

### Domestic Fundamentals:

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

**In The News:** The rise in cotton MSP may be good news for farmers, but raises concerns for the consuming industry, considering that the base price of the white fibre will go up in the next cotton year. Cotton acreage is **bound to go up by 10-15 per cent in the next season**, an industry source opined.

Agriculture Ministry Raised Cotton **MSP by Rs 1130/ quintal** for 2018-19 season for long staple it is Rs 5450/Qtl and Rs 5150 for Medium staple cotton.

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 30<sup>th</sup> 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 29<sup>th</sup> 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.

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.

### **Monsoon Update:**

The India Met Department (IMD) has indicated that the monsoon is bracing for another revival phase from the South Peninsula and Central India, **from July 6 and 8, respectively.**

This will come about with the likely formation of a cyclonic circulation over the North-West Bay of Bengal and adjoining Bengal coast around Friday (July 6). The US Climate Prediction Centre hinted that the 'buzz' due to the churn off the Andhra Pradesh-Odisha coast would continue to hold until July 19.

## International Fundamentals

Egypt's cotton exports are expected to **reach about 52,000 tonnes** in the 2017/2018 season that ends in August, up nearly 37 percent from the previous year, Nabil al-Santaricy, head of the Alexandria Cotton Exporters Association, told Reuters.

Chinese cotton futures fell nearly **3 percent** in early trade on Thursday, amid fears that a protracted trade dispute between the world's top two economies could affect China's textile exports.

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	-20	22400	22480	22360	22440	845	-216	7719	144
Oct-18	-10	22870	22940	22820	22900	121	-50	1576	-24

Spread	June 18		-	-	--	--
Spot	-460			-	-	-
jun-18				-	-	-

(NB: Spread Basis = Spot- Near Month Future)

\* Updated at as on 05-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	5-Jul-18	4-Jul-18	
Gujarat	Ahmedabad	Shankar-6	6125	6125	Unch
	Gondal	Shankar-6	6135	5980	155
	Rajkot	B.T. Cotton	6185	6085	100
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5350	-
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	5750	5760	-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	6200	6163	37
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5700	5700	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Jul-18	4-Jul-18	
Punjab	Bhatinda	J-34	4795	4800	-5
	Abohar	J-34	4790	4790	Unch
	Mansa	J-34	4770	4775	-5

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4785	4790	<b>-5</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jul-18	4-Jul-18	
<b>Gujarat</b>	Ahmedabad	Shankar-6	5100	5100	<b>Unch</b>
	Gondal	Shankar-6	205	132	<b>73</b>
	Rajkot	B.T. Cotton	330	360	<b>-30</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	150	250	<b>-100</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	150	70	<b>80</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NR	NR	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	1152	746	<b>406</b>
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	120	75	<b>45</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jul-18	4-Jul-18	
<b>Punjab</b>	Bhatinda	J-34	NA	NA	-

	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	51	NA	-
<b>Rajasthan</b>	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
				4-Jul-18	3-Jul-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45300	45300	Unch
J-34(202)	26mm	3.5 - 4.9	23	46000	46000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43500	43500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	46700	46700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48000	48000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49500	49500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61500	61500	Unch

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		5-Jul-18	4-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.	777	770	7

**Cotton Seed Oil Seed Cake Prices**

Centre	Unit	Price		Change
		5-Jul-18	4-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1693	1675	18
Akola	Rs./Qtl	1610	1600	10

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 5-July-2018**

Index	RMB/Ton	Change
CCIndex(328)	16279	-16
CCIndex(527)	15100	-20
CCIndex(229)	16888	-33
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 5-July-2018**

Index	Cents/lb	Change
FC Index (S)	97.62	-0.34
FC Index (M)	94.84	Unch
FC Index (L)	93.01	Unch

**Cotlook Index: As on 4-July-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	92.85	Unch

**USDA Cotton Spot Rates: As on 3-July-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	83.80	86.05	NIL
North Delta	82.30	84.05	NIL
South Delta	82.30	84.05	NIL
East TX-OK	79.00	81.50	344
West Texas	79.00	81.50	383
Desert SW	78.05	82.05	NIL
SJ Valley	78.55	87.45	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.): Ason4-July-2018**

Contract	Open	High	Low	Close	Change
18-May	84.44	84.54	84.44	84.54	0.04
18-Jul	84.00	84.18	83.50	83.80	0.03
18-Oct	83.07	83.66	82.60	82.81	-0.12
18-Dec	82.91	83.37	82.39	82.48	-0.27
19-Mar	83.15	83.42	82.55	82.62	-0.29
19-May	82.81	83.50	82.70	82.75	-0.25

<b>Pakistan Cotton Spot rates: As on 4-July-2018</b>				<b>(in Pakistan Rupees)</b>
<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
<b>Cotton</b>	<b>37.32 Kgs</b>	7900	145	8045
<b>Equivalent</b>	<b>40 Kgs</b>	8466	155	8621

**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 © 2018 Indian Agribusiness Systems Ltd.