

Domestic Fundamentals:**Market Outlook:**

Cotton prices expected to remain steady for few coming days until the new crop arrives. However, the international markets gaining momentum as President Trump have made proposal to Chinese President Xi Jinping for a meeting in G20 Summit to resolve the trade disputes among US and China. 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.45,750/per candy. The market currently seems supported and may consolidate around the current levels.

News: The Cotton Advisory board has projected this season imports at 22 Lakh bales whereas exports at 50 Lakh bales with total crop of 337 Lakh bales against the CAI's estimation of 315 Lakh bales. Agriwatch is expecting the total imports may reach upto 25 Lakh bales with total crop production of 334.57 Lakh bales in 2018-19.

The already sown cotton crop is experiencing heat stress due to late arrival of monsoon in North India especially in Punjab, Haryana region. Although area in Haryana rose to 6.72 lakh ha compared to 6.56 lakh ha during the same period in the previous year. The southern and central cotton growing area farmers are waiting for the monsoon to arrive to start sowing as it is already delayed by 2 weeks. All over cotton sowing pace is already running behind by 10.42% compared to previous year as of now.

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.

Weather Forecast for tomorrow:

Light to moderate rains will continue over Northeast India, isolated heavy spells are likely over Manipur and Mizoram. Light to moderate rains with few heavy spells is expected over Konkan and Goa, Coastal Karnataka, Kerala, Coastal Andhra Pradesh and South Odisha, Sub-Himalayan West Bengal and Sikkim. Scattered rains will occur over Rajasthan, West Madhya Pradesh, Chhattisgarh and Rayalaseema. Isolated rains will occur over Punjab, Haryana, North Rajasthan, Delhi, Telangana, Vidarbha and Gujarat.

International Fundamentals:

Cotton futures ended mixed on Tuesday, with nearby contracts 31 to 69 points higher and back months higher. NASS reported that US cotton acres were 89% planted by Sunday, 5% behind the normal pace. The crop was 19% squared on that date, 1% ahead of normal. The Cotlook A index for June 17 was down 75 points from the previous day to 77.05 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.

According to the Director General Agriculture (Extension) of Pakistan, the sowing for this season till 1st June was completed on 2.44 million ha and due to severe water shortage of water cotton was sowed on only 2.43 million ha in 2018-19 season.

From May 5 to June 19, the cumulative turnover of reserve cotton was 282,600 tons, with a turnover rate of 82.85%. On 19th June, the Chinese reserve sales of reserve cotton was 9862.14 tons, the actual turnover was 9699.97 tons, and the turnover rate was 98.36%. 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.

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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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	21820	22040	21770	21890	1922	108	9380	-561
19-Jul	190	21840	22070	21840	21960	1564	336	7485	465
19-Aug	140	21980	21980	21880	21970	158	-603	1894	11

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	-30	-	-	-	-	-
19-Jul	-	90	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 19th June @ 5.30 pm

* Updated at as on 19-June- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Jun-19	18-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6255	6280	-25
	Rajkot	B.T. Cotton	6260	6290	-30
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5835	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6425	6400	25
	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	6700	6700	Unch
	Rawatsar	B.T. Cotton	NA	6150	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6500	6550	-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	6532	6451	81
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6380	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Jun-19	18-Jun-19	
Punjab	Bhatinda	J-34	4850	4850	Unch
	Abohar	J-34	4875	4865	10
	Mansa	J-34	4835	4835	Unch
Haryana	Sirsa	J-34	4840	4830	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	19-Jun-19	18-Jun-19	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	49	117	-68
	Rajkot	B.T. Cotton	420	550	-130
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	213	255	-43
	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	190	725	-535
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	300	250	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	586	104	482
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jun-19	18-Jun-19	
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 Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Jun-19	18-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	770	760	10

Delhi	New Delhi	Rs. /10 Kg.	730	725	5
Telangana	Hyderabad	Rs. /10 Kg.	722	722	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	768	768	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Jun-19	18-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3005	3005	Unch
Maharashtra	Akola	Rs./Qtl	2876	2900	-24

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Jun-19	17-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	44600	44600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45600	45600	Unch
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	54400	Unch

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

Index	Unit	19-Jun-19	18-Jun-19	Change
CCIndex(328)	RMB/Ton	14069	14068	1
CCIndex(527)	RMB/Ton	13126	13123	3
CCIndex(229)	RMB/Ton	14453	14448	5

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

China Foreign Cotton (FCE) Index :

Index	Unit	19-Jun-19	18-Jun-19	Change
FC Index (S)	Cents/lb	81.99	81.99	Unch
FC Index (M)	Cents/lb	77.33	77.24	0.09
FC Index (L)	Cents/lb	73.57	73.46	0.11

Cotlook Index:

Cotlook Indices	Unit	18-Jun-19	17-Jun-19	Change
A-Index	Cents/Pound	77	77.05	-0.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Jun-19	18-Jun-19	Bales
Southeast	cents/lb.	63.37	65.62	0
North Delta	cents/lb.	62.12	64.37	0
South Delta	cents/lb.	62.12	64.37	0
East TX-OK	cents/lb.	59.62	61.87	1338
West Texas	cents/lb.	59.62	62.37	1599
Desert SW	cents/lb.	58.62	62.62	0
SJ Valley	cents/lb.	59.12	68.02	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 18-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 Tue June 18, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190618	65.63	66.99	64.97	65.32	-0.31	13,798	26,765	-13,539
19-Oct	190618	66.78	68.85	66.18	66.37	-0.69	4	82	0
19-Dec	190618	66.07	67.94	65.82	66.82	0.4	17,113	129,873	1,506
20-Mar	190618	66.69	68.3	66.41	67.19	0.32	2,663	21,141	895
20-May	190618	67.32	68.87	67.09	67.67	0.23	421	2,752	69
20-Jul	190618	67.82	69.33	67.63	68.11	0.19	48	3,753	14
Total Volume and Open Interest							34,180	193,423	-11,012

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