

### 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:** Good demand was witnessed from domestic mills for prompt delivery. Prices traded mainly range bound. Gujarat 29 mm G5 was traded around INR 48,000 per candy, equal to 89.50 c/lb FOB Mundra.

**The CCI is preparing for harvest and announced that in Rajasthan it will buy seed cotton direct from growers** in order to increase grower's net income. Haryana and Punjab indicated they will continue their practice of CCI using middlemen. India announced a doubling of import taxes on 328 textile product following a 16% increase in textile and apparel imports in the fiscal year ending in March. Total imports in the year reached 7 billion USD with 3 billion of that total coming from China. China was the main target of the duty increase; imports from Bangladesh are also up sharply but are exempt from the duties due to the free trade agreement. Vietnam and Cambodia will also be exempt because of free trade agreements

**After a long absence the Indian monsoon has turned active in central areas of the cotton belt with rain being reported in Gujarat as the week ended.** The rains were welcome across all areas after a prolonged dry period. Good rains were reported in much of Maharashtra which is over 80% dryland, including the Vidarbha area. Reports have surfaced of an outbreak of pink bollworm infestation in fields sown before June 15 with the previous dry weather accelerating the problem.

**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:



**25<sup>th</sup> Aug:** Heavy to very heavy rain at isolated places very likely over Jharkhand, Odisha, Uttar Pradesh, Uttarakhand and East Madhya Pradesh; heavy rain at isolated places very likely over Assam & Meghalaya, Bihar, Gangetic West Bengal, Andaman & Nicobar Islands, East Rajasthan, north Chhattisgarh, West Madhya Pradesh, Konkan & Goa and Coastal & South Interior Karnataka.

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/Modl 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 dipped to a week-low on Thursday amid a deepening trade dispute between the United States and China** brought about by a new round of reciprocal tariffs on imports. The most active cotton contract on ICE Futures U.S., the second-month December contract, settled down 0.8 cent, or 0.97 percent, at 81.49 cents per lb. It traded within a range of 81.13, a low since Aug. 17, and 82.42 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
<b>Oct-18(C1)</b>	0.35	1146	1158	1138.5	1148	2021	507	3759	-106
<b>Spread</b>	<b>Oct 18(C1)</b>			-	-	-	-	-	-
<b>Spot</b>	127				-	-	-	-	-
<b>Oct-18</b>					-	-	-	-	-

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

\* Updated at as on 24-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	0.17	23300	23310	23190	23280	635	113	4011	38
Nov-18	0.13	22770	22800	22700	22790	248	32	1888	-16

Spread	Oct 18		-	-	--	--
Spot	510			-	-	-
Oct-18				-	-	-

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

\* Updated at as on 24-Aug- 2018 at 5:00 PM

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Aug-18	23-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6425	6470	-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	6000	6150	-150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	6050	6150	-100
	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	5600	5500	100
	Hathras	Desi	5200	4900	300
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	5150	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5750	5656	94
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Aug-18	23-Aug-18	
Punjab	Bhatinda	J-34	4830	4840	-10
	Abohar	J-34	4825	4840	-15
	Mansa	J-34	4820	4825	-5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4820	4830	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Aug-18	23-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	300	160	140
	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	400	150	250
	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	25	85	-60
	Hathras	Desi	5	15	-10

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	14	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	7	7	Unch
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>24-Aug-18</b>	<b>23-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/ 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	46200	46300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46000	46100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	47800	47900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48400	48500	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50500	50600	-100
DCH-32(107)	34mm	3.0 - 3.8	33	59200	59500	-300

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

Centre	Unit	Price		Change
		24-Aug-18	23-Aug-18	

Mahesana (Kadi)	Rs./Qtl	1906	1923	<b>-17</b>
Akola	Rs./Qtl	1814	1825	<b>-11</b>

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 24-August-2018

Index	RMB/Ton	Change
CCIndex(328)	16300	<b>-3</b>
CCIndex(527)	15130	<b>3</b>
CCIndex(229)	17005	<b>-1</b>

RMB -Renminbi, 1RMB =0.16 \$U.S.

#### China Foreign Cotton (FCE) Index : As on 24-August-2018

Index	Cents/lb	Change
FC Index (S)	95.52	<b>-0.75</b>
FC Index (M)	92.08	<b>-0.75</b>
FC Index (L)	89.96	<b>-0.75</b>

#### Cotlook Index: As on 23-Aug-2018

Cotlook Indices	Cents/Pound	Change
<b>A-Index</b>	92.15	<b>-0.90</b>

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

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

**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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