

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.41,750/per candy. The market currently seems weak and may depreciate to much lower in coming days. The international market got weaker by 0.49 points yesterday.

News: As on 8th Aug'19, the cotton area has been increased this year by 6.13 lakh ha till now and reached 118.73 lakh ha than 112.6 lakh ha last year. The sowing is lagging behind only in Gujarat by 7.1% and stood at 24.69 lakh ha whereas all other states are now ahead compared to previous year. So far, the total area of cotton expanded this year by around 5.4%.

As on 7th 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 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 India to import 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 5th 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 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.

Weather Forecast for tomorrow:

During the next 24 hours, Moderate rains with one or two heavy spells are expected over Andaman and Nicobar Islands, Saurashtra and Kutch, Coastal Karnataka, Kerala, South Konkan, and Goa. Light to moderate rains with one or two heavy spells can be seen over parts of Bihar, Jharkhand, Sub-Himalayan West Bengal, and Sikkim, Lakshadweep Islands and Northeast India. Scattered light rains with one or two moderate spells can be seen in the Gujarat region, and South Rajasthan. Light rains at few places of Madhya Pradesh, Chhattisgarh, Interior Maharashtra, and Interior Karnataka with isolated spells over Telangana and interior Tamil Nadu will be a sight.

International Fundamentals:

Cotton futures ended with most contracts 39 to 74 points lower and OCT 19 Cotton closed at 59.11, down 43 points on Friday. 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.

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.

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 9th 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 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 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 25th 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 28th, 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 | 10-Aug-19 | 9-Aug-19 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | Closed | 5905 | - |
| | Rajkot | B.T. Cotton | Closed | 5955 | - |
| | 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 | 5850 | 5820 | 30 |
| | 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 | 6340 | 6340 | Unch |
| | 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 | 6340 | - |
| | 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 | 10-Aug-19 | 9-Aug-19 | |
| Punjab | Bhatinda | J-34 | 4420 | 4400 | 20 |
| | Abohar | J-34 | 4420 | 4410 | 10 |
| | Mansa | J-34 | 4400 | 4390 | 10 |
| Haryana | Sirsa | J-34 | 4355 | 4350 | 5 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|-----------|-----------|-------------|--------------------|----------|--------|
| State | Centre | Variety | 10-Aug-19 | 9-Aug-19 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | Closed | 76 | - |
| | Rajkot | B.T. Cotton | Closed | 200 | - |
| | 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 | 395 | 430 | -35 |
| | 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 | 104 | - |
| | 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 | 10-Aug-19 | 9-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 | 10-Aug-19 | 9-Aug-19 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 810 | 810 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | 758 | 758 | 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 | 10-Aug-19 | 9-Aug-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3169 | 3167 | 2 |
| Maharashtra | Akola | Rs./Qtl | 3136 | 3143 | -7 |

Cotton Association of India Spot Rates:

| | | | | | | |
|------------|--------|------------|-----------|---------|---------|--------|
| Trade Name | Staple | Micronaire | Strength/ | Rs. Per | Rs. Per | Change |
|------------|--------|------------|-----------|---------|---------|--------|

| | | | GPT | Candy | Candy | |
|---------------------------------------|------------|-----------|-----|----------|----------|------|
| | | | | 9-Aug-19 | 8-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 | 41700 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 41100 | 41100 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 42500 | 42500 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 45200 | 45200 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 52900 | 52900 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | Unq | Unq | - |

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

| Index | Unit | 10-Aug-19 | 9-Aug-19 | Change |
|----------------------------------|---------|-----------|----------|--------|
| CCIndex(328) | RMB/Ton | Closed | 13591 | - |
| CCIndex(527) | RMB/Ton | Closed | 12589 | - |
| CCIndex(229) | RMB/Ton | Closed | 13929 | - |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 10-Aug-19 | 9-Aug-19 | Change |
|--------------|----------|-----------|----------|--------|
| FC Index (S) | Cents/lb | Closed | 76.18 | - |
| FC Index (M) | Cents/lb | Closed | 71.67 | - |
| FC Index (L) | Cents/lb | Closed | 68.13 | - |

Cotlook Index:

| Cotlook Indices | Unit | 9-Aug-19 | 8-Aug-19 | Change |
|-----------------|-------------|----------|----------|--------|
| A-Index | Cents/Pound | 71 | 70.3 | 0.70 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 9-Aug-19 | 9-Aug-19 | Bales |
| Southeast | cents/lb. | 56.8 | 59.05 | 0 |
| North Delta | cents/lb. | 55.55 | 57.8 | 0 |
| South Delta | cents/lb. | 55.55 | 57.8 | 0 |
| East TX-OK | cents/lb. | 53.05 | 55.3 | 539 |

| | | | | |
|------------|-----------|-------|------|------------|
| West Texas | cents/lb. | 53.05 | 55.8 | 594 |
| Desert SW | cents/lb. | 51.3 | 55.3 | 0 |
| SJ Valley | cents/lb. | 51.8 | 60.7 | 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 9-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 | 8306 | 171 | 8477 |

| Daily Futures Price Listing Fri August 09, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 19-Oct | 190809 | 59 | 59.35 | 58.76 | 59.05 | -0.49 | 31 | 252 | 9 |
| 19-Dec | 190809 | 59.62 | 59.7 | 58.79 | 58.9 | -0.68 | 16,275 | 141,678 | 1,039 |
| 20-Mar | 190809 | 60.52 | 60.52 | 59.78 | 59.86 | -0.56 | 7,072 | 40,505 | 1,398 |
| 20-May | 190809 | 61.56 | 61.56 | 61 | 61.05 | -0.45 | 1,727 | 6,402 | 617 |
| 20-Jul | 190809 | 62.72 | 62.85 | 62.28 | 62.33 | -0.35 | 1,075 | 6,776 | 513 |
| 20-Oct | 190809 | 62.83 | 62.83 | 62.83 | 62.83 | -0.2 | | | |
| Total Volume and Open Interest | | | | | | | 26,887 | 210,502 | 3,858 |

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