

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain steady to firm for few coming days. 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. China on their behalf have acknowledged that it may buy US farm products very soon. The international market from last 3 days was steady at 63 cents/pound. The bench market mandi (Rajkot) price for variety Shankar 6 was stood Rs.45,150/per candy. The market currently seems supported and may consolidate around the current levels.

News: The cabinet committee on Economic Affairs (CCEA) has announced MSP for 2019-20 kharif crops recently on 3rd July. Medium staple cotton is raised by Rs.105 to Rs.5255/quintal and long staple cotton increased by Rs.100 to Rs.5550/quintal. This move of the government would encourage farmers to plant more cotton compared to its competing crops for the coming cotton season.

USDA expects that Indian cotton exports for 2019-20 season is likely to increase by 11 lakh bales and estimated to reach upto 64 lakh bales, whereas, imports are estimated at 18 lakh bales for 2019-20 cotton marketing season by USDA. USDA expects the cotton production at 37.5 million bales with a planted area of 125 lakh ha in 2019-20. Due to the rapid pace of extending rainfall to all over India, the cotton yield may increase compared to previous year.

Daily arrivals stood at 4,850 bales as on 4th July, with central India having highest arrivals of 2500 bales followed by South zone and North zone stood at 500 bales and 100 bales from Haryana respectively.

As on 28th 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.

Weather Forecast for tomorrow:

Light to moderate rains with one or two heavy to very heavy spells will be seen over West Madhya Pradesh. Light to moderate rains with isolated heavy spells will be seen over Southeast Rajasthan, Gujarat region, Konkan and Goa, Coastal Karnataka, Assam, Meghalaya, and Arunachal Pradesh. While scattered light to moderate rains might be seen over Bihar, Odisha, rest Northeast India, East Madhya Pradesh, Chhattisgarh, Vidarbha, Telangana, North Maharashtra, and Kerala. Also, light rain with one or two moderate spells can be a sight over Uttarakhand and West Uttar Pradesh. Isolated light rain or thundery activity can be a sight over Haryana, Delhi and North Rajasthan with scattered light rains to be seen over Jammu and Kashmir and Himachal Pradesh.

International Fundamentals:

Cotton futures were closed down by 7 points in the front month Oct'19 contract on Wednesday. The Cotlook A index for July 2 was UNCH from the previous day at 77.60 cents/lb. The USDA AWP is 58.32 cents/lb through Thursday.

From May 5 to July 4, the cumulative turnover of reserve cotton was 400,940 tons, and the turnover rate was 86.54%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530 Yuan/ton. On July 4th, China Sold 100% Of Total Put Auction at 11940.0535 tons for sales. Average Transaction price was 13,070 Yuan/ton (Down by 31 Yuan/ton from the previous day). The discounted 3128 price was 14,301 yuan/ton (Down by 39 yuan/ton from the previous day).

US nearby demand has come to a standstill as the exports has been in sluggish mode and continuous cancellation of shipments from China and Argetina. China is likely to procure US cotton or reserve US cotton into state warehouses. In short run, price spread between domestic and foreign cotton is still likely to narrow.

The crop in Punjab (Pakistan) is affected by rains and the crop in Sindh was affected by the attack of Locust worm. The Plant Protection Department has taken the preventive measure by starting spraying and controlled the damage to some extent. However, the department had not issued any report regarding damage done by the attack. In Pakistan, 2019-20 cotton production is expected to increase 300,000 bales to 8.0 million bales, as area rebounds from 2018-19 and the yield remains relatively flat.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21500	21590	21480	21520	567	-2	7883	-149
19-Aug	190	21140	21260	21130	21180	231	22	2574	150
19-Oct	140	20490	20490	20490	20480	8	-3	187	6

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	330	-	-	-	-
19-Aug	-	-	770	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 4th July @ 5.30 pm

* Updated at as on 04-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Jul-19	3-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6125	6125	Unch
	Gondal	Shankar-6	Closed	6205	-
	Rajkot	B.T. Cotton	Closed	6155	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	5795	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-

	Adampur	B.T. Cotton	6050	6050	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	6480	-
	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	6453	6431	22
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Jul-19	3-Jul-19	
Punjab	Bhatinda	J-34	4800	4780	20
	Abohar	J-34	4810	4810	Unch
	Mansa	J-34	4780	4810	-30
Haryana	Sirsa	J-34	4750	4740	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jul-19	3-Jul-19	
Gujarat	Ahmedabad	Shankar-6	1530	1530	Unch
	Gondal	Shankar-6	Closed	122	-
	Rajkot	B.T. Cotton	Closed	250	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	14	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	102	102	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	800	-
	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	603	438	165
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jul-19	3-Jul-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	4-Jul-19	3-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	785	785	Unch
Delhi	New Delhi	Rs. /10 Kg.	750	750	Unch
Telangana	Hyderabad	Rs. /10 Kg.	735	735	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	775	775	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	4-Jul-19	3-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2926	2923	3
Maharashtra	Akola	Rs./Qtl	2832	2822	10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Jul-19	1-Jul-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	45500	45800	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44100	44300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	44900	45100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46900	47100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48000	48200	-200
DCH-32(107)	34mm	3.0 - 3.8	33	55300	55300	Unch

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

Index	Unit	4-Jul-19	3-Jul-19	Change
CCIndex(328)	RMB/Ton	14288	14293	-5
CCIndex(527)	RMB/Ton	13289	13291	-2
CCIndex(229)	RMB/Ton	14633	14633	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	4-Jul-19	3-Jul-19	Change
FC Index (S)	Cents/lb	81.76	81.76	Unch
FC Index (M)	Cents/lb	78.74	78.74	Unch
FC Index (L)	Cents/lb	74.27	74.27	Unch

Cotlook Index:

Cotlook Indices	Unit	3-Jul-19	1-Jul-19	Change
A-Index	Cents/Pound	78.35	77	1.35

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Jul-19	3-Jul-19	Bales
Southeast	cents/lb.	63.55	65.8	0



North Delta	cents/lb.	62.3	64.55	2670
South Delta	cents/lb.	62.3	64.55	0
East TX-OK	cents/lb.	59.8	62.05	355
West Texas	cents/lb.	59.8	62.55	0
Desert SW	cents/lb.	58.8	62.8	0
SJ Valley	cents/lb.	59.3	68.2	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 03-July-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	160	8260
Equivalent	40 Kgs	8681	171	8852

Daily Futures Price Listing Wed July 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190703	63.75	63.75	63.75	63.75	-0.02	2	14	0
19-Oct	190703	66.5	66.98	66.36	66.55	-0.02	84	207	20
19-Dec	190703	67.28	67.9	66.81	67.25	-0.04	25,036	129,706	-311
20-Mar	190703	68.15	68.71	67.64	68.11	0.01	4,353	28,607	398
20-May	190703	68.86	69.36	68.51	68.81	unch	599	3,509	-59
20-Jul	190703	69.37	69.8	69.12	69.29	-0.03	204	3,996	-12
Total Volume and Open Interest							30,687	175,746	-12

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