

### Domestic market summary

**Domestic market Scenario:** Cotton spot markets noticed firm during the month. Average price of Lint at Sirsa during the month was Rs. 4828 per maund (of 37.32 Kg each), compared to the previous month price of Rs 4743. Cotton fiber (Shankar-6) prices noticed slightly firm this month. Average price was Rs 47638 per candy (of 355.6 kg each) during the month, which was Rs 46253 per candy previous month.

**Monthly Price Outlook :** In the coming month we expect Kapas price to remain to firm with the price band of Rs 5500-6400 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

### **Major Market Highlights:**

- All India daily Arrivals remained between 4000 to 5000 bales. With limited arrivals most of the ginning mills are closed. Gujarat cotton prices of 29 mm remained between 48000 to 49000 /candy.
- North India cotton season starts one month sooner than rest of India. In Punjab, Haryana and Rajasthan harvesting will begin towards end of August or early September while in other cotton growing states like Gujarat, Maharashtra, MP, Telangana, Karnataka and Andhra Pradesh, it will start in October month. Till now no major incidents of pest attack have been reported in any of the states except Maharashtra, where incidents of pink bollworm have been reported from regions of Vidarbha as well as Marathwada late last month.
- The average rainfall received in Andhra Pradesh from 1-6-2018 to 1-8-2018 is recorded as 215.5 mm as against the Normal as on date of 247.9 mm showing 13 percent low as against the normal. The cotton growing districts like Guntur, Prakasam and Kurnool has faced deficit rainfall in the range of -20% to -59%.
- Northern Maharashtra and western Madhya Pradesh have enough moisture to maintain aggressive summer crop growth during the coming week. Rainfall during the second week of the outlook will be important for restoring soil moisture and a few areas may not receive enough rain to significantly improve the moisture profile. Crop conditions in eastern Rajasthan will remain favorable during the next two weeks as long as timely rain returns during the second week. Gujarat and the remaining portions of Rajasthan will continue to dry significantly raising crop stress and some concern over long term production potentials.
- According to State Agricultural Department and trade sources, the Pink Bollworm and sucking pests have been reported in cotton crop at below ETL in the districts of Krishna, Kadapa Ananthapuram and Kurnool districts of Andhra Pradesh.
- In Andhra Pradesh, cotton sowing as on 01<sup>st</sup> Aug 2018 reported 3.74 Lakh hectares as compared to 4.05 Lakh hectares in the corresponding period last year. 57% sowing completed from season normal. Till now, Guntur region has reported 1,38,773 hectares in acreage compared to last year's 1,22,480 hectares and Kurnool has reported 1,35,772 hectares of acreage compared to last year's 1,74,395 hectares.



- In forward trade multinational companies and leading cotton traders are offering new cotton crop at 48300-48500 Rs/Candy for November delivery, 47800-48000 Rs/Candy for December delivery and 47300-47500 Rs/ candy for January 2019 delivery. Indian Cotton S6 29 mm is offered at 95.5 - 96 USD/lb for Chittagong, Bangladesh market and at 92.50-93 USD/lb for China market in direct exports.
- The Cotton Advisory Board (CAB) has estimated that during the current cotton season of October, 2017 to September, 2018, the export of cotton from India is likely to increase by 20% over last year to touch 70 lakh bales by September, 2018- a release from the Press Information Bureau said.
- According to the data shared by the Directorate General of Foreign Trade (DGFT), in 2017-18, India exported 3.92 lakh tonnes (lt) of cotton (with length of 28.5 mm and above but not exceeding 34.5 mm) worth \$715 million to Bangladesh, up 12 per cent from 3.50 lt worth \$600 million in 2016-17. Exports to China, however, fell by 55 per cent between 2016-17 and 2017-18 from 1.54 lt to 69,219 tonnes. Exports to Pakistan remained almost flat at 1.46 lt in 2016-17 and 1.47 lakh tonnes in 2017-18.
- According to trade sources, mills in Gujarat are running with very low stock of cotton and some mills are running hand to mouth. Only few mills are holding 10 to 60 days stocks as per their financial capacity. Even if one considers 35-40 days average stock with Gujarat mills, it implies that current stock will run up to 30 July.
- As per Gujarat government records, as on date there are 40 lakh new spindles and 15 lakh old spindles so in total 55 lakh spindles of spinning mills are running on cotton. As per one Gujarat spinning mill owner, in Gujarat mills yearly consumption of cotton is around 70-72 lakh bales and monthly consumption is 6 lakh bales, now few more mills are under construction.
- As per CAB latest report, last year India's cotton export was 58.21 lakh bales and cotton import was 30.94 lakh bales. So last year's net export was 27.27 lakh bales, but this year export is expected at about 70 lakh bales and import at about 15 lakh bales so this year's net exports are expected to be around 55.00 lakh bales- as much as two times of last year's. This is constraining the availability of raw material for Indian mills. This is contributing to bullishness in Indian market which has moved up from Rs.40000 to 48000/candy.
- Agriculture Ministry raised cotton MSP by Rs 1130/ quintal for 2018-19 season. MSP for long staple for the season is Rs.5450/quintal and for medium staple is Rs.5150/quintal. The rise in cotton MSP may be good news for farmers, but raises concerns for the consuming industry, considering that the base price of the fibre will go up in the next cotton year.
- The projected yearly Balance Sheet for the Season 2017-18 drawn by the CAI has estimated total cotton supply till end of the season i.e. upto 30<sup>th</sup> September 2018 at 416 lakh bales of 170 kg each which includes opening stock of 36 lakh bales at the beginning of the season. The CAI has estimated domestic consumption for the season at 324 lakh bales while the exports are estimated to be 70 lakh bales. The carry-over stock at the end of the 2017-18 season is estimated by the CAI at 22 lakh bales.
- AW preliminary estimate for 2018-19 cotton production comes at 353 lakh bales despite fear of lower acreage based on farmers' pre sowing intention. As there is a good possibility of good monsoon, higher yield



expectation would negate lower acreage impact. India had produced 365 lakh bales of cotton last year as per CAI estimate.

### Domestic Cotton Balance sheet

Supply	2016-17	2017-18	2018-19
Opening Stock	36.5	30	20
Production	337.25	365	353
Imports	27	15	27
Total Supply	400.75	410	400
Demand			
Mill	265	275	280
Small mill	27	30	35
Non Mill	15.75	15	20
Total Consumption	307.75	320	335
Exports	63	70	60
Total Consumption	370.75	390	390
Ending Stocks	30	20	10

Source: Agriwatch & CAI

### Balance Sheet Highlight (2017-18):

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 353 lakh bales (of 170 kg each) which is lower compared to production of last season.

Following lower production, imports will rise marginally to 27 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock imports, and lower production of cotton availability would be standing lower this season at 400 lakh bales compared to 410 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 335 lakh bales compared to 320 lakh bales during the previous season.

Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 60 lakh bales of cotton in the season 2017-18.

Ending stocks are expected to be around 10 lakh bales, it is lower compared to the ending stocks of previous season.

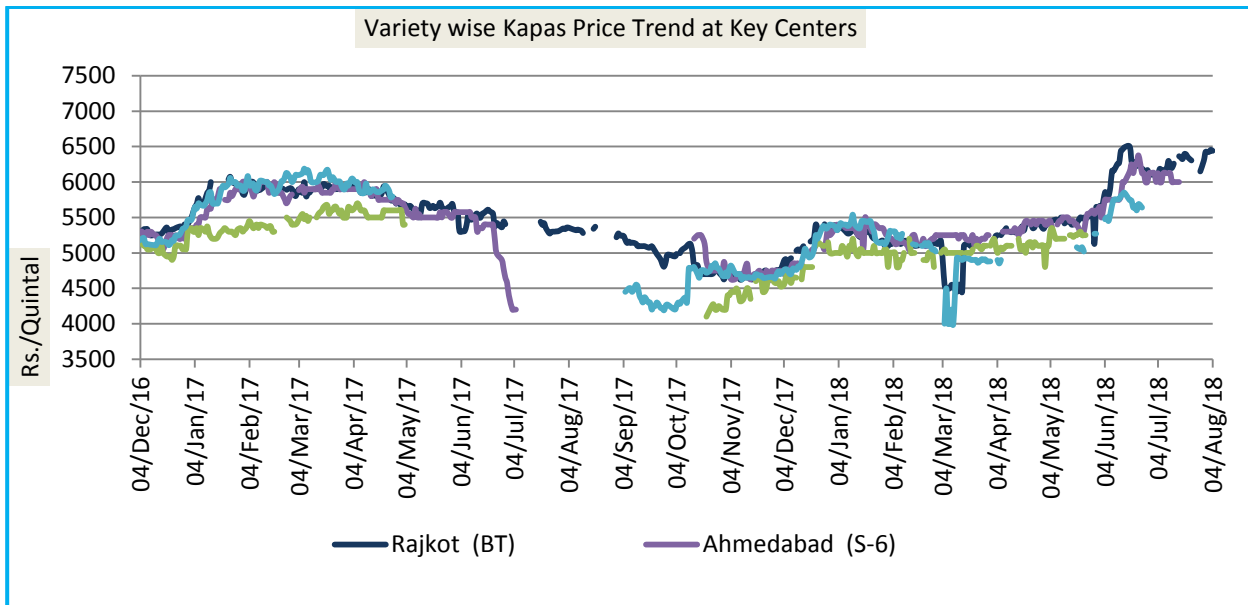
### Domestic Cotton Prices Scenario

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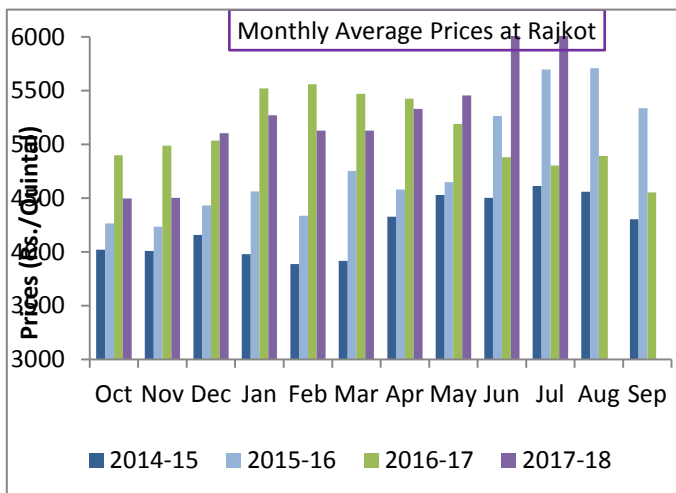
#### Kapas (Raw Cotton) Monthly Price Scenario

**Monthly Price Review:** monthly kapas average price at Rajkot rose is Rs 6253/quintal this month.

**Monthly Price Outlook:** Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5500-6500 per quintal for the coming month..



### Kapas Monthly M-o-M Price Scenario



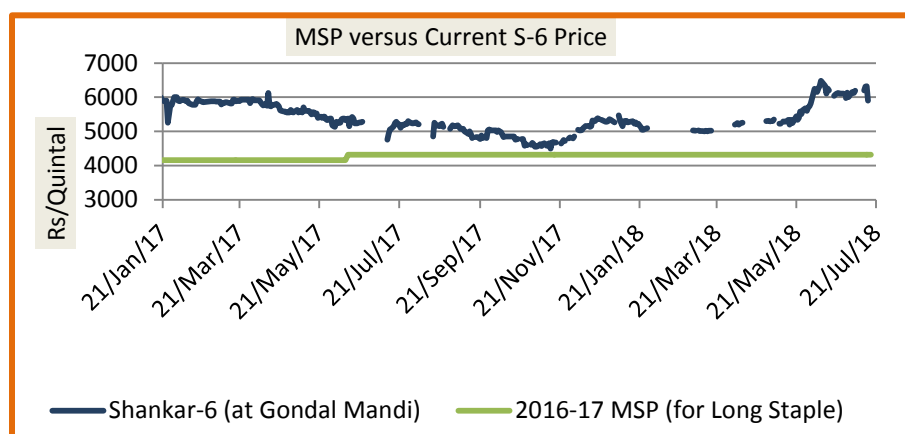
5500-6500 per quintal.

Kapas(seed cotton) prices in country noticed firm tone during the July month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.6253 per quintal during May, which was Rs. 6136 during previous month and Rs. 5320 per quintal during the corresponding month last year. We expect Kapas prices to remain to firm in the coming month. The expected price range for Aug month is likely to be Rs



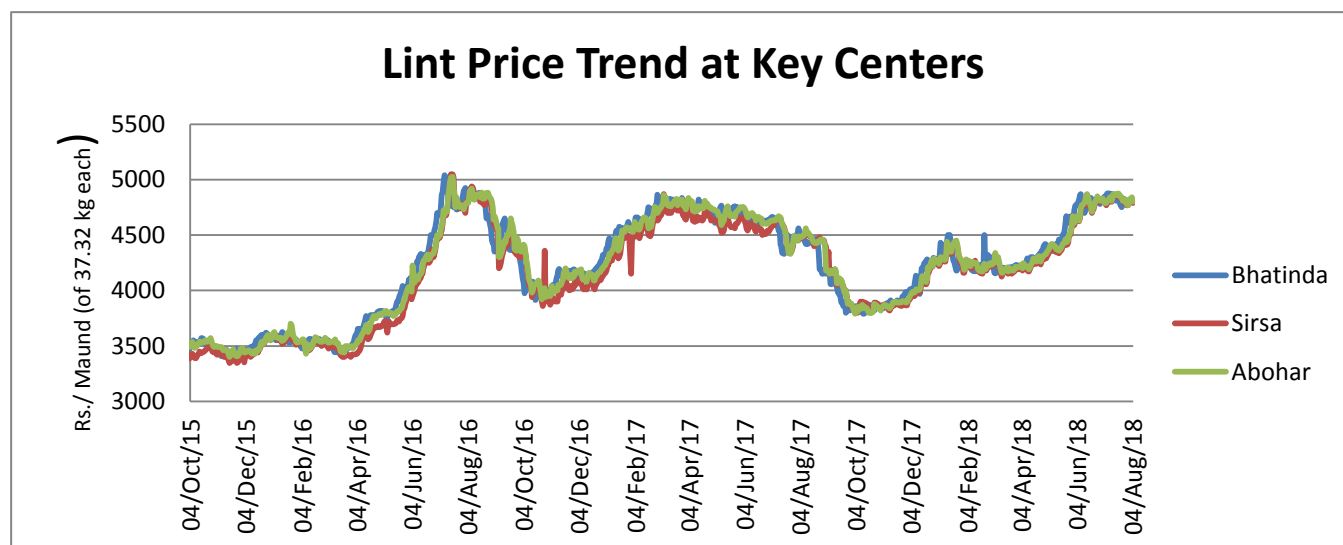
## Spot Price versus MSP



The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this 4<sup>TH</sup> week of July. The average gap between the prices was Rs1960 compared to Rs 180a month earlier. This indicates prices are increasing. (With limited arrivals market is closed)

## Lint price Outlook

Lint prices remained slightly firm during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs.4828 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4743 per maund.

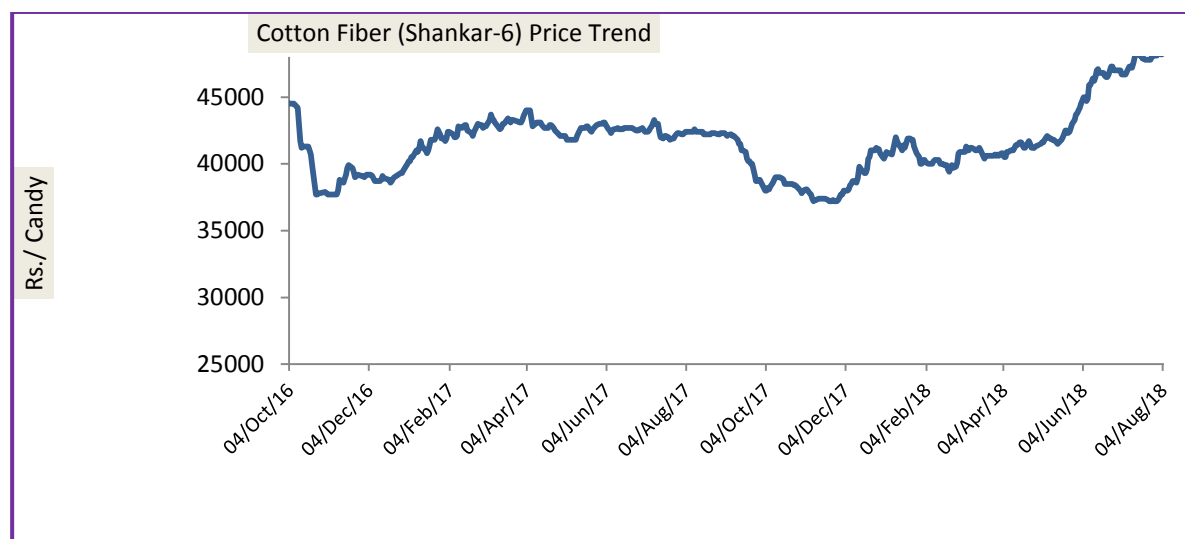


## Cotton Fiber price Outlook

Cotton fiber noticed up trend in this month compared to the previous month amid good demand in domestic and international market monthly average prices noticed firm this month Average price was Rs 47638 per candy (of 355.6 kg each) during the month, which was Rs 46253 per candy previous month. and around Rs 42280 per candy



during the corresponding month previous season. We expect cotton fiber to remain in range of Rs 45000 -49000 per candy in the coming month candy.

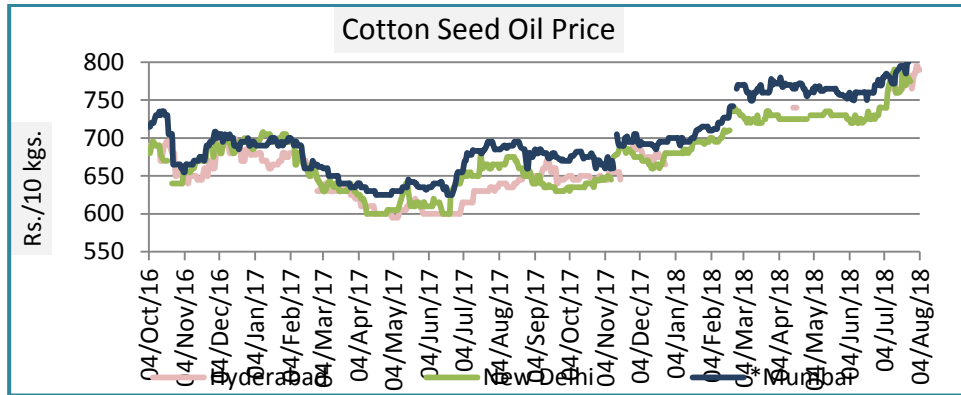


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed firm tone during the month. Monthly average price in New Delhi is Rs 754 per 10 Kg, higher compared to the monthly average price of Rs 727 per 10 Kg in previous month.

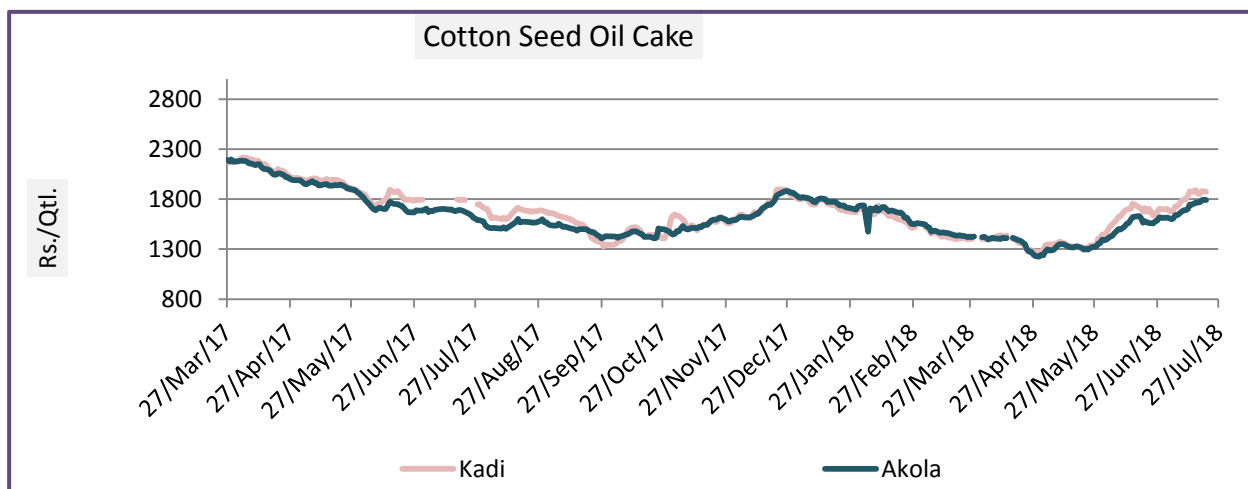
Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	July	June	
New Delhi	754	726	3.86
Rajkot	770	740	4.05
Hyderabad	770	NA	0.00
Mumbai*	782	756	3.44



### Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed firm tone during this month. Monthly average price in Akola remained Rs 1822 per quintal, higher compared to the month average price of Rs 1782 per quintal in the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	July	Jun	
Kadi	1799	1647	9.23
Akola	1702	1540	10.52
*Source: NCDEX			





## International Market Scenario

International cotton prices remained weak during the month. Cotlook A index monthly average stood 96.17 at cents/pound this month, which was 97.52 cents/pound during last month

### **Major Market Highlights:**

- In Pakistan farmers and ginneries are expecting cotton production of around 11 million bales this crop year against the official target of over 14 million due to poor quality seeds, late sowing, water shortage and low acreage in high-yielding region.
- Pakistan Central Cotton Committee data showed that the cotton sowing target of 2.95 million hectares has already been missed by around 10 percent as sowing could be completed at 2.66 million hectares of land. Punjab marginally remained short of target of 2.31 million hectares by planting cotton at 2.29 million hectares.
- The latest U.S. Department of Agriculture (USDA) cotton projections for 2018/19 (August-July) indicate that world cotton mill use is forecast to reach a new record, in large part reflecting additional expected growth in the world economy. Global cotton consumption is projected at 127.0 million bales in 2018/19, 3.9 percent above 2017/18's 122.2-million-bale estimate. Mill use is forecast to rise in each of the leading raw cotton spinners in 2018/19, with China accounting for more than one-third of the world total.
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- The trade war between China and US continues to be the main topic of worry. Chinese customs has already started collecting 25% tax on US imports under the normal trade quota. For processing quota mills still can avoid this high tax. Most mills are not ready to buy imported cotton as they feel ICE is too high.
- In Pakistan raw cotton exports from the country during 11 months of current financial year grew by 32.66 percent as against the exports of the corresponding period of last year. According the latest data released by the Pakistan Bureau of Statistics, during the period from July-May, 2017-18, country exported about 34,969 metric tons of raw cotton as compared the exports of 25,349 metric tons last year.
- The International Cotton Advisory Committee has marginally slashed the estimate for global ending stocks for 2018-19 to 17.8 mln tn due to robust increase in consumption. In its monthly report, released last week, the committee said the global consumption of cotton is projected to grow 5% on year to 27.4 mln tn. It has also raised the estimate for cotton output for 2018-19 to 25.9 mln tn, up 0.18 mln tn on month. With consumption expected to outpace production in 2018-19, global stocks are expected to decrease to 17.8 mln tn," the report said.



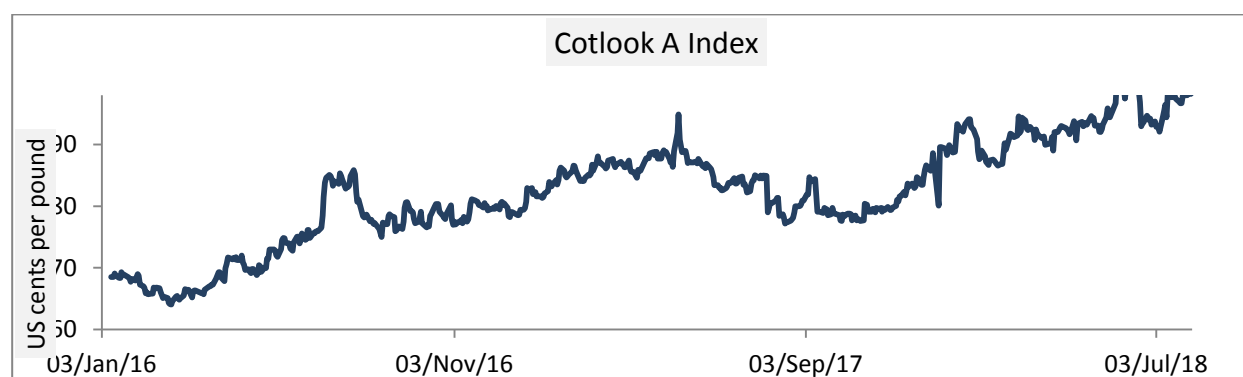


- US Area planted to cotton in 2018-19 is estimated at 13.5 million acres, up 7 percent from last year.
- World production estimate by USDA is revised lower by 290,000 bales compared to the June estimate, as reduced U.S. and Australian production more than offsets increases for Brazil, India and Mexico. World trade is projected 165,000 bales higher this month, as lower U.S. exports are more than offset by increases by Brazil and China. Ending stocks are 5.2 million bales lower than in June, with the largest declines in China (4.6 million) and the United States. India's and Brazil's ending stocks are forecast higher.

### Cotlook A Index

Cotlook A index remained weak during the Month.

Cotlook A Index	Monthly Average Price as on		% Change
	Jul	Jun	
Prices	96.17	97.52	-1.38
Prices in US cents per Pound			

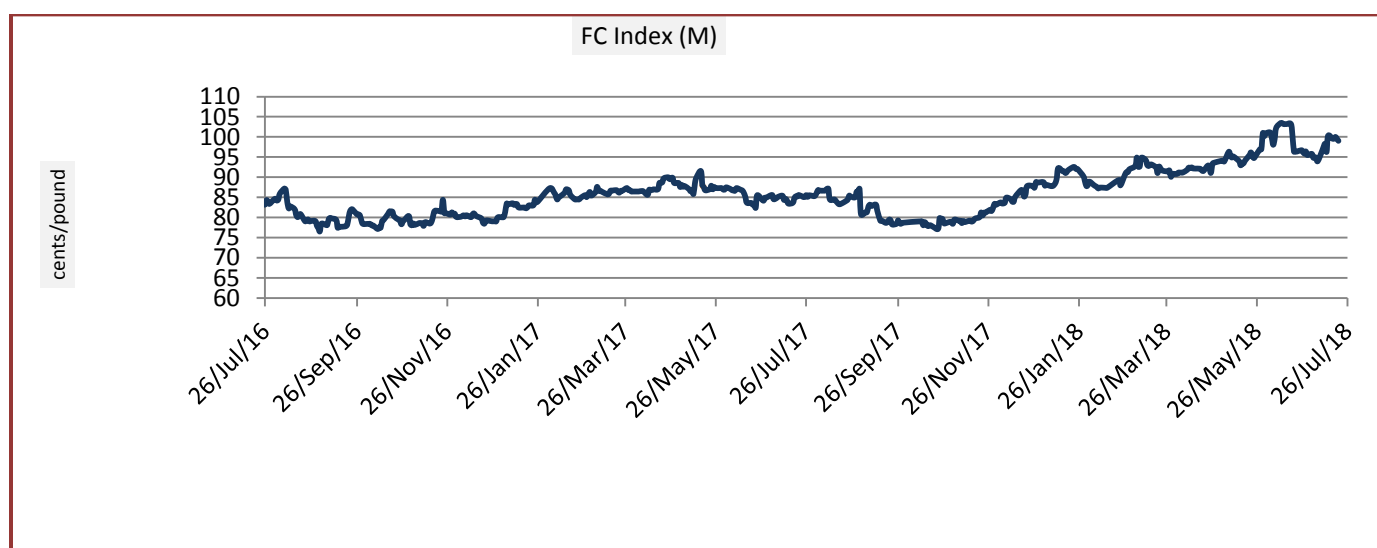


### China Cotton Index and Foreign Cotton Index

According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2017 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons. In 2017, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by [www.yarnsandfibers.com](http://www.yarnsandfibers.com) (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.



Cotton Index	Monthly Average Price as on		% Change
	Jul	Jun	
FC (S)	100.67	102.26	-1.55
FC (M)	97.87	99.58	-1.72
FC (L)	96.02	98.32	-2.34
Prices in US cents per Pound			



China Index remained slightly weak during the Month. CC Index (328) remained 16210 Yuan per ton during the month. Average was 16462Yuan per ton during previous month.

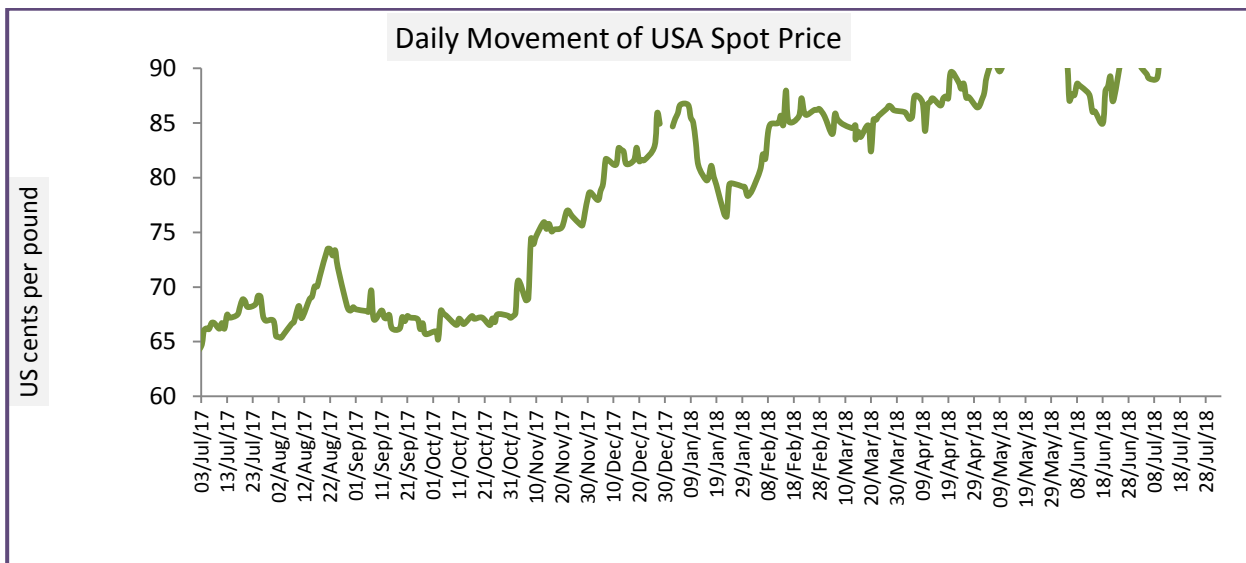
Cotton Index	Monthly Average Price as on		% Change
	Jul	Jun	
CCIndex(328)	16210	16462	-1.53
CCIndex(527)	15053	15209	-1.03
CCIndex(229)	16861	17040	-1.05
Prices in Yuan per ton			



### USA Spot Prices

As per the United States Department of Agriculture (USDA) estimates, India has surpassed China's cotton production to become the largest cotton producing country with 365 lakh bales of production. India is followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil (103 lakh bales).

USA Spot Prices	Monthly Average Price as on		% Change
	Jul	Jun	
Prices	89.29	92.54	-3.51
Prices in US cents per Pound			



### Pakistan Spot Prices

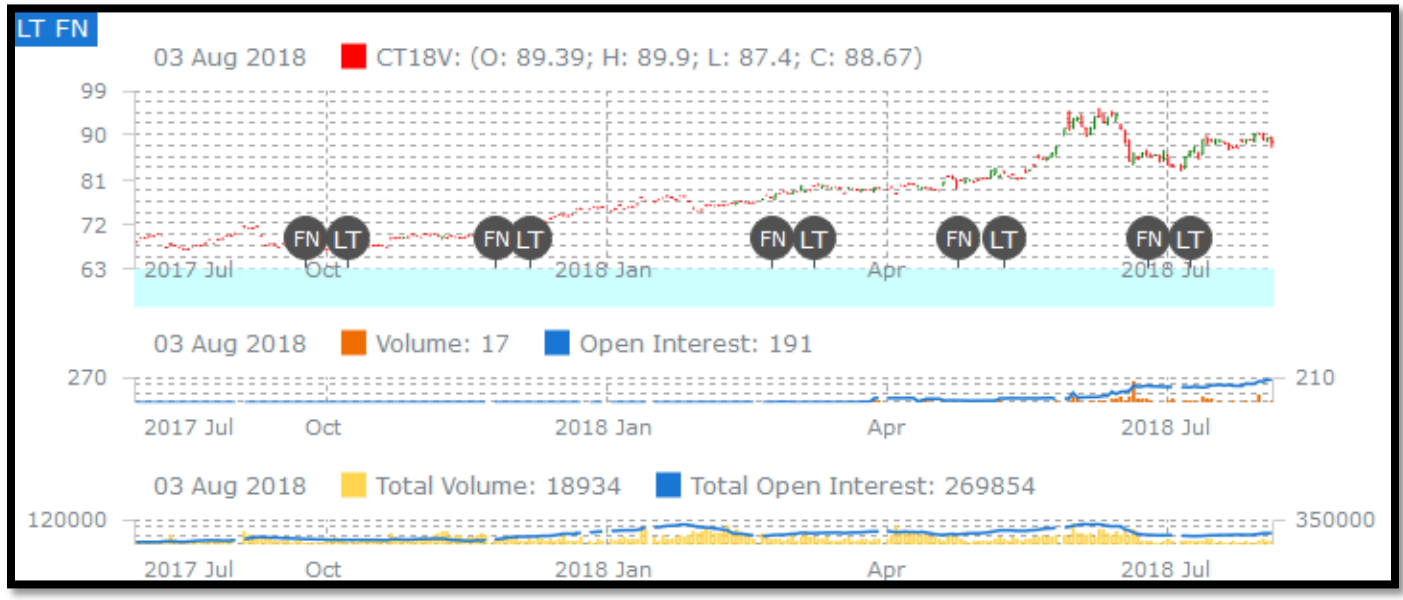
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Karachi Spot Prices	Monthly Average Price as on		% Change
	Jul	Aug	
Prices	9261	9405	-1.53
Prices in Rs per 37.32 Kg			



## Technical Analysis of Cotton Future (Oct'18 Contract) at ICE

### Monthly Technical Outlook:



- Candlesticks denote bearish movement in the market.
- Volume increased while Open Interest decreased.
- We expect cotton prices to remain sideways to firm in the coming month.

### Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	85-95

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
82.00	78.00	110.00	100.00

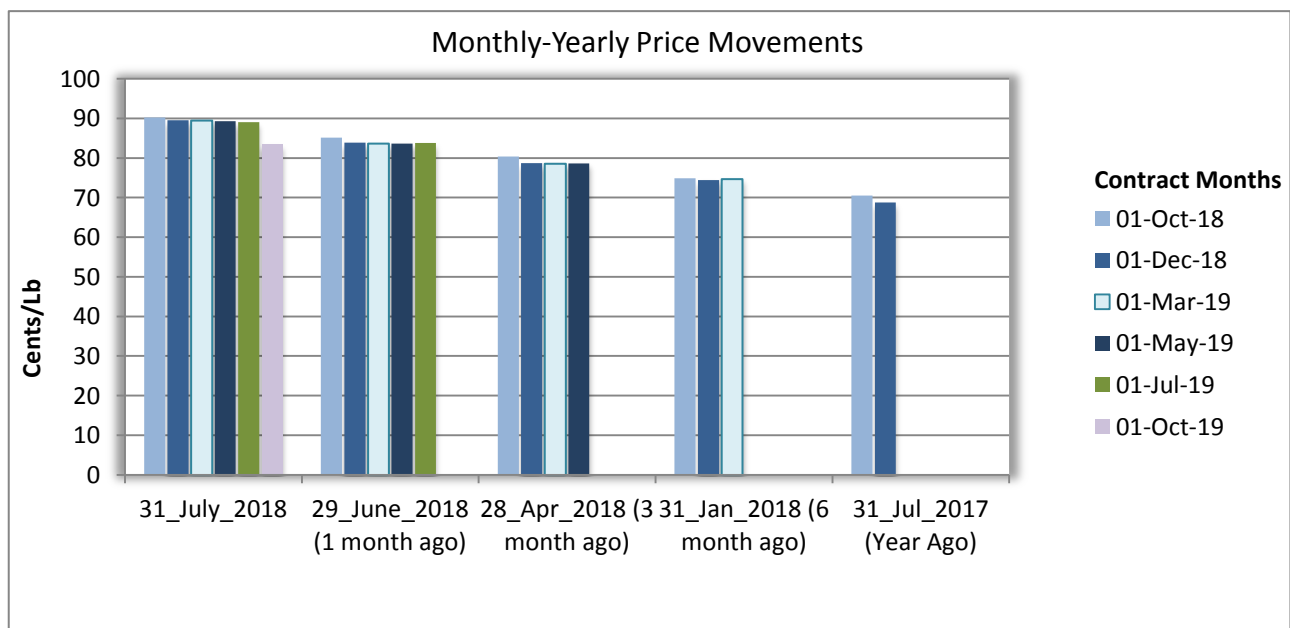
Figures in US cents/pound



## Cotton Future Prices at IC

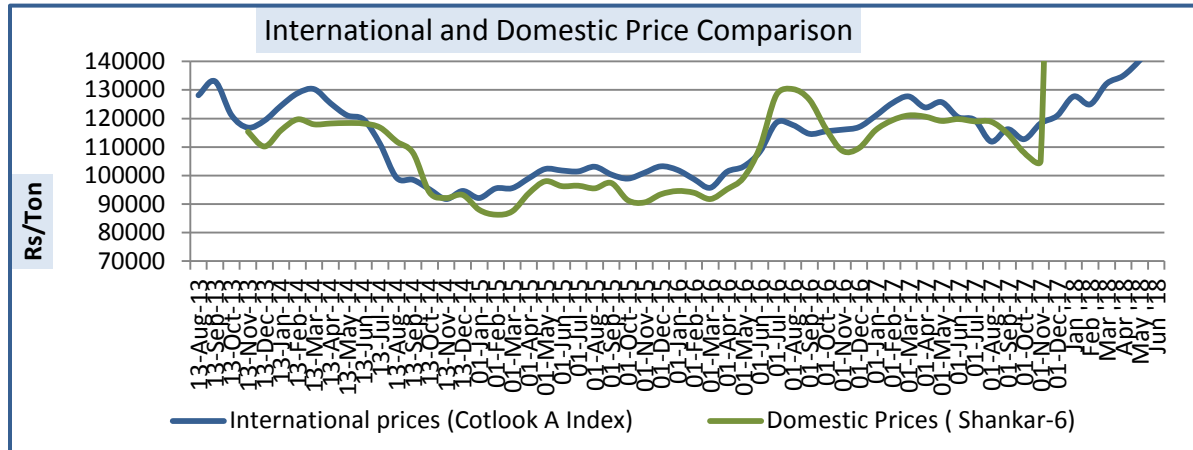
### Cotton Future Prices

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	31_July_2018	29_June_2018 (1 month ago)	28_Apr_2018 (3 month ago)	31_Jan_2018 (6 month ago)	31_Jul_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Oct-18	90.28	85.17	80.42	74.89	70.5	6.00	28.06
01-Dec-18	89.59	83.92	78.78	74.51	68.86	6.76	30.10
01-Mar-19	89.5	83.66	78.61	74.69		6.98	
01-May-19	89.39	83.72	78.72			6.77	
01-Jul-19	89.12	83.84				6.30	
01-Oct-19	83.53						





### International and Domestic Price Comparison



### Domestic Cotton Prices and Arrivals at Key Centers

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	July,2018	June,2018	
Gujarat	Ahmedabad	Shankar-6	6063	6028	35
	Gondal	Shankar-6	6120	6066	54
	Rajkot	B.T. Cotton	6254	6136	118
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	5425	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5667	5634	33
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5923	5740	183
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	5716	-
	Fatehabad	B.T. Cotton	5841	5780	60
	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	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4258	4306	-48
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	6373	6054	319
	Hubli	D.C.H.	4734	3833	901
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5775	5581	194
Commodity	Lint		Monthly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	July,2018	June,2018	
Punjab	Bhatinda	J-34	4828	4755	72
	Abohar	J-34	4828	4759	69
	Mansa	J-34	4813	4738	75
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4818	4743	75
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July,2018	June,2018	
Gujarat	Ahmedabad	Shankar-6	31450	213010	-181560
	Gondal	Shankar-6	1437	6734	-5297
	Rajkot	B.T. Cotton	4755	22712	-17957
	Patan	B.T. Cotton	NA	NA	-



	Kadi	B.T. Cotton	NA	34500	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	48	360	-312
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5500	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	3427	-
	Fatehabad	B.T. Cotton	1770	3060	-1290
	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	NA	NA	-
	Hathras	Desi	NA	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	9117	26316	-17199
	Hubli	D.C.H.	50	11	39
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1570	4697	-3127
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July,2018	June,2018	
Punjab	Bhatinda	J-34	NA	3128	-
	Abohar	J-34	NA	94	-
	Mansa	J-34	NA	2278	-





Haryana	Sirsa	J-34	272	1675	-1403
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				July,2018	June,2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44108	692
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45301	44608	693
J-34(202)	26mm	3.5 - 4.9	23	46150	45200	950
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	44477	42748	1729
Shankar-6(105)	29mm	3.5 – 4.9	28	47588	46112	1476
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48615	47004	1611
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50292	47900	2392
DCH-32(107)	34mm	3.0 - 3.8	33	61742	59208	2534

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