



Domestic market summary

Domestic market Scenario : India cotton yarn exports declined by 32.95% in Apr-Jun, major decline in demand was from China (-50.58%). The trade war between China and US has affected the world trade due to which India's exports has declined and left with declining demand in domestic as well as in International market. Average price of Lint at Sirsa during the month was Rs. 4666.1 per maund (of 37.32 Kg each), weaker compared to the previous month price of Rs 4806. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs 44123 per candy (of 355.6 kg each) during the month, which was Rs 45491 per candy previous month.

Monthly Price Outlook : Cotton spot market prices are expected to trade in the coming month to weaker with no enhancement in demand for consumption in domestic as well as at global level. The price band of Rs 5800-6300 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-4600 per maund.

Major Market Highlights:

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.

Total MCX stock position stood at 1,37,200 lakh bales as on 1st Aug'19 with 69,400 bales in Gujarat, 48,400 bales in Maharashtra and 19,400 bales in Telangana with total utilized capacity of 1,43,800 bales.

The Indian market remained firm at 79.54 (cents/lbs) compared to the international prices in US (61.84 cents/lbs) and Brazil stood at 63.59 cents/lbs in the month end, on the back of lower production in India this year the prices stood higher. Cotton prices would remain firm against international prices at least till the beginning of the next season (Oct'19) due to lower arrivals. On the other hand the domestic prices were expected to go up but it has fallen to Rs.43000/ candy against the beginning of the season which stood at Rs.46000/candy in the Indian market due to crash in demand amid US and China trade war despite the prevailing shortage conditions.



CAI estimates the cotton production likely to decline further by 3 lakh bales in the current season (2018-19).

According to CAI, the arrivals of 303.56 lakh bales upto 30th June 2019, imports of 11.28 lakh bales upto 30th June 2019 and the opening stock at the beginning of the season on 1st October 2018 at 33 lakh bales. CAI has estimated cotton consumption during the months of October'18 to June'19 at 243.12 lakh bales while the export shipment of cotton estimated by the CAI upto 30th June 2019 is 44.10 lakh bales.

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.

According to the trade sources, in Vidarbha and north-western part of the State, cotton plant flowers have been found infested by pink bollworm. As most of the crop was affected by pink bollworm during 2018-19 season due to which the production has reduced down. The situation is not serious till now but the farmers are being warned as around 5% area was found infested in the area.

India's cotton imports is likely to surge at 25 to 28 lakh bales in 2018-19 against 15 lakh bales in previous year. Shortage of raw cotton has urged the textile mills to import cotton on large scale. Till July'19, around 14 lakh bales is expected to arrive out of the total contracted imports of 27 lakh bales for the season, while the remaining 10 -11 lakh bales is expected to arrive until the end of season in September month.

Indian Cotton Federation (ICF) has persuaded CCI to release cotton lint stock as the Indian spinning mills are not able to get quality cotton to meet the demand for yarn production at market prices. CCI is currently holding 9.28 lakh bales with them and is offering higher price than the spot rate in the e-auction to support the spinning mills immediately. Therefore, ICF should come forward to support the spinning mills immediately .



Cotton Balance Sheet (India):

In Lakh Bales(170 KGS)	2014-15	2015-16	2016-17	2017-18	2018-19*	2019-20*	Oct-Dec	Jan-Mar	Apr-June	July-Sept
Supply										
Opening stock	33	66.23	36.67	48.04	29.04	27.54	27.54	61.42	78.43	55.81
Cotton production	386	332	345	370	334	371.95	154.10	164.45	42.83	10.58
Imports	14.39	22.79	30.94	15	25	14.00	1.48	5.90	3.68	2.94
Total supply	433.39	421.02	412.61	433.04	388.04	413.49	183.12	231.76	124.94	69.33
Demand										
Mill consumption	278.06	270.2	262.66	288	265	267.00	95.00	110.00	45.00	17.00
Consumption by SSI	26.38	27.08	26.2	27	27	27.50	6.00	10.50	8.00	3.00
Non Mill consumption	5	18	17.5	19	19.5	19.00	4.00	5.00	5.00	5.00
Exports	57.72	69.07	58.21	70	49	60.00	16.70	27.83	11.13	4.34
Total Demand	367.16	384.35	364.57	404	360.5	373.50	121.70	153.33	69.13	29.34
Ending Stock	66.23	36.67	48.04	29.04	27.54	39.99	61.42	78.43	55.81	39.99
Stock to use Ratio	0.1804	0.0954	0.1318	0.0719	0.0764	0.1071	0.5046	0.5115	0.8074	1.36

All figures in Lakh Bales (of 170 Kgs. Each) Source: CAI& Agriwatch *: estimated

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 334 lakh bales (of 170 kg each) which is lower compared to production of 370 lakh bales of last season.

Following lower production, imports will rise marginally to 25 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock and lower production of cotton availability would be standing lower this season at 388.04 lakh bales compared to 433.04 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 360.5 lakh bales compared to 404 lakh bales during the previous season.

Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 49 lakh bales of cotton in the season 2018-19.

Ending stocks are expected to be around 27.54 lakh bales, it is lower compared to the ending stocks of previous season.

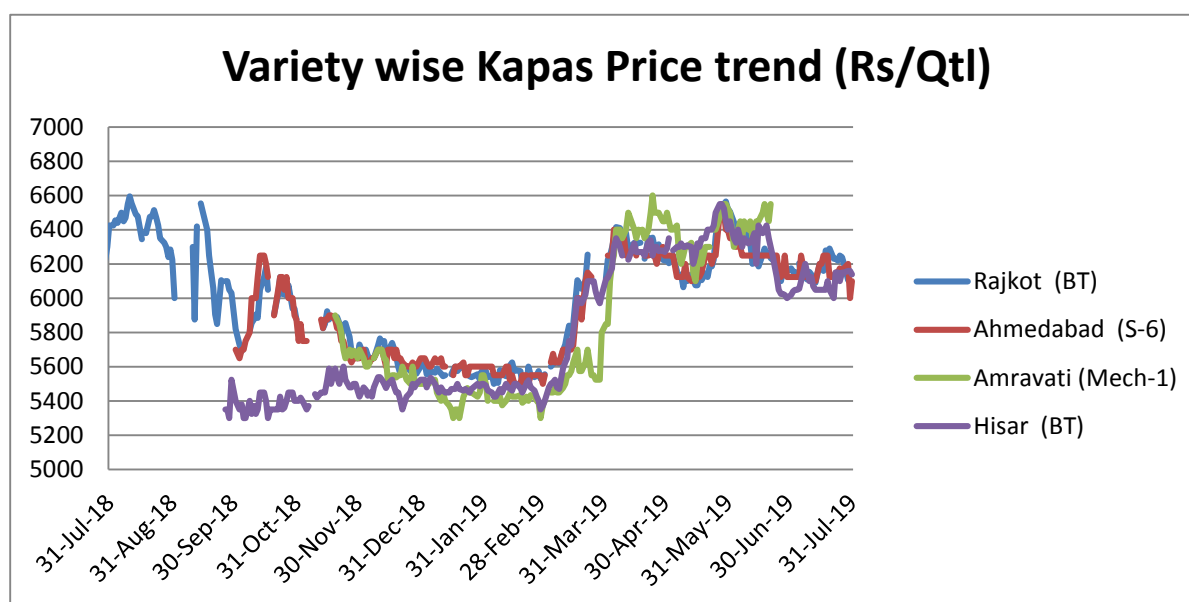


Domestic Cotton Prices Scenario

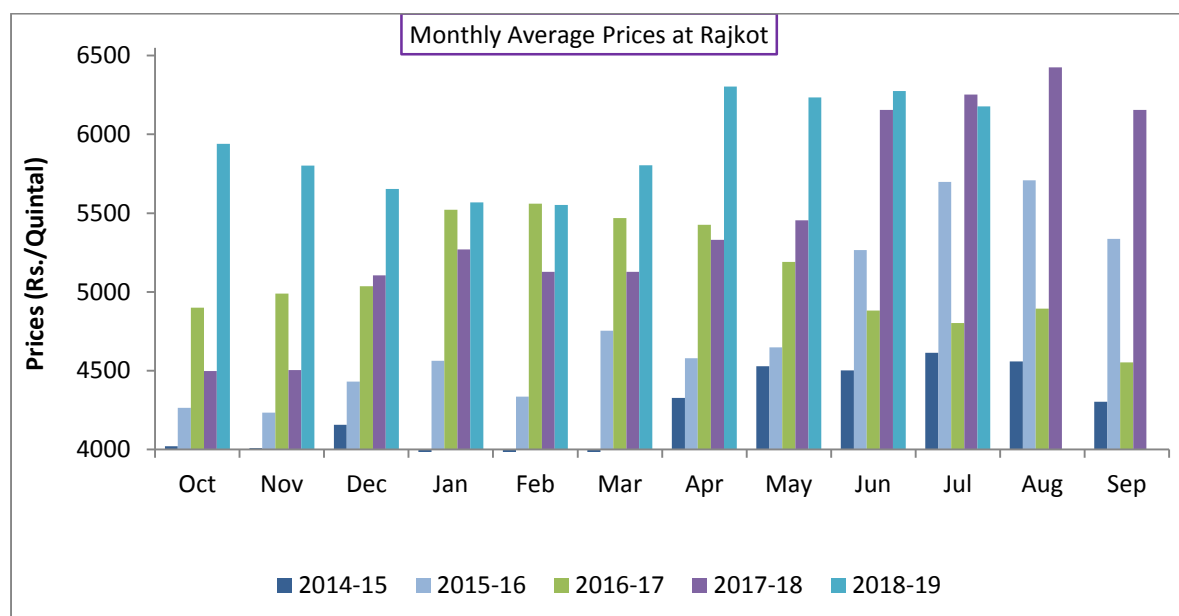
Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot lower at Rs 6177.5/quintal this month.

Monthly Price Outlook: Kapas prices are expected to remain steady to weak in coming month compared to last month. The expected range for Kapas at Rajkot is Rs 5800-6350 per quintal for the coming month.



Kapas Monthly M-o-M Price Scenario



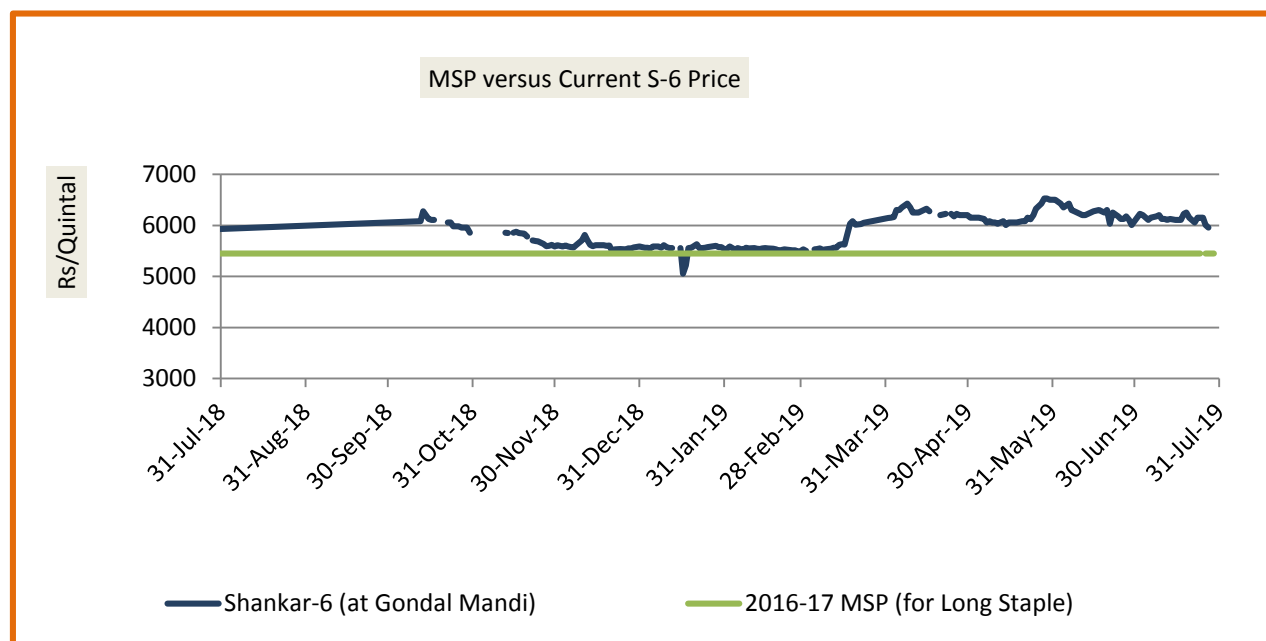


Kapas(seed cotton) prices in country noticed weaker during the July when compared to the previous month, but the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs. 6177.5 per quintal during June, which was Rs 6275/quintal during previous month and Rs.6253 per quintal during the corresponding month last year. We expect Kapas prices to remain steady further in the coming month.

Spot Price versus MSP

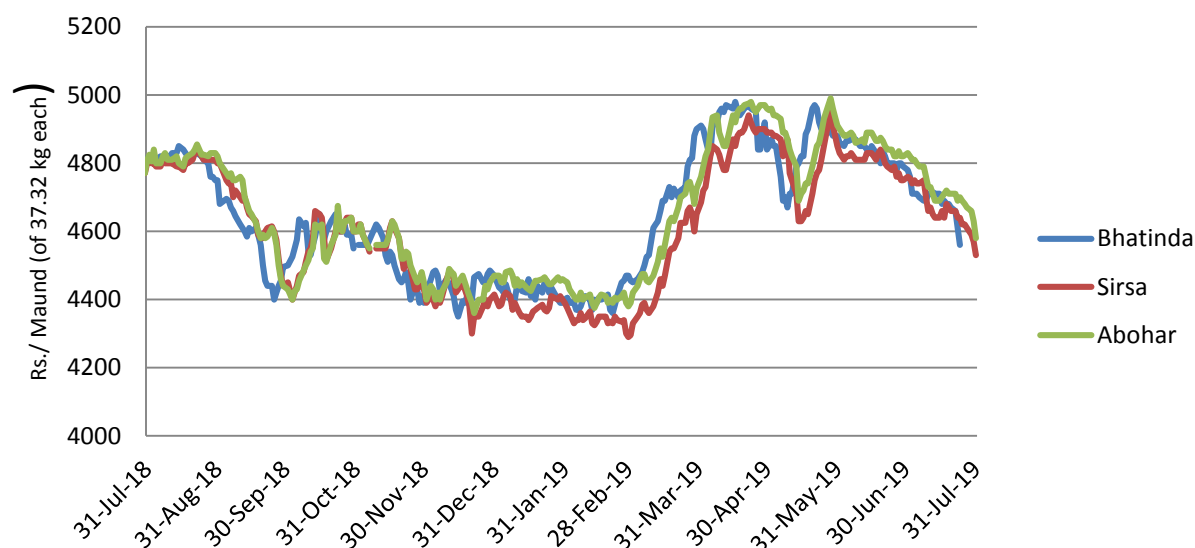
The Kapas prices are ruling above the MSP so far. The gap between the two prices has slightly declined in the month of July due to weak market. The average gap between the prices slightly increased to Rs. 669 from Rs. 794.77.



Lint price Outlook

Lint prices remained weaker during the month owing to mixed tone prevailing in market. Monthly average price of Lint at Sirsa declined to Rs.4666.1 per maund of 37.32 kg each, compared to the previous month price of Rs. 4806 per maund.

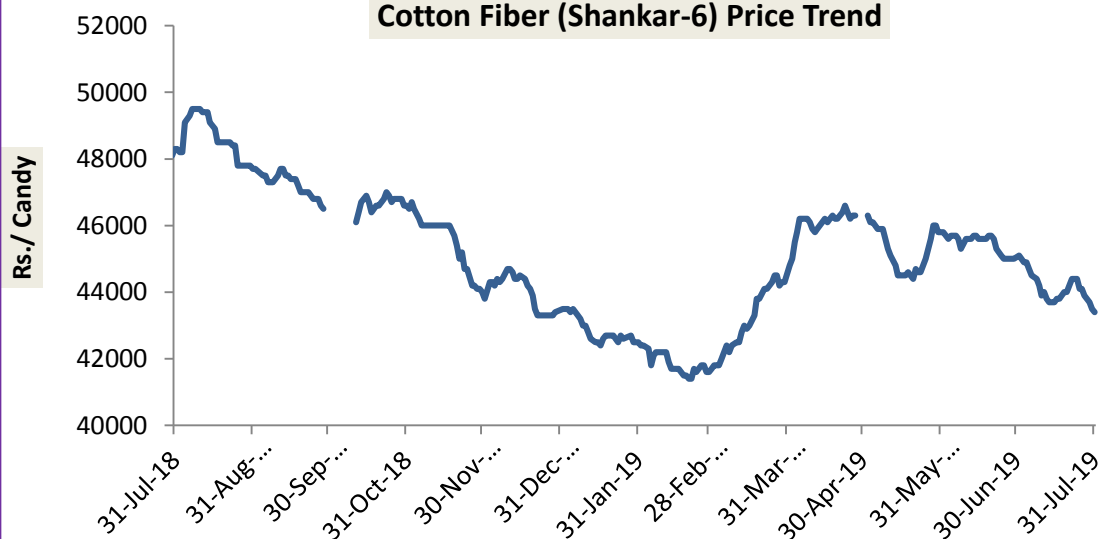
Lint Price Trend at Key Centers



Cotton Fiber price Outlook

Cotton fiber noticed slightly lower this month compared to the previous month amid less demand in domestic and international market monthly average prices noticed weaker, and lower exports activity due to higher domestic prices compared internationally and imports are continuously booked by millers. Average price was Rs. 44123 per candy (of 355.6 kg each) during the month, which was Rs. 45491 per candy previous month. And around Rs. 47638 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs. 42000 -46000 per candy in the coming month candy.

Cotton Fiber (Shankar-6) Price Trend



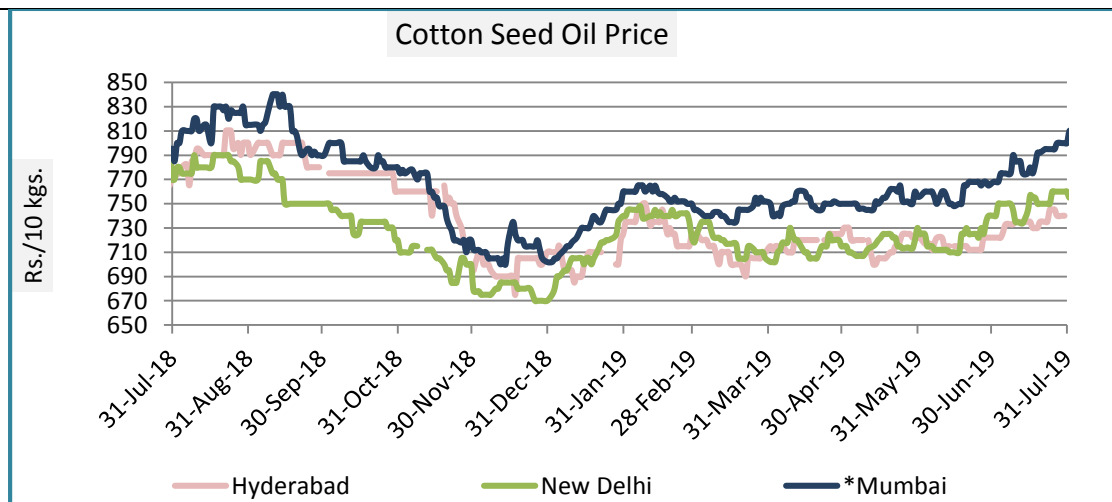


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil prices showed firm trend during the month due to greater demand. Monthly average price in New Delhi is Rs 749.96 per 10 Kg, slightly higher compared to the monthly average price of Rs 720.68 per 10 Kg in previous month. In other major markets prices were also seen at higher side compared to previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	July	June	
New Delhi	749.96	720.68	4.06
Rajkot	785	753	4.25
Hyderabad	736.6	719.16	2.43
Mumbai*	789.66	760.8	3.79



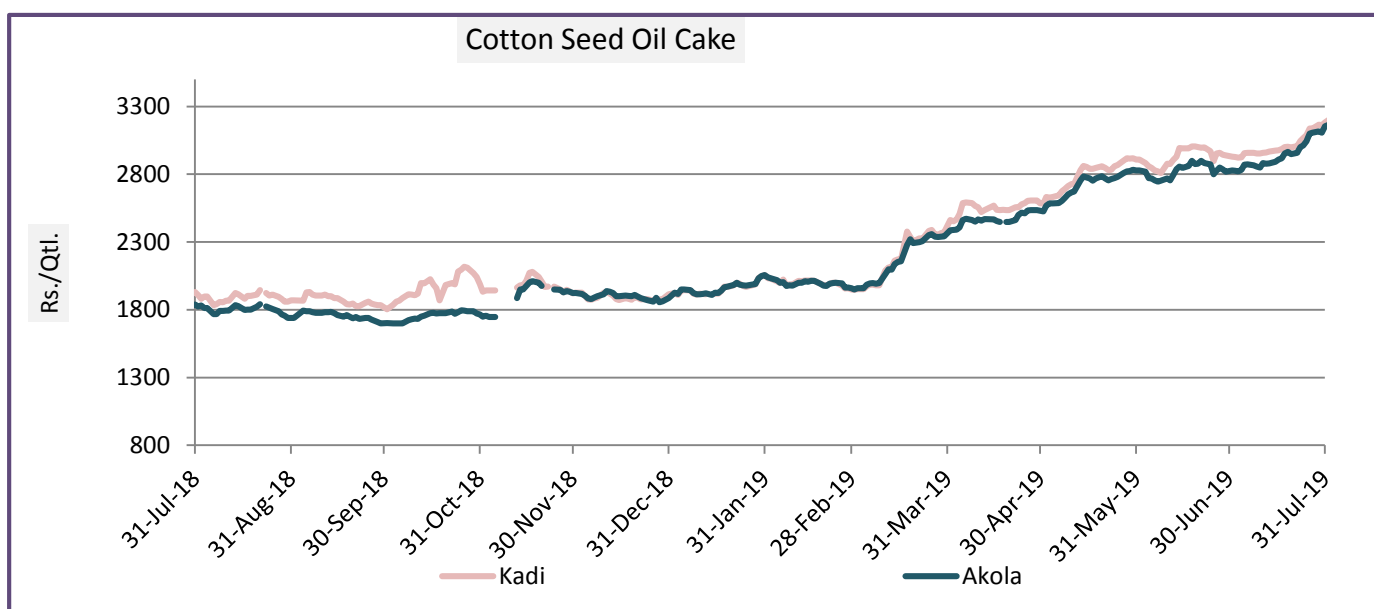
Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed stronger during the July month. Monthly average price in Akola stood higher at Rs. 2942 per quintal, higher compared to the month average price of Rs 2823.96 per quintal in the previous month. Cotton oil seed cakes is likely to gain some more support till the end of the season.



Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	July	June	
Kadi	3011	2927	2.87
Akola	2942	2823.96	4.18

*Source: NCDEX



International Market Scenario

International cotton prices were noticed weaker during the month. Cotlook A index monthly average stood 75.5 cents/pound this month, which was 77.65 cents/pound during last month.

Major Market Highlights:

- **The traders were hoping for the positive** outcome in the whole month 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 7/25 at 364,802 RB, with 48,336 RB to China and 214,000 RB sold to Vietnam.

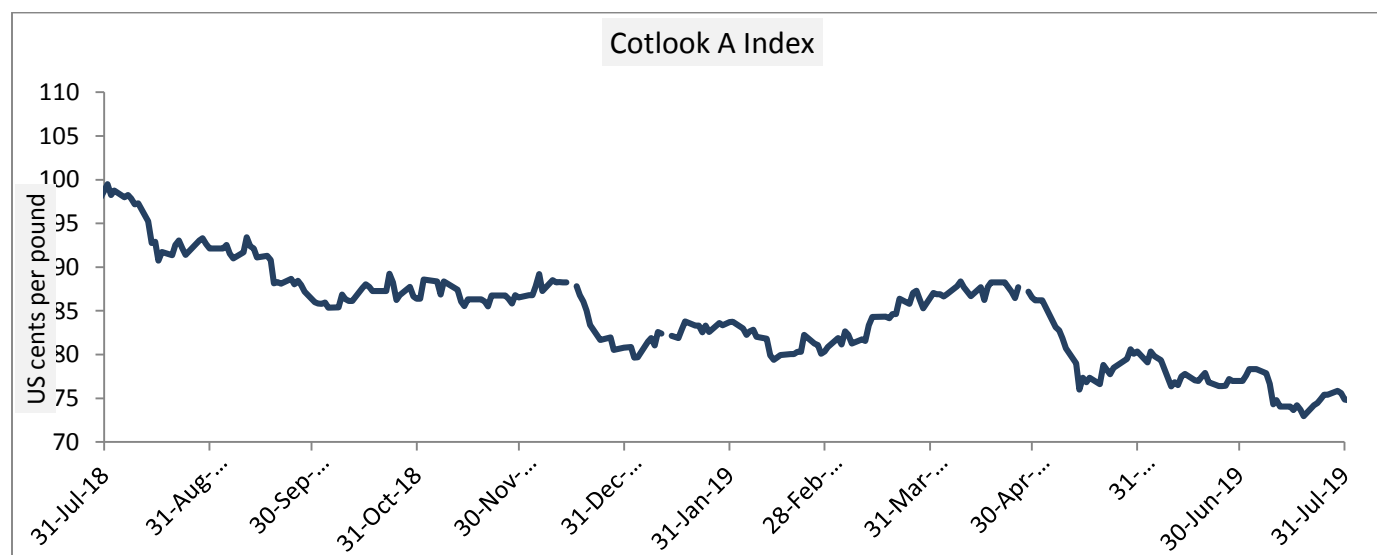
- **The cotton market remained bearish as trade talks between China and US seem to have failed.** As president trump was outrageous as China didn't bought any US farm products as promised earlier by China in G20 meeting. Trump has decided to level an additional \$350 billion in new duties at the Chinese if no deal happens.
- **From May 5 to July 31, the cumulative turnover of reserve cotton was 600,000 tons (35.29 Lakh Bales), and the turnover rate was 88.79%.** The highest traded price 15930 Yuan/ton, the lowest turnover of 11530Yuan/ton. On July 30th, 89.51% Of Total Put Auction at 9311.133 tons for sales. Average Transaction price was 12,478 Yuan/ton (Down by 32 Yuan/ton from the previous day). The discounted 3128 price was 13,407 yuan/ton (Down by 157 yuan/ton from the previous day).
- **The weekly crop progress report by US, showed that the crop condition is 60% good to excellent,** better than last year's condition which just 43% was good. According to the report, US cotton crop is at 86% squared (87% avg.), and 45% was reported as setting bolls (48% avg.). The 15 cotton growing states in US planted 99% of 2018 cotton acreage in the week ending July 28th, 2019.
- **According to government of Pakistan, 14% growth have been witnessed under cotton cultivation this sowing season compared to the corresponding period last year in Pakistan.** The crop had been cultivated over 2.65 million hectares of land across the cotton growing areas of the country. The sowing target has been set at 2.78 million hectares with 12.72 million bales for fulfilling the domestic requirements as well as for exporting the commodity.
- Net UPLAND sales of 10,200 RB for 2018- 2019 were down 94 percent from the previous week and 90 percent from the prior 4-week average. Increases were primarily for Vietnam (8,000 RB, including 3,300 RB switched from Indonesia, 900 RB switched from South Korea, and decreases of 900 RB), India (7,300 RB, including decreases of 2,100 RB), Pakistan (4,100 RB, including decreases of 400 RB), Malaysia (2,100 RB, including 2,000 RB switched from Indonesia and 100 RB switched from Japan), and Mexico (1,900 RB). Reductions were reported for Indonesia (8,900 RB), China (5,400 RB), Japan (2,100 RB), and South Korea (900 RB).
- For 2019-2020, net UPLAND sales of 3,64,800 RB were primarily for Vietnam (2,14,000 RB), China (48,400 RB), Malaysia (22,900 RB), India (18,400 RB), and Indonesia (15,800 RB).



Cotlook A Index

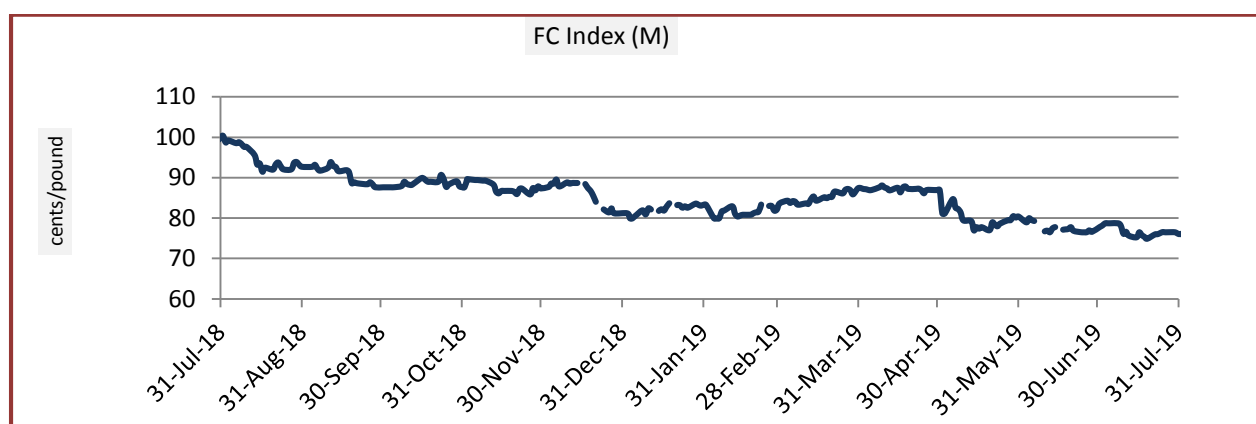
Cotlook A index was much weaker during the Month compared to last month affected due to US-China trade disputes.

Cotlook A Index	Monthly Average Price as on		% Change
	July	June	
Prices	75.5	77.65	-2.77
Prices in US cents per Pound			



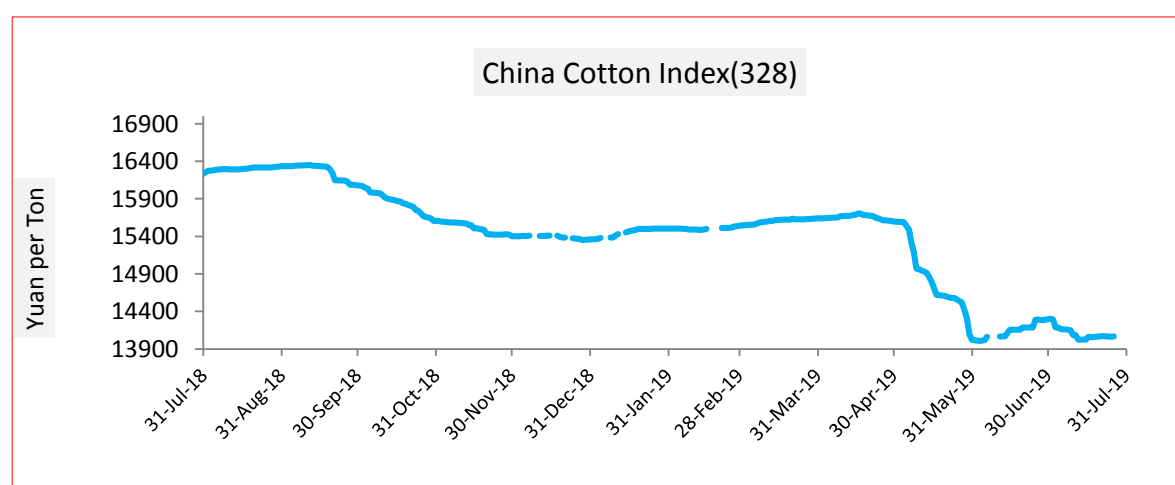
China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	July	June	
FC (S)	79.89	81.96	-2.53
FC (M)	76.78	77.52	-0.95
FC (L)	72.33	73.62	-1.75
Prices in US cents per Pound			



China Index was weak during the Month. CC Index (328) remained 14150.6 Yuan per ton during the month. Average was 14146.42 Yuan per ton during previous month.

Cotton Index	Monthly Average Price as on		% Change
	July	June	
CCIndex(328)	14150.6	14146.42	0.03
CCIndex(527)	13142.8	13224.47	-0.62
CCIndex(229)	14539.3	14532.26	0.05
Prices in Yuan per ton			



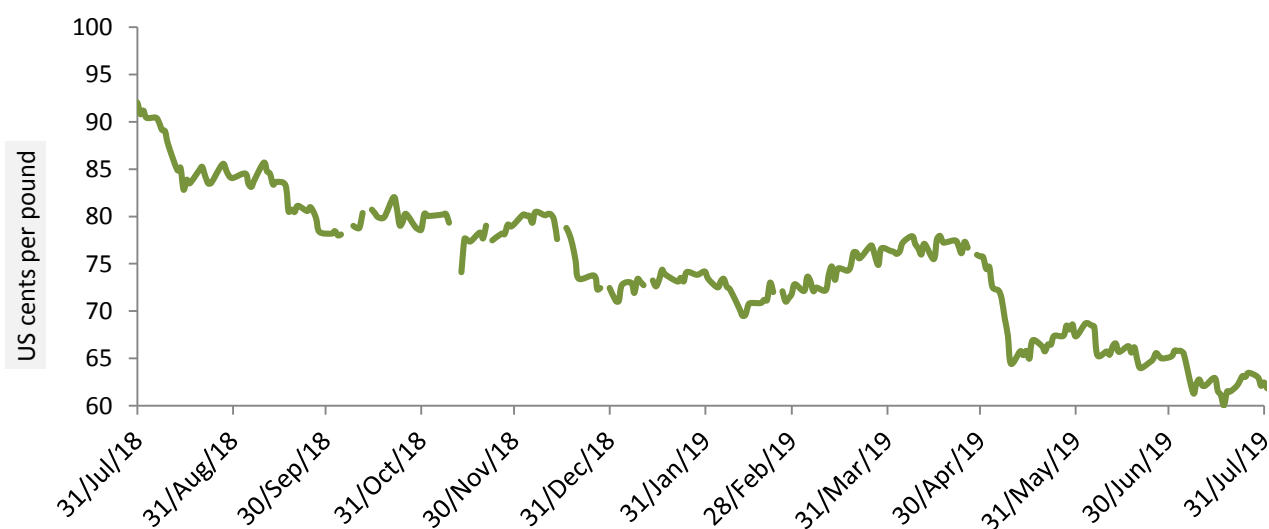


USA Spot Prices

Cotton prices slid down as there was trade agreement with China on trade and that has moved the prices sharply lower as China is the largest importer of US cotton in the world. There is no hope for any bullish movement in cotton futures in the near future. Whereas, ideal weather conditions in the southern part of the United States are also putting pressure on prices.

USA Spot Prices	Monthly Average Price as on		% Change
	July	June	
Prices	62.89	66.07	-4.81
Prices in US cents per Pound			

Daily Movement of USA Spot Price



Pakistan Spot Prices

The government is all set to re-impose custom duty, additional custom duty and sales tax on imported cotton from August 1, 2019. Earlier this year, Pakistan imported 2,439,170 bales during July 2018 to June 2019 and the local cotton prices went down from Rs 9410 per maund in November 2018 to Rs 9241 per maund in March 2019. Therefore, National Assembly passed a resolution on April 30, 2019 that to restore the regulatory customs duty on cotton import to prevent the massive import and dumping of cotton and set minimum support price for cotton to protect the local farmers and encourage cotton



cultivation in the country. Cotton production in 2018-19(9.98 million bales) has witnessed 16 per cent decrease relative to last year (11.98 million bales in 2017-18).

Karachi Spot Prices	Monthly Average Price as on		% Change
	July	June	
Prices	8513.7	8855.23	-3.86
Prices in Rs per 37.32 Kg			

Commodity: Cotton
Contract: Aug

Exchange: MCX
Expiry: Aug 30, 2019



Technical Commentary:

- Cotton 29 mm MCX Jun contract faces resistance at 21,000.
- Relative strength indicator (RSI) moved to oversold region.
- Price declined and open interest increased indicating short buildup.
- Candlesticks show bearish trend.

We will advise traders to sell today.

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Aug	19140	19390	20110	20668	20938

Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Aug	Sell	20210	19930	19680	20378

* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake

Contract: Aug

Exchange: NCDEX

Expiry: Aug 19, 2019

Cotton



Technical Commentary:

- Overall Candlestick pattern depicts bullishness.
- RSI reached overbought region.
- Prices closed above 9 and 18 days EMAs.
- Price and open interest decreased indicating consolidation.

We will advise traders to buy today.

Strategy: **Buy**

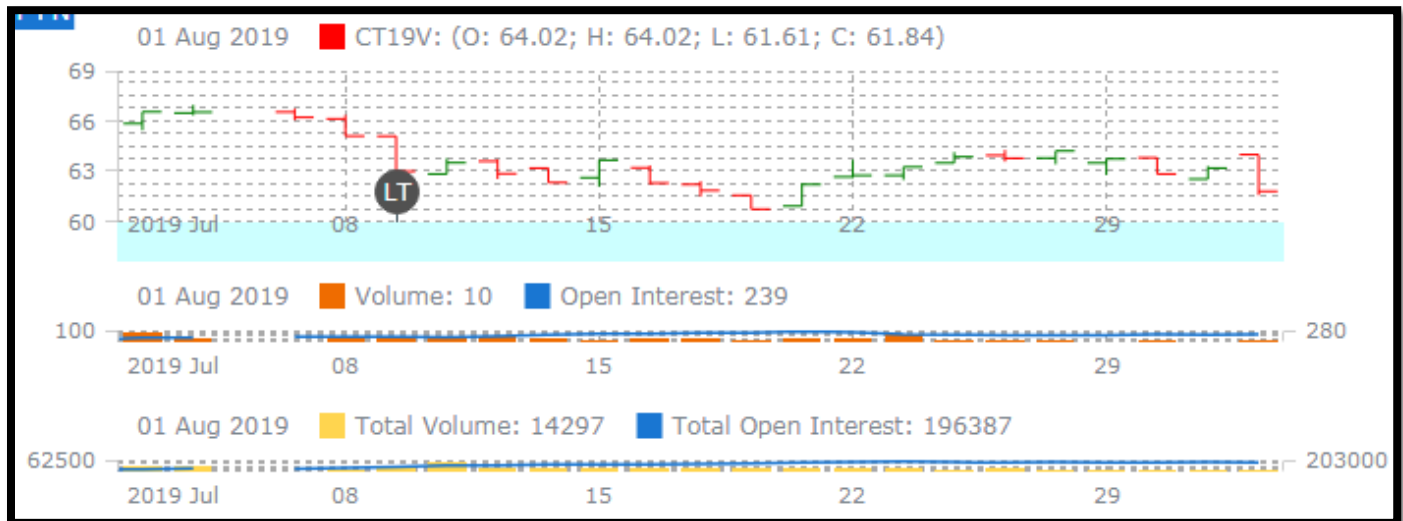
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Aug	3143	3193	3307	3427	3477
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Aug	Buy	3287	3327	3357	3263

* Do not carry-forward the position next day.



Monthly Technical Outlook:

Technical Analysis of Cotton Future ('Mar 19 Contract) at ICE



- Candlesticks denote bearish movement in the market.
- Volume decreased & Open Interest increased.
- We expect cotton prices to remain sideways to weak in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	58-68

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
57	59	69	72

Figures in US cents/pound

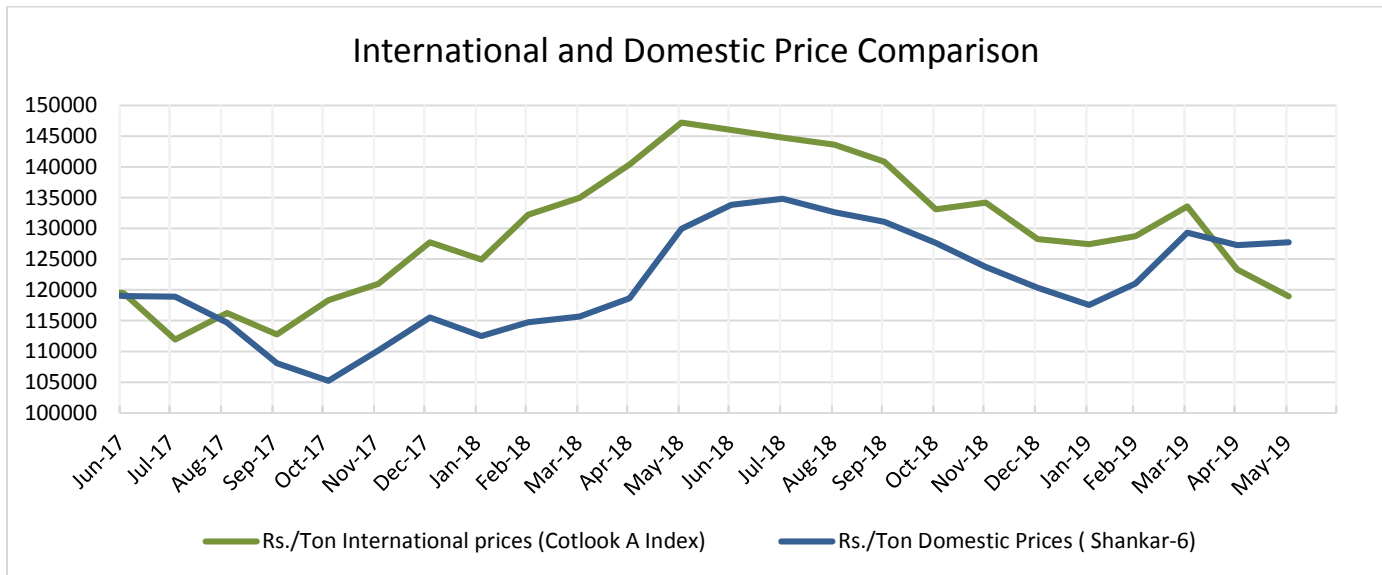


Cotton Future Prices at ICE

Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	31-Jul-19	1-Jul-19 (Month Ago)	2-May-19 (2 months ago)	1-Feb-19 (6 months ago)	31-Jul-18 (year ago)	% Change over a month	% Change over previous year
1-Oct-19	63.22	65.97	74.28	74.45	90.28	-4.17	-29.97
1-Dec-20	63.84	66.58	74.42	74.12	89.59	-4.12	-28.74
1-Mar-20	64.68	67.42	75.07	75.36	NA	-4.06	-
1-May-20	65.52	68.24	75.09	NA	NA	-3.99	-
1-Jul-20	66.13	68.80	NA	NA	NA	-3.88	-

International and Domestic Price Comparison





Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	July,2019	June,2019	
Gujarat	Ahmedabad	Shankar-6	6150	6244	-94
	Gondal	Shankar-6	5884	6245	-361
	Rajkot	B.T. Cotton	5930	6275	-345
	Patan	B.T. Cotton	0	0	Unch
	Kadi	B.T. Cotton	0	0	Unch
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	232	2961	-2729
Haryana	Bhiwani	B.T. Cotton	0	0	Unch
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	6093	6275	-182
	Fatehabad	B.T. Cotton	0	0	Unch
	Jind	B.T. Cotton	0	0	Unch
	Uchana	B.T. Cotton	0	0	Unch
	Dabwali	B.T. Cotton	0	0	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6204	6384	-180
	Rawatsar	B.T. Cotton	0	3645	-3645
Madhya Pradesh	Khandwa	Mech-1	0	0	Unch
	Khargaon	Mech-1	0	0	Unch
Maharashtra	Amravati	Mech-1	0	4634	-4634
	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	0	0	Unch
Karnataka	Bijapur	Bunny	6249	6543	-293
	Hubli	D.C.H.	215	0	215
	Hubli	B.T. Cotton	0	0	Unch
	Raichur	H-44 Cotton	2448	6156	-3709
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	July,2019	June,2019	

Punjab	Bhatinda	J-34	4715	4845	-130
	Abohar	J-34	4723	4856	-133
	Mansa	J-34	4709	4826	-117
Haryana	Sirsa	J-34	4666	4802	-136
Rajasthan	Sri-Ganganagar	J-34	0	0	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July,2019	June,2019	
Gujarat	Ahmedabad	Shankar-6	1020	2312	-1292
	Gondal	Shankar-6	81	137	-56
	Rajkot	B.T. Cotton	203	539	-336
	Patan	B.T. Cotton	0	0	Unch
	Kadi	B.T. Cotton	0	0	Unch
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	1	3	-3
Haryana	Bhiwani	B.T. Cotton	0	0	Unch
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	43	205	-162
	Fatehabad	B.T. Cotton	0	0	Unch
	Jind	B.T. Cotton	0	0	Unch
	Uchana	B.T. Cotton	0	0	Unch
	Dabwali	B.T. Cotton	0	0	Unch
Rajasthan	Hanumangarh	B.T. Cotton	585	338	246
	Rawatsar	B.T. Cotton	0	32	-32
Madhya Pradesh	Khandwa	Mech-1	0	0	Unch
	Khargaon	Mech-1	0	0	Unch
Maharashtra	Amravati	Mech-1	0	283	-283
	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	0	0	Unch
Karnataka	Bijapur	Bunny	322	501	-179
	Hubli	D.C.H.	1	0	1



	Hubli	B.T. Cotton	0	0	Unch
	Raichur	H-44 Cotton	4	14	-10
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July,2019	June,2019	
Punjab	Bhatinda	J-34	0	0	Unch
	Abohar	J-34	0	0	Unch
	Mansa	J-34	0	0	Unch
Haryana	Sirsa	J-34	0	5	-5
Rajasthan	Sri-Ganganagar	J-34	0	0	Unch

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				July,2019	June,2019	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40988	39804	1184
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41488	41792	-304
J-34(202)	26mm	3.5 - 4.9	23	44654	46108	-1454
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43308	44564	-1256
Shankar-6(105)	29mm	3.5 - 4.9	28	44123	45472	-1349
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46385	47636	-1251
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47581	48572	-991
DCH-32(107)	34mm	3.0 - 3.8	33	54685	54808	-123

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