

Domestic Fundamentals:

Market Outlook: *Cotton spot market prices traded firm on Friday. Ginning mills are facing tight supplies of raw material, resulting into higher prices. The prices may stay elevated till end of August. 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.*

In the News: *Cotton farmers of Maharashtra and Telangana face potentially huge losses as the respective agricultural departments have observed growing incidence of pink bollworm infestation in parts of the two states. The cotton crop that was sown before June 15, use of unapproved plant growth regulators and decline in rainfall are leads to pest growth in the respective states.*

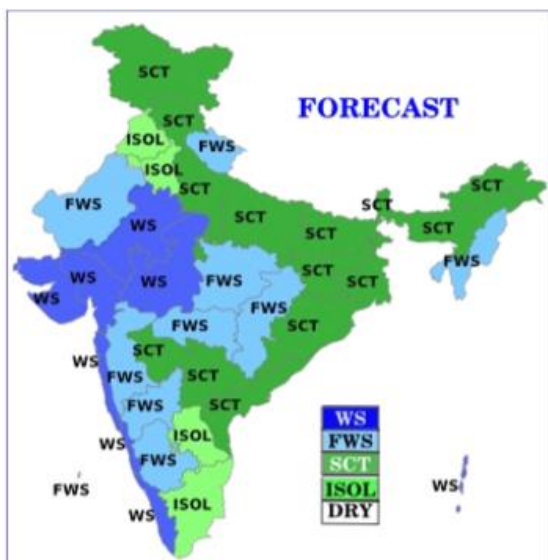
The average rainfall received in Andhra Pradesh from 1-6-2018 to 15-8-2018 is recorded as 296.5mm as against the Normal as on date of 327.7mm showing by Normal -9 percent. Cotton crop is at vegetative to flowering stage in most producing districts of Andhra Pradesh, the pest and Diseases of cotton have been reported at below ETL.

The rupee dropped to a record low of 70.32 in early trade with investor sentiment affected by a widening trade deficit on the domestic front and the broad rise in the US dollar versus other Asian peers. The dollar held near a 13-month peak on Thursday as political turmoil in Turkey and concerns about China's economic health continued to support safe-haven assets and weighed on emerging market currencies.

The Cotton Corporation of India will procure the fibre directly from farmers in Rajasthan at the minimum support price (MSP) and make the payment to their accounts in the upcoming cotton season. Rajasthan is the first cotton-growing state in the northern region to make direct transaction compulsory for procurement at MSP. Over 12,000 farmers have been registered in district Shree Ganganagar so far and the process is on in the other cotton-growing districts of Hanumangar and Bhilwara

Looking at shortfall in rains in Gujarat, Maharashtra and some southern states, there is scope to believe cotton output should fall at least 5-10%. As per the preliminary estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 353 lakh bales (of 170 kg each) which is lower compared to last year production of 365 lakh bales. For the current cotton year that ends in September, the Cotton Advisory Board has pegged the number at 37.0 mln bales.

Weather Update:



18th Aug: Heavy to very heavy rain at isolated places very likely over Coastal Karnataka and Gujarat State and heavy rain at isolated places over Nagaland, Manipur, Mizoram & Tripura, Rajasthan, Konkan & Goa, Tamilnadu, South Interior Karnataka and Kerala.

The India Meteorological Department (IMD)'s weather models hinted at weak monsoon rain over the central India and the country in general from August 10 to 16. But the models of the National Centre for Medium Range Weather Forecasting (NCMRWF), under the ministry of earth sciences, are showing active monsoon conditions from August 13. IMD weather models are indicating that most of the central India, including Maharashtra, will see an increase in

SPATIAL DISTRIBUTION (% of Stations reporting)			
% Stations	Category	% Stations	Category
76-100	Widespread (WS/ Most Places)	26-50	Scattered (SCT/ A Few Places)
51-75	Fairly Widespread (FWS/ Many Places)	1-25	Isolated (ISOL)
Dry (No station reported Rainfall)			

rainfall activity after August 17. But northeast India, extreme north and south peninsula regions are expected to get below- normal rainfall.

International Fundamentals

ICE cotton futures rose more than 1 percent on Thursday after China announced plans to hold new talks with the United States, igniting hopes that the major economies might resolve an escalating tariff war. The most active cotton contract on ICE Futures U.S., the second-month December contract, settled up 1.06 cent, or 1.31 percent, its biggest one-day percentage gain since July 25 at 81.8 cents per lb.

On August 16th, the China reserve cotton sales resources were 30009.2157 tons, the actual turnover was 3309.3001 tons, and the turnover rate was 11.03%. The average transaction price was 14,953 yuan/ton (Down 254 yuan/ton from the previous day), the price of 3128 was 16,642 yuan/ton (Down 7 yuan/ton from the previous day).

December cotton lost another 2% Wednesday as speculators liquidated their long positions, fearful of trade disruptions with Turkey and China. The economic stakes were raised on Tuesday when the Turkish government called for a boycott of U.S. goods. As of this writing, we have not seen cotton on any list, but it is that uncertainty that has the ICE Futures so nervous.

Prices for the December NY Futures contract were generally contained between 85 and 90 cents/lb between mid-July and early August. The A Index also moved sideways over the past month, with values ranging between 94 and 100 cents/lb since mid-July. Indian cotton prices, represented by the Shankar-6 quality, increased in slightly international and domestic terms, rising from 88 to 90 cents/lb and 47,000 to 48,000 INR/candy.

This month's 2018/19 U.S. cotton forecast includes higher beginning stocks, production, exports, and ending stocks relative to last month. Production for the 2018 crop is raised 4 percent to 19.2 million bales, on this season's first survey-based production forecast. Beginning stocks are raised 0.4 million bales due to lower-than-expected 2017/18, exports are 0.5 million bales higher, at 15.5 million bales. Ending stocks are 0.6 million bales higher this month. Projected world 2018/19 ending stocks are down 1 percent this month, due to a combination of lower beginning stocks and higher consumption offsetting higher production. Beginning stocks are reduced 0.45 million bales, reflecting both lower production and higher consumption estimates for 2017/18. Production in 2018/19 is increased 0.4 million bales, with higher expected crops in the United States, Argentina, and Turkey offsetting reduced crops in Uzbekistan, Australia, and Turkmenistan. Consumption is raised 660,000 bales, led by a 300,000-bale increase for Pakistan, with smaller increases in Indonesia, Turkey, and other countries.

NCDEX Kapas Futures*: (Prices in Rs/20 kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	-0.98	1170.5	1172	1157	1162	1657	890	3941	269
Spread	Oct 18(C1)			-	-	-	-	-	-
Spot	485					-	-	-	-
Oct-18						-	-	-	-

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

* Updated at as on 17-Aug- 2018 at 5:00 PM

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.64	23460	23460	23360	23380	754	-44	3927	-77
Nov-18	-0.78	23040	23070	22930	22940	293	139	2223	-131

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

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

* Updated at as on 17-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	17-Aug-18	16-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	Closed	6345	-
	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	Closed	5950	-
	Bhiwani	Desi	Closed	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5950	5900	50
	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	5400	NR	-

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Aug-18	16-Aug-18	
	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	NR	5950	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Aug-18	16-Aug-18	
Punjab	Bhatinda	J-34	4820	4810	10
	Abohar	J-34	4815	4790	25
	Mansa	J-34	4770	4750	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4800	4780	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Aug-18	16-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	Closed	280	-
	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	Closed	200	-
	Bhiwani	Desi	Closed	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	35	NR	-
	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	NR	7	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Aug-18	16-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
				16-Aug-18	14-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	45700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46000	46100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	47900	48200	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48900	49100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50800	51000	-200
DCH-32(107)	34mm	3.0 - 3.8	33	60300	60300	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		17-Aug-18	16-Aug-18	
Rajkot	Rs. /10 Kg.	810	810	Unch
New Delhi	Rs. /10 Kg.	790	790	Unch
Hyderabad	Rs. /10 Kg.	800	795	5

Mumbai	Rs. /10 Kg.	827	830	-3
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Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		17-Aug-18	16-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1902	1881	21
Akola	Rs./Qtl	1800	1799	1

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 17-August-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	16291	-5
CCIndex(527)	15113	-3
CCIndex(229)	16993	-6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 17-August-2018</u>		
Index	Cents/lb	Change
FC Index (S)	95.80	1.00
FC Index (M)	92.49	1.00
FC Index (L)	90.46	1.00

<u>Cotlook Index: As on 16-Aug-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	90.75	-2.15

<u>USDA Cotton Spot Rates: As on 16-Aug-2018</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	81.63	83.88	NIL
North Delta	80.63	82.38	NIL
South Delta	80.63	82.38	NIL
East TX-OK	76.13	78.63	128.00
West Texas	76.13	78.63	9.00
Desert SW	76.38	80.38	NIL
SJ Valley	76.88	85.78	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.): Ason16-Aug-2018

Contract	Open	High	Low	Close	Change
18-Oct	81.60	82.35	81.55	82.13	1.05
18-Dec	80.79	82.20	80.60	81.80	1.06
19-Mar	81.07	82.44	80.93	82.01	0.97
19-May	81.46	82.73	81.46	82.33	0.89
19-Jul	82.79	83.14	82.05	82.75	0.83
19-Oct	78.64	78.64	78.64	78.64	0.47

Pakistan Cotton Spot rates: As on 16-Aug-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	160	8260
Equivalent	40 Kgs	8681	171	8852

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