

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.42,250/per candy (75.61cents/lbs). The market currently seems weak and may consolidate in the current levels.

News: As on 14th Aug'19, 4.68 lakh ha area is covered in AP with cotton crop this year and increased by 8.8% compared to previous year. As on date more than 100% area is sown and only 76.8% is sown out of the season's total area. Similarly, in Telangana the area increased slightly by 1.1% covering the area of 17.39 lakh ha this year. No attack of pests is reported till now in AP while sucking pests are reported in one district of Telangana but below threshold level till now.

Pakistan's move is less likely to affect the India's cotton textile industry. Pakistan imports mainly yarn and cotton from India. However, in recent years, Indian exporters have slowed down their supply to Pakistan. Between April and June this year, \$38 million worth of cotton yarn was exported to Pakistan as against \$42 million for the same period last year. As India's exports is already down trending, mainly due to the Indian cotton prices were relatively higher and Pakistan purchased mainly from the U.S. this year. While direct cotton exports to Pakistan has stopped, indirect exports might continue.

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 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.

Weather Forecast for tomorrow:

During the next 24 hours, moderate to heavy rains with one or two very heavy spells are expected to occur over West Madhya Pradesh, East Rajasthan, Southwest Uttar Pradesh and parts of Coastal Karnataka. Light to moderate rain with one or two heavy spells may occur over Konkan and Goa, Kerala, parts of Himachal Pradesh, and Uttarakhand. Scattered light to moderate rains are likely over parts of Punjab, Haryana, Delhi, West Bengal, eastern parts of Bihar, eastern Jharkhand, North Odisha and Northeast India. Remaining parts of the country will only receive scattered light rains with one or two moderate spells.

International Fundamentals:

Cotton futures were mixed in the nearby contracts on Thursday, with October finishing 8 points higher. The Cotlook A was up 130 points on August 14 at 70.90 cents/lb. The weekly AWP is 52.22 cents/lb, a decline from last week.

World cotton consumption in 2019-20 is projected at 123.1 million bales, compared with an estimated 120.6 million bales in 2018-19. Cotton mill use in China is projected at 40.0 million bales in 2019-20, up 1 percent (500,000 bales) from last season. Increased imports of raw cotton in recent years, along with domestic supplies from China's State Reserve, have helped sustain China's spinning industry during a period of stable production. Followed by India, Vietnam and Bangladesh also where 2% to 7% increase in mill consumption is estimated in 2019-20.

From May 5 to August 14, the cumulative turnover of reserve cotton was 661,500 tons, and the turnover rate was 84.89%. The highest traded price 15930 Yuan/ton, the lowest turnover of 11530 Yuan/ton. On 12th Aug, 95.91% Of Total Put Auction at 11233.9737 tons for sales. Average Transaction price was 11,999 Yuan/ton (Up by 109 Yuan/ton from the previous day). The discounted 3128 price was 13,222 yuan/ton (up by 159 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	60	20720	20820	20660	20630	375	-128	6577	-42
19-Oct	-120	19990	20080	19730	19890	183	25	1196	47
19-Dec	10	19600	19600	19460	19450	2	-	130	-

Spread	19-Jun	19-Jul	19-Aug	19-Sep		
Spot					-	-
19-Aug	-	740	-	-	-	-
19-Oct	-	-	480	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th Aug @ 5.30 pm

* Updated at as on 16-Aug- 2019 @ 5:00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change	
	State	Centre	Variety	16-Aug-19		14-Aug-19
Gujarat		Ahmedabad	Shankar-6	NA	NA	-
		Gondal	Shankar-6	6005	6030	-25

	Rajkot	B.T. Cotton	5985	5950	35
	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	6000	5950	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	6400	6355	45
	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	6315	-
	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	16-Aug-19	14-Aug-19	
Punjab	Bhatinda	J-34	4500	4460	40
	Abohar	J-34	4510	4470	40
	Mansa	J-34	4510	4450	60
Haryana	Sirsa	J-34	4660	4430	230
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change	
	State	Centre	Variety	16-Aug-19		14-Aug-19
Gujarat	Ahmedabad		Shankar-6	NA	NA	-
		Gondal	Shankar-6	84	36	48
		Rajkot	B.T. Cotton	120	650	-530

	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	500	395	105
	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	48	-
	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	16-Aug-19	14-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	16-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	800	810	-10
Delhi	New Delhi	Rs. /10 Kg.	767	767	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	810	805	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Aug-19	14-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3200	3169	31
Maharashtra	Akola	Rs./Qtl	3165	3143	22

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Aug-19	13-Aug-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40700	40500	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41200	41000	200
J-34(202)	26mm	3.5 - 4.9	23	42400	42200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41400	41200	200
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	42700	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45500	45300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	53800	53500	300
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	16-Aug-19	14-Aug-19	Change
CCIndex(328)	RMB/Ton	13576	13578	-2
CCIndex(527)	RMB/Ton	12552	12572	-20
CCIndex(229)	RMB/Ton	13912	13915	-3

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Aug-19	14-Aug-19	Change
FC Index (S)	Cents/lb	76.39	76.36	0.03
FC Index (M)	Cents/lb	72.1	71.73	0.37
FC Index (L)	Cents/lb	68.58	68.5	0.08

Cotlook Index:

Cotlook Indices	Unit	14-Aug-19	13-Aug-19	Change
A-Index	Cents/Pound	70.9	69.6	1.30

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Aug-19	15-Aug-19	Bales
Southeast	cents/lb.	57.91	60.16	0
North Delta	cents/lb.	56.66	58.91	354
South Delta	cents/lb.	56.66	58.91	0
East TX-OK	cents/lb.	54.16	56.41	351
West Texas	cents/lb.	54.16	56.91	38
Desert SW	cents/lb.	52.41	56.41	0
SJ Valley	cents/lb.	52.91	61.81	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 Thu August 15, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190815	59.9	60.12	59.52	59.66	0.05	20	265	-1
19-Dec	190815	59.43	60.18	59.25	59.62	0.05	20,813	141,420	-1,784
20-Mar	190815	60.16	60.73	59.9	60.24	unch	8,217	42,803	1,407
20-May	190815	61.13	61.52	60.75	61.16	0.05	2,250	7,996	884
20-Jul	190815	62.21	62.45	61.75	62.19	unch	1,061	7,586	428
20-Oct	190815	62.69	62.69	62.69	62.69	-0.05			
Total Volume and Open Interest							32,667	215,546	1,059

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