

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 latest U.S. Department of Agriculture (USDA) cotton projections for 2018/19 (August-July) indicate that world cotton mill use is forecast to reach a new record, in large part reflecting additional expected growth in the world economy. Global cotton consumption is projected at 127.0 million bales in 2018/19, 3.9 percent above 2017/18's 122.2-million-bale estimate. Mill use is forecast to rise in each of the leading raw cotton spinners in 2018/19, with China accounting for more than one-third of the world total.

Cotton mill use growth varies by country and year of comparison. Using 2015/16 as the base year, 2018/19 world cotton consumption is projected 12 percent higher. Likewise, relative to 3 years ago, cotton mill use in China in 2018/19 is expected 18 percent higher; in India, 2 percent higher; and in Pakistan, 4 percent higher. In addition, cotton mill use in Bangladesh and Vietnam continues to expand and the growth since 2015/16 has been remarkable. For Bangladesh, 2018/19 mill use is projected 27 percent higher than in 2015/16, while the growth for Vietnam is even more dramatic, with 2018/19 mill use expected to be nearly 67 percent above the 2015/16 level.

The All Pakistan Textile Mills Association (APTMA) has termed the re-imposition of 3 per cent customs duty and 2 per cent additional customs duty on the import of cotton 'the last nail in the coffin' for the ailing textile industry. Cotton crop has been below target for three consecutive seasons, contradicting production claims by the cotton commissioner, it said. The duties were effective starting July 15.

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-18	-1.16	22440	22440	22130	22170	817	122	4573	-540
Oct-18	-1.05	23700	23800	23440	23480	543	112	2238	110
Spread	Jul 18			-	-	--	--		
Spot	-1260			-	-	-	-		-
jun-18				-	-	-	-		-

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at as on 20-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	20-Jul-18	19-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5905	6325	-420
	Rajkot	B.T. Cotton	6390	6395	-5
	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	5920	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	4320	4230	90
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	6550	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5900	5700	200
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Jul-18	19-Jul-18	
Punjab	Bhatinda	J-34	4870	4870	Unch
	Abohar	J-34	4870	4875	-5
	Mansa	J-34	4850	4850	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4860	4860	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jul-18	19-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	17	70	-53

	Rajkot	B.T. Cotton	160	165	-5
	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	150	200	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	100	150	-50
	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	361	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	60	37	23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jul-18	19-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 19-Jul-18	Rs. Per Candy 18-Jul-18	Change
Bengal Deshi (RG)/Assam	Below	5.0 - 7.0	15	44800	44800	Unch

Comilla (101)	22mm					
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45300	45300	Unch
J-34(202)	26mm	3.5 - 4.9	23	46500	46400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44800	44800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47900	48100	-200
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
		20-Jul-18	19-Jul-18	
Rajkot	Rs. /10 Kg.	785	785	Unch
New Delhi	Rs. /10 Kg.	760	755	5
Hyderabad	Rs. /10 Kg.	765	765	Unch
Mumbai	Rs. /10 Kg.	785	772	13

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		20-Jul-18	19-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1876	1882	-6
Akola	Rs./Qtl	1793	1790	3

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 20-July-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	16181	Unch
CCIndex(527)	15029	-1
CCIndex(229)	16843	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 20-July-2018</u>		
Index	Cents/lb	Change
FC Index (S)	101.81	-0.50
FC Index (M)	99.02	-0.50
FC Index (L)	97.29	-0.50

<u>Cotlook Index: As on 19-July-2018</u>
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Cotlook Indices	Cents/Pound	Change
A-Index	97.95	-0.25

USDA Cotton Spot Rates: As on 19-July-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	87.80	90.05	NIL
North Delta	86.80	88.55	NIL
South Delta	86.80	88.55	NIL
East TX-OK	82.75	85.25	188
West Texas	82.75	85.25	13
Desert SW	82.55	86.55	NIL
SJ Valley	83.05	91.95	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.): As on 19-July-2018

Contract	Open	High	Low	Close	Change
18-May	88.81	88.81	88.30	88.30	-0.53
18-Jul	88.13	88.46	87.30	87.55	-0.53
18-Oct	87.98	88.22	87.17	87.43	-0.50
18-Dec	88.11	88.30	87.34	87.56	-0.49
19-Mar	87.68	88.19	87.52	87.64	-0.45
19-May	82.23	82.23	82.23	82.23	-0.37

Pakistan Cotton Spot rates: As on 19-July-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9100	145	9245
Equivalent	40 Kgs	9752	155	9907

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