

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 production is likely to decline by 3-4 per cent this year to about 350 lakh bales following deficit rainfall, decline in acreage and the outbreak of the pink bollworm infestation on crops, according to the Cotton Association of India (CAI). Major cotton growing States are facing issues, including deficit rainfall and shifting away from cotton to other crops, resulting in a decline in acreage and the outbreak of the pink bollworm infestation. This is likely to affect cotton production by 3-4 per cent this year to 350 lakh bales," CAI president Atul Ganatra told PTI.

Due to irregular rains, cotton season is likely to begin late by a month in Gujarat, country's largest cotton producing state. According to cotton experts and industry, the crop plants are smaller than the normal size due to delay in sowing. Normally, the new cotton season begins in October and ends in September every year, but this time it is expected that new arrival will start from October end or in November due to abnormal monsoons in the state. The state has witnessed late monsoon and as a result many farmers have sown cotton crop late this year. Moreover, frequency of rains is also not normal. As per Gujarat agriculture department's data, cotton sowing has reached to over 2.71 million hectares, about 2.33% higher than last year's 2.65 million hectares.

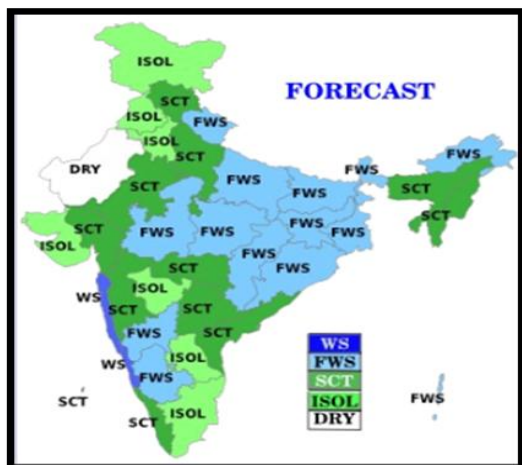
According to Agricultural Department of Maharashtra, 700 villages in Maharashtra have officially confirmed that the outbreak of the pink bollworm infestation on cotton crops has crossed the economic threshold limit. An economic threshold is the insect's population level or extent of crop damage at which the value of the crop destroyed exceeds the cost of controlling the pest. The crossing of the threshold means that a sizable amount of the crop may be lost to the pest, according to the official. He said cotton is generally sown in 21,000 villages in the state.

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.



Weather Update:

31st Aug during the next 24 hours, heavy to very heavy rains are likely over parts of West Madhya Pradesh and Gujarat. Light to moderate rains with few heavy spells are expected over Vidarbha, South Chhattisgarh, many parts of Madhya Pradesh, parts of Haryana and West Uttar Pradesh. Light to moderate rains are expected over parts of Himachal Pradesh, Uttarakhand, west and central Uttar Pradesh, Southeast Rajasthan, North Chhattisgarh, parts of Odisha, Madhya Maharashtra, Konkan & Goa, Coastal Karnataka, Coastal Odisha, Coastal Andhra Pradesh, parts

of East Uttar Pradesh, foothills of Bihar, Assam and Meghalaya. Rest all places will witness light rains.

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 slipped 1 percent in low-volume trade on Wednesday as investors were cautious amid the United States' trade dispute with China and talks to renew the North American Free Trade Agreement (NAFTA).

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)	0.26	1140.5	1145	1136	1143.5	968	-413	3301	193

Spread	Oct 18(C1)		-	-	--	--
Spot	110		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 30-Aug- 2018 At 5 PM

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.09	22990	23030	22840	22990	1162	531	3712	-233
Nov-18	0.04	22600	22660	22470	22640	266	53	2127	44

Spread	Oct 18		-	-	--	--
Spot	370		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 30-Aug- 2018 At 5 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Aug-18	29-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6285	6240	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	5800	6000	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	6000	5450	550

	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	5900	-400
	Hathras	Desi	5100	5300	-200
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	5190	5050	140
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	6300	6362	-62
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Aug-18	29-Aug-18	
Punjab	Bhatinda	J-34	4825	4830	-5
	Abohar	J-34	4830	4830	Unch
	Mansa	J-34	4800	4830	-30
	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	30-Aug-18	29-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	57	80	-23
	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	600	400	200
	Bhiwani	Desi	NA	NA	-

	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	10	-
	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	60	100	-40
	Hathras	Desi	20	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	9	3	6
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	22	7	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Aug-18	29-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
				29-Aug-18	28-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	59000	59000	Unch

Centre	Unit	Price		Change
		30-Aug-18	29-Aug-18	
Rajkot	Rs. /10 Kg.	800	800	Unch
New Delhi	Rs. /10 Kg.	770	770	Unch
Hyderabad	Rs. /10 Kg.	790	800	-10
Mumbai	Rs. /10 Kg.	815	815	Unch

Centre	Unit	Price		Change
		30-Aug-18	29-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1860	1860	Unch
Akola	Rs./Qtl	1740	1755	-15

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30-August-2018		
Index	RMB/Ton	Change
CCIndex(328)	16316	0
CCIndex(527)	15137	1
CCIndex(229)	17008	0
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 30-August-2018		
Index	Cents/lb	Change
FC Index (S)	97.42	0.27
FC Index (M)	93.91	0.25
FC Index (L)	91.96	0.25

Cotlook Index: As on 28-Aug-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	93.05	1.65

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	83.31	85.56	0
North Delta	82.31	84.06	0
South Delta	82.31	84.06	0
East TX-OK	78.31	80.81	0
West Texas	77.81	80.31	0
Desert SW	78.06	82.06	0
SJ Valley	78.56	87.46	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 28-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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