

## Domestic market summary

**Domestic market Scenario:** Cotton spot markets mostly noticed weak during the week. Average price of Lint at Sirsa during the week was Rs. 4791 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4773. Cotton fiber (Shankar-6) prices noticed firm tone this week Average price was Rs46966 per candy (of 355.6 kg each) during the week, which was Rs 46766 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:**

- Sowing of Cotton has been completed 0.46 lakh hectares in Andhra Pradesh till June 27. Last year the crop was sown in 1.45 Lakh hectares in the same time frame. Lull period post monsoon arrival didn't help in providing enough moisture to hasten the sowing. In Southern peninsular India the sowing window extends up to September depending on the rainfall. Any delay in sufficient rain also delays the sowing campaign of cotton.
- According to trade sources, at the moment mills in Gujarat are running with very low stock of cotton and few mills are running hands to mouth. Only few mills have 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 today 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 in 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 export and import deficit was 27.27 lakh bales, but this year export expected is 70.00 lakh bales and import is 15.00 lakh bales so this year deficit will be doubled at 55.00 lakh bales. So for Indian mills the availability of 55.00 lakh bales will be less this year and this is the reason for Indian market to go up 40000 to 48000/candy.
- 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.
- 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.



### 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
Ending Stocks	30.00	24.00	97.06	163.23	109.84	43.71

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.

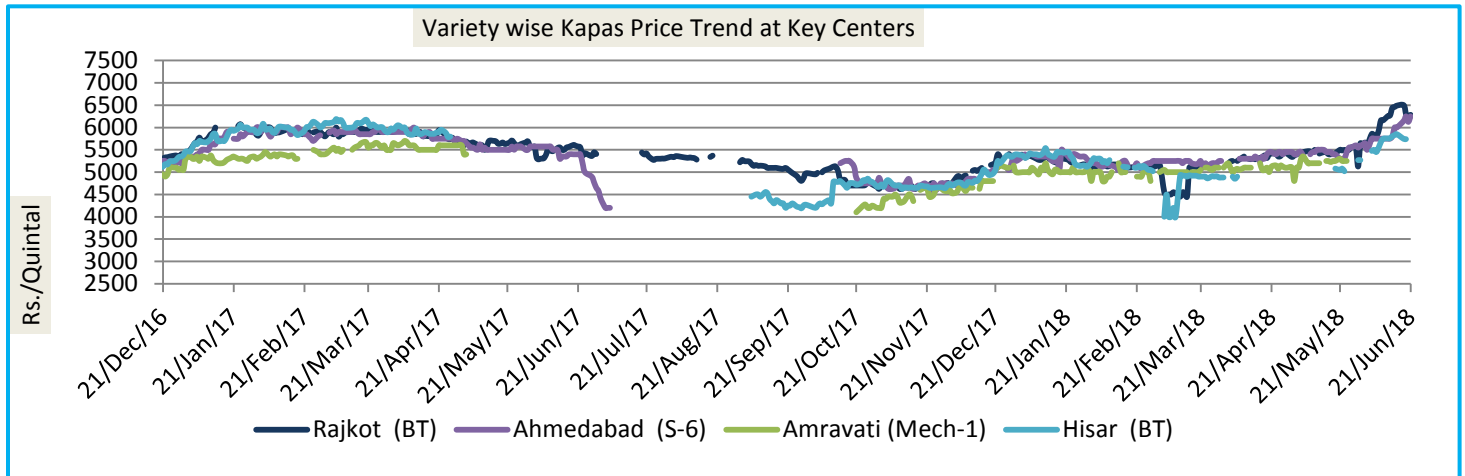
Ending stocks are expected to be around 24 lakh bales, it is lower compared to the ending stocks of previous season.



## Domestic Cotton Prices Scenario

### Domestic Cotton Prices Scenari

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

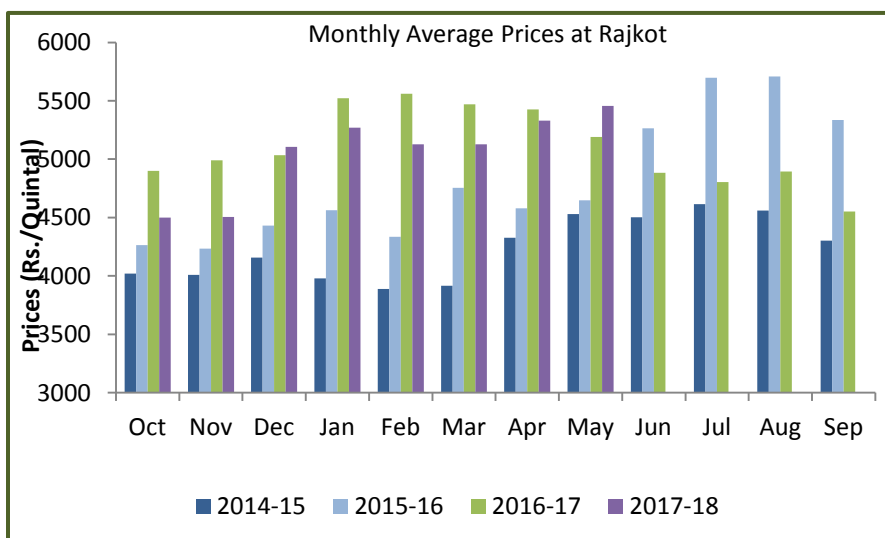


**Weekly Price Review:** Weekly kapas average price at Rajkot rose from Rs 6710/quintal this week.

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



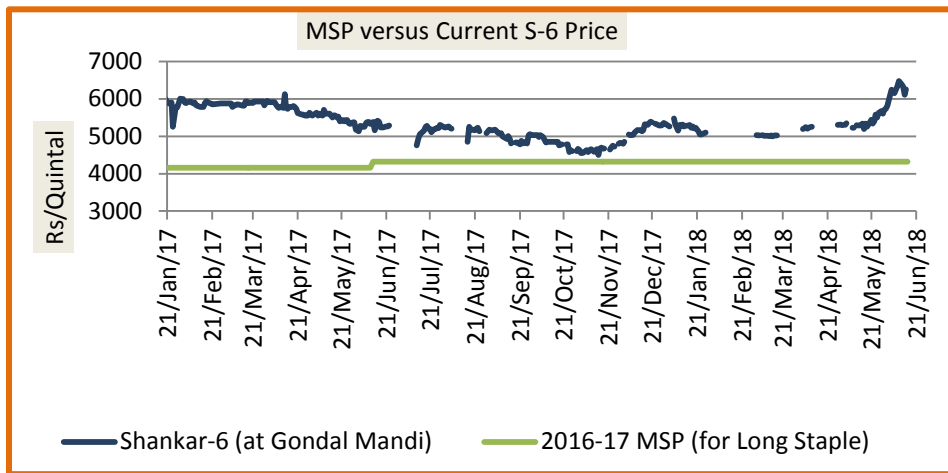
Kapas(seed cotton) prices in country noticed firm tone during the May month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

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.



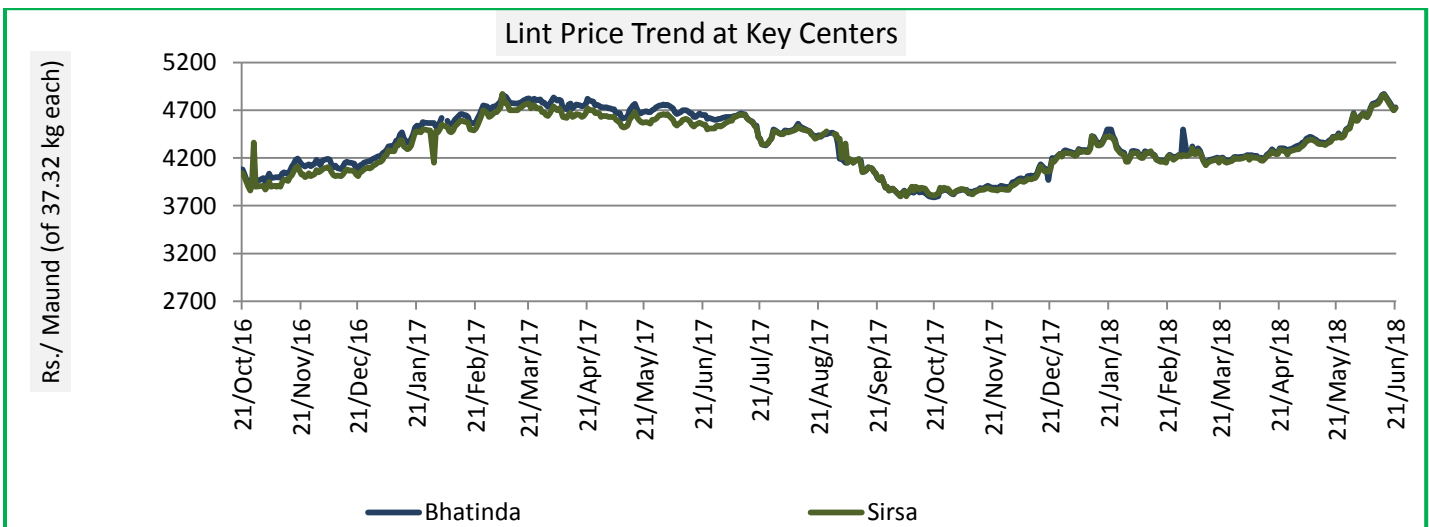
## Spot Price versus MSP



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 2000 compared to Rs 1990 a week earlier. This indicates prices are increasing.

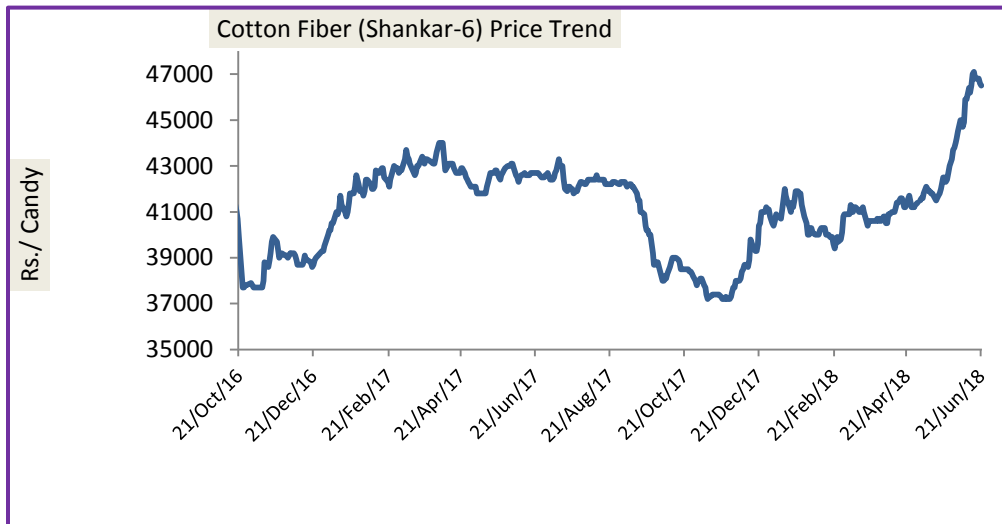
## Lint price Outlook

Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4791 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4754 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 46966 per candy, which was Rs. 46766 previous week and around Rs 47212 per candy during the corresponding week

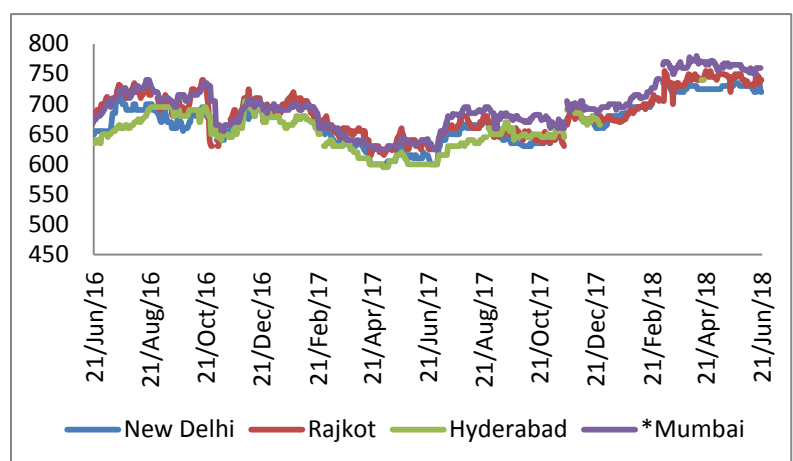
previous season. We expect cotton fiber to remain in range of Rs 40000 -47000per candy in the coming week candy.

## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed firm tone during the week. Weekly average price in New Delhi is Rs 726 per 10 Kg, lower compared to the weekly average price of Rs 723 per 10 Kg in previous week.

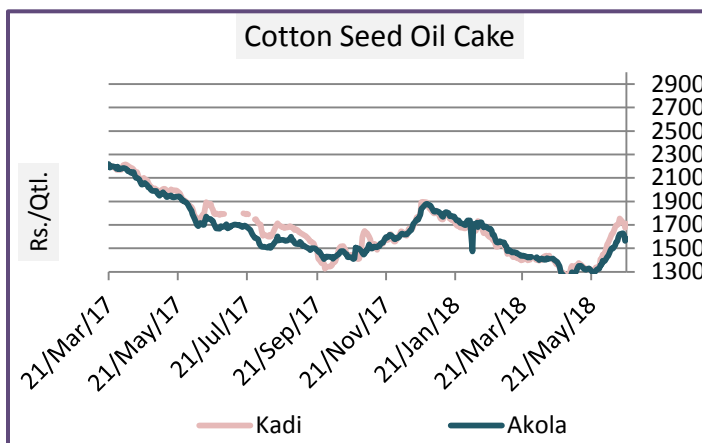
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	28-Jun-18	21-Jun-18	
New Delhi	726	723	0.41
Rajkot	746	742	0.54
Hyderabad	NA	NA	
Mumbai*	758	760	-0.26





### Cotton Seed Oil Cake weekly Price Scenario

Cotton seed oil cake price noticed weak tone during this week. Weekly average price in Akola remained Rs 1577 per quintal, higher compared to the weekly average price of Rs 1601 per quintal in the previous week.



Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	28-Jun-18	21-Jun-18	
Kadi	1674	1714	-2.33
Akola	1577	1601	-1.50

\*Source: NCDEX

### International Market Scenario

International cotton prices remained weak during the week. Cotlook A index weekly average stood 94.18 at cents/pound this week, which was 96.73 cents/pound during last week

#### Major Market Highlights:

The most active cotton contract on ICE Futures U.S., the third-month December contract, settled up 1.01 cent, or 1.2 percent, at 85.3 cents per lb. It traded within a range of 84.2 and 85.62 cents a lb.

Actual turnover of china reserve cotton was 17,300 tonnes. Turnover rate was 57.62% as on June 27.

Due to acute water shortage, Sindh falls short of completing the cotton sowing target by at least 30 percent of its land experts and growers told to the news today.

Chin is set to return as a major cotton importer, taking 10 million to 15 million bales a year by 2019/20, compared with 5 million bales this year. According to Tim Bourgois, Head of cotton platform at LDC.

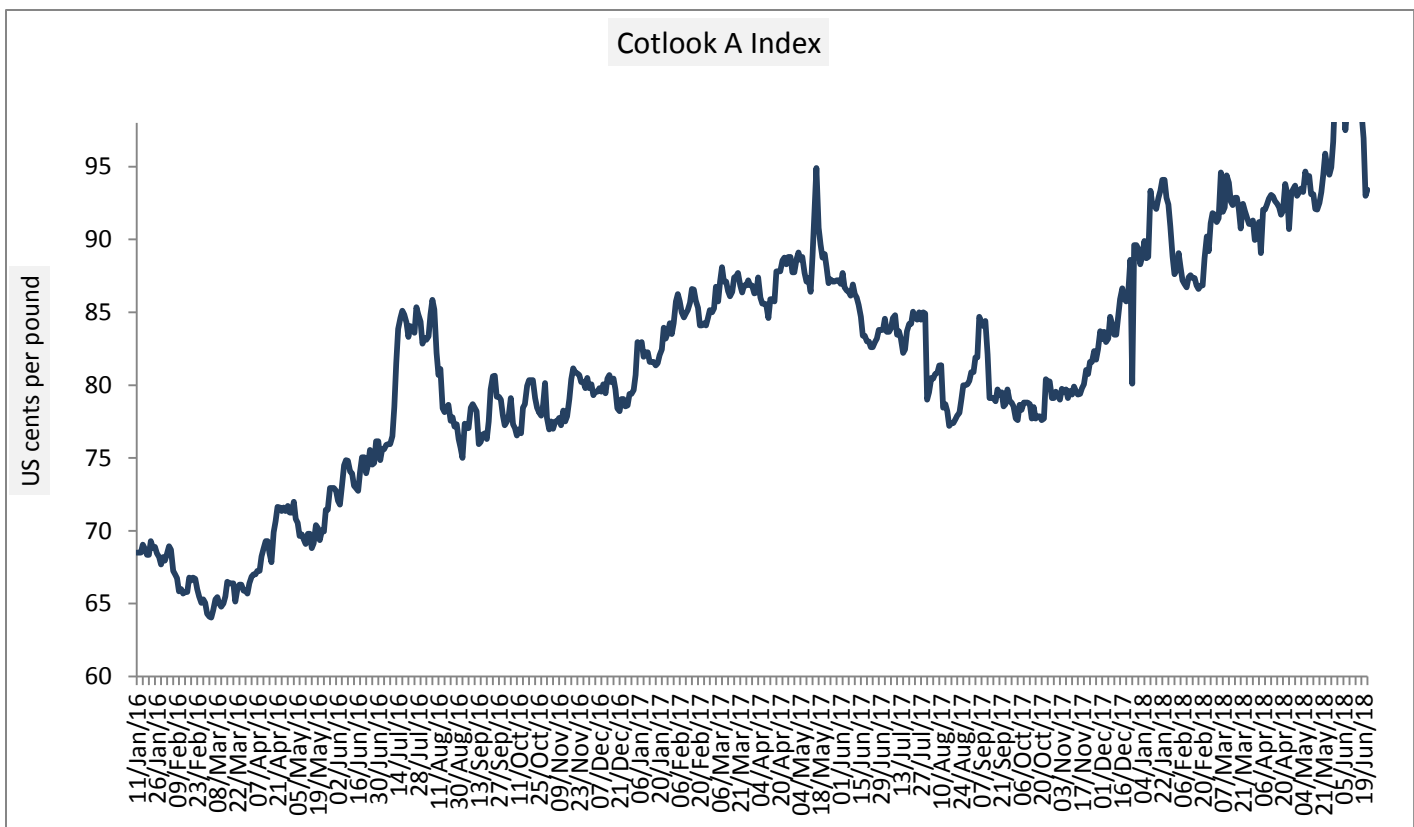
In Pakistan raw cotton exports from the country during 11 months of current financial year grew by 32.66 percent as against the exports of the corresponding period of last year. According the latest data released by the Pakistan Bureau of Statistics, during the period from July-May, 2017-18, country exported about 34,969 metric tons of raw cotton as compared the exports of 25,349 metric tons last year.



## Cotlook A Index

Cotlook A index remained weak during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	28-Jun-18	21-Jun-18	
Prices	94.18	96.73	-2.64
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

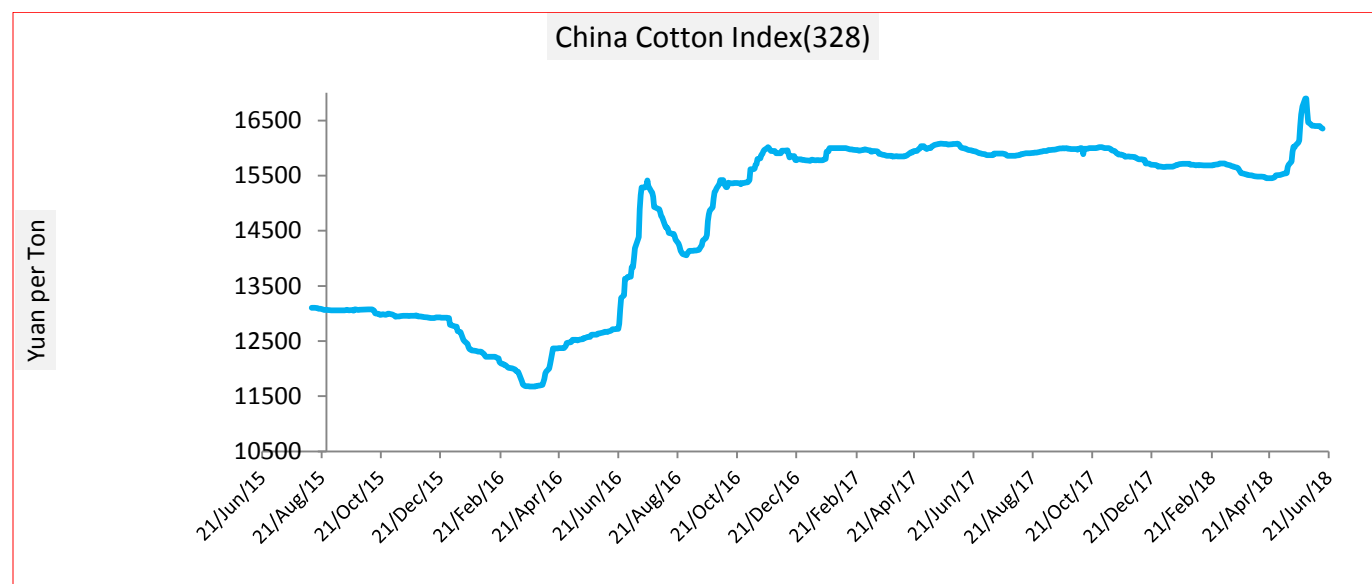


US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Monthly Average Price as on		% Change
	28-Jun-18	21-Jun-18	
FC (S)	99.36	102.85	-3.39
FC (M)	96.33	99.86	-3.53
FC (L)	94.85	98.59	-3.79
Prices in US cents per Pound			

China Index remained weak during the Week. CC Index (328) remained 16338 Yuan per ton during the week. Average was 16389 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	28-Jun-18	21-Jun-18	
CCIndex(328)	16338	16389	-0.31
CCIndex(527)	15141	15164	-0.15
CCIndex(229)	16950	16980	-0.18
Prices in Yuan per ton			



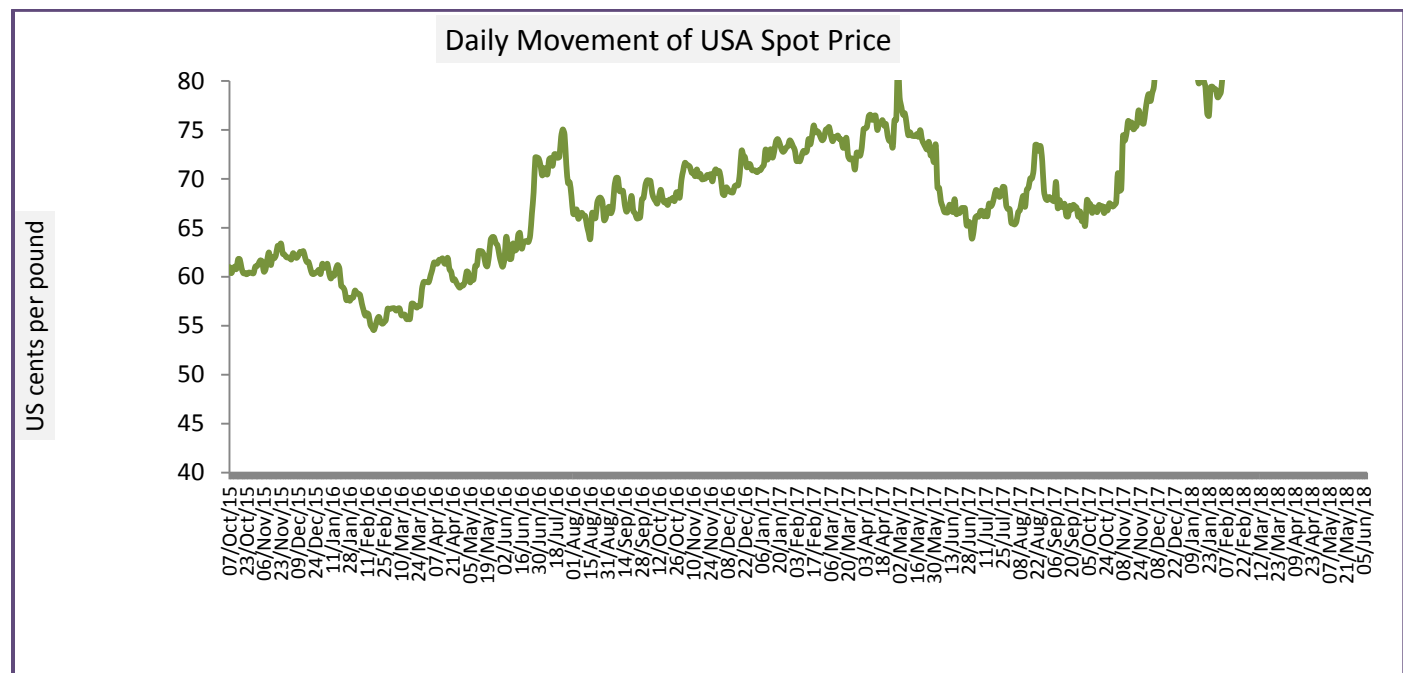




### USA Spot Prices

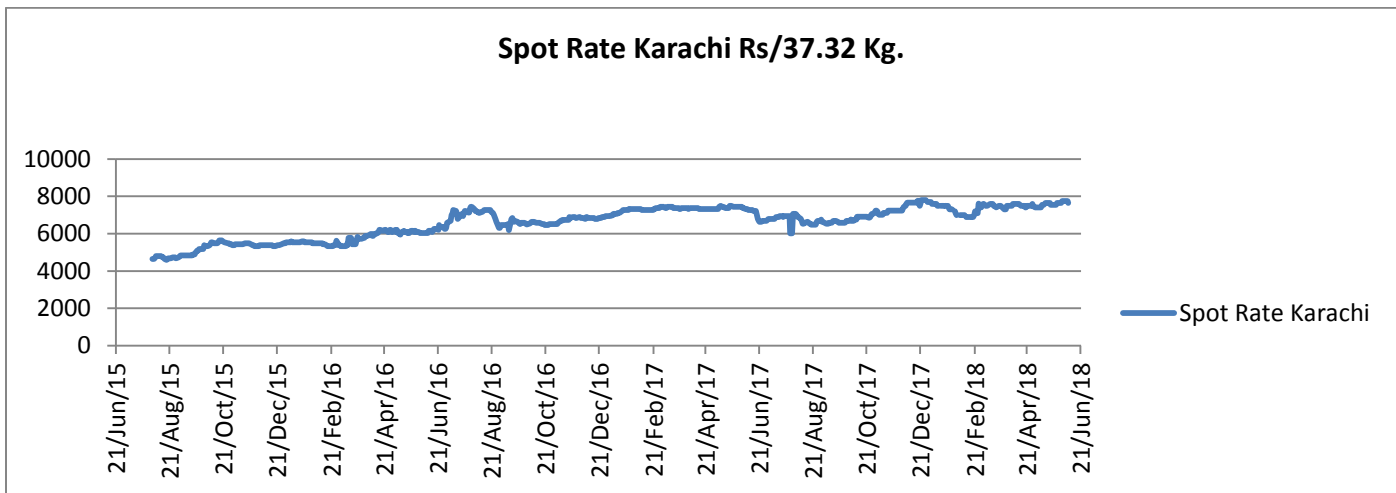
As per the United States Department of Agriculture (USDA) estimates, India has surpassed China's cotton production to become the largest cotton producing country with 365 lakh bales of production. India is followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil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

USA Spot Prices	Monthly Average Price as on		% Change
	28-Jun-18	21-Jun-18	
Prices	89.32	88.07	1.42
Prices in US cents per Pound			



### Pakistan Spot Prices

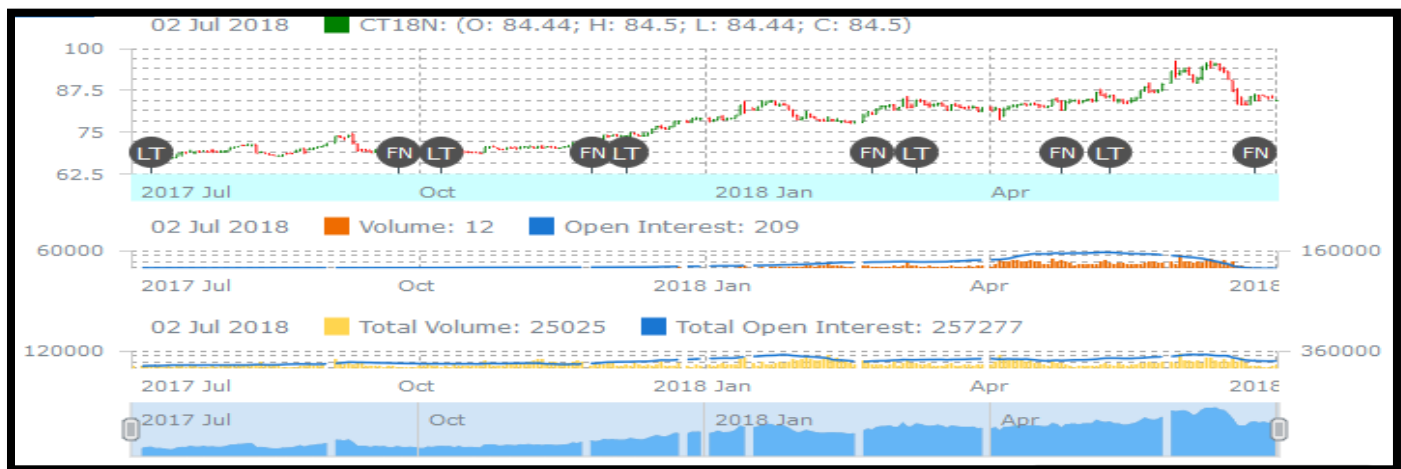
Annual growth output of Cotton in Pakistan has increased to 12.3 per cent amid higher arrivals of seed cotton during the period October 01-15, 2017. Pakistan has harvested 8.134 million bales of cotton up to October 31, 2017 according to data released by the Pakistan Cotton Ginners Association. Seed 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
	28-Jun-18	21-Jun-18	
Prices	7745	7711	0.44
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
80.00	70.00	110.00	100.00

Figures in US cents/pound

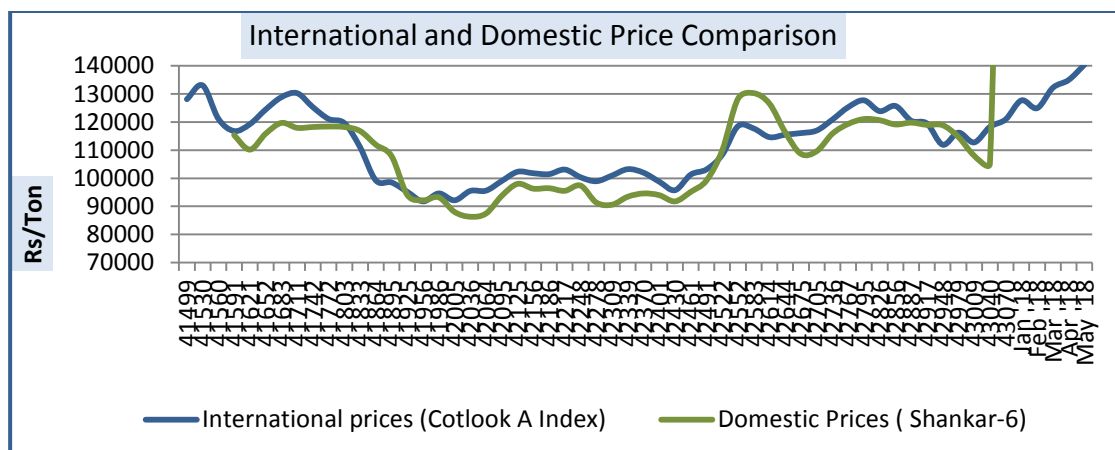
### Cotton Future Prices at IC

#### Cotton Future Prices

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	23_May_2018	23_April_2018 (1 month ago)	23_feb_2018 (3 month ago)	23_Oct_2017 (6 month ago)	23_May_2017 (Year Ago)	% Change over a month	% Change over previous year
<b>May-18</b>	86.96	84.12	82.07	68.49	72.63	3.4%	20%
<b>Jul-18</b>	85.21	81.16	78.04	67.37		5.0%	
<b>Oct-18</b>	84.05	79.35	76.60	67.76		5.9%	
<b>Dec-18</b>	83.63	79.21	76.80			5.6%	
<b>Mar-19</b>	83.84	79.14				5.9%	
<b>May-19</b>	84.04						



## 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	22thJune to 28thJune 2018	15thJune to 21stJune 2018	
Gujarat	Ahmedabad	Shankar-6	6075	6175	-100
	Gondal	Shankar-6	6109	6310	-201
	Rajkot	B.T. Cotton	6170	6354	-184
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5705	5768	-63
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5700	5860	-160
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5643	5778	-135
	Fatehabad	B.T. Cotton	5864	5816	48
	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	4302	4320	-18
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	6248	6167	81
	Hubli	D.C.H.	5000	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5703	5638	66
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	22thJune to 28thJune 2018	15thJune to 21stJune 2018	
Punjab	Bhatinda	J-34	4800	4765	35
	Abohar	J-34	4806	4768	38
	Mansa	J-34	4792	4755	37
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4790	4754	36
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	28-Jun-18	21-Jun-18	29-May-18	28-Jun-17
Gujarat	Ahmedabad	Shankar-6	6125	6000	5750	4200
	Gondal	Shankar-6	6125	6255	5400	5265
	Rajkot	B.T. Cotton	6170	6285	5125	5445
	Patan	B.T. Cotton	NA	NA	NA	NA
	Kadi	B.T. Cotton	NA	NA	5255	NA
	Deesa	B.T. Cotton	NA	NA	NA	NA
	Dhrol	B.T. Cotton	5800	5860	5295	4785
Punjab	Fazilika	B.T. Cotton	NR	NR	NR	NR



	Muktsar	B.T. Cotton	NR	NR	NR	NR
Haryana	Bhiwani	B.T. Cotton	5850	5750	5250	5500
	Bhiwani	Desi	NA	NA	NA	NA
	Adampur	B.T. Cotton	NR	5660	5270	NA
	Fatehabad	B.T. Cotton	5850	5750	5360	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	NA	NA
	Jamner	Medium Staple	NR	NR	NR	NR
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	NA	NA
	Hathras	Desi	NA	NA	NA	NA
Telangana	Adilabad	Un-Ginned	4230	4320	4320	4950
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	6219	5798	5670
	Hubli	D.C.H.	NR	NR	NR	NR
	Hubli	B.T. Cotton	NR	NR	NR	NR
	Raichur	H-44 Cotton	NR	5600	5300	5450
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	28-Jun-18	21-Jun-18	29-May-18	28-Jun-17
Punjab	Bhatinda	J-34	4815	4730	4600	4600
	Abohar	J-34	4830	4730	4580	4600
	Mansa	J-34	4825	4700	4600	NA
	Muktsar	J-34	NR	NR	NR	NR
	Fazilika	J-34	NR	NR	NR	NR
Haryana	Sirsa	J-34	4800	4720	4580	4535
Rajasthan	Sri-Ganganagar	J-34	NA	NA	NA	NA

#### Cotton Arrivals in Key Centers:



Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	22thJune to 28thJune 2018	15thJune to 21stJune 2018	
Gujarat	Ahmedabad	Shankar-6	25500	29410	-3910
	Gondal	Shankar-6	1022	1535	-513
	Rajkot	B.T. Cotton	1989	3747	-1758
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	48	73	-25
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	500	1450	-950
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	916	1063	-146
	Fatehabad	B.T. Cotton	850	950	-100
	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	4132	4892	-760
	Hubli	D.C.H.	5	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	869	1048	-179
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change



State	Centre	Variety	22thJune to 28thJune 2018	15thJune to 21stJune 2018	
Punjab	Bhatinda	J-34	544	850	-306
	Abohar	J-34	NA	NA	-
	Mansa	J-34	170	408	-238
Haryana	Sirsa	J-34	459	476	-17
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				21stJune to 27thJune 2018	14thJune to 20thJune 2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44917	-117
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45300	45417	-117
J-34(202)	26mm	3.5 - 4.9	23	45617	45533	83
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	43450	42850	600
Shankar-6(105)	29mm	3.5 – 4.9	28	46883	46850	33
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47767	47617	150
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48633	48583	50
DCH-32(107)	34mm	3.0 - 3.8	33	59933	59700	233

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