

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain steady to low for few coming days. The international market stood steady the last week and may move positive if US and China trade talks move further. The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.44,500/per candy. The market currently seems supported and may consolidate around the current levels.

News: As on 8th July'19, Telangana covered the cotton total area of 8.80 ha and slightly ahead from last year area which stood at 8.79 ha. This year the cotton area in Telangana is going to increase by 2-3% from last year due to less water availability which is encouraging farmers to switch from growing rice this season.

As on 4th July'19, the total cotton area of 45.85 lakh ha has been reported sowing in India, 18.77 lakh ha higher than previous week (27.08 lakh ha) and 16.02% less against the previous year of 54.59 lakh ha in 2018. Higher area is reported from Haryana (6.76 lakh ha), Punjab (4.02 lakh ha) and Gujarat (14.35 lakh ha), whereas, less area is reported from Maharashtra (4.56 lakh ha), Telangana (7.89 lakh ha), AP (0.43 lakh ha), Tamil Nadu, Karnataka.

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.

Weather Forecast for tomorrow:

Moderate to heavy rains with isolated very heavy spells will be seen over Sub-Himalayan West Bengal and Sikkim and parts of Assam. Light to moderate rains with isolated heavy spells will be seen over parts of Himachal Pradesh, Uttarakhand, Uttar Pradesh, Bihar, rest Northeast India, Konkan and Goa, and Coastal Karnataka. Scattered light to moderate rains will be seen over East and North Madhya Pradesh, parts of Chhattisgarh and Kerala. Light rain stands a chance at few places of Punjab, Haryana, Delhi, East Rajasthan, Gujarat region, West Madhya Pradesh, Vidarbha, Marathwada, Madhya Maharashtra, Odisha, Interior Karnataka, parts of Telangana and Coastal Andhra Pradesh. Weather will be dry over West Rajasthan.

International Fundamentals:

Cotton futures settled with losses of 99 to 121 points in most contracts on Monday, The Cotlook A index for July 5 was UNCH from the previous day at 78.35 cents/lb. The USDA AWP is 59.32 cents/lb through Thursday.

According to the latest US crop progress report week ending 7th July'19, 47% of the crop is squaring although less than last years' progress which was 57% in the same time. The condition of the crop seems good with warming temperatures suitable for the development of the crop. Possibility for the positive impact on the yield of the crop in 2019-20 season.

All upland cotton export sales in the week on June 30 totaled 141,498 RB for old crop, above from the same week last year. Total of 14,860 RB was sold to China, and Vietnam the top buyer of 49,900 RB. New crop sales totaled 55,261 RB, with a net reduction of 1,320 RB for China. Total shipments in the week of 27th Jun'19 were at 340,365 RB, with 49,471 RB headed to China.

From May 5 to July 5, the cumulative turnover of reserve cotton was 413,000 tons, and the turnover rate was 87.22%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530 Yuan/ton. On July 5th, China Sold 100% Of Total Put Auction at 12182.0584 tons for sales. Average Transaction price was 13,165 Yuan/ton (Up by 95 Yuan/ton from the previous day). The discounted 3128 price was 14,353yuan/ton (Up by 52 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	21160	21180	21000	21250	993	80	7614	-117
19-Aug	190	20700	20770	20500	20820	691	472	3088	156
19-Oct	140	19970	20200	19970	20360	16	-19	216	18

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	410	-	-	-	-
19-Aug	-	-	570	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 9th July @ 5.30 pm

* Updated at as on 09-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Jul-19	8-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6125	6125	Unch
	Gondal	Shankar-6	6205	6180	25
	Rajkot	B.T. Cotton	6110	6125	-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	6150	6200	-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	6470	6470	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	NA	6500	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5400	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Jul-19	8-Jul-19	
Punjab	Bhatinda	J-34	4760	4780	-20
	Abohar	J-34	4760	4790	-30
	Mansa	J-34	4760	4760	Unch
Haryana	Sirsa	J-34	4700	4750	-50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	9-Jul-19	8-Jul-19	
Gujarat	Ahmedabad	Shankar-6	510	850	-340
	Gondal	Shankar-6	153	197	-44
	Rajkot	B.T. Cotton	410	250	160
	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	51	51	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	900	1170	-270
	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	NA	463	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	7	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Jul-19	8-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	9-Jul-19	8-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	770	770	Unch

Delhi	New Delhi	Rs. /10 Kg.	735	745	-10
Telangana	Hyderabad	Rs. /10 Kg.	730	730	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	785	785	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	9-Jul-19	8-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2953	2958	-5
Maharashtra	Akola	Rs./Qtl	2857	2865	-8

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Jul-19	8-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	45100	45100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43500	43500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	44400	44400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46700	46700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47800	47800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55000	55000	Unch

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

Index	Unit	9-Jul-19	8-Jul-19	Change
CCIndex(328)	RMB/Ton	14295	14301	-6
CCIndex(527)	RMB/Ton	13292	13292	Unch
CCIndex(229)	RMB/Ton	14637	14638	-1

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

China Foreign Cotton (FCE) Index :

Index	Unit	9-Jul-19	8-Jul-19	Change
FC Index (S)	Cents/lb	81.19	81.64	-0.45
FC Index (M)	Cents/lb	78.14	78.74	-0.60
FC Index (L)	Cents/lb	73.5	74.19	-0.69

Cotlook Index:

Cotlook Indices	Unit	8-Jul-19	8-Jul-19	Change
A-Index	Cents/Pound	77.85	77.85	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		8-Jul-19	8-Jul-19	Bales
Southeast	cents/lb.	57.38	61.38	0
North Delta	cents/lb.	58.38	60.63	0
South Delta	cents/lb.	60.88	63.13	0
East TX-OK	cents/lb.	57.88	66.78	0
West Texas	cents/lb.	60.88	63.13	0
Desert SW	cents/lb.	62.13	64.38	0
SJ Valley	cents/lb.	58.38	61.13	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 08-July-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8300	160	8460
Equivalent	40 Kgs	8895	171	9066

Daily Futures Price Listing Mon July 08, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Jul	190708	62.33	62.33	62.33	62.33	-1.11	0	14	0
19-Oct	190708	66.15	66.38	65.13	65.13	-1.11	0	215	9
19-Dec	190708	66.66	67.1	65.57	65.64	-1.18	0	130,343	-1,051
20-Mar	190708	67.83	68.01	66.62	66.7	-1.12	0	29,189	-111
20-May	190708	68.47	68.47	67.46	67.48	-1.07	0	3,533	20
20-Jul	190708	68.8	68.82	68.09	68.18	-0.9	0	4,005	-11
Total Volume and Open Interest							0	177,365	-1,035

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