

Domestic Fundamentals:**Market Outlook:**

The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.42,650/per candy. The market currently seems weak and may consolidate around the current levels.

News: As on 2nd Aug'19, the cotton area has been increased this year by 5.35 lakh ha till now and reached 115.15 lakh ha than 109.79 lakh ha last year. The sowing is lagging behind in Gujarat, Telangana and AP by 1.78 lakh ha, 0.08 lakh ha and 0.16 lakh ha respectively whereas Maharashtra is leading by 3.3 lakh ha as sufficient rains has covered all cotton growing districts last week followed by Punjab at 1.18 lakh ha and Haryana covering 0.11 lakh ha compared to corresponding period last year.

As on 31st July'19, area under cotton in Telangana has picked up the pace and stood at 16.78 lakh ha similar to 16.79 lakh ha in the corresponding period last year. Similarly, in Andhra Pradesh the area declined to 3.58 lakh ha and which was 3.74 lakh ha in the previous year. Almost 80-90% sowing has been completed in both the states. The rainfall in the coming week would help the farmers in sowing and the area might increase in Telangana.

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 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.

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.

Weather Forecast for tomorrow:

During the next 24 hours, Moderate rains with one or two heavy spells are likely over East Rajasthan, North and West Madhya Pradesh, South Gujarat, Konkan and Goa, parts of Coastal Karnataka. Moderate rains with few light spells can be seen over Himachal Pradesh, Uttarakhand, North Madhya Maharashtra, Vidarbha, Marathwada, Chhattisgarh, North Coastal Andhra Pradesh and parts of Odisha. Light rain with one or two moderate spells can be seen over North Rajasthan, Punjab, Haryana, Delhi, Jharkhand, parts of Uttar Pradesh, South Bihar, Sub-Himalayan West Bengal, and Sikkim, Northeast India, parts of Telangana and Saurashtra and Kutch. Weather of Rayalaseema, Tamil Nadu, South Interior Karnataka will be dry. Light rain will be seen over rest places.

International Fundamentals:

Cotton futures posted sharp 260 to 296 point losses in the front months, OCT 19 Cotton closed at 59.1, down 274 points on Friday. The Cotlook A index for August 1 was up 50 points from the previous day at 74.80 cents/lb. The new weekly AWP is 56.96 cents/lb, down 89 points from the week prior.

The traders were hoping for the positive outcome but after the latest meeting of trade negotiations between US and China, the US President has imposed 10% tariff on additional \$300 billion worth of goods with the effect from 1st September'19.

The weekly export sales report from the USDA showed net sales of 10,200 running bales for 2018/19 were down 94% from the previous week, while exports of 291,200 RB were down 9%. The top buyer was Vietnam at 8,000 RB, with 5,425 RB in cancellations for China as we flip to a new MY today. New crop cotton sales were shown at a MY high for the week of 7/25 at 364,802 RB, with 48,336 RB to China and 214,000 RB sold to Vietnam.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	-380	20490	20490	20170	20570	1387	596	7783	-328
19-Oct	-120	19610	19700	19530	19780	153	78	819	-15
19-Dec	-	19400	19520	19400	19520	6	6	125	125

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	790	-	-	-	-
19-Oct	-	-	180	-	-	-

(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	3-Aug-19	2-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5500	6080	-580
	Rajkot	B.T. Cotton	6025	6115	-90
	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	5960	6025	-65
	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	6440	6250	190
	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	6370	-
	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	3-Aug-19	2-Aug-19	
Punjab	Bhatinda	J-34	4400	4460	-60
	Abohar	J-34	4420	4490	-70
	Mansa	J-34	4425	4450	-25
Haryana	Sirsa	J-34	4350	4420	-70
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	3-Aug-19	2-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	9	58	-49
	Rajkot	B.T. Cotton	45	150	-105
	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	450	-165
	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	20	-
	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	3-Aug-19	2-Aug-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	3-Aug-19	2-Aug-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.	810	810	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	3-Aug-19	2-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3202	3207	-5
Maharashtra	Akola	Rs./Qtl	3167	3170	-3

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Aug-19	31-Jul-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	NR	40800	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	NR	41300	-
J-34(202)	26mm	3.5 - 4.9	23	NR	43600	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NR	42900	-
Shankar-6(105)	29mm	3.5 - 4.9	28	NR	43400	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	NR	45600	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NR	47000	-
DCH-32(107)	34mm	3.0 - 3.8	33	NR	54500	-

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

Index	Unit	3-Aug-19	2-Aug-19	Change
CCIndex(328)	RMB/Ton	Closed	14066	-
CCIndex(527)	RMB/Ton	Closed	13033	-
CCIndex(229)	RMB/Ton	Closed	14471	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	3-Aug-19	2-Aug-19	Change
FC Index (S)	Cents/lb	Closed	79.31	-
FC Index (M)	Cents/lb	Closed	75.62	-
FC Index (L)	Cents/lb	Closed	71.41	-

Cotlook Index:

Cotlook Indices	Unit	1-Aug-19	31-Jul-19	Change
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A-Index

Cents/Pound

74.8

74.85

-0.05**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		1-Aug-19	1-Aug-19	Bales
Southeast	cents/lb.	59.59	61.84	0
North Delta	cents/lb.	58.34	60.59	0
South Delta	cents/lb.	58.34	60.59	0
East TX-OK	cents/lb.	55.84	58.09	205
West Texas	cents/lb.	55.84	58.59	542
Desert SW	cents/lb.	54.09	58.09	0
SJ Valley	cents/lb.	54.59	63.49	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 2-Aug-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 Fri August 02, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190802	61.5	61.5	58.84	58.94	-2.9	10	239	2
19-Dec	190802	62.17	62.17	59.37	59.42	-2.95	10,454	136,129	-953
20-Mar	190802	63.25	63.35	60.56	60.71	-2.85	2,554	36,610	324
20-May	190802	64.43	64.43	62	62.1	-2.57	553	4,732	54
20-Jul	190802	65.39	65.39	63.38	63.38	-2.25	332	4,951	-54
20-Oct	190802	62.76	62.76	62.76	62.76	-2.06			
Total Volume and Open Interest							14,297	196,387	-474

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