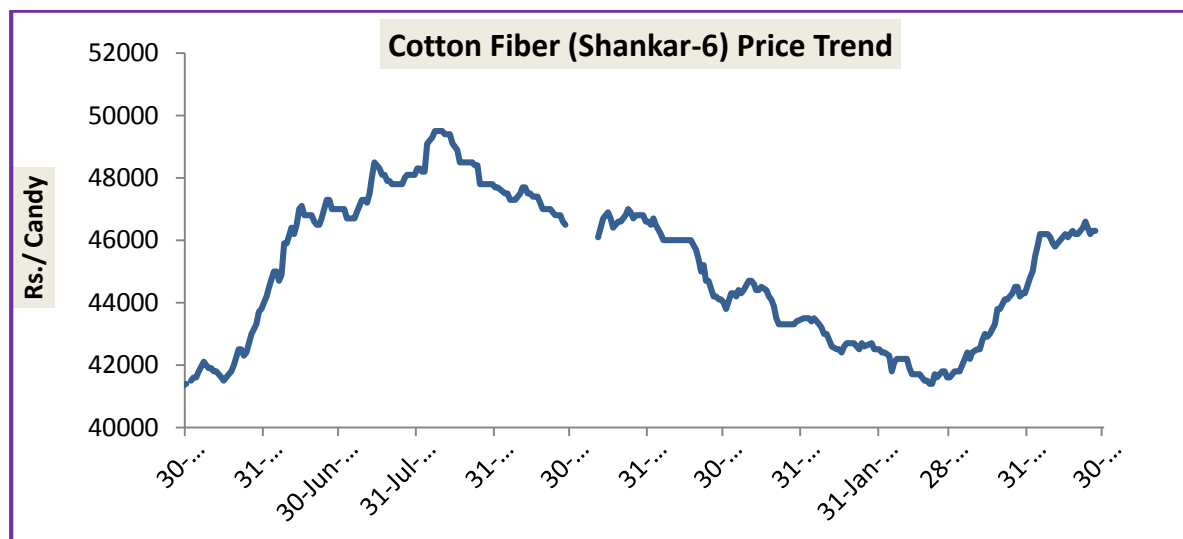
Lint price Outlook

Lint prices remained higher during the month owing to higher tone prevailing in market. Monthly average price of Lint at Sirsa surged to Rs 4845.2 per maund of 37.32 kg each, compared to the previous month price of Rs. 4484 per maund.



Cotton Fiber price Outlook

Cotton fiber noticed up trend in this month compared to the previous month amid higher demand in domestic and international market monthly average prices noticed firmer due to decrease in arrivals, and lower exports activity due to higher domestic prices compared internationally. Average price was Rs.46045.8 per candy (of 355.6 kg each) during the month, which was Rs. 43136 per candy previous month. And around Rs.41172 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs .44500 -48000 per candy in the coming month candy.

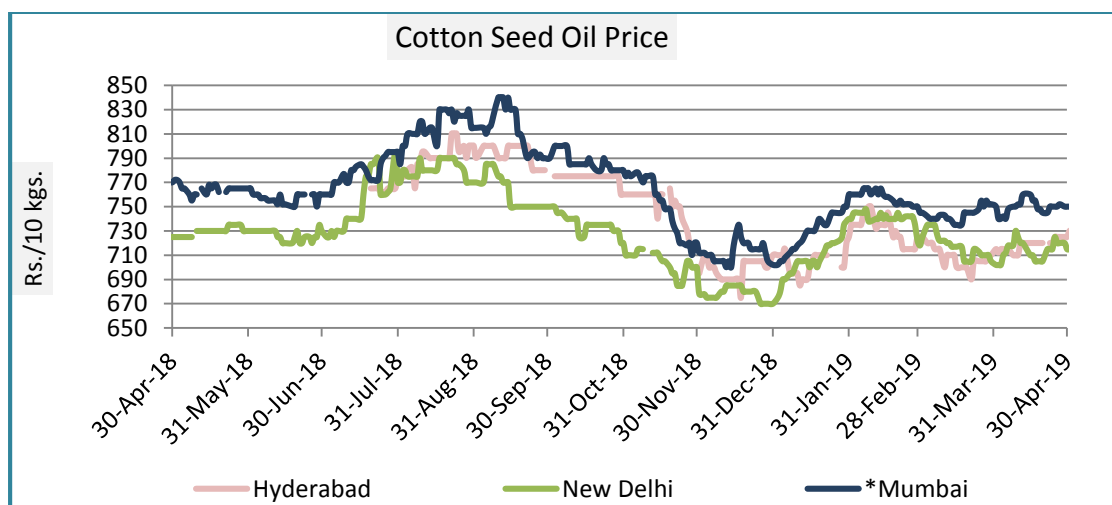


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil prices showed mixed trend during the month. Monthly average price in New Delhi is Rs 714.28 per 10 Kg, slightly lower compared to the monthly average price of Rs 717.3 per 10 Kg in previous month. But in the other major markets prices were seen at higher side compared to previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Apr	Mar	
New Delhi	714.28	717.36	-0.43
Rajkot	737.92	731.8	0.84
Hyderabad	721.87	707.28	2.06
Mumbai*	750.08	743.6	0.87



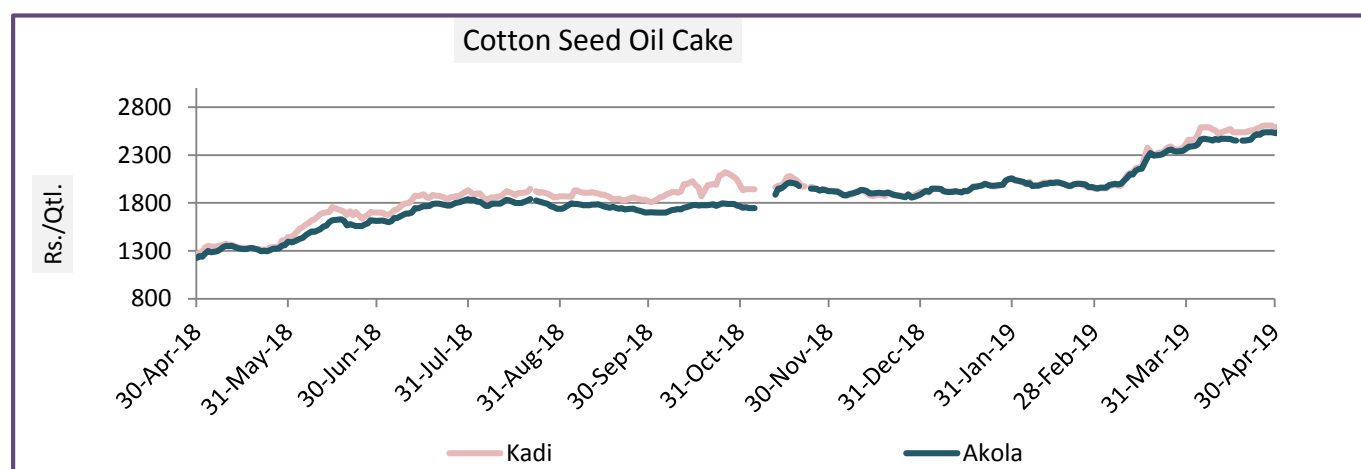


Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed stronger during the April month. Monthly average price in Akola stood higher at Rs.2467.1 per quintal, higher compared to the month average price of Rs 2164 per quintal in the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Chang
	Apr	Mar	
Kadi	2550.52	2178.6	17.07
Akola	2467.1	2164	14.01

*Source: NCDEX



International Market Scenario

International cotton prices were noticed much higher during the month. Cotlook A index monthly average stood 87.34 at cents/pound this month, which was 83.84 cents/pound during last month.

Major Market Highlights:

ICE cotton futures may fall in the coming weeks, as weather conditions across the U.S. cotton growing areas improved for harvesting the natural fiber crop. The second-month contract fell to its lowest level since April 15 at 76.85 per cents. NASS reported that 11% of the US cotton crop has been planted as of 28th Apr, an increase of 2% from the previous week.

China is going to commence 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. The market seems to be affected bearish as it will impact



global trade. Qualities are expected to be low grades, which will help sustain demand since the low-grade market within China is reportedly very tight.

The **Brazilian Association of Cotton Producers** forecast cotton acreage to grow to 1.4 million hectares (3.46 million acres). And China is the top market for Brazilian cotton, and a 25% tariff on U.S. cotton creates expectation that continued trade disruption between the U.S. and China will be an advantage to Brazil.

China hinted to import 11.1 million bales instead of 8 lac tons bales which is approximately equal to 47 lac cotton bales in early April while on the other hand China showed its interest of selling 10 lac bales from its old stock. The U.S. also is expected to increase cotton exports to 17.4 million bales in 2019.

According to the Federal Committee on Agriculture (FCA) of Pakistan, which set a cotton production target of 15 million bales for the year 2019-20 in Pakistan because it is hoped that sufficient amount of water will be available for the crop. The cotton will be sowed on an area of 2.895 million hectares.

Total export commitments for US upland cotton did gain a little ground against a year ago last week, now down 12.5%. USDA's projected 15 million bale projected export total is now 95% achieved via total commitments, matching the average pace. Chinese imports were raised by 500,000 bales, while Turkey imports were trimmed by 200,000 bales. Indian exports were cut by 300,000 bales, with Australia up 200,000 bales.

World total production is projected to reach 27.6 million tonnes, a number boosted by a 6% increase in global yields and consumption is still expected to set an all time high in 2019/20, reaching 27.6 million tonnes, according to ICAC.

Net UPLAND sales of 2,38,900 RB for 2018- 2019 in the last week of April which were up 10 percent from the previous week, but down 9 percent from the prior 4- week average. Increases were reported for Turkey (88,400 RB), India (74,600 RB), Vietnam (28,500 RB, including 700 RB switched from China), Indonesia (15,900 RB, including 1,100 RB switched from Vietnam, 1,000 RB switched from Japan, 300 RB switched from China, and decreases of 300 RB), and China (13,100 RB, including decreases of 2,200 RB). Reductions were for Japan (1,700 RB).

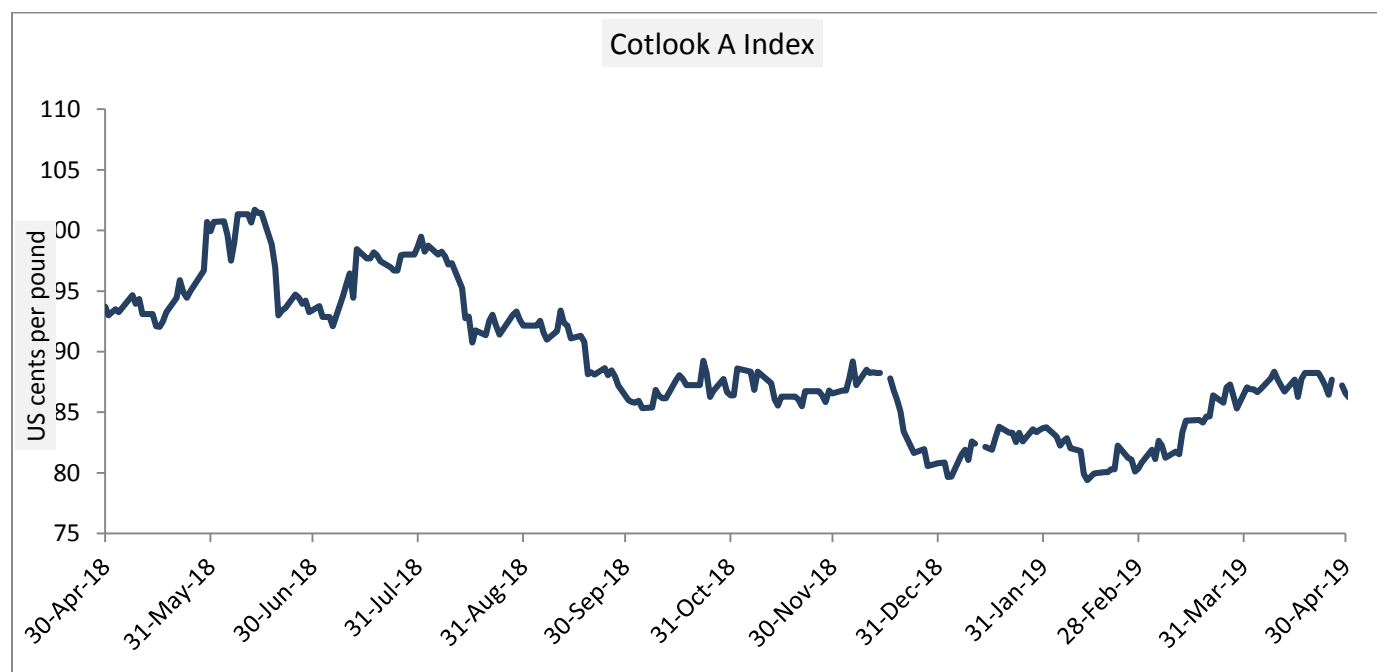
For 2019-2020, net UPLAND sales of 48,900 RB were primarily for Vietnam (22,000 RB) and China (17,600 RB). **UPLAND Exports of 3,18,000 RB were down 16 percent from the prior 4-week average.** Exports were primarily to Vietnam (75,900 RB), Pakistan (43,400 RB), China (38,300 RB), Turkey (38,000 RB), and Bangladesh (26,200 RB).



Cotlook A Index

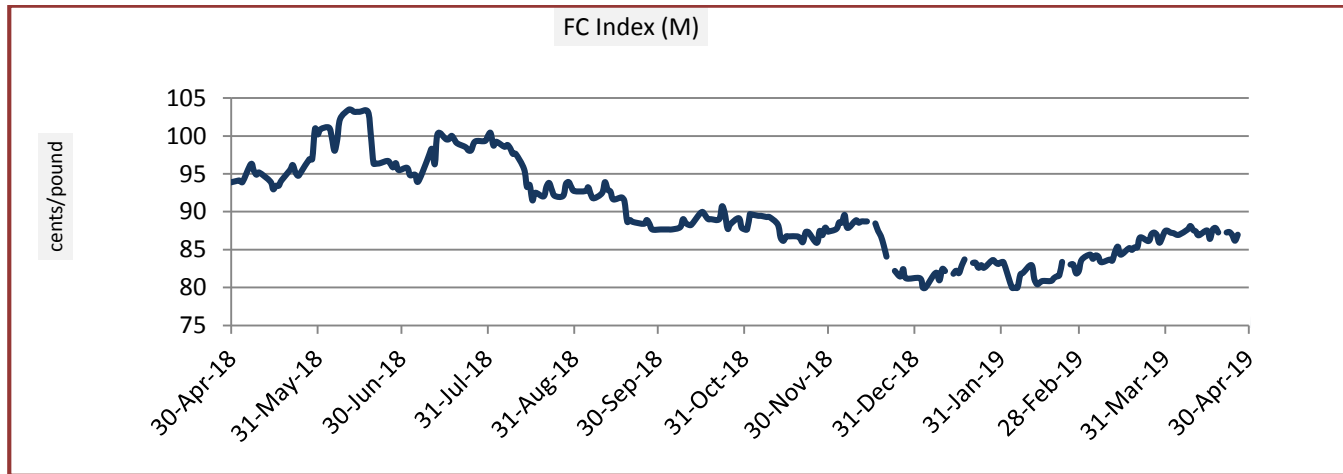
Cotlook A index remained weak during the Month.

Cotlook A Index	Monthly Average Price as on		% Change
	Apr	Mar	
Prices	87.34	83.84	4.17
Prices in US cents per Pound			



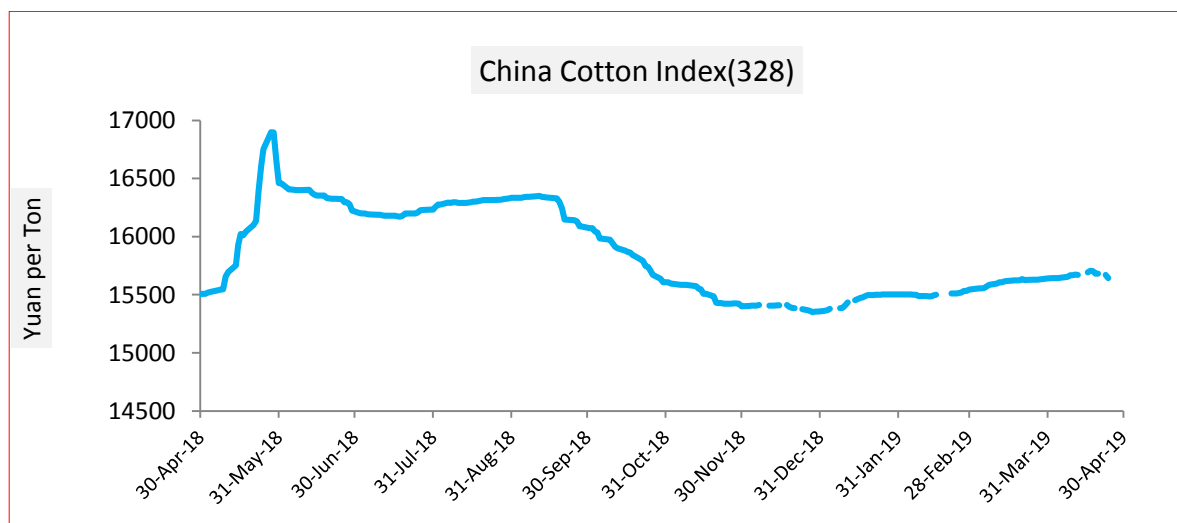
China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	Apr	Mar	
FC (S)	91.97	89.01	3.33
FC (M)	87.21	85	2.60
FC (L)	84.97	82.68	2.77
Prices in US cents per Pound			



China Index remained slightly firm during the Month. CC Index (328) remained 15580 Yuan per ton during the month. Average was 15500 Yuan per ton during previous month.

Cotton Index	Monthly Average Price as on		% Change
	Apr	Mar	
CCIndex(328)	15660.45	15580	0.52
CCIndex(527)	14708.1	14600	0.74
CCIndex(229)	16081.95	16027	0.34
Prices in Yuan per ton			



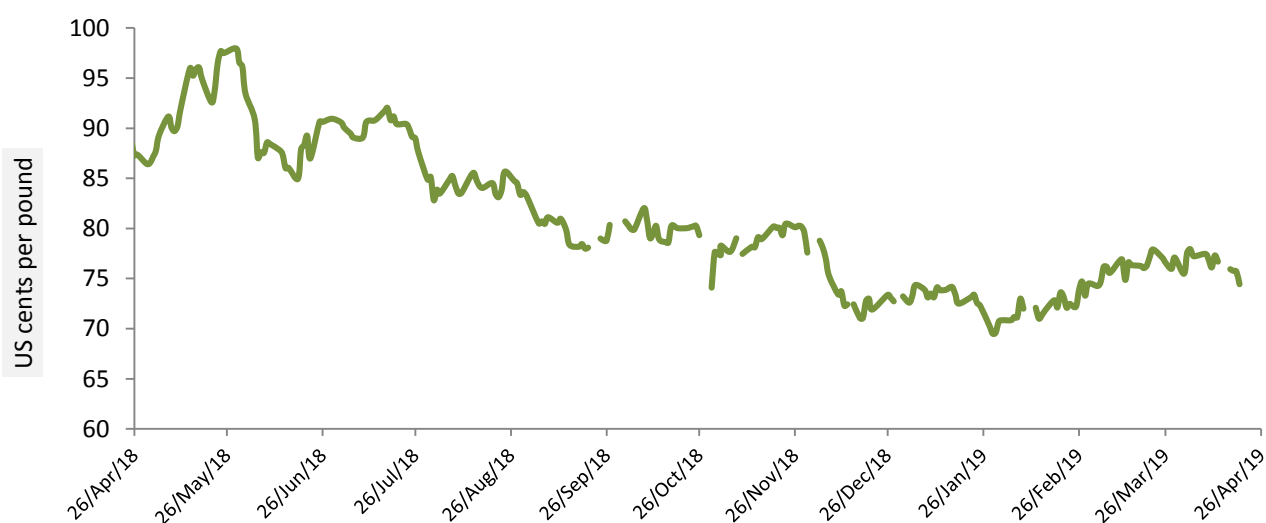


USA Spot Prices

Cotton was firmer last month as overall demand continues to impact the US market. On the other hand, world production is going higher in the growing season for major producers around the world, including Brazil & Pakistan. Demand for US Cotton has been satisfying, as the weekly export sales reports have shown good demand at best since the start of the marketing year. China has not bought any US Cotton this year and has been active in other markets, especially Pakistan and they might buy Indian cotton in the coming days. US-China trade war had seen no progress and other countries are waiting for the progress. Earlier expected US crop was declined due to some extreme growing conditions in Texas and the Southeast over the Summer and Fall but the rains in early April in major cotton producing states in US planting 11% of the total cotton crop.

USA Spot Prices	Monthly Average Price as on		% Change
	Apr	Mar	
Prices	76.76	74.34	3.26
Prices in US cents per Pound			

Daily Movement of USA Spot Price



Pakistan Spot Prices

The prices of cotton witnessed increasing trend in the cotton market. The ginners had the stock of only 500,000 bales. The buying trend of mills shows that before the start of new season all the stock of cotton will be sold out. The Federal Agriculture Council has set the target of production of 15 million bales in the year 2019-20. According to the experts the FAC initially estimated the production of 14.3 million bales but during the meeting of Cotton Crop Assessment Committee the cotton production is 1 crore 8 lac bales which is less than 35 lac bales less than the initial estimate. The increasing trend in the demand and prices of cotton was witnessed. Pakistan officials said that China will import 313 items of worth 1 billion dollars which include rice, sugar and 3 lac and 50 thousand tons of cotton yarn. There will be a positive impact on local yarn market due to import of yarn by China.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Apr	Mar	
Prices	8961.85	8782	2.05
Prices in Rs per 37.32 Kg			

Commodity: Cotton
Contract: May

Exchange: MCX
Expiry: May 31, 2019



**Technical Commentary:**

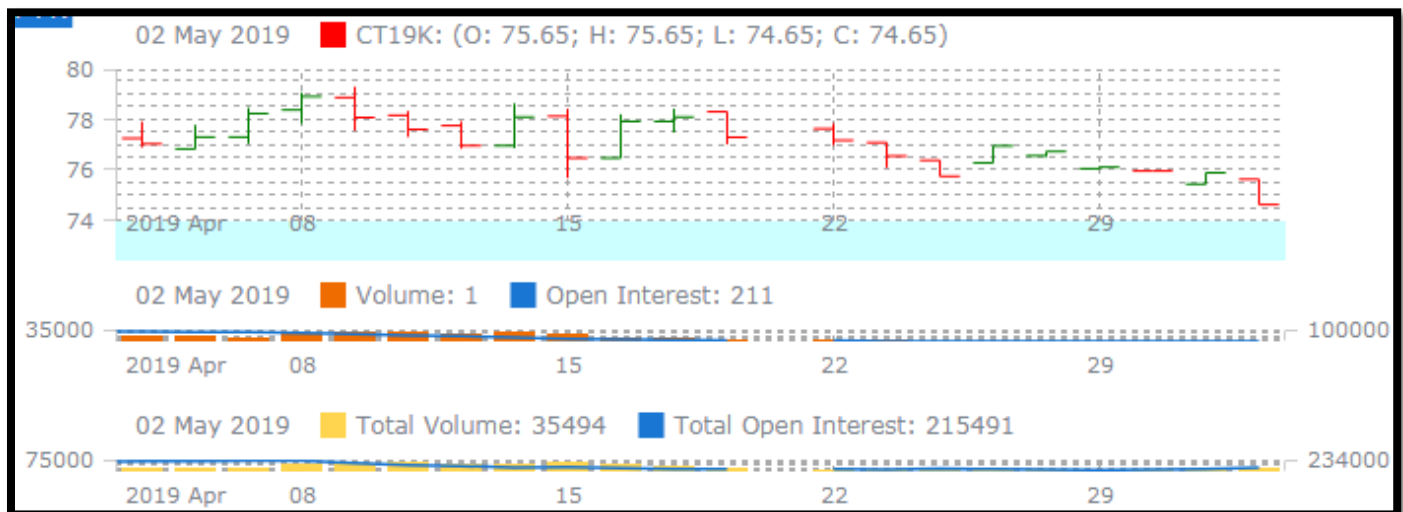
- Cotton 29 mm MCX Apr contract faces resistance at 22,600.
- Relative strength indicator (RSI) is in neutral region.
- PVO analysis indicate long liquidation.
- Candlestick pattern of daily chart shows weak market.

We will advise traders to buy today.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	MAY	22156	22236	22280	22443	22556
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	MAY	Buy	22283	22309	22322	22267

* Do not carry-forward the position next day.

Monthly Technical Outlook:**Technical Analysis of Cotton Future ('Mar 19 Contract) at ICE**

- Candlesticks denote bearish movement in the market.
- Volume increased whereas Open Interest decreased.
- We expect cotton prices to remain sideways to firm in the coming month.



Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	73-76

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
72	68	80	90

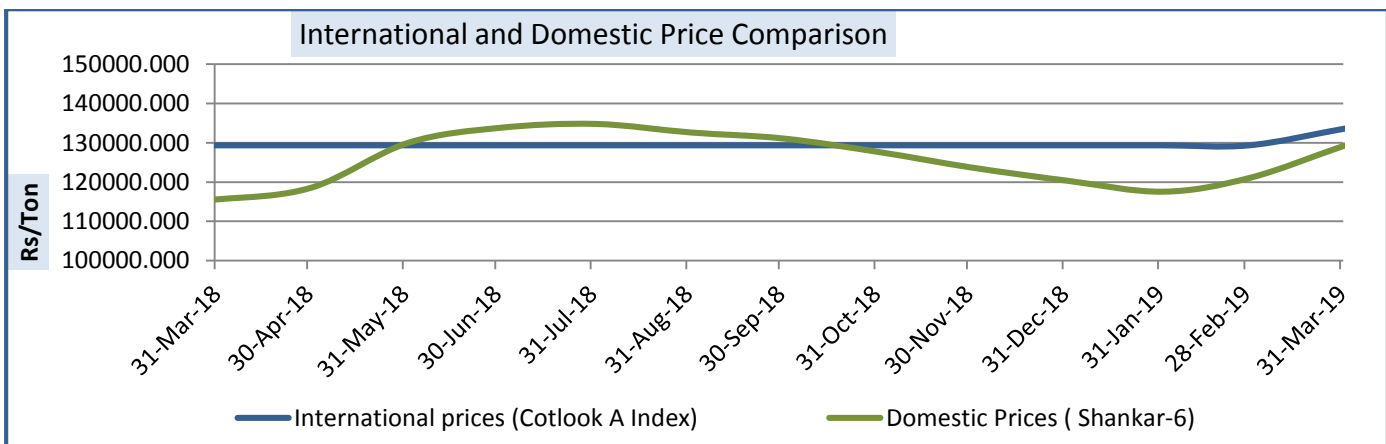
Figures in US cents/pound

Cotton Future Prices at ICE

Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	30_Apr_2019	30_Mar_2019 (1 month ago)	30_Jan_2019 (3 month ago)	30_Oct_2018 (6 month ago)	30_Apr_2018 (Year Ago)	% Change over a month	% Change over previous year
1-May-19	75.98	77.61	75.74	79.51	85.12	-2.10	-10.74
1-Jul-19	76.78	78.31	77.02	80.34	84.48	-1.95	-9.11
1-Oct-19	75.67	75.98	75.07	77.36	80.84	-0.41	-6.40
1-Dec-20	75.69	75.44	74.42	76.90	78.8	0.33	-3.95
1-Mar-20	76.15	76.10	75.33			0.07	

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
	Centre	Variety	Apr,2019	Mar,2019	
Gujarat	Ahmedabad	Shankar-6	5278	5736	-458
	Gondal	Shankar-6	5501	5675	-174
	Rajkot	B.T. Cotton	5798	5779	19
	Patan	B.T. Cotton	5492	5717	-225
	Kadi	B.T. Cotton	6168	5863	305
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	5429	5485	-56
Haryana	Bhiwani	B.T. Cotton	4590	5697	-1107
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	5759	5740	19
	Fatehabad	B.T. Cotton	3979	5756	-1777
	Jind	B.T. Cotton	2547	5438	-2891
	Uchana	B.T. Cotton	5692	5745	-53
	Dabwali	B.T. Cotton	0	1930	-1930
Rajasthan	Hanumangarh	B.T. Cotton	6286	4170	2116
	Rawatsar	B.T. Cotton	6177	4100	2077
Madhya Pradesh	Khandwa	Mech-1	6063	5761	302
	Khargaon	Mech-1	5874	5767	107
Maharashtra	Amravati	Mech-1	6099	5567	532
	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	212	-212
	Hathras	Desi	0	192	-192
Telangana	Adilabad	Un-Ginned	4268	4716	-448
Andhra Pradesh	Guntur	Un-Ginned	5544	5799	-255
	Kurnool	Un-Ginned	1504	2464	-960
	Krishna	Un-Ginned	250	0	250
	East Godavari	Un-Ginned	4757	5249	-492
Karnataka	Bijapur	Bunny	6373	6373	0

	Hubli	D.C.H.	4734	4734	Unch
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5775	5775	0
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Apr,2019	Mar,2019	
Punjab	Bhatinda	J-34	4904	4546	358
	Abohar	J-34	4914	4557	357
	Mansa	J-34	4881	4517	364
Haryana	Sirsa	J-34	4845	4473	372
Rajasthan	Sri-Ganganagar	J-34	3768	2902	866

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Apr,2019	Mar,2019	
Gujarat	Ahmedabad	Shankar-6	25024	48365	-23341
	Gondal	Shankar-6	478.92	633.9	-155
	Rajkot	B.T. Cotton	2140	2307	-167
	Patan	B.T. Cotton	3281	2317	964
	Kadi	B.T. Cotton	17000	23600	-6600
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	35.76	86.2	-50
Haryana	Bhiwani	B.T. Cotton	174	822.9	-649
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	357	376	-19
	Fatehabad	B.T. Cotton	125	222.4	-97
	Jind	B.T. Cotton	121	629	-508
	Uchana	B.T. Cotton	514	2058	-1544
	Dabwali	B.T. Cotton	0	32	-32
Rajasthan	Hanumangarh	B.T. Cotton	478	463	15
	Rawatsar	B.T. Cotton	298	398	-100
Madhya Pradesh	Khandwa	Mech-1	205	838	-633
	Khargaon	Mech-1	811	1530	-719
Maharashtra	Amravati	Mech-1	2851	13000	-10149

	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	4588	27922	-23334
Andhra Pradesh	Guntur	Un-Ginned	1214	1692	-478
	Kurnool	Un-Ginned	9	58	-49
	Krishna	Un-Ginned	0	0	Unch
	East Godavari	Un-Ginned	151	370	-219
Karnataka	Bijapur	Bunny	9117	9117	Unch
	Hubli	D.C.H.	50	50	Unch
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1570	1570	Unch
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Apr,2019	Mar,2019	
Punjab	Bhatinda	J-34	1265	3128	-1863
	Abohar	J-34	218	94	124
	Mansa	J-34	298	2278	-1981
Haryana	Sirsa	J-34	289	1675	-1386
Rajasthan	Sri-Ganganagar	J-34	321	NA	-

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Apr,2019	Mar,2019	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44108	692
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45301	44608	693
J-34(202)	26mm	3.5 - 4.9	23	46150	45200	950
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44477	42748	1729
Shankar-6(105)	29mm	3.5 - 4.9	28	47588	46112	1476
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48615	47004	1611
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50292	47900	2392
DCH-32(107)	34mm	3.0 - 3.8	33	61742	59208	2534



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Ltd.