

Domestic Fundamentals:

Market Outlook: Cotton prices are expected to Range-bound. Due to improving acreage and weather conditions in top cotton growing states - Gujarat and Maharashtra and incidence of pest attack and increase in MSP by government may keep the prices supported going ahead.

In the News: Cotton spinning mills are seeking parity with the Cotton Corporation of India (CCI) in getting relief from commission paid to middlemen in mandis in the northern states of Punjab, Haryana and Rajasthan. This year, the state-run agency is set to buy cotton directly to ensure that farmers get the minimum support price (MSP) in full, unlike in the past where the crop was sold and remuneration paid through an agent who would get a 2.5% commission on the payment. In most states, the price of cotton bought by the CCI is transferred to the accounts of farmers. But in the North, most crops, including cotton until now, were sold through agents.

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.

Heavy rainfall has been witnessed in many parts of Telangana during last two weeks. Cotton crop in the states of Adilabad and Warangal is reported to have sustained damages. The two districts accounted for 0.52 lakh hectares of cotton acreage. Only the later sown crop which had newly germinated before the heavy rains has sustained damages and most farmers having lost their cotton crops are expected to go for re-sowing of cotton. Total acreage of cotton in Telangana as of now stands at 17.61 lakh hectares.

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:

29th Aug Heavy rain at isolated places very likely over West Uttar Pradesh, East Rajasthan, Madhya Pradesh, Vidarbha, Chhattisgarh, Arunachal Pradesh, Assam & Meghalaya, Gujarat region, Madhya Maharashtra and Konkan & Goa.

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)			



Previous Updates:

On August 28, the reserve sales of reserve cotton was 30008.4833 tons, the actual turnover was 14219.1286 tons, and the transaction rate was 47.38%. The average transaction price was 14,800 yuan/ton (down 237 yuan/ton from the previous day); the price of 3128 was 16,113 yuan/ton (down 488 yuan/ton from the previous day). From March 12 to August 28, the accumulated turnover of reserve cotton was 2.0473 million tons, and the turnover rate was 57.33%.

The most active cotton contract on ICE Futures U.S., the second-month December contract, settled up 0.14 cent, or 0.17 percent, at 81.63 cents per lb. It traded within a range of 81.38 and 83.18 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)	0.35	1135	1145	1133.5	1140	1776	131	3241	-536
Spread	Oct 18(C1)			-	-	-	-	-	-
Spot	114.5					-	-	-	-
Oct-18						-	-	-	-

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

* Updated at as on 28-Aug- 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.26	23010	23260	22990	23090	941	306	3959	-52
Nov-18	0.09	22620	22800	22590	22660	333	-677	2000	-2146

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

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

* Updated at as on 28-Aug- 2018 at

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Aug-18	27-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6300	6325	-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	6000	6000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5900	6000	-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	5650	Closed	-
	Hathras	Desi	5000	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	5610	5950	-340
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5889	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Aug-18	27-Aug-18	
Punjab	Bhatinda	J-34	4830	4820	10
	Abohar	J-34	4830	4820	10
	Mansa	J-34	4830	4825	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4810	4810	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Aug-18	27-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	52	35	17
	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	300	100
	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	150	Closed	-
	Hathras	Desi	NA	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	80	100	-20
	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	28-Aug-18	27-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
				27-Aug-18	24-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	46000	46100	-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
		28-Aug-18	27-Aug-18	
Rajkot	Rs. /10 Kg.	800	800	Unch
New Delhi	Rs. /10 Kg.	770	770	Unch
Hyderabad	Rs. /10 Kg.	800	800	Unch
Mumbai	Rs. /10 Kg.	815	815	Unch

Centre	Unit	Price		Change
		28-Aug-18	27-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1880	1895	-15
Akola	Rs./Qtl	1765	1790	-25

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28-August-2018		
Index	RMB/Ton	Change
CCIndex(328)	16316	16
CCIndex(527)	15136	11
CCIndex(229)	17008	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-August-2018		
Index	Cents/lb	Change
FC Index (S)	97.15	1.63
FC Index (M)	93.66	1.58
FC Index (L)	91.71	1.75

Cotlook Index: As on 24-Aug-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	91.40	-0.75

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	83.02	85.27	0
North Delta	82.02	83.77	0
South Delta	82.02	83.77	0
East TX-OK	78.02	80.52	536
West Texas	77.52	80.02	0
Desert SW	77.77	81.77	0
SJ Valley	78.27	87.17	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

Pakistan Cotton Spot rates: As on 27-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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