

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: India receives 28% above average rainfall this week especially in cotton growing area of central India which was very important for the vegetative growth of cotton in its initial growth. The cotton crop in India needs average or above average rainfall in the coming weeks so as for the good health of the crop.

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:

Heavy to very heavy rains are expected over Uttarakhand, Uttar Pradesh, Bihar, Sub-Himalayan West Bengal and Sikkim, Assam, Meghalaya, Arunachal Pradesh, Nagaland, and Meghalaya. Light to moderate rains with few heavy spells will be seen over parts of Himachal Pradesh, rest of Northeast India, Konkan and Goa, and Coastal Karnataka. Scattered light to moderate rains will be seen over Jammu and Kashmir, Jharkhand, Odisha, parts of Chhattisgarh, Vidarbha, parts of Telangana and Kerala. Light rain at few places of North Punjab, East Uttar Pradesh and few places of Tamil Nadu will be seen. Weather to remain dry over most parts of Haryana, many parts of Punjab, Delhi, Kutch, South Interior Karnataka, and Andhra Pradesh.

International Fundamentals:

Cotton futures were 36 to 74 points higher in most contracts on Wednesday. The Cotlook A index for July 9 was down 120 points from the previous day at 76.65 cents/lb. The USDA AWP is 59.32 cents/lb through Thursday.

The prolonged trade war between US and China is severely affecting the US export sales and even the prices has been hit globally. This could not be revived until China and US resolves the issue. Further Brazil has been a good competitor for US for its higher quality of cotton supply this year. Many US shipment cancellations from Vietnam, Mexico & China has made the sluggish shipments since last month.

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 10th, 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 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.

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.

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| 19-Jul | 170 | 21250 | 21340 | 21170 | 21320 | 619 | -156 | 7334 | -52 |
| 19-Aug | 190 | 20730 | 20800 | 20540 | 20700 | 317 | -86 | 3146 | 12 |
| 19-Oct | 140 | 20240 | 20240 | 20050 | 20160 | 35 | 7 | 267 | 26 |

| Spread | 19-Jun | 19-Jul | 19-Aug | 19-Sep | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot | | | | | - | - |
| 19-Jul | - | 540 | - | - | - | - |
| 19-Aug | - | - | 560 | - | - | - |

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th July @ 5.30 pm

* Updated at as on 11-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 11-Jul-19 | 10-Jul-19 | |
| Gujarat | Ahmedabad | Shankar-6 | 6100 | 6125 | -25 |
| | Gondal | Shankar-6 | 6130 | 6130 | Unch |
| | Rajkot | B.T. Cotton | 6140 | 6155 | -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 | 6125 | 6100 | 25 |
| | 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 | 6450 | 6480 | -30 |
| | 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 | 6551 | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 5479 | 5359 | 120 |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 11-Jul-19 | 10-Jul-19 | |
| Punjab | Bhatinda | J-34 | 4710 | 4710 | Unch |
| | Abohar | J-34 | 4730 | 4730 | Unch |
| | Mansa | J-34 | 4680 | 4700 | -20 |
| Haryana | Sirsa | J-34 | 4670 | 4660 | 10 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | Arrivals (Quintal) | Change |
|-----------|-------|--------------------|--------|
|-----------|-------|--------------------|--------|

| State | Centre | Variety | 11-Jul-19 | 10-Jul-19 | |
|----------------|----------------|---------------|--------------------|-----------|--------|
| Gujarat | Ahmedabad | Shankar-6 | 1020 | 1020 | Unch |
| | Gondal | Shankar-6 | 137 | 158 | -21 |
| | Rajkot | B.T. Cotton | 210 | 180 | 30 |
| | 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 | 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 | 750 | 1300 | -550 |
| | 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 | 405 | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 7 | 7 | Unch |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 11-Jul-19 | 10-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 | 11-Jul-19 | 10-Jul-19 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 775 | 770 | 5 |

| | | | | | |
|-------------|-----------|-------------|-----|-----|------|
| Delhi | New Delhi | Rs. /10 Kg. | 734 | 735 | -1 |
| Telangana | Hyderabad | Rs. /10 Kg. | 735 | 730 | 5 |
| 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 | 11-Jul-19 | 10-Jul-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2958 | 2953 | 5 |
| Maharashtra | Akola | Rs./Qtl | 2882 | 2850 | 32 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|--|---------------|------------|------------------|------------------|------------------|--------|
| | | | | 10-Jul-19 | 10-Jul-19 | |
| 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 | 44600 | 44600 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 – 4.9 | 27 | 43000 | 43000 | Unch |
| Shankar-6(105) | 29mm | 3.5 – 4.9 | 28 | 43900 | 43900 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 46500 | 46500 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 47600 | 47600 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 54700 | 54700 | Unch |

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

| Index | Unit | 11-Jul-19 | 10-Jul-19 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 14187 | 14187 | Unch |
| CCIndex(527) | RMB/Ton | 13173 | 13166 | 7 |
| CCIndex(229) | RMB/Ton | 14571 | 14572 | -1 |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 11-Jul-19 | 10-Jul-19 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 79.68 | 79.18 | 0.50 |
| FC Index (M) | Cents/lb | 76.64 | 76.14 | 0.50 |
| FC Index (L) | Cents/lb | 72.09 | 71.59 | 0.50 |

Cotlook Index:



| Cotlook Indices | Unit | 10-Jul-19 | 10-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 |
|-------------|-----------|------------------------|------------------------|----------|
| | | 10-Jul-19 | 10-Jul-19 | Bales |
| Southeast | cents/lb. | 60.54 | 62.79 | 0 |
| North Delta | cents/lb. | 59.29 | 61.54 | 0 |
| South Delta | cents/lb. | 59.29 | 61.54 | 0 |
| East TX-OK | cents/lb. | 56.79 | 59.04 | 249 |
| West Texas | cents/lb. | 56.79 | 59.54 | 265 |
| Desert SW | cents/lb. | 55.79 | 59.79 | 0 |
| SJ Valley | cents/lb. | 56.29 | 65.19 | 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 10-July-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 Wed July 10, 2019

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 19-Oct | 190710 | 62.87 | 63.8 | 62.87 | 63.54 | 0.51 | 26 | 213 | -2 |
| 19-Dec | 190710 | 63.45 | 64.2 | 63.06 | 63.82 | 0.54 | 16,667 | 132,423 | 842 |
| 20-Mar | 190710 | 64.67 | 65.52 | 64.48 | 65.06 | 0.39 | 4,853 | 30,851 | 978 |
| 20-May | 190710 | 65.89 | 66.54 | 65.64 | 66.09 | 0.35 | 670 | 3,725 | 194 |
| 20-Jul | 190710 | 66.74 | 67.3 | 66.55 | 66.97 | 0.4 | 424 | 4,116 | 66 |
| 20-Oct | 190710 | 66.87 | 66.87 | 66.87 | 66.87 | 0.4 | | | |
| Total Volume and Open Interest | | | | | | | 23,344 | 182,161 | 2,638 |

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