

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot market prices were noticed slightly weak on Tuesday. North India cotton season starting early before one month than all other region in India. In Punjab, Haryana and Rajasthan harvesting will begin in September month and Gujarat, MH, MP, Telangana, AP and Karnataka other states will start in October month. With limited arrivals most of the markets about to close by Aug and few markets are already closed MCX Oct new cotton is trading at 24100 to 24200 level for the day.

**In the News:** All India daily arrivals remained between 4000 to 5000 bales. With limited arrivals most of the ginning mills are closed. Gujarat cotton prices of 29 mm remained between 48000 to 49000 /candy.

**Northern Maharashtra and western Madhya Pradesh have enough moisture to maintain aggressive summer crop growth** during the coming week. Rainfall during the second week of the outlook will be important for restoring soil moisture and a few areas may not receive enough rain to significantly improve the moisture profile. Crop conditions in eastern Rajasthan will remain favorable during the next two weeks as long as timely rain returns during the second week. Gujarat and the remaining portions of Rajasthan will continue to dry significantly raising crop stress and some concern over long term production potentials.

**As on 03<sup>rd</sup> 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 01<sup>st</sup> 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, Telangana, 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**

***From March 12 to August 7, the China cumulative turnover of reserve cotton was 1,842,100 tons, and the turnover rate was 59.03%. the highest traded price 17700 Yuan/ton, the lowest price 12700 Yuan/ton.***

***In Pakistan farmers and ginneries are expecting cotton production of around 11 million bales this crop year against the official target of over 14 million due to poor quality seeds, late sowing, water shortage and low acreage in high-yielding region. Pakistan Central Cotton Committee data showed that the cotton sowing target of 2.95 million hectares has already been missed by around 10 percent as sowing could be completed at 2.66 million hectares of land. Punjab marginally remained short of target of 2.31 million hectares by planting cotton at 2.29 million hectares.***

***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 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.**

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.71	24000	24150	23970	24100	685	-44	4061	-9
Nov-18	0.81	23590	23700	23560	23660	96	27	2530	-13
Spread	Oct 18			-	-	--	--		
Spot	450			-	-	-	-		
Oct-18				-	-	-	-		

(NB: Spread Basis = Spot- Near Month Future)  
\* Updated at as on 07-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	07-Aug-18	06-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6450	6500	-50
	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	5850	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5835	5835	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	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	6570	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	6075	6079	-4
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Aug-18	06-Aug-18	
Punjab	Bhatinda	J-34	4815	4805	10
	Abohar	J-34	4820	4800	20
	Mansa	J-34	4800	4800	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4810	4790	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Aug-18	06-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	170	200	-30
	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	100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	10	20	-10
	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	313	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	22	22	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Aug-18	06-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
				06-Aug-18	06-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	45800	45800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46000	46000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	48100	48100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49300	49300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51200	51200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	62800	62800	Unch

Centre	Unit	Price		Change
		07-Aug-18	06-Aug-18	
Rajkot	Rs. /10 Kg.	790	795	-5
New Delhi	Rs. /10 Kg.	775	775	Unch

Hyderabad	Rs. /10 Kg.	790	790	Unch
Mumbai	Rs. /10 Kg.	820	820	Unch

Centre	Unit	Price		Change
		07-Aug-18	06-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1842	1833	9
Akola	Rs./Qtl	1768	1768	Unch

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07-August-2018		
Index	RMB/Ton	Change
CCIndex(328)	16233	1
CCIndex(527)	15075	2
CCIndex(229)	16907	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 07-August-2018		
Index	Cents/lb	Change
FC Index (S)	102.26	0.27
FC Index (M)	98.56	0.25
FC Index (L)	98.81	0.25

Cotlook Index: As on 7-Aug-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	98.00	-0.75

USDA Cotton Spot Rates: As on 7-August-2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	88.19	90.44	NIL
North Delta	87.19	88.94	NIL
South Delta	87.19	88.94	NIL
East TX-OK	82.69	85.9	26
West Texas	82.69	85.19	NIL

Desert SW	82.94	86.94	NIL
SJ Valley	83.44	92.34	NIL

Pakistan Cotton Spot rates: As on6-August-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9400	160	9560
Equivalent	40 Kgs	10074	171	10245

#### Disclaimer

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