

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain bearish for few coming days. The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.44,100/per candy. The market currently seems weak and may consolidate around the current levels.

News: Cotton acreage in the latest report released by Ministry of Agriculture as on 11th July'19 stood at 77.71 lakh hectare 0.2% higher compared to last year in the same period which stood at 77.5 lakh. The slight increase in area this year is due to delayed monsoon, competitive crops are being replaced by cotton in some areas.

According to the latest report released by IMD, reveals that in the coming next two weeks the rainfall is expected to be below normal in India which seems to be very crucial for kharif growing crops for its initial vegetative phases. As in many cotton growing regions, the seedling are in need of water for proper germination. Whereas India received 28% above average rainfall in the 10th July ending week especially in cotton growing area of central India which was very important for the vegetative growth of cotton in its initial growth.

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.

Weather Forecast for tomorrow:

Heavy to very heavy rains would continue to lash East Uttar Pradesh, Bihar Assam, and Meghalaya. Moderate to heavy rains with few very heavy showers are expected over Central and West Uttar Pradesh, Arunachal Pradesh, Sub-Himalayan West Bengal, Sikkim, Nagaland, South Konkan and Goa and North Coastal Karnataka. Light to moderate rains with few heavy spells would be seen over parts of Uttarakhand, Himachal Pradesh, and rest of Northeast India. Scattered light to moderate rain and thundershowers are likely over Jammu and Kashmir, Jharkhand, Odisha, South Chhattisgarh, and Kerala. Light rain at few places are likely over Interior Maharashtra, Telangana, North Punjab, North Haryana, Odisha and Coastal Andhra Pradesh and Tamil Nadu. Weather to remain mainly dry over rest of the country.

International Fundamentals:

Cotton futures closed Thursday with most nearby contracts 52 to 89 points. The Cotlook A index for July 10 was down 235 points from the previous day at 74.30 cents/lb. The USDA AWP is 59.32 cents/lb.

The cotton yarn stocks in China continues to stack at the ports as there is no liquidity in the market. The stocks in the ports are assessed at about 99kt, with 38.2kt in Jiangsu and Zhejiang, 39.5kt in Guangdong and 11.9kt in North China. If this continue further, then the prices are likely to drop in July-August'19. Traders in China are burdened by large pressure due to large stocks and cotton yarn imports from India to china is likely to drop in July and in coming months.

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 Argentina. 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21220	21230	21100	21160	297	-322	7335	1
19-Aug	190	20590	20670	20560	20560	228	-89	3201	55
19-Oct	140	20100	20100	19960	20100	23	-12	269	2

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	560	-	-	-	-
19-Aug	-	-	570	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 12th July @ 5.30 pm

* Updated at as on 12-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Jul-19	11-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6100	6100	Unch
	Gondal	Shankar-6	6105	6130	-25
	Rajkot	B.T. Cotton	6095	6140	-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	6070	6125	-55
	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	6450	20
	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	6543	6540	3
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5479	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Jul-19	11-Jul-19	
Punjab	Bhatinda	J-34	4710	4710	Unch
	Abohar	J-34	4710	4730	-20
	Mansa	J-34	4700	4680	20
Haryana	Sirsa	J-34	4650	4670	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Jul-19	11-Jul-19	
Gujarat	Ahmedabad	Shankar-6	850	1020	-170
	Gondal	Shankar-6	198	137	61
	Rajkot	B.T. Cotton	260	210	50
	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	85	102	-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	600	750	-150
	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	433	343	90
	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	12-Jul-19	11-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	12-Jul-19	11-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	775	5
Delhi	New Delhi	Rs. /10 Kg.	734	734	Unch
Telangana	Hyderabad	Rs. /10 Kg.	735	735	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	780	775	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Jul-19	11-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2961	2958	3
Maharashtra	Akola	Rs./Qtl	2877	2882	-5

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Jul-19	11-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	44700	44700	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	43100	43100	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	44000	44000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46600	46600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47700	47700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54800	54800	Unch

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

Index	Unit	12-Jul-19	11-Jul-19	Change
CCIndex(328)	RMB/Ton	14166	14187	-21
CCIndex(527)	RMB/Ton	13168	13173	-5
CCIndex(229)	RMB/Ton	14559	14571	-12

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Jul-19	11-Jul-19	Change
FC Index (S)	Cents/lb	78.8	79.68	-0.88
FC Index (M)	Cents/lb	75.69	76.64	-0.95
FC Index (L)	Cents/lb	71.34	72.09	-0.75

Cotlook Index:

Cotlook Indices	Unit	11-Jul-19	11-Jul-19	Change
A-Index	Cents/Pound	74.8	74.8	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Jul-19	11-Jul-19	Bales
Southeast	cents/lb.	59.89	62.14	0
North Delta	cents/lb.	58.64	60.89	0
South Delta	cents/lb.	58.64	60.89	0
East TX-OK	cents/lb.	56.14	58.39	110
West Texas	cents/lb.	56.14	58.89	159
Desert SW	cents/lb.	55.14	59.14	0
SJ Valley	cents/lb.	55.64	64.54	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 11-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 Thu July 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190711	63.63	63.75	62.57	62.89	-0.65	53	209	-4
19-Dec	190711	63.92	64.1	62.84	63.08	-0.74	39,151	135,970	3,547
20-Mar	190711	65.16	65.29	64.04	64.2	-0.86	10,958	31,387	536
20-May	190711	66.17	66.17	65.09	65.22	-0.87	2,699	3,793	68
20-Jul	190711	66.35	66.35	65.97	66.13	-0.84	906	4,193	77
20-Oct	190711	66.11	66.11	66.11	66.11	-0.76			
Total Volume and Open Interest							55,481	186,731	4,570

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