

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

The Rajkot mandi price for variety Shankar 6 stood Rs.43,150/per candy (76.64cents/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 pressure originating from higher domestic prices of cotton and weak export demand made India uncompetitive in the textile industry. As a result, the yarn exports of India declined and got weaker in the passage of time since June this year. India's cotton yarn export quantity declined by 33% in Q1FY20 (41% in May and June 2019) and stood at a seven-year low of 59 million kg in June 2019. As a result, multiple textile associations across the country have reported stock pile-ups and production cuts by spinning mills in recent months, eventually, lakhs of people have lost their jobs in the cotton textile industry.

**The rainfall in Gujarat might affect to the cotton crop** as on an average 5-10% loss in production in the cotton growing areas like Rajkot, Patan, Ahmedabad and in Saurashtra region might be reported. Although the loss in area is noticed in Gujarat in the current period (2019-20) and till now no loss is observed in Gujarat. As on 16<sup>th</sup> Aug'19, Total area sown was reported at 25.99 lakh ha less than 26.71 lakh ha in the corresponding period of previous season.

**According to the Telangana government cotton sowing progress, as on 21<sup>st</sup> Aug'19, area remained 17.61 lakh ha which is 33,000 ha less than normal area and near around similar to previous year (17.65 lakh ha).** Whereas, the area under cotton in AP stood at 5.45 lakh ha higher than 4.73 lakh ha in previous year and increased out of normal 5 lakh ha as on 21<sup>st</sup> Aug'19. 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.

**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 soon 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 21<sup>st</sup> 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 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 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.

**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.

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

During the next 24 hours, moderate to heavy rains are likely over West Madhya Pradesh, parts of Kerala and Coastal Karnataka. Scattered light to moderate rains are likely over Madhya Pradesh, Vidarbha, Chhattisgarh, Odisha, Jharkhand, Sub-Himalayan West Bengal, Sikkim, Assam, Nagaland, Andhra Pradesh and in parts of Tamil Nadu. Weather of Gujarat, West Rajasthan, Punjab and Jammu and Kashmir will remain dry. Rest all places may receive scattered light rains with one or two moderate spells.

### **International Fundamentals:**

**Cotton futures were up 34 to 77 points in most contracts on Wednesday, OCT 19 Cotton closed at 59.66, up 49 points.** The Cotlook A Index was down 90 points on August 20 at 70.50 cents/lb. The weekly AWP is 52.22 cents/lb and will be updated on Thursday.

**The cotton is trending low, OCT'19 closed at 59.24, down 63 points** after the poor Export Sales report from USDA for the week ending 15th Aug'19, showed net upland sales of 2019-20, net sales of only 1,64,000RB were primarily for Vietnam (36,100 RB) followed by 24,000 RB and Turkey (10,900 RB) and reductions were from Hong kong (8,600 RB) and China (600 RB). For 2020-21, net sales of 500 RB were primarily for China (117,900 RB), Mexico (16,300 RB) and Vietnam (14,500 RB).

**From May 5 to August 22, the cumulative turnover of reserve cotton was 724,300 tons, and the turnover rate was 85.50%.** On 22<sup>nd</sup> Aug, 83.94% Of Total Put Auction at 9447.0568 tons for sales. Average Transaction price 11,778 Yuan/ton (Down by 21 Yuan/ton from the previous day). The discounted 3128 price was 13,187 yuan/ton (Up by 133 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 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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	-180	21280	21300	21070	21280	713	-6	5851	-332
19-Oct	-170	19880	19890	19720	19910	248	60	1612	0
19-Dec	-190	19400	19400	19190	19420	84	74	649	513

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	1410	-	-	-	-
19-Oct	-	-	490	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 23rd Aug @ 5.30 pm

\* Updated at as on 23-Aug- 2019 @ 5:00 PM

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Aug-19	22-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	5920	5900	20

	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	5200	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	6399	6409	-10
	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	23-Aug-19	22-Aug-19	
Punjab	Bhatinda	J-34	4520	4530	-10
	Abohar	J-34	4520	4530	-10
	Mansa	J-34	4515	4530	-15
Haryana	Sirsa	J-34	4460	4480	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Aug-19	22-Aug-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	15	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	180	39	141
	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	23-Aug-19	22-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	23-Aug-19	22-Aug-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	790	Unch
Delhi	New Delhi	Rs. /10 Kg.	758	754	4
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	805	802	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Aug-19	22-Aug-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3213	3215	-2
Maharashtra	Akola	Rs./Qtl	3157	3142	15

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Aug-19	21-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	43200	43100	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	23-Aug-19	21-Aug-19	Change
CCIndex(328)	RMB/Ton	13543	13558	-15
CCIndex(527)	RMB/Ton	12516	12523	-7
CCIndex(229)	RMB/Ton	13875	13898	-23
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	23-Aug-19	21-Aug-19	Change
FC Index (S)	Cents/lb	75.69	75.97	-0.28
FC Index (M)	Cents/lb	71.79	71.75	0.04
FC Index (L)	Cents/lb	67.71	68.09	-0.38

**Cotlook Index:**

Cotlook Indices	Unit	22-Aug-19	21-Aug-19	Change
A-Index	Cents/Pound	71.2	70.5	0.70

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Aug-19	22-Aug-19	Bales
Southeast	cents/lb.	57.12	59.37	0
North Delta	cents/lb.	55.87	58.12	0
South Delta	cents/lb.	55.87	58.12	0



East TX-OK	cents/lb.	53.37	55.62	<b>807</b>
West Texas	cents/lb.	53.37	56.12	<b>42</b>
Desert SW	cents/lb.	51.62	55.62	<b>0</b>
SJ Valley	cents/lb.	52.12	61.02	<b>0</b>

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 22-Aug-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7900	160	8060
Equivalent	40 Kgs	8466	171	8637

### Daily Futures Price Listing Thu August 22, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190822	60.03	60.07	58.87	58.87	-1	24	285	19
<a href="#">19-Dec</a>	190822	59.94	60.05	58.86	58.94	-1	12,297	135,420	-785
<a href="#">20-Mar</a>	190822	60.66	60.72	59.78	59.86	-0.8	4,898	45,656	-37
<a href="#">20-May</a>	190822	61.49	61.53	60.71	60.76	-0.74	1,185	8,580	99
<a href="#">20-Jul</a>	190822	62.48	62.48	61.76	61.8	-0.66	171	7,533	-35
<a href="#">20-Oct</a>	190822	62.47	62.47	62.47	62.47	-0.48			
Total Volume and Open Interest							18,697	213,645	-668

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