

## Domestic market summary

**Domestic market Scenario:** Cotton spot markets mostly noticed firm during the week. Average price of Lint at Sirsa during the week was Rs. 4773 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4754. Cotton fiber (Shankar-6) prices noticed firm tone this week Average price was Rs46766 per candy (of 355.6 kg each) during the week, which was Rs 46180 per candy previous week.

**Weekly Price Outlook :** In the coming week we expect Kapas price to remain to firm with the price band of Rs 5500-6500per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

## **Major Market Highlights:**

- Cotton advisory board has further downward revised the cotton estimates for the 2017-18 season to 370 lakh bales from earlier estimate of 377 lakh bales. The end stock according to CAB will stand at 43 lakh bales.
- Cotton acreages is expected to benefit in Gujarat as the farmers has swayed from groundnut with surplus stocks and unattractive prices in this season.
- Cotton advisory board (CAB) is stating that the cotton production could be at 370 lakh bales and the ends stock can be at 43 lakh bales. CAB is adding textile mills to be comfortable as the supplies are ample and current bullishness in prices is due to the international market.
- On the other hand the CAI has estimated cotton crop for the ongoing 2017-18 season at 365 lakh bales of 170 kgs each, which is higher by 5 lakh bales from its previous estimate – 3 lakh bales in Gujarat, 1 Lakh bales in Karnataka, 50,000 bales in Andhra Pradesh & 25,000 bales each in the states of Madhya Pradesh & Tamil Nadu. Further earlier CAI has estimated end stocks to be at 2 lakh bales for the current season. However in the latest estimate CAI is projecting the closing stock at 16 lakh tons.
- The confederation of Indian Textile Industry (CITI) is estimating the cotton production to be at 373 lakh bales. The ending stock according to CITI would be at 49.81 lakh bales.
- As on 14th June 2014 cotton sowing has been carried out in the area of 16.914 lakh hectares against 16.671 lakh hectares in the 2017-18 season. Haryana after sowing slower pace of sowing has recovered significantly post y-o-y higher acreages at 6.56 lakh hectares against 6.3 lakh hectares. Most of the sowing is late and hence are susceptible for white flies pest.
- According to the Cotton Association of India (CAI), better prices for cash crops like soybean and paddy may distract the farmers from cotton sowing and in result, cotton sowing area is expected to decline by 10-12 percent to 10.7 million hectare this year in comparison of 12.2 million hectare last year as distressed farmers in Punjab, Maharashtra, Telangana and Andhra Pradesh have evinced weak interest in this cash crop.
- According to data from the Department of Agricultural, Cotton had been planted on 1,691,400 hectares nationwide by June 15. This represents an increase over last week of 443,500 hectares. With the majority of new planting recorded for central and southern states. The latest figures suggest that the rate



of sowing has overtaken that of last year, by a small margin. By June 15, 2017, the total area reported was 1,667,100 hectares.

- Cotton exports crossed 65 lakh bales up to 17 June and still there is good demand for Indian cotton at 93 to 95 cents ie 51000 fob. Even now everyday 5-10 thousand bales are going in exports per day.
- The weak Indian currency is helping exports we may end up doing around 75 lakh bales of export this year. Lakh hectares, which is With cotton sowing season coming to an end, area under the crop 1 lakh hectares (n Punjab has been recorded at 2.84 lakh hectares, which is 1.16 lakh hectares (29%) lower than the targeted area of 4 lakh hectares. last year cotton was sown over 3.83 lakh hectares.

### Domestic Cotton Balance sheet

Supply	2016-17*	2017-18*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Opening Stock	36.50	30.00	30.00	97.06	163.23	109.84
Production	337.25	362.00	163.80	152.88	34.76	15.56
Imports	27.00	22.00	3.00	9.00	4.00	6.00
Total Supply	400.75	414.00	196.80	258.94	201.99	131.40
<b>Demand</b>						
Mill	265.00	275.00	65.53	69.77	70.45	69.63
Small mill	27.00	30.00	6.86	7.50	7.85	7.70
Non Mill	15.75	15.00	3.75	3.75	3.75	3.75
Total Consumption	307.75	320.00	76.14	81.02	82.05	81.08
Exports	63.00	70.00	23.60	14.70	10.10	6.60
Total Consumption	370.75	390.00	99.74	95.72	92.15	87.68
<b>Ending Stocks</b>	<b>30.00</b>	<b>24.00</b>	<b>97.06</b>	<b>163.23</b>	<b>109.84</b>	<b>43.71</b>

Annual Production, consumption and Export figures are sourced from Cotton Association of India (CAI).

\*\*Quarterly Balance Sheet figures estimated by Agriwatch.

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

As per the latest estimates by CAI, cotton output in country during the season 2017-18 would be around 362 lakh bales (of 170 kg each) which is higher compared to production of last season.

Following higher production, cotton imports will rise marginally to 22 lakh bales compared to 27 lakh bales in previous season.

Due to lower opening stock, imports, and higher production of cotton availability would be standing higher this season at 414 lakh bales compared to 400 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 320 lakh bales compared to 307 lakh bales during the previous season.

Cotton exports are expected to remain higher as that of previous year. It is expected that country would export around 70 lakh bales of cotton in the season 2017-18.

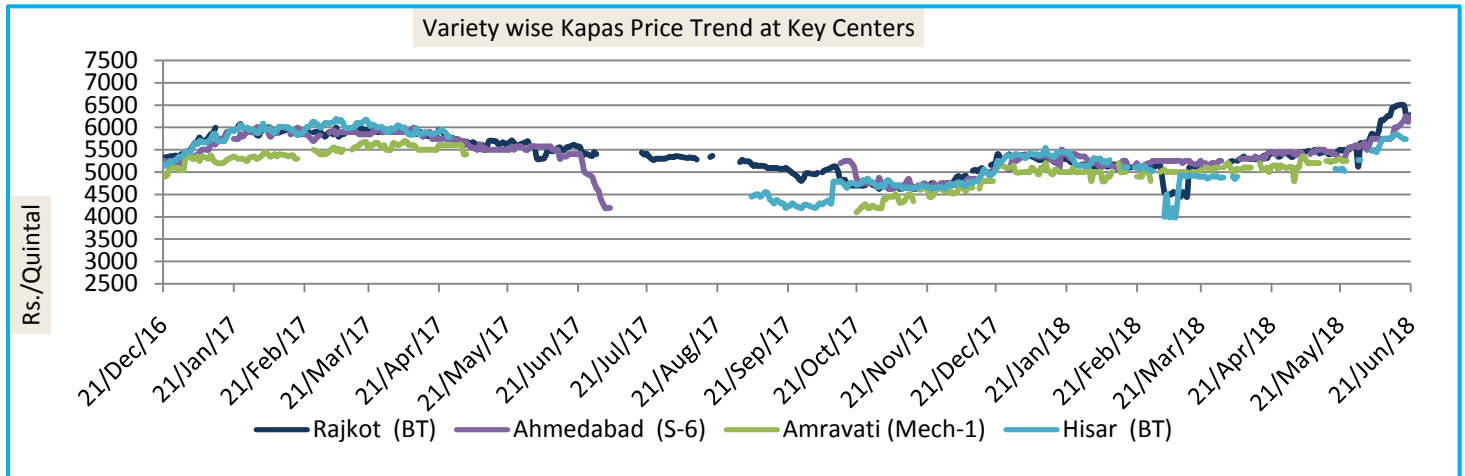
Ending stocks are expected to be around 24 lakh bales, it is lower compared to the ending stocks of previous season.



## Domestic Cotton Prices Scenario

### Domestic Cotton Prices Scenari

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

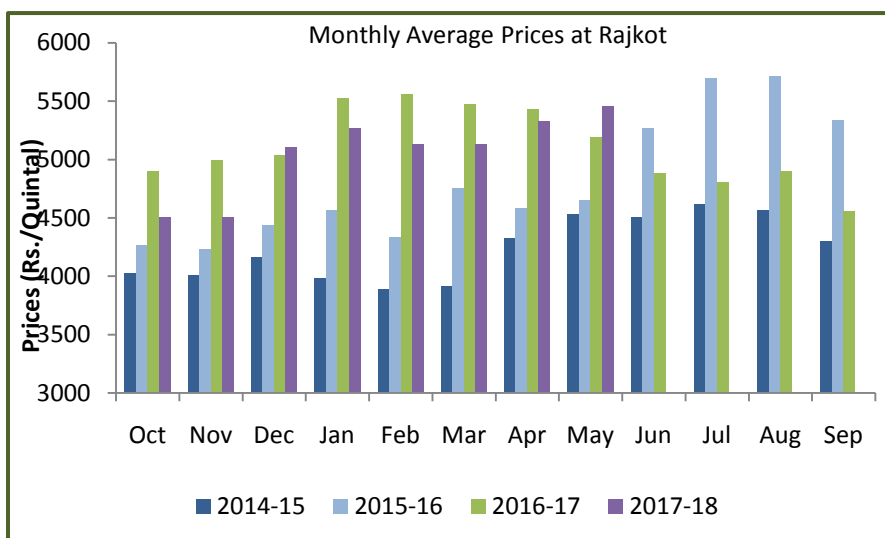


**Weekly Price Review:** Weekly kapas average price at Rajkot rose from Rs 6354/quintal this week.

According to latest report of USDA attaché, India's 2017/18 cotton production forecast is 30.00 million 480 lb. bales on higher acreage of 12.20 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

**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 Y-o-Y Price Scenario



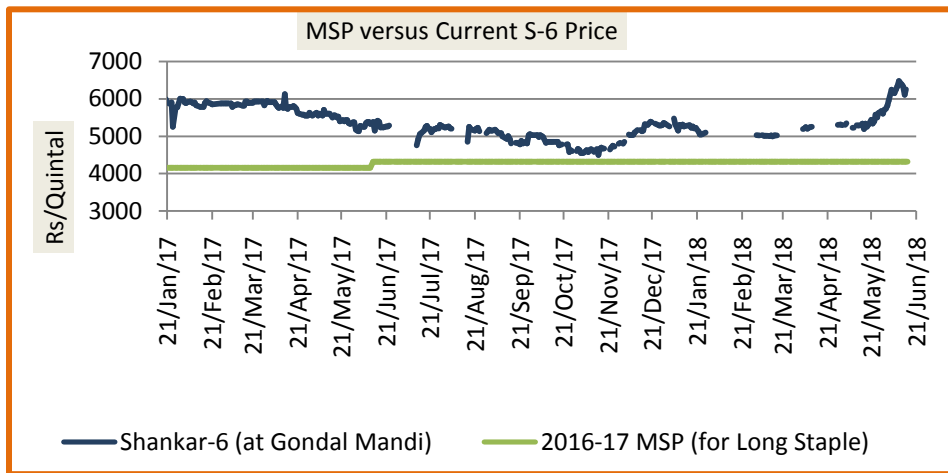
Kapas(seed cotton) prices in country noticed firm tone during the May month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5445 per quintal during May, which was Rs. 5331 during previous month and Rs. 5191

per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to firm in the coming month. The expected price range for June month is likely to be Rs 5000-5700 per quintal.



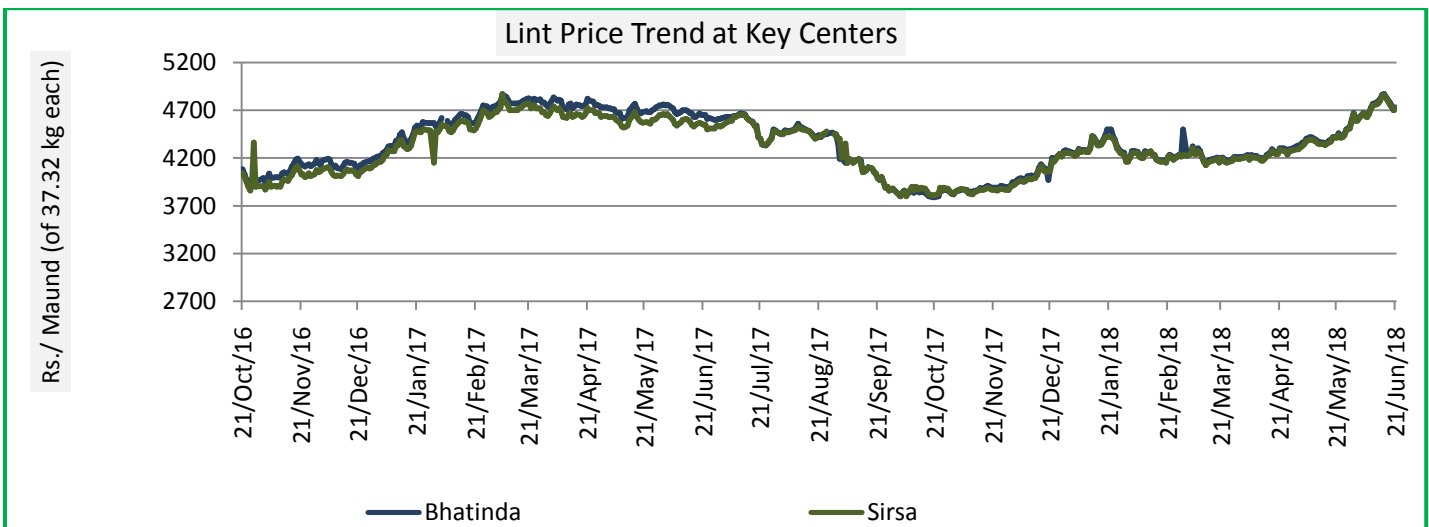
### Spot Price versus MSP



The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs 1990 compared to Rs 1866 a week earlier. This indicates prices are increasing.

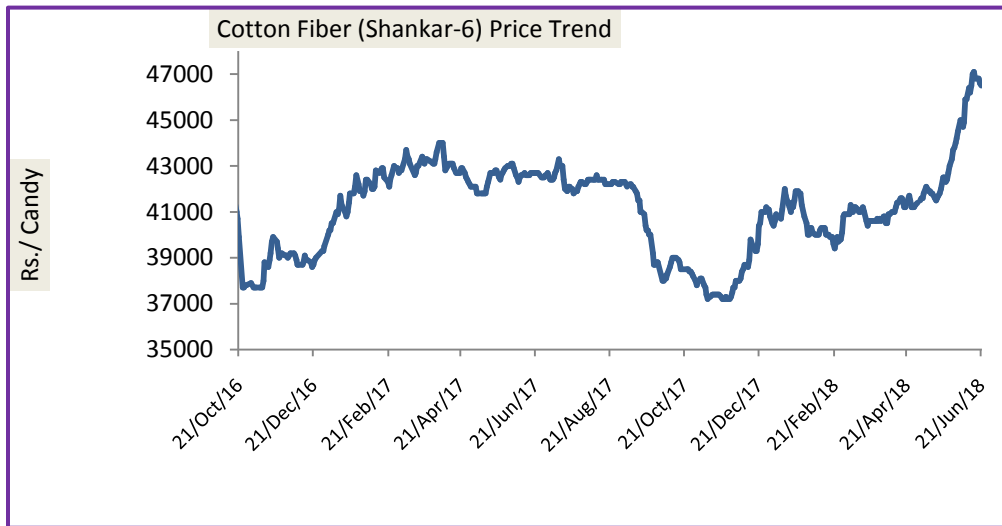
### Lint price Outlook

Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4754 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4733 per maund.





## Cotton Fiber price Outlook



Cotton fiber noticed up trend in this week compared to the previous week amid good demand in domestic and international market weekly average price of Shankar- 6 during was Rs 46766 per candy, which was Rs. 46180 previous week and around Rs 42666 per candy during the corresponding week

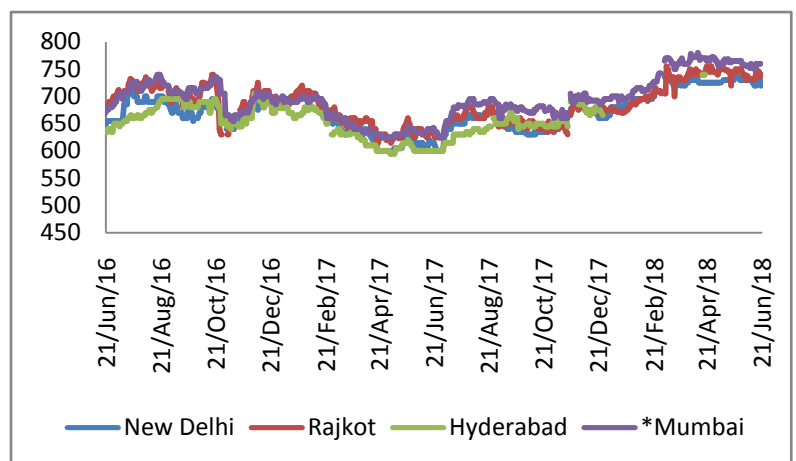
previous season. We expect cotton fiber to remain in range of Rs 40000 -45000per candy in the coming week candy.

## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi is Rs 723 per 10 Kg, lower compared to the weekly average price of Rs 725 per 10 Kg in previous week.

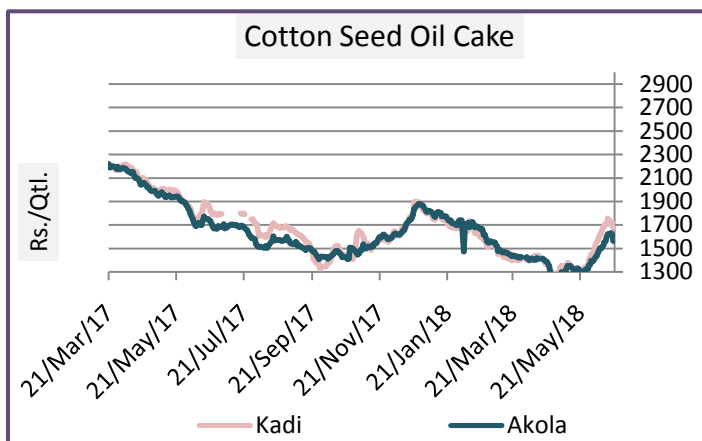
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	21-Jun-18	14-Jun-18	
New Delhi	723	725	-0.28
Rajkot	742	732	1.37
Hyderabad	NA	NA	
Mumbai*	760	752	1.06





### Cotton Seed Oil Cake Monthly Price Scenario

Cotton seed oil cake price noticed firm tone during this week. Weekly average price in Akola remained Rs 1601 per quintal, higher compared to the weekly average price of Rs 1539 per quintal in the previous week.



Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	21-Jun-18	14-Jun-18	
Kadi	1714	1672	2.51
Akola	1601	1539	4.03

\*Source: NCDEX

### International Market Scenario

International cotton prices remained weak during the week. Cotlook A index monthly average stood at cents/pound this month, which was 101.26 cents/pound during last month.

#### Major Market Highlights:

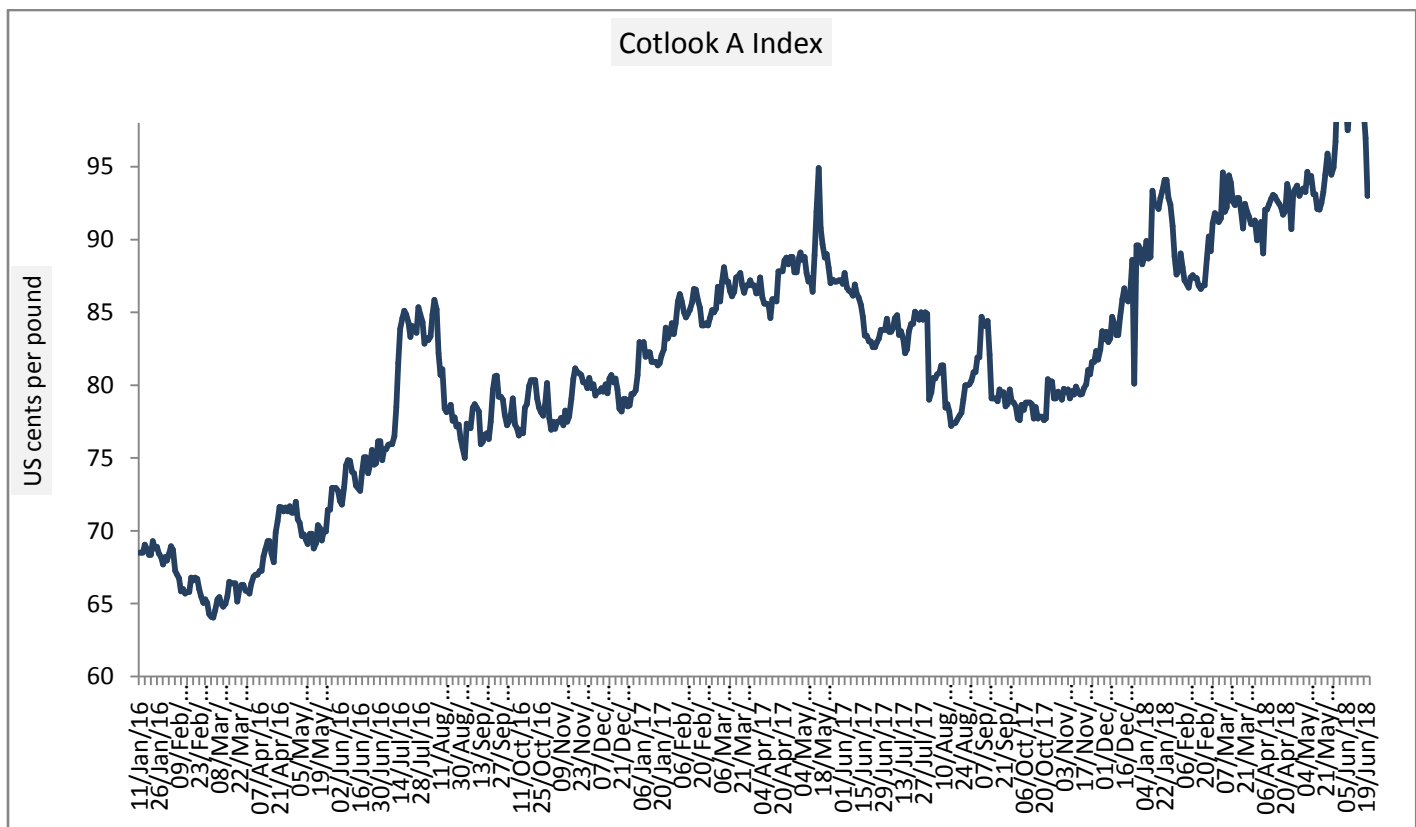
- The U.S. President Donald Trump's announced that the United States would put a 25 percent tariff on \$50 billion of Chinese goods. In retaliation China has given statement for imposing import duty of 25% on 659 U.S. goods, ranging from soybeans and autos to seafood, worth \$50 billion which includes cotton. This has resulted in aggressive fall in US Cotton in past week and also helped in weakness in Indian cotton.
- The trade spat between US and China is going to benefit exports prospects of Indian cotton. Trade bodies are expecting the exports in 2018-19 in the tune of 10 million bales and in the current season they are eyeing exports of 7 million bales.
- Further with Chinese inventories of cotton down, the country has granted additional import of 800,000 tonnes of additional cotton over its quota which is for the first time in 5 years. The import in China fell from 5 million tons to 1 million tons after phased release of state cotton stockpiles. However in 2019-20 China is expected to import 2-3 million tons (10-15 million bales). In 2018-19 the country is expected to import 5 million bales. A weak Indian rupees also has kept the Indian cotton exports prospects bright.
- However the supplies will be a major constrain with monsoon playing crucial role in the production of the ongoing planting campaign.



## Cotlook A Index

Cotlook A index remained weak during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	21-Jun-18	14-Jun-18	
Prices	96.73	101.26	-4.47
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
	21-Jun-18	14-Jun-18	
FC (S)	102.85	106.13	-3.09
FC (M)	99.86	103.07	-3.11
FC (L)	98.59	101.87	-3.22
Prices in US cents per Pound			

China Index remained weak during the Week. CC Index (328) remained 16389 Yuan per ton during the week. Average was 16414 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	21-Jun-18	14-Jun-18	
CCIndex(328)	16389	16414	-0.15
CCIndex(527)	15164	15166	-0.01
CCIndex(229)	16980	16991	-0.06
Prices in Yuan per ton			



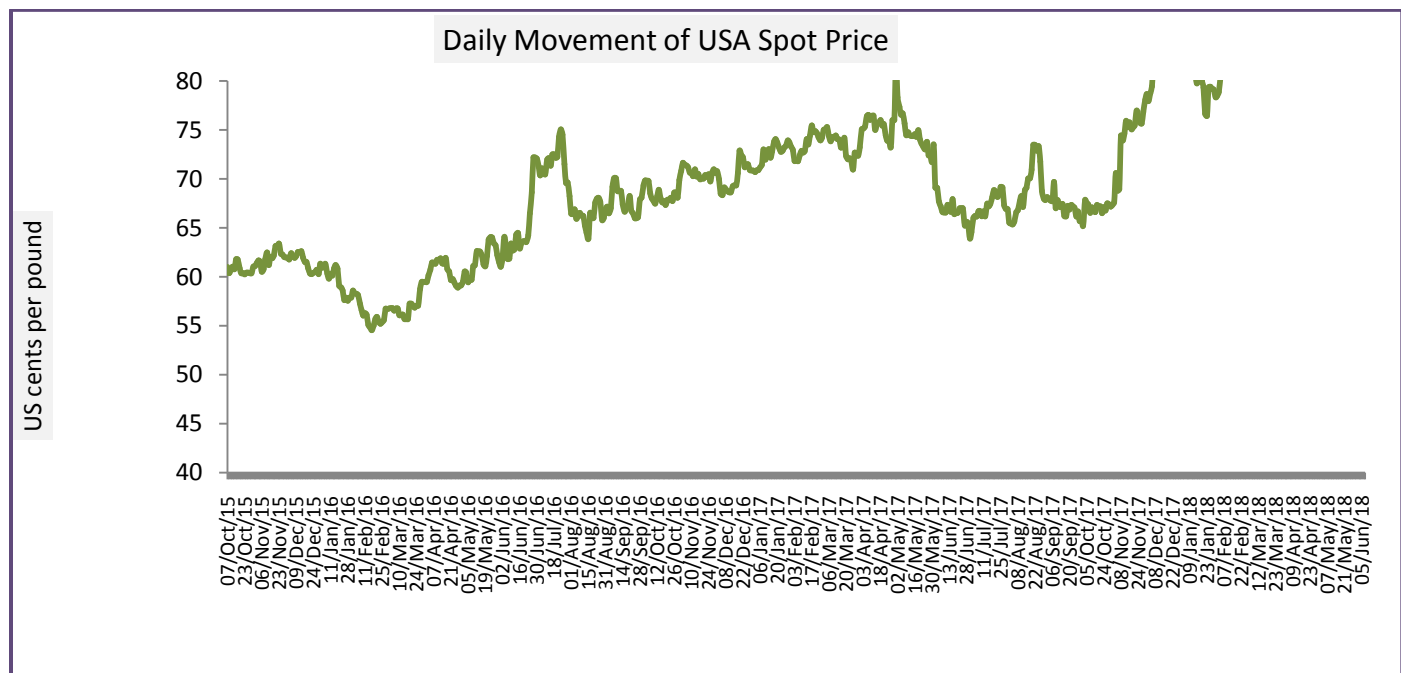




### USA Spot Prices

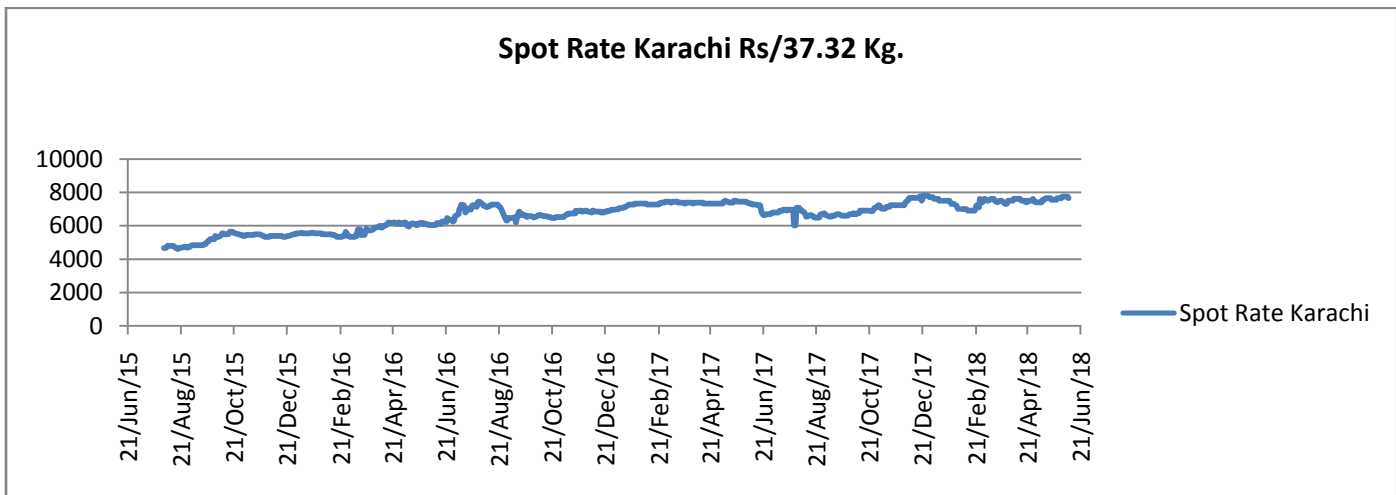
As per the United States Department of Agriculture (USDA) estimates, India has surpassed China's cotton production to become the largest cotton producing country with 365 lakh bales of production. India is followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil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

USA Spot Prices	Monthly Average Price as on		% Change
	21-Jun-18	14-Jun-18	
Prices	89.32	97.43	-8.32
Prices in US cents per Pound			



### Pakistan Spot Prices

Annual growth output of Cotton in Pakistan has increased to 12.3 per cent amid higher arrivals of seed cotton during the period October 01-15, 2017. Pakistan has harvested 8.134 million bales of cotton up to October 31, 2017 according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period increased by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 9.15 million bales during the current season.



Karachi Spot Prices	Monthly Average Price as on		% Change
	21-Jun-18	14-Jun-18	
Prices	7711	7720	-0.12
Prices in Rs per 37.32 Kg			

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

#### Weekly Technical Outlook:

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

#### Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	90.00-100.00

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
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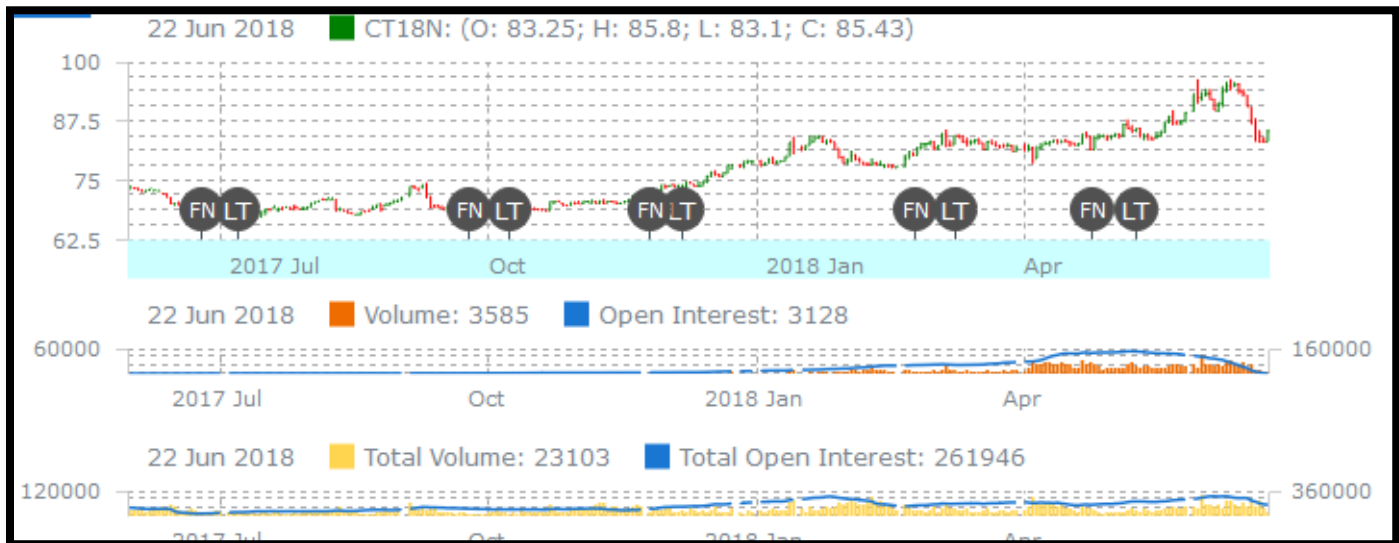
80.00

70.00

110.00

100.00

Figures in US cents/pound

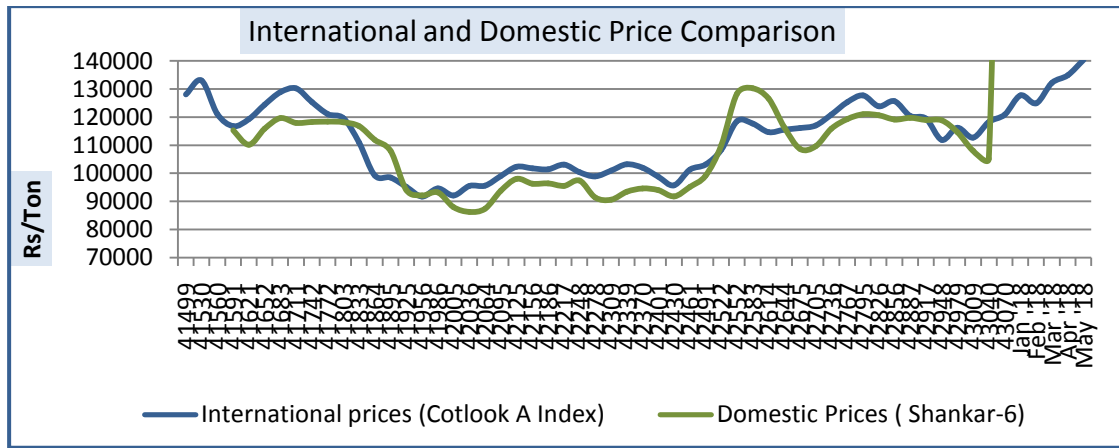


### Cotton Future Prices at IC

### Cotton Future Prices

Contracts	21-June-18	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
01-Jul-18	83.21	90.72	86.55	68.93	-8.28	-3.86	20.72
01-Oct-18	85.30	91.28	83.82		-6.59	1.77	
01-Dec-18	84.29	89.85	82.43		-6.09	2.26	
01-Mar-19	83.96	89.76	82.24		-6.46	2.09	
01-May-19	83.93	89.71	82.57		-6.44	1.65	
01-Jul-19	83.99	89.60	82.75		-6.25	1.50	

### International and Domestic Price Comparison



### Domestic Cotton Prices and Arrivals at Key Centers

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	15th June to 21st June 2018	8th June to 14th June 2018	
Gujarat	Ahmedabad	Shankar-6	6175	6129	46
	Gondal	Shankar-6	6310	6187	123
	Rajkot	B.T. Cotton	6354	6291	63
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	5500	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5768	5733	35
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5860	5858	2
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5778	5727	52
	Fatehabad	B.T. Cotton	5816	5888	-72
	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	4320	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	6167	6022	145
	Hubli	D.C.H.	NA	3250	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5638	5557	81
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	15th June to 21st June 2018	8th June to 14th June 2018	
Punjab	Bhatinda	J-34	4765	4791	-26
	Abohar	J-34	4768	4793	-25
	Mansa	J-34	4755	4760	-5
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4754	4773	-19
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	21-Jun-18	14-Jun-18	22-May-18	21-Jun-17
Gujarat	Ahmedabad	Shankar-6	6000	6250	5600	4775
	Gondal	Shankar-6	6255	6330	5195	5420
	Rajkot	B.T. Cotton	6285	6460	5485	5575
	Patan	B.T. Cotton	NA	NA	5265	NA
	Kadi	B.T. Cotton	NA	NA	5150	5300
	Deesa	B.T. Cotton	NA	NA	NA	NA
	Dhrol	B.T. Cotton	NR	5650	4890	5235
Punjab	Fazilika	B.T. Cotton	NR	NR	NR	NR
	Muktsar	B.T. Cotton	NR	NR	NR	NR
Haryana	Bhiwani	B.T. Cotton	5750	5900	5250	5550



	Bhiwani	Desi	NA	NA	NA	NA
	Adampur	B.T. Cotton	NR	5830	5080	NA
	Fatehabad	B.T. Cotton	5750	5960	5080	NA
	Jind	B.T. Cotton	NA	NA	NA	NA
	Uchana	B.T. Cotton	NA	NA	NA	NA
	Dabwali	B.T. Cotton	NA	NA	NA	NA
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	NA	NA
	Rawatsar	B.T. Cotton	NA	NA	NA	NA
Madhya Pradesh	Khandwa	Mech-1	NA	NA	NA	NA
	Khargaon	Mech-1	NA	NA	NA	NA
Maharashtra	Amravati	Mech-1	NA	NA	5300	NA
	Jamner	Medium Staple	NR	NA	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	NA	NA
	Hathras	Desi	NA	NA	NA	NA
Telangana	Adilabad	Un-Ginned	4320	4320	4600	4900
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	NA	NA
	Kurnool	Un-Ginned	NA	NA	NA	NA
	Krishna	Un-Ginned	NA	NA	NA	NA
	East Godavari	Un-Ginned	NA	NA	NA	4160
Karnataka	Bijapur	Bunny	NR	6121	5455	5709
	Hubli	D.C.H.	NR	NR	NR	NR
	Hubli	B.T. Cotton	NR	NR	NR	NR
	Raichur	H-44 Cotton	NR	5680	5300	5450
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	21-Jun-18	14-Jun-18	22-May-18	21-Jun-17
Punjab	Bhatinda	J-34	4730	4860	4460	4650
	Abohar	J-34	4730	4860	4460	4650
	Mansa	J-34	4700	4850	4450	NA
	Muktsar	J-34	NR	NR	NR	NR
	Fazilika	J-34	NR	NR	NR	NR
Haryana	Sirsa	J-34	4720	4850	4440	4550
Rajasthan	Sri-Ganganagar	J-34	NA	NA	NA	NA

#### Cotton Arrivals in Key Centers:

Commodity	Kapas	Weekly Sum Arrivals (Quintal)	Change
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State	Centre	Variety	15thJune to 21stJune 2018	8thJune to 14thJune 2018	
Gujarat	Ahmedabad	Shankar-6	29410	61200	-31790
	Gondal	Shankar-6	1535	1547	-12
	Rajkot	B.T. Cotton	3747	4017	-270
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	19000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	73	89	-16
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1450	1600	-150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1063	1448	-386
	Fatehabad	B.T. Cotton	950	870	80
	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	4892	6224	-1332
	Hubli	D.C.H.	NA	6	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1048	794	254
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	15thJune to 21stJune 2018	8thJune to 14thJune 2018	



<b>Punjab</b>	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	408	680	-272
<b>Haryana</b>	Sirsa	J-34	476	510	-34
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				14thJune to 20thJune 2018	7thJune to 13thJune 2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44917	43483	1433
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45417	43983	1433
J-34(202)	26mm	3.5 - 4.9	23	45533	45333	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42850	42400	450
Shankar-6(105)	29mm	3.5 - 4.9	28	46850	45967	883
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47617	46750	867
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48583	47600	983
DCH-32(107)	34mm	3.0 - 3.8	33	59700	58867	833

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