

**Domestic Fundamentals:**

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

**In The News:** Cotton planting is expected to hasten in Maharashtra as excess moisture in Marthwada (27% higher than normal rains) and Vidarbha (11 % higher than normal rains) will prompt farmers to plant greater area with cotton. Additionally farmers indicate land is being prepared for sowing of tur and soyabeans.

**Cotton getting supported due to global strength and lower domestic sowing area.** Technical set up for near term turning strong. Possible upside this week will be 23000-400.

**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 has been Rs 5450/Qtl and Rs 5150 for Medium staple cotton.

**Monsoon Update:**

**The nationwide rainfall deficit in the season stands at 9%, with the monsoon 16% below normal** in the first 10 days of July. UP and Gujarat received just about half the normal rainfall so far, while deficits have opened up in east and northeast India. The south and many parts of central India though have been receiving bountiful rains.

## International Fundamentals

**As per the latest update from United States Department of Agriculture (USDA),** India's cotton production for MY 2018/19 is estimated at 28.7 million 480 lb. bales on 11.85 million hectares. Erratic rains have delayed planting, but weather forecasts indicate the monsoon will advance through the first half of July and hasten planting. The Indian currency weakened to its lowest level in the past decade and, as a result, cotton and cotton product exports have been stronger than estimated.

**The Trump administration raised the stakes in trade war with china** on Tuesday, saying it would slap 10% tariffs on extra\$200.0 billion worth of Chinese imports.

**The most active cotton contract on ICE Futures U.S., the third-month December contract,** settled up 1.02 cent, or 1.21 percent, at 85.47 cents per lb. It traded within a range of 84.14 and 85.72 cents a lb, touching a peak since June 29.

**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.

**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	-90	22670	22670	22510	22640	737	-264	6678	-191
Oct-18	-60	23370	23440	23310	23430	206	-28	1593	30

Spread	June 18		-	-	--	--
Spot	-770			-	-	-
jun-18				-	-	-

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

\* Updated at as on 11-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	11-Jul-18	10-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	6000	-
	Gondal	Shankar-6	6195	6130	65
	Rajkot	B.T. Cotton	6205	6300	-95
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5955	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6000	6000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5880	5850	30
	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	6300	6259	41
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5500	5600	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Jul-18	10-Jul-18	
Punjab	Bhatinda	J-34	4845	4840	5
	Abohar	J-34	4840	4840	Unch
	Mansa	J-34	4800	4825	-25

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4840	4820	<b>20</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jul-18	10-Jul-18	
<b>Gujarat</b>	Ahmedabad	Shankar-6	NA	2550	-
	Gondal	Shankar-6	163	126	<b>37</b>
	Rajkot	B.T. Cotton	290	300	<b>-10</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8	NA	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	300	200	<b>100</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	60	60	<b>Unch</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	625	272	<b>353</b>
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	45	30	<b>15</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jul-18	10-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	NA	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
				10-Jul-18	9-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	46100	46000	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44000	44000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47300	47300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48400	48600	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50100	50100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61700	61700	Unch

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		11-Jul-18	10-Jul-18	
Rajkot	Rs. /10 Kg.	775	775	Unch
New Delhi	Rs. /10 Kg.	740	740	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	783	780	3

**Cotton Seed Oil Seed Cake Prices**

Centre	Unit	Price		Change
		11-Jul-18	10-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1798	1796	2
Akola	Rs./Qtl	1689	1690	-1

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 11-July-2018**

Index	RMB/Ton	Change
CCIndex(328)	16198	Unch
CCIndex(527)	15051	-8
CCIndex(229)	16852	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 11-July-2018**

Index	Cents/lb	Change
FC Index (S)	100.99	0.78
FC Index (M)	98.27	0.72
FC Index (L)	96.47	0.75

**Cotlook Index: As on 10-July-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	95.60	1.00

**USDA Cotton Spot Rates: As on 10-July-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	87.00	89.25	NIL
North Delta	86.00	87.75	NIL
South Delta	86.00	87.75	NIL
East TX-OK	82.25	84.75	156
West Texas	82.25	84.75	NIL
Desert SW	81.75	85.75	NIL
SJ Valley	82.25	91.15	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.): Ason10-July-2018**

Contract	Open	High	Low	Close	Change
18-May	86.66	87.50	86.31	87.50	0.92
18-Jul	85.56	86.41	85.13	86.38	0.91
18-Oct	85.33	86.05	85.00	86.02	0.66
18-Dec	85.63	85.87	85.08	85.85	0.37
19-Mar	85.63	85.73	85.06	85.61	0.12
19-May	80.67	80.67	80.67	80.67	0.09

<b>Pakistan Cotton Spot rates: As on 10-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>	8200	145	8345
<b>Equivalent</b>	<b>40 Kgs</b>	8788	155	8943

#### Disclaimer

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