

Domestic Fundamentals:**Market Outlook:**

Domestic cotton prices expected to remain bearish for few coming days. The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.44,100/per candy. The market currently seems weak and may consolidate around the current levels.

News: As on 26th July'19, the cotton crop area has been increased this year by 6.4% till now and reached 108.95 lakh ha than 102.51 lakh ha last year. The sowing is lagging behind in Karnataka, Telangana and AP by 0.39 lakh ha, 0.52 lakh ha and 0.93 lakh ha respectively whereas Gujarat, Punjab, Haryana and Rajasthan is leading by 0.66 lakh ha, 1.18 lakh ha, 0.11 lakh ha and 1.4 lakh ha respectively compared to corresponding period last year.

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 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.

Weather Forecast for tomorrow:

Moderate to heavy rains are expected over East Rajasthan and adjoining parts of Madhya Pradesh, South Konkan and Goa, adjoining North Coastal Karnataka, South Chhattisgarh and parts of North Coastal Andhra Pradesh. Light to moderate rains with one or two heavy spells can be seen over West Bengal, Sikkim, Assam , parts of Meghalaya, Jharkhand, Chhattisgarh, rest Madhya Pradesh, parts of Uttar Pradesh, Haryana, parts of Punjab, Uttarakhand, Himachal Pradesh, southern districts of Bihar, South Gujarat, North Konkan and Goa. The weather of West Rajasthan and Kutch will remain dry with light rain over the rest places of India.

International Fundamentals:

Cotton futures ended the Friday session with most contracts 14 to 26 points higher but Oct was down 22 points at 63.59. 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	27-Jul-19	26-Jul-19	
Gujarat	Ahmedabad	Shankar-6	6175	6150	25
	Gondal	Shankar-6	5955	6005	-50
	Rajkot	B.T. Cotton	6200	6240	-40
	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	6150	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	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	NA	6551	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5559	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Jul-19	26-Jul-19	
Punjab	Bhatinda	J-34	4670	4680	-10
	Abohar	J-34	4670	4680	-10
	Mansa	J-34	4660	4670	-10
Haryana	Sirsa	J-34	4610	4620	-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	27-Jul-19	26-Jul-19	
Gujarat	Ahmedabad	Shankar-6	850	850	Unch
	Gondal	Shankar-6	26	56	-30
	Rajkot	B.T. Cotton	150	210	-60
	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	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	450	250	200
	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	141	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	15	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jul-19	26-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	27-Jul-19	26-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	27-Jul-19	26-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3138	3138	Unch
Maharashtra	Akola	Rs./Qtl	3106	3099	7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Jul-19	25-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	43400	43400	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	44100	44100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45800	45800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47300	47300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

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

Index	Unit	27-Jul-19	26-Jul-19	Change
CCIndex(328)	RMB/Ton	Closed	14063	-
CCIndex(527)	RMB/Ton	Closed	13035	-
CCIndex(229)	RMB/Ton	Closed	14476	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	27-Jul-19	26-Jul-19	Change
FC Index (S)	Cents/lb	Closed	79.77	-
FC Index (M)	Cents/lb	Closed	76.51	-
FC Index (L)	Cents/lb	Closed	72.39	-

Cotlook Index:

Cotlook Indices	Unit	26-Jul-19	25-Jul-19	Change
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A-Index

Cents/Pound

75.4

75.4

Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Jul-19	26-Jul-19	Bales
Southeast	cents/lb.	NR	NR	NR
North Delta	cents/lb.	NR	NR	NR
South Delta	cents/lb.	NR	NR	NR
East TX-OK	cents/lb.	NR	NR	NR
West Texas	cents/lb.	NR	NR	NR
Desert SW	cents/lb.	NR	NR	NR
SJ Valley	cents/lb.	NR	NR	NR

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 Fri July 26, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190726	63.82	64.24	63.45	64.24	0.43	17	230	-7
19-Dec	190726	63.98	64.6	63.57	64.54	0.35	12,189	136,955	-1,156
20-Mar	190726	65.11	65.49	64.7	65.46	0.31	2,816	36,179	575
20-May	190726	65.78	66.19	65.5	66.18	0.27	438	4,720	76
20-Jul	190726	66.49	66.85	66.19	66.81	0.19	333	5,111	-160
20-Oct	190726	66.1	66.1	66.1	66.1	0.17			
Total Volume and Open Interest							16,480	196,013	-598

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