

**Domestic Fundamentals:****Market Outlook:**

The bench market mandi (Rajkot) price for variety Shankar 6 stood Rs.42,150/per candy. The market currently seems weak and may depreciate to much lower in coming days.

**News:** As on 2<sup>nd</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> 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 26<sup>th</sup> 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 23<sup>rd</sup> 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, heavy rainfall activities are likely to continue over Konkan and Goa, Coastal Karnataka, North Kerala, parts of North Madhya Pradesh, Northeast Rajasthan, Northern parts of Uttar Pradesh, Uttarakhand and in pockets of Chhattisgarh. Light to moderate rainfall would be affecting at many places over rest eastern parts of Rajasthan, entire Madhya Pradesh, Uttar Pradesh, Delhi, Bihar, Jharkhand, Chhattisgarh, Odisha, North Andhra Pradesh, Telangana, Madhya Maharashtra, Gujarat, Vidarbha, South Kerala, Andaman and Nicobar Islands and at scattered places over Northeast states. Light rains are likely at scattered places over Jammu and Kashmir, at isolated places over Punjab, Haryana, West Rajasthan, Saurashtra and Kutch, Karnataka and Lakshadweep Islands. Dry and very warm weather with humid conditions is likely to prevail over Tamil Nadu, West Rajasthan, parts of Punjab and Lower Assam.

### **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 International Cotton Advisory Committee (ICAC) has estimated cotton production for 2019-20, 6% higher from prior year at 27.2 mt,** with consumption increasing by 1.7 per cent to 26.9 mt, hence global stocks should swell to 18 million tonnes. There was hope that China and the US would resolve their trade differences at the G20 meeting held in June 2019 but there were no breakthrough. ICAC estimated that China is expected to remain the world's largest producer in 2019-20, higher than India's projected 5.75 mt.

**From May 5 to Aug 5, 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 30<sup>th</sup>, 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 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 1<sup>st</sup> 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 25<sup>th</sup> July at 364,802 RB, with 48,336 RB to China and 214,000 RB sold to Vietnam.

**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 28<sup>th</sup>, 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.**

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	-380	19880	19900	19520	20110	2107	720	7304	-479
19-Oct	-120	19470	19470	19210	19650	229	76	869	50
19-Dec	-	19100	19180	19050	19480	13	7	130	5

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	430	-	-	-	-
19-Oct	-	-	290	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 5th Aug @ 5.30 pm

\* Updated at as on 05-Aug- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Aug-19	3-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	5500	-
	Rajkot	B.T. Cotton	6025	6025	Unch
	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	5920	5960	-40
	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	NA	6440	-
	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	6429	-
	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	5-Aug-19	3-Aug-19	
Punjab	Bhatinda	J-34	4380	4400	-20
	Abohar	J-34	4410	4420	-10
	Mansa	J-34	4350	4425	-75
Haryana	Sirsa	J-34	4350	4350	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	5-Aug-19	3-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	9	-
	Rajkot	B.T. Cotton	225	45	180
	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	NA	285	-
	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	30	-
	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	5-Aug-19	3-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	5-Aug-19	3-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	800	790	10

Delhi	New Delhi	Rs. /10 Kg.	760	760	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	802	810	-8

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Aug-19	3-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3194	3202	-8
Maharashtra	Akola	Rs./Qtl	3161	3167	-6

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Aug-19	2-Aug-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	NR	NR	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	NR	NR	-
J-34(202)	26mm	3.5 - 4.9	23	NR	NR	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NR	NR	-
Shankar-6(105)	29mm	3.5 - 4.9	28	NR	NR	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	NR	NR	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NR	NR	-
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

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

Index	Unit	5-Aug-19	3-Aug-19	Change
CCIndex(328)	RMB/Ton	13993	Closed	-
CCIndex(527)	RMB/Ton	12996	Closed	-
CCIndex(229)	RMB/Ton	14422	Closed	-

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	5-Aug-19	3-Aug-19	Change
FC Index (S)	Cents/lb	77.69	Closed	-
FC Index (M)	Cents/lb	73.43	Closed	-
FC Index (L)	Cents/lb	69.58	Closed	-

**Cotlook Index:**

Cotlook Indices	Unit	3-Aug-19	2-Aug-19	Change
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A-Index

Cents/Pound

0

74.8

**-74.80****USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Aug-19	3-Aug-19	Bales
Southeast	cents/lb.	0	0	0
North Delta	cents/lb.	0	0	0
South Delta	cents/lb.	0	0	0
East TX-OK	cents/lb.	0	0	0
West Texas	cents/lb.	0	0	0
Desert SW	cents/lb.	0	0	0
SJ Valley	cents/lb.	0	0	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 3-Aug-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 Fri August 02, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">19-Oct</a>	190802	61.5	61.5	58.84	58.94	-2.9	10	239	2
<a href="#">19-Dec</a>	190802	62.17	62.17	59.37	59.42	-2.95	10,454	136,129	-953
<a href="#">20-Mar</a>	190802	63.25	63.35	60.56	60.71	-2.85	2,554	36,610	324
<a href="#">20-May</a>	190802	64.43	64.43	62	62.1	-2.57	553	4,732	54
<a href="#">20-Jul</a>	190802	65.39	65.39	63.38	63.38	-2.25	332	4,951	-54
<a href="#">20-Oct</a>	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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