

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed mixed tone on wenesday. Expected to trade in the range of 5800 to 6400 for next few weeks. With limited arrivals most of the markets about to close by July and Few markets were already closed.

In The News: According to the data shared by the Directorate General of Foreign Trade (DGFT), in 2017-18, India exported 3.92 lakh tonnes (lt) of cotton (with length of 28.5 mm and above but not exceeding 34.5 mm) worth \$715 million to Bangladesh, up 12 per cent from 3.50 lt worth \$600 million in 2016-17. Exports to China, however, fell by 55 per cent between 2016-17 and 2017-18 from 1.54 lt to 69,219 tonnes. Exports to Pakistan remained almost flat at 1.46 lt in 2016-17 and 1.47 lakh tonnes in 2017-18.

All India Daily Arrivals remained 8,000 to 10,000 bales. With limited arrivals, most of the ginning factories are closed. Domestic Mills having short supply due to strong holding from Ginners and MNC Companies and maybe there will be shortage for One Month Period in India.

Sowing of Cotton has been completed on 2.31 lakh hectares in Andhra Pradesh till July 13. Last year the crop was sown in 2.85 Lakh hectares in the same time frame. Lull period post arrival of monsoon 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 of cotton.

In Rajkot market, arrivals were reported around 250 quintals per day, as compared to last week's 330 bags. Market about to close by end of July due to limited arrivals.

Cotton prices traded firm on a slow new crop planting pace and better demand for current crop in domestic as well as international. Cotton prices in Adoni market traded firm at Rs.5,500-6,189 per quintal. However, the prices are significantly higher than Rs.5,000-5,800 during same period last year.

Telangana cotton association says ginners from Telangana won't participate in CCI job work tender unless the newly introduced clause is abolished. New clause says that ginner is bound to give minimum 33% lint and maximum 2% trash in cotton procured by CCI.

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.

In India, cotton has been sown in around 50.40 lakh hectares as of 06th 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.

Monsoon Update:

The monsoon is expected to ramp up over Central and West India, the IMD has forecast fairly widespread to widespread rainfall along the West Coast, North-East, East and adjoining Central India and the islands in the Bay from July 21 to 23. Scattered to fairly widespread rainfall is likely over North-West India during this period, while it will be isolated to scattered over the rest of the country According to the European Centre for Medium-Range Weather Forecasts, the rains would escalate further over East and North-East India, adjoining Central India and North-West India during the next 5-10 days.

International Fundamentals

The U.S. 2018/19 cotton projections show lower production, exports and stocks compared with last month. The 1.0 million bale decrease in the crop projection (from 19.5 million bales in June to 18.5 million in July) is due to higher expected abandonment, based on current conditions. Beginning stocks are 200,000 bales lower due to an increase in 2017/18 exports. 2018/19 exports are reduced 500,000 bales based on lower supplies and increased foreign competition. With no change in domestic consumption, 2018/19 ending stocks are projected at 4.0 million bales, down 700,000 bales from the June estimate and unchanged from the revised 2017/18 level. The midpoint of the projected range of the marketing year average price is raised 5 cents from last month, to 75 cents per pound.

Historical revisions to China's consumption back to 2014/15 account for most of a 3.3-million-bale decline in 2018/19 world beginning stocks. World 2018/19 consumption is 1.6 million bales higher than in June, as the revisions to China's consumption estimates carry through into the 2018/19 projection year with a 1.0-million-bale increase. Consumption forecasts are also higher for Bangladesh, Pakistan, Brazil, and Vietnam.

World production is projected 290,000 bales lower than in June, as reduced U.S. and Australian production more than offsets increases for Brazil, India and Mexico. World trade is projected 165,000 bales higher this month, as lower U.S. exports are more than offset by increases by Brazil and China. Ending stocks are 5.2 million bales lower than in June, with the largest declines in China (4.6 million) and the United States. India's and Brazil's ending stocks are forecast higher.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-18	40	22550	22650	22490	22620	695	-507	5113	-356
Oct-18	60	23820	23930	23720	23850	431	-103	2128	290

Spread	Jul 18		-	-	--	--
Spot	-1280			-	-	-
jun-18				-	-	-

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

* Updated at as on 18-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	18-Jul-18	17-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6310	6205	105
	Rajkot	B.T. Cotton	6325	6345	-20
	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	NA	NA	-
	Fatehabad	B.T. Cotton	5900	5900	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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	6050	5950	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Jul-18	17-Jul-18	
Punjab	Bhatinda	J-34	4860	4870	-10
	Abohar	J-34	4860	4860	Unch
	Mansa	J-34	4850	4850	Unch

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4850	4850	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-18	17-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	31	60	-29
	Rajkot	B.T. Cotton	100	50	50
	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	200	150	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	37	37	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-18	17-Jul-18	
Punjab	Bhatinda	J-34	NA	NA	-

	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
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
				17-Jul-18	16-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	46300	46600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44800	45000	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	48100	48300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49000	49200	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50700	50900	-200
DCH-32(107)	34mm	3.0 - 3.8	33	61800	62000	-200

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		18-Jul-18	17-Jul-18	
Rajkot	Rs. /10 Kg.	775	775	Unch
New Delhi	Rs. /10 Kg.	755	750	5
Hyderabad	Rs. /10 Kg.	765	762	3
Mumbai	Rs. /10 Kg.	772	772	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		18-Jul-18	17-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1853	1856	-3
Akola	Rs./Qtl	1769	1766	3

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 18-July-2018

Index	RMB/Ton	Change
CCIndex(328)	16182	-5
CCIndex(527)	15035	Unch
CCIndex(229)	16845	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 18-July-2018

Index	Cents/lb	Change
FC Index (S)	102.72	0.46
FC Index (M)	100.01	0.45
FC Index (L)	98.39	0.50

Cotlook Index: As on 17-July-2018

Cotlook Indices	Cents/Pound	Change
A-Index	97.70	Unch

USDA Cotton Spot Rates: As on 17-July-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	88.70	90.95	267
North Delta	87.70	89.45	NIL
South Delta	87.70	89.45	NIL
East TX-OK	83.50	86.00	19
West Texas	83.50	86.00	NIL
Desert SW	83.45	87.45	NIL
SJ Valley	83.95	92.85	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.): Ason17-July-2018

Contract	Open	High	Low	Close	Change
18-May	88.67	89.35	87.95	89.20	0.32
18-Jul	87.55	88.49	86.80	88.34	0.57
18-Oct	87.46	88.30	86.60	88.17	0.63
18-Dec	87.69	88.34	86.74	88.14	0.50
19-Mar	86.95	88.28	86.95	88.09	0.50
19-May	82.43	82.43	82.43	82.43	0.23

Pakistan Cotton Spot rates: As on 17-July-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	145	8945

Equivalent	40 Kgs	9431	155	9586
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