

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 apex cotton trade body, the Cotton Association of India (CAI), will ink an agreement with the BSE to develop a cotton futures market for commodities derivatives trading in the BSE. Announcing the signing of a Memorandum of Understanding (MoU) with the BSE, CAI said the two bodies will join hands to work together on developing a cotton futures contract for BSE's commodity derivatives segment.

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.

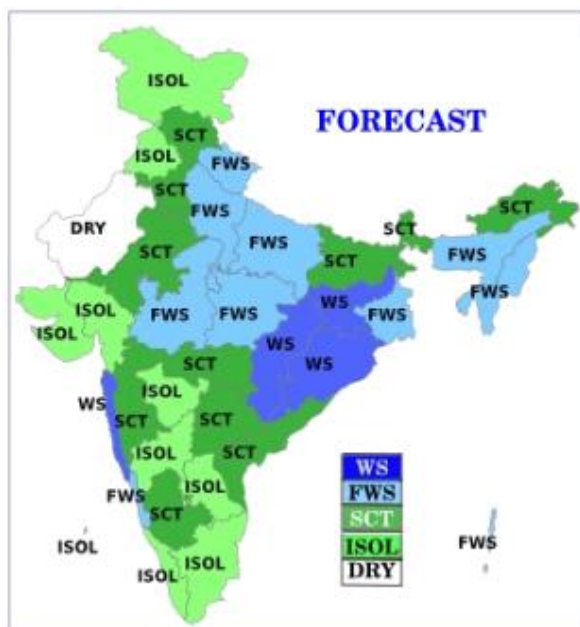
As many as 700 villages in Maharashtra (mainly from Marathwada, Vidarbha and north Maharashtra regions) have officially confirmed that the outbreak of the pink bollworm infestation on cotton crops has crossed the economic threshold limit. The crossing of the threshold means that a sizable amount of the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



06th Sep: Heavy to very heavy rain with extremely heavy rain at isolated places very likely over Odisha; heavy to very heavy rain at isolated places very likely over Chhattisgarh and heavy rain at isolated places over Gangetic West Bengal, Jharkhand, Uttarakhand, Uttar Pradesh and Madhya Pradesh.

Overall, the monsoon till August 30 has been 6 per cent less than normal, with several districts of north interior Karnataka, Rayalaseema, Bihar, Jharkhand, Saurashtra and Kutch staring at a shortfall. The rainfall, according to agriculture ministry officials, has been well-distributed, though overall quantum might have been low in some regions. This they said won't have any impact on the overall

production of kharif crops in 2018, which is poised for another record.

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:

Uzbekistan has planned to stop the export of cotton fiber and to ensure its full processing in the domestic market by 2025, RIA Novosti reported referring to Head of the Department of Strategic Forecasting of UzTekstilProm (Uzbek Textile Industry). According to her forecasts, in 2018, the industry will be able to process about 520,000 tons of cotton fiber with the current design capacity of 720,000 tons. Every year, the country produces about 3.5 million tons of raw cotton and 1-1.2 million tons of cotton fiber. About 50 percent of the produced cotton fiber is exported.

Vietnam spent more than US\$2 billion on importing cotton in the first eight months of 2018 – the biggest amount ever spent by the garment and textile sector. Of the total, imports from the US exceeded \$1 billion, according to the General Department of Vietnam Customs. The increase in spending on cotton imports was attributed to growth in garment and textile exports, as Vietnam depends on nearly 100 per cent imported cotton materials. It estimates it will buy more than \$3 billion worth of cotton this year, up \$700-800 million against the previous year. The country has also set a target of earning \$34-35 billion from garment and textile exports. Last year, the textile and garment industry gained a year-on-year increase of 10.23 per cent in export value to \$31 billion, beating its target set at the beginning of the year of \$30 billion.

ICE cotton futures rose on Tuesday, marking their biggest daily gain in five sessions, on concerns about the potential crop damage from Tropical Storm Gordon, which was bringing heavy rains across the U.S. Gulf Coast. The most active cotton contract on ICE Futures U.S., the second-month December contract settled up 0.56 cent, or 0.68 percent, at 82.78 cents per lb

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

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)	0.44	1152	1155	1148	1153.5	1261	-1193	3585	126

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

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

* Updated at as on 05-Sep 2018 at 5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.62	22740	22950	22740	22840	793	174	3916	91
Nov-18	0.67	22500	22690	22470	22580	467	125	2384	59

Spread	Oct 18		-	-	--	--
Spot	260		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 05-Sep- 2018 at 5 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	05-Sep-18	04-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	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	5500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5600	5700	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
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	5550	NR	-
	Hathras	Desi	5400	NA	-
Telangana	Adilabad	Un-Ginned	5450	5450	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	5535	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	4600	4550	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	05-Sep-18	04-Sep-18	
Punjab	Bhatinda	J-34	4760	4800	-40
	Abohar	J-34	4760	4770	-10
	Mansa	J-34	4770	4790	-20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

Haryana	Sirsa	J-34	4740	4750	-10
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Sep-18	04-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	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	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	25	25	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
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	NR	-
	Hathras	Desi	8	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	NR	16	-
	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	05-Sep-18	04-Sep-18	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-

Haryana	Sirsa	J-34	250	200	50
Rajasthan	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
				04-Sep-18	01-Sep-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43700	44300	-600
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44200	44800	-600
J-34(202)	26mm	3.5 - 4.9	23	45300	45900	-600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45800	46000	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	47500	47700	-200
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
		05-Sep-18	04-Sep-18	
Rajkot	Rs. /10 Kg.	0	800	-800
New Delhi	Rs. /10 Kg.	0	785	-785
Hyderabad	Rs. /10 Kg.	0	790	-790
Mumbai	Rs. /10 Kg.	0	817	-817

Centre	Unit	Price		Change
		05-Sep-18	04-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1928	1867	61
Akola	Rs./Qtl	1788	1795	-7

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 05-Sep-2018

Index	RMB/Ton	Change
CCIndex(328)	16323	5
CCIndex(527)	15137	2
CCIndex(229)	17018	3

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index : As on 05-Sep-2018

Index	Cents/lb	Change
FC Index (S)	96.79	0.5
FC Index (M)	93.22	0.5
FC Index (L)	91.23	0.5

Cotlook Index: As on 04-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	82.28	84.53	0
North Delta	81.28	83.03	0
South Delta	81.28	83.03	0
East TX-OK	77.28	79.78	0
West Texas	76.78	79.28	1
Desert SW	77.03	81.03	0
SJ Valley	77.53	86.43	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 04-Sep-2018

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8050	160	8210
Equivalent	40 Kgs	8627	171	8798

Disclaimer

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