

**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. NCDEX Oct Cotton prices traded firm compared to previous day.

**In the News:** Cotton prices in the domestic market have firmed up on reports of lower carryover stocks in the coming season and the lower crop estimates by most cotton bodies in the state. Cotton prices are currently in the range of Rs 47,000 to Rs 48,000 per candy and, according to traders, if the rupee continues to fall, prices of cotton are likely to go up further.

**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

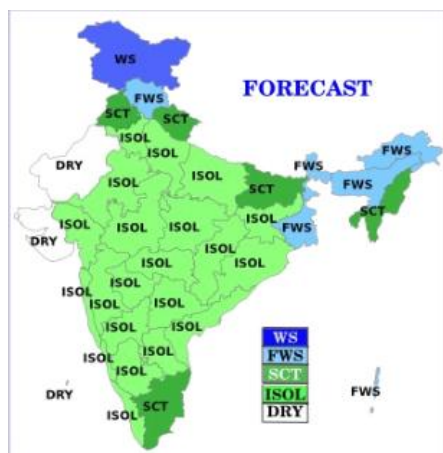
**The reports of pink bollworm infestation in cotton growing areas of Maharashtra,** state government has released Rs 16.97 crore to check the infestation. Depending upon the extent of pink bollworm infestation, aid from this amount will be released to respective cotton growing districts in the state.

**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:



**14<sup>th</sup> Sep:** Heavy rain at isolated places very likely over Assam & Meghalaya, Sub Himalayan West Bengal & Sikkim, Jammu & Kashmir and Tamilnadu. ♦Thunderstorm accompanied with lighting very likely at isolated places over Jammu Division and Punjab.

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 the overall production of kharif crops in 2018, which is poised for another record.

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)			

### International Fundamentals:

**The 2018/19 U.S. cotton estimates include larger production, exports, and ending stocks relative to last month.** Production is raised 447,000 bales, with increases in the Southwest, Delta, and Southeast. Beginning stocks are revised 100,000 bales lower based on indicated stocks as of July 31, 2018, while domestic mill use is reduced slightly in 2017/18 based on recent activity. The forecast range for the marketing-year average farm price is unchanged at 70 to 80 cents per pound.

**ICE cotton futures fell on Wednesday after a monthly supply and demand report by the U.S.** government showed a surprise U.S. production estimate rise, though fears of crop damage from Hurricane Florence limited losses. The most active cotton contract on ICE Futures U.S., the second-month December contract CTc2, settled down 0.25 cent, or 0.30 percent, at 82.64 cents per lb.

**On September 12, the China reserve sales of reserve cotton was 30,719.2,395 tons,** the actual turnover was 20714.9774 tons, and the turnover rate was 67.43%. The average transaction price was 14,964 yuan/ton (down 57 yuan/ton from the previous day); the price of 3128 was 16,467 yuan/ton (down 38 yuan/ton from the previous day). From March 12 to September 12, the cumulative turnover of reserve cotton was 2,278,600 tons, and the turnover rate was 58.63%.

**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)	-0.13	1161	1164	1157	1159.5	842	-715	3428	-192
Spread	Oct 18(C1)			-	-	--	--		
Spot	120			-	-	-	-		
Oct-18				-	-	-	-		

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

\* Updated at as on 12-Sep 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.09	23040	23100	22990	23010	252	-684	3802	-62
Nov-18	-0.13	22810	22860	22760	22790	160	-429	2573	-44
Spread	Oct 18			-	-	--	--		
Spot	240			-	-	-	-		
Oct-18				-	-	-	-		

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

\* Updated at as on 12-Sep 2018

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Sep-18	12-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	6420	-
	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	5400	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5400	5450	-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	NR	5850	-
	Hathras	Desi	NR	5400	-
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	5140	-
	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	13-Sep-18	12-Sep-18	
Punjab	Bhatinda	J-34	4670	4690	-20
	Abohar	J-34	4680	4700	-20
	Mansa	J-34	4725	4725	Unch
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4670	4700	<b>-30</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Sep-18	12-Sep-18	
<b>Gujarat</b>	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	120	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	5000	5000	<b>Unch</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	200	100	<b>100</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NR	150	-
	Hathras	Desi	NR	50	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NR	9	-
	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	13-Sep-18	12-Sep-18	
<b>Punjab</b>	Bhatinda	J-34	4250	2040	<b>2210</b>
	Abohar	J-34	340	340	<b>Unch</b>

	Mansa	J-34	170	119	51
<b>Haryana</b>	Sirsa	J-34	510	340	170
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Sep-18	11-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	45400	45400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45600	45700	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	47700	47700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48300	48500	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50500	50600	-100
DCH-32(107)	34mm	3.0 - 3.8	33	59300	59400	-100

Centre	Unit	Price		Change
		13-Sep-18	12-Sep-18	
Rajkot	Rs. /10 Kg.	790	790	Unch
New Delhi	Rs. /10 Kg.	770	770	Unch
Hyderabad	Rs. /10 Kg.	Closed	800	-
Mumbai	Rs. /10 Kg.	830	830	Unch

Centre	Unit	Price		Change
		13-Sep-18	12-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1900	1901	-1
Akola	Rs./Qtl	1785	1783	2

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 13-Sep-2018		
Index	RMB/Ton	Change
CCIndex(328)	16342	33
CCIndex(527)	15146	0
CCIndex(229)	17033	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 13-Sep-2018**

Index	Cents/lb	Change
FC Index (S)	96.42	-0.27
FC Index (M)	92.64	-0.27
FC Index (L)	91.06	-0.25

**Cotlook Index: As on 12-Sep-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	92.4	-1

USDA-12.09.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	82.26	84.51	0
North Delta	81.26	83.01	0
South Delta	81.26	83.01	0
East TX-OK	77.26	79.76	0
West Texas	76.76	79.26	0
Desert SW	77.01	81.01	0
SJ Valley	77.51	86.41	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 11-Sep-2018**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8300	160	8460
Equivalent	40 Kgs	8895	171	9066

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