

### Domestic Fundamentals:

**Market Outlook:** *Cotton spot market prices traded firm on Monday. 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:** *Gujarat Cotton prices of 29 mm remained between 48,150 to 48,650 Rs./Candy. All India Daily Arrivals remained 3,000 to 4,000 bales. With limited arrivals, most of the ginning factories are closed. Gujarat Daily Pressing was approximately 1,000 to 1,500 bales.*

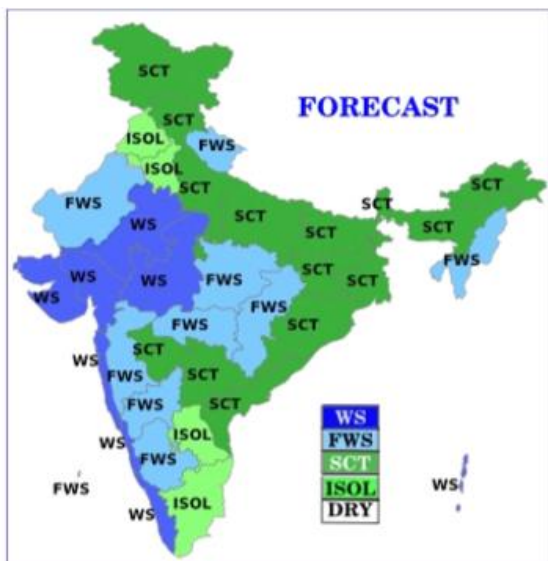
**The demand for export requirements is predominantly keeping the domestic prices bullish.** Amid concerns over a trade spat between the US and China, Chinese importers have now turned to India for meeting their cotton demand.

**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.

**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 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

### Weather Update:



**21<sup>st</sup> Aug:** Heavy to very heavy rain at isolated places very likely over Vidarbha, Chhattisgarh, Telangana & Konkan & Goa and heavy rain at isolated places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Sub Himalayan West Bengal & Sikkim, Odisha, Jharkhand, Himachal Pradesh, Uttarakhand, East Rajasthan, Madhya Pradesh, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh and Coastal Karnataka.

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

| 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)             |                                      |            |                               |

## International Fundamentals

**On August 20, the China reserve sales of reserve cotton was 30015.4244 tons, the actual turnover was 1,3452.7 tons, and the transaction rate was 44.82%. The average transaction price was 14,959 yuan/ton (down 39 yuan/ton from the previous day); the price of 3128 was 16,228 yuan/ton (down 106 yuan/ton from the previous day).**

**MY 2018/19 cotton area forecast to 11.8 million hectares, 100,000 hectares lower than the official USDA estimate.** The reduction in area is primarily in the two major cotton growing states of Gujarat and Maharashtra. Deficit rains and pest pressures have prompted farmers to either plant alternate crops, or delay/abandon planting altogether

**The ICE Futures finished lower Friday on moderate volume of 15,800 contracts.** The session was dominated by traders positioning themselves for next weeks U.S.-China trade talks. If some sort of compromise is reached, it ought to be a boon to the financial and commodities markets. Naturally, the converse would be true as well.

**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) | 0.56       | 1160.5 | 1164.5 | 1154 | 1162  | 2027   | -173   | 3856 | -190   |
| Spread     | Oct 18(C1) |        |        | -    | -     | -      | -      | -    | -      |
| Spot       | 485        |        |        |      |       | -      | -      | -    | -      |
| Oct-18     |            |        |        |      |       | -      | -      | -    | -      |

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

\* Updated at as on 20-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   | 0.6  | 23400 | 23500 | 23310 | 23440 | 967    | -422   | 3774 | -88    |
| Nov-18   | 0.39 | 22940 | 23040 | 22850 | 22950 | 259    | -315   | 1977 | -104   |

|        |        |  |   |   |    |    |
|--------|--------|--|---|---|----|----|
| Spread | Oct 18 |  | - | - | -- | -- |
| Spot   | 460    |  | - | - | -  | -  |
| Oct-18 |        |  | - | - | -  | -  |

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

\* Updated at as on 18-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       | 20-Aug-18            | 18-Aug-18 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | NA                   | NA        | -      |
|                | Gondal      | Shankar-6     | NA                   | NA        | -      |
|                | Rajkot      | B.T. Cotton   | 6475                 | 6380      | 95     |
|                | 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   | 6000                 | 6000      | Unch   |
|                | Bhiwani     | Desi          | NA                   | NA        | -      |
|                | Adampur     | B.T. Cotton   | NA                   | NA        | -      |
|                | Fatehabad   | B.T. Cotton   | 6060                 | 6000      | 60     |
|                | 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                 | 5400      | Unch   |
|                | 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 | 5750                 | 5870      | -120   |
| Commodity      | Lint           |             | Prices (Rs./Maunder) |           |        |
| State          | Centre         | Variety     | 20-Aug-18            | 18-Aug-18 | Change |
| Punjab         | Bhatinda       | J-34        | 4830                 | 4820      | 10     |
|                | Abohar         | J-34        | 4830                 | 4820      | 10     |
|                | Mansa          | J-34        | 4815                 | 4780      | 35     |
|                | Muktsar        | J-34        | NR                   | NR        | -      |
|                | Fazilika       | J-34        | NR                   | NR        | -      |
| Haryana        | Sirsa          | J-34        | 4810                 | 4800      | 10     |
| Rajasthan      | Sri-Ganganagar | J-34        | NA                   | NA        | -      |

### Cotton Arrivals in Key Centers:

| Commodity      | Kapas       |             | Arrivals (Quintal) |           | Change |
|----------------|-------------|-------------|--------------------|-----------|--------|
| State          | Centre      | Variety     | 18-Aug-18          | 17-Aug-18 |        |
| Gujarat        | Ahmedabad   | Shankar-6   | NA                 | NA        | -      |
|                | Gondal      | Shankar-6   | NA                 | NA        | -      |
|                | Rajkot      | B.T. Cotton | 105                | 80        | -25    |
|                | 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 | 150                | 200       | -50    |
|                | Bhiwani     | Desi        | NA                 | 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    | 30                        | 30               | -5            |
|                  | 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    | 7                         | 7                | -             |
| <b>Commodity</b> | <b>Lint</b>    |                | <b>Arrivals (Quintal)</b> |                  | <b>Change</b> |
| <b>State</b>     | <b>Centre</b>  | <b>Variety</b> | <b>18-Aug-18</b>          | <b>17-Aug-18</b> |               |
| 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/<br>GPT | Rs. Per<br>Candy | Rs. Per<br>Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
|                                       |            |            |                  | 17-Aug-18        | 16-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               | 45900            | 45900            | Unch   |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 45900            | 45900            | Unch   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 47700            | 47700            | Unch   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 48500            | 48500            | Unch   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 50600            | 50600            | Unch   |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 59500            | 59700            | -200   |

**Cotton Seed Oil Prices**

| Centre | Unit | Price | Change |
|--------|------|-------|--------|
|--------|------|-------|--------|

|           |             | 20-Aug-18 | 18-Aug-18 |      |
|-----------|-------------|-----------|-----------|------|
| Rajkot    | Rs. /10 Kg. | 815       | 800       | -15  |
| New Delhi | Rs. /10 Kg. | 790       | 790       | Unch |
| Hyderabad | Rs. /10 Kg. | 800       | 790       | 10   |
| Mumbai    | Rs. /10 Kg. | 820       | 830       | -10  |

### Cotton Seed Oil Seed Cake Prices

| Centre          | Unit    | Price     |           | Change |
|-----------------|---------|-----------|-----------|--------|
|                 |         | 20-Aug-18 | 18-Aug-18 |        |
| Mahesana (Kadi) | Rs./Qtl | 1902      | 1881      | 21     |
| Akola           | Rs./Qtl | 1800      | 1799      | 1      |

### INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 18-August-2018 |         |        |
|--|---------|--------|
| Index                                    | RMB/Ton | Change |
| CCIndex(328)                             | 16290   | -1     |
| CCIndex(527)                             | 15112   | -1     |
| CCIndex(229)                             | 16993   | 0      |
| RMB -Renminbi, 1RMB =0.16 \$U.S.         |         |        |

| China Foreign Cotton (FCE) Index : As on 18-August-2018 |          |        |  |
|---|----------|--------|--|
| Index   | Cents/lb | Change |  |
| FC Index (S)  | 95.39    | -0.41  |  |
| FC Index (M)  | 92.01    | -0.48  |  |
| FC Index (L)  | 89.96    | -0.5   |  |

| Cotlook Index: As on 16-Aug-2018 |             |        |  |
|----------------------------------|-------------|--------|--|
| Cotlook Indices                  | Cents/Pound | Change |  |
| A-Index                          | 91.75       | 1      |  |

| USDA Cotton Spot Rates: As on 17-Aug-2018 |  |  |  |
|---|--|--|--|
|---|--|--|--|

| 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.): Ason17-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 18-Aug-2018**

|            |           |              |                  | (in Pakistan Rupees) |
|------------|-----------|--------------|------------------|----------------------|
| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi    |
| Cotton     | 37.32 Kgs | 8000         | 160              | 8160                 |
| Equivalent | 40 Kgs    | 8574         | 171              | 8745                 |

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