

Domestic market summary

Domestic market Scenario: Cotton spot markets mostly noticed firm during the week. Average price of Lint at Sirsa during the week was Rs. 4633 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4544. Cotton fiber (Shankar-6) prices noticed firm tone this week Average price was Rs 44716 per candy (of 355.6 kg each) during the week, which was Rs 43416 per candy previous week.

Weekly Price Outlook : In the coming week we expect Kapas price to remain range bound to firm with the price band of Rs 5000-5900per 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 prices are on the upswing in country moved up by 100 to 300 per quintal in past 10 days on the back of good export demand and rising international rates of the commodity precipitated by adverse weather conditions in US and China.
- According to Agricultural Marketing department of Telangana has accessed pre- harvest price of cotton for kharif 2018-19, under expected normal rainfall and crop acreage, it is predicted that the cotton price per quintal will be around Rs 4350 - 4650 at the time of harvesting (Nov 2018 Feb 2019). This price forecast is based on the monthly model price of cotton obtained for 17 years from Warangal regulated market using econometric models like ARMA, SARMA, ARCH and ANN and also the market survey.
- According to Joint Director, Agriculture Department Punjab, state registering a figure of 2.84 lakh hectares till May 28, the area under cotton cultivation in the state may barely touch 3 lakh hectares as compared to 3.83 lakh hectares last year and much below the agriculture department's target of 4 lakh hectares.

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.

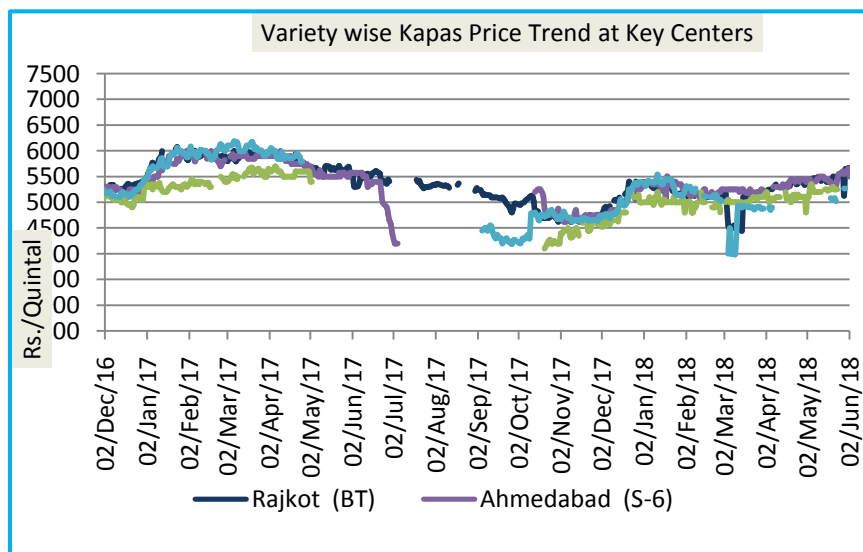
Cotton exports are expected to remain higher as that of previous year. It is expected that country would export around 70 lakh bales of cotton in the season 2017-18.

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 Scenario

Kapas (Raw Cotton) Weekly Price Scenario



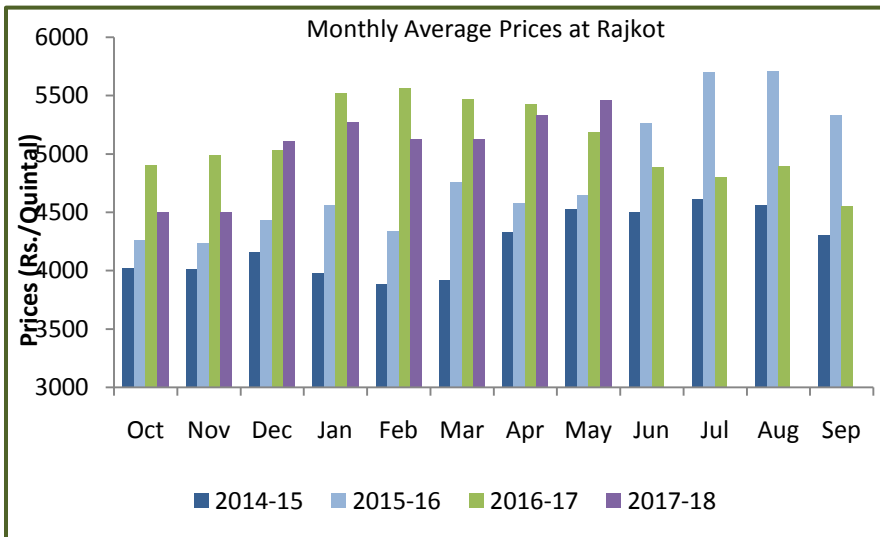
Weekly Price Review: Weekly kapas average price at Rajkot rose from Rs 5780/quintal this week.

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 5000-5900 per quintal for the coming month.



Kapas Monthly Y-o-Y Price Scenario

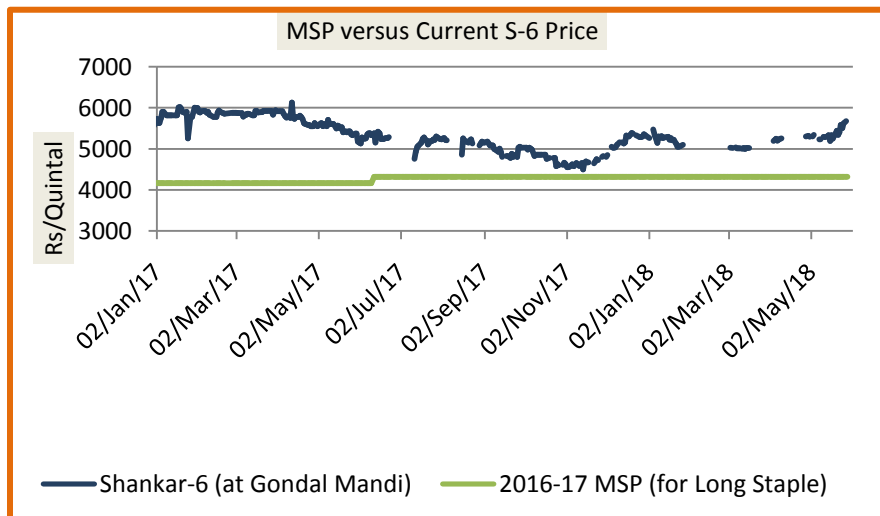


Kapas(seed cotton) prices in country noticed firm tone during the May month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

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.

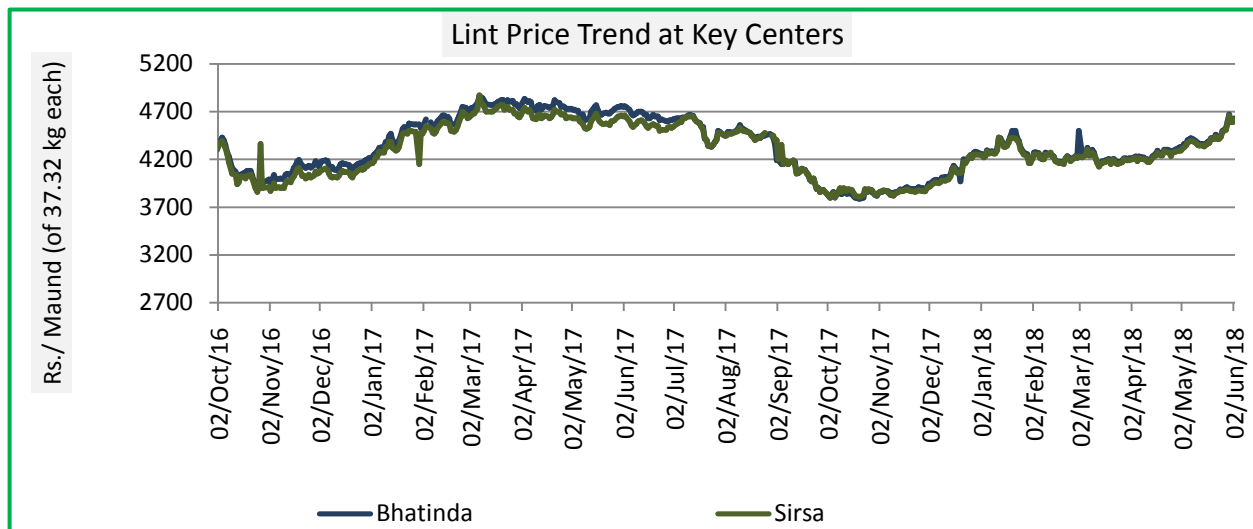
Spot Price versus MSP



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

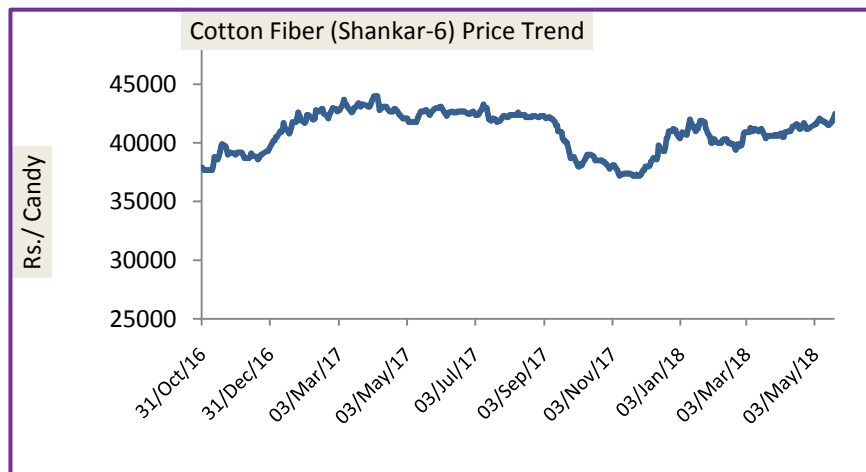
Lint price Outlook

Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs.4633 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4566 per maund.



Cotton Fiber price Outlook

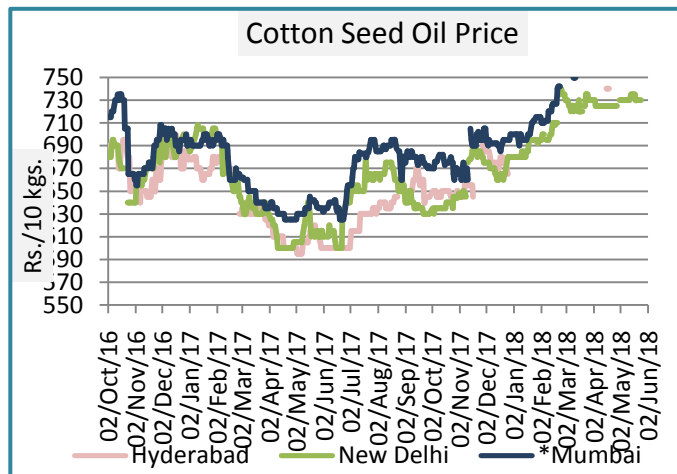
Cotton fiber noticed up trend in this week compared to the previous week amid good demand in domestic and international market weekly average price of Shankar- 6 during was Rs 44716 per candy, which was Rs. 43416 previous week and around Rs 42385 per candy during the corresponding week previous season. We expect cotton fiber to remain in range of Rs 40000 -45000per candy in the coming week candy.



Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

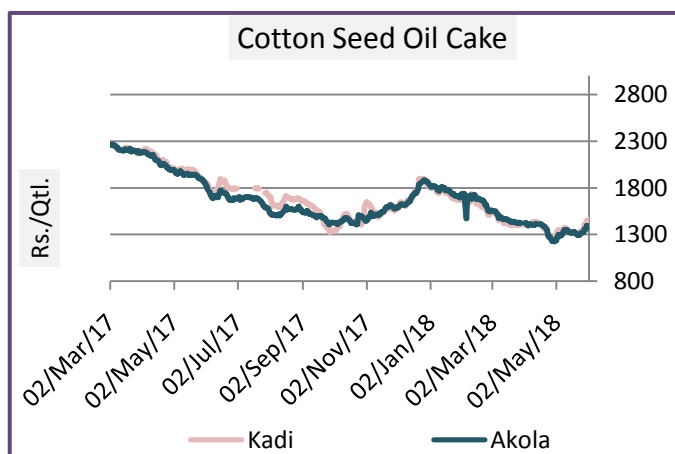
Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi is Rs730per 10 Kg, lower compared to the weekly average price of Rs 731 per 10 Kg in previous week.



Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	7-Jun-18	31-May-18	
New Delhi	730	731	-0.14
Rajkot	736	746	-1.34
Hyderabad	NA	0	
Mumbai*	756	763	-0.92

Cotton Seed Oil Cake Monthly Price Scenario

Cotton seed oil cake price noticed firm tone during this week. Weekly average price in Akola remained Rs 1439 per quintal, higher compared to the weekly average price of Rs 1343 per quintal in the previous week.



Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	7-Jun-18	31-May-18	
Kadi	1525	1377	10.75
Akola	1439	1343	7.15

*Source: NCDEX

International Market Scenario

International cotton prices remained firm during the week. Cotlook A index monthly average stood at 99.51 cents/pound this month, which was 97.35 cents/pound during last month.

Major Market Highlights:

- According China Cotton Association survey, China cotton plantings are seen falling by 4% in 2018-19 to 2.8 million hectares as farmers respond lower prices of last year.

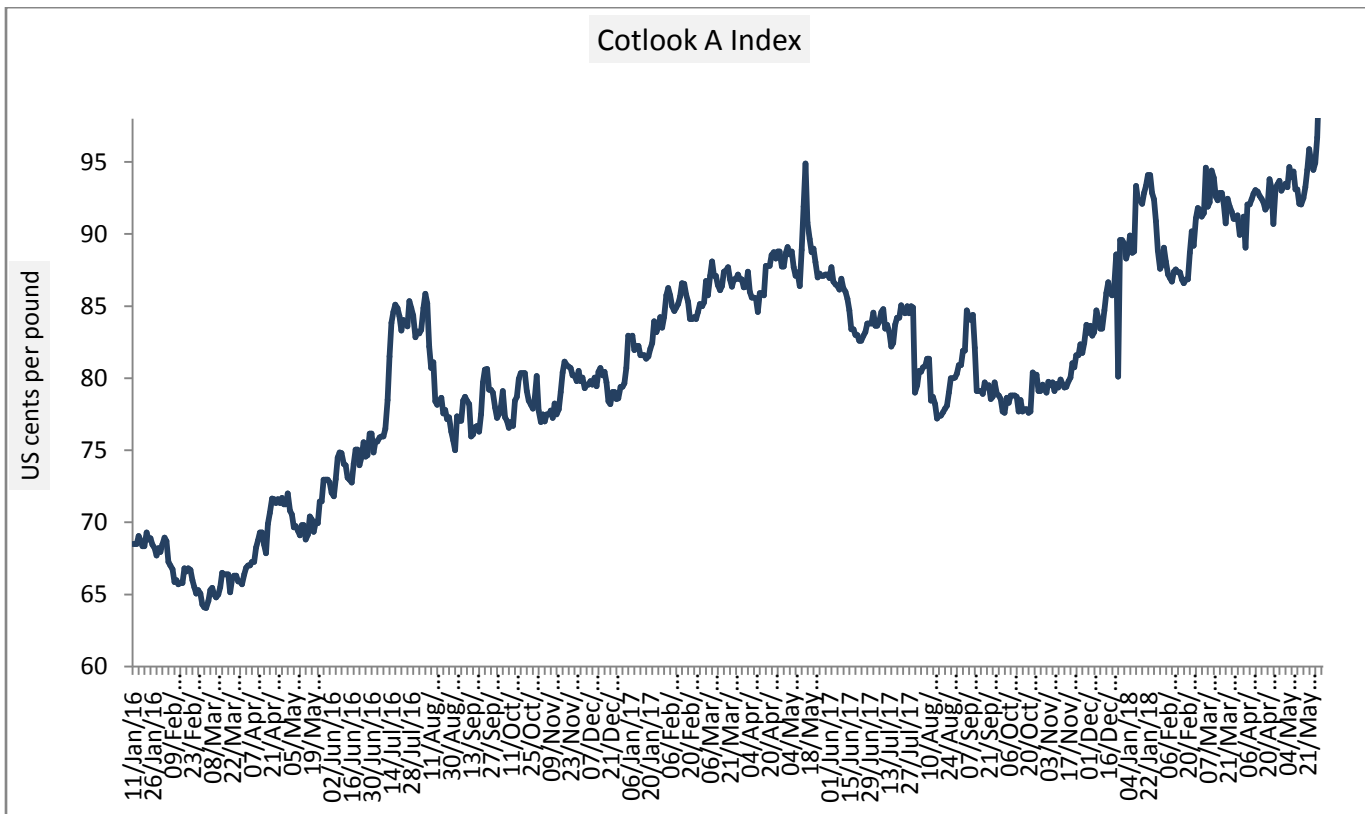


- Pakistan has missed cotton sowing targets, largely in Sindh, due to acute water shortage amid climate change. The situation may lead to low cotton production compared to the target of 14 million bales in the next season (2018-19) as well. Farmers have so far sown cotton seeds over 2.31 million hectares in the country that is around 22% short of the target of 2.95 million hectares as on June 1, according to government statistics.
- 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.

Cotlook A Index

Cotlook A index remained firm during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	7-Jun-18	31-May-18	
Prices	99.51	98.07	1.47
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
	7-Jun-18	31-May-18	
FC (S)	103.2	101.05	2.13
FC (M)	99.88	98.04	1.88
FC (L)	98.91	97.13	1.83
Prices in US cents per Pound			

China Index remained firm during the Week. CC Index (328) remained 16734 Yuan per ton during the week. Average was 16257 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	7-Jun-18	31-May-18	
CCIndex(328)	16734	16257	2.93
CCIndex(527)	15381	15042	2.25
CCIndex(229)	17257	16823	2.58
Prices in Yuan per ton			

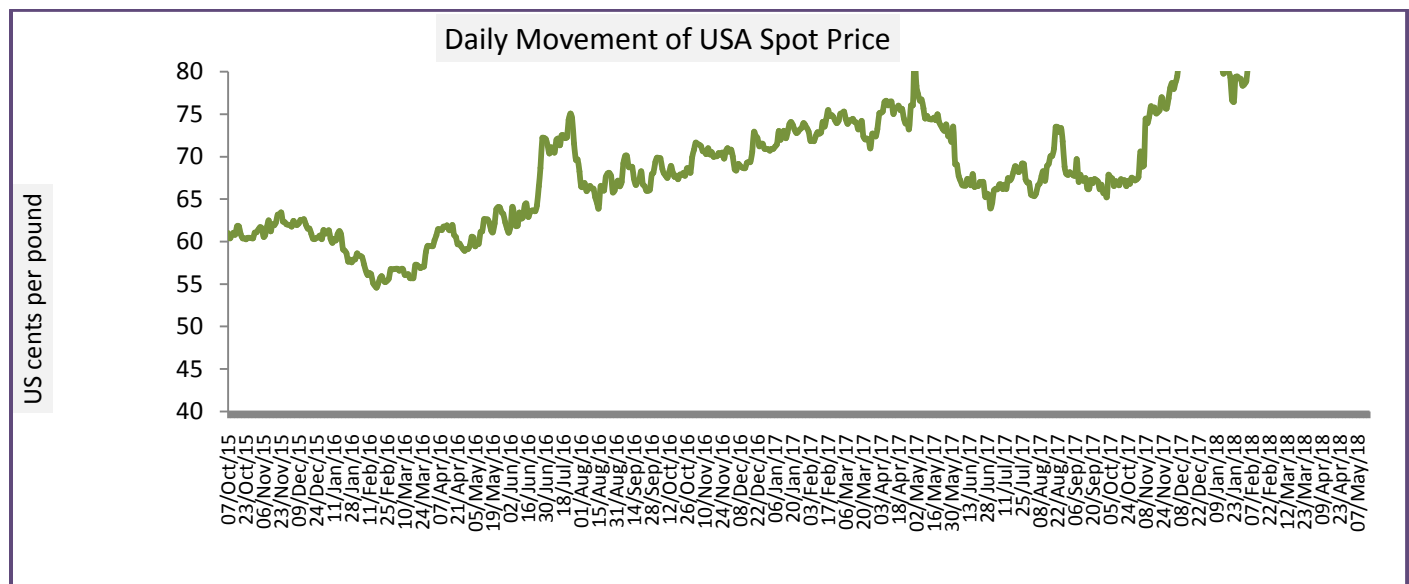




USA Spot Prices

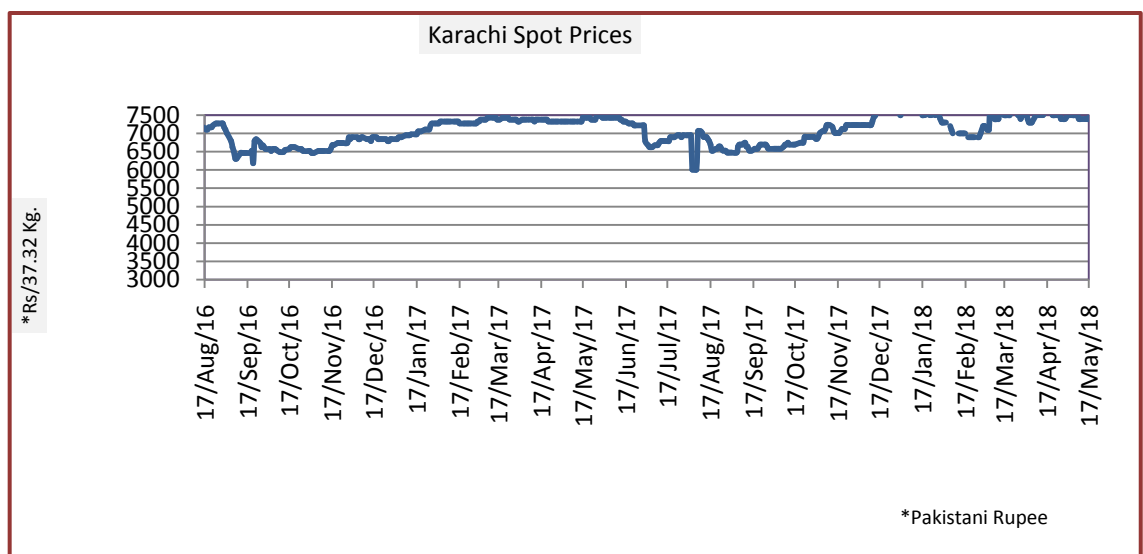
As per the United States Department of Agriculture (USDA) estimates, India has surpassed China's cotton production to become the largest cotton producing country with 365 lakh bales of production. India is followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil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

USA Spot Prices	Monthly Average Price as on		% Change
	7-Jun-18	31-May-18	
Prices	94.73	95.79	-1.11
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
	7-Jun-18	31-May-18	
Prices	7595	7545	0.66
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 firm in the coming week.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	90.00-100.00

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			

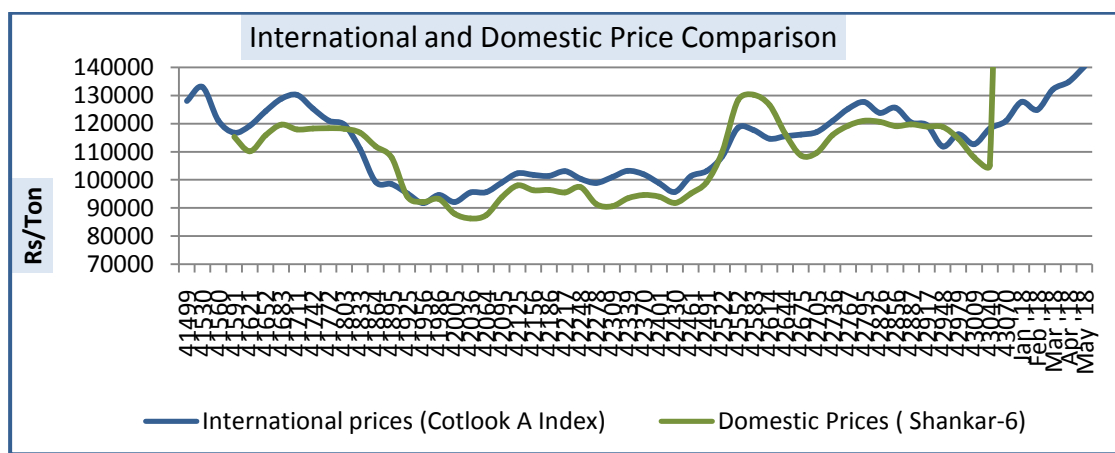


Cotton Future Prices at IC

Cotton Future Prices

Contracts	07-June-18	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
01-Jul-18	93.72	93.15	85.99	72.97	0.61	8.99	28.44
01-Oct-18	93.79	93.35	82.65		0.47	13.48	
01-Dec-18	92.79	91.64	80.33		1.23	15.51	
01-Mar-19	92.58	90.86	80.07		1.88	15.62	
01-May-19	92.39	90.48	79.98		2.10	15.52	
01-Jul-19	92.17	90.25			2.12		

International and Domestic Price Comparison





Domestic Cotton Prices and Arrivals at Key Centers

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			1st June to 7th June,2018	25th May to 31st May,2018	
Delhi	Delhi	M-Grade	3233	2985	248
	Delhi	S-Grade	3213	2965	248
Uttar Pradesh	Khatauli	M-Grade	3121	2958	163
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	2975	2833	142
	Dhampur	S-Grade Ex-Mill	2955	2813	142
	Dhampur	L-Grade Ex-Mill	3025	2883	142
Maharashtra	Mumbai	M-Grade	3108	2984	123
	Mumbai	S-Grade	2953	2803	150
	Nagpur	M-Grade	3017	2867	150
	Nagpur	S-Grade	2917	2767	150
	Kolhapur	M-Grade	2892	2742	150
	Kolhapur	S-Grade	2792	2642	150
Assam	Guhawati	S-Grade	3097	2945	152
Meghalaya	Shillong	S-Grade	3112	2962	150
Andhra Pradesh	Vijayawada	M-Grade	3210	3145	65
	Vijayawada	S-Grade	3150	3078	72
West Bengal	Kolkata	M-Grade	3260	3160	100
Tamil Nadu	Chennai	S-Grade	3154	2942	213
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	-
	Ambikapur	S-Grade (Without Duty)	NR	NR	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			7-Jun-18	31-May-18	7-May-18	7-Jun-17
Delhi	Delhi	M-Grade	3350	3090	2960	3860
	Delhi	S-Grade	3330	3070	2940	3840
Uttar Pradesh	Khatauli	M-Grade	3220	2950	2780	3852
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3050	2800	2650	3807



	Dhampur	S-Grade Ex-Mill	3030	2780	2630	3787
	Dhampur	L-Grade Ex-Mill	3100	2850	2700	3857
Maharashtra	Mumbai	M-Grade	3220	3016	2992	4040
	Mumbai	S-Grade	3040	2836	2730	3862
	Nagpur	M-Grade	3025	2925	2725	3835
	Nagpur	S-Grade	2925	2825	2625	3800
	Kolhapur	M-Grade	2900	2800	2600	3710
	Kolhapur	S-Grade	2800	2700	2500	3675
Assam	Guhawati	S-Grade	3106	3004	2801	3994
Meghalaya	Shillong	S-Grade	3120	3020	2820	3995
Andhra Pradesh	Vijayawada	M-Grade	3260	3150	3060	4160
	Vijayawada	S-Grade	3200	3080	3000	4100
West Bengal	Kolkata	M-Grade	3250	3130	3000	4030
Tamil Nadu	Chennai	S-Grade	3100	3000	3000	3725
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	NR
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	NR

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			1st June to 7th June,2018	25th May to 31st May,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2711	2765	-54
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2300	11900	-9600
	Muzaffarnagar	Khurpa (Fresh)	2580	2456	123
	Muzaffarnagar	Laddoo (Fresh)	2875	2736	138
	Muzaffarnagar	Rascut (Fresh)	2252	2379	-127
	Hapur	Chaurasa	2320	2313	8
	Hapur	Balti	2460	2500	-40
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4400	-50
	Belgaum	Mudde (Average)	3000	3040	-40
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2738	2775	-38
	Gulbarga	Other (Average)	2805	2763	43
	Mahalingapura	Penti (Average)	2836	2776	59
	Mandya	Achhu (Medium)	3480	3417	63
	Mandya	Kurikatu (Medium)	3110	3225	-115
	Mandya	Other (Medium)	3240	3342	-102
	Mandya	Yellow (Medium)	3430	3150	280



	Shimoga	Achhu (Average)	3692	3725	-33
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Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			7-Jun-18	31-May-18	7-May-18	7-Jun-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2750	2763	2813	3125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	300	1200	2500	NA
	Muzaffarnagar	Khurpa	2625	2463	2525	3100
	Muzaffarnagar	Laddoo	2990	2838	2675	3375
	Muzaffarnagar	Rascut	2200	2250	2125	2675
	Hapur	Chaurasa	2325	2313	Closed	NA
	Hapur	Balti	2450	2500	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4300	4400	4400	4900
	Belgaum	Mudde (Average)	NA	3100	NA	3300
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	2900	3335
	Gulbarga	Other (Average)	NA	2780	2800	3650
	Mahalingapura	Penti (Average)	2922	NA	2817	3295
	Mandya	Achhu (Medium)	3450	3500	3500	4150
	Mandya	Kurikatu (Medium)	3150	3100	3200	3900
	Mandya	Other (Medium)	3250	3400	3250	3900
	Mandya	Yellow (Medium)	3400	3150	3150	4000
	Shimoga	Achhu (Average)	3650	3750	3750	4700

International Sugar Prices (Weekly)				
	Contract Month	6-Jun-18	30-May-18	Change
ICE Sugar #11 (US Cent/lb)	18-Jul	12.20	12.60	-0.40
	18-Oct	12.47	12.82	-0.35
	19-Mar	13.25	13.60	-0.35
LIFFE Sugar (US \$/MT)	18-Aug	347.30	348.90	-1.60
	18-Oct	343.40	346.20	-2.80
	18-Dec	345.40	350.40	-5.00



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