

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 and further the prices would depend on the crop coming in the next season. The benchmark 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: As on 24th July'19, area under cotton in Telangana is still slightly lagging behind by 0.04 lakh ha at 15.87 lakh ha and 15.91 lakh ha in the corresponding period last year. Similarly, in Andhra Pradesh also the area has declined to 2.29 lakh ha and which was 3.22 lakh ha in the previous year. The sowing is almost 70-90% completed in both the states and waiting for sufficient rainfall for its good vegetative growth.

Indian Cotton Federation (ICF) has pressurized CCI to release cotton lint stock as the Indian spinning mills are not able to get quality cotton to meet the demand for yarn production at market prices. As CCI is having 9.28 lakh bales with them and is offering higher price than the spot rate in the e-auction to support the spinning mills immediately.

Total MCX stock position stood as on 23rd July'19, stood at 1.26 lakh bales with 66,600 bales in Gujarat, 48,000 bales in Maharashtra and 13,000 bales in Telangana with total utilized capacity of 1,48,700 bales.

Due to waterlogging, the Punjab State Agriculture Department revealed that 90,563 acres of crop mainly cotton and paddy has been damaged. Bhatinda was the worst affected district bearing 31.5% of the total damage.

Good rains are hovering around the cotton belts covering all the states. In contrast, the heavy spell of rainfall in near district of Bhatinda, the cotton crop is in verge of being damaged as around 6,500 ha crop is lying in the stagnant water from last 2 to 3 days. If the crop remains submerged for more than 2-3 days, cotton crop would be damaged and could not survive as cotton has less water requirement.

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 world's 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 area 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.

Weather Forecast for tomorrow:

Moderate to heavy with very isolated heavy rains can be seen over parts of Assam, Meghalaya, Sub-Himalayan West Bengal and Sikkim, parts of Bihar and East Uttar Pradesh. Light to moderate with few heavy spells can be seen over Konkan and Goa and Coastal Karnataka. Light to moderate rains is likely over Himachal Pradesh, Uttarakhand, Coastal Andhra Pradesh, South Chhattisgarh, Kerala, South Gujarat, parts of Telangana, Marathwada and Madhya Maharashtra. Scattered light rains with one or two moderate spells are a possibility over Jammu and Kashmir, Interior Karnataka, Tamil Nadu, Jharkhand, Gangetic West Bengal, Odisha, Madhya Pradesh, West Uttar Pradesh, parts of Rajasthan with isolated rain and thundershowers over Punjab, Haryana, and Delhi.

International Fundamentals:

Cotton futures Oct'19 Cotton closed at 63.81, down 8 points on Thursday. The Cotlook A index for July 24 was up 45 points from the previous day at 74.90 cents/lb. The newly updated weekly AWP is 56.07 cents/lb, up 26 points from the week prior.

Recently, China government has approved the textile industry to buy a total of 50,000 US cotton without any retaliatory tariffs. There could be more waivers on trade tariffs in the near future as the trade talks progress on Monday in China.

The US export sales data reveals that, the net sales were about 1,63,000 running bales this week significantly up from previous week and the exports were up by 3% at 318,000 RB. USDA now expects 14.5 million bales less than previous estimate of 15 million bales in the current season and 17 million bales of cotton exports is expected for the coming season in 2019-20.

From May 5 to July 25, the cumulative turnover of reserve cotton was 560,000 tons, and the turnover rate was 88.50%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 25th, 97.04% Of Total Put Auction at 10,314.5021 tons for sales. Average Transaction price was 12,572 Yuan/ton (up by 192 Yuan/ton from the previous day). The discounted 3128 price was 13,743 yuan/ton (Up by 61 yuan/ton from the previous day).

The weekly crop progress report by US, showed that the crop condition is 50% good, better than last year's condition which was just 32% good. According to the report, US cotton crop is at 78% squared (80% avg.), and 33% was reported as setting bolls (37% avg.).

According to the Pakistani market sources, trading activity improved as some needy mills showed interest in buying of fine quality cotton. The mills indulged in buying of quality cotton to keep a balance between demand and supply. Recent monsoon rains caused damage of quality and quantity. Besides, locust and virus attacks hurt variety and quantity of cotton production, but very little. Pakistan has officially lowered its production projection to the equivalent of 9.9M 480lb bales, which is still significantly higher against 2018.

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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Jul	170	21520	21520	21120	21470	812	-781	1436	-470
19-Aug	190	21260	21260	21100	21230	875	-367	7144	243
19-Oct	140	20300	20330	20220	20320	87	13	685	43

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Jul	-	260	-	-	-	-
19-Aug	-	-	930	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 26th July @ 5.30 pm

* Updated at as on 26-July- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Jul-19	25-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6150	6175	-25
	Gondal	Shankar-6	6005	6155	-150
	Rajkot	B.T. Cotton	6240	6250	-10
	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	6150	6100	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	6450	6450	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	6551	6531	20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5559	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Jul-19	25-Jul-19	
Punjab	Bhatinda	J-34	4680	4680	Unch
	Abohar	J-34	4680	4690	-10
	Mansa	J-34	4670	4670	Unch
Haryana	Sirsa	J-34	4620	4620	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	26-Jul-19	25-Jul-19	
Gujarat	Ahmedabad	Shankar-6	850	850	Unch
	Gondal	Shankar-6	56	37	19
	Rajkot	B.T. Cotton	210	180	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	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	640	-390
	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	141	590	-449
	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	26-Jul-19	25-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	26-Jul-19	25-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	790	Unch

Delhi	New Delhi	Rs. /10 Kg.	760	760	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	800	800	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-Jul-19	25-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3138	3088	50
Maharashtra	Akola	Rs./Qtl	3099	3042	57

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Jul-19	24-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	44600	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43400	43500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	44100	44400	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45800	46300	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47300	47600	-300
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54500	-500

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

Index	Unit	26-Jul-19	25-Jul-19	Change
CCIndex(328)	RMB/Ton	14063	14061	2
CCIndex(527)	RMB/Ton	13035	13035	Unch
CCIndex(229)	RMB/Ton	14476	14475	1

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

China Foreign Cotton (FCE) Index :

Index	Unit	26-Jul-19	25-Jul-19	Change
FC Index (S)	Cents/lb	79.77	79.85	-0.08
FC Index (M)	Cents/lb	76.51	76.58	-0.07
FC Index (L)	Cents/lb	72.39	72.49	-0.10

Cotlook Index:

Cotlook Indices	Unit	25-Jul-19	24-Jul-19	Change
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A-Index

Cents/Pound

75.4

74.9

0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Jul-19	25-Jul-19	Bales
Southeast	cents/lb.	60.81	63.06	0
North Delta	cents/lb.	59.56	61.81	437
South Delta	cents/lb.	59.56	61.81	0
East TX-OK	cents/lb.	57.81	60.06	987
West Texas	cents/lb.	57.81	60.56	128
Desert SW	cents/lb.	56.06	60.06	0
SJ Valley	cents/lb.	56.56	65.46	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 25-July-2019

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8650	160	8810
Equivalent	40 Kgs	9270	171	9441

Daily Futures Price Listing Thu July 25, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190725	63.98	64.3	63.6	63.81	-0.08	10	237	-1
19-Dec	190725	64.2	64.68	63.97	64.19	-0.13	11,495	138,111	-1,974
20-Mar	190725	64.98	65.4	64.87	65.15	0.03	2,509	35,604	357
20-May	190725	65.8	66.15	65.71	65.91	0.02	374	4,644	120
20-Jul	190725	66.56	66.84	66.47	66.62	-0.01	239	5,271	54
20-Oct	190725	65.93	65.93	65.93	65.93	-0.1			
Total Volume and Open Interest							14,912	196,611	-1,365

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