

Price Trend	Unit	Current	Change over				
			1 Week	1 Month	3 Months	6 Months	1 Year
Kapas Shankar	Per 20 kg	1053.5	-1.4%	-1.3%	-3.3%	-9.2%	-18.5%
Cottonseed	Akola Rs/Ton	20750	-6.7%	-8.8%	-14.0%	-21.0%	-33.3%
C. S Refined oil	Mumbai Rs/Ton	69400	1.3%	5.2%	11.9%	0.0%	-4.9%
Cotton Seed Oilcake	Kadi Rs per Qtl	1657.6	-7.5%	-7.5%	-16.1%	-27.4%	-38.4%
	Akola Rs per Qtl	1521.4	-4.8%	-10.5%	-22.8%	-33.5%	-43.6%
28 mm; 3.5-4.9 mic; 27 GPT							
P/H/R		43100	0.7%	-2.0%	-3.1%	-1.1%	-7.1%
M/M/A	Candy of 356 Kg	41200	0.2%	0.5%	1.5%	-1.4%	-10.4%
Guj		41100	0.7%	0.0%	0.5%	-2.4%	-10.3%
MCX 1st month	Bale 170 kg	18490	-11.3%	-7.8%	-10.4%	-11.1%	-17.7%
Global markets							
ICE 1st month	Cents pe lb	70.16	1.8%	-4.8%	-13.0%	-8.2%	-7.5%
China ZCE Ct1 (Closed)	Yuan/tn	15015	0.9%	3.1%	-3.6%	-4.6%	6.6%

Sources: CAI, SEA, Derivative Exchanges, Reuters

EVC Research Price Outlook for Coming Week:

Kapas: Kapas prices remain under pressure as the cotton seed complex moved deeper into red with fibre being steady and despite the cotton seed oil remaining firm. As the new season approaches closer the spot prices will come down further. Despite the weather woes the crop scenario for next season remains higher than this year with demand not likely to be as higher due to lower exports potential.

Cotton Oilseed Complex: Adequate availability and limited demand has continued to keep the complex under selling pressure. Higher new crop prospects have been not lost despite floods in many cotton growing regions. Cheaper alternatives have also kept the pressure on the cotton seed complex. The oil on the other hand has remained firm due to end of the season, steady demand and firmness in other edible oils.

Cotton: Cotton bale prices have remained more or less flat despite the firmness in global prices. The acreage under cotton has been sharply higher, and the weather is less than ideal. Hence the base case scenario carried by EAR of acreage rise of around 14%, and yields being down by around 6% will still result in the crop being up by around 7% remains as it is. However weather premium will continue to be built into the prices till the crop development and eventual size becomes clear. Exports continue to emerge better than was earlier estimated and so is the imports, nullifying each other. The prices could continue to trade in a very narrow range with a slightly positive bias due to adverse weather and uncertainties surrounding it.

Cotton yarn: Cotton yarn sector continues to reel under stock and prices pressures. Monthly cotton yarn exports numbers have improved but still remains on the lower side. Traders report that the prices have collapsed in last few weeks and the demand is yet to revive. Strong currency is another negative for the trade.

Sowing update:

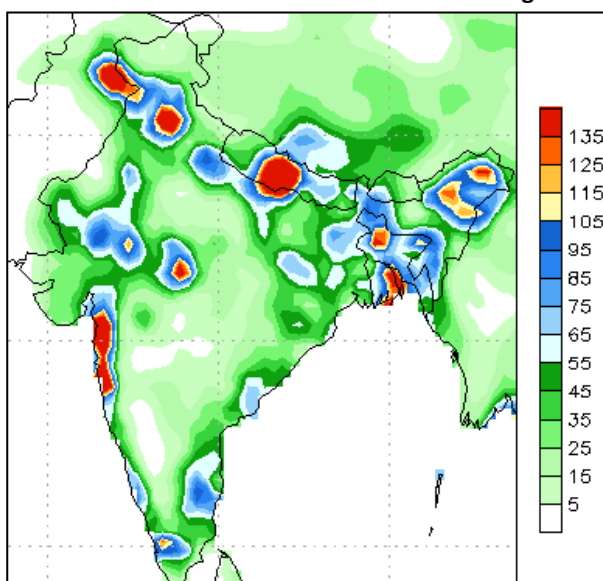
Cotton sowing progress up to 3rd Aug 17 (Lakh ha)				
State	Season Normal	2017-18	2016-17	% Devn
Maharashtra	39.80	40.12	36.78	9.1%
Gujarat	26.14	26.35	21.86	20.5%
Telangana	15.24	17.47	11.80	48.1%
Madhya Pradesh	6.20	5.57	5.24	6.3%
Haryana	5.58	6.56	4.98	31.7%
Karnataka	5.40	3.95	3.72	6.2%
Punjab	5.10	3.85	2.56	50.4%
Andhra Pradesh	4.80	4.05	3.06	32.4%
Rajasthan	4.20	5.01	3.74	34.0%
Tamil Nadu	1.30	0.05	0.03	66.7%
Others	0.00	0.29	0.17	68.2%
Total	113.76	113.27	93.94	20.6%

- Cotton sowing over the country in the ongoing season has soared to 113.27 lakh ha as compared to 93.94 lakh ha of last year, up by 20.6%.
 - In Gujarat, crop loss reported majorly in Surendranagar, Amreli and Bhavnagar and no major crop loss reported from other districts.
 - While some of the washed out area could get diverted to the sowing of Kalyan variety the others are expected to be diverted to castor seed.
 - Exact damage to the area is yet to be known

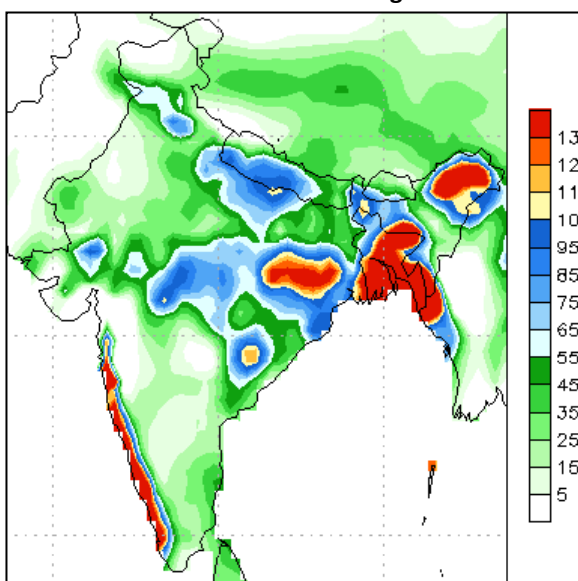


- Humid and hot weather over Maharashtra, Telangana and parts of Gujarat has increased threat of pink bollworm at early stages of crop growth.
- Persistent dry and hot weather over Marathwada, Vidarbha and Karnataka has affected crop growth and it is likely to impact yield.
- Hot and humid weather over Punjab has also favoured attack of sucking pest attack (whitefly, jassids & aphids). Higher temperatures and intermittent rainfall is likely to increase pest attack.
- Cotton crop condition over rest parts of the country is average to good.
- Crop is at vegetative to advanced vegetative stage.
- In coming week, forecast of rains in north Gujarat region will affect cotton growth; however, rains over other cotton growing regions will support crop growth

Accumulated Rainfall 27th Jul-02nd Aug 17



Rainfall Forecast 03rd -09th Aug 17



*Source: CPC-NCEP-NOAA. EAR does not subscribe to the political map of India

Import parity Vis-à-vis Shankar 6 (28 mm)

in Rs per candy (356 kg)	This week	Last week
West African Cotton Delivered at mill in South	1894	-1342
West African Cotton Delivered at mill in North	2706	-530

Import disparity has sharply increased over the week as the new crop quotes are now being floated for forward booking.

Export-Imports Data by Ministry of Commerce:

Cotton Exports in Lakh Bales			
		Change M/m	Change Y/y
Jun-17	3.65	-27.9%	74.8%
Oct-Jun 2017	60.30		-13.3%

Cotton exports in the month of June at 3.65 lakh bales remains good considering the adverse basis throughout. Cumulative number at 60 lakh bales at just 13% down Y/y is better than expected.

Cotton Imports in Lakh Bales			
		Change M/m	Change Y/y
Jun-17	4.51	39.0%	194.7%
Oct-Jun 2017	19.26		140.0%

Cotton imports at 4.51 lakh bales in the month of June are higher than expected. The cumulative imports have remained substantially higher year on year and at this pace the annual imports are now threatening to go higher Y/y.

Cotton Yarn Exports in mln kg			
		Change M/m	Change Y/y
Jun-17	78.94	19.5%	1.4%
Oct-Jun 2017	898.50		-2.5%
Jan-Jun 2017	542.01		-9.4%

Cotton yarn exports at around 79 mln kg is better m/m as well as y/y but the number remains much lower in context of the average cotton yarn exports from India in Oct-Jun being

Source: Ministry of Commerce



close to 100 mln kg per month.

Cotton Futures on MCX:

MCX Contract	3-Aug-17		27-Jul-17		Change	
	Close	OI	Close	OI	Close	OI
31-Oct-17	18490	2246	18570	2026	-0.4%	220
30-Nov-17	18050	536	18130	487	-0.4%	49
29-Dec-17	18060	911	18100	812	-0.2%	99
31-Jan-18	18000	0				
Total OI		3693		3325		368

Cotton futures have declined marginally over the week. All the contracts on board now are of the new cotton crop. There seems a lot of uncertainty regarding the new crop due to the diverse weather in various parts of the country.

USA Cotton Futures on ICE:

ICE CT2	3-Aug-17		27-Jul-17		change	
	Settle	OI	Settle	OI	Close	OI
Oct-17	71.55	215	70.5	163	1.5%	52
Dec-17	70.16	155,808	68.89	158,003	1.8%	-2195
Mar-17	69.71	42,473	68.44	40,546	1.9%	1927
Total OI		216,622		216,584		38

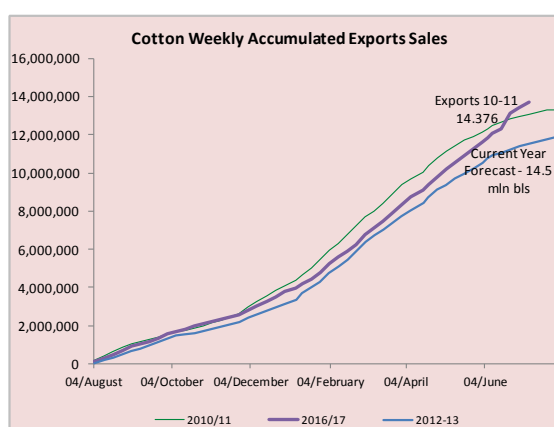
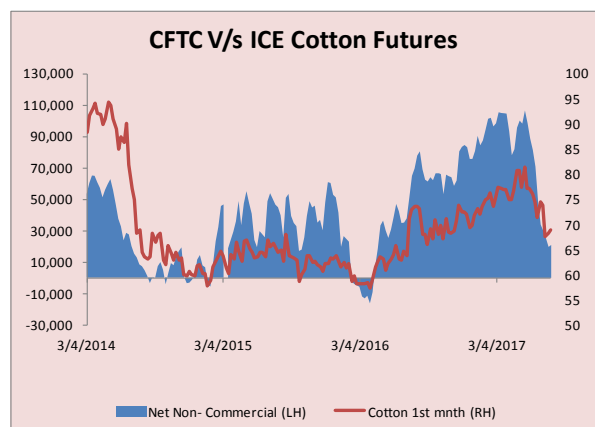
*OI is of the previous trading day

Cotton futures have rallied off the recent lows by around 6% and hitting seven-week high levels in response to the adverse weather in the major cotton growing countries like India and USA. As can be seen the open interest has also gained

over the week, indicating a fresh buying interest.

Similar trend was seen as far as the speculators positions are reported. CFTC data dated 25th July 2017 showed that the net longs have gained for the first time since mid-May. The net long positions increased by around 1238 lots or another 6.3% over the week to reach 20910 lots. ICE first month future during this time gained marginally by 0.9%. However since this record dated 25th July the ICE 1st month futures have gained by additional 1.9%. It will be interesting to see if this rally has been driven by short covering or fresh long positions getting created.

Net upland sales reductions of 55,700 RB for 2016/2017--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average. Increases were reported for Taiwan (3,000 RB), India (1,700 RB), Turkey (1,300 RB), and El Salvador (100 RB). Reductions were reported for South Korea (20,200 RB), Vietnam (14,200 RB), Pakistan (11,500 RB), and Indonesia (6,100 RB). Exports of 275,300 RB were down 16 percent from the previous week, but unchanged from the prior 4-week average. The primary destinations were Turkey (73,600 RB), Vietnam (42,900 RB), Indonesia (28,800 RB), China (23,000 RB), and Mexico (23,000 RB).





COTTON

**Edelweiss Agri Value Chain Limited
Research Team**

Prerana Desai

Vice President Research

Prerana.desai@edelweissfin.com

Namadeva Pawar

Research Analyst

Namadeva.pawar@edelweissfin.com

Jayesh Patel

Price polling

jayesh.patel@edelweissfin.com

Hemanth Kumar

Agronomist

Hemanth.kumar@edelweissfin.com

Ankita Parekh

Research Analyst

ankita.parekh@edelweissfin.com

Deepak Yadav

Agronomist

deepak.yadav@edelweissfin.com

Shripad Markhelkar

Agronomist

shripad.markhelkar@edelweissfin.com

Rohit Dubey

Research Analyst

rohit.dubey@edelweissfin.com

Sudha Acharya

Research Analyst

Sudha.acharya@edelweissfin.com

Nilesh Javarat

Price Polling

nilesh.javarat@edelweissfin.com

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