

Domestic Fundamentals:

Market Outlook:

Extensive preparation has begun in Telangana for procurement of Kharif crops. This time, the state has given good crop of cotton and paddy, other crops including paddy and the crop condition is also better overall. The State Government has decided to open about 400 paddy and more than 3000 purchasing centers for cotton in different parts of the state.

This time, cotton seed area in Telangana has reached the top level of 46 lakh acres, the normal average area is 41 lakh acres to 5 lakh acres more. In the last year, the average yield rate of cotton was weak due to the outbreak of bad weather and pests-diseases, but this time there was no dearth of enthusiasm and attraction of the farmers. Not only that, but the number of procurement centers of cotton was very low in the last season, so that the farmers had difficulty in selling their cotton at minimum support price.

The Minister of Irrigation and Marketing of Telangana has asked the Central Agency - Indian Cotton Corporation (CCI) to open 25 purchase centers for cotton in the state till October 10. 100 purchase centers are to be opened in the premises of the Agricultural Product Marketing Committee whereas private jining mills have to open 288 purchasing centers by October 20. Government decisions are being criticized for direct marketing of ginning mills in the purchase of cotton.

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:** Rainfall in Gujarat was 21% below normal during Jun 1-Sep 10, with the major cotton growing regions of Saurashtra and Kutch reporting a 28% deficit, according to data from the India Meteorological Department. During the same period, the rainfall in Patan, Mehsana, and Banaskantha districts in north Gujarat was 58% below normal. In Gujarat, production of cotton in 2018-19 is estimated to be 88.28 lakh bales, which is 14% lower than last year's production, last year 102 lakh bales of cotton were produced. Despite the increase in the cotton crop in Gujarat, the production of per hectare reduced by less rain.*

Domestic cotton prices are expected to test the highs hit barely a month ago, as low carryover stocks, likely delay in arrivals of the new crop, and chances of a smaller harvest next season may send mills scurrying for supplies over the next couple of months.

This kharif season, cotton was sown late in Maharashtra due to delay in arrival of monsoon rains in the state, and also to avoid another attack of pink bollworm, which had eaten into 20-25% of the state's cotton output last year. In Gujarat, too, most cotton growing areas recorded poor rainfall till early August. Though rains have improved over the last three weeks, late sowing is likely to delay cotton picking by more than a month to November.

India's cotton output for the 2018-19 season is estimated at 35.0 mln bales, down 4% from 36.5 mln bales harvested a year ago, due to lower acreage and a likely fall in yields, said Atul Ganatra, managing director of Radha Laxmi Group. "September rains will be very crucial for cotton in Gujarat. Any shortfall in rainfall this month will hit the state's (crop) yield.

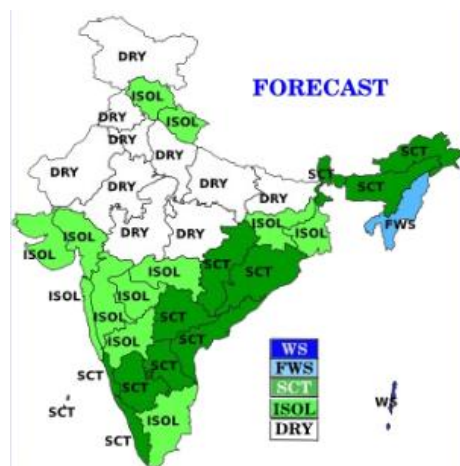
According to first advance estimate shared by State Farm Department, The Cotton output in Telangana is seen falling 7% on year to 4.7 mln bales in 2018-19 (Jul-Jun) due to lower acreage and below-normal rains in the key growing regions So far, in the Jun-Sep monsoon season, Telangana has received 666.1 mm of rainfall, only 2% above normal, according to India Meteorological Department.

Punjab cotton farmers are all set for bumper yield this season with a significant jump in price realization, which is expected to be much higher than the government-fixed minimum support price (MSP) of Rs 5,150 per quintal. They have already started getting a price of Rs 5,830 per quintal as was seen in the Abohar subdivision of Fazilka district last week. The gain is almost 30 per cent more than the Rs 4,510 per quintal price they fetched for the same crop last year, said sources in the Market Committee. The arrival of cotton has started picking up in Fazilka district, one of the largest cotton-producing belts. After the commencement of the cotton arrival season on September 1, the district saw arrival of more than 2,400 quintals of cotton last week,

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 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

Weather Update:



25th Sep: Heavy to very heavy rain at isolated places very likely over Andaman & Nicobar Islands and heavy rain at isolated places over Odisha and Coastal Andhra Pradesh.

International Fundamentals:

ICE cotton futures settled up on Friday as investors bought after prices fell in the previous three sessions, and posted a weekly loss for the second time in a row. The most active cotton contract on ICE Futures U.S., the second-month December contract CTc2 CTZ8, settled up 0.32 cent, or 0.39 percent, at 81.83 cents per lb.

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.

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)	-0.65	1153	1152	1150	-7	996	-78	3553	127

Spread	Oct 18(C1)		-	-	--	--
Spot	150		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 25-Sep 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.63	22330	22380	22120	22200	564	180	3284	200
Nov-18	-0.40	22200	22330	22150	22180	397	-331	3248	91

Spread	Oct 18		-	-	--	--
Spot	220		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 25-Sep 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Sep-18	27-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6050	6100	-50
	Patan	B.T. Cotton	5750	5765	-15
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5260	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5350	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5300	5350	-50
	Fatehabad	B.T. Cotton	5240	5270	-30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	5315	5325	-10
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-

	Rawatsar	B.T. Cotton	5275	5450	-175
Madhya Pradesh	Khandwa	Mech-1	4900	5000	-100
	Khargaon	Mech-1	4850	4900	-50
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5400	5500	-100
	Hathras	Desi	4700	4800	-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	5669	5630	39
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5630	5669	-39
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Sep-18	27-Sep-18	
Punjab	Bhatinda	J-34	4455	4500	-45
	Abohar	J-34	4460	4500	-40
	Mansa	J-34	4450	4500	-50
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4470	4520	-50
Rajasthan	Sri-Ganganagar	J-34	4445	4500	-55

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Sep-18	27-Sep-18	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	345	230	115
	Patan	B.T. Cotton	2297	1930	367
	Kadi	B.T. Cotton	2000	1000	1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	39	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	7000	8000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6970	7000	-30
	Fatehabad	B.T. Cotton	700	350	350
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	245	125	120

	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	2135	1775	360
Madhya Pradesh	Khandwa	Mech-1	1900	865	1035
	Khargaon	Mech-1	6750	9310	-2560
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	350	250	100
	Hathras	Desi	200	100	100
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	11	23	-12
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	67	22	45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Sep-18	27-Sep-18	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1020	1190	-170
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	1360	1530	-170

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Sep-18	26-Sep-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	0	43800	-43800
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	0	44300	-44300
J-34(202)	26mm	3.5 - 4.9	23	0	44200	-44200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	0	44500	-44500
Shankar-6(105)	29mm	3.5 - 4.9	28	0	46800	-46800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	0	47500	-47500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	0	49600	-49600
DCH-32(107)	34mm	3.0 - 3.8	33	0	58400	-58400

Centre	Unit	Price		Change
		28-Sep-18	27-Sep-18	
Rajkot	Rs. /10 Kg.	780	780	Unch
New Delhi	Rs. /10 Kg.	750	750	Unch

Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	800	790	10

Centre	Unit	Price		Change
		28-Sep-18	27-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1834	1838	-4
Akola	Rs./Qtl	1708	1718	-10

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 25-Sep-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	16331	-6
CCIndex(527)	15140	-2
CCIndex(229)	16997	-3
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 25-Sep-2018</u>		
Index	Cents/lb	Change
FC Index (S)	92.17	-0.25
FC Index (M)	88.40	-0.25
FC Index (L)	86.81	-0.25

<u>Cotlook Index: As on 25-Sep-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	88.65	0.55

USDA-25.09.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.33	80.58	0
North Delta	77.33	79.08	0
South Delta	77.33	79.08	0
East TX-OK	72.58	75.08	0
West Texas	72.58	75.08	0
Desert SW	72.83	76.83	0
SJ Valley	73.33	82.23	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 25-Sep-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	160	8260
Equivalent	40 Kgs	8681	171	8852

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