

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed mixed tone on Thursday. Expected to trade in the range of 5800 to 6500 for next few weeks. With limited arrivals most of the markets about to close by July-Aug and Few markets are already closed.

In the News:

Gujarat cotton prices of 29 mm remained between 48,050 to 48,400 Rs /Candy. All India daily arrivals remained 4500 to 6500 bales.

Cotton spot markets noticed slightly weak during the week. Average price of Lint at Sirsa during the week was Rs. 4826 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4855. Cotton fiber (Shankar-6) prices noticed slightly weak this week Average price was Rs 47850 per candy (of 355.6 kg each) during the week, which was Rs 48150 per candy previous week.

The pink bollworm has again attacked cotton plants in Maharashtra this year, causing concern among farmers and the state government. The pest had caused large-scale damage to the cotton crop last year in central and eastern Maharashtra, the state's main regions producing the commodity. The pink bollworm attack on cotton has been reported this year from Akola and Washim districts in Vidarbha and Nanded and Parbhani in Marathawada, a senior official in the agriculture department said.

North India cotton season starting early one month than all other region in India. In Punjab, Haryana and Rajasthan harvesting will begin in end of August or September month and other cotton growing states like Gujarat, Maharashtra, MP, Telanagana, Karnataka and Andhra Pradesh will start in October month. Till now there is no pest attack on cotton crop and crop is at healthy stage.

In forward trade the multinational companies and leading cotton traders offering new cotton crop at 48300-48500 Rs/Candy in November, 47800-48000 Rs/Candy in December and 47300-47500 Rs/ candy in January 2019. Indian Cotton S6 29 mm Offering at 95.5 - 96 USC/LBS to Chittagong, Bangladesh Market while for China Market 92.50 -93 USC / LBS in direct export.

The Cotton Advisory Board (CAB) has estimated that during the current cotton season of October, 2017 to September, 2018, the export of cotton from India is likely to increase by 20% over last year and is expected to touch 70 lakh bales by September, 2018, a release from the Press Information Bureau said.

Gujarat Cotton Sowing Reached 21,84,172 Hectares till 23rd July 2018 vs 25,84,600 Hectares Last year, as per Government of Gujarat Data.

The area under cotton cultivation has shrunk by 20%as compared to last year in western Vidarbha with the possibility of soybean and tur being preferred as a cash crop this kharif season. With good rains all over the region, sowing operations are nearing completion according to top agriculture officials of Amravati and Nagpur divisions. However, in eastern Vidarbha's Nagpur division the picture is a contrast with cotton area going up to 137% of the normal estimate and soybean as well as tur showing a dip.

Monsoon Update:

Private weather forecaster Skymet has downgraded its outlook for this year's monsoon to 'below normal' from its earlier forecast of normal rains for the season, saying August and September were likely to witness depressed rainfall. The monsoon could end up at 92% of LPA, with Aug likely to see poor rainfall at 88% and September performing a shade better at 93%. The monsoon is likely to go into a prolonged weak phase during August.

Delayed rains and low reservoir levels have led to a ten percent lower Kharif crop planting than the normal five year average during the southwest monsoon (June to September). Pan-India rainfall is eight percent below the long-term average, but the forecast of a normal monsoon and its rapid progression across India is expected to support and improve the pace of planting. Additionally, the Government of India announced the Minimum Support Price (MSP) for the 2018/19 Kharif season.

International Fundamentals

Global production for the 2018/19 season is currently projected at 25.9 million tonnes, which would represent a 4% decrease. Global consumption, on the other hand, is currently projected to increase 4% to 27.5 million tonnes. With global consumption at an all-time high, pressure on stocks is expected to reduce global reserves by 1.6 million tonnes to finish the 2018/19 season at 17.7 million tonnes. Stocks in China are projected to decrease for the fifth consecutive year to 7.5 million tonnes, while stocks outside are expected to remain stable at 10.1 million tonnes.

On August 1st, the reserve cotton sales resources were 30008.8081 tons, the actual turnover was 16537.0022 tons, and the turnover rate was 55.11%. The average transaction price was 14,929 yuan/ton (down 103 yuan/ton from the previous day), the price of 3128 was 16,351 yuan/ton (down 25 yuan/ton from the previous day).

ICE cotton futures slid over 1 percent to register its biggest daily percentage decline in three weeks on Wednesday, on worries about U.S. President Donald Trumps plan to increase the potential tariff rate on Chinese goods. the most active cotton contract on ICE Futures U.S., the second-month December contract, settled down 1.25 cent, or 1.40 percent, at 88.34 cents per lb.

The U.S net UPLAND sales of 2300 running bales for this season were down 82 percent from the previous week and 93 percent from the prior 4 week average. UPLAND exports of 293300 RB were up 29 percent from previous week, but down 7 percent from the prior 4 week average. The primary destinations were Turkey (70400 RB), Vietnam (63900 RB), Indonesia (26200 RB) Mexico (23200 RB) and China(21000 RB).

The trade war between China and US continues to be the main topic worries. The Chinese customs has already started to collect 25% tax on US imports under the normal trade quota. For processing quota mills still can avoid this high tax. Most mills are not ready buy imported cotton as they feel ICE is too high.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.46	23960	24050	23930	23980	657	41	4041	87
Nov-18	-0.38	23550	23660	23550	23580	441	280	2559	-187

Spread	Oct 18		-	-	--	--
Spot	390			-	-	-
Oct-18				-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 02-Aug- 2018 at 5:00 PM

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Aug-18	1-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6425	6425	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5850	5800	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5808	5815	-7
	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	4320	4320	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6600	6530	70
	Hubli	D.C.H.	NR	3900	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	6011	5800	211
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Aug-18	1-Aug-18	
Punjab	Bhatinda	J-34	4805	4830	-25
	Abohar	J-34	4805	4825	-20
	Mansa	J-34	4800	4825	-25

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4800	4810	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Aug-18	1-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	280	240	40
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	200	100	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	25	25	Unch
	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	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	298	290	8
	Hubli	D.C.H.	NR	2	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	30	15	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Aug-18	1-Aug-18	

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
				1-Aug-18	31-Jul-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45300	45300	Unch
J-34(202)	26mm	3.5 - 4.9	23	46100	46100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45700	45700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	48300	48300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49100	49100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50800	50800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	62000	62000	Unch

Centre	Unit	Price		Change
		2-Aug-18	1-Aug-18	
Rajkot	Rs. /10 Kg.	810	810	Unch
New Delhi	Rs. /10 Kg.	780	780	Unch
Hyderabad	Rs. /10 Kg.	795	795	Unch
Mumbai	Rs. /10 Kg.	810	810	Unch

Centre	Unit	Price		Change
		2-Aug-18	1-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1882	1909	-27
Akola	Rs./Qtl	1831	1825	6

China Cotton Index: As on 02-August-2018

Index	RMB/Ton	Change
CCIndex(328)	16228	20
CCIndex(527)	15066	15
CCIndex(229)	16903	20
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 02-August-2018

Index	Cents/lb	Change
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FC Index (S)	102.19	-1.09
FC Index (M)	98.73	-1.65
FC Index (L)	97.21	-1.62

Cotlook Index: As on 1-Aug-2018

Cotlook Indices	Cents/Pound	Change
A-Index	99.50	0.80

USDA Cotton Spot Rates: As on 1-August-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	88.56	90.81	NIL
North Delta	87.56	89.31	NIL
South Delta	87.56	89.31	NIL
East TX-OK	83.06	85.56	361
West Texas	83.06	85.56	NIL
Desert SW	83.31	87.31	NIL
SJ Valley	83.81	92.71	NIL

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

ICE Cotton Futures (Prices in cents/lb.): As on 1-August-2018

Contract	Open	High	Low	Close	Change
18-Oct	89.59	90.57	89.06	89.06	-1.22
18-Dec	89.39	89.98	88.3	88.34	-1.25
19-Mar	89.29	89.84	88.24	88.28	-1.22
19-May	88.91	89.72	88.33	88.37	-1.02
19-Jul	88.67	89.44	88.26	88.33	-0.79
19-Oct	82.58	82.58	82.58	82.58	-0.95

Pakistan Cotton Spot rates: As on 1-August-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

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