

**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.45,600/per candy. The market currently seems supported and may consolidate around the current levels and waiting for export data.

**News:** **Indian imports is in continuous process and still exports are on hold due to less parity.** US export sales were lower compared to previous week. Pre-monsoon showers has been started in northwest India in some areas of Rajasthan, Punjab, Haryana and Gujarat. Cotton sowing progress seems slow especially in Gujarat, Maharashtra, Telangana and Andhra Pradesh.

**High velocity wind and hailstorm which lashed the region late on Wednesday evening damaged the cotton crop in Bathinda and Mansa districts of Punjab.** The cotton plants got damaged in over a dozen villages in in both the cotton-producing districts due to hailstorm in in Budhlada, Talwandi Sabo, Maur and Sangat areas.

**All India daily arrivals stood at 6,600 bales up from previous day's total arrivals of 5600 bales.** The arrivals are dwindling around the above range. Ginners and millers may start trade after onset of monsoon during which the prices may see bullish movement from last week of June.

**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.

### **Weather Forecast for tomorrow:**

Moderate to heavy rain and thundershowers with strong winds will occur in Odisha, Chhattisgarh and northeastern states. Dust storm and thundershowers with strong winds will occur over Punjab, Haryana, Delhi, West Uttar Pradesh and Madhya Pradesh. Rain and thundershowers with isolated snowfall are likely over Himachal Pradesh and Uttarakhand along with one or two places of Jammu and Kashmir. Light to moderate rains will occur in parts of Gujarat, Maharashtra, Andhra Pradesh, Telangana, Kerala, Coastal Karnataka and Bay Islands. Eastern parts of Bihar, Jharkhand and West Bengal will also witness scattered rains. Heat wave will occur over Bihar, parts of Jharkhand and East Uttar Pradesh.

### **International Fundamentals:**

**Cotton futures closed the day with 52 to 89 point losses, as July was up 0.53% this week.** The Cotlook A index for June 13 was down 100 points from the previous day to 77.50 cents/lb. The weekly Average World Price (AWP) from USDA is 58.97 cents/lb through next Thursday, down 2.54 cents from last week.

**The China Cotton Association has petitioned the central government for waiver of tariffs on US cotton last week.** The continuous drought situation has made China to request for waiver. China's agriculture ministry has estimated 2019 production at 21.15 million bales against USDA's June projection of 27.75 million bales.

**The weekly Export Sales report from USDA showed just 75,110 RB in old crop upland sales, down from last week but more than double the same week last year.** Increased sales were to India which purchased 30,400 RB, with 25,200 RB for Vietnam whereas the reductions took place for China 5,600RB and Mexico 2,000RB. New crop totaled just 42,959 RB. Shipments totaled 360,361 RB, a jump of 16.78% from last week but down 21.65% from the same week last year.

**From May 5 to June 14, the cumulative turnover of reserve cotton was 25.51 tons, with a turnover rate of 81.90%.** On 14<sup>th</sup> June, the Chinese reserve sales of reserve cotton was 9804.1949 tons, the actual turnover was 7172.9694 tons, and the turnover rate was 73.16%. 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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	21490	21640	21490	21540	1303	-147	10594	-341
19-Jul	190	21630	21740	21620	21660	894	-66	6697	261
19-Aug	140	21660	21710	21660	21660	88	4	1492	46

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-100	-	-	-	-	-
19-Jul	-	30	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 17th June @ 5.30 pm

\* Updated at as on 17-June- 2019 @ 5:00 PM

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Jun-19	15-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6305	6280	25
	Rajkot	B.T. Cotton	6255	6185	70
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-

	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5615	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6380	6425	-45
	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	6650	6680	-30
	Rawatsar	B.T. Cotton	NA	6620	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6500	6450	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	6513	6570	-57
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6500	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Jun-19	15-Jun-19	
Punjab	Bhatinda	J-34	4850	4870	-20
	Abohar	J-34	4865	4890	-25
	Mansa	J-34	4840	4835	5
Haryana	Sirsa	J-34	4810	4830	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jun-19	15-Jun-19	
Gujarat	Ahmedabad	Shankar-6	1700	3400	-1700
	Gondal	Shankar-6	114	83	31
	Rajkot	B.T. Cotton	550	220	330
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-

	Dhrol	B.T. Cotton	NA	4	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	442	-272
	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	660	305	355
	Rawatsar	B.T. Cotton	NA	50	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	400	350	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	427	408	19
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	7	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jun-19	15-Jun-19	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	9	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	17-Jun-19	15-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	730	Unch
Delhi	New Delhi	Rs. /10 Kg.	725	710	15
Telangana	Hyderabad	Rs. /10 Kg.	712	712	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	765	765	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Jun-19	15-Jun-19	

Gujarat	Mahesana (Kadi)	Rs./Qtl	2990	2992	-2
Maharashtra	Akola	Rs./Qtl	2862	2846	16

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Jun-19	14-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	46300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44600	44600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47700	47700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48600	48600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54400	54500	-100

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

Index	Unit	17-Jun-19	15-Jun-19	Change
CCIndex(328)	RMB/Ton	14068	Closed	-
CCIndex(527)	RMB/Ton	13120	Closed	-
CCIndex(229)	RMB/Ton	14441	Closed	-

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	17-Jun-19	15-Jun-19	Change
FC Index (S)	Cents/lb	81.93	Closed	-
FC Index (M)	Cents/lb	77.16	Closed	-
FC Index (L)	Cents/lb	73.34	Closed	-

**Cotlook Index:**

Cotlook Indices	Unit	15-Jun-19	14-Jun-19	Change
A-Index	Cents/Pound	NR	77.8	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Jun-19	15-Jun-19	Bales
Southeast	cents/lb.	NR	NR	NR
North Delta	cents/lb.	NR	NR	NR
South Delta	cents/lb.	NR	NR	NR
East TX-OK	cents/lb.	NR	NR	NR
West Texas	cents/lb.	NR	NR	NR
Desert SW	cents/lb.	NR	NR	NR
SJ Valley	cents/lb.	NR	NR	NR

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 15-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 Fri June 14, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Jul</a>	190614	66.84	66.96	65.9	65.94	-0.89	24,617	47,960	-10,013
<a href="#">19-Oct</a>	190614	66.66	67.09	66.6	66.61	-0.52	7	63	-2
<a href="#">19-Dec</a>	190614	66.56	66.63	65.68	65.75	-0.68	26,762	123,413	8,905
<a href="#">20-Mar</a>	190614	67.11	67.14	66.28	66.38	-0.62	2,398	19,340	580
<a href="#">20-May</a>	190614	67.68	67.92	67.12	67.19	-0.67	380	2,571	145
<a href="#">20-Jul</a>	190614	68.24	68.24	67.7	67.7	-0.62	129	3,745	11
Total Volume and Open Interest							54,359	206,044	-351

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