

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed steady to weak 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 are already closed.

In the News: The Cotton Advisory Board (CAB) has estimated that during the current cotton season of October, 2017 to September, 2018, the export of cotton from India is likely to increase by 20% over last year and is expected to touch 70 lakh bales by September, 2018, a release from the Press Information Bureau said.

Gujarat Cotton Sowing Reached 21,84,172 Hectares till 23rd July 2018 vs 25,84,600 Hectares Last year, as per Government of Gujarat Data.

The area under cotton cultivation has shrunk by 20%as compared to last year in western Vidarbha with the possibility of soybean and tur being preferred as a cash crop this kharif season. With good rains all over the region, sowing operations are nearing completion according to top agriculture officials of Amravati and Nagpur divisions. However, in eastern Vidarbha's Nagpur division the picture is a contrast with cotton area going up to 137% of the normal estimate and soybean as well as tur showing a dip.

At the National Commodity and Derivatives Exchange counter, cottonseed oil cake delivery for August gained by Rs 4.50 or 0.25 per cent to Rs 1,778 per quintal, in an open interest of 82,660 lots.

All India cotton sowing reached 92.712 Lakh hectares against 104.266 Lakh hectares last year as on 20 July 2018

The average rainfall received in Andhra Pradesh from 1-6-2018 to 18-7-2018 is recorded as 190.2 mm as against the Normal as on date of 179.5mm showing deviation from Normal 6 percent. Sowings of rain fed crops are under progress in all the districts of Andhra Pradesh early sown crops like Cotton sugarcane and Pulses at vegetative stage. The sucking pests were noticed in the cotton in the districts of Kurnool Ananthpuram and Krishna.

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 to10,000 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.

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.

Monsoon Update:

An active monsoon condition over the past 12 days has seen the country wide rain deficit reduce to 2% from a high of 9%. Rains have been also particularly poor in Uttar Pradesh, which currently has a season's shortfall of 42%. Bihar and Jharkhand, too, have deficits of 46% and 35%, respectively. The Met office expects the monsoon to remain active in the rest of the month, which means monsoon in July is likely to be normal.

International Fundamentals

The most active cotton contract on ICE Futures U.S., the second-month December contract, settled up 1.27 cent, or 1.46 percent, at 87.97 cents per lb. It traded within a range of 86.69 and 88.59 cents a lb, a peak since July 18.

China State Reserve Sold 21571.3771 Mts out of 30012.109 Mts. The average transaction price was 14,931 yuan / ton, Down 120 yuan / ton from the previous day. Discount 3128 price 16327 yuan /ton, Down 118 yuan/ton from the previous day. From March 12 to July 26, the accumulated turnover of reserve cotton was 17,23,200 tons, and the turnover rate was 59.82%. the highest traded price 17700 Yuan / ton, the lowest price 12700 Yuan / ton.

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	0.45	22280	22390	22230	22370	417	-246	2550	-418
Oct-18	0	23620	23640	23520	22370	332	-358	3202	236

Spread	Jul 18		-	-	--	--
Spot	-1250			-	-	-
jun-18				-	-	-

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

* Updated at as on 26-July 2018 at 5:00 PM

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Jul-18	25-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	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	5850	6000	-150
	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	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4320	4320	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	6490	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	6050	5900	150
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Jul-18	25-Jul-18	
Punjab	Bhatinda	J-34	4830	4820	10
	Abohar	J-34	4820	4820	Unch
	Mansa	J-34	4800	4800	Unch

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4820	4810	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Jul-18	25-Jul-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	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	400	150	250
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	50	70	-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	NA	NA	-
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	208	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	67	52	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Jul-18	25-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
				25-Jul-18	24-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	45900	45900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44800	44800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47800	47800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48700	48700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50600	50600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61700	61700	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		26-Jul-18	25-Jul-18	
Rajkot	Rs. /10 Kg.	790	795	-5
New Delhi	Rs. /10 Kg.	762	760	2
Hyderabad	Rs. /10 Kg.	780	775	5
Mumbai	Rs. /10 Kg.	795	795	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		26-Jul-18	25-Jul-18	
Mahesana (Kadi)	Rs./Qtl	1864	1860	4
Akola	Rs./Qtl	1788	1772	16

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 26-July-2018

Index	RMB/Ton	Change
CCIndex(328)	16181	8
CCIndex(527)	15026	13
CCIndex(229)	16839	9
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 26-July-2018

Index	Cents/lb	Change
FC Index (S)	101.99	1.04
FC Index (M)	99.07	0.97
FC Index (L)	97.34	0.99

Cotlook Index: As on 25-July-2018

Cotlook Indices	Cents/Pound	Change
A-Index	96.70	Unch

USDA Cotton Spot Rates: As on 25-July-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	88.30	90.55	NIL
North Delta	87.30	89.05	NIL
South Delta	87.30	89.05	NIL
East TX-OK	83.00	85.50	NIL
West Texas	83.00	85.50	NIL
Desert SW	83.05	87.05	NIL
SJ Valley	83.55	92.45	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.): Ason25-July-2018

Contract	Open	High	Low	Close	Change
18-Oct	88.92	89.38	88.61	88.80	1.48
18-Dec	86.71	88.59	86.69	87.97	1.27
19-Mar	86.66	88.25	86.66	87.80	1.11
19-May	86.88	88.16	86.86	87.79	1.00
19-Jul	86.94	88.09	86.92	87.76	0.89
19-Oct	82.18	82.18	82.18	82.18	0.33

Pakistan Cotton Spot rates: As on 24-July-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9300	145	9445
Equivalent	40 Kgs	9967	155	10122

Disclaimer

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