

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed firm on Thursday. 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: Revival of rains after a two-week lull has not rekindled any hopes for cotton farmers in Telangana. Though cotton sowing has been carried on about 12.1 lakh hectares (lh), the farmers are not much elated as they fear the rains are not enough for the crop to grow. The as-on-date numbers for sowing surpassed that of average as-on-date figure of 11.70 lh. This, however, was way lower than last year's as-on-date sown area of 14 lh.

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.

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	-0.79	22650	22680	22430	22480	817	122	4573	-540
Oct-18	-0.67	23870	23940	23650	23720	543	112	2238	110

Spread	Jul 18		-	-	--	--
Spot	-1260		-	-	-	-
jun-18			-	-	-	-

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

* Updated at as on 19-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	19-Jul-18	18-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6325	6310	15
	Rajkot	B.T. Cotton	6395	6325	70
	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	5920	5900	20
	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	6550	6531	19
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5700	6050	-350
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Jul-18	18-Jul-18	
Punjab	Bhatinda	J-34	4870	4860	10
	Abohar	J-34	4875	4860	15
	Mansa	J-34	4850	4850	Unch
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4860	4850	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jul-18	18-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	70	31	39
	Rajkot	B.T. Cotton	165	100	65
	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	200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	150	NA	-
	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	361	443	-82
	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	19-Jul-18	18-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
				18-Jul-18	17-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	46400	46300	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44800	44800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	48100	48100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49000	49000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50700	50700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61800	61800	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		19-Jul-18	18-Jul-18	
Rajkot	Rs. /10 Kg.	785	775	10
New Delhi	Rs. /10 Kg.	755	755	Unch
Hyderabad	Rs. /10 Kg.	765	765	Unch
Mumbai	Rs. /10 Kg.	772	772	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		19-Jul-18	18-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1882	1853	29
Akola	Rs./Qtl	1790	1769	21

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 19-July-2018

Index	RMB/Ton	Change
CCIndex(328)	16181	-1
CCIndex(527)	15030	-5
CCIndex(229)	16845	Unch

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

China Foreign Cotton (FCE) Index : As on 19-July-2018

Index	Cents/lb	Change
FC Index (S)	102.31	-0.41
FC Index (M)	99.52	-0.49
FC Index (L)	97.79	-0.60

Cotlook Index: As on 18-July-2018

Cotlook Indices	Cents/Pound	Change
A-Index	98.20	0.50

USDA Cotton Spot Rates: As on 18-July-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	88.33	90.58	275
North Delta	87.33	89.08	NIL
South Delta	87.33	89.08	NIL
East TX-OK	83.25	85.75	338
West Texas	83.25	85.75	532
Desert SW	83.08	87.08	NIL
SJ Valley	83.58	92.48	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.): Ason18-July-2018

Contract	Open	High	Low	Close	Change
18-May	88.80	89.22	88.80	88.83	-0.37
18-Jul	88.28	88.80	87.80	88.08	-0.26
18-Oct	88.10	88.58	87.68	87.93	-0.24
18-Dec	88.23	88.55	87.74	88.05	-0.09
19-Mar	88.06	88.48	87.76	88.09	unch
19-May	82.60	82.60	82.60	82.60	0.17

Pakistan Cotton Spot rates: As on 18-July-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	145	9045
Equivalent	40 Kgs	9538	155	9693

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