

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain steady to firm for few coming days until the new crop arrives. The international market has moved down again due to weaker export sales in US. President Trump has made proposal to Chinese President Xi Jinping for a meeting in G20 Summit to resolve the trade disputes among US and China by this weekend. The bench market mandi (Rajkot) price for variety Shankar 6 was stood Rs.45,350/per candy. The market currently seems supported and may consolidate around the current levels.

News: As on 27th June'19, the total cotton area of 27.08 lakh ha has been reported sown in India 15% less against the previous year of 32.2 lakh ha in 2018. Higher area is reported from Haryana (0.74 lakh ha), Punjab (0.28 lakh ha), Rajasthan (0.35 lakh ha) and Madhya Pradesh (0.23 lakh ha), whereas, less area is reported from Maharashtra, Telangana (3.92 lakh ha), Karnataka, AP (0.58 lakh ha), Tamil Nadu, Odisha and Gujarat.

Around 15-20% more area is likely to be under herbicide resistant BT cotton in Maharashtra. Nearly 20-25 lakh hectare is expected to come under HT Bt variety of cotton this kharif. Nationally, around 40-45 lakh packets of HT Bt cotton seeds are reported to be in circulation, according to industry sources.

The agriculture department in Bhatinda is targeting to increase the yield in the coming season for cotton from 888 kg/ha in 2018-19 to 920kg/ha in 2019-20 and would also bring the area to 1,40,000 ha in the year 2019-20. This year, the area was 91,000 ha. This would increase the yield of Punjab in the coming season as Bhatinda is one of the largest cotton growing districts of Punjab.

Maharashtra finally covered with rain showers today. The monsoon is crucial for cotton sowing, therefore, Maharashtra would pick up the pace in sowing which was 0.12% behind last week. The area is expected to increase by 5% (2019-20) in the state.

Restricted cotton sowing due to delay in monsoon has affected the planting progress in India. Till June 21st, 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.

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rains with one or two heavy spells are expected over Konkan and Goa and Coastal Odisha. Scattered light to moderate rains are a possibility over coastal Karnataka, Gujarat, Madhya Pradesh, Vidarbha, parts of Telangana, coastal Andhra Pradesh, South Chhattisgarh, Sikkim, Assam, Meghalaya, Arunachal Pradesh, West Bengal and Andaman and Nicobar Islands. Light rains are likely at one or two places over coastal Tamil Nadu, Kerala and Southeast Rajasthan.

International Fundamentals:

Cotton futures ended the Thursday session with most contracts 16 to 50 points lower, Jul 19 Cotton closed at 62.990, down 50 points . The Cotlook A index for June 25 was up 5 points from the previous day to 76.45 cents/lb. The weekly Average World Price (AWP) from USDA was updated to 58.32 cents/lb through next Thursday, down 82 points from the previous week.

According to USDA, Global cotton production is likely to increase to 125.3 million bales above 5% than previous year. The increase in production expected due to larger estimates in USA (3.6 million bales more) and India with 2.5 million bales more than previous year. Production in China (27.75 million bales) and Pakistan (8 million bales) is expected to remain same.

The weekly US Export Sales report showed total 118.82 lakh RB exported till 20th June'19 from the start of the season. Out of which 7.84 lakh RB have been exported to India and 5.43 lakh RB have to be exported in the coming months. Net Upland cotton shipments totaled 72,000 RB in the week ending 20th June, with reductions of 2,700 RB from China and 2,600 RB from Japan. This week export sales have been sluggish compared to previous week which may result as supporting factor for the international market for a while.

From May 5 to June 26, the cumulative turnover of reserve cotton was 332,500 tons, with a turnover rate of 84.67%. June 26th, the reserve cotton sales resources of 10,841.769 tons, the actual turnover of 10432.7109 tons, the turnover rate of 96.23%.

Monday's crop progress report from the USDA showed cotton crop was 96% planted in the week to June 23, more than the 89% reported for the previous week, however less than the five-year average of 98%. USDA expects the planting may reach upto 13.74 million acres slightly lower than previous estimates released in March 13.8 million acres. This decline is particularly attributed towards extreme weather conditions in different states of US.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jun	170	22270	22440	22100	22150	1890	373	5344	-1577
19-Jul	190	21440	21550	21410	21500	769	-742	7763	127
19-Aug	140	21180	21190	21100	21180	200	-11	2126	50

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jun	890	-	-	-	-	-
19-Jul	-	360	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 28th June @ 5.30 pm

* Updated at as on 28-June- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Jun-19	27-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6250	6150	100
	Gondal	Shankar-6	6105	6180	-75
	Rajkot	B.T. Cotton	6140	6150	-10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5810	NA	-

Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6020	6025	-5
	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	NA	6650	-
	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	6449	6465	-16
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5801	6419	-618
Commodity		Lint		Prices (Rs./Maund)	
State	Centre	Variety	28-Jun-19	27-Jun-19	Change
Punjab	Bhatinda	J-34	4820	4835	-15
	Abohar	J-34	4820	4835	-15
	Mansa	J-34	4800	4810	-10
Haryana	Sirsa	J-34	4750	4770	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jun-19	27-Jun-19	
Gujarat	Ahmedabad	Shankar-6	1360	1360	Unch
	Gondal	Shankar-6	31	82	-51
	Rajkot	B.T. Cotton	415	410	5
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	170	Unch
	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	NA	200	-
	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	355	584	-229
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	22	30	-8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jun-19	27-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	28-Jun-19	27-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	775	5
Delhi	New Delhi	Rs. /10 Kg.	740	735	5
Telangana	Hyderabad	Rs. /10 Kg.	733	733	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	28-Jun-19	27-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2944	2959	-15
Maharashtra	Akola	Rs./Qtl	2836	2850	-14

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Jun-19	26-Jun-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41200	41200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41700	41700	Unch
J-34(202)	26mm	3.5 - 4.9	23	45800	45700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44300	44300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45000	45000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47300	47300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48400	48400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55300	55300	Unch

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

Index	Unit	28-Jun-19	27-Jun-19	Change
CCIndex(328)	RMB/Ton	NR	14188	-
CCIndex(527)	RMB/Ton	NR	13199	-
CCIndex(229)	RMB/Ton	NR	14546	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	28-Jun-19	27-Jun-19	Change
FC Index (S)	Cents/lb	80.85	81.25	-0.40
FC Index (M)	Cents/lb	76.63	76.99	-0.36
FC Index (L)	Cents/lb	72.63	73.02	-0.39

Cotlook Index:

Cotlook Indices	Unit	27-Jun-19	26-Jun-19	Change
A-Index	Cents/Pound	77.2	76.45	0.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Jun-19	27-Jun-19	Bales
Southeast	cents/lb.	62.99	65.24	0

North Delta	cents/lb.	61.74	63.99	0
South Delta	cents/lb.	61.74	63.99	0
East TX-OK	cents/lb.	59.24	61.49	689
West Texas	cents/lb.	59.24	61.99	264
Desert SW	cents/lb.	58.24	62.24	0
SJ Valley	cents/lb.	58.74	67.64	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 27-June-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8400	160	8560
Equivalent	40 Kgs	9002	171	9173

Daily Futures Price Listing Thu June 27, 2019										
Most Recent Information							Previous Day			
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change	
Cotton(ICE)										
19-Jul	190627	62.38	64.29	62	62.99	-0.5	106	66	-229	
19-Oct	190627	66.74	66.74	65.76	65.99	-0.33	64	167	-7	
19-Dec	190627	66.66	66.86	65.79	66.09	-0.3	12,249	131,308	57	
20-Mar	190627	67.35	67.47	66.53	66.89	-0.16	2,416	26,878	537	
20-May	190627	68.2	68.23	67.34	67.66	-0.18	569	3,587	-9	
20-Jul	190627	68.72	68.74	67.91	68.23	-0.18	166	4,049	48	
Total Volume and Open Interest							15,715	175,691	474	

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