

Domestic Fundamentals:

Market Outlook: Cotton prices are expected to Range-bound. Due to improving acreage and weather conditions in top cotton growing states - Gujarat and Maharashtra and incidence of pest attack and increase in MSP by government may keep the prices supported going ahead.

In the News: Cotton prices traded firm with limited selling and buying activity. New crop total cotton acreage advanced to 118.10 lakh ha compared to 120.98 lakh ha, at the same period last year. An increase in acreage is seen in the states of Gujarat and Madhya Pradesh. In all likely new crop arrival start from 15/20 Sep from north India followed by some parts of Gujarat and Maharashtra.

This kharif cotton harvest season is set to begin on strong price not when compared with last year. Coupled with lower carry over stock and better export prospects, cotton prices have firmed up in the domestic market. As on last Friday, prices in the domestic market hovered around Rs 22,400 for a bale of cotton this is more than Rs 2000 higher from 20250 on the same day last year. Similarly, on the NCDEX of India, cotton prices were at Rs 22800 per bale of the Oct contract. Future price is remained higher by about Rs 3500 per bale from last year levels.

Gujarat Cotton prices of 29 mm remained between 48,100 to 48,350 Rs./Candy. Outstate arrivals almost ended. All India Daily Arrivals remained 2,000 to 2,500 bales. Gujarat Daily Pressing was approximately 500 bales. NY December futures w/w gain 0.59 cents. As merchants are selling in physical market, supply side got enough liquidity into market. During this week rupee was weaker against dollar.

Gujarat is India's largest cotton producer, accounting for 108 lakh bales (of 170 kg each) out of the total 365 lakh bales of lint output in 2017-18. Within Gujarat, over 70 per cent of production is from the Saurashtra region. This year, cotton acreage in the state has risen to 27.03 lakh hectares (lh), compared to 26.17 lh in 2017-18. Of the 27 lh, 19.26 lh has been sown in the 11 districts of Saurashtra as on 03-Oct-2017

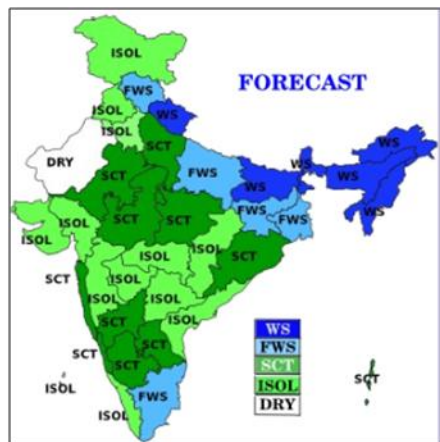
The reports of pink bollworm infestation in cotton growing areas of Maharashtra, state government has released Rs 16.97 crore to check the infestation. Depending upon the extent of pink bollworm infestation, aid from this amount will be released to respective cotton growing districts in the state.

The apex cotton trade body, the Cotton Association of India (CAI), will ink an agreement with the BSE to develop a cotton futures market for commodities derivatives trading in the BSE. Announcing the signing of a Memorandum of Understanding (MoU) with the BSE, CAI said the two bodies will join hands to work together on developing a cotton futures contract for BSE's commodity derivatives segment.

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.

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.

Weather Update:



10th Sep: Heavy to very heavy rain with extremely heavy falls at isolated places likely over Arunachal Pradesh and Assam & Meghalaya; heavy to very heavy rain at isolated places over Nagaland, Manipur, Mizoram & Tripura and Sub - Himalayan West Bengal & Sikkim and heavy rain at isolated places over Uttarakhand, East Uttar Pradesh, Bihar and Tamilnadu.

Overall, the monsoon till August 30 has been 6 per cent less than normal, with several districts of north interior Karnataka, Rayalaseema, Bihar, Jharkhand, Saurashtra and Kutch staring at a shortfall. The rainfall, according to agriculture ministry officials, has been well-distributed, though overall quantum might have been low in some regions. This they said won't have any impact on crops in 2018, which is poised for

SPATIAL DISTRIBUTION (% of Stations reporting)			
% Stations	Category	% Stations	Category
76-100	Widespread (WS/Most Places)	26-50	Scattered (SCT/ A Few Places)
51-75	Fairly Widespread (FWS/ Many Places)	1-25	Isolated (ISOL)
Dry (No station reported Rainfall)			

the overall production of kharif another record.

International Fundamentals:

ICE cotton futures rose to an over one-week high on Friday, marking their biggest daily gain in eight sessions, as investors covered shorts amid worries about storms brewing in the Atlantic. The most active cotton contract on ICE Futures U.S., the second-month December contract CTc2 CTZ8 settled up 0.69 cent, or 0.85 percent, at 81.99 cents per lb, its biggest daily percentage rise since Aug. 27.

On September 7th, the China reserve sales of reserve cotton was 30006.342 tons, the actual turnover was 21611.8971 tons, and the transaction rate was 72.02%. The average transaction price was 14,895 yuan/ton (down 187 yuan/ton from the previous day); discount 3128 price 16417 yuan/ton (down 72 yuan/ton from the previous day). From March 12 to September 7, the cumulative turnover of reserve cotton was 2,225,500 tons, with a turnover rate of 58.38%.

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.

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.

NCDEX Kapas Futures*: (Prices in Rs/20 kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	+3.5	1153	1159	1151.5	1158	1367	-149	3657	71
Spread	Oct 18(C1)			-	-	--	--		
Spot	-			-	-	-	-		-
Oct-18				-	-	-	-		-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 07-Sep 2018

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	+0.6	22750	22990	22660	22940	1220	182	3760	-84
Nov-18	+0.8	22510	22780	22390	22560	439	51	2374	-37
Spread	Oct 18			-	-	--	--		
Spot	210			-	-	-	-		-
Oct-18				-	-	-	-		-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 07-Sep- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Sep-18	07-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5500	5500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5600	5600	Unch
	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	5800	5600	200
	Hathras	Desi	5400	5300	100
Telangana	Adilabad	Un-Ginned	5450	5450	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	NR	5455	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Sep-18	07-Sep-18	
Punjab	Bhatinda	J-34	4750	4750	Unch
	Abohar	J-34	4750	4750	Unch
	Mansa	J-34	4770	4750	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

Haryana	Sirsa	J-34	4720	4700	20
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Sep-18	07-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	60	60	Unch
	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	150	85	65
	Hathras	Desi	60	15	45
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	NR	23	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Sep-18	07-Sep-18	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-

Haryana	Sirsa	J-34	85	136	-51
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				07-Sep-18	06-Sep-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43700	43700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44200	44200	Unch
J-34(202)	26mm	3.5 - 4.9	23	45300	45300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45300	45300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47300	47300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48100	48100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50200	50200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

Centre	Unit	Price		Change
		08-Sep-18	07-Sep-18	
Rajkot	Rs. /10 Kg.	800	810	-10
New Delhi	Rs. /10 Kg.	775	785	-10
Hyderabad	Rs. /10 Kg.	800	800	Unch
Mumbai	Rs. /10 Kg.	840	840	Unch

Centre	Unit	Price		Change
		08-Sep-18	07-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1906	1913	-7
Akola	Rs./Qtl	1777	1783	-6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07-Sep-2018		
Index	RMB/Ton	Change
CCIndex(328)	16330	5
CCIndex(527)	15143	6
CCIndex(229)	17021	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 07-Sep-2018		
Index	Cents/lb	Change
FC Index (S)	95.36	-0.43
FC Index (M)	91.76	-0.46
FC Index (L)	89.79	-0.44

Cotlook Index: As on 06-Sep-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	91.55	-1

USDA-06.09.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	80.88	83.13	0
North Delta	79.88	81.63	0
South Delta	79.88	81.63	0
East TX-OK	75.88	78.38	0
West Texas	75.38	77.88	0
Desert SW	75.63	79.63	0
SJ Valley	76.13	85.03	0
Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4			

Pakistan Cotton Spot rates: As on 06-Sep-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8150	160	8310
Equivalent	40 Kgs	8734	171	8905

Disclaimer

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