

Domestic Fundamentals:**Market Outlook:**

Cotton prices expected to remain steady for few coming days due to the effect of downfall of international market prices. However, the international markets have fallen quite sharply during the last two weeks but gaining momentum since last two days due to adverse weather conditions prevailing in US affecting the planting progress. Indian markets have followed suit but the decline here has been comparatively tepid owing to tightness in domestic supplies. The bench market mandi (Rajkot) price for variety Shankar 6 was stood Rs.45,550/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

News: As per the latest estimates of Skymet, overall average yield is about to take charge to about 449kg/ha higher from previous year's average yield although El nino is going to dominate this year but the most critical stage of cotton in August is expected to have good rainfall due to delay in monsoon which is going to help the cotton crop to gain good yield. Also the area is expected to increase by 2.7% compared to previous year.

According to latest USDA June report, Indian imports has been increased by 1.9 LB to 19.85LB from previous estimate of 17.93 due to lower crop this season in India. Still Indian millers are booking the imports for creating stock as IMD expects lower rainfall which may affect the cotton production in the coming season. USDA estimates Indian exports could reach upto 53.79 LB and production estimates at 332.98 LB higher than CAI projection of 315LB in 2018-19.

In Punjab, cotton crop has been sown in nearly 4 lakh hectares and may go up by 10,000 hectares as the sowing is still going on, according to the State Agriculture department. The acreage was nearly 2.84 lakh hectares in 2018. In Haryana, farmers had sown cotton in 6.35 lakh hectares till June 6. Last year the total area under cotton was 6.61 lakh hectares.

The bulls continue to point to ever increasing imports of U.S. cotton by India. The world's largest cotton producing country finds itself with a weather reduced 2018-19 crop and is having to import cotton as the price of its dwindling domestic supplies increase almost daily. India will continue to buy U.S. cotton and this will offer slight upward price support for New York.

The country has produced a record of 275.93 million tons of cotton, last year 328.05 million tons was produced according to the third advance production estimate released by the Ministry of Agriculture, in 2018-19.

USDA has pruned India's output for 2018-19 to 25.5 mln bales of 480 pounds each, that equals 32.7 mln bales of 170 kg each. Until April, USDA had estimated India's output around 27.0 mln bales of 480 pounds or 34.62 mln 170-kg bales. The lower output is also reflected in 40% decline in exports and 100% rise in imports as estimated by the Cotton Association of India. India's exports for the current year are estimated to fall to 4.6 mln bales from 6.9 mln bales, while imports may hike up to 3.1 mln bales, compared with 1.5 mln bales a year ago.

Cotton Association of India (CAI) recently released its latest cotton crop estimating the crop size at 315 lakh bales, lowest in over a decade and significantly down from the previous year's output estimate of 365 lakh bales. The total cotton supply estimated by the CAI during the period from October 2018 to May 2019 is 325 lakh bales including the arrival of 288 lakh bales and imports of 9 lakh bales up to May 31, 2019.

Cotton sowing has already inclined by 10-20% in northern India and further simultaneously the total acreage for cotton is expected to increase by 7-8% due to low carryover stock and steady prices prevailing in the market for cotton encouraging sowing in some areas of north India. Cotton seed sale is up in Hanumangarh, Rajasthan due to re-sowing after rains in recent weeks damaged the crop.

Traders and ginner in India have hold their cotton stocks due to weight loss in May month as it results in a loss of about Rs.800/candy to Rs.950/candy at current rates. Since cotton absorbs and exudes the moisture, traders are likely to wait until the onset of monsoon resulting in increase in weight to avoid the weight loss occurred in May month.

The farmers are likely to shift their crop from cotton to soybean as the latter crop is sturdy and can withstand adverse weather conditions and even it has better export opportunities over cotton. Also the shift is seen due to IMD's forecast that the onset monsoon is delayed by 7 days in Kerala and due to scorching heat soybean seems to be a better source of utilizing the land and resources. The greatest rise in soybean area could be in Maharashtra, where farmers were not happy with returns from cotton.

Weather Forecast for tomorrow:

In wake of Severe Cyclone Vayu, heavy to extremely heavy rains are expected in the Gujarat coast. Sea conditions will be rough to very rough in Gujarat and Maharashtra coast and rough over Karnataka coast. Kerala and Karnataka might get to witness light to moderate rains with one or two heavy spells. Konkan and Goa, Chhattisgarh, Vidarbha, Telangana, and parts of Madhya Pradesh will receive scattered light to moderate rains. Rajasthan, Bihar, Coastal Andhra Pradesh, and Tamil Nadu will receive scattered light rain with one or two moderate spells. Heat wave to abate from Delhi, NCR, some parts of Rajasthan and Madhya Pradesh.

International Fundamentals:

Cotton futures saw some short covering on Wednesday, with most nearby contracts up 67 to 95 points. The Cotlook A index for June 11 was up 50 points from the previous day to 76.85 cents/lb. The weekly Average World Price (AWP) from USDA is now 61.51 cents/lb through Thursday.

USDA raised old crop Chinese imports by 250,000 bales but cut consumption by 500,000 bales to 40 million. USDA raised old crop by 1.06 million bales to 77.53, with new crop stocks up 1.57 at 77.26 million bales for the world numbers.

China's 2019 State Reserve sales were depicted strong during May compared during the first week of June as the quantity weakened during the short period of time. As of June 6, about 220,000 tons had been sold representing about 85 percent of the total offered.

The US Crop Progress report showed US cotton planting progress moving just 4% from last week to 75% complete. That is behind the average pace of 87%, with 11% squaring. U.S. cotton planting progress remains good. Cotton planting progress has been on par with the five-year average. USDA sees no shortage of cotton anywhere in the coming year.

Brazil is expected to increase their cotton area due to higher realization and disputes among China and US encouraged the exports from Brazil followed by Australia. China has lowered its reserves and is expected to increase imports to 11.1 million bales, NCC forecasts. The U.S. also is expected to increase cotton exports to 17.4 million bales in 2019. World cotton production is estimated to increase by 7 million bales in 2019 to 125.5 million bales.

India's exports to Pakistan too have dipped by about 32% to \$171.34 million in March as India raised the customs duty to 200% on all goods imported from Pakistan. According to the data of the Commerce Ministry, imports declined to \$2.84 million in March as compared to \$34.61 million in March 2018.

Seed cotton (phutti) equivalent to 10.777 million or 10,777,818 bales reached ginneries across Pakistan till June 1, 2019, according to the final report of Pakistan Cotton Ginners Association (PCGA) showing national cotton production for the year 2018-19. Out of total arrivals, 10,777,351 bales underwent the ginning process, said the last fortnightly PCGA report of 2018-19.

All upland cotton export sales totaled 182,316 RB for 18/19 during the week that ended on May 30, with China at net reductions of 8,997 RB and India buying 144,900 RB. That was well above the same time last year but down 36.86% from the previous week. New crop sales totaled just 51,625 RB. Weekly shipments were at 308,590 RB, a drop of 24.84% from previous week and down 46.46% from last year.

Cotton producers in Texas, U.S are dealing with too much moisture from heavy rainfall this spring. Strong rains push seeds down too far into the ground and fields with standing water have to deal with seed rot. The weather has hampered the sowing in U.S affecting the cotton futures.

From May 5 to Jun 6, the cumulative turnover of reserve cotton was 224,000 tons, and the turnover rate was 85.23%. On 6th June, the reserve sales of reserve cotton was 9855.1348 tons, the actual turnover was 3813.267 tons, and the turnover rate was 38.69%. China has commenced the state cotton reserve's auction from May 5 and end on Sep 30. The reserve will offer 10,000 metric tons (about 45,000 bales) each session. Qualities are expected to be low grades, which will help sustain demand since the low-grade market within China is reportedly very tight.

Brazil shipped 1.1 million tons of cotton between August 2018 and fourth week of May 2019. This figure exceeds the record 1.042 million tons of cotton exported in August-July 2011-12 season. During the last 12 months, the volume of cotton exported from Brazil totals 1.12 million tons.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	21450	21540	21330	21450	1673	622	11121	-173
19-Jul	190	21570	21680	21460	21570	866	3	6402	52
19-Aug	140	21600	21630	21480	21560	298	116	1332	211

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-140	-	-	-	-	-
19-Jul	-	50	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 13th June @ 5.30 pm

* Updated at as on 13-June- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Jun-19	12-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	Closed	6205	-
	Rajkot	B.T. Cotton	Closed	6200	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6380	6350	30
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6600	6650	-50
	Rawatsar	B.T. Cotton	6550	6500	50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6400	6350	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	6549	6480	69
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6421	5800	621
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Jun-19	12-Jun-19	
Punjab	Bhatinda	J-34	4870	4865	5
	Abohar	J-34	4890	4860	30
	Mansa	J-34	4835	4825	10
Haryana	Sirsa	J-34	4830	4810	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	13-Jun-19	12-Jun-19	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	Closed	270	-
	Rajkot	B.T. Cotton	Closed	640	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	170	85
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	425	235	190
	Rawatsar	B.T. Cotton	70	100	-30
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	300	700	-400
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	206	362	-156
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	15	-8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jun-19	12-Jun-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9	9	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Jun-19	12-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	735	5

Delhi	New Delhi	Rs. /10 Kg.	710	710	Unch
Telangana	Hyderabad	Rs. /10 Kg.	712	712	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	748	2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Jun-19	12-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2929	2906	23
Maharashtra	Akola	Rs./Qtl	2837	2795	42

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Jun-19	11-Jun-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41300	41300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41800	41800	Unch
J-34(202)	26mm	3.5 - 4.9	23	46200	46200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	44500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47600	47600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48500	48500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	13-Jun-19	12-Jun-19	Change
CCIndex(328)	RMB/Ton	14019	14011	8
CCIndex(527)	RMB/Ton	13113	13105	8
CCIndex(229)	RMB/Ton	14418	14413	5

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Jun-19	12-Jun-19	Change
FC Index (S)	Cents/lb	82.23	81.23	1.00
FC Index (M)	Cents/lb	77.52	76.52	1.00
FC Index (L)	Cents/lb	73.84	72.84	1.00



Cotlook Index:

Cotlook Indices	Unit	12-Jun-19	11-Jun-19	Change
A-Index	Cents/Pound	76.5	76.85	-0.35

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Jun-19	12-Jun-19	Bales
Southeast	cents/lb.	64.07	66.32	0
North Delta	cents/lb.	62.82	65.07	0
South Delta	cents/lb.	62.82	65.07	0
East TX-OK	cents/lb.	60.57	62.82	78
West Texas	cents/lb.	60.57	63.32	0
Desert SW	cents/lb.	59.57	63.57	0
SJ Valley	cents/lb.	60.07	68.97	0

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

Pakistan Cotton Spot rates: As on 12-June-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Wed June 12, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190612	65.66	66.95	65.43	66.57	0.92	32,585	65,804	-8,314
19-Oct	190612	66.16	66.5	66.16	66.41	0.95	2	62	-1
19-Dec	190612	64.98	66.2	64.9	65.88	0.84	29,414	108,043	4,267
20-Mar	190612	65.87	66.75	65.7	66.58	0.67	3,354	18,030	200
20-May	190612	66.6	67.59	66.59	67.44	0.67	648	2,343	201
20-Jul	190612	67.34	68.16	67.34	67.97	0.65	400	3,640	95
Total Volume and Open Interest							66,833	206,687	-3,469

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