

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain steady for few coming days until the new crop arrives. Trump has announced that no further import tariffs would be imposed on Chinese products and promised Xi Jinping that he would desperately try to resolve all the trade issues between the two countries. But this news has not affected the international market on higher scale. The bench market mandi (Rajkot) price for variety Shankar 6 was stood Rs.45,300/per candy. The market currently seems supported and may consolidate around the current levels.

News: Daily arrivals stood at 4,850 bales as on 1st July, with central India having highest arrivals of 4000 bales followed by South zone and North zone stood at 600 bales and 250 bales respectively.

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:

Moderate to heavy rain and thundershowers with strong winds will be affecting at many places over Odisha, Chhattisgarh, Vidarbha, Southeast Madhya Pradesh and parts of Gangetic West Bengal, North Coastal Andhra Pradesh, Konkan & Goa Coast and Coastal Karnataka. Light to moderate rain and thundershowers would be affecting over many places in northeastern states, Kerala, rest Maharashtra, Central and Southwest Madhya Pradesh and Telangana. Scattered rains will occur over Jammu and Kashmir, Uttarakhand and North Interior Karnataka. Light rains will occur over Bihar, rest Jharkhand, East Rajasthan and South Gujarat. Dust storm will occur over North Rajasthan, North Madhya Pradesh, West Uttar Pradesh, Punjab, Haryana and Delhi.

International Fundamentals:

Cotton futures were mostly 1 to 24 points lower on Friday, as July was up 16 points. The Cotlook A index for June 27 was up 75 points from the previous day to 77.20 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.

US Export sales was slightly higher than last week but shipments were below the average needed to hit the USDA's June. U.S. export forecast at 14.75 million bales. US crop planting and crop progress report was neutral. Upland area is estimated at 13.4 million acres, down 3 percent from 2018. American Pima area is estimated at 275,000 acres, up 10 percent from 2018.

China's cotton plantation area is stable this year. A total of 3.21 million hectares of cotton has been planted this year. This year the acreage is higher by 12.63 per cent from previous 2.85 million hectares in 2018 and produced 26.5 million Bales of 480 lb.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21760	21870	21620	21540	1870	-20	7957	2613
19-Aug	190	21540	21670	21360	21320	273	-496	2199	-5564
19-Oct	140	20550	20600	20500	20440	21	-179	150	-1976

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	200	-	-	-	-
19-Aug	-	-	1070	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 1st July @ 5.30 pm

* Updated at as on 01-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Jul-19	29-Jun-19	
Gujarat	Ahmedabad	Shankar-6	6125	6125	Unch
	Gondal	Shankar-6	6155	6005	150
	Rajkot	B.T. Cotton	6175	6160	15
	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	6020	6000	20
	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	NA	-
	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	6489	6460	29
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6329	6375	-46
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Jul-19	29-Jun-19	
Punjab	Bhatinda	J-34	4800	4800	Unch
	Abohar	J-34	4830	4820	10
	Mansa	J-34	4800	4800	Unch
Haryana	Sirsa	J-34	4760	4750	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Jul-19	29-Jun-19	
Gujarat	Ahmedabad	Shankar-6	1020	1020	Unch
	Gondal	Shankar-6	98	32	66
	Rajkot	B.T. Cotton	380	460	-80
	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	102	85	17
	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	NA	-
	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	588	325	263
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	37	-30
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Jul-19	29-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	1-Jul-19	29-Jun-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	780	10
Delhi	New Delhi	Rs. /10 Kg.	740	740	Unch
Telangana	Hyderabad	Rs. /10 Kg.	735	733	2
Maharashtra	Mumbai	Rs. /10 Kg.	775	768	7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Jul-19	29-Jun-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2930	2938	-8
Maharashtra	Akola	Rs./Qtl	2827	2818	9

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Jun-19	28-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	45700	45700	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44200	44200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	45000	45000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47100	47200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48200	48400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	55300	55300	Unch

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

Index	Unit	1-Jul-19	29-Jun-19	Change
CCIndex(328)	RMB/Ton	14189	Closed	-
CCIndex(527)	RMB/Ton	13206	Closed	-
CCIndex(229)	RMB/Ton	14550	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	1-Jul-19	29-Jun-19	Change
FC Index (S)	Cents/lb	80.82	Closed	-
FC Index (M)	Cents/lb	77.83	Closed	-
FC Index (L)	Cents/lb	72.71	Closed	-

Cotlook Index:

Cotlook Indices	Unit	29-Jun-19	28-Jun-19	Change
A-Index	Cents/Pound	NR	77	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Jun-19	29-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 29-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 Fri June 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190628	63.6	63.6	63.15	63.15	0.16	17	16	-50
19-Oct	190628	66.2	66.69	65.56	65.75	-0.24	46	170	3
19-Dec	190628	66	66.83	65.9	66.08	-0.01	17,109	131,610	302
20-Mar	190628	67.15	67.6	66.62	66.69	-0.2	2,558	27,197	319
20-May	190628	67.73	68.33	67.41	67.45	-0.21	324	3,597	10
20-Jul	190628	68.38	68.87	67.95	67.98	-0.25	132	4,017	-32
Total Volume and Open Interest							20,496	176,283	592

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.