

Domestic market summary

Domestic market Scenario : Cotton prices this month were steady during first half month of May and then suddenly hit due to US-China disputes during the last week after President Trump added a 5% tariff on all imports from Mexico and the US stock market hiked. 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%. Currently prices are ruling above MSP and back to normal gained its previous prices which depicts that the traders are actively procuring cotton at competitive rates. Average price of Lint at Sirsa during the month was Rs. 4798.14 per maund (of 37.32 Kg each), weaker compared to the previous month price of Rs 4845. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs 45,303.7 per candy (of 355.6 kg each) during the month, which was Rs 46,045.8 per candy previous month.

Monthly Price Outlook : However, cotton spot market prices are expected to trade in the coming month to remain range bound due to low arrivals with the price band of Rs 6300-6600 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4800-5000 per maund.

Major Market Highlights:

The April month's average spot price of 29mm good quality cotton stood at Rs. 45303.70 per candy in the spot trade down compared to last month which stood at Rs.46,390 , and during same period of previous year average price was Rs. 42,246.15 per candy.

Total cotton supply projected is 325.00 lakh bales of 170 kgs each during the period from October 2018 to May 2019 which consists of the arrival of 287.7.83 lakh bales upto 31st May 2019, imports of 9.28 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 315 lakh bales of 170 kgs each which is further lowered by 6 lakh bales than its previous estimate of 321 lakh bales made during last month.

According to CAI, the balance sheet projects total cotton supply of 37.40 million bales, a domestic consumption of 31.50 million bales, exports of 4.60 million bales. New crop planting started in 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.

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.



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.

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.

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-June	July-Sept
Supply									
Opening stock	33	66.23	36.67	48.04	24.04	24.04	60.54	57.54	35.36
Cotton production	386	332	345	365	336.53	153.5	138.5	37.53	7
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	181.54	205.04	106.07	51.36
Demand									
Mill consumption	278.06	270.2	262.66	288	270.5	95	110	48.5	17
Consumption by SSI	26.38	27.08	26.2	27	28	6	10.5	8.5	3
Non Mill consumption	5	18	17.5	19	20.21	5	5	5.71	4.5
Exports	57.72	69.07	58.21	70	50	15	22	8	5
Total Demand	367.16	384.35	364.57	404	368.71	121	147.5	70.71	29.5
Ending Stock	66.23	36.67	48.04	24.04	21.86	60.54	57.54	35.36	21.86
Stock to use Ratio	0.18	0.095	0.132	0.06	0.059	0.314	0.284	0.353	0.428

*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.

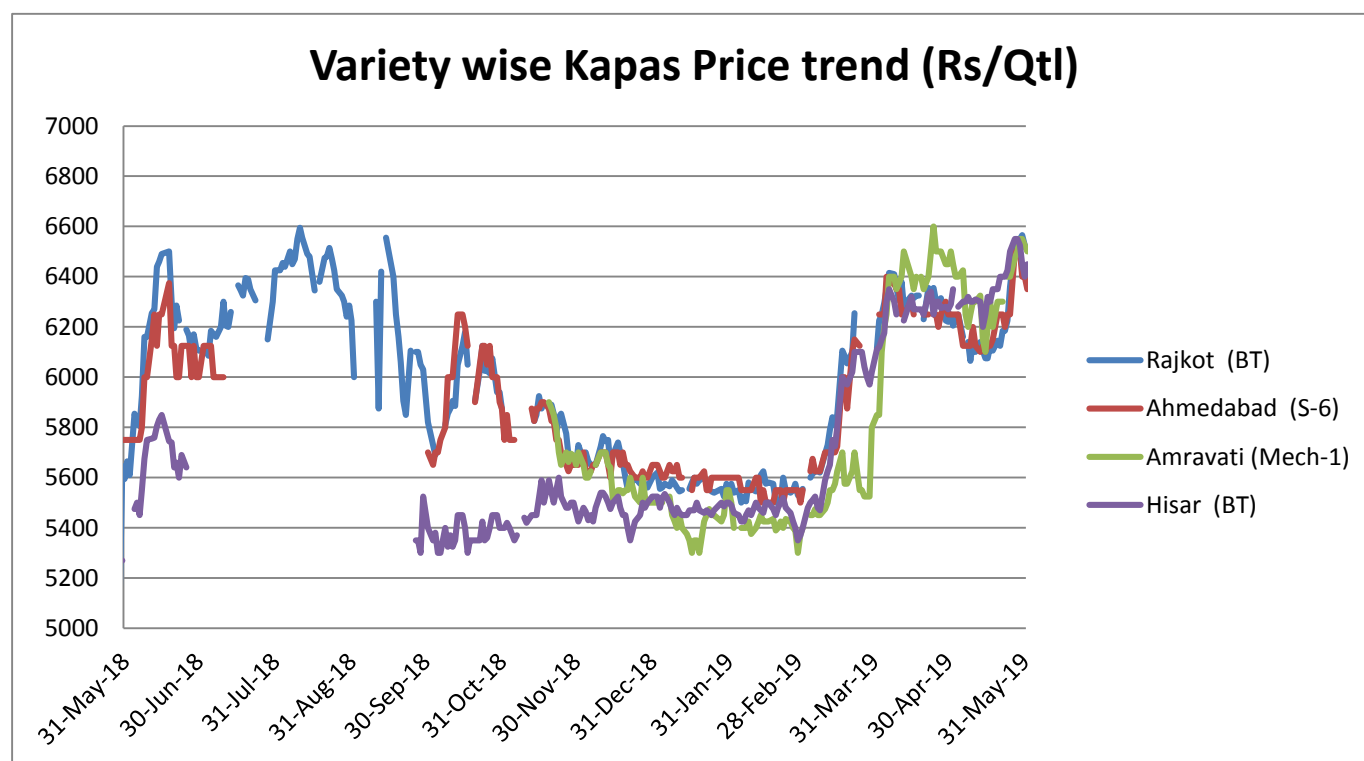
Ending stocks are expected to be around 20.57 lakh bales, it is lower compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

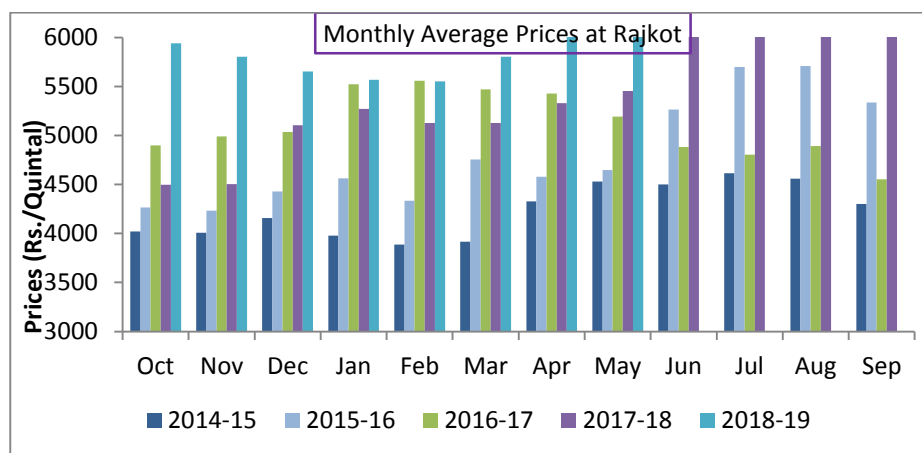
Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot fall at Rs 6234.42/quintal this month.

Monthly Price Outlook: Kapas prices are expected to be firm in coming months compared to last month. The expected range for Kapas at Rajkot is Rs 6300-6600 per quintal for the coming month.



Kapas Monthly M-o-M Price Scenario

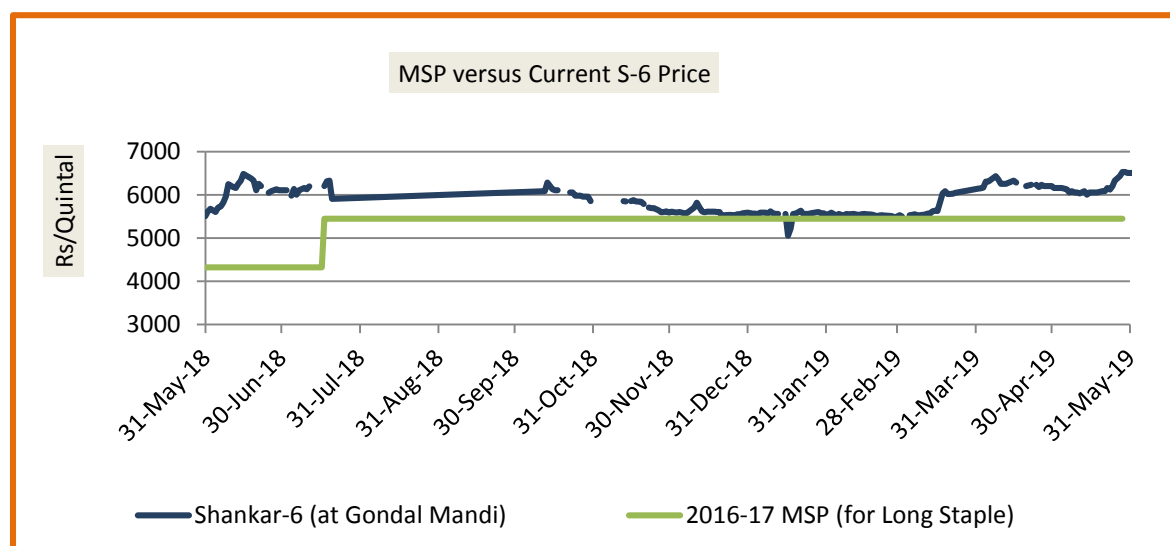


Kapas(seed cotton) prices in country noticed weaker during the May when compared to the previous month, but the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs. 6234.42 per quintal during Apr, which was Rs. 6302.6 during previous month and Rs.5455 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 6200-6600 per quintal.

Spot Price versus MSP

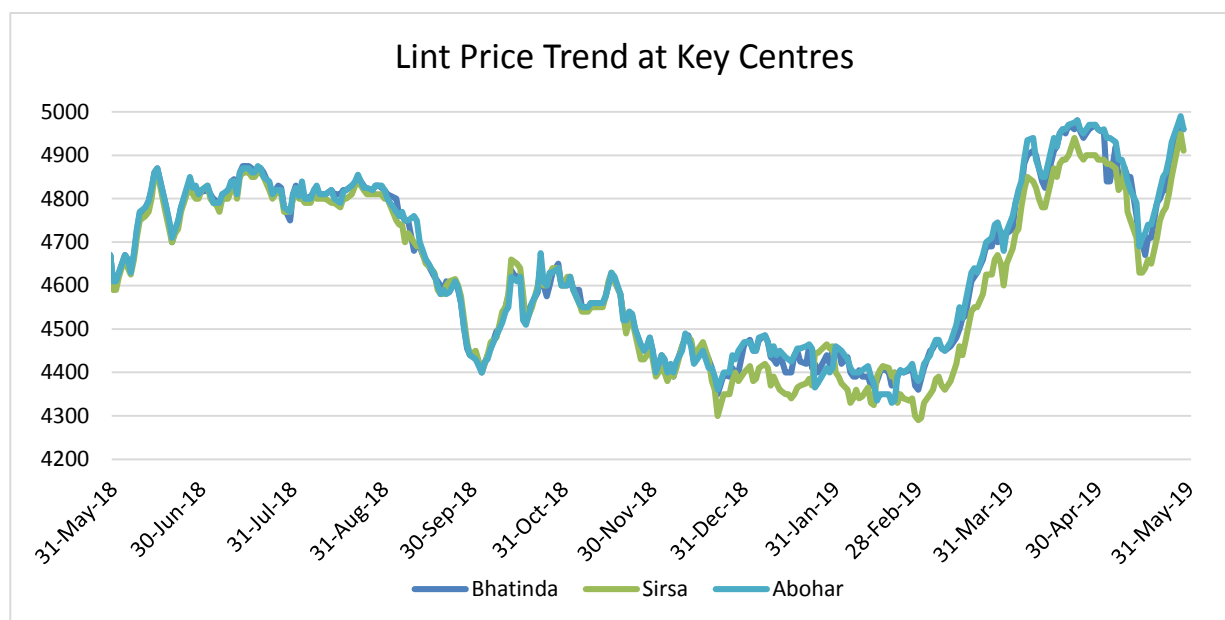
The Kapas prices are ruling much above the MSP so far. The gap between the two prices has decreased in the month of May. The average gap between the prices declined to Rs.727.7.





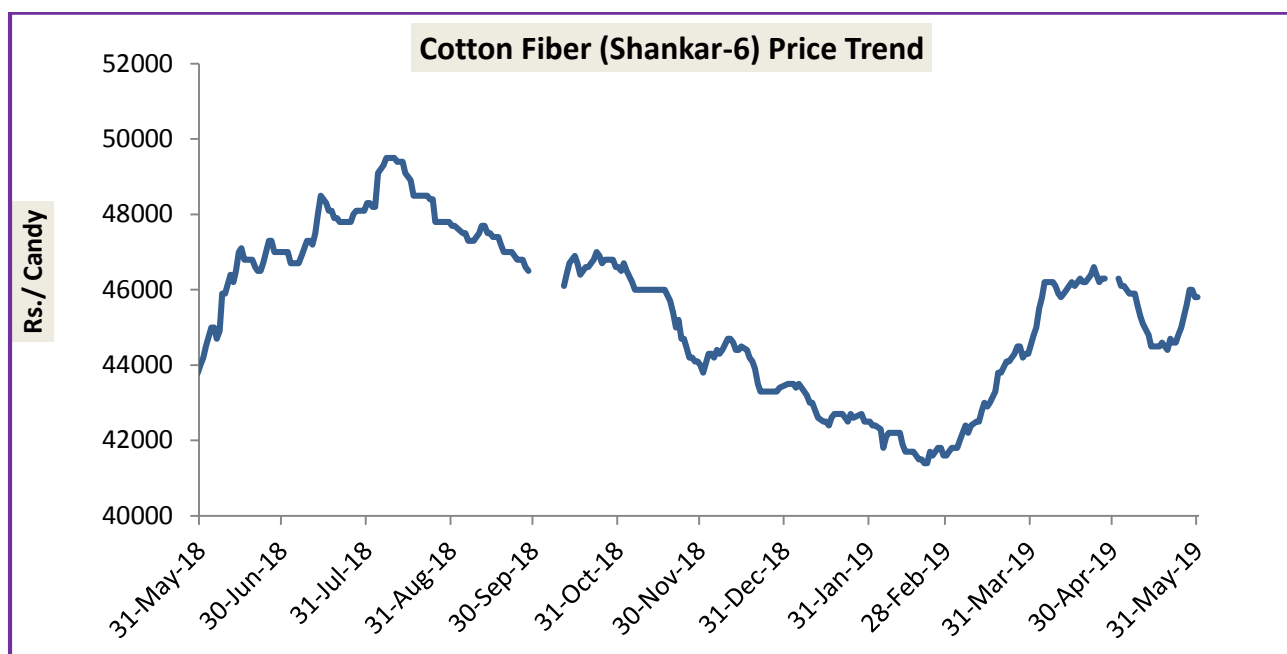
Lint price Outlook

Lint prices remained steady during the month owing to mixed tone prevailing in market. Monthly average price of Lint at Sirsa surged to Rs 4798.14 per maund of 37.32 kg each, compared to the previous month price of Rs. 4845.2 per maund.



Cotton Fiber price Outlook

Cotton fiber noticed slightly lower this month compared to the previous month amid less demand in domestic and international market monthly average prices noticed weaker, and lower exports activity due to higher domestic prices compared internationally and imports are continuously booked by millers. Average price was Rs.45303.70 per candy (of 355.6 kg each) during the month, which was Rs. 46045.8 per candy previous month. And around Rs.42246.15 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs .44500 - 47000 per candy in the coming month candy.

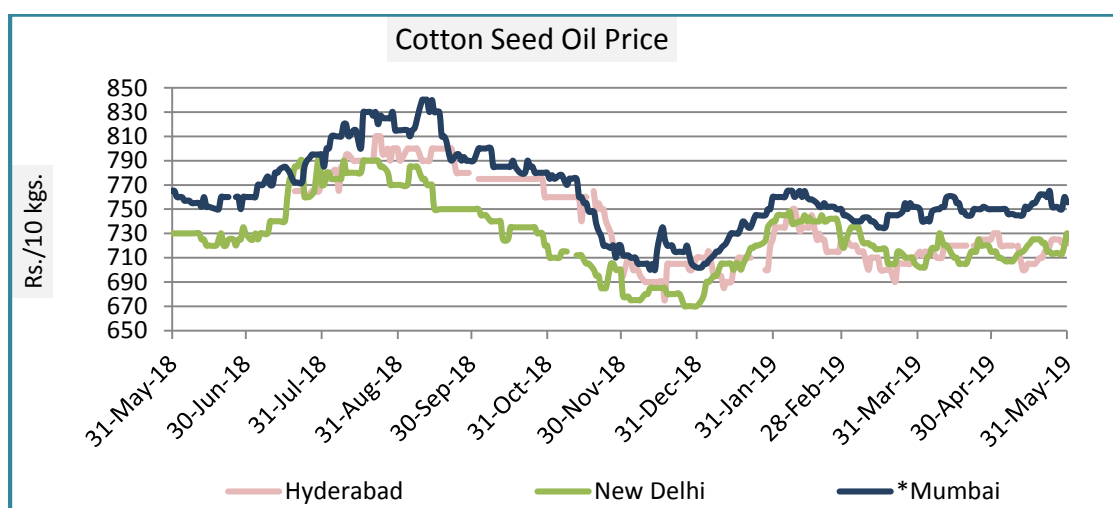


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil prices showed firm trend during the month. Monthly average price in New Delhi is Rs 716.18 per 10 Kg, slightly higher compared to the monthly average price of Rs 714.28 per 10 Kg in previous month. In other major markets prices were also seen at higher side compared to previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	May	Apr	
New Delhi	716.18	714.28	0.27
Rajkot	743.17	737.92	0.71
Hyderabad	715.3	721.87	-0.91
Mumbai*	753.48	750.08	0.45

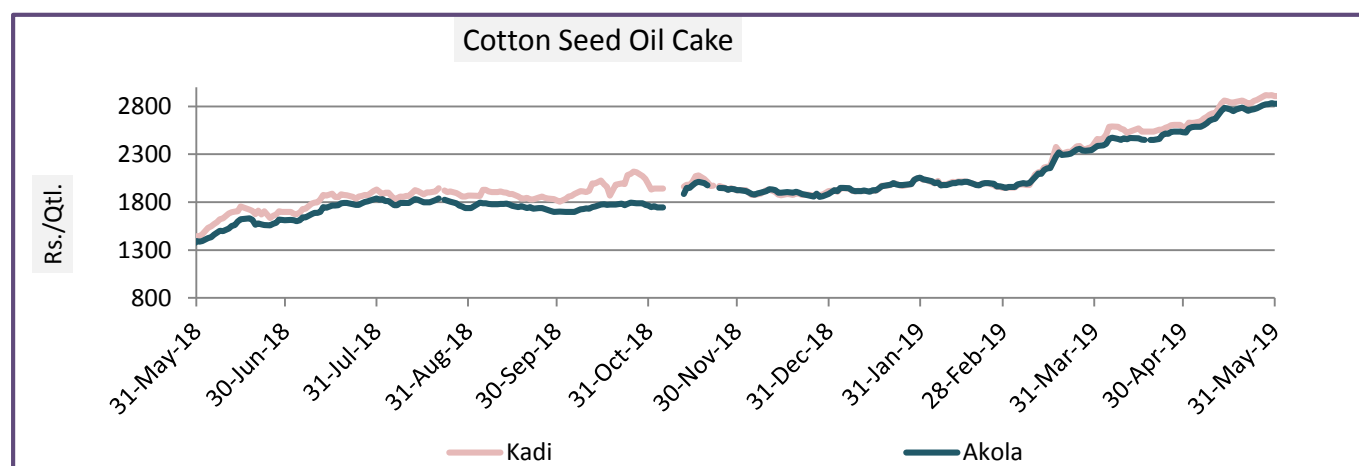


Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed stronger during the May month. Monthly average price in Akola stood higher at Rs. 2718.97 per quintal, higher compared to the month average price of Rs 2467.1 per quintal in the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	May	Apr	
Kadi	2792.1	2550.52	9.47
Akola	2718.97	2467.1	10.21

*Source: NCDEX





International Market Scenario

International cotton prices were noticed much higher during the month. Cotlook A index monthly average stood 80.12 at cents/pound this month, which was 87.34 cents/pound during last month.

Major Market Highlights:

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.

China Sold May Month cumulative turnover (5th to 31st May) of reserve cotton was 203,000 tons (5.71 Lakh Indian BIs), and the turnover rate was 91.00%. On 31st May, the reserve sales of reserve cotton was 9970.4702 tons, the actual turnover was 8146.5367 tons, and the turnover rate was 81.71%. 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.

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%.

Net UPLAND sales of 2,88,800 RB for 2018- 2019 were down 24 percent from the previous week, but up 17 percent from the prior 4-week average. Increases were reported for Vietnam (1, RB, including 500 RB switched from China,



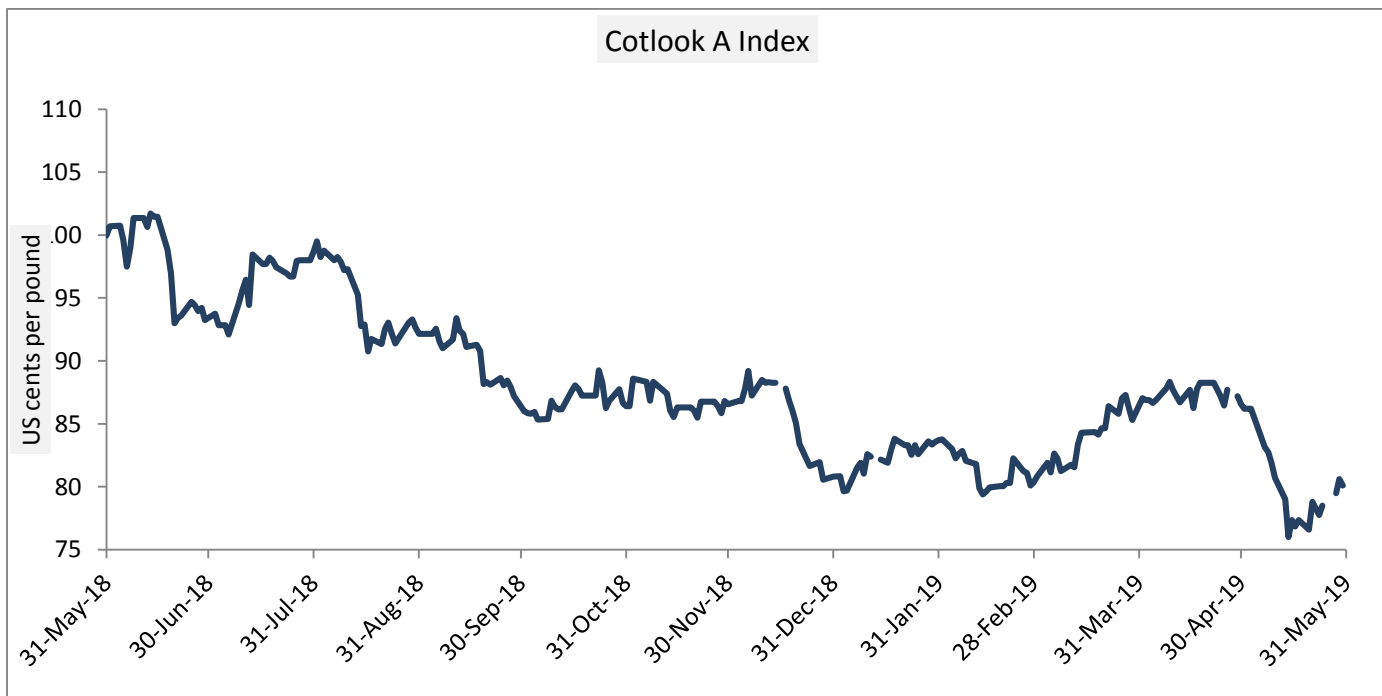
500 RB switched from Japan, and 400 RB switched from South Korea), India (77,700 RB), Turkey (29,000 RB), Pakistan (14,200 RB), and Indonesia (9,600 RB, including 400 RB switched from Japan).

For 2019-2020, net UPLAND sales of ,36,200 RB were primarily for Mexico (23,600 RB), Indonesia (23,000 RB), Turkey (20,400 RB), Vietnam (20,400 RB), and China (15,400 RB). Exports of 4,10,600 RB were up 18 percent from the previous week and from the prior 4-week average.

Cotlook A Index

Cotlook A index was much weaker during the Month compared to last month affected due to US-China trade disputes.

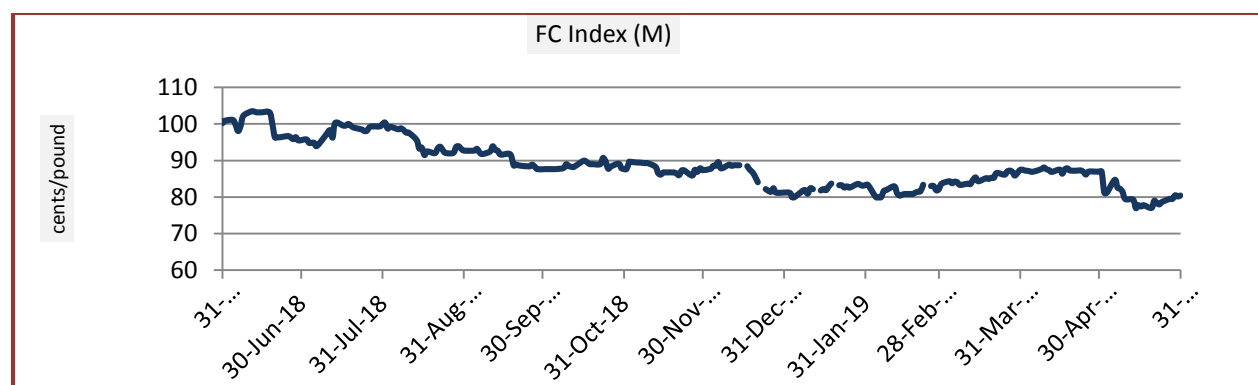
Cotlook A Index	Monthly Average Price as on		% Change
	May	Apr	
Prices	80.19	87.34	-8.19
Prices in US cents per Pound			



China Cotton Index and Foreign Cotton Index



Cotton Index	Monthly Average Price as on		% Change
	May	Apr	
FC (S)	84.23	91.97	-8.42
FC (M)	80.01	87.21	-8.26
FC (L)	76.58	84.97	-9.87
Prices in US cents per Pound			



China Index was much weak during the Month. CC Index (328) remained 15069.14 Yuan per ton during the month. Average was 15660.45 Yuan per ton during previous month.

Cotton Index	Monthly Average Price as on		% Change
	May	Apr	
CCIndex(328)	15069.14	15660.45	-3.78
CCIndex(527)	14208.28	14708.1	-3.40
CCIndex(229)	15495.19	16081.95	-3.65
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 likely to expand in 2019-20 to 125.5 million bales, 7.0 million bales (6 per cent) above the 2018-19 estimate. Increase in both global cotton harvested area and yield together support the higher production estimate. Global area is projected at 34.5 million hectares, 4 per cent above 2018-19 and the highest in 8 years. The world yield is also forecast higher in 2019-20, at 791 kilograms per hectare. Demand for US Cotton has been inclined up by 68% compared to previous week, as the weekly export sales reports have shown good demand at best since the start of the marketing year including India, Turkey, Bangladesh and Vietnam. China imports from US this year has been declined and has been active in other markets, especially Pakistan and they might buy Indian cotton in the coming days. 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 lead to plantation progress as per latest report shows that 57% area is planted by 28th May but still low compared to 61% in the last season.

USA Spot Prices	Monthly Average Price as on		% Change
	May	Apr	
Prices	68.46	76.76	-10.81
Prices in US cents per Pound			



Daily Movement of USA Spot Price



Pakistan Spot Prices

The prices of cotton witnessed increasing trend settled about 3% higher in the cotton market due to unfavourable weather conditions prevailing in Pakistan and concerns about lower yields, with the backdrop of a bitter US- China trade war. According to the market sources, leading mills kept on the sidelines as they have already covered their position, but some small mills showed little interest in buying fine quality. In Pakistan, 2019-20 cotton production is expected to increase 300,000 bales to 8.0 million bales, as area rebounds from 2018-19 and the yield remains relatively flat.

Karachi Spot Prices	Monthly Average Price as on		% Change
	May	Apr	
Prices	8890	8961.85	-0.80
Prices in Rs per 37.32 Kg			



Commodity: Cotton
Contract: June

Exchange: MCX
Expiry: June 28, 2019

Cotton



Technical Commentary:

- Cotton 29 mm MCX Jun contract faces resistance at 22,300.
- Relative strength indicator (RSI) is in neutral region.
- PVO analysis indicates short cover.
- Candlestick pattern of daily chart shows rise in prices in near future.

We will advise traders to buy today.

Strategy: Buy

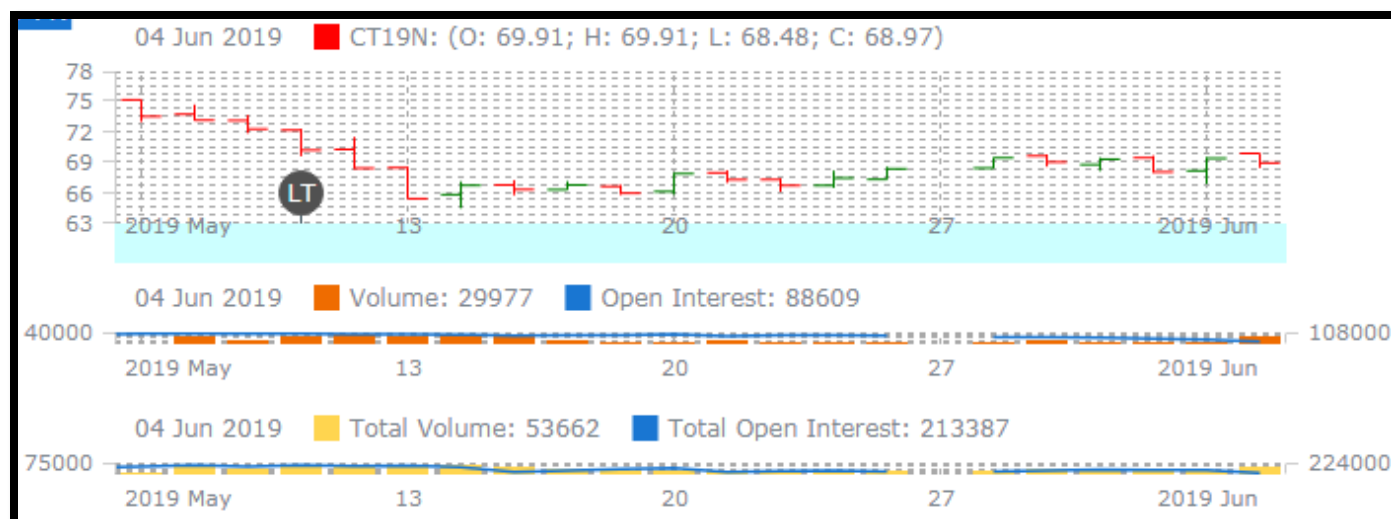
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Jun	21550	21600	21970	22290	22400
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Jun	Buy	21920	22070	22170	21830

* 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	68-73

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
67	64	78	85

Figures in US cents/pound

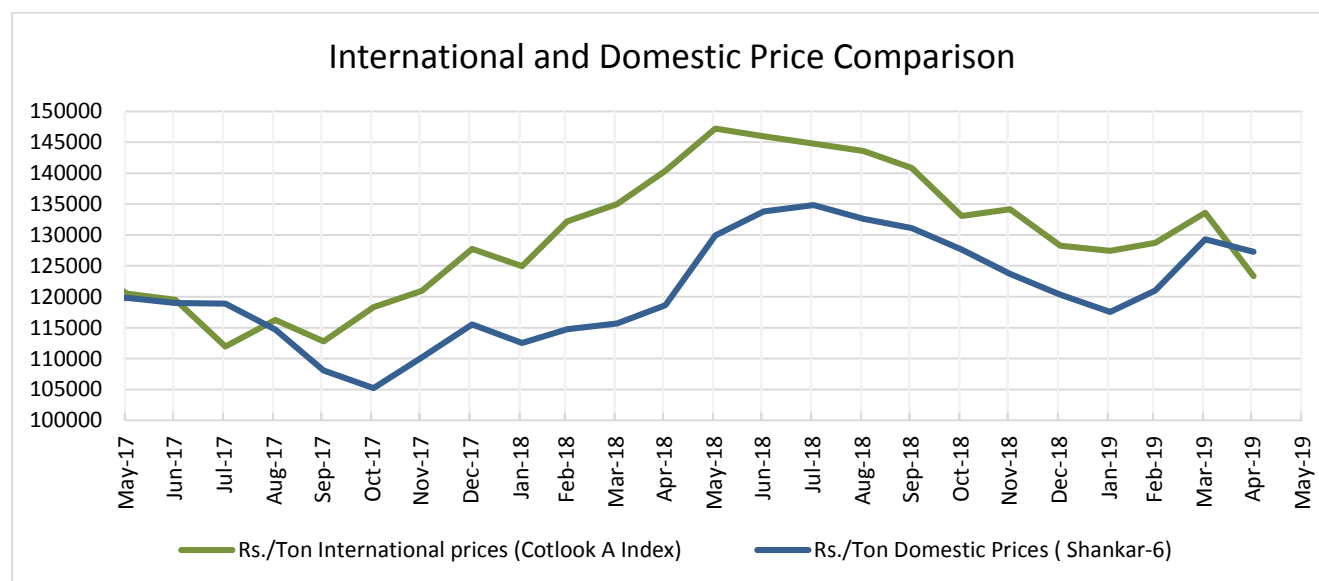


Cotton Future Prices at ICE

Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	31-May-19	1-May-19 (1 month ago)	2-Mar-19 (3 month ago)	2-Dec-18 (6 month ago)	31-May-18 (Year Ago)	% Change over a month	% Change over previous year
1-Jul-19	68.08	76.71	NA	NA	93.15	-11.25	-26.91
1-Oct-19	67.77	75.48	NA	NA	93.35	-10.21	-27.40
1-Dec-20	67.07	75.53	NA	NA	91.64	-11.20	-26.81
1-Mar-20	67.74	75.99	NA	NA	NA	-10.86	#VALUE!
1-May-20	68.69	75.93	NA	NA	NA	-9.54	#VALUE!

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,2019	Apr,2019	
Gujarat	Ahmedabad	Shankar-6	6233	5278	955
	Gondal	Shankar-6	6178	5501	677
	Rajkot	B.T. Cotton	6234	5798	436
	Patan	B.T. Cotton	2962	5492	-2529
	Kadi	B.T. Cotton	2428	6168	-3740
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	5320	5429	-110
Haryana	Bhiwani	B.T. Cotton	0	4590	-4590
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	6127	5759	368
	Fatehabad	B.T. Cotton	0	3979	-3979
	Jind	B.T. Cotton	0	2547	-2547
	Uchana	B.T. Cotton	469	5692	-5223
	Dabwali	B.T. Cotton	0	0	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6247	6286	-39
	Rawatsar	B.T. Cotton	4287	6177	-1890
Madhya Pradesh	Khandwa	Mech-1	711	6063	-5352
	Khargaon	Mech-1	3530	5874	-2344
Maharashtra	Amravati	Mech-1	6348	6099	249
	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	0	4268	-4268
Karnataka	Bijapur	Bunny	5876	5544	332
	Hubli	D.C.H.	689	1504	-815
	Hubli	B.T. Cotton	0	250	-250
	Raichur	H-44 Cotton	5053	4757	296
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	May,2019	Apr,2019	

Punjab	Bhatinda	J-34	4842	4904	-62
	Abohar	J-34	4864	4914	-50
	Mansa	J-34	4833	4881	-48
Haryana	Sirsa	J-34	4798	4845	-47
Rajasthan	Sri-Ganganagar	J-34	0	3768	-3768

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	May,2019	Apr,2019	
Gujarat	Ahmedabad	Shankar-6	10735	25024	-14289
	Gondal	Shankar-6	225	478.92	-254
	Rajkot	B.T. Cotton	746	2140	-1394
	Patan	B.T. Cotton	731	3281	-2550
	Kadi	B.T. Cotton	4712	17000	-12288
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	16	35.76	-20
Haryana	Bhiwani	B.T. Cotton	0	174	-174
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	232	357	-125
	Fatehabad	B.T. Cotton	0	125	-125
	Jind	B.T. Cotton	0	121	-121
	Uchana	B.T. Cotton	17	514	-497
	Dabwali	B.T. Cotton	0	0	Unch
Rajasthan	Hanumangarh	B.T. Cotton	542	478	64
	Rawatsar	B.T. Cotton	92	298	-205
Madhya Pradesh	Khandwa	Mech-1	12	205	-193
	Khargaon	Mech-1	159	811	-652
Maharashtra	Amravati	Mech-1	1215	2851	-1636
	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	0	4588	-4588
Karnataka	Bijapur	Bunny	549	1214	-666
	Hubli	D.C.H.	3	9	-6



	Hubli	B.T. Cotton	0	0	Unch
	Raichur	H-44 Cotton	41	151	-110
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	May,2019	Apr,2019	
Punjab	Bhatinda	J-34	128	1265	-1137
	Abohar	J-34	1	218	-217
	Mansa	J-34	0	298	-298
Haryana	Sirsa	J-34	139	289	-150
Rajasthan	Sri-Ganganagar	J-34	0	321	-321

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				May,2019	Apr,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

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