

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: Cotton yarn exports from India have fallen down by 22 per cent in the first quarter as decline in global demand and higher prevailing domestic cotton prices prevailing over the trade. The global cotton yarn demand is also under stress as GDP growth in China has fallen and there are similar trends in major cotton markets including Bangladesh. This year, yarn exports are down to China, Bangladesh, Pakistan and European markets. India is the worlds' largest exporter of cotton yarn and has major markets in China, Bangladesh, Pakistan, Vietnam and South Korea. The down trend in export of cotton yarn is worsened by low margins in Indian cotton market due to higher domestic prices.

The crop situation in Punjab and Haryana is critical because of deficient rains. If the insufficient rainfall continues in the cotton belt in North India, it will affect the yield adversely for the coming season although the crop has been sowed in much higher are compared to previous year. But according to the sources the water storage in the catchment areas was sufficient in Punjab from the dams which might help the crop to grow healthy.

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 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.

Weather Forecast for tomorrow:

Moderate rain with one or two heavy spells will be seen over parts of Himachal Pradesh, Uttarakhand, Punjab, Haryana, West Uttar Pradesh, Konkan and Goa, Kerala, parts of Rayalaseema, Interior Tamil Nadu and South Interior Karnataka. Scattered light to moderate rains will be seen over Coastal Andhra Pradesh, South Odisha, South Chhattisgarh. While light rains can be seen in Delhi with one or two moderate spells in Uttar Pradesh, and Northeast Bihar. Scattered light rains can be seen over Jharkhand, Gangetic West Bengal, North Odisha, Chhattisgarh, rest Tamil Nadu, Interior Karnataka. Whereas isolated light rains will be seen over South Gujarat, Madhya Maharashtra, Rayalaseema, and East Madhya Pradesh. Weather to be dry over Rajasthan, Gujarat, West Madhya Pradesh, Vidarbha, Marathwada, North Madhya Maharashtra.

International Fundamentals:

Cotton futures are trading 12 to 36 points lower this morning. They saw losses of 56 to 132 points in the nearby contracts on Turnaround Tuesday. The Cotlook A index for July 15 was down 40 points from the previous day at 73.65 cents/lb. The weekly AWP is 58.05 cents/lb through Thursday.

From May 5 to July 17, the cumulative turnover of reserve cotton was 499,000 tons, and the turnover rate was 88.03%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 17th, China sold 90% of Total Put Auction at 11000 tons for sales. Average Transaction price was 12,768 Yuan/ton (Up by 71 Yuan/ton from the previous day). The discounted 3128 price was 13,892 yuan/ton (Up by 38 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21520	21770	21520	21590	975	-159	6493	-352
19-Aug	190	20930	21070	20830	20930	877	223	3606	188
19-Oct	140	20400	20400	20060	20310	74	38	357	50

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	700	-	-	-	-
19-Aug	-	-	670	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 17th July @ 5.30 pm

* Updated at as on 17-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Jul-19	16-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6250	6200	50
	Gondal	Shankar-6	6105	6105	Unch
	Rajkot	B.T. Cotton	6160	Closed	-
	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	6425	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	6317	6479	-162
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Jul-19	16-Jul-19	
Punjab	Bhatinda	J-34	4710	4690	20
	Abohar	J-34	4710	4700	10
	Mansa	J-34	4670	4670	Unch
Haryana	Sirsa	J-34	4640	4660	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jul-19	16-Jul-19	
Gujarat	Ahmedabad	Shankar-6	1190	1190	Unch
	Gondal	Shankar-6	76	76	Unch
	Rajkot	B.T. Cotton	200	Closed	-
	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	880	480	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	92	177	-85
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jul-19	16-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	17-Jul-19	16-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	790	Unch
Delhi	New Delhi	Rs. /10 Kg.	755	755	Unch
Telangana	Hyderabad	Rs. /10 Kg.	745	745	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	792	792	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Jul-19	16-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2986	2978	8
Maharashtra	Akola	Rs./Qtl	2917	2909	8

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Jul-19	16-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	44400	44400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42900	42900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43800	43800	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	17-Jul-19	16-Jul-19	Change
CCIndex(328)	RMB/Ton	14086	14149	-63
CCIndex(527)	RMB/Ton	13105	13148	-43
CCIndex(229)	RMB/Ton	14519	14541	-22

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

China Foreign Cotton (FCE) Index :

Index	Unit	17-Jul-19	16-Jul-19	Change
FC Index (S)	Cents/lb	78.9	79.59	-0.69
FC Index (M)	Cents/lb	75.8	76.52	-0.72
FC Index (L)	Cents/lb	71.22	72.09	-0.87

Cotlook Index:

Cotlook Indices	Unit	16-Jul-19	16-Jul-19	Change
A-Index	Cents/Pound	73.65	73.65	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Jul-19	16-Jul-19	Bales
Southeast	cents/lb.	59.33	61.58	0
North Delta	cents/lb.	58.08	60.33	0

South Delta	cents/lb.	58.08	60.33	0
East TX-OK	cents/lb.	55.58	57.83	2639
West Texas	cents/lb.	55.58	58.33	61
Desert SW	cents/lb.	54.58	58.58	0
SJ Valley	cents/lb.	55.08	63.98	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 16-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 16, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190716	63.24	63.38	62.25	62.33	-1.37	25	246	12
19-Dec	190716	63.95	63.95	62.84	63.06	-0.89	13,240	137,889	439
20-Mar	190716	64.93	64.93	64.09	64.28	-0.72	3,333	32,127	205
20-May	190716	65.5	65.55	65.06	65.18	-0.62	789	3,964	-62
20-Jul	190716	66.25	66.28	65.85	65.94	-0.57	731	4,360	-46
20-Oct	190716	65.73	65.73	65.73	65.73	-0.47			
Total Volume and Open Interest							18,628	190,421	786

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.