

Domestic Fundamentals:**Market Outlook:**

The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.43,400/per candy. The market currently seems weak and may consolidate around the current levels.

News: Cotton arrivals for 2018-19 season is likely to end by third week of August. Today the arrivals at benchmark market Rajkot were only 45 quintals compared to 380 quintals in the previous month on 1st July'19 while the prices remained constant since first week of July at weaker side compared to the beginning of the season in October'18.

In May, yarn export was down 30 % to 77 million kg (111 million kg) while in April it dipped 16 per cent to 90 million kg. Several spinning units are in fear of getting under closure if the current trend continues for the next season also. The consistent fall in cotton yarn exports in the last three months is due to sharp decline in demand in importing countries such as China, Bangladesh and South Korea, besides duty-free access given by China to competing Pakistan is worrying the Indian textile industry.

According to the trade sources, in Vidarbha and north-western part of the State, cotton plant flowers have been found infested by pink bollworm. As most of the crop was affected by pink bollworm during 2018-19 season due to which the production has reduced down. The situation is not serious till now but the farmers are being warned as around 5% area was found infested in the area.

The Indian market remained firm at 81.13 (cents/lbs) compared to the international prices in US (63.02 cents/lbs) and Brazil stood at 65.6 cents/lbs, on the back of lower production in India this year the prices stood higher. Cotton prices would remain firm against international prices at least till the beginning of the next season (Oct'19) due to lower arrivals. On the other hand the domestic prices were expected to go up but it has fallen to Rs.43000/ candy against the beginning of the season which stood at Rs.46000/candy in the Indian market due to crash in demand amid US and China trade war despite the prevailing shortage conditions.

India's cotton imports is likely to surge at 25 to 28 lakh bales in 2018-19 against 15 lakh bales in previous year. Shortage of raw cotton has urged the textile mills to import cotton on large scale. Till July'19, around 14 lakh bales is expected to arrive out of the total contracted imports of 27 lakh bales for the season, while the remaining 10 -11 lakh bales is expected to arrive until the end of season in September month.

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 0.52 lakh ha at 15.87 lakh ha and 16.23 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.

Weather Forecast for tomorrow:

Moderate rains with one or two heavy spells will be seen over Konkan and Goa, North Coastal Karnataka, Northwest Rajasthan, adjoining parts of Punjab and Haryana, and Southeast Rajasthan. Moderate rains with few light spells can be seen over Delhi, South Gujarat, rest Coastal Karnataka, parts of Telangana, Andaman and Nicobar Islands, Sub-Himalayan West Bengal and Sikkim, Arunachal Pradesh, East Rajasthan, North and Northeast Madhya Pradesh, parts of North Chhattisgarh and parts of Jharkhand. Weather of Rayalaseema, Tamil Nadu, and extreme West Rajasthan will be dry with light rains over rest parts of the country.

International Fundamentals:

Cotton futures are trading 21 to 50 points in most contracts with OCT 19 Cotton closed at 63.08, up 21 points. The Cotlook A index for July 30 was down 25 points from the previous day at 75.60 cents/lb. The weekly AWP is 56.07 cents/lb, through Thursday.

The cotton market remained bearish as trade talks between China and US seem to have failed. As president trump was outrageous as China didn't bought any US farm products as promised earlier by China in G20 meeting. Trump has decided to level an additional \$350 billion in new duties at the Chinese if no deal happens.

From May 5 to July 31, the cumulative turnover of reserve cotton was 600,000 tons (35.29 Lakh Bales), and the turnover rate was 88.79%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 30th, 89.51% Of Total Put Auction at 9311.133 tons for sales. Average Transaction price was 12,478 Yuan/ton (Down by 32 Yuan/ton from the previous day). The discounted 3128 price was 13,407 yuan/ton (Down by 157 yuan/ton from the previous day).

The weekly crop progress report by US, showed that the crop condition is 60% good to excellent, better than last year's condition which just 43% was good. According to the report, US cotton crop is at 86% squared (87% avg.), and 45% was reported as setting bolls (48% avg.). The 15 cotton growing states in US planted 99% of 2018 cotton acreage in the week ending July 28th, 2019.

According to government of Pakistan, 14% growth have been witnessed under cotton cultivation this sowing season compared to the corresponding period last year in Pakistan. The crop had been cultivated over 2.65 million hectares of land across the cotton growing areas of the country. The sowing target has been set at 2.78 million hectares with 12.72 million bales for fulfilling the domestic requirements as well as for exporting the commodity.

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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	-100	20710	20710	20570	20750	791	-175	8111	179
19-Oct	-120	19820	19840	19760	19950	75	11	834	40
19-Dec	-	0	0	0	0	0	0	0	0

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	870	-	-	-	-
19-Oct	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 1st Aug @ 5.30 pm

* Updated at as on 01-Aug- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Aug-19	31-Jul-19	
Gujarat	Ahmedabad	Shankar-6	NA	6100	-
	Gondal	Shankar-6	6080	6055	25
	Rajkot	B.T. Cotton	6125	6075	50
	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	6140	10
	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	6300	6400	-100
	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	6709	6709	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Aug-19	31-Jul-19	
Punjab	Bhatinda	J-34	4520	4560	-40
	Abohar	J-34	4525	4580	-55
	Mansa	J-34	4500	4580	-80
Haryana	Sirsa	J-34	4480	4530	-50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	1-Aug-19	31-Jul-19	
Gujarat	Ahmedabad	Shankar-6	NA	340	-
	Gondal	Shankar-6	49	51	-2
	Rajkot	B.T. Cotton	45	80	-35
	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	285	130	155
	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	297	297	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Aug-19	31-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	1-Aug-19	31-Jul-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	790	Unch

Delhi	New Delhi	Rs. /10 Kg.	760	755	5
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	810	810	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Aug-19	31-Jul-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3200	3183	17
Maharashtra	Akola	Rs./Qtl	3164	3155	9

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Jul-19	29-Jul-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40800	40900	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41300	41400	-100
J-34(202)	26mm	3.5 - 4.9	23	43900	44300	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43000	43200	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	43500	43700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45700	45800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47100	47200	-100
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Index	Unit	1-Aug-19	31-Jul-19	Change
CCIndex(328)	RMB/Ton	14065	14067	-2
CCIndex(527)	RMB/Ton	13032	13036	-4
CCIndex(229)	RMB/Ton	14472	14473	-1

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

China Foreign Cotton (FCE) Index :

Index	Unit	1-Aug-19	31-Jul-19	Change
FC Index (S)	Cents/lb	79.68	79.55	0.13
FC Index (M)	Cents/lb	76.09	76.08	0.01
FC Index (L)	Cents/lb	71.94	71.85	0.09

Cotlook Index:

Cotlook Indices	Unit	31-Jul-19	30-Jul-19	Change
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A-Index

Cents/Pound

74.85

75.6

-0.75**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Jul-19	31-Jul-19	Bales
Southeast	cents/lb.	60.22	62.47	1705
North Delta	cents/lb.	58.97	61.22	0
South Delta	cents/lb.	58.97	61.22	0
East TX-OK	cents/lb.	57.22	59.47	730
West Texas	cents/lb.	57.22	59.97	453
Desert SW	cents/lb.	55.47	59.47	0
SJ Valley	cents/lb.	55.97	64.87	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 31-July-2019

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8400	160	8560
Equivalent	40 Kgs	9002	171	9173

Daily Futures Price Listing Wed July 31, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190731	62.57	63.34	62.57	63.22	0.35	23	238	6
19-Dec	190731	63.36	63.97	63.14	63.84	0.48	11,123	136,497	221
20-Mar	190731	64.36	64.8	64.15	64.68	0.4	2,464	36,179	80
20-May	190731	65.25	65.65	65.08	65.52	0.34	924	4,713	-84
20-Jul	190731	65.92	66.22	65.83	66.13	0.24	536	4,988	-40
20-Oct	190731	65.25	65.25	65.25	65.25	0.16			
Total Volume and Open Interest							15,553	196,114	365

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