

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

The Rajkot mandi price for variety Shankar 6 stood Rs.42,600/per candy (76.37cents/lbs). The market currently seems weak and may consolidate in the current levels.

**News:** As on 16<sup>th</sup> Aug'19, the cotton area has been increased this year by 6.41 lakh ha and stood at 121.58 lakh ha till now higher than 115.17 lakh ha last year. The sowing is lagging behind only in Gujarat by 2.8% and stood at 25.99 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 5.5%. The advancement in rainfall is favoring the cotton crop for a healthy growth all over India.

**According to CAI, the Cotton stock held by mills in their godowns as on 31<sup>st</sup> July 2019 is estimated at 25.86 lakh bales.** CCI, MNCs, Ginners and MCX are estimated to have stock of 19.94 lakh bales as on 31<sup>st</sup> July 2019 which is equal to about 21 lakh running bales. Thus, total stock held by spinning mills and stockists on 31<sup>st</sup> July 2019 is estimated at 45.80 lakh bales which is equal to about 49 lakh running bales.

**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 are 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 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.

### **Weather Forecast for tomorrow:**

During the next 24 hours, light to moderate rain with few heavy spells may occur over parts of Jammu and Kashmir, Himachal Pradesh and Uttarakhand. While moderate to heavy rains will be seen at few places of Punjab, Haryana and Northeast Rajasthan. Delhi, West Uttar Pradesh, South Konkan, and Goa, Coastal Karnataka, and Coastal Andhra Pradesh will witness light to moderate rains with isolated heavy showers. West Bengal, Sikkim, parts of Assam, eastern parts of Bihar and Jharkhand, Odisha and parts of Chhattisgarh and Tamil Nadu along with North Kerala will get scattered light to moderate rains. Remaining parts of the country will only receive scattered light rains with one or two moderate spells.

### **International Fundamentals:**

**Cotton futures prices were higher, rising 29 to 50 points and OCT 19 Cotton closed at 59.95, up 29 points on Friday.** The Cotlook A Index was unchanged on August 15 at 70.90 cents/lb. The weekly AWP is 52.22 cents/lb, a slight decline from last week.

**The Export Sales report from USDA** showed 329,100 RB of 2019-20 upland cotton sold in the week of August 8<sup>th</sup>, with Bangladesh buying 120,400 RB followed by Vietnam (76,700 RB) and Turkey (41,900 RB) and reductions were from China (13,300 RB). For 2020-21, net sales of 151,200 RB were primarily for China (117,900 RB), Mexico (16,300 RB) and Vietnam (14,500 RB).

**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 12<sup>th</sup> 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 1<sup>st</sup> September'19.

#### 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	17-Aug-19	16-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6105	6005	100
	Rajkot	B.T. Cotton	6040	5985	55
	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	6000	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	6400	6400	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	6360	-
	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	17-Aug-19	16-Aug-19	
Punjab	Bhatinda	J-34	4525	4500	25
	Abohar	J-34	4520	4510	10
	Mansa	J-34	4550	4510	40
Haryana	Sirsa	J-34	4470	4460	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	17-Aug-19	16-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	22	84	-62
	Rajkot	B.T. Cotton	225	120	105
	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	300	500	-200
	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	105	-
	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	17-Aug-19	16-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	17-Aug-19	16-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	800	800	Unch

Delhi	New Delhi	Rs. /10 Kg.	767	767	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	812	810	2

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Aug-19	16-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3204	3200	4
Maharashtra	Akola	Rs./Qtl	3170	3165	5

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Aug-19	14-Aug-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40700	40700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41200	41200	Unch
J-34(202)	26mm	3.5 - 4.9	23	42800	42400	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41800	41300	500
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42200	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44900	44000	900
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	45500	500
DCH-32(107)	34mm	3.0 - 3.8	33	54000	53800	200

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

Index	Unit	16-Aug-19	15-Aug-19	Change
CCIndex(328)	RMB/Ton	13576	13579	-3
CCIndex(527)	RMB/Ton	12552	12573	-21
CCIndex(229)	RMB/Ton	13912	13917	-5

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

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

Index	Unit	16-Aug-19	15-Aug-19	Change
FC Index (S)	Cents/lb	76.39	76.37	0.02
FC Index (M)	Cents/lb	72.1	72.03	0.07
FC Index (L)	Cents/lb	68.58	68.58	Unch





### Cotlook Index:

Cotlook Indices	Unit	16-Aug-19	14-Aug-19	Change
A-Index	Cents/Pound	70.9	70.9	Unch

### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Aug-19	16-Aug-19	Bales
Southeast	cents/lb.	58.33	60.58	0
North Delta	cents/lb.	57.08	59.33	731
South Delta	cents/lb.	57.08	59.33	0
East TX-OK	cents/lb.	54.58	56.83	690
West Texas	cents/lb.	54.58	57.33	335
Desert SW	cents/lb.	54.58	56.83	0
SJ Valley	cents/lb.	52.83	62.23	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 16-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 16, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190816	60	60.08	59.95	60.08	0.42	6	265	0
<a href="#">19-Dec</a>	190816	59.46	60.23	59.46	60.13	0.51	12,915	139,880	-1,540
<a href="#">20-Mar</a>	190816	60.23	60.8	60.23	60.72	0.48	4,047	43,143	340
<a href="#">20-May</a>	190816	61.26	61.68	61.26	61.63	0.47	927	8,287	291
<a href="#">20-Jul</a>	190816	62.45	62.63	62.34	62.62	0.43	401	7,521	-65
<a href="#">20-Oct</a>	190816	63.05	63.05	63.05	63.05	0.36			
Total Volume and Open Interest							18,745	214,745	-801

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