

## 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 Rs 46850 per candy (of 355.6 kg each) during the week, which was Rs 46966 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 5500-6700per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

### **Major Market Highlights:**

- The total cotton sown area as on 06<sup>th</sup> July 2018, as per reports received from States, stands at 54.60 lakh hectare as compared to 71.82 lakh hectare at this time last year.
- Agriculture Ministry Raised Cotton MSP by Rs 1130/ quintal for 2018-19 season for long staple it is Rs 5450/Qtl and Rs 5150 for Medium staple cotton. 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 white fibre will go up in the next cotton year. Cotton acreage is bound to go up by 10-15 per cent in the next season, an industry source opined.
- 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 kgs. 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.

### **Domestic Cotton Balance sheet**

<b>Supply</b>	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>	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.

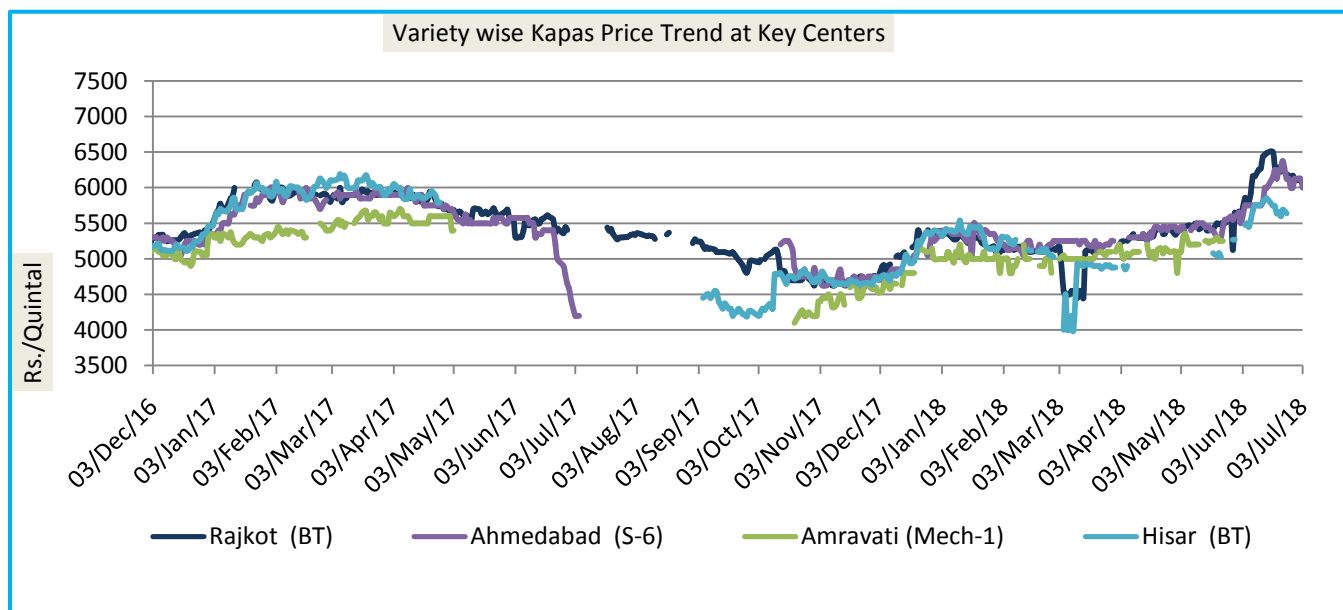
Cotton exports are expected to remain higher as that of previous year. It is expected that country would export around 70 lakh bales of cotton in the season 2017-18.

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



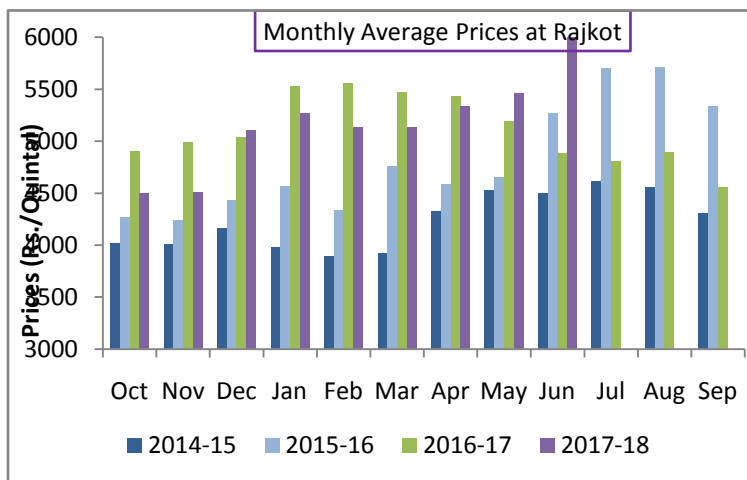
**Weekly Price Review:** Weekly kapas average price at Rajkot rose from Rs 6116/quintal this week.



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

**Weekly 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 week.

### Kapas Monthly Y-o-Y Price Scenario

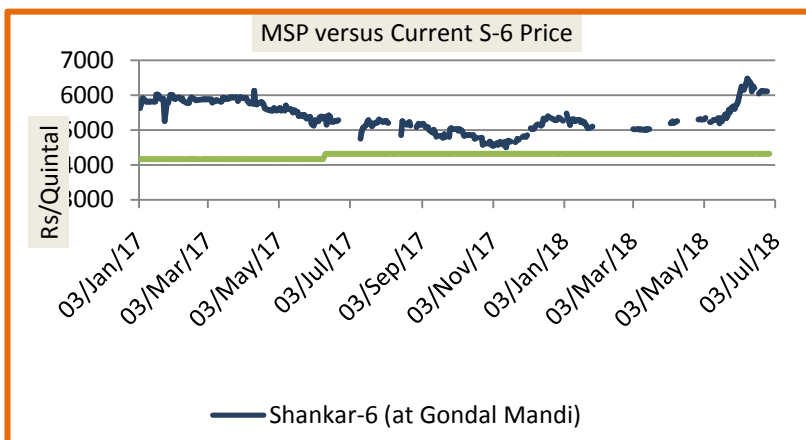


Kapas(seed cotton) prices in country noticed firm tone during the June month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.6136 per quintal during May, which was Rs. 5445 during previous month and Rs. 4882 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 July month is likely to be Rs 5500-6500 per quintal.

### Spot Price versus MSP

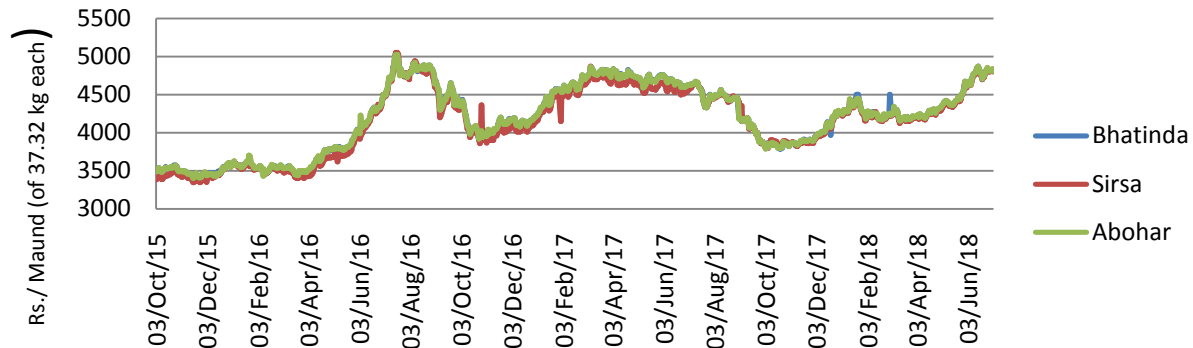


The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs 1790 compared to Rs 1620 a week earlier. This indicates prices are increasing.

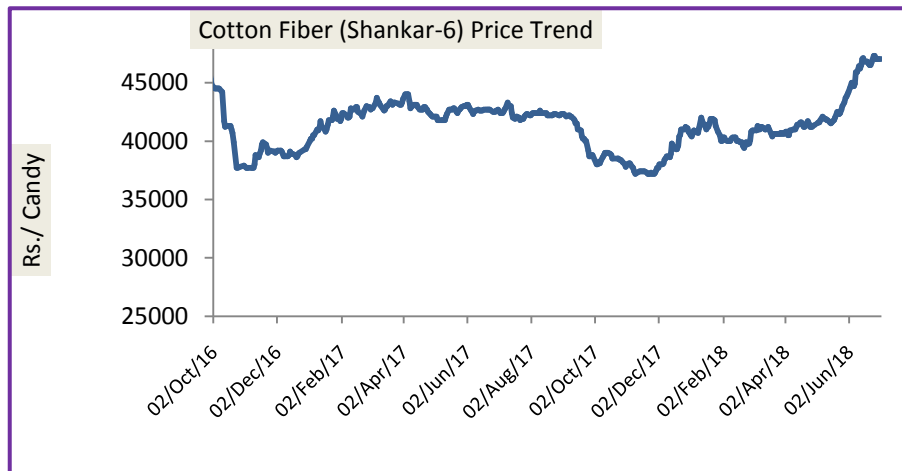
### Lint price Outlook

Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4804 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4791 per maund.

### Lint Price Trend at Key Centers



### Cotton Fiber price Outlook



Cotton fiber noticed down 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 46850 per candy, which was Rs. 46966 previous week and around Rs 42516 per candy during the corresponding week previous season. We expect cotton fiber to remain in range of

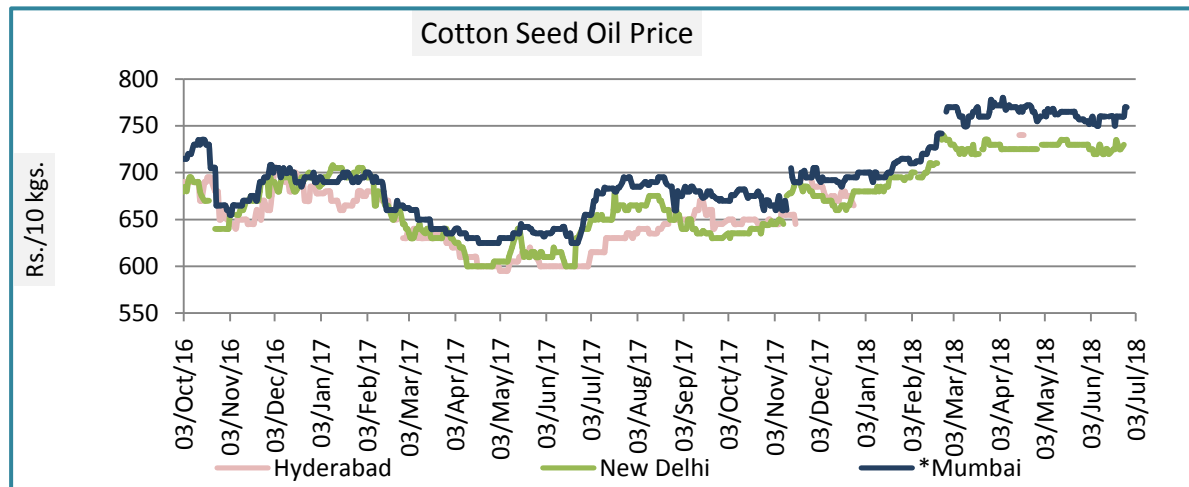
Rs 40000 -47000per candy in the coming week candy.

### 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 727 per 10 Kg, lower compared to the weekly average price of Rs 726 per 10 Kg in previous week.

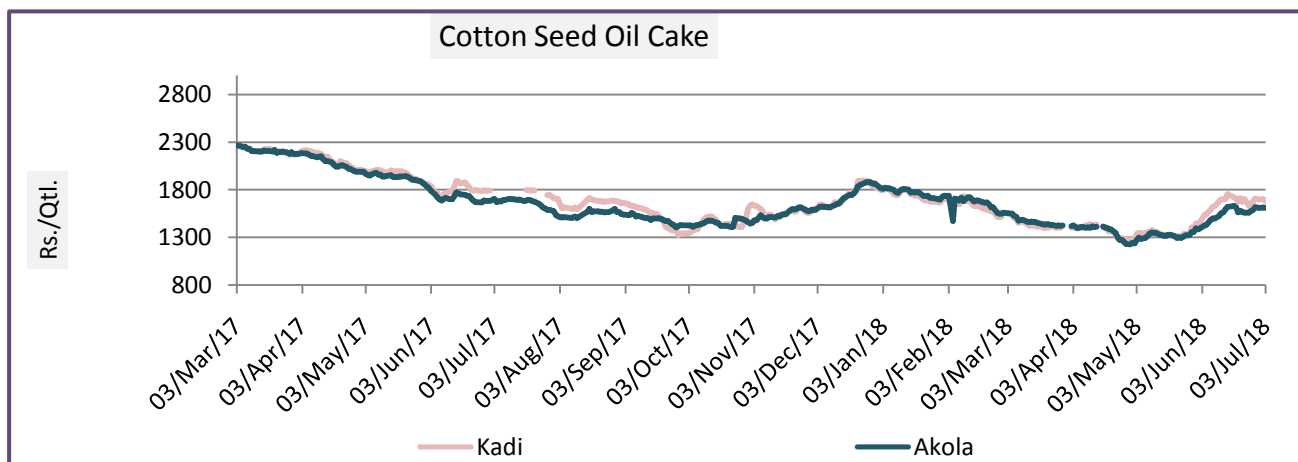
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	05-Jul-18	28-Jun-18	
New Delhi	727	726	0.14
Rajkot	753	746	0.94
Hyderabad	NA	NA	-
Mumbai*	766	758	1.06



### Cotton Seed Oil Cake weekly Price Scenario

Cotton seed oil cake price noticed firm tone during this week. Weekly average price in Akola remained Rs 1610 per quintal, higher compared to the weekly average price of Rs 1577 per quintal in the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	05-Jul-18	28-Jun-18	
Kadi	1690	1674	0.96
Akola	1610	1577	2.09
*Source: NCDEX			





## International Market Scenario

International cotton prices remained slightly weak during the week. Cotlook A index weekly average stood 93.17 at cents/pound this week, which was 94.18 cents/pound during last week

### **Major Market Highlights:**

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.

President Donald Trump said on last week the United States may ultimately impose tariffs on more than a half-trillion dollars worth of Chinese goods as the worlds two largest economies hurtled toward the start of a trade war

Egypt's cotton exports are expected to reach about 52,000 tonnes in the 2017/2018 season that ends in August, up nearly 37 percent from the previous year, Nabil al-Santaricy, head of the Alexandria Cotton Exporters Association, told Reuters.

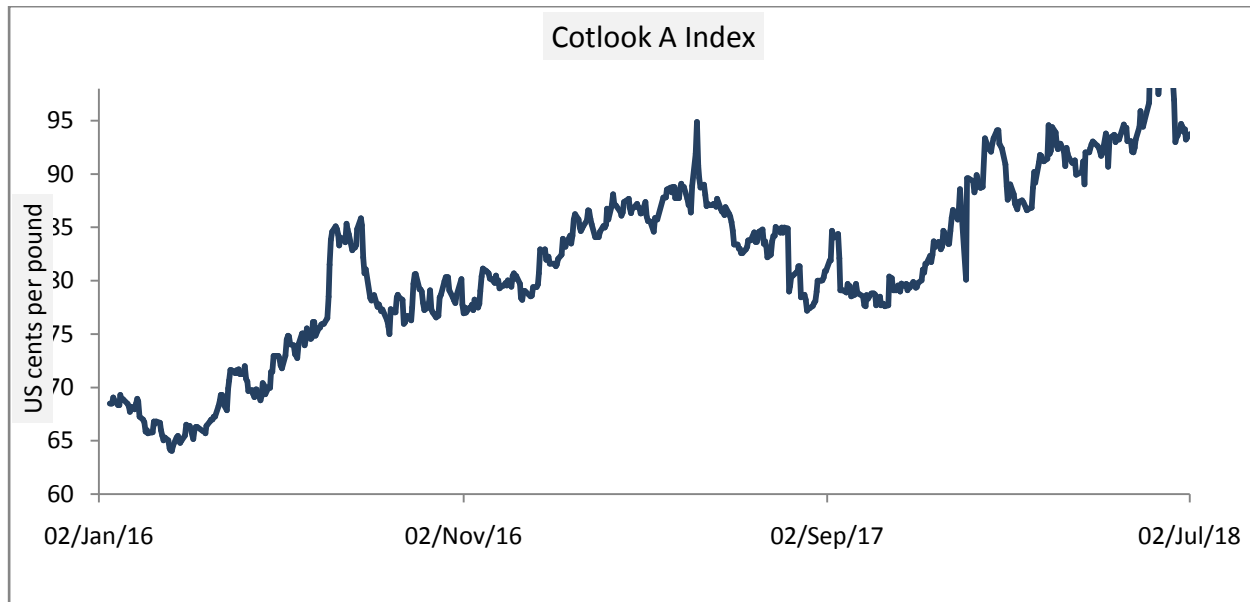
US Area planted to cotton in 2018 is estimated at 13.5 million acres, up 7 percent from last year. Upland area is estimated at 13.3 million acres, up 7 percent from 2017. American Pima is estimated at 243,000 acres, down 4 percent from 2017. The upland planted area in Kansas is estimated at a record high and Oklahoma upland planted area is the highest since 1956.

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.

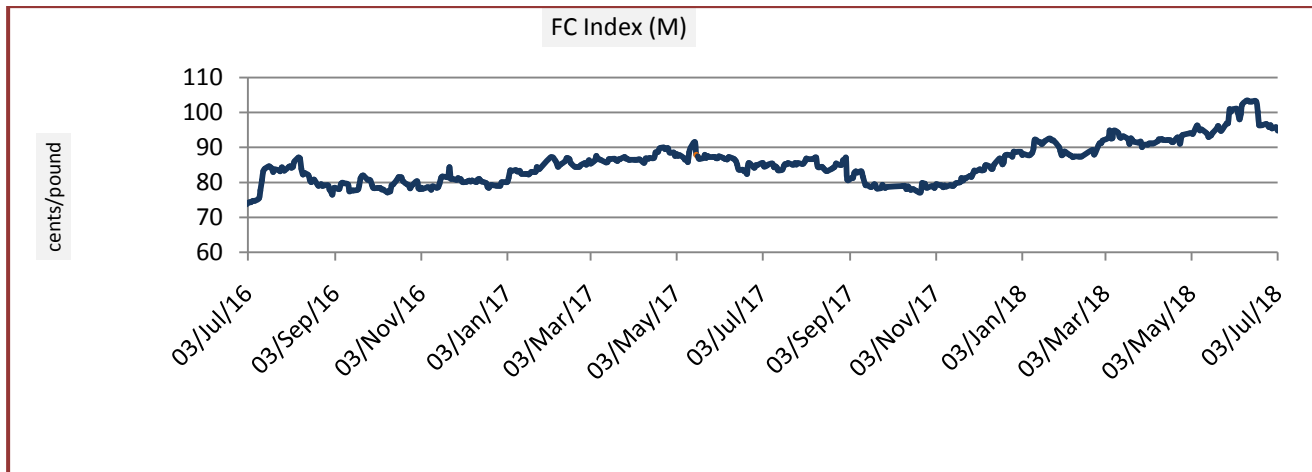
Cotlook A Index	Weekly Average Price as on		% Change
	05-Jul-18	28-Jun-18	
Prices	93.17	94.18	-1.07
Prices in US cents per Pound			



### 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
	05-Jul-18	28-Jun-18	
FC (S)	97.99	99.36	-1.38
FC (M)	95.16	96.33	-1.21
FC (L)	93.35	94.85	-1.58
Prices in US cents per Pound			



China Index remained weak during the Week. CC Index (328) remained 16304 Yuan per ton during the week. Average was 16338 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	05-Jul-18	28-Jun-18	
CCIndex(328)	16304	16338	-0.21
CCIndex(527)	15121	15141	-0.13
CCIndex(229)	16923	16950	-0.16
Prices in Yuan per ton			



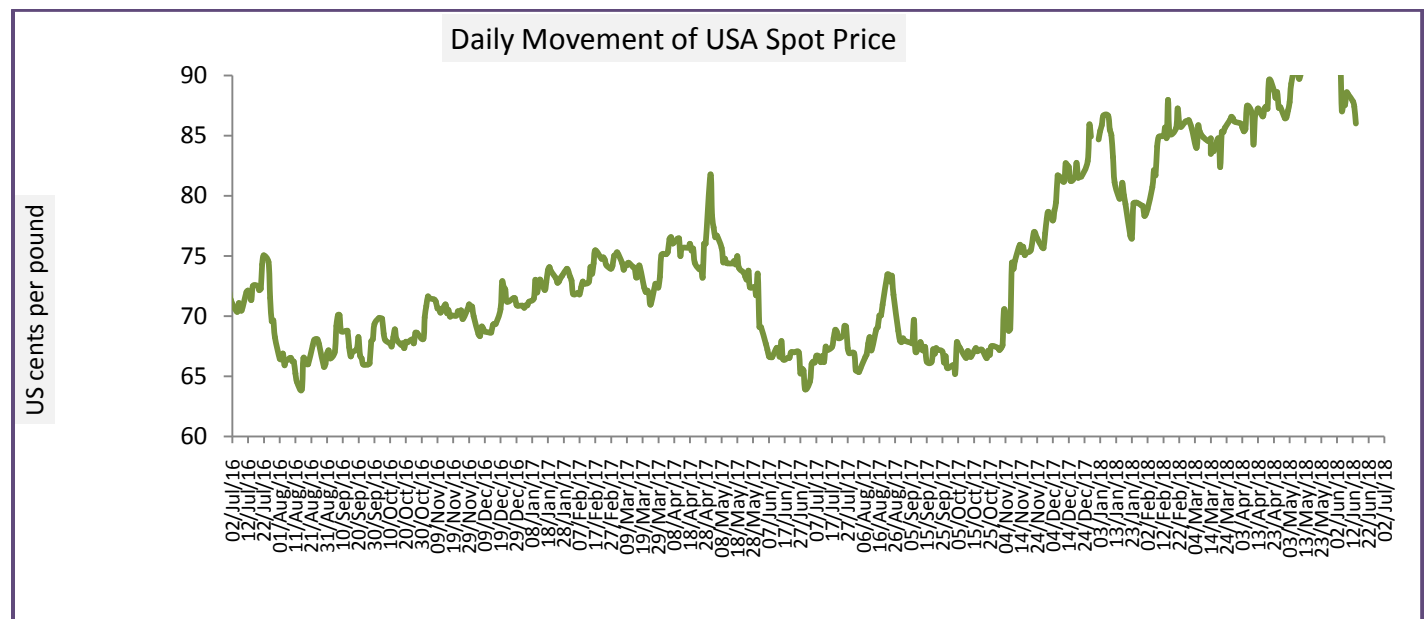




### USA Spot Prices

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
	05-Jul-18	28-Jun-18	
Prices	86.5	89.32	-3.16
Prices in US cents per Pound			



### Pakistan Spot Prices

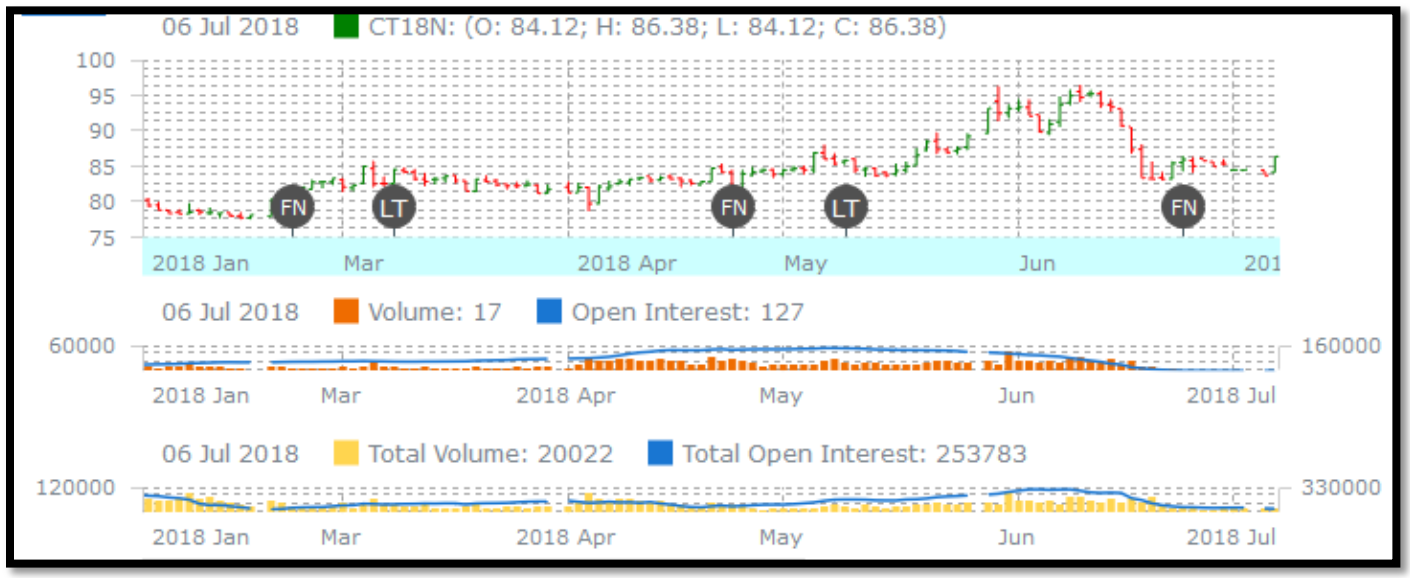
In Pakistan raw cotton exports from the country during 11 months of current financial year grew by 32.66 percent as against the exports of the corresponding period of last year. According the latest data released by the Pakistan Bureau of Statistics, during the period from July-May, 2017-18, country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

Karachi Spot Prices	Monthly Average Price as on		% Change
	05-Jul-18	28-Jun-18	
Prices	7895	7745	1.94
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
82.00	78.00	110.00	100.00

Figures in US cents/pound

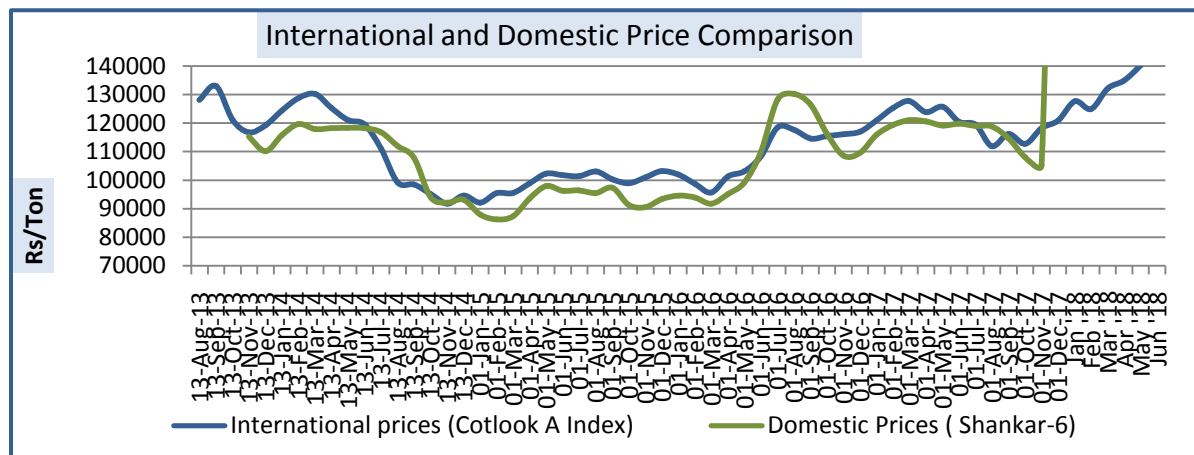


## Cotton Future Prices at IC

### Cotton Future Prices

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	04_July_2018	04_June_2018 (1 month ago)	04_Apr_2018 (3 month ago)	04_Jan_2017 (6 month ago)	04_Jul_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Jul-18	84.54	92.1	79.72	79.69	68.18	-8.21	24.00
01-Oct-18	83.8	91.74	78.16	75.83		-8.65	
01-Dec-18	82.81	90.94	76.82	74.74		-8.94	
01-Mar-19	82.48	90.69	77.27	74.93		-9.05	
01-May-19	82.62	90.61	77.6			-8.82	
01-Jul-19	82.75	90.5				-8.56	

### 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	29thJune to 5thJuly 2018	22thJune to 28thJune 2018	
Gujarat	Ahmedabad	Shankar-6	6075	6075	Unch
	Gondal	Shankar-6	6074	6109	-35
	Rajkot	B.T. Cotton	6103	6170	-67
	Patan	B.T. Cotton	NA	NA	-



	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5605	5705	-100
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5900	5700	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	5643	-
	Fatehabad	B.T. Cotton	5814	5864	-50
	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	4230	4302	-72
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	6248	-81
	Hubli	D.C.H.	3800	5000	-1200
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5663	5703	-41
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	29thJune to 5thJuly 2018	22thJune to 28thJune 2018	
Punjab	Bhatinda	J-34	4811	4800	11
	Abohar	J-34	4812	4806	6
	Mansa	J-34	4793	4792	1
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4808	4790	18



Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
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**Week on Week Price: Scenario of Cotton:**

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	5-Jul-18	28-Jun-18	5-Jun-18	5-Jul-17
Gujarat	Ahmedabad	Shankar-6	6125	6125	5750	NA
	Gondal	Shankar-6	6135	6125	5705	NA
	Rajkot	B.T. Cotton	6185	6170	5820	NA
	Patan	B.T. Cotton	NA	NA	NA	NA
	Kadi	B.T. Cotton	NA	NA	5700	NA
	Deesa	B.T. Cotton	NA	NA	NA	NA
	Dhrol	B.T. Cotton	NA	5800	5360	NA
Punjab	Fazilika	B.T. Cotton	NR	NR	NR	NR
	Muktsar	B.T. Cotton	NR	NR	NR	NR
Haryana	Bhiwani	B.T. Cotton	5900	5850	5625	5400
	Bhiwani	Desi	NA	NA	NA	NA
	Adampur	B.T. Cotton	NR	NR	5500	NA
	Fatehabad	B.T. Cotton	5750	5850	5500	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	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	NA	NA
	Hathras	Desi	NA	NA	NA	NA
Telangana	Adilabad	Un-Ginned	4230	4230	4320	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	6200	6199	5859	NA
	Hubli	D.C.H.	NR	NR	NR	NR



	Hubli	B.T. Cotton	NR	NR	NR	NR
	Raichur	H-44 Cotton	5700	NR	5500	5501
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	5-Jul-18	28-Jun-18	5-Jun-18	5-Jul-17
Punjab	Bhatinda	J-34	4795	4815	4660	4630
	Abohar	J-34	4790	4830	4660	4630
	Mansa	J-34	4770	4825	4625	NA
	Muktsar	J-34	NR	NR	NR	NR
	Fazilika	J-34	NR	NR	NR	NR
Haryana	Sirsa	J-34	4785	4800	4640	4590
Rajasthan	Sri-Ganganagar	J-34	NA	NA	NA	NA

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	29thJune to 5thJuly 2018	22thJune to 28thJune 2018	
Gujarat	Ahmedabad	Shankar-6	23800	25500	-1700
	Gondal	Shankar-6	465	1022	-557
	Rajkot	B.T. Cotton	1850	1989	-139
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	32	48	-16
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1100	500	600
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	916	-
	Fatehabad	B.T. Cotton	210	850	-640
	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	3782	4132	-350
	Hubli	D.C.H.	2	5	-3
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	435	869	-434
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	29thJune to 5thJuly 2018	22thJune to 28thJune 2018	
Punjab	Bhatinda	J-34	NA	544	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	170	-
Haryana	Sirsa	J-34	85	459	-374
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				28thJune to 4thJuly 2018	21stJune to 27thJune 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	46033	45533	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43950	42850	1100
Shankar-6(105)	29mm	3.5 - 4.9	28	46900	46850	50
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48200	47617	583
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49617	48583	1033
DCH-32(107)	34mm	3.0 - 3.8	33	61333	59700	1633



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