

### Domestic Fundamentals:

**Market Outlook:** *Cotton spot market prices were noticed steady to weak on Friday.*

**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

President Donald Trump said on Thursday the United States may ultimately impose tariffs on more than a half-trillion dollars worth of Chinese goods as the worlds two largest economies hurtled toward the start of a trade war

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.

### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-18	-40	22350	22470	22310	22380	595	-250	7915	196
Oct-18	50	22990	23130	22930	23020	123	2	1567	-9

Spread	June 18		-	-	--	--
Spot	-660		-	-	-	-
jun-18			-	-	-	-

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

\* Updated at as on 06-July 2018 at 5:05 PM

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Jul-18	5-Jul-18	
Gujarat	Ahmedabad	Shankar-6	6000	6125	-125
	Gondal	Shankar-6	6005	6135	-130
	Rajkot	B.T. Cotton	6170	6185	-15
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
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	5750	Unch
	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	NR	6200	-
	Hubli	D.C.H.	NR	5500	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5700	5700	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Jul-18	5-Jul-18	
Punjab	Bhatinda	J-34	4780	4795	-15
	Abohar	J-34	4790	4790	Unch
	Mansa	J-34	4760	4770	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

Haryana	Sirsa	J-34	4770	4785	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jul-18	5-Jul-18	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	147	205	-58
	Rajkot	B.T. Cotton	150	330	-180
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	200	150	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	50	150	-100
	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	NR	1152	-
	Hubli	D.C.H.	NR	92	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	75	120	-45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jul-18	5-Jul-18	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-

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

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		6-Jul-18	5-Jul-18	
Rajkot	Rs. /10 Kg.	770	755	<b>15</b>
New Delhi	Rs. /10 Kg.	730	730	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	770	777	<b>-7</b>

**Cotton Seed Oil Seed Cake Prices**

Centre	Unit	Price		Change
		6-Jul-18	5-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1727	1693	<b>34</b>
Akola	Rs./Qtl	1642	1610	<b>32</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 6-July-2018**

Index	RMB/Ton	Change
CCIndex(328)	16223	<b>-56</b>
CCIndex(527)	15085	<b>-15</b>
CCIndex(229)	16873	<b>-15</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 6-July-2018**

Index	Cents/lb	Change
FC Index (S)	96.76	-0.86
FC Index (M)	93.96	-0.88
FC Index (L)	92.10	-0.91

**Cotlook Index: As on 5-July-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	92.85	Unch

**USDA Cotton Spot Rates: As on 5-July-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	82.71	84.96	NIL
North Delta	81.21	82.96	NIL
South Delta	81.21	82.96	NIL
East TX-OK	78.25	80.75	19
West Texas	78.25	80.75	NIL
Desert SW	76.96	80.96	NIL
SJ Valley	77.46	86.36	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.): Ason5-July-2018**

Contract	Open	High	Low	Close	Change
18-May	84.44	84.44	83.73	83.73	-0.81
18-Jul	84.13	84.13	82.71	82.71	-1.09
18-Oct	82.80	83.46	81.80	81.96	-0.85
18-Dec	82.42	83.08	81.56	81.85	-0.63
19-Mar	82.57	83.20	81.85	82.10	-0.52
19-May	82.70	83.25	82.10	82.29	-0.46

<b>Pakistan Cotton Spot rates: As on 5-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>	8000	145	8145
<b>Equivalent</b>	<b>40 Kgs</b>	8574	155	8729

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