

Domestic Fundamentals:

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

In The News: Cotton Corporation of India running cotton operation and upcoming season 2018-19 CCI **May buy bulk from farmers.**

Higher cotton prices are expected to support cotton output, not just in India but across the world. **Increase in cotton output becomes increasingly relevant amid rising concerns on a global demand-supply situation**, with a sharp increase in import demand from China likely over the next two-three years.

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 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.

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.

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

The International Cotton Advisory Committee has marginally slashed the estimate for global ending stocks for 2018-19 to **17.8 mln tn due to robust increase in consumption**. In its monthly report, released last week, the committee said the global consumption of cotton **is projected to grow 5% on year to 27.4 mln tn**. It has also raised the estimate for cotton output for 2018-19 to **25.9 mln tn, up 0.18 mln tn on month**. With consumption expected to outpace production in 2018-19, global stocks are expected to decrease to 17.8 mln tn," the report said. **The revised number is 70,000 tn lower from its June estimate**. The committee said cotton output in the US and India is expected to decline on year in 2018-19, but fall will be more than offset by a rise in Brazil.

The Pakistan Federal Board of Revenue has **withdrawn duty exemption on import of cotton**. A notification SRO847 issued on last week stated the exemption facility will be **ineffective from July 15, 2018**. Since Jan 8, the government has exempted 5pc sales tax and 4pc customs duty on import of cotton through a notification SRO48 of 2018. The exemption was withdrawn to give benefit to local growers

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-18	120	22350	22560	22310	22540	1076	481	7881	-34
Oct-18	250	22990	23250	22930	23220	216	93	1589	22
Spread	June 18			-	-	-	--	--	--
Spot	-690				-	-	-	-	-
jun-18					-	-	-	-	-

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

* Updated at as on 07-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	7-Jul-18	6-Jul-18	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6105	6005	100
	Rajkot	B.T. Cotton	6160	6170	-10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5475	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	6210	6230	-20
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5500	5700	-200
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Jul-18	6-Jul-18	
Punjab	Bhatinda	J-34	4810	4780	30
	Abohar	J-34	4810	4790	20
	Mansa	J-34	4780	4760	20

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4800	4770	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Jul-18	6-Jul-18	
Gujarat	Ahmedabad	Shankar-6	3400	5100	-1700
	Gondal	Shankar-6	139	147	-8
	Rajkot	B.T. Cotton	305	150	155
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5	3	2
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	100	200	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	50	50	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	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	411	523	-112
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	60	75	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Jul-18	6-Jul-18	
Punjab	Bhatinda	J-34	NA	NA	-

	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	34	51	-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
				6-Jul-18	5-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
		7-Jul-18	6-Jul-18	
Rajkot	Rs. /10 Kg.	770	770	Unch
New Delhi	Rs. /10 Kg.	730	730	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	770	770	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		7-Jul-18	6-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1731	1727	4
Akola	Rs./Qtl	1641	1642	-1

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

Index	RMB/Ton	Change
CCIndex(328)	16223	-56
CCIndex(527)	15085	-15
CCIndex(229)	16873	-15
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 6-July-2018

Cotlook Indices	Cents/Pound	Change
A-Index	92.10	-0.75

USDA Cotton Spot Rates: As on 6-July-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	85.65	87.90	NIL
North Delta	84.15	85.90	NIL
South Delta	84.15	85.90	NIL
East TX-OK	81.25	83.75	505
West Texas	81.25	83.75	1094
Desert SW	79.90	83.90	NIL
SJ Valley	80.40	89.30	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.): Ason6-July-2018

Contract	Open	High	Low	Close	Change
18-May	84.12	86.38	84.12	86.38	2.65
18-Jul	83.34	85.84	83.31	85.65	2.94
18-Oct	82.08	84.73	81.75	84.45	2.49
18-Dec	81.95	84.50	81.72	84.28	2.43
19-Mar	82.25	84.72	81.93	84.49	2.39
19-May	82.12	84.85	82.10	84.64	2.35

Pakistan Cotton Spot rates: As on 6-July-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	145	8245
Equivalent	40 Kgs	8681	155	8836

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.