

Domestic Fundamentals:**Market Outlook:**

Demand for cotton is likely to remain robust in the coming months, both in domestic and international markets. This along with minimum support price hike is likely to keep cotton prices firm. Also, China is expected to purchase large quantities of cotton from India, replacing US as its largest source of cotton which is expected to keep the prices into next season supported.

In the News: *Gujarat Old Stock Cotton prices of 29 mm remained between 46,400 to 47,000 Rs./Candy. New Crop arrivals sold between 45,000-45,800. Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in Small quantities. Raw cotton have opened strong in markets as harvest in Punjab started. Farmers are getting about Rs 5,500-5,800 per quintal for their produce and the prices are likely to remain strong in near future.*

Concerns such as uncertainty over yield due to late sowing in Gujarat, pest incidence in Maharashtra and Telangana and heavy rain lashing Punjab and Haryana may affect cotton production. *The cotton belt of North India received heavy rains during the week, which could prove detrimental for the standing cotton crop currently at harvest stage. Although Department of Agriculture, Cooperation and Farmers Welfare in its latest reports has retained its cotton output at 324 lakh bales, lower by 1 lakh bales than the last years production of 325 Lakh bales.*

India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting Oct 1 against 0.8 million tonnes in 2017-18, *after China slapped a 25% additional duty on imports of the fibre from the US. Indian traders have already entered into a forward contract with Chinese buyers to deliver about 1.2 million bales between November & January. Indian traders export maximum cotton in Nov and Dec since India is the only country where cotton is available at that time.*

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 Ginning 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.*

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,*

Weather Update:



Southwest Monsoon.

03rd Oct: Heavy to very heavy rainvery likely at isolated places over Tamilnadu & Puducherry and heavy rain at isolated places over Kerala.

The Indian Meteorological Department (IMD) defines average, or normal, rainfall as between 96 percent and 104 percent of a 50-year average of 89 cm for the entire four-month season. The IMD adopted a so-called dynamic model, based on a US model tweaked for India, for the first time last year to improve the accuracy of its forecasts. The IMD had predicted that the June-September monsoon, crucial for a host of cash and food crops in India, will set to start receding from the northwest from Saturday onwards. The monsoon usually starts withdrawing in the first week of September, but this year it has been delayed by nearly four weeks. Meanwhile, an extraordinarily dry spell in the month of September has meant an overall deficit of roughly nine percent in the

International Fundamentals:

- ICE cotton futures tumbled to their lowest level in over nine months on Friday, pressured by fund liquidation and a strong dollar, with prices posting their worst quarter since June last year. The most active cotton contract on ICE Futures U.S., the second-month December contract CTc2 CTZ8, settled down 1.35 cent, or 1.7 percent, at 76.37 cents per lb. The second-month contract CTc2 earlier touched 76.27 cents a lb, the lowest since Dec. 21.
- As U.S. exporters struggle with a stronger dollar, cotton sales also have slowed. This week's Export Sales report showed just 70,300 bales of net new sales for 2018-19. China cancelled 50,200 bales for 2018-19 and rebooked 56,400 for 2019-20. Vietnam accounted for nearly half of this week's net new sales at 34,700 bales of new orders. However, this does not necessarily mean that demand is gone.
- On September 28, the reserve sales of reserve cotton was 37110.3543 tons, the actual turnover was 20655.7506 tons, and the turnover rate was 55.66%. The average transaction price was 14,670 yuan/ton (down 127 yuan/ton from the previous day); the price of 3128 was 15,933 yuan/ton (down 315 yuan/ton from the previous day).From March 12 to September 28, the accumulated turnover of reserve cotton was 2,4848 thousand tons, and the turnover rate was 58.49%.
- The latest U.S. Department of Agriculture (USDA) estimates for 2018/19 indicate that world cotton production is projected at 122.0 million bales, 1 percent below the previous season. While relative prices favored cotton plantings this season, the effects of weather on production are expected to be mixed. India, China, and the United States remain the largest cotton-producing countries.
- **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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	-0.13	1125	1137	1125	1133.5	1014	18	3351	-202

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

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

* Updated at as on 01 Oct 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	-0.46	21800	21810	21760	21770	379	-185	3462	178
Dec-18	-0.46	21850	21910	21840	21860	179	-218	4464	1216

Spread	Oct 18		-	-	--	--
Spot	110		-	-	-	-
Nov-18			-	-	-	-

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

* Updated at as on 01-Oct- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	01-Oct-18	29-Sep-18	
Gujarat	Ahmedabad	Shankar-6	5700	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5820	6030	-210
	Patan	B.T. Cotton	5675	5750	-75
	Kadi	B.T. Cotton	5600	5750	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5500	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5350	5325	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5400	5525	-125
	Fatehabad	B.T. Cotton	5230	5180	50
	Jind	B.T. Cotton	5450	5370	80
	Uchana	B.T. Cotton	5255	5230	25
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5300	5600	-300

	Rawatsar	B.T. Cotton	5200	5250	-50
Madhya Pradesh	Khandwa	Mech-1	4500	5000	-500
	Khargaon	Mech-1	4905	5015	-110
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	5900	Unch
	Hathras	Desi	4800	5200	-400
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	5810	NR	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5509	5635	-126
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	01-Oct-18	29-Sep-18	
Punjab	Bhatinda	J-34	4440	4440	Unch
	Abohar	J-34	4430	4440	-10
	Mansa	J-34	4415	4430	-15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4450	4440	10
Rajasthan	Sri-Ganganagar	J-34	4136	4450	-314

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	01-Oct-18	29-Sep-18	
Gujarat	Ahmedabad	Shankar-6	6800	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	340	340	Unch
	Patan	B.T. Cotton	4175	2571	1604
	Kadi	B.T. Cotton	1000	4000	-3000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	37	36	1
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	7000	#N/A	-
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	7000	#N/A	-
	Fatehabad	B.T. Cotton	600	#N/A	-
	Jind	B.T. Cotton	145	#N/A	-
	Uchana	B.T. Cotton	225	#N/A	-

	Dabwali	B.T. Cotton	NA	#N/A	-
Rajasthan	Hanumangarh	B.T. Cotton	3500	1025	2475
	Rawatsar	B.T. Cotton	1000	1800	-800
Madhya Pradesh	Khandwa	Mech-1	1700	2700	-1000
	Khargaon	Mech-1	8800	5310	3490
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	250	100	150
	Hathras	Desi	125	30	95
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	69	25	44
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	142	22	120
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	01-Oct-18	29-Sep-18	
Punjab	Bhatinda	J-34	5950	5100	850
	Abohar	J-34	1870	850	1020
	Mansa	J-34	850	510	340
Haryana	Sirsa	J-34	1020	680	340
Rajasthan	Sri-Ganganagar	J-34	500	700	-200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Sep-18	27-Sep-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43800	43800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44300	44300	Unch
J-34(202)	26mm	3.5 - 4.9	23	43800	43900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44300	44300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	46500	46600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47200	47500	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49200	49400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	58400	58400	Unch

Centre	Unit	Price		Change
		01-Oct-18	29-Sep-18	
Rajkot	Rs. /10 Kg.	770	775	-5
New Delhi	Rs. /10 Kg.	750	750	Unch
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	800	800	Unch

Centre	Unit	Price		Change
		01-Oct-18	29-Sep-18	
Mahesana (Kadi)	Rs./Qtl	1804	1833	-29
Akola	Rs./Qtl	1701	1700	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28-Sep-2018		
Index	RMB/Ton	Change
CCIndex(328)	16243	-55
CCIndex(527)	15080	-42
CCIndex(229)	16922	-38
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-Sep-2018		
Index	Cents/lb	Change
FC Index (S)	Closed	Closed
FC Index (M)	Closed	Closed
FC Index (L)	Closed	Closed

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

USDA-28.09.2018			
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 29-Sep-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8000	160	8160
Equivalent	40 Kgs	8574	171	8745

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