

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: *The Cotton Corporation of India (CCI) has signed a memorandum of understanding with the Central Warehousing Corporation to use its warehouses for cotton storage. CCI purchased 3.6 lakh bales of cotton at MSP during the current cotton season. With the steep hike in MSP, the CCI might have to purchase huge quantities next season. During the current season CCI used 170 warehouses across the country, including those, of CWC, state government and private facilities.*

As per Commerce ministry data, cotton exports in June surged by 27.6% to 570,000 bales (170 kg each) as compared to last year. India is likely to export 7 million bales of cotton in 2018/19 with China alone accounting for 30-40 percent, down 15% from an earlier estimate of 8 million bales due to low crops.

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.

As many as 700 villages in Maharashtra (mainly from Marathwada, Vidarbha and north Maharashtra regions) have officially confirmed that the outbreak of the pink bollworm infestation on cotton crops has crossed the economic threshold limit. The crossing of the threshold means that a sizable amount of the crop may be lost to the pest. This year, 39.7 lakh hectares of area has been brought under the cotton cultivation in Maharashtra, against last year's 41.1 lakh hectares

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.

Weather Update:



01st Sep: Heavy to very heavy rain at isolated places very likely over Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura and heavy rain at isolated places over Uttarakhand, Uttar Pradesh, East Rajasthan, Madhya Pradesh, Jharkhand, Gangetic West Bengal and Odisha.

Torrential rain is set to continue across central India into early next week, but it will also shift east to engulf parts of north eastern India. Once again, cities like Indore and Kanpur will be impacted by these daily downpours throughout the weekend and even into early next week. Unlike the previous

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)			

week, the periods of heavy rain will expand to affect other cities as well.

International Fundamentals:

ICE cotton futures fell for second straight session on Thursday amid a stronger U.S. dollar and lingering worries over United States' plans to impose additional tariffs on Chinese imports next month. The most active cotton contract on ICE Futures U.S., the second-month December contract settled down 0.5 cent, or 0.60 percent, at 82.26 cents per lb. It traded within a range of 81.9 and 83.24 cents a lb.

China Cotton Association released its latest 2018/19 crop forecast at 6.01 million tons, up 60,000 tons from last month and versus USDA's August estimate at 5.77 million, while other industry sources are pointing to an even higher crop. Favorable moisture with warm weather are benefiting the crop and improving cotton yields across Xinjiang.

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)	-0.39	1145	1146	1139.5	1140	654	-314	3390	89

Spread	Oct 18(C1)		-	-	--	--
Spot	99		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 31-Aug- 2018 at 5 PM

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.39	22970	22970	22800	22830	451	-711	3663	-49
Nov-18	-0.4	22540	22570	22430	22440	162	-104	2198	71

Spread	Oct 18		-	-	--	--
Spot	400		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 31-Aug- 2018 at 5 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Aug-18	30-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6225	6285	-60
	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	NR	5800	-

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	6100	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	NR	5500	-
	Hathras	Desi	NA	5100	-
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	5800	5190	610
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	6300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	31-Aug-18	30-Aug-18	
Punjab	Bhatinda	J-34	4820	4825	-5
	Abohar	J-34	4820	4830	-10
	Mansa	J-34	4800	4800	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4800	4810	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-Aug-18	30-Aug-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	200	57	143
	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	NR	600	-
	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	NR	60	-
	Hathras	Desi	NA	20	-
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	38	9	29
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	22	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-Aug-18	30-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
				30-Aug-18	29-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	45900	46000	-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
		31-Aug-18	30-Aug-18	
Rajkot	Rs. /10 Kg.	795	800	-5
New Delhi	Rs. /10 Kg.	770	770	Unch
Hyderabad	Rs. /10 Kg.	790	790	Unch
Mumbai	Rs. /10 Kg.	810	815	-5

Centre	Unit	Price		Change
		31-Aug-18	30-Aug-18	
Mahesana (Kadi)	Rs./Qtl	1870	1860	10
Akola	Rs./Qtl	1740	1740	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 31-August-2018		
Index	RMB/Ton	Change
CCIndex(328)	16316	0
CCIndex(527)	15137	2
CCIndex(229)	17011	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 31-August-2018			
Index	Cents/lb		Change
FC Index (S)	96.29		-0.49
FC Index (M)	92.72		-0.49
FC Index (L)	90.73		-0.5

Cotlook Index: As on 30-Aug-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	92.65	-0.65

USDA Cotton			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	81.92	84.17	0
North Delta	80.92	82.67	0
South Delta	80.92	82.67	39
East TX-OK	76.92	79.42	150
West Texas	76.42	78.92	0
Desert SW	76.67	80.67	0
SJ Valley	77.17	86.07	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 30-Aug-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8000	160	8160
Equivalent	40 Kgs	8574	171	8745

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