

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. 4805 per maund (of 37.32 Kg each), compared to the previous month price of Rs 4828. Cotton fiber (Shankar-6) prices noticed slightly firm this month. Average price was Rs 47992 per candy (of 355.6 kg each) during the month, which was Rs 47638 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:

- As per Agriwatch estimates cotton production is likely to decline by 3-4 per cent this year to about 353 lakh bales. Major Cotton growing states are facing issues, including deficit rainfall, shifting away from cotton to other crops and the outbreak of the pink bollworm infestation on crops. In the country overall, sowing till August 27 stood at 116 lakh hectares compared to 124.50 lakh hectares in the same period last year, sowing is likely to reach 119.1 lakh hectares this season.
- 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.
- 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.
- Due to irregular rains, cotton season is likely to begin late by a month in Gujarat. 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 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.
- Good demand was witnessed from domestic mills for prompt delivery. Gujarat Cotton prices of 29 mm remained between 48,000 to 48,500 Rs./Candy. Out state arrival was negligible. All India Daily Arrivals remained 2,500 to 4,000 bales. With limited arrivals, most of the ginning factories are closed. Gujarat Daily Pressing was approximately 1,000 to 1,500 bales.
- The cotton crop in 11 districts of Telangana has been hit by extensive rains in the last two weeks. According to official figures, the cotton crop in over 1.30 lakh acres was hit by the rains. Adilabad and Warangal districts, the two key cotton-growing districts in the state, were hit the hardest. Farmers in the state grew cotton in about 42 lakh acres this kharif, despite losses in the last season due to the virulent attack of pink bollworm.
- The CCI is preparing for harvest and announced that in Rajasthan it will buy seed cotton direct from growers in order to increase growers net income. Haryana and Punjab indicated they will continue their practice of CCI using middle men.
- India doubled import tax on more than 300 textile products to 20% last week. It was the second tax hike on textiles in as many months after an increase on other products including fiber and apparels last month. The moves are expected to provide relief to the domestic textile industry, which has been hit by cheaper imports. India's total textile imports jumped by 16 percent to a record \$7 billion in the fiscal year to March 2018.

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.

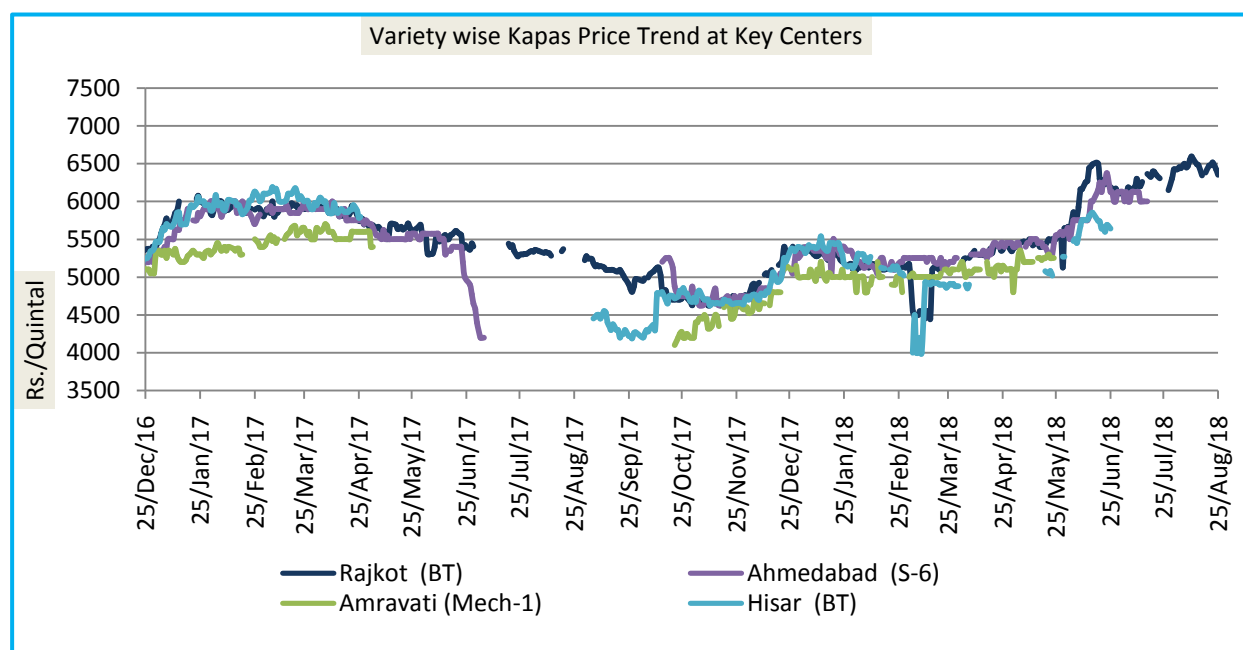
Domestic Cotton Prices Scenario

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: monthly kapas average price at Rajkot rose is Rs 6426 /quintal this month.

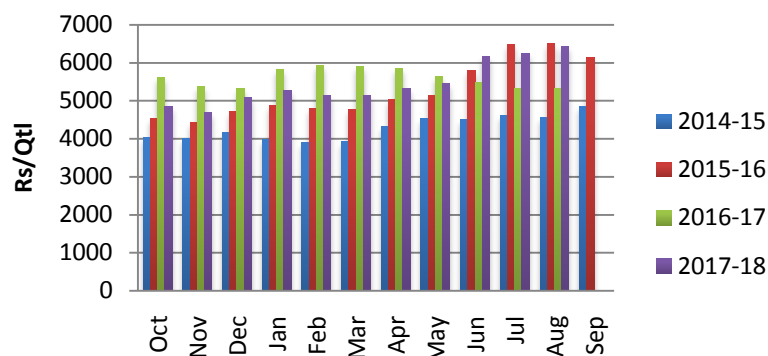
Monthly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5500-6550 per quintal for the coming month..





Kapas Monthly M-o-M Price Scenario

Monthly Average Kapas (Bt) Prices at Rajkot

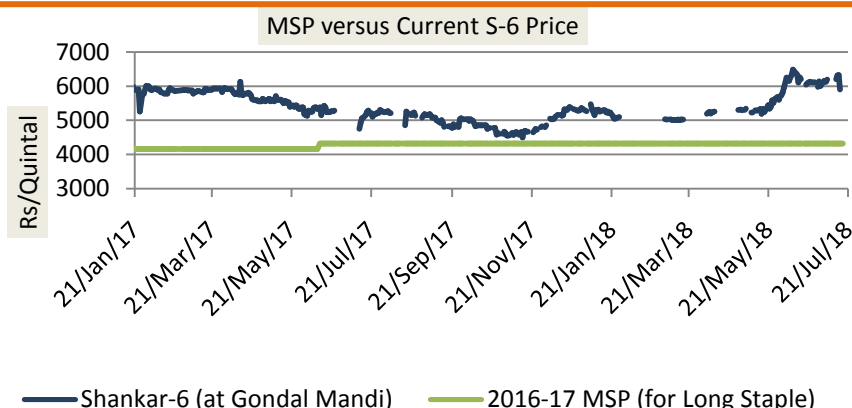


Kapas(seed cotton) prices in country noticed firm tone during the Aug month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.6426 per quintal during Aug, which was Rs.6253 during previous month and Rs. 5323 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 5500-6500 per quintal.

Spot Price versus MSP

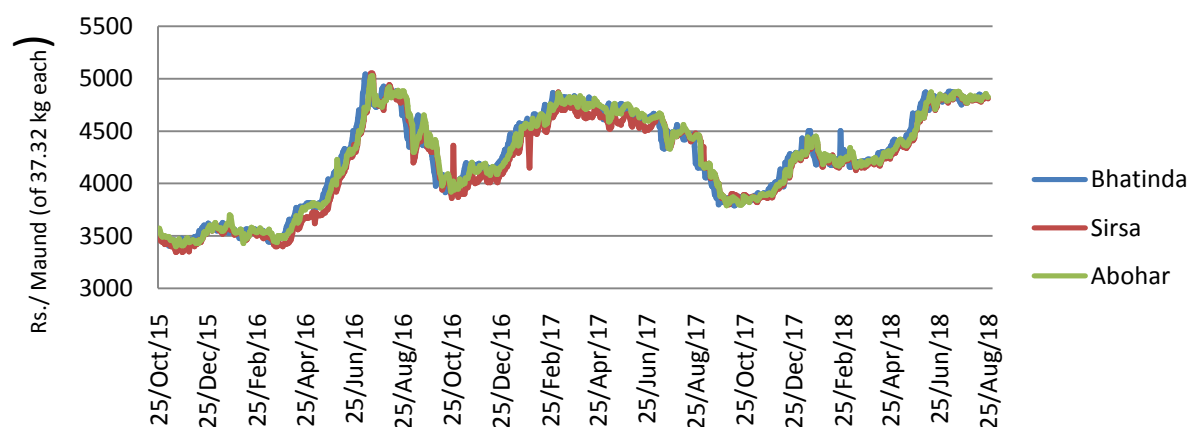


The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this 4TH week of July. The average gap between the prices was Rs1960 compared to Rs 180a month earlier. This indicates prices are increasing.(With limited arrivals market is closed)

Lint price Outlook

Lint prices remained slightly weak during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs.4805 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4828 per maund.

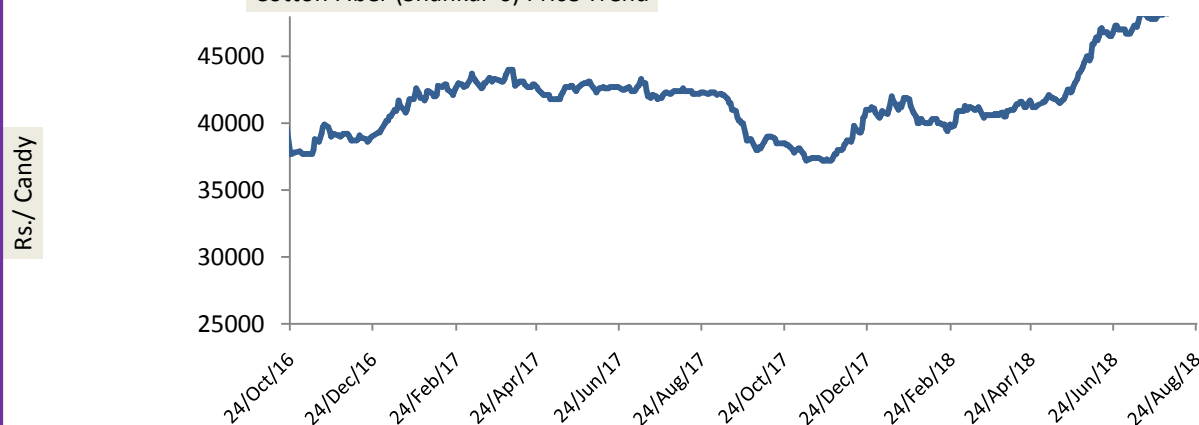
Lint Price Trend at Key Centers



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 Rs47992 per candy (of 355.6 kg each) during the month, which was Rs 47638 per candy previous month. and around Rs 42292 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 Fiber (Shankar-6) Price Trend



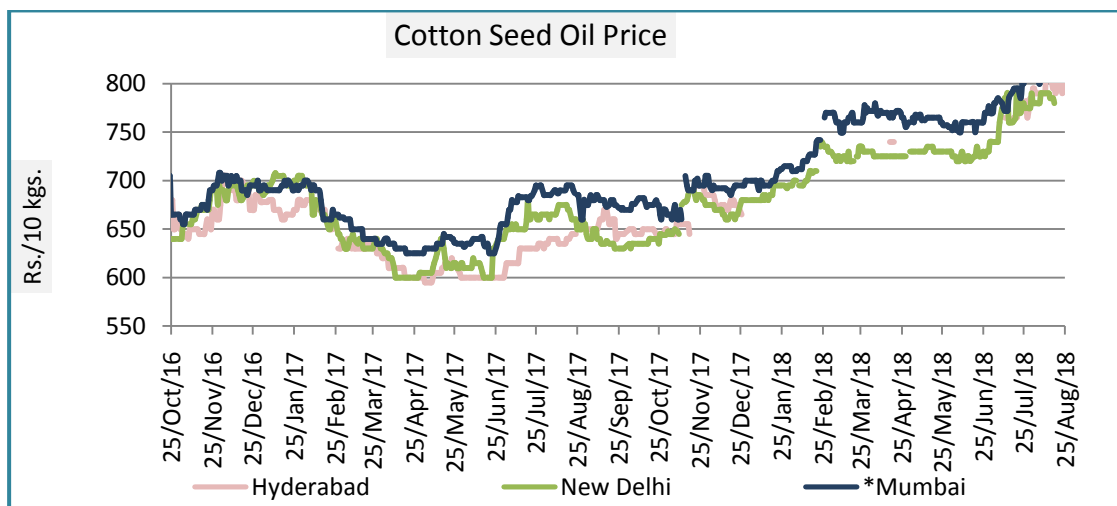


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed firm tone during the month. Monthly average price in New Delhi is Rs 780 per 10 Kg, higher compared to the monthly average price of Rs 754 per 10 Kg in previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Aug	July	
New Delhi	780	754	3.45
Rajkot	807	770	4.81
Hyderabad	796	770	3.38
Mumbai*	818	782	4.60



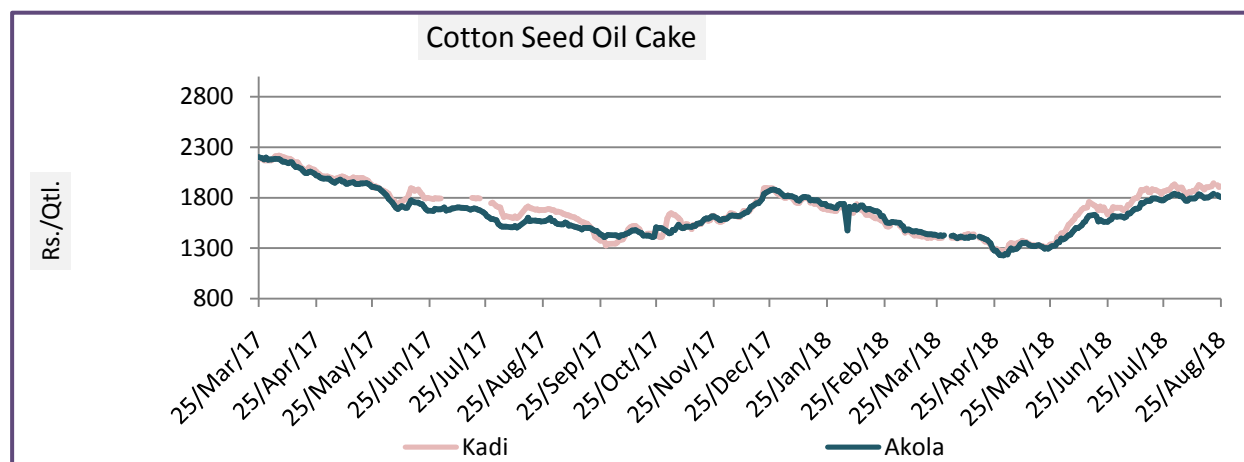
Cotton Seed Oil Cake monthly Price Scenario

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
	Aug	July	
Kadi	1887	1799	4.8



Akola	1797	1702	5.58
*Source: NCDEX			



International Market Scenario

International cotton prices remained weak during the month. Cotlook A index monthly average stood 94.55 at cents/pound this month, which was 96.17 cents/pound during last month

Major Market Highlights:

- ICE cotton futures fell over 1 percent on Wednesday, the most since mid-August, on lingering fears of an escalation in the U.S.-China trade dispute, and as storm Gordon caused minimal damage to crops. The most active cotton contract on ICE Futures U.S., the second-month December contract, settled down 1.07 cent, or 1.29 percent, at 81.71 cents per lb.
- On August 31, the reserve sales of reserve cotton was 30003.2894 tons, the actual turnover was 25,695.1033 tons, and the turnover rate was 85.64%. The average transaction price was 14,968 yuan/ton (up 177 yuan/ton from the previous day); the price of 3128 was 16,442 yuan/ton (107 yuan ton from the previous day). From March 12 to August 31, the accumulated turnover of reserve cotton was 2,117,300 tons, and the turnover rate was 57.83%.
- U.S. 2018 Cotton Production Forecast Higher in August According to USDAs first survey-based forecast of the 2018 cotton crop, U.S. production is estimated at 19.2 million bales, compared with Julys projection of 18.5 million bales and last seasons final estimate of 20.9 million bales. Compared with 2017, lower estimates for U.S. cotton harvested area and yield account for this seasons production decline.



- 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.
- 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

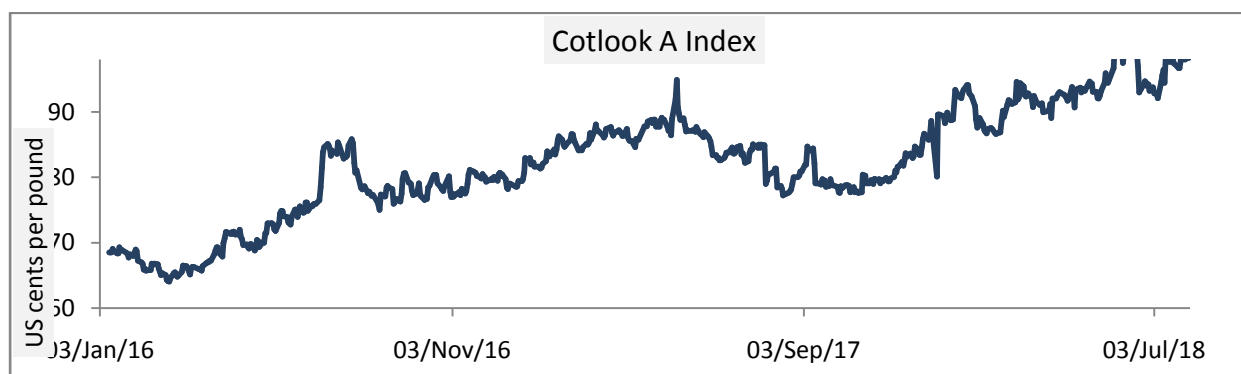


stocks are reduced 0.45 million bales, reflecting both lower production and higher consumption estimates for 2017/18. Production in 2018/19 is increased 0.4 million bales, with higher expected crops in the United States, Argentina, and Turkey offsetting reduced crops in Uzbekistan, Australia, and Turkmenistan. Consumption is raised 660,000 bales, led by a 300,000-bale increase for Pakistan, with smaller increases in Indonesia, Turkey, and other countries.

Cotlook A Index

Cotlook A index remained weak during the Month.

Cotlook A Index	Monthly Average Price as on		% Change
	Aug	Jul	
Prices	94.55	96.17	-1.68
Prices in US cents per Pound			

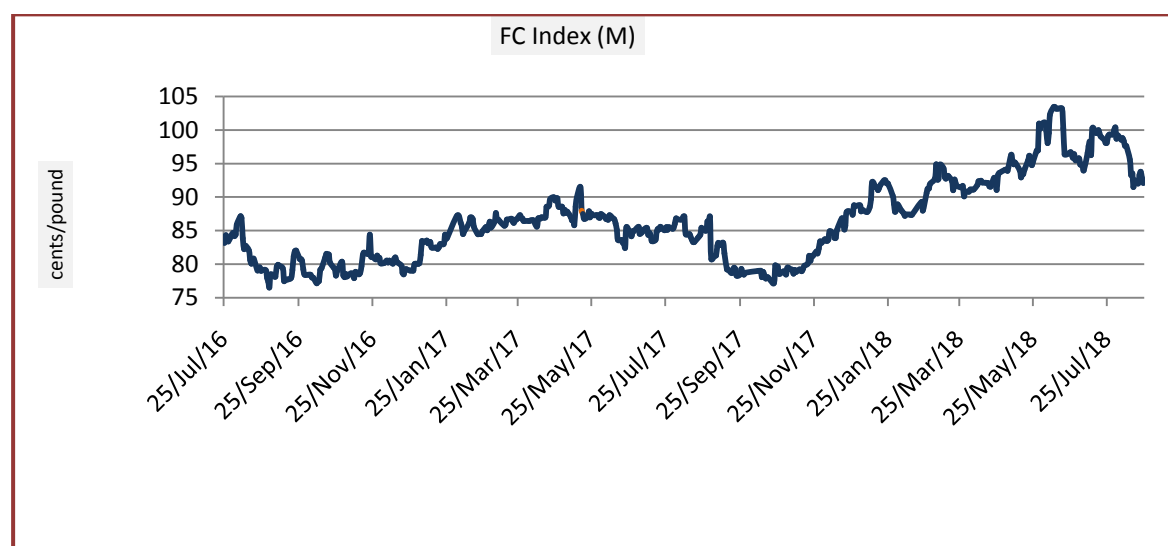


China Cotton Index and Foreign Cotton Index

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 (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
	Aug	Jul	
FC (S)	98.42	100.67	-2.24
FC (M)	95.01	97.87	-2.92
FC (L)	93.16	96.02	-2.98
Prices in US cents per Pound			



China Index remained slightly firm during the Month. CC Index (328) remained 16279 Yuan per ton during the month. Average was 16210 Yuan per ton during previous month.

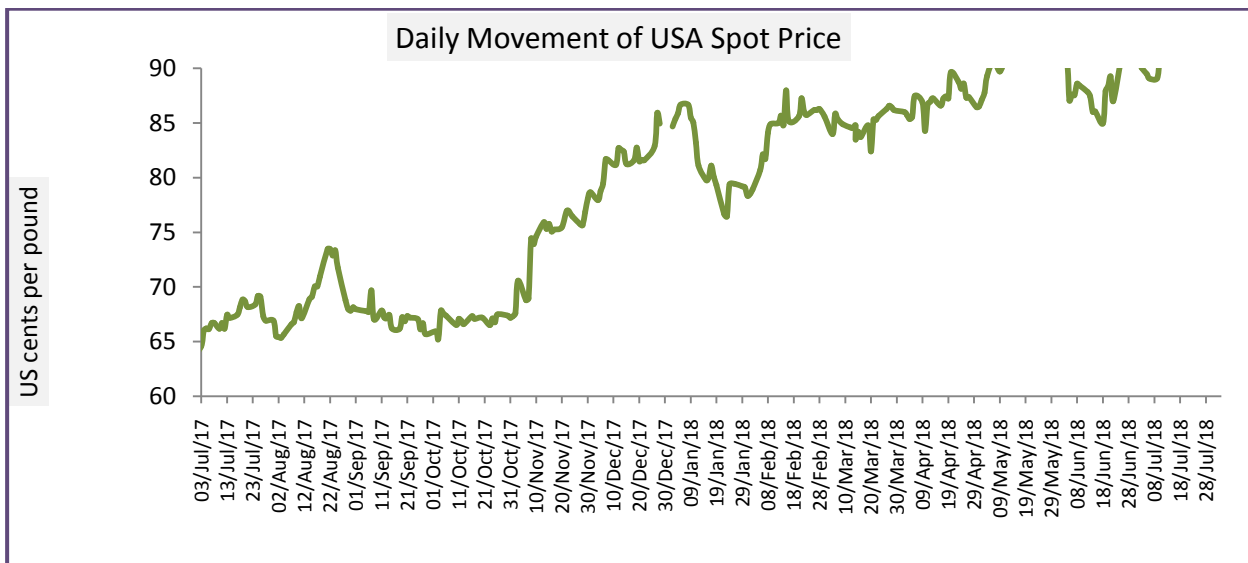
Cotton Index	Monthly Average Price as on		% Change
	Aug	Jul	
CCIndex(328)	16279.5	16210	0.43
CCIndex(527)	15104	15053	0.34
CCIndex(229)	16972	16861	0.66
Prices in Yuan per ton			



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
	Aug	Jul	
Prices	86.26	89.29	-3.39
Prices in US cents per Pound			



Pakistan Spot Prices

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 y

Karachi Spot Prices	Monthly Average Price as on		% Change
	Aug	Jul	
Prices	8667	9261	-6.41
Prices in Rs per 37.32 Kg			

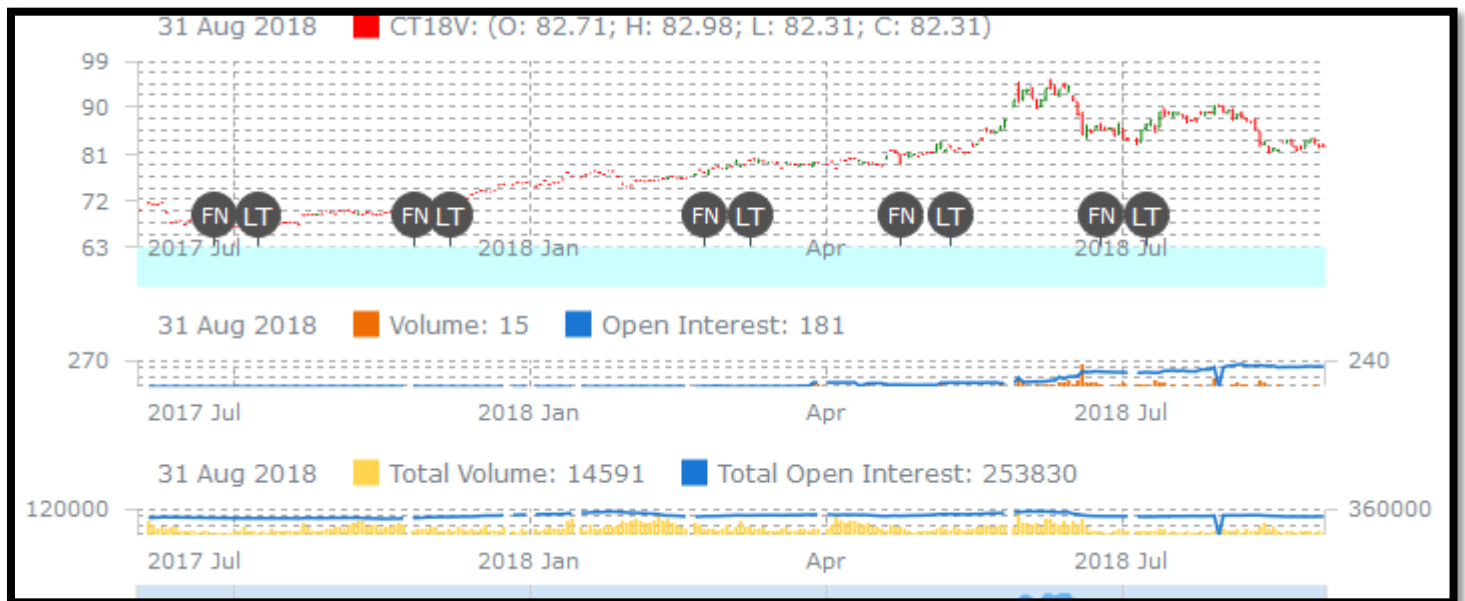


Technical Analysis of Cotton Future (Oct'18 Contract) at ICE

Monthly Technical Outlook:

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

Weekly 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	80-85

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
80.00	78.00	110.00	100.00



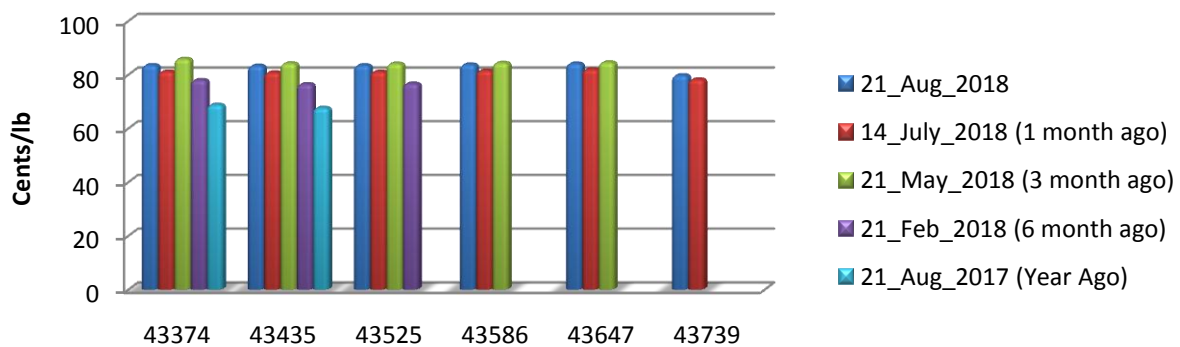
Figures in US cents/pound

Cotton Future Prices at IC

Cotton Future Prices:

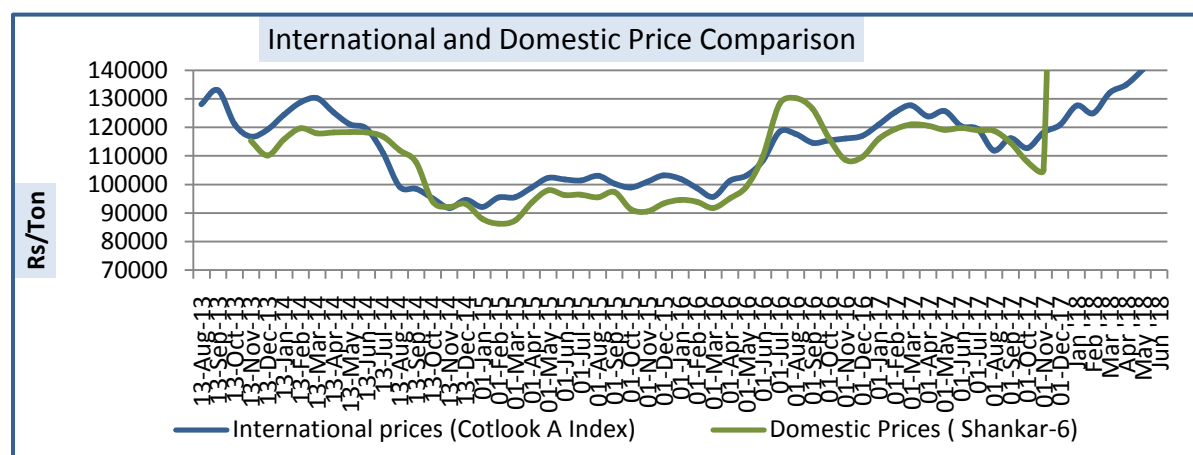
Contracts	28_Aug_2018	28_July_2018 (1 month ago)	28_May_2018 (3 month ago)	28_Feb_2018 (6 month ago)	28_Aug_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Oct-18	83.81	87.08	87.52	78.3	70.33	-3.76	19.17
01-Dec-18	83.58	86.96	86.65	77.11	69.83	-3.89	19.69
01-Mar-19	83.58	87.03	86.24	77.26		-3.96	
01-May-19	84.12	87..11	86.07			-	
01-Jul-19	84.34	81.82	85.97			3.08	
01-Oct-19	79.52						

Monthly-Yearly Price Movements





International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Aug,2018	July,2018	
Gujarat	Ahmedabad	Shankar-6	NA	6063	-
	Gondal	Shankar-6	NA	6120	-
	Rajkot	B.T. Cotton	6426	6254	172
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5667	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5936	5923	13
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5939	5841	98
	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	4320	4258	62
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	6034	6373	-339
	Hubli	D.C.H.	4850	4734	116
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5885	5775	110
Commodity	Lint		Monthly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Aug,2018	July,2018	
Punjab	Bhatinda	J-34	4820	4828	-8
	Abohar	J-34	4820	4828	-8
	Mansa	J-34	4805	4813	-8
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4805	4818	-13
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Aug,2018	July,2018	
Gujarat	Ahmedabad	Shankar-6	NA	1450	-
	Gondal	Shankar-6	NA	1437	-
	Rajkot	B.T. Cotton	4769	4755	14
	Patan	B.T. Cotton	NA	NA	-



	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	48	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4750	5200	-450
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	155	1770	-1615
	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	2509	9117	-6608
	Hubli	D.C.H.	NA	50	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	331	1570	-1239
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Aug,2018	July,2018	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-



Haryana	Sirsa	J-34	150	272	-122
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
				Aug,2018	July,2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44788	44800	-12
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45288	45301	-13
J-34(202)	26mm	3.5 - 4.9	23	45988	46150	-162
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	45961	44477	1484
Shankar-6(105)	29mm	3.5 – 4.9	28	47992	47588	404
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48853	48615	238
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50853	50292	561
DCH-32(107)	34mm	3.0 - 3.8	33	60534	61742	-1208

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