

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain bearish for few coming days. The global prices are falling steadily along as there is no support in the market. The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.44,300/per candy. The market currently seems weak and may consolidate around the current levels.

News: As on 18th July'19, the cotton crop area has been increased this year by 3.9% till now and reached 96.35 lakh ha than 92.7 lakh ha last year. The sowing is lagging behind in Maharashtra, Telangana and AP by 1.8 lakh ha, 1.23 lakh ha and 0.74 lakh ha respectively whereas Gujarat, Punjab, Haryana and Rajasthan is leading by 4.2 lakh ha, 1.18 lakh ha, 0.11 lakh ha and 1.51 lakh ha respectively compared to corresponding period last year.

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:

During the next 24 hours, heavy to very heavy rains are likely over Kerala. Light to moderate rains with isolated heavy spells might occur over Coastal Karnataka. Scattered light to moderate rains with isolated heavy spells are a possibility over South Konkan and Goa, Vidarbha, Marathwada, North Telangana, South Chhattisgarh, South Odisha, Northeast India, parts of Himachal Pradesh, Uttarakhand, Haryana, Punjab and West Uttar Pradesh. Light rains with one or two moderate spells are likely over Delhi, Madhya Maharashtra, East Madhya Pradesh, North Odisha, Gangetic West Bengal, Bihar and Jharkhand. Isolated light rains are likely over North Rajasthan and parts of Gujarat.

International Fundamentals:

Cotton futures were down 65 to 101 points in the front months on Thursday. The Cotlook A index for July 17 was down 75 points from the previous day at 74.20 cents/lb. The weekly AWP is 58.05 cents/lb this week and will be updated later today.

The US Export Sales report indicated that 54,034 RB of 2018-19 upland cotton was sold in the week that ended on July 11th which was more than 4 times the same week last year and 1% up from the previous week. Weekly shipments were shown at 310,285 RB, down by 7% from previous week as just 7,641 RB went to China and 36.5% larger than the same week last year. Lack of demand and the long-drawn trade dispute between the United States and China has pushed cotton prices down over 16% so far this year.

From May 5 to July 19, the cumulative turnover of reserve cotton was 519,000 tons, and the turnover rate was 87.99%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 19th, China sold 91.82% of Total Put Auction at 10439.8006 tons for sales. Average Transaction price was 12,603 Yuan/ton (Down by 109 Yuan/ton from the previous day). The discounted 3128 price was 13,824 yuan/ton (Down by 80 yuan/ton from the previous day).

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.

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	21650	21650	21420	21550	830	-2099	4719	-564
19-Aug	190	21000	21050	20830	20980	691	-1277	4952	527
19-Oct	140	20160	20160	20050	20140	42	-81	482	60

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	600	-	-	-	-
19-Aug	-	-	890	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 19th July @ 5.30 pm

* Updated at as on 19-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Jul-19	18-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6255	6230	25
	Rajkot	B.T. Cotton	6250	6280	-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	6100	6050	50
	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	6420	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	6429	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6149	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Jul-19	18-Jul-19	
Punjab	Bhatinda	J-34	4715	4710	5
	Abohar	J-34	4710	4720	-10
	Mansa	J-34	4700	4670	30
Haryana	Sirsa	J-34	4670	4680	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	19-Jul-19	18-Jul-19	
Gujarat	Ahmedabad	Shankar-6	1020	1020	Unch
	Gondal	Shankar-6	75	40	35
	Rajkot	B.T. Cotton	160	180	-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	NA	-
	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	250	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	453	139	314
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jul-19	18-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	19-Jul-19	18-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch

Delhi	New Delhi	Rs. /10 Kg.	750	750	Unch
Telangana	Hyderabad	Rs. /10 Kg.	740	740	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	795	795	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Jul-19	18-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3003	3000	3
Maharashtra	Akola	Rs./Qtl	2964	2953	11

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Jul-19	18-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	44500	44500	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	46400	46400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47500	47500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54600	54600	Unch

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

Index	Unit	19-Jul-19	18-Jul-19	Change
CCIndex(328)	RMB/Ton	14025	14086	-61
CCIndex(527)	RMB/Ton	13025	13103	-78
CCIndex(229)	RMB/Ton	14445	14518	-73

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

China Foreign Cotton (FCE) Index :

Index	Unit	19-Jul-19	18-Jul-19	Change
FC Index (S)	Cents/lb	77.84	78.46	-0.62
FC Index (M)	Cents/lb	74.91	75.38	-0.47
FC Index (L)	Cents/lb	70.07	70.71	-0.64

Cotlook Index:

Cotlook Indices	Unit	18-Jul-19	18-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
		18-Jul-19	18-Jul-19	Bales
Southeast	cents/lb.	57.78	60.03	0
North Delta	cents/lb.	56.53	58.78	0
South Delta	cents/lb.	56.53	58.78	0
East TX-OK	cents/lb.	54.78	57.03	0
West Texas	cents/lb.	54.78	57.53	0
Desert SW	cents/lb.	53.03	57.03	0
SJ Valley	cents/lb.	53.53	62.43	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 18-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 Thu July 18, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190718	61.6	61.6	60.78	60.78	-1.11	29	254	8
19-Dec	190718	62.49	62.57	61.66	61.71	-0.78	11,838	136,931	63
20-Mar	190718	63.66	63.68	62.81	62.88	-0.74	3,291	32,703	85
20-May	190718	64.56	64.56	63.88	63.97	-0.56	1,000	4,202	173
20-Jul	190718	65.21	65.21	64.85	64.93	-0.43	601	4,825	337
20-Oct	190718	64.73	64.73	64.73	64.73	-0.44			
Total Volume and Open Interest							17,107	191,112	799

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