

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed weak tone on Saturday. With limited arrivals most of the markets about to close by July-Aug and few markets are already closed.

In the News: As on 03rd Aug 2018 cotton sowing has been carried out in the area of 109.79 lakh hectares against 114.34 lakh hectares in the 2017-18 season.

Cotton spot market prices traded firm on lower supplies and bullish cues from overseas market. Acreage drop in the coming season as well as adverse weather conditions in other key cotton growing countries and good global demand is likely to keep cotton prices firm.

Better demand was witnessed for local cotton from domestic mills for prompt delivery. The Reserve bank of India hiked the repo rate by 25 basis points to 6.5 % in its bi-monthly monetary policy review of 2018-19.

The average rainfall received in Andhra Pradesh from 1-6-2018 to 1-8-2018 is recorded as 215.5 mm as against the Normal as on date of 247.9 mm showing 13 percent low as against the normal. The cotton growing districts like Guntur, Prakasam and Kurnool has faced deficit rainfall in the range of -20% to -59%.

According to trade and Agricultural Department sources, the Pink Bollworm and sucking pests have been reported in cotton crop at below ETL in the districts of Krishna, Kadapa Ananthapuram and Kurnool districts of Andhra Pradesh.

In Andhra Pradesh, cotton sowing as on 01st Aug 2018 reported 3.74 Lakh hectares as compared to 4.05 Lakh hectares in the corresponding period last year. 57% sowing completed from season normal. Till now, Guntur region has reported 1,38,773 hectares in acreage compared to last year's 1,22,480 hectares and Kurnool has reported 1,35,772 hectares of acreage compared to last year's 1,74,395 hectares.

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.

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

US net sales of 19,600 running bales for 2017/2018 were up noticeably from the previous week, but down 49 percent from the prior 4-week average. Increases reported for China (6,500 RB), South Korea (5,000 RB), Taiwan (3,400 RB), Pakistan (2,300 RB, including decreases of 100 RB), and India (1,300 RB, including decreases of 600 RB).

ICE cotton futures slipped to a more than one-week low on Friday, on heightened trade tensions after China, the top-consumer of the fiber, proposed new tariffs on \$60 billion worth of U.S. goods. The most active cotton contract on ICE Futures U.S., the second-month December contract, settled down 0.71 cent, or 0.80 percent, at 88.12 cents per lb, and posted small weekly decline of 0.2 percent.

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 Trump's 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.92	24000	24110	23750	23770	1566	1127	4128	8
Nov-18	-0.97	23650	23670	23350	23370	282	212	2543	-14

Spread	Oct 18		-	-	--	--
Spot	440			-	-	-
Oct-18				-	-	-

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

* Updated at as on 03-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	4-Aug-18	3-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6400	6455	-55
	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	5900	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5835	5890	-55
	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	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	6029	6050	39
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Aug-18	3-Aug-18	
Punjab	Bhatinda	J-34	4800	4810	-10
	Abohar	J-34	4800	4840	-40
	Mansa	J-34	4800	4800	Unch

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

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Aug-18	3-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	280	480	-200
	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	100	200	-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	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	37	37	7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Aug-18	3-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
				4-Aug-18	3-Aug-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	46000	46000	-Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45700	45700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	48200	48200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49100	49100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51000	51000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	62500	62500	Unch

Centre	Unit	Price		Change
		4-Aug-18	3-Aug-18	
Rajkot	Rs. /10 Kg.	805	805	Unch
New Delhi	Rs. /10 Kg.	775	775	Unch
Hyderabad	Rs. /10 Kg.	790	790	Unch
Mumbai	Rs. /10 Kg.	810	810	Unch

Centre	Unit	Price		Change
		4-Aug-18	2-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1898	1898	16
Akola	Rs./Qtl	1813	1813	-18

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 03-August-2018		
Index	RMB/Ton	Change
CCIndex(328)	16229	1
CCIndex(527)	15073	7
CCIndex(229)	16905	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 03-August-2018		
Index	Cents/lb	Change
FC Index (S)	102.69	0.50
FC Index (M)	99.23	0.50
FC Index (L)	97.71	0.5

Cotlook Index: As on 2-Aug-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	98.25	-1.25

USDA Cotton Spot Rates: As on 2-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 2-August-2018					
Contract	Open	High	Low	Close	Change
18-Oct	88.88	89.44	88.66	89.44	0.38

18-Dec	88.20	88.88	87.70	88.83	0.49
19-Mar	88.19	88.78	87.68	88.75	0.47
19-May	88.18	88.81	87.92	88.80	0.43
19-Jul	88.15	88.79	87.92	88.76	0.43
19-Oct	83.14	83.14	83.14	83.14	0.56

Pakistan Cotton Spot rates: As on 3-August-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9000	160	9160
Equivalent	40 Kgs	9645	171	9816

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