

**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. The international market gained the support of 0.96 points yesterday from the weekly crop condition in US that showed dryness expanding in parts of Texas, with some severe drought starting to emerge.

**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 rainfall is likely in parts of Gujarat, Southwest Madhya Pradesh and along the West Coast. Moderate rains are likely over Southern parts of Rajasthan, Western parts of Madhya Pradesh, Maharashtra, North Interior Karnataka, and in adjoining parts of Kerala. Few spells of moderate rains might affect Northeast states, Bihar, North West Bengal, Sikkim, hills of Himachal Pradesh and Uttarakhand. Mainly dry weather will prevail over Rayalaseema, adjoining Tamil Nadu, parts of Jharkhand and adjoining North Chhattisgarh.

### **International Fundamentals:**

**Cotton futures settled up 44 to 85 points and OCT 19 Cotton closed at 59.43, up 85 points on Thursday.** The Cotlook A index was up 30 points on August 7 at 70.30 cents/lb. The weekly AWP was updated to 52.67 cents/lb, down 4.29 cents from the previous week.

**From May 5 to August 09, the cumulative turnover of reserve cotton was 631,700 tons, and the turnover rate was 84.69%.** The highest traded price 15930 Yuan/ton, the lowest turnover of 11530 Yuan/ton. On 9<sup>th</sup> Aug, 31.18% Of Total Put Auction at 3120.377 tons for sales. Average Transaction price was 12,069 Yuan/ton (Down by 126 Yuan/ton from the previous day). The discounted 3128 price was 13,745 yuan/ton (Up by 142 yuan/ton from the previous day).

The **Export Sales report** from USDA showed 179,505 RB of 2019-20 upland cotton sold in the week of August 1, with China buying 60,100 RB followed by 28,700 RB. A total of 24,57,582 RB in export sales were carried over from the 2018-2019 marketing year with total shipments of 1,38,03,729 RB that is 0.3 million less than the latest USDA estimate (14.2 mln bales) which ended July 31. Total shipments in the final 6 days of the 2018-19 Marketing year were 272,709 RB, with 72,798 RB shipped so far for 2019-20.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	-50	20210	20290	20120	20280	502	-526	6764	5
19-Oct	-10	19740	19750	19600	19710	50	-74	1055	10
19-Dec	0	0	0	0	0	0	0	0	0

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	540	-	-	-	-
19-Oct	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 9th Aug @ 5.30 pm

\* Updated at as on 09-Aug- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Aug-19	8-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5905	5930	-25
	Rajkot	B.T. Cotton	5955	5950	5
	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	5820	5900	-80
	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	6338	NA	-
	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	6340	6379	-39
	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	9-Aug-19	8-Aug-19	
Punjab	Bhatinda	J-34	4400	4370	30
	Abohar	J-34	4410	4380	30
	Mansa	J-34	4390	4390	Unch
Haryana	Sirsa	J-34	4350	4310	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Aug-19	8-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	76	154	-78
	Rajkot	B.T. Cotton	200	200	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	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	430	NA	-
	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	104	228	-124
	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	9-Aug-19	8-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
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State	Centre	Unit	9-Aug-19	8-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	790	20
Delhi	New Delhi	Rs. /10 Kg.	758	758	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	810	800	10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	9-Aug-19	8-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3167	3188	-21
Maharashtra	Akola	Rs./Qtl	3143	3156	-13

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Aug-19	7-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	41700	41500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40900	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42300	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45200	45000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	52900	52700	200
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

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

Index	Unit	9-Aug-19	8-Aug-19	Change
CCIndex(328)	RMB/Ton	13591	13598	-7
CCIndex(527)	RMB/Ton	12589	12595	-6
CCIndex(229)	RMB/Ton	13929	13988	-59
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	9-Aug-19	8-Aug-19	Change
FC Index (S)	Cents/lb	76.18	76.12	0.06
FC Index (M)	Cents/lb	71.67	71.61	0.06



FC Index (L)

Cents/lb

68.13

67.91

0.22

### Cotlook Index:

Cotlook Indices	Unit	8-Aug-19	7-Aug-19	Change
A-Index	Cents/Pound	70.3	70.3	Unch

### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		8-Aug-19	8-Aug-19	Bales
Southeast	cents/lb.	57.29	59.54	0
North Delta	cents/lb.	56.04	58.29	0
South Delta	cents/lb.	56.04	58.29	0
East TX-OK	cents/lb.	53.54	55.79	529
West Texas	cents/lb.	53.54	56.29	0
Desert SW	cents/lb.	51.79	55.79	0
SJ Valley	cents/lb.	52.29	61.19	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 8-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 Thu August 08, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190808	58.78	59.54	58.61	59.54	0.96	10	243	-2
<a href="#">19-Dec</a>	190808	58.92	59.78	58.64	59.58	0.75	15,219	140,639	281
<a href="#">20-Mar</a>	190808	59.93	60.5	59.74	60.42	0.53	7,287	39,107	1,802
<a href="#">20-May</a>	190808	60.99	61.62	60.99	61.5	0.37	2,073	5,785	471
<a href="#">20-Jul</a>	190808	62.42	62.79	62.27	62.68	0.26	1,309	6,263	629
<a href="#">20-Oct</a>	190808	63.03	63.03	63.03	63.03	0.36			
Total Volume and Open Interest							26,255	206,644	3,371

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