

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. As merchants are selling in physical market, supply side got enough liquidity into market. During this week rupee was weaker against dollar.

Gujarat is India's largest cotton producer, accounting for 108 lakh bales (of 170 kg each) out of the total 365 lakh bales of lint output in 2017-18. Within Gujarat, over 70 per cent of production is from the Saurashtra region. This year, cotton acreage in the state has risen to 27.03 lakh hectares (lh), compared to 26.17 lh in 2017-18. Of the 27 lh, 19.26 lh has been sown in the 11 districts of Saurashtra as on 03-Oct-2017

The reports of pink bollworm infestation in cotton growing areas of Maharashtra, state government has released Rs 16.97 crore to check the infestation. Depending upon the extent of pink bollworm infestation, aid from this amount will be released to respective cotton growing districts in the state.

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.

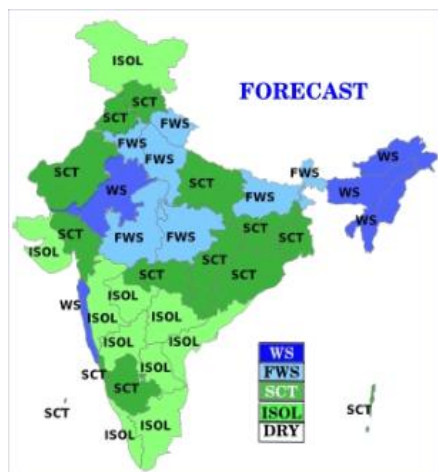
The Cotton Corporation of India (CCI) has signed a memorandum of understanding with the Central Warehousing Corporation to use its warehouses for cotton storage. CCI purchased 3.6 lakh bales of cotton at MSP during the current cotton season. With the steep hike in MSP, the CCI might have to purchase 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.

Weather Update:



08th Sep: Heavy to very heavy rain at isolated places very likely over Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura and East Rajasthan and heavy rain at isolated places over Assam & Meghalaya, West Uttar Pradesh, Uttarakhand and West 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:

ICE cotton futures fell to their lowest in two weeks on Thursday on concerns about U.S. President Donald Trump's plans to impose additional tariffs on Chinese imports. The most active cotton contract on ICE Futures U.S., the second-month December contract settled down 0.41 cent, or 0.50 percent, at 81.3 cents per lb. The contract hit a session low of 81.22 cents per lb, the lowest since Aug. 23.

On September 6, the reserve cotton sold a total of 30006.9163 tons of sales resources, the actual turnover of 16587.7094 tons, the turnover rate of 55.28%. The average transaction price was 15,082 yuan/ton (up 68 yuan/ton from the previous day); the price of 3128 was 16,489 yuan ton (down 4 yuan/ton from the previous day). From March 12 to September 6, the cumulative turnover of reserve cotton was 2,023,400 tons, with a turnover rate of 58.28%.

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.

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)	-0.22	1153	1159	1151.5	1152	963	-149	3601	71

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

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

* Updated at as on 07-Sep 2018 at 5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.44	22750	22780	22660	22690	439	182	3818	-84
Nov-18	-0.62	22510	22520	22390	22420	145	51	2361	-37

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

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

* Updated at as on 07-Sep- 2018 at 5 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Sep-18	06-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	5700	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5600	5600	Unch
	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	5600	Closed	-
	Hathras	Desi	5300	Closed	-
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	5455	5455	Unch
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	6070	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Sep-18	06-Sep-18	
Punjab	Bhatinda	J-34	4750	4760	-10
	Abohar	J-34	4750	4770	-20
	Mansa	J-34	4750	4750	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

Haryana	Sirsa	J-34	4700	4740	-40
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Sep-18	06-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	60	30	30
	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	85	Closed	-
	Hathras	Desi	15	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	23	24	-1
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	15	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Sep-18	06-Sep-18	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-

Haryana	Sirsa	J-34	136	85	51
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
				06-Sep-18	05-Sep-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43700	43700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44200	44200	Unch
J-34(202)	26mm	3.5 - 4.9	23	45300	45300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45300	45600	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	47300	47500	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48100	48400	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50200	50500	-300
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

Centre	Unit	Price		Change
		07-Sep-18	06-Sep-18	
Rajkot	Rs. /10 Kg.	810	815	-5
New Delhi	Rs. /10 Kg.	785	785	Unch
Hyderabad	Rs. /10 Kg.	800	800	Unch
Mumbai	Rs. /10 Kg.	840	840	Unch

Centre	Unit	Price		Change
		07-Sep-18	06-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1913	1930	-17
Akola	Rs./Qtl	1783	1790	-7

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07-Sep-2018		
Index	RMB/Ton	Change
CCIndex(328)	16330	5
CCIndex(527)	15143	6
CCIndex(229)	17021	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 07-Sep-2018

Index	Cents/lb	Change
FC Index (S)	95.36	-0.43
FC Index (M)	91.76	-0.46
FC Index (L)	89.79	-0.44

Cotlook Index: As on 06-Sep-2018

Cotlook Indices	Cents/Pound	Change
A-Index	91.55	-1

USDA-06.09.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	80.88	83.13	0
North Delta	79.88	81.63	0
South Delta	79.88	81.63	0
East TX-OK	75.88	78.38	0
West Texas	75.38	77.88	0
Desert SW	75.63	79.63	0
SJ Valley	76.13	85.03	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 06-Sep-2018

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8150	160	8310
Equivalent	40 Kgs	8734	171	8905

Disclaimer

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