

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed steady to firm on Tuesday.

In The News: The projected yearly Balance Sheet for the Season 2017-18 drawn by the CAI has estimated total cotton supply till end of the season i.e. upto 30th September 2018 at **416 lakh bales of 170 kgs.** each which includes opening **stock of 36 lakh bales** at the beginning of the season. The CAI has estimated domestic consumption for the season at **324 lakh bales** while the exports are estimated to be 70 lakh bales. The carry-over stock at the end of the 2017-18 season is estimated by the CAI at 22 lakh bales.

The total cotton sown area as on 29th June 2018, as per reports received from States, stands at **32.20 lakh hectare** as compared to **46.10 lakh hectare** at this time last year.

Gujarat cotton prices of 29 mm remained between **47,100 to 47,400 Rs/candy.**

All India arrivals remain daily **10,000 to 13,000 bales.** With limited arrivals most ginning mills are closed.

The central government will approve the much-awaited higher minimum support prices (MSP) for kharif crops in a cabinet meeting next week, Prime Minister Narendra Modi told farmers at his residence on Friday. **The new MSP regime is likely to significantly raise the support prices for crops such as paddy, ragi, maize, moong, groundnut, sunflower, soybean and cotton.** Going by the MSPs announced for these crops in the 2017-18 crop year, returns to farmers were under 50% of the costs of cultivation.

Sowing of Cotton **has been completed 0.46 lakh hectares in Andhra Pradesh till June 27. Last year the crop was sown in 1.45 Lakh hectares in the same time frame.** Lull period post monsoon arrival didn't help in providing enough moisture to hasten the sowing. In Southern peninsular India the sowing window extends up to September depending on the rainfall. Any delay in sufficient rain also delays the sowing campaign of cotton.

The Multi Commodity Exchange of India (MCX) has **signed an agreement with the Maharashtra government** to empower cotton farmers in the Vidarbha region. It aims to **create a value chain with final market linkages to support thousands of cotton farmers** in Akola, Amravati and Wardha.

As per CAB latest report, last year India's cotton export was 58.21 lakh bales and cotton import was 30.94 lakh bales. So last year's export and import deficit was 27.27 lakh bales, but **this year export expected is 70.00 lakh bales and import is 15.00 lakh bales so this year deficit will be doubled at 55.00 lakh bales.** So for Indian mills the availability of 55.00 lakh bales will be less this year and **this is the reason for Indian market to go up 40000 to 48000.**

As per Gujarat government records, as on today there are **40 lakh new spindles and 15 lakh old spindles so in total 55 lakh spindles of spinning mills are running on cotton.** As per one Gujarat spinning mill owner, in Gujarat mills yearly consumption of cotton is around 70-72 lakh bales and monthly consumption is 6 lakh bales, now few more mills are in under construction.

Monsoon Update:

In its latest weather update, the India Meteorological Department on Monday predicted heavy to very heavy rainfall in large parts of India, including several places in **Jammu and Kashmir, Tamil Nadu, Assam and Gujarat,** over the next few days till Friday.

International Fundamentals

US Area planted to cotton in 2018 is estimated at **13.5 million acres, up 7 percent from last year**. Upland area is estimated at 13.3 million acres, up 7 percent from 2017. American Pima is estimated at 243,000 acres, down 4 percent from 2017. The upland planted area in Kansas is estimated at a record high and Oklahoma upland planted area is the highest since 1956.

ICE cotton futures fell over 1 percent on Monday to mark a six-week low as investors remained on the sidelines amid trade tensions between the United States, the world's biggest cotton exporter, and top consumer China.

The most active cotton contract on ICE Futures U.S., the third-month December contract, settled **up 1.01 cent, or 1.2 percent, at 85.3 cents per lb**. It traded within a range of 84.2 and 85.62 cents a lb.

Actual turnover of china reserve cotton was **17,300 tonnes**. Turnover rate was 57.62% as on June 27.

Due to acute water shortage, Sindh falls short of completing the cotton sowing target by **at least 30 percent of its land** experts and growers told to the news today.

Chin is set to return as a major cotton importer, taking **10 million to 15 million bales a year by 2019/20**, compared with 5 million bales this year. According to Tim Bourgois, Head of cotton platform at LDC.

In Pakistan raw cotton exports from the country during 11 months of current financial year **grew by 32.66 percent as against the exports of the corresponding period of last year**. According the latest data released by the Pakistan Bureau of Statistics, during the period from July-May, 2017-18, country exported about 34,969 metric tons of raw cotton as compared the exports of 25,349 metric tons last year.

| MCX Cotton Futures*: (Prices in Rs/170 kgs) | | | | | | | | | |
|---|---------|-------|-------|-------|-------|--------|--------|------|--------|
| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
| Jul-18 | -80 | 22340 | 22380 | 22180 | 22280 | 512 | -62 | 7687 | 35 |
| Oct-18 | -140 | 22710 | 22750 | 22580 | 22670 | 72 | 26 | 1565 | 18 |
| Spread | June 18 | | | - | - | -- | -- | | |
| Spot | -370 | | | - | - | - | - | | |
| jun-18 | | | | - | - | - | - | | |

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at as on 03-July 2018 at 5:05 PM

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|-----------|-----------|-------------|----------------------|----------|--------|
| State | Centre | Variety | 3-Jul-18 | 2-Jul-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 6125 | 6125 | Unch |
| | Gondal | Shankar-6 | NR | 6105 | - |
| | Rajkot | B.T. Cotton | 6105 | 6105 | Unch |
| | Patan | B.T. Cotton | NA | NA | - |

| | | | | | |
|----------------|----------------|---------------|--------------------|----------|--------|
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5600 | 5555 | 45 |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 5900 | 5900 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | NR | NR | - |
| | Fatehabad | B.T. Cotton | 5810 | 5800 | 10 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | NA | NA | - |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NR | NR | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 4230 | 4230 | Unch |
| 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 | 6149 | 6212 | -63 |
| | Hubli | D.C.H. | NR | NR | - |
| | Hubli | B.T. Cotton | NR | NR | - |
| | Raichur | H-44 Cotton | 5750 | 5650 | 100 |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 3-Jul-18 | 2-Jul-18 | |
| Punjab | Bhatinda | J-34 | 4810 | 4820 | -10 |
| | Abohar | J-34 | 4810 | 4830 | -20 |
| | Mansa | J-34 | 4790 | 4825 | -35 |
| | Muktsar | J-34 | NR | NR | - |
| | Fazilika | J-34 | NR | NR | - |
| Haryana | Sirsa | J-34 | 4800 | 4830 | -30 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| | | | | | |
|-----------|-----------|-----------|--------------------|----------|--------|
| Commodity | Kapas | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 3-Jul-18 | 2-Jul-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 3400 | 5100 | -1700 |
| | Gondal | Shankar-6 | NR | 87 | - |

| | | | | | |
|----------------|----------------|---------------|--------------------|----------|--------|
| | Rajkot | B.T. Cotton | 350 | 450 | -100 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 1 | 9 | -8 |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 200 | 200 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | NR | NR | - |
| | Fatehabad | B.T. Cotton | 60 | 80 | -20 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | NA | NA | - |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NR | NR | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | NA | - |
| 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 | 652 | 1337 | -685 |
| | Hubli | D.C.H. | NR | NR | - |
| | Hubli | B.T. Cotton | NR | NR | - |
| | Raichur | H-44 Cotton | 195 | 150 | 45 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 3-Jul-18 | 2-Jul-18 | |
| Punjab | Bhatinda | J-34 | NA | NA | - |
| | Abohar | J-34 | NA | NA | - |
| | Mansa | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | 51 | 34 | 17 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|--------------|--------|------------|------------------|---------------|---------------|--------|
| | | | | 2-Jul-18 | 30-Jun-18 | |
| Bengal Deshi | Below | 5.0 - 7.0 | 15 | 44800 | 44800 | Unch |

| | | | | | | |
|--------------------------|------------|-----------|----|-------|-------|------|
| (RG)/Assam Comilla (101) | 22mm | | | | | |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 45300 | 45300 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 46100 | 46000 | 100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 44000 | 44500 | -500 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 47000 | 47000 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 48200 | 48500 | -300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 49700 | 50000 | -300 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 61500 | 61500 | Unch |

Cotton Seed Oil Prices

| Centre | Unit | Price | | Change |
|-----------|-------------|----------|----------|--------|
| | | 3-Jul-18 | 2-Jul-18 | |
| Rajkot | Rs. /10 Kg. | 755 | 755 | Unch |
| New Delhi | Rs. /10 Kg. | 730 | 725 | 5 |
| Hyderabad | Rs. /10 Kg. | NR | NR | - |
| Mumbai | Rs. /10 Kg. | 770 | 770 | Unch |

Cotton Seed Oil Seed Cake Prices

| Centre | Unit | Price | | Change |
|-----------------|---------|----------|----------|--------|
| | | 3-Jul-18 | 2-Jul-18 | |
| Mahesana (Kadi) | Rs./Qtl | 1680 | 1700 | -20 |
| Akola | Rs./Qtl | 1610 | 1615 | -5 |

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3-July-2018

| Index | RMB/Ton | Change |
|----------------------------------|---------|--------|
| CCIndex(328) | 16297 | -26 |
| CCIndex(527) | 15125 | -5 |
| CCIndex(229) | 16922 | -21 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

China Foreign Cotton (FCE) Index : As on 3-July-2018

| Index | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 97.62 | -0.90 |
| FC Index (M) | 94.84 | -0.95 |
| FC Index (L) | 93.01 | -0.99 |

Cotlook Index: As on 2-July-2018

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 93.75 | 0.50 |

USDA Cotton Spot Rates: As on 2-July-2018

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | Bales |
| Southeast | 83.77 | 86.02 | 4 |
| North Delta | 82.27 | 84.02 | NIL |
| South Delta | 82.27 | 84.02 | NIL |
| East TX-OK | 79.00 | 81.50 | 1012 |
| West Texas | 79.00 | 81.50 | 179 |
| Desert SW | 78.02 | 82.02 | NIL |
| SJ Valley | 78.52 | 87.42 | NIL |

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

ICE Cotton Futures (Prices in cents/lb.): Ason2-July-2018

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 18-May | 84.44 | 84.50 | 84.44 | 84.50 | -0.88 |
| 18-Jul | 86.00 | 86.00 | 83.73 | 83.77 | -1.40 |
| 18-Oct | 84.44 | 85.09 | 82.85 | 82.93 | -0.99 |
| 18-Dec | 84.05 | 84.75 | 82.61 | 82.75 | -0.91 |
| 19-Mar | 83.87 | 84.52 | 82.80 | 82.91 | -0.81 |
| 19-May | 84.44 | 84.59 | 82.88 | 83.00 | -0.84 |

Pakistan Cotton Spot rates: As on 2-July-2018

(in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 7700 | 145 | 7845 |
| Equivalent | 40 Kgs | 8252 | 155 | 8407 |

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