

### Domestic Fundamentals:

**Market Outlook:** Cotton spot market prices were noticed firm on Monday. Expected to trade in the range of 5800 to 6400 for next few weeks.

**In The News:** All India arrivals remain 7000 to 10000 bales. With limited arrivals most ginning mills are closed.

In India, cotton has been sown in around **50.40 lakh hectares as of 06<sup>th</sup> July 2018** which is lower than **71.82 lakh hectare** covered during corresponding period last year. In **Punjab, it has been sown in 4.43 lakh hectare** which is lower than 4.61 lakh hectare covered during corresponding period last year. Similarly, in **Gujarat, it has been sown in 4.93 lakh hectare** which is lower than 12.68 lakh hectare covered during corresponding period last year. And in **Andhra Pradesh, it has been sown in 0.79 lakh hectare** which is lower than 2.44 lakh hectare covered during corresponding period last year. Cotton acreage has been declined in major producing states due to delay in monsoon and the effect of pink bollworm during 2017-18.

Adoni cotton market was closed **past one week as traders are opposing new norms** laid down by market committee. As per the new norms, market fee must be paid every week as against the existing norm of paying the fee once in a month.

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 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.

**Monsoon Update:**

Mumbai's rain has again recovered and heavy rain will continue in the next 24 hours. There is a possibility of heavy rains in Konkan Goa, Vidarbha, Madhya Pradesh and Chhattisgarh too. In some parts flood conditions can also be seen. - Meanwhile, in south Gujarat and in southeastern Rajasthan, light to moderate rainfall is expected. If you go north, there will be light to moderate rainfall in Uttarakhand and West Uttar Pradesh, while there may be slight rainfall in two places in Himachal Pradesh, Uttar Pradesh and Haryana. However, the weather in Delhi and North Rajasthan will remain hot and dry.

**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	220	22340	22760	22340	22760	1280	204	7479	-402
Oct-18	280	23330	23510	23260	23500	210	-6	1514	-75
Spread	June 18			-	-		--		--
Spot	-750				-		-		-
jun-18					-		-		-

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

\* Updated at as on 09-July 2018 at 5:05 PM

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Jul-18	7-Jul-18	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6155	6105	50
	Rajkot	B.T. Cotton	6200	6160	40
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5925	5475	450
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5950	5900	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	NA	5750	-
	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	6210	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5500	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Jul-18	7-Jul-18	
Punjab	Bhatinda	J-34	4810	4810	Unch
	Abohar	J-34	4820	4810	10
	Mansa	J-34	4800	4780	20
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4800	4800	Unch
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Jul-18	7-Jul-18	
<b>Gujarat</b>	Ahmedabad	Shankar-6	1700	3400	-1700
	Gondal	Shankar-6	256	139	117
	Rajkot	B.T. Cotton	350	305	45
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6	5	1
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	150	100	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	NA	50	-
	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	NR	411	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	60	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Jul-18	7-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	34	<b>17</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
				7-Jul-18	6-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	43700	43500	200
Shankar-6(105)	29mm	3.5 - 4.9	28	46900	46700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48200	48000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49700	49500	200
DCH-32(107)	34mm	3.0 - 3.8	33	61500	61500	Unch

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		9-Jul-18	7-Jul-18	
Rajkot	Rs. /10 Kg.	775	770	5
New Delhi	Rs. /10 Kg.	740	730	10
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	780	770	10

**Cotton Seed Oil Seed Cake Prices**

Centre	Unit	Price		Change
		9-Jul-18	7-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1786	1731	55
Akola	Rs./Qtl	1676	1641	35

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 9-July-2018**

Index	RMB/Ton	Change
CCIndex(328)	16203	-20
CCIndex(527)	15060	-25
CCIndex(229)	16853	-20

RMB -Renminbi, 1RMB =0.16 \$U.S.

**China Foreign Cotton (FCE) Index : As on 9-July-2018**

Index	Cents/lb	Change
FC Index (S)	99.21	2.45
FC Index (M)	96.55	2.59
FC Index (L)	94.72	2.62

**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

<b>Pakistan Cotton Spot rates: As on 7-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>	8100	145	8245
<b>Equivalent</b>	<b>40 Kgs</b>	8681	155	8836

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