

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: Around 61% cotton crop has been sown in AP and the area slide down to 1.55 lakh ha as on 17th July'19, 0.32% less compared to 2.28 lakh ha in 2018-19 and 0.39% down to normal area during the corresponding period. The area in Telangana reached 13.53 ha till 17th July'19 slightly lower by 1.21 lakh ha in 2018-19 and down by 1.31 lakh ha to normal area during the same period.

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.

Weather Forecast for tomorrow:

Heavy to very heavy rains are likely in parts of Kerala, and South Coastal Karnataka. Moderate rains likely in parts of South Konkan and Goa, Telangana, adjoining North Andhra Pradesh, South Odisha, South Chhattisgarh, Delhi, Haryana, extreme North Rajasthan, North Punjab, South Himachal Pradesh, Uttarakhand and many parts of Northeast states. Dry weather to prevail over most parts of Rajasthan, North Gujarat and Kutch, most parts of Madhya Pradesh, Central and East Uttar Pradesh, West Bihar and adjoining North Jharkhand. Rest part of India to witness scattered light rains.

International Fundamentals:

Cotton futures closed Wednesday with most contracts 23 to 61 points lower. The Cotlook A index for July 16 was up 130 points from the previous day at 74.95 cents/lb. The weekly AWP is 58.05 cents/lb this week and will be updated on Thursday.

Pakistan has cut its cotton production estimate for 2019-20 as competition from other crops. The Pakistan food ministry reduced its target to 12.7 million bales of 170 kilograms for the year through March from 15 million bales previously for the 2019-20 season. Farmers have shifted to sugarcane from cotton because of higher government support prices, which have increased threefold in a decade. Also massive swarm of locusts has migrated from Iran to Pakistan. The government has deployed aircraft and spray-mounted vehicles to treat about 10,000 acres in Sindh province.

From May 5 to July 18, the cumulative turnover of reserve cotton was 509,000 tons, and the turnover rate was 87.91%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 18th, China sold 91.31% of Total Put Auction at 10171.4952 tons for sales. Average Transaction price was 12,712 Yuan/ton (Down by 56 Yuan/ton from the previous day). The discounted 3128 price was 13,904 yuan/ton (Up by 12 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21880	21940	21550	21740	2929	1954	5283	-1210
19-Aug	190	21050	21210	20920	21040	1968	1091	4425	819
19-Oct	140	20290	20320	20220	20250	123	49	422	65

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	730	-	-	-	-
19-Aug	-	-	890	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 18th July @ 5.30 pm

* Updated at as on 18-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Jul-19	17-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6230	6105	125
	Rajkot	B.T. Cotton	6280	6160	120
	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	6420	6425	-5
	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	6429	6317	112
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Jul-19	17-Jul-19	
Punjab	Bhatinda	J-34	4710	4710	Unch
	Abohar	J-34	4720	4710	10
	Mansa	J-34	4670	4670	Unch
Haryana	Sirsa	J-34	4680	4640	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-19	17-Jul-19	
Gujarat	Ahmedabad	Shankar-6	1020	1190	-170
	Gondal	Shankar-6	40	76	-36
	Rajkot	B.T. Cotton	180	200	-20
	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	NA	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	250	880	-630
	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	139	92	47
	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	18-Jul-19	17-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	18-Jul-19	17-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	790	-10
Delhi	New Delhi	Rs. /10 Kg.	750	755	-5
Telangana	Hyderabad	Rs. /10 Kg.	740	745	-5
Maharashtra	Mumbai	Rs. /10 Kg.	795	792	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Jul-19	17-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3000	2986	14
Maharashtra	Akola	Rs./Qtl	2953	2917	36

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/	Rs. Per	Rs. Per	Change
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			GPT	Candy	Candy	
				17-Jul-19	17-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	18-Jul-19	17-Jul-19	Change
CCIndex(328)	RMB/Ton	14086	14086	Unch
CCIndex(527)	RMB/Ton	13103	13105	-2
CCIndex(229)	RMB/Ton	14518	14519	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	18-Jul-19	17-Jul-19	Change
FC Index (S)	Cents/lb	78.46	78.9	-0.44
FC Index (M)	Cents/lb	75.38	75.8	-0.42
FC Index (L)	Cents/lb	70.71	71.22	-0.51

Cotlook Index:

Cotlook Indices	Unit	17-Jul-19	17-Jul-19	Change
A-Index	Cents/Pound	74.2	74.2	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Jul-19	17-Jul-19	Bales
Southeast	cents/lb.	58.89	61.14	0
North Delta	cents/lb.	57.64	59.89	0
South Delta	cents/lb.	57.64	59.89	0
East TX-OK	cents/lb.	55.89	58.14	39



West Texas	cents/lb.	55.89	58.64	63
Desert SW	cents/lb.	54.14	58.14	0
SJ Valley	cents/lb.	54.64	63.54	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 17-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 Wed July 17, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190717	62.25	62.44	61.54	61.89	-0.44	35	246	0
19-Dec	190717	63.06	63.18	62.32	62.49	-0.57	13,173	136,868	-1,021
20-Mar	190717	64.08	64.31	63.58	63.62	-0.66	2,801	32,618	491
20-May	190717	65.02	65.14	64.5	64.53	-0.65	911	4,029	65
20-Jul	190717	65.84	65.85	65.34	65.36	-0.58	628	4,488	128
20-Oct	190717	65.17	65.17	65.17	65.17	-0.56			
Total Volume and Open Interest							17,862	190,313	-108

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