

**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.*

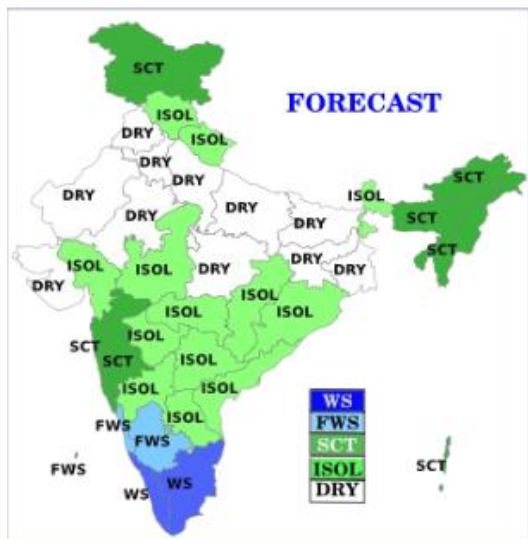
**India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting Oct 1 against 0.8 million tonnes in 2017-18,** *after China slapped a 25% additional duty on imports of the fibre from the US. Indian traders have already entered into a forward contract 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:



**04<sup>th</sup> Oct:** Heavy to very heavy rain very likely at isolated places over Tamilnadu & Puducherry and Kerala and heavy rain at isolated places over South Interior Karnataka.

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 Southwest Monsoon.

### International Fundamentals:

- **ICE cotton futures settled lower for a fifth straight session on Tuesday**, after a weekly federal report showed the U.S. crop was in better condition than expected, while a firmer dollar also kept prices pinned close to over nine-month lows.
- **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)	1.01	1138	1151	1137	1150	1705	691	3638	287

Spread	Oct 18(C1)		-	-	--	--
Spot	5		-	-	-	-
Oct-18		-	-	-	-	-

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

\* Updated at as on 03 Oct 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.32	21980	22100	21940	22000	771	392	3030	-432
Nov-18	0.32	21950	22070	21950	22020	481	302	3454	-1010

Spread	Oct 18		-	-	--	--
Spot	30		-	-	-	-
Oct-18		-	-	-	-	-

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

\* Updated at as on 03-Oct- 2018

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	03-Oct-18	01-Oct-18	
Gujarat	Ahmedabad	Shankar-6	5650	5700	-50
	Gondal	Shankar-6	NA	#N/A	-
	Rajkot	B.T. Cotton	5730	5820	-90
	Patan	B.T. Cotton	6000	5675	325
	Kadi	B.T. Cotton	5750	5600	150
	Deesa	B.T. Cotton	NA	#N/A	-
	Dhrol	B.T. Cotton	5460	5500	-40
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5350	5350	Unch
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	5350	5350	Unch
	Fatehabad	B.T. Cotton	5200	5590	-390
	Jind	B.T. Cotton	5580	5025	555
	Uchana	B.T. Cotton	5285	5255	30
	Dabwali	B.T. Cotton	NA	#N/A	-
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5225	5200	25

Madhya Pradesh	Khandwa	Mech-1	4800	4500	300
	Khargaon	Mech-1	4820	4905	-85
Maharashtra	Amravati	Mech-1	NA	#N/A	-
	Jamner	Medium Staple	NA	#N/A	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	#N/A	-
	Hathras	Desi	NR	#N/A	-
Telangana	Adilabad	Un-Ginned	5450	5450	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	#N/A	-
	Kurnool	Un-Ginned	NA	#N/A	-
	Krishna	Un-Ginned	NA	#N/A	-
	East Godavari	Un-Ginned	NA	#N/A	-
Karnataka	Bijapur	Bunny	5909	5810	99
	Hubli	D.C.H.	NA	#N/A	-
	Hubli	B.T. Cotton	NA	#N/A	-
	Raichur	H-44 Cotton	5415	5509	-94
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	03-Oct-18	01-Oct-18	
Punjab	Bhatinda	J-34	4400	4440	-40
	Abohar	J-34	4400	4430	-30
	Mansa	J-34	4380	4415	-35
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4400	4450	-50
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Oct-18	01-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	520	340	180
	Patan	B.T. Cotton	5107	4175	932
	Kadi	B.T. Cotton	2000	1000	1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	31	37	-6
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	10000	#N/A	-
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	7055	#N/A	-
	Fatehabad	B.T. Cotton	650	#N/A	-
	Jind	B.T. Cotton	145	#N/A	-
	Uchana	B.T. Cotton	265	#N/A	-
	Dabwali	B.T. Cotton	NA	#N/A	-

Rajasthan	Hanumangarh	B.T. Cotton	5000	3500	1500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	430	1700	-1270
	Khargaon	Mech-1	12750	8800	3950
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	250	-
	Hathras	Desi	NR	125	-
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	165	69	96
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	112	142	-30
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	03-Oct-18	01-Oct-18	
Punjab	Bhatinda	J-34	8500	5950	2550
	Abohar	J-34	2720	1870	850
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1190	1020	170
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

**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

**Refined Cottonseeds oil (10 KG)**

Centre	Unit	Price		Change
		03-Oct-18	01-Oct-18	
Rajkot	Rs. /10 Kg.	775	5700	-4925

New Delhi	Rs. /10 Kg.	745	750	-5
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	800	800	Unch

**Cotton seed oil cake Rs/Qtl**

Centre	Unit	Price		Change
		03-Oct-18	01-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1836	1804	32
Akola	Rs./Qtl	1700	1701	-1

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 03-Oct-2018</b>		
Index	RMB/Ton	Change
CCIndex(328)	16130	-11
CCIndex(527)	15031	-8
CCIndex(229)	16843	-7
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 03-Oct-2018</b>		
Index	Cents/lb	Change
FC Index (S)	NR	NR
FC Index (M)	NR	NR
FC Index (L)	NR	NR

<b>Cotlook Index: As on 2-Oct-2018</b>		
Cotlook Indices	Cents/Pound	Change
A-Index	85.85	-0.15

USDA-2.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.94	78.19	0
North Delta	74.94	76.69	0
South Delta	74.94	76.69	0
East TX-OK	70.69	73.19	0
West Texas	70.19	72.69	0
Desert SW	70.44	74.44	0
SJ Valley	70.94	79.84	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

<b>Pakistan Cotton Spot rates: As on 2-Oct-2018</b>				<b>(in Pakistan Rupees)</b>
<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
<b>Cotton</b>	<b>37.32 Kgs</b>	7650	160	7810
<b>Equivalent</b>	<b>40 Kgs</b>	8198	171	8369

<b>Daily Futures Price Listing Tue October 02, 2018</b>									
<b>Most Recent Information</b>									
<b>Mth</b>	<b>Date</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Change</b>	<b>Volume</b>	<b>Open Int</b>	<b>Change</b>
<b>Cotton(ICE)</b>									
<a href="#">Oct-18</a>	181002	76.58	76.58	76.58	76.58	-0.12	0	42	0
<a href="#">Dec-18</a>	181002	76.2	76.81	75.75	76.19	-0.12	19,848	1,35,863	-297
<a href="#">Mar-19</a>	181002	77	77.49	76.56	76.92	-0.13	7,607	63,716	248
<a href="#">May-19</a>	181002	77.81	78.31	77.45	77.75	-0.12	1,695	13,145	326
<a href="#">Jul-19</a>	181002	78.55	79.12	78.33	78.61	-0.1	814	7,931	56
<a href="#">Oct-19</a>	181002	75.96	75.96	75.96	75.96	0.24	0	2	0

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