

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.42,900/per candy (76.36cents/lbs). The domestic market currently has gained some support due to lower arrivals against the demand. But the domestic market seems to show mixed trend in the coming days due to higher imports and increase in sowing progress with estimated higher crop production in 2019-20 season which is going to commence from the end of September. The trend in International market has fallen last week where the cotton futures is trading lower amid poor export sales report last week by USDA, higher world cotton estimated by USDA and increasing pressure between US and China.*

***News: As on 22<sup>nd</sup> Aug'19, the cotton area has been increased this year by 6.7 lakh ha and stood at 123.54 lakh ha till now higher than 116.84 lakh ha last year. The sowing is lagging behind only in Gujarat by 2.3% and stood at 26.28 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 5.7%. The advancement in rainfall is favouring the cotton crop for a healthy growth all over India.***

***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 first quarter of FY20 (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.

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

During the next 24 hours, light to moderate with one or two heavy spells are likely over West Madhya Pradesh, adjoining Southeast Rajasthan, parts of Odisha and Gangetic West Bengal, parts of Coastal Karnataka and Kerala along with Andaman and Nicobar Islands. Scattered light to moderate rains are likely over parts of Himachal Pradesh and Uttarakhand, rest Madhya Pradesh, Chhattisgarh, rest Odisha, parts of Jharkhand, coastal Andhra Pradesh, parts of Telangana, South Interior Karnataka, Rayalaseema, and Interior Tamil Nadu. Weather will remain dry over West Punjab, West Haryana, West Rajasthan, and Kutch. Rest all places may receive scattered light rains with one or two moderate spells.

### **International Fundamentals:**

**Cotton futures closed traded lower by 63 to 80 points low on Friday.** The US crop is developing rapidly in the current season, and total yield average still has the potential to exceed the USDA average. Yields have been good, with quality much better than recent seasons. The Cotlook A Index was higher 70 points on August 22 at 71.20 cents/lb. The weekly AWP is now 52.57 cents/lb, good through next Thursday.

**The international prices are backed by the announcement made by trump on late Friday, the US hit back by increasing the tariff on Chinese imports** after China announced addition tariffs on several US agri goods in retaliation to the US tariff implementation on \$300 billion in Chinese goods in September and December. Of those cotton was included with 5% in tariffs added to US goods on 1<sup>st</sup> September. President trump imposed on the current 25% tariff on 300 billion USD of imports to be increased to 30%, and the 10% tariff on most remaining imports which will go in effect September 1<sup>st</sup> is increased to 15%. The cotton industry is going to get renewed buying interest from countries such as Iran, Vietnam and Bangladesh, though quantities are small.

**From May 5 to August 26, the cumulative turnover of reserve cotton was 761,600 tons, and the turnover rate was 85.19%.** On 26<sup>th</sup> Aug, 59.31% Of Total Put Auction at 6845.0503 tons for sales. Average Transaction price was 11,546 Yuan/ton (Down by 290 Yuan/ton from the previous day). The discounted 3128 price was 12,843 yuan/ton (Down by 183 yuan/ton from the previous day).

**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).

**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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Aug	0	20720	21040	20650	20950	1127	414	5552	-299
19-Oct	-40	19450	19770	19450	19700	780	532	1724	112
19-Dec	0	19150	19300	19090	19240	63	-21	689	40

Spread	19-Jun	19-Jul	19-Aug	19-Sep	--	--
Spot					-	-
19-Aug	-	1270	-	-	-	-
19-Oct	-	-	470	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 26th Aug @ 5.30 pm

\* Updated at as on 26-Aug- 2019 @ 5:00 PM

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Aug-19	23-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	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	5500	5200	300
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6399	-
	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	26-Aug-19	23-Aug-19	
Punjab	Bhatinda	J-34	4430	4520	-90
	Abohar	J-34	4430	4520	-90
	Mansa	J-34	4480	4515	-35
Haryana	Sirsa	J-34	4370	4460	-90
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Aug-19	23-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	30	15	15
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	180	-
	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	26-Aug-19	23-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 Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Aug-19	22-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	43000	43200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41800	41900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44900	45000	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	46100	-100

DCH-32(107)	34mm	3.0 - 3.8	33	53900	54100	<b>-200</b>
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**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	26-Aug-19	23-Aug-19	Change
CCIndex(328)	RMB/Ton	13422	13543	<b>-121</b>
CCIndex(527)	RMB/Ton	12431	12516	<b>-85</b>
CCIndex(229)	RMB/Ton	13682	13875	<b>-193</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	26-Aug-19	23-Aug-19	Change
FC Index (S)	Cents/lb	74.92	75.69	<b>-0.77</b>
FC Index (M)	Cents/lb	71.24	71.79	<b>-0.55</b>
FC Index (L)	Cents/lb	67.09	67.71	<b>-0.62</b>

**Cotlook Index:**

Cotlook Indices	Unit	23-Aug-19	22-Aug-19	Change
A-Index	Cents/Pound	70.3	71.2	<b>-0.90</b>

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Aug-19	23-Aug-19	Bales
Southeast	cents/lb.	56.47	58.72	<b>0</b>
North Delta	cents/lb.	55.47	57.72	<b>1460</b>
South Delta	cents/lb.	55.47	57.72	<b>0</b>
East TX-OK	cents/lb.	52.47	54.72	<b>1222</b>
West Texas	cents/lb.	52.47	55.22	<b>224</b>
Desert SW	cents/lb.	50.72	54.72	<b>0</b>
SJ Valley	cents/lb.	51.22	60.12	<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 23-Aug-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8000	160	8160
Equivalent	40 Kgs	8574	171	8745


**Daily Futures Price Listing Fri August 23, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">19-Oct</a>	190823	58.43	58.74	57.97	57.97	-0.9	34	274	-11
<a href="#">19-Dec</a>	190823	58.92	59.55	58.06	58.21	-0.73	13,523	136,888	1,468
<a href="#">20-Mar</a>	190823	59.85	60.4	59.05	59.15	-0.71	4,310	46,511	855
<a href="#">20-May</a>	190823	60.7	61.23	60.12	60.21	-0.55	844	8,559	-21
<a href="#">20-Jul</a>	190823	61.99	62.17	61.3	61.39	-0.41	388	7,527	-6
<a href="#">20-Oct</a>	190823	62.09	62.09	62.09	62.09	-0.38			
Total Volume and Open Interest							19,344	215,953	2,308

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