

**Domestic Fundamentals:****Market Outlook:**

**Domestic cotton prices expected to remain bearish for few coming days.** The global prices are falling steadily along with weak demand for cotton yarn are likely to move domestic prices lower in the months ahead. The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.44,200/per candy. The market currently seems weak and may consolidate around the current levels.

**News: CAI estimates the cotton production likely to decline further by 3 lakh bales in the current season (2018-19).**

According to CAI, the arrivals of 303.56 lakh bales upto 30th June 2019, imports of 11.28 lakh bales upto 30th June 2019 and the opening stock at the beginning of the season on 1st October 2018 at 33 lakh bales. CAI has estimated cotton consumption during the months of October'18 to June'19 at 243.12 lakh bales while the export shipment of cotton estimated by the CAI upto 30th June 2019 is 44.10 lakh bales.

**According to the latest report released by USDA,** indicates India may produce 37.14 million bales cotton in the coming season 2019-20 which is 9.43% higher than previous year's estimates of 33.94 million bales in 2018-19 with an ending stock of 10.56 million bales. Similarly, yield is also expected to increase to 508 kg/ha 9.33% higher than 458kg/ha in 2018-19. All these conditions are predicted under normal rainfall conditions as India got above average rainfall in the second week of July.

**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 10<sup>th</sup> 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 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.

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

Light to moderate rains with one or two heavy spells is expected over Punjab, Uttar Pradesh, Coastal Karnataka and parts of Kerala. Scattered light to moderate rains can be seen over Himachal Pradesh, Uttarakhand, Northeast Bihar, Sub-Himalayan West Bengal, and Sikkim, parts of Assam, parts of Odisha, Konkan and Goa, Andaman and Nicobar Islands, and Lakshadweep Islands. Scattered light rain with one or two moderate spells will be seen over parts of Haryana, East Uttar Pradesh, Gangetic West Bengal, Jharkhand, parts of Chhattisgarh, rest northeastern states, Rayalaseema, Tamil Nadu, and Interior Karnataka. Light rains will be seen in a few places of Delhi, North Rajasthan, South Gujarat, and Telangana.

### **International Fundamentals:**

**Cotton futures posted 106 to 126 point gains in most contracts on Monday.** The Cotlook A index for July 12 was down 75 points from the previous day at 74.05 cents/lb. The weekly AWP is 58.05 cents/lb through Thursday.

**From May 5 to July 16, the cumulative turnover of reserve cotton was 488,000 tons, and the turnover rate was 87.80%.** The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 16<sup>th</sup>, China sold 95.82% of Total Put Auction at 10593.22 tons for sales. Average Transaction price was 12,697 Yuan/ton (Up by 72 Yuan/ton from the previous day). The discounted 3128 price was 13,854 yuan/ton (Down by 19 yuan/ton from the previous day).

**Net US upland sales were also declined by about 62% from the previous week.** Nearby demand has slowed down some pace since last week due to lack of demand China (10,000 RB), Japan (2,000 RB), and Thailand (1,100 RB). Around 1 lakh bales domestic consumption has also been decreased in US with reduced exports by 2.5 lakh bales based on recent shipments. Therefore, according to the recent WASDE report, the ending stock has been raised this month by 3 lakh bales to 6.7 lakh million bales.

**The falling exports has made Pakistan to rethink to create export opportunities as exporters are facing uncertainty** to negotiate and finalise new export orders due to continuous fluctuation in exchange rates, therefore the government must provide a mechanism to the exporters in this regard . The present crop situation is not seems good due to the heavy locust infestation in the fields.

**The world total cotton production is likely to increase by 037% to 152.81 million bales from previous month's estimates of 152.24 million bales in 2018-19.** Also USDA projects that in the coming season, the production might surge upto 5.42% due to higher production estimates in some of the major producing countries like India, Pakistan and US itself.

**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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21360	21550	21340	21330	1134	505	6845	-301
19-Aug	190	20750	20950	20740	20710	654	283	3418	123
19-Oct	140	20280	20310	20280	20240	36	16	307	29

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	600	-	-	-	-
19-Aug	-	-	640	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th July @ 5.30 pm

\* Updated at as on 16-July- 2019 @ 5:00 PM

### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Jul-19	15-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6200	6200	Unch
	Gondal	Shankar-6	6105	6105	Unch
	Rajkot	B.T. Cotton	Closed	6200	-
	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	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	6425	6505	-80
	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	6495	-
	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	16-Jul-19	15-Jul-19	
Punjab	Bhatinda	J-34	4690	4690	Unch
	Abohar	J-34	4700	4690	10
	Mansa	J-34	4670	4700	-30
Haryana	Sirsa	J-34	4660	4640	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Jul-19	15-Jul-19	
Gujarat	Ahmedabad	Shankar-6	1190	1190	Unch
	Gondal	Shankar-6	76	104	-28
	Rajkot	B.T. Cotton	Closed	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	510	510	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	480	750	-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	521	-
	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	16-Jul-19	15-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	16-Jul-19	15-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	790	Unch
Delhi	New Delhi	Rs. /10 Kg.	755	757	-2
Telangana	Hyderabad	Rs. /10 Kg.	745	745	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	792	782	10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Jul-19	15-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2978	2974	4

Maharashtra

Akola

Rs./Qtl

2909

2892

17

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Jul-19	15-Jul-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
J-34(202)	26mm	3.5 - 4.9	23	44300	44300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42800	42800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43700	43700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46300	46300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47400	47400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Index	Unit	16-Jul-19	15-Jul-19	Change
CCIndex(328)	RMB/Ton	14149	14157	-8
CCIndex(527)	RMB/Ton	13148	13166	-18
CCIndex(229)	RMB/Ton	14541	14553	-12
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	16-Jul-19	15-Jul-19	Change
FC Index (S)	Cents/lb	79.59	78.34	1.25
FC Index (M)	Cents/lb	76.52	75.27	1.25
FC Index (L)	Cents/lb	72.09	70.84	1.25

**Cotlook Index:**

Cotlook Indices	Unit	15-Jul-19	15-Jul-19	Change
A-Index	Cents/Pound	74.05	74.05	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Jul-19	15-Jul-19	Bales

Southeast	cents/lb.	60.7	62.95	0
North Delta	cents/lb.	59.45	61.7	0
South Delta	cents/lb.	59.45	61.7	0
East TX-OK	cents/lb.	56.95	59.2	99
West Texas	cents/lb.	56.95	59.7	0
Desert SW	cents/lb.	55.95	59.95	0
SJ Valley	cents/lb.	56.45	65.35	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 15-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 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190715	62.65	63.7	62.12	63.7	1.34	32	234	12
<a href="#">19-Dec</a>	190715	62.74	64.09	62.68	63.95	1.27	14,745	137,450	1,753
<a href="#">20-Mar</a>	190715	63.71	65.05	63.71	65	1.26	3,417	31,922	173
<a href="#">20-May</a>	190715	65.04	65.81	64.63	65.8	1.12	896	4,026	126
<a href="#">20-Jul</a>	190715	65.92	66.52	65.45	66.51	0.99	626	4,406	137
<a href="#">20-Oct</a>	190715	66.2	66.2	66.2	66.2	0.94			
Total Volume and Open Interest							20,063	189,635	2,461

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