

**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: Restricted cotton sowing due to delay in monsoon has affected the planting progress in India.** Till June 21<sup>st</sup>, around 18.2 lakh ha have been sowed declined from 20.7 lakh ha (12.08% less) in 2018-19. If monsoon is delayed more than 10 days, then cotton yield would be affected for the coming season crop.

**Inventory of cotton yarn mills declined recently due to much lower operating rate at 45% than the average in previous year.** Many small plants shut down and medium to large plants declined the production. With cotton price rising, offers of cotton yarn tend to be stable. Cotton yarn price is expected hard to increase in short run. At present, downstream orders are sluggish and procurement for rigid demand is also weak. Market may improve until any positive negotiation between China and US happens.

**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 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:**

*In the next 24 hours, light to moderate rain and thundershowers are likely at many places with heavy showers at isolated places over eastern parts of Gujarat, Madhya Maharashtra, Coastal Karnataka, Kerala, Sikkim, Sub-Himalayan West Bengal, Assam, Arunachal Pradesh and Andaman and Nicobar Islands. Light to moderate rain and thundershowers might affect at many places over Jammu and Kashmir, Uttarakhand, and at scattered places over Himachal Pradesh, rest Northeast states, Chhattisgarh, Madhya Pradesh, Uttar Pradesh, Telangana, Andhra Pradesh, Interior Karnataka and western Parts of Gujarat.*

#### **International Fundamentals:**

*Cotton futures fell another 202 points in July on Friday, closing down 7.2% on the week. Total upland cotton export commitments are now 110% of USDA's projection, compared to the 104% average, as shipments are behind normal pace (87%) at 80%. The Cotlook A index for June 20 was up 40 points from the previous day to 77.90 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%. 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.*

*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 1<sup>st</sup> 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	22050	22190	22010	22100	731	-345	7970	-264
19-Jul	190	21650	21650	21400	21620	855	-605	7213	110
19-Aug	140	21500	21540	21380	21600	184	-184	2065	-9

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	540	-	-	-	-	-
19-Jul	-	110	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 24th June @ 5.30 pm

\* Updated at as on 24-June- 2019 @ 5:00 PM

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Jun-19	22-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6180	6255	-75
	Rajkot	B.T. Cotton	6200	6225	-25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5875	5900	-25

Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6125	6250	-125
	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	6670	30
	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	NR	NR	-
Karnataka	Bijapur	Bunny	6579	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5990	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Jun-19	22-Jun-19	
Punjab	Bhatinda	J-34	4830	4850	-20
	Abohar	J-34	4840	4840	Unch
	Mansa	J-34	4810	4850	-40
Haryana	Sirsa	J-34	4780	4790	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Jun-19	22-Jun-19	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	103	125	-22
	Rajkot	B.T. Cotton	520	820	-300
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3	11	-8
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	200	200	Unch
	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	NR	NR	-
Karnataka	Bijapur	Bunny	999	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Jun-19	22-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	24-Jun-19	22-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	765	760	5
Delhi	New Delhi	Rs. /10 Kg.	722	725	-3
Telangana	Hyderabad	Rs. /10 Kg.	722	722	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	768	765	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Jun-19	22-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2971	2998	-27
Maharashtra	Akola	Rs./Qtl	2872	2882	-10

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Jun-19	21-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	46000	46200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44800	44600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	45300	45600	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47700	47800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48600	48700	-100
DCH-32(107)	34mm	3.0 - 3.8	33	54300	54400	-100

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

Index	Unit	24-Jun-19	22-Jun-19	Change
CCIndex(328)	RMB/Ton	14155	Closed	-
CCIndex(527)	RMB/Ton	13169	Closed	-
CCIndex(229)	RMB/Ton	14516	Closed	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	24-Jun-19	22-Jun-19	Change
FC Index (S)	Cents/lb	80.11	Closed	-
FC Index (M)	Cents/lb	76.52	Closed	-
FC Index (L)	Cents/lb	72.27	Closed	-

**Cotlook Index:**

Cotlook Indices	Unit	21-Jun-19	21-Jun-19	Change
A-Index	Cents/Pound	76.85	76.85	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Jun-19	21-Jun-19	Bales
Southeast	cents/lb.	61.73	63.98	0



North Delta	cents/lb.	60.48	62.73	<b>0</b>
South Delta	cents/lb.	60.48	62.73	<b>0</b>
East TX-OK	cents/lb.	57.98	60.23	<b>1782</b>
West Texas	cents/lb.	57.98	60.73	<b>2376</b>
Desert SW	cents/lb.	56.98	60.98	<b>0</b>
SJ Valley	cents/lb.	57.48	66.38	<b>0</b>

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 21-June-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	8700	160	8860
<b>Equivalent</b>	40 Kgs	9324	171	9495

Daily Futures Price Listing Fri June 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Jul</a>	190621	63.35	64	60.27	61.19	-2.02	6,695	7,074	-4,605
<a href="#">19-Oct</a>	190621	65.5	65.5	64.65	64.73	-0.77	49	122	-13
<a href="#">19-Dec</a>	190621	66.02	66.97	65.52	65.56	-0.4	16,901	129,947	1,279
<a href="#">20-Mar</a>	190621	66.81	67.75	66.18	66.39	-0.37	3,975	24,639	1,695
<a href="#">20-May</a>	190621	67.81	68.51	67.19	67.19	-0.35	214	3,478	-12
<a href="#">20-Jul</a>	190621	68.54	68.64	67.78	67.8	-0.31	61	3,960	25
Total Volume and Open Interest							27,928	178,654	-1,612

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