

### 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:** Gujarat Cotton prices of 29 mm remained between 48,100 to 48,350 Rs./Candy. Outstate arrivals almost ended. All India Daily Arrivals remained 2,000 to 2,500 bales. Gujarat Daily Pressing was approximately 500 bales. NY December futures w/w gain 0.59 cents.

**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.

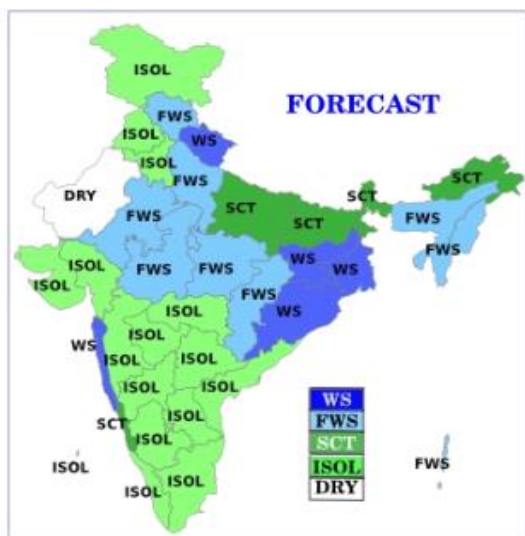
**As many as 700 villages in Maharashtra (mainly from Marathwada, Vidarbha and north Maharashtra regions)** have officially confirmed that the outbreak of the pink bollworm infestation on cotton crops has crossed the economic threshold limit. The crossing of the threshold means that a sizable amount 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:



**05<sup>th</sup> Sep:** Heavy to very heavy rain with extremely heavy rain at isolated places very likely over Odisha and heavy rain at isolated places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gangetic West Bengal, Jharkhand, Uttarakhand, East Rajasthan and Madhya Pradesh

Torrential rain is set to continue across central India into early this 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 week, the periods of heavy rain will expand to affect other cities as well.

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:

**China has sold 23,200 tonnes of cotton at auction of state reserves at an average price of 15,037 yuan (\$2,200.80) per tonne.** Sales represent 77 percent of the total cotton available at the auction.

**Egypt's cotton exports increased 6.9% in the third quarter of the agricultural season of 2017/2018.** Total cotton exports amounted to 160,100 metric quintals in the March-May period of 2018, compared to 149,700 metric quintals in Q3-16/17.

**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

**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)	0.61	1144.5	1164	1141	1151	2454	1800	3459	69

Spread	Oct 18(C1)		-	-	--	--
Spot	-54		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 04-Sep 2018 at 5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.13	22800	22900	22750	22800	619	168	3825	162
Nov-18	0.18	22470	22530	22440	22480	342	180	2325	127

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

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

\* Updated at as on 04-Sep- 2018 at 5 pm

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Sep-18	01-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	6000	-
	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	5500	NR	-
	Bhiwani	Desi	NA	NA	-

	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5700	6000	-300
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	NA	-
	Rawatsar	B.T. Cotton	Closed	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	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5450	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	5535	5160	375
	Hubli	D.C.H.	NR	NA	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	4550	NR	-
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>04-Sep-18</b>	<b>01-Sep-18</b>	
Punjab	Bhatinda	J-34	4800	4810	-10
	Abohar	J-34	4770	4800	-30
	Mansa	J-34	4790	4800	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4750	4800	-50
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Sep-18	01-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	175	-
	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	-

<b>Haryana</b>	Bhiwani	B.T. Cotton	2000	#N/A	-
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	NA	#N/A	-
	Fatehabad	B.T. Cotton	25	#N/A	-
	Jind	B.T. Cotton	NA	#N/A	-
	Uchana	B.T. Cotton	NA	#N/A	-
	Dabwali	B.T. Cotton	NA	#N/A	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	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	16	6	10
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	7	NR	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>04-Sep-18</b>	<b>01-Sep-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	200	NA	-
<b>Rajasthan</b>	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				01-Sep-18	31-Aug-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44300	44500	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44800	45000	-200
J-34(202)	26mm	3.5 - 4.9	23	45900	45900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46000	46000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47700	47700	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
		04-Sep-18	01-Sep-18	
Rajkot	Rs. /10 Kg.	800	800	Unch
New Delhi	Rs. /10 Kg.	785	770	15
Hyderabad	Rs. /10 Kg.	790	790	Unch
Mumbai	Rs. /10 Kg.	817	815	2

Centre	Unit	Price		Change
		04-Sep-18	01-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1867	1870	-3
Akola	Rs./Qtl	1795	1740	55

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 01-Sep-2018		
Index	RMB/Ton	Change
CCIndex(328)	16318	1
CCIndex(527)	15135	-2
CCIndex(229)	17015	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 01-Sep-2018		
Index	Cents/lb	Change
FC Index (S)	96.29	0
FC Index (M)	92.72	0
FC Index (L)	90.73	0

Cotlook Index: As on 03-Sep-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	92.15	0.00

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	81.81	84.06	0
North Delta	80.81	82.56	69
South Delta	80.81	82.56	0
East TX-OK	76.81	79.31	176
West Texas	76.31	78.81	0
Desert SW	76.56	80.56	0
SJ Valley	77.06	85.96	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 03-Sep-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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