

Domestic Fundamentals:

Market Outlook:

Cotton prices expected to remain steady for few coming days until the new crop arrives. The international markets showed some progress 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 but again it loosed the momentum and prices moved down. 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.

News: **Textile exports in May declined 1.94% to \$1.624 billion as against \$1.656 billion in May 2018** and, for the first two months in April-May, it declined 3.55% to \$3.128 billion as compared to \$3.243 billion in 2018. Cotton yarn, fabs, made-ups, handloom products has reported a decline of 5.94% in May to \$885 million from \$941 million in May 2018. For the first two months of the current financial year, it declined by 5.89% to \$1.729 billion from \$1.837 billion in the same period last year which shows the textile industry has been hit adversely with lack of resources and low demand from international market.

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.

Weather Forecast for tomorrow:

Southwest Monsoon has further advanced into some more parts of south Madhya Maharashtra, most parts of Karnataka, remaining parts of Tamilnadu, Puducherry & Karaikal, entire Andhra Pradesh, most parts of Telangana, some parts of south Chhattisgarh & Odisha, remaining parts of Bay of Bengal, most parts of West Bengal and some parts of Jharkhand and Bihar.

International Fundamentals:

Cotton futures are trading 10 points lower to 37 points higher in the front months. July hit the lowest price since June 2016 on the front month continuation chart on Thursday. The down in prices were caused by net-negative sales. Earlier in the session, USDA reported net-negative sales of 119,000 bales against the Old Crop season. Turkey and China were huge cancelers of previously purchased cotton.

The Cotlook A index for June 19 was up 50 points from the previous day to 77.50 cents/lb. The weekly Average World Price (AWP) from USDA is now 59.14 cents/lb through next Thursday, up 17 points from the previous week.

The weekly US Export Sales report showed old crop upland bookings at a net reduction of 119,275 RB in the week of June 13. New crop sales totaled 221,829 RB. Upland cotton shipments totaled 321,241 RB in that week, with 36,000 RB to China and 59,200 RB to India. Total upland commitments are now 110% of USDA's export projection, compared to the 104% average, as exports are behind normal pace (87%) at 80%.

From May 5 to June 21, the cumulative turnover of reserve cotton was 301,800 tons (17.75 Lakh Bales), with a turnover rate of 83.62%. June 21st, the reserve cotton sales resources of 9943.2449 tons, the actual turnover of 9332.9368 tons, the turnover rate of 93.86%.

Conab's released a report revising the 2018-19 expected cotton output to 2.67 million tons, up 33.4 per cent compared to the previous season. Higher production estimates in Brazil are expected to increase by the increase in area which is up by 36.2 per cent. However, the average productivity is likely to dip by 2 per cent to 1,673 kilos per hectare. During the current cotton season from August 2018 to May 2019, Brazil exported the record volume of 1.2 million tons of cotton.

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.

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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	22020	22230	22000	22100	1076	-932	8234	-736
19-Jul	190	21670	21730	21550	21690	1460	-445	7103	-492
19-Aug	140	21590	21650	21500	21670	368	39	2074	57

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	500	-	-	-	-	-
19-Jul	-	80	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 21th June @ 5.30 pm

* Updated at as on 21-June- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jun-19	20-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6030	6305	-275
	Rajkot	B.T. Cotton	6235	6265	-30
	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	6300	6350	-50
	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	6670	6670	Unch

	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6550	6450	100
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6564	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6300	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Jun-19	20-Jun-19	
Punjab	Bhatinda	J-34	4830	4840	-10
	Abohar	J-34	4850	4865	-15
	Mansa	J-34	4850	4835	15
Haryana	Sirsa	J-34	4800	4820	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jun-19	20-Jun-19	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	287	102	185
	Rajkot	B.T. Cotton	415	380	35
	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	170	255	-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	200	430	-230
	Rawatsar	B.T. Cotton	NA	NA	-

Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	300	500	-200
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	766	-
	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	21-Jun-19	20-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	21-Jun-19	20-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	760	760	Unch
Delhi	New Delhi	Rs. /10 Kg.	725	725	Unch
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	21-Jun-19	20-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2996	3000	-4
Maharashtra	Akola	Rs./Qtl	2900	2877	23

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Jun-19	19-Jun-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
J-34(202)	26mm	3.5 - 4.9	23	46400	46300	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44700	44600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	45700	45700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47900	47800	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48800	48700	100
DCH-32(107)	34mm	3.0 - 3.8	33	54400	54400	Unch

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

Index	Unit	21-Jun-19	20-Jun-19	Change
CCIndex(328)	RMB/Ton	14155	14117	38
CCIndex(527)	RMB/Ton	13172	13149	23
CCIndex(229)	RMB/Ton	14515	14482	33
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	21-Jun-19	20-Jun-19	Change
FC Index (S)	Cents/lb	81.01	82.22	-1.21
FC Index (M)	Cents/lb	76.88	77.79	-0.91
FC Index (L)	Cents/lb	72.77	74.02	-1.25

Cotlook Index:

Cotlook Indices	Unit	20-Jun-19	19-Jun-19	Change
A-Index	Cents/Pound	77.9	77.5	0.40

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Jun-19	20-Jun-19	Bales
Southeast	cents/lb.	62.5	64.75	0
North Delta	cents/lb.	61.25	63.5	0
South Delta	cents/lb.	61.25	63.5	0
East TX-OK	cents/lb.	58.75	61	4759



West Texas	cents/lb.	58.75	61.5	3640
Desert SW	cents/lb.	57.75	61.75	0
SJ Valley	cents/lb.	58.25	67.15	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 19-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 Thu June 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190620	65.32	65.8	62.38	63.21	-2.17	9,666	11,679	-6,146
19-Oct	190620	67.06	67.45	65.36	65.5	-1.43	107	135	45
19-Dec	190620	67.16	67.48	65.61	65.96	-1.2	30,004	128,668	39
20-Mar	190620	67.48	67.85	66.43	66.76	-0.73	4,557	22,944	594
20-May	190620	68.28	68.38	67.27	67.54	-0.52	1,234	3,490	599
20-Jul	190620	68.48	68.9	67.88	68.11	-0.39	296	3,935	88
Total Volume and Open Interest							46,423	180,266	-4,459

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.