

**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.44,200/per candy. The market currently seems supported and may consolidate around the current levels.

**News:** As on 8<sup>th</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> 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 28<sup>th</sup> 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 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.

#### **Weather Forecast for tomorrow:**

Heavy to very heavy rains are likely over Assam, Arunachal Pradesh, parts of Nagaland. Light to moderate with heavy rains will be seen over Sub-Himalayan West Bengal, Sikkim, Bihar, Uttar Pradesh, East Madhya Pradesh, Uttarakhand, Himachal Pradesh, Konkan and Goa, and Coastal Karnataka. Scattered light to moderate rains are likely over Kerala, Jharkhand, Gangetic West Bengal, parts of Chhattisgarh and parts of Odisha. Light rain stands a chance at few places of Interior Maharashtra, Punjab, Haryana, Delhi, East Rajasthan, Gujarat, Interior Karnataka, West Madhya Pradesh, Odisha and parts of Telangana. Weather will be dry over West Rajasthan, Rayalaseema and Tamil Nadu.

#### **International Fundamentals:**

**Cotton futures were down 162 to 240 points on Tuesday.** The Cotlook A index for July 8 was down 50 points from the previous day at 77.85 cents/lb. The USDA AWP is 59.32 cents/lb through Thursday.

**From May 5 to July 10, the cumulative turnover of reserve cotton was 446,000 tons, and the turnover rate was 87.54%. the highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton.** On July 10<sup>th</sup>, China Sold 91.21% Of Total Put Auction at 11083.1486 tons for sales. Average Transaction price was 12,878 Yuan/ton (Up by 105 Yuan/ton from the previous day). The discounted 3128 price was 14, 205 yuan/ton (Up by 190 yuan/ton from the previous day).

**According to the latest US crop progress report week ending 7<sup>th</sup> 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 27<sup>th</sup> Jun'19 were at 340,365 RB, with 49,471 RB headed to China.

**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	21120	21250	21100	21060	775	-218	7386	-228
19-Aug	190	20570	20670	20510	20470	403	-288	3134	46
19-Oct	140	20250	20250	20120	20150	28	12	241	25

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	580	-	-	-	-
19-Aug	-	-	420	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 10th July @ 5.30 pm

\* Updated at as on 10-July- 2019 @ 5:00 PM

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Jul-19	9-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6125	6125	Unch
	Gondal	Shankar-6	6130	6205	-75

	Rajkot	B.T. Cotton	6155	6110	45
	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	6100	6150	-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	6480	6470	10
	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	6551	6530	21
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5359	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Jul-19	9-Jul-19	
Punjab	Bhatinda	J-34	4710	4760	-50
	Abohar	J-34	4730	4760	-30
	Mansa	J-34	4700	4760	-60
Haryana	Sirsa	J-34	4660	4700	-40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jul-19	9-Jul-19	
Gujarat	Ahmedabad	Shankar-6	1020	510	510
	Gondal	Shankar-6	158	153	5
	Rajkot	B.T. Cotton	180	410	-230

	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	51	51
	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	1300	900	400
	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	405	240	165
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	NA	-
Commodity		Lint		Arrivals (Quintal)	
State	Centre	Variety	10-Jul-19	9-Jul-19	Change
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	10-Jul-19	9-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	770	770	Unch
Delhi	New Delhi	Rs. /10 Kg.	735	735	Unch
Telangana	Hyderabad	Rs. /10 Kg.	730	730	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	775	785	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Jul-19	9-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2953	2953	Unch
Maharashtra	Akola	Rs./Qtl	2850	2857	-7

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy 9-Jul-19	Rs. Per Candy 9-Jul-19	Change
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41100	41100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41600	41600	Unch
J-34(202)	26mm	3.5 - 4.9	23	44900	44900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43300	43300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	44200	44200	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	54900	54900	Unch

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

Index	Unit	10-Jul-19	9-Jul-19	Change
CCIndex(328)	RMB/Ton	14187	14295	-108
CCIndex(527)	RMB/Ton	13166	13292	-126
CCIndex(229)	RMB/Ton	14572	14637	-65
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	10-Jul-19	9-Jul-19	Change
FC Index (S)	Cents/lb	79.18	81.19	-2.01
FC Index (M)	Cents/lb	76.14	78.14	-2.00
FC Index (L)	Cents/lb	71.59	73.5	-1.91

**Cotlook Index:**

Cotlook Indices	Unit	9-Jul-19	9-Jul-19	Change
A-Index	Cents/Pound	NR	NR	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		9-Jul-19	9-Jul-19	Bales
Southeast	cents/lb.	60.03	62.28	0
North Delta	cents/lb.	58.78	61.03	0
South Delta	cents/lb.	58.78	61.03	0
East TX-OK	cents/lb.	56.28	58.53	20
West Texas	cents/lb.	56.28	59.03	35
Desert SW	cents/lb.	55.28	59.28	0
SJ Valley	cents/lb.	55.78	64.68	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 09-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 Tue July 09, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Jul</a>	190709	60.23	60.23	60.23	60.23	-2.1	2	13	-1
<a href="#">19-Oct</a>	190709	65.12	65.12	62.8	63.03	-2.1	29	215	0
<a href="#">19-Dec</a>	190709	65.53	65.53	63.07	63.28	-2.36	10,851	131,581	1,238
<a href="#">20-Mar</a>	190709	66.57	66.59	64.35	64.67	-2.03	3,665	29,873	684
<a href="#">20-May</a>	190709	67.29	67.29	65.2	65.74	-1.74	421	3,531	-2
<a href="#">20-Jul</a>	190709	67.91	67.91	66.29	66.57	-1.61	131	4,050	45
Total Volume and Open Interest							15,233	179,523	2,158

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