

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

The Rajkot mandi price for variety Shankar 6 stood Rs.41,800/per candy. The market currently seems weak and may depreciate to much lower in coming days. The international market got weaker by 1.02 points yesterday as the US government raised the 2019 crop some 500,000 bales to 22.520 million bales. Also USDA increased exports 200,000 bales to 17.20 million bales in the coming season.

**News:** *The crop in Punjab & Haryana is in good health and no infestation of pest is noticed till now. The crop is now more than 3 months old with almost final stage of flowering and needs sufficient sunlight to have better boll formation in the coming days. If the weather continues to be favorable, bumper crop is expected (around 10-12% increase) in both the states for the coming season with arrivals starting from mid of September.*

**As on 8<sup>th</sup> 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 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 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 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.*

*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:**

*In the next 24 hours, moderate to heavy rainfall is likely over Vidarbha, parts of South Madhya Pradesh, Odisha, South Chhattisgarh. Light to moderate rains with one or two heavy spells can be seen over North Odisha, Jharkhand, Gangetic West Bengal, North Chhattisgarh, Konkan, Goa, Coastal Karnataka, Kerala, parts of East Rajasthan, Himachal Pradesh, Uttarakhand, parts of Punjab, Haryana, Delhi, West Uttar Pradesh, Sub-Himalayan West Bengal and Sikkim. Weather will be dry over West Rajasthan, Rayalaseema, and many parts of Tamil Nadu. Scattered light rains with one or two moderate spells will be seen over rest parts of the country.*

#### **International Fundamentals:**

*Cotton futures ended the session with 75 to 112 point losses, OCT 19 Cotton closed at 57.93, down 112 points on Monday. The Cotlook A was up 70 cents on August 9 at 71.00 cents/lb. The weekly AWP is 52.67 cents/lb, down 4.29 cents from the previous week.*

*From May 5 to August 13, the cumulative turnover of reserve cotton was 650,300 tons, and the turnover rate was 84.72%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530 Yuan/ton. On 12<sup>th</sup> Aug, 82.36% Of Total Put Auction at 9656.1536 tons for sales. Average Transaction price was 11,890 Yuan/ton (Up by 76 Yuan/ton from the previous day). The discounted 3128 price was 13,063 yuan/ton (Down by 17 yuan/ton from the previous day).*

*According to USDA data, 13.90 million planted acres of cotton, up 180,000 acres from July. NASS Crop Progress data showed 77% of the crop setting bolls (76% avg) against 75% in the same time last year, with 20% of the crop with bolls opening (10% avg) higher than 12% in the corresponding period last year. Around 30-40% crop is noticed to be in good to excellent condition in the current season declined from previous week due to unduly hot and dry weather conditions in the cotton belts in Texas.*

*The US crop production for 2019-20 season is increased by 2% to 22.5 mln bales according to NASS conducted survey. US carryout for old crop was up 250,000 bales to 5.25 million bales, and new crop ending stocks were up 500,000 bales to 7.2 million. World stocks for 2018-19 were up 1 million to 80.27 million bales, as new crop was up 2.03 million to 82.45 million bales.*

*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	20230	20370	20230	20250	384	-118	6761	-3
19-Oct	-10	19800	19800	19710	19720	72	22	1071	16
19-Dec	-	-	-	-	-	-	-	-	-

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 13th Aug @ 5.30 pm

\* Updated at as on 13-Aug- 2019 @ 5:00 PM

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Aug-19	12-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5855	Closed	-

	Rajkot	B.T. Cotton	6000	5940	60
	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	5950	5900	50
	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	6320	20
	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	NA	-
	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	13-Aug-19	12-Aug-19	
Punjab	Bhatinda	J-34	4430	4420	10
	Abohar	J-34	4450	4440	10
	Mansa	J-34	4450	4400	50
Haryana	Sirsa	J-34	4400	4380	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Aug-19	12-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	94	Closed	-
	Rajkot	B.T. Cotton	200	205	-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	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	430	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	111	NA	-
	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	13-Aug-19	12-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	13-Aug-19	12-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	815	-5
Delhi	New Delhi	Rs. /10 Kg.	765	763	2
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	805	805	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Aug-19	12-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3179	Closed	-
Maharashtra	Akola	Rs./Qtl	3144	Closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Aug-19	10-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	41800	41700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42500	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45200	45200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	53200	52900	300
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

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

Index	Unit	13-Aug-19	12-Aug-19	Change
CCIndex(328)	RMB/Ton	13583	13591	-8
CCIndex(527)	RMB/Ton	12579	12590	-11
CCIndex(229)	RMB/Ton	13923	13932	-9

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

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

Index	Unit	13-Aug-19	12-Aug-19	Change
FC Index (S)	Cents/lb	75.67	76.01	-0.34
FC Index (M)	Cents/lb	70.93	71.55	-0.62
FC Index (L)	Cents/lb	67.5	68.13	-0.63

**Cotlook Index:**

Cotlook Indices	Unit	12-Aug-19	10-Aug-19	Change
A-Index	Cents/Pound	70.35	#N/A	-



**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Aug-19	12-Aug-19	Bales
Southeast	cents/lb.	55.78	58.03	0
North Delta	cents/lb.	54.53	56.78	0
South Delta	cents/lb.	54.53	56.78	0
East TX-OK	cents/lb.	52.03	54.28	342
West Texas	cents/lb.	52.03	54.78	0
Desert SW	cents/lb.	50.28	54.28	0
SJ Valley	cents/lb.	50.78	59.68	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 10-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 Mon August 12, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190812	58.92	58.92	57.76	58.03	-1.02	45	264	12
<a href="#">19-Dec</a>	190812	58.9	59.05	57.55	58.14	-0.76	16,605	141,885	207
<a href="#">20-Mar</a>	190812	59.86	59.98	58.55	58.9	-0.96	7,503	41,243	738
<a href="#">20-May</a>	190812	61.29	61.29	59.9	60.15	-0.9	1,009	6,525	123
<a href="#">20-Jul</a>	190812	62.3	62.33	61.24	61.49	-0.84	658	6,814	38
<a href="#">20-Oct</a>	190812	62.09	62.09	62.09	62.09	-0.74			
Total Volume and Open Interest							26,429	211,839	1,337

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