

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.41,600/per candy. The market currently seems weak and may depreciate to much lower in coming days.*

**News:** *As on 7<sup>th</sup> Aug'19, cotton in Telangana has surpassed previous year's area and stood at 17.23 lakh ha from 17.06 lakh ha in the corresponding period last year. Similarly, in Andhra Pradesh the area surged to 4.18 lakh ha which was 4.02 lakh ha in the previous year. Almost 90-100% sowing has been completed in both the states.*

**This is the third time confirmation since the beginning of cotton sowing that pink bollworm was detected in Yavatmal region of Maharashtra, after the second warning issued by the Maharashtra state government one week ago to the cotton farmers to keep close watch on the attack of pink bollworm. It is advised to the farmers to take precautionary measures by destroying the affected flowers as soon as possible before it is widespread to the other districts also.**

**Maharashtra is likely to impose import tax on raw cotton to control inflows and domestic prices.** *As recently since the July starting the prices moved down sharply compared to previous month. The low production in 2018-19 season lead to importing cotton so as to fulfill demand and to increase the upcoming season's opening stock. Therefore, according to the Maharashtra government's committee for agriculture cost and pricing, adequate steps would be taken to ensure the cotton prices steady in the new season which is set start post October.*

**Total MCX stock position as on 5<sup>th</sup> Aug'19, stood at 1,35,000 bales** with 64,600 bales in Gujarat, 53,100 bales in Maharashtra and 19,400 bales in Telangana with total utilized capacity of 1,40,700 bales.

**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.

**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 to very heavy rains are expected over Vidarbha, South Madhya Pradesh and in isolated pockets of Chhattisgarh, South Konkan and Goa, Coastal Karnataka and North Kerala. Light to moderate rains with one or two heavy spells may occur over South Gujarat and in adjoining parts of North Konkan and Goa. Scattered light to moderate rains with one or two heavy spells are likely over parts of Jammu and Kashmir, Himachal Pradesh, Uttarakhand, East Rajasthan, rest Gujarat region, Madhya Pradesh, Madhya Maharashtra, remaining parts of Chhattisgarh, North Coastal Andhra Pradesh, South Odisha, Sub-Himalayan West Bengal, Sikkim, Western parts of Assam and in eastern parts of Bihar and Jharkhand. Light rain with one or two moderate spells are likely over rest parts of the country.

### **International Fundamentals:**

**Cotton futures trade session showed mixed trend, with front months 12 to 20 points higher and OCT 19 Cotton closed at 58.39, up 12 points on Wednesday.** The Cotlook A was down 90 points on August 6 at 70 cents/lb. The weekly AWP is 56.96 cents/lb, good through Thursday.

**From May 5 to August 06, the cumulative turnover of reserve cotton was 623,600 tons, and the turnover rate was 87.10%.** The highest traded price 15930 Yuan/ton, the lowest turnover of 11530 Yuan/ton. On 6<sup>th</sup> Aug, 30.58% Of Total Put Auction at 5841.887 tons for sales. Average Transaction price was 11,984 Yuan/ton (Up by 10 Yuan/ton from the previous day). The discounted 3128 price was 13,403 yuan/ton (Down by 97 yuan/ton from the previous day).

**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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	-380	19980	20190	19980	19930	1028	-410	6759	-57
19-Oct	-120	19590	19660	19480	19480	124	-159	1045	89
19-Dec	0	0	0	0	0	0	0	0	0

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	530	-	-	-	-
19-Oct	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 8th Aug @ 5.30 pm

\* Updated at as on 08-Aug- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Aug-19	7-Aug-19		
Gujarat	Ahmedabad	Shankar-6	NA	NA	-	
	Gondal	Shankar-6	5930	5855	75	
	Rajkot	B.T. Cotton	5950	5940	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	5900	5900	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	NA	6360	-	
	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	8-Aug-19	7-Aug-19		
Punjab	Bhatinda	J-34	4370	4365	5	
	Abohar	J-34	4380	4380	Unch	
	Mansa	J-34	4390	4370	20	
Haryana	Sirsa	J-34	4310	4350	-40	
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-	

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Aug-19	7-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	154	65	89
	Rajkot	B.T. Cotton	200	340	-140
	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	500	-
	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	152	-
	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	8-Aug-19	7-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	8-Aug-19	7-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	785	5
Delhi	New Delhi	Rs. /10 Kg.	758	758	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	800	805	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	8-Aug-19	7-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3188	3200	-12
Maharashtra	Akola	Rs./Qtl	3156	3177	-21

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Aug-19	6-Aug-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40500	40500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41000	41000	Unch
J-34(202)	26mm	3.5 - 4.9	23	41500	41400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40900	40600	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42300	41900	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45000	44700	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	52700	52700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

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

Index	Unit	8-Aug-19	7-Aug-19	Change
CCIndex(328)	RMB/Ton	13598	13621	-23
CCIndex(527)	RMB/Ton	12595	12623	-28
CCIndex(229)	RMB/Ton	13988	14031	-43
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	8-Aug-19	7-Aug-19	Change
FC Index (S)	Cents/lb	76.12	Unq	-





FC Index (M)	Cents/lb	71.61	Unq	-
FC Index (L)	Cents/lb	67.91	Unq	-

#### Cotlook Index:

Cotlook Indices	Unit	7-Aug-19	6-Aug-19	Change
A-Index	Cents/Pound	70	70.9	-0.90

#### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Aug-19	7-Aug-19	Bales
Southeast	cents/lb.	56.33	58.58	0
North Delta	cents/lb.	55.08	57.33	0
South Delta	cents/lb.	55.08	57.33	0
East TX-OK	cents/lb.	52.58	54.83	252
West Texas	cents/lb.	52.58	55.33	1183
Desert SW	cents/lb.	50.83	54.83	0
SJ Valley	cents/lb.	51.33	60.23	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 7-Aug-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7750	160	7910
Equivalent	40 Kgs	8360	171	8477

#### Daily Futures Price Listing Tue August 07, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190806	57.99	58.58	57.24	58.58	0.31	64.00	245	-4
<a href="#">19-Dec</a>	190806	58.93	58.93	57.50	58.83	0.11	32750.00	140,358	366
<a href="#">20-Mar</a>	190806	60.03	60.13	58.79	59.89	-0.08	9089.00	37,305	37
<a href="#">20-May</a>	190806	61.38	61.46	60.20	61.13	-0.25	3111.00	5,314	167
<a href="#">20-Jul</a>	190806	62.77	62.77	61.67	62.42	-0.35	2020.00	5,634	419
<a href="#">20-Oct</a>	190806	62.67	62.67	62.67	62.67	0.02			
Total Volume and Open Interest							47,816	201,945	3,577

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