

Domestic Fundamentals:

Market Outlook: 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:

24thAug:Heavy to very heavy rain at isolated places very likely over Uttarakhand, Bihar and Sub-Himalayan West Bengal & Sikkim.

As on August 20, the countrywide cumulative rainfall deficiency remains stagnant at -8%. Division wise, South India is the only region that is rain surplus by 13%, whereas East & Northeast India is the highest rain deficient pocket at -28%, followed by Northwest India at -6% and Central India at -3%.

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

ICE cotton futures fell over 1 percent on Wednesday, pressured by fading weather concerns in top-producing state Texas and low expectations around the U.S.-China trade talks under way in Washington. The most active cotton contract on ICE Futures U.S., the second-month December contract, settled down 0.96 cent, or 1.15 percent, at 82.29 cents per lb. It traded within a range of 82 and 83.62 cents a lb.

On August 21, the reserve China sales of reserve cotton was 30010.1001 tons, the actual turnover was 25807.5043 tons, and the turnover rate was 86.00%. The average transaction price was 14919 yuan/ton (down 40 yuan/ton from the previous day); discount 3128 price 16961 yuan/ton (up 733 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.

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)	-0.91	1146	1151	1140	1143.5	1514	447	3865	2
Spread	Oct 18(C1)			-	-	-	-	-	-
Spot	143				-	-	-	-	-
Oct-18					-	-	-	-	-

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

* Updated at as on 23-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	-0.43	23300	23350	23230	23240	522	-122	3973	105
Nov-18	-0.61	22750	22770	22690	22690	216	25	1904	-59

Spread	Oct 18		-	-	--	--
Spot	580			-	-	-
Oct-18				-	-	-

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

* Updated at as on 23-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	23-Aug-18	22-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	6470	6515	-45
	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	6150	Closed	-
	Bhiwani	Desi	NA	Closed	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	6150	6150	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	5500	Closed	-
	Hathras	Desi	4900	Closed	-
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	5656	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Aug-18	22-Aug-18	
Punjab	Bhatinda	J-34	4840	4850	-10
	Abohar	J-34	4840	4855	-15
	Mansa	J-34	4825	4820	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4830	4840	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Aug-18	22-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	160	160	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	150	Closed	-
	Bhiwani	Desi	NA	Closed	-
	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	85	Closed	-

	Hathras	Desi	15	Closed	-
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	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Aug-18	22-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
				23-Aug-18	22-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	46300	46200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46100	46100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47900	47700	200
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	59500	Unch

Centre	Unit	Price		Change
		23-Aug-18	22-Aug-18	
Rajkot	Rs. /10 Kg.	810	815	-5
New Delhi	Rs. /10 Kg.	785	790	-5
Hyderabad	Rs. /10 Kg.	790	800	-10
Mumbai	Rs. /10 Kg.	825	825	Unch

Centre	Unit	Price		Change
		23-Aug-18	22-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1923	Closed	-
Akola	Rs./Qtl	1825	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 22-August-2018		
Index	RMB/Ton	Change
CCIndex(328)	16259	3
CCIndex(527)	15116	3
CCIndex(229)	17005	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 23-August-2018		
Index	Cents/lb	Change
FC Index (S)	96.27	-0.89
FC Index (M)	92.83	-0.96
FC Index (L)	90.71	-1

Cotlook Index: As on 22-Aug-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	93.05	0.50

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	82.02	84.27	7
North Delta	81.02	82.77	0
South Delta	81.02	82.77	270
East TX-OK	76.52	79.02	150
West Texas	76.52	79.02	0
Desert SW	76.77	80.77	0
SJ Valley	77.27	86.17	0

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 21-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 20-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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