

## 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:** As per the latest acreage report by the Ministry of Agriculture, the total planting under cotton reached to 116.85 Lakh hectares as of August 24 - down 2.8% from a year ago. Agriwatch expecting that area may increase up to 119.5 lakh ha by end of this Month. The cotton crop in some areas of Rajasthan and Gujarat is still facing short soil moisture, but the rain during last week was well timed and supportive for the standing crop.

**Good demand was witnessed from domestic mills for prompt delivery. Gujarat Cotton prices of 29 mm remained between 48,000 to 48,500 Rs./Candy.** Out state arrival was negligible. All India Daily Arrivals remained 2,500 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 cotton crop in 11 districts of Telangana has been hit by extensive rains in the last two weeks.** According to official figures, the cotton crop in over 1.30 lakh acres was hit by the rains. Adilabad and Warangal districts, the two key cotton-growing districts in the state, were hit the hardest. Farmers in the state grew cotton in about 42 lakh acres this kharif, despite losses in the last season due to the virulent attack of pink bollworm.

**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

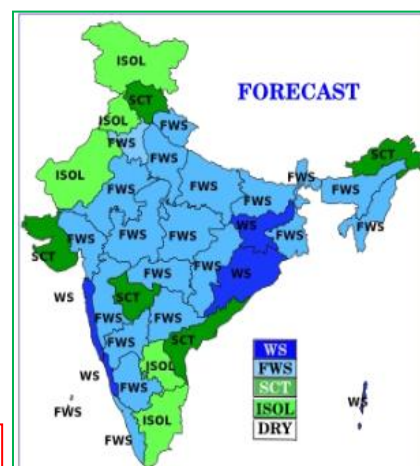
**The Cotton Corporation of India will procure the fibre directly from farmers in Rajasthan at the minimum support price (MSP)** and make the payment to their accounts in the upcoming cotton season. Rajasthan is the first cotton-growing state in the northern region to make direct transaction compulsory 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:

**27<sup>th</sup> Aug:** Heavy to very heavy rain at isolated places very likely over Odisha and heavy rain at isolated places very likely over Uttarakhand, Haryana, Chandigarh & Delhi, East Rajasthan, northwest Madhya Pradesh, East Madhya Pradesh, Vidarbha, Chhattisgarh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gujarat region, Madhya Maharashtra, Konkan & Goa, Telangana, Coastal & South Interior Karnataka, Tamilnadu & Puducherry and Kerala.

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

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)			



India at -3%.

### International Fundamentals

**As on August 24, the China reserve cotton production resources were 30006.655 tonnes, the actual turnover was 23310.935 tonnes, and the turnover rate was 77.69%. The average transaction price was 14,708 yuan/tonne (Up 20 yuan/ton from the previous day); the price of 3128 was 16,413 yuan/ton (down 21 yuan/ton from the previous day). Last Week, the cumulative turnover of reserve cotton was 106246.861 tons, with a turnover rate of 70.81%.**

**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.**

**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)	0.57	1146	1158	1138.5	1150	2021	507	3759	-106
Spread	Oct 18(C1)			-	-	-	-	-	-
Spot	127					-	-	-	-
Oct-18						-	-	-	-

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

\* Updated at as on 24-Aug- 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.13	23300	23310	23190	23270	635	113	4011	38
Nov-18	0.31	22770	22800	22700	22830	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

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Aug-18	24-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6350	6425	-75
	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	6200	6000	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	6050	6050	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	Closed	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	5600	-
	Hathras	Desi	Closed	5200	-
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	5150	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5750	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Aug-18	24-Aug-18	
Punjab	Bhatinda	J-34	4820	4830	-10
	Abohar	J-34	4825	4825	Unch
	Mansa	J-34	4825	4820	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4810	4820	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Aug-18	24-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	50	300	-250
	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	400	Unch
	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	Closed	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	25	-
	Hathras	Desi	Closed	5	-
Telangana	Adilabad	Un-Ginned	NA	NA	-

<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NR	14	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	7	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>25-Aug-18</b>	<b>24-Aug-18</b>	
<b>Punjab</b>	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	NA	NA	-
<b>Rajasthan</b>	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
				24-Aug-18	23-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	46100	46200	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46000	46000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47800	47800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48400	48400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50500	50500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59200	59200	Unch

Centre	Unit	Price		Change
		25-Aug-18	24-Aug-18	
Rajkot	Rs. /10 Kg.	800	810	-10
New Delhi	Rs. /10 Kg.	780	785	-5
Hyderabad	Rs. /10 Kg.	800	800	Unch
Mumbai	Rs. /10 Kg.	830	825	5

Centre	Unit	Price		Change
		25-Aug-18	24-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1911	1906	5
Akola	Rs./Qtl	1805	1814	-9

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 24-August-2018</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	16300	-3
CCIndex(527)	15130	3
CCIndex(229)	17005	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 24-August-2018</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	95.52	-0.75
FC Index (M)	92.08	-0.75
FC Index (L)	89.96	-0.75

<b>Cotlook Index: As on 23-Aug-2018</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
<b>A-Index</b>	92.15	-0.90

<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>Bales</b>
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

<b>Pakistan Cotton Spot rates: As on 24-Aug-2018</b>				<b>(in Pakistan Rupees)</b>
<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
<b>Cotton</b>	<b>37.32 Kgs</b>	8100	160	8260

Equivalent	40 Kgs	8681	171	8852
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