

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.43,000/per candy (76.52cents/lbs). The market currently gaining some support due to lower arrivals against the demand. All the traders are waiting for the new crop to arrive.

News: The data released by Ministry of Agriculture on 20th August, the 4th advance estimate shows that India is likely to produce **287.08 lakh bales** 12.4% less against last year production of 328.05 lakh bales (2017-18). The arrivals for this year is yet to be finished before the crop year ends in September due to the lower output. The crop for next year (2019-20) is expected to surge as the crop across India is healthier against 2018-19 as of now.

Total MCX stock position as on 21st Aug'19, stood at 1,19,400 bales with 62,400 bales in Gujarat, 40,000 bales in Maharashtra and 17,000 bales in Telangana with total utilized capacity of 1,24,900 bales.

The attack of pink bollworm has hit the surrounding regions of Yavatmal district in Akola, Nanded, few parts of Amaravati. It is noticed that early sown crop in these regions were more prone to the pink bollworm attack where 1-1.5 lakh ha of area was under the above category in the state. However, still the crop is in last stage of vegetative phase therefore less threat to the crop. Due to heavy rainfall and insect infestation may contribute 10-20% loss in production overall in the state as of now. As in few areas in Kolhapur and Sangli, the farmers are not able to go on to the fields to find out the extent of the infestation of pest.

As per the WASDE report, India crop production is estimated at 29 million US bales (37.14 million bales) in 2019-20, around 9% above the 2018-19 crop. India's cotton mill use is expected to rise 2% (500,000 bales) in 2019-20 to 25.0 million bales, as cotton supplies are rising and value-added product exports remain important to India's foreign exchange. The USA's share in global ending stocks has risen followed by India as China's stocks have fallen and for 2019-20, India's cotton stocks are forecast at 10.3 million bales, or 12.5 percent of world stocks.

As on 16th 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 31st 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 31st July 2019 which is equal to about 21 lakh running bales. Thus, total stock held by spinning mills and stockists on 31st 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 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.

Weather Forecast for tomorrow:

In the next 24 hours, light to moderate rain with few heavy spells can be seen over East and Central Uttar Pradesh, West Madhya Pradesh, parts of Vidarbha, Marathwada, and Coastal Karnataka. Scattered light to moderate rains can be seen over Assam, Meghalaya, Nagaland, Chhattisgarh, Odisha, Telangana, and Uttarakhand. The weather of West Rajasthan, Punjab, Haryana, and Jammu and Kashmir will be dry while scattered light rains with one or two moderate spells will be a sight over rest parts of the country.

International Fundamentals:

Cotton futures closed anywhere from up 58 points in October on Tuesday. The Cotlook A Index was unchanged on August 19 at 71.40 cents/lb. The weekly AWP is 52.22 cents/lb, a slight decline from last week but still above loan rate.

From May 5 to August 21, the cumulative turnover of reserve cotton was 714,800 tons, and the turnover rate was 85.52%. On 21st Aug, 92.67% Of Total Put Auction at 10454.8208 tons for sales. Average Transaction price 11,799 Yuan/ton (Down by 168 Yuan/ton from the previous day). The discounted 3128 price was 13,054 yuan/ton (Down by 90 yuan/ton from the previous day).

The US crop is improved slightly, NASS Crop Progress data showed 85% of the crop setting bolls (85% avg) against 85% in the same time last year, with 24% of the crop with bolls opening (13% avg) higher than 16% in the corresponding period last year. Around 33-42% crop is noticed to be in good to excellent condition in the current season increased from previous week.

The Export Sales report from USDA showed 329,100 RB of 2019-20 upland cotton sold in the week of August 8th , 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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	10	21100	21100	20980	21050	324	27	6355	-142
19-Oct	-10	19830	19910	19800	19850	219	-58	1493	114
19-Dec	10	19440	19440	19380	19370	2	0	127	-3

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	1190	-	-	-	-
19-Oct	-	-	470	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 21st Aug @ 5.30 pm

* Updated at as on 21-Aug- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Aug-19	20-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	6255	-
	Rajkot	B.T. Cotton	6225	6240	-15
	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	5920	-70
	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	NA	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	NA	6310	-
	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	21-Aug-19	20-Aug-19	
Punjab	Bhatinda	J-34	4530	4535	-5
	Abohar	J-34	4540	4540	Unch
	Mansa	J-34	4540	4530	10
Haryana	Sirsa	J-34	4480	4480	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Aug-19	20-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	189	-
	Rajkot	B.T. Cotton	350	490	-140
	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	NA	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	NA	45	-
	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	21-Aug-19	20-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	21-Aug-19	20-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	754	756	-2
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	808	808	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Aug-19	20-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3203	3208	-5
Maharashtra	Akola	Rs./Qtl	3155	3170	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Aug-19	19-Aug-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40800	40800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41300	41300	Unch
J-34(202)	26mm	3.5 - 4.9	23	43100	43000	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	41900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42800	42800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45000	45000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46100	46100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54100	54100	Unch

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

Index	Unit	21-Aug-19	19-Aug-19	Change
CCIndex(328)	RMB/Ton	NR	13571	-
CCIndex(527)	RMB/Ton	NR	12543	-
CCIndex(229)	RMB/Ton	NR	13909	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	21-Aug-19	19-Aug-19	Change
FC Index (S)	Cents/lb	75.97	76.52	-0.55
FC Index (M)	Cents/lb	71.75	72.26	-0.51

FC Index (L)

Cents/lb

68.09

68.71

-0.62Cotlook Index:

Cotlook Indices	Unit	20-Aug-19	19-Aug-19	Change
A-Index	Cents/Pound	70.5	71.4	-0.90

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Aug-19	20-Aug-19	Bales
Southeast	cents/lb.	57.42	59.67	0
North Delta	cents/lb.	56.17	58.42	0
South Delta	cents/lb.	56.17	58.42	0
East TX-OK	cents/lb.	53.67	55.92	314
West Texas	cents/lb.	53.67	56.42	631
Desert SW	cents/lb.	51.92	55.92	14
SJ Valley	cents/lb.	52.42	61.32	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 20-Aug-2019

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7800	160	7960
Equivalent	40 Kgs	8359	171	8530

Daily Futures Price Listing Tue August 20, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190820	59.59	59.76	59.17	59.17	-0.01	3	265	0
19-Dec	190820	59.29	59.65	59.07	59.14	-0.1	12,707	137,443	-2,073
20-Mar	190820	60.35	60.54	60.02	60.08	0.03	4,155	45,080	1,417
20-May	190820	61.13	61.65	61.1	61.16	0.01	701	8,475	100
20-Jul	190820	62.27	62.81	62.23	62.31	unch	269	7,487	-44
20-Oct	190820	62.79	62.79	62.79	62.79	0.01			
Total Volume and Open Interest							18,096	214,828	-438

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