

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: The Cotton Corporation of India (CCI) has begun gearing up for procurement of around 100 lakh bales for 2018-19 season which commenced from this week. This could be possibly be one of the biggest cotton procurement exercises by CCI in recent years. Maximum cotton procurement had last occurred in 2008-09 when about 96 lakh bales were procured, top officials of CCI said. Last season procurement stood at 3.08 lakh bales.

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:



05th Oct ♦Heavy to very heavy rainvery likely at isolated places over Tamilnadu & Puducherry ,Kerala and Lakshadweep & 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:

- **December cotton was slightly higher Wednesday, snapping a five-day losing streak.** However, the estimated volume of 16,500 contracts left traders feeling less bullish. In fact, given that the market is in its infancy of harvest, every day ought to generate some selling pressure stemming from hedge-type action. Overall, cotton's trend remains steeply bearish, reflecting the huge exodus of speculators.
- **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)	0.09	1150	1153.5	1146.5	1151	1141	-564	3540	-98
Spread	Oct 18(C1)			-	-	-	-	-	-
Spot	15.5			-	-	-	-	-	-
Oct-18				-	-	-	-	-	-

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

* Updated at as on 04 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.14	22160	22180	22060	22080	365	-406	2890	-140
Nov-18	0.05	22130	22160	22070	22080	267	-214	3437	-17
Spread	Oct 18			-	-	-	-	-	-
Spot	20			-	-	-	-	-	-
Oct-18				-	-	-	-	-	-

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

* Updated at as on 04-Oct- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Oct-18	03-Oct-18	
Gujarat	Ahmedabad	Shankar-6	5700	5650	50
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5690	5730	-40
	Patan	B.T. Cotton	6000	6000	Unch
	Kadi	B.T. Cotton	5650	5750	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5460	5460	Unch
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5380	5350	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5380	5350	30
	Fatehabad	B.T. Cotton	5250	5200	50
	Jind	B.T. Cotton	5570	5580	-10
	Uchana	B.T. Cotton	5299	5285	14

	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5250	5225	25
Madhya Pradesh	Khandwa	Mech-1	4875	4800	75
	Khargaon	Mech-1	5005	4820	185
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
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	5899	5909	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5400	5415	-15
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Oct-18	03-Oct-18	
Punjab	Bhatinda	J-34	4420	4400	20
	Abohar	J-34	4425	4400	25
	Mansa	J-34	4400	4380	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4420	4400	20
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Oct-18	03-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	550	520	30
	Patan	B.T. Cotton	3015	5107	-2092
	Kadi	B.T. Cotton	1500	2000	-500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	48	31	17
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6000	10000	-4000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6970	7055	-85
	Fatehabad	B.T. Cotton	500	650	-150

	Jind	B.T. Cotton	196	145	51
	Uchana	B.T. Cotton	355	265	90
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4000	5000	-1000
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	680	430	250
	Khargaon	Mech-1	9600	12750	-3150
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
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	282	165	117
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	97	112	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Oct-18	03-Oct-18	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1530	2720	-1190
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	850	1190	-340
Rajasthan	Sri-Ganganagar	J-34	700	500	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

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		04-Oct-18	03-Oct-18	
Rajkot	Rs. /10 Kg.	775	775	Unch
New Delhi	Rs. /10 Kg.	745	745	Unch
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	800	800	Unch
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		04-Oct-18	03-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1860	1836	24
Akola	Rs./Qtl	1700	1700	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	16088	-42
CCIndex(527)	15031	0
CCIndex(229)	16832	-11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 04-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	NR	NR
FC Index (M)	NR	NR
FC Index (L)	NR	NR

Cotlook Index: As on 3-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	85.80	-0.05

USDA-3.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.21	78.46	0
North Delta	75.21	76.96	0
South Delta	75.21	76.96	0
East TX-OK	70.96	73.46	917

West Texas	70.46	72.96	0
Desert SW	70.71	74.71	0
SJ Valley	71.21	80.11	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 3-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7650	160	7810
Equivalent	40 Kgs	8198	171	8369

Daily Futures Price Listing Wed October 03, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-18	181003	76.85	76.85	76.85	76.85	0.27	1	42	0
Dec-18	181003	76.3	76.86	76.08	76.46	0.27	31,645	1,35,462	-401
Mar-19	181003	77	77.57	76.88	77.2	0.28	10,436	65,762	2,046
May-19	181003	77.91	78.32	77.78	77.97	0.22	1,850	13,662	517
Jul-19	181003	78.71	79.1	78.66	78.73	0.12	642	8,106	175
Oct-19	181003	76.07	76.07	76.07	76.07	0.11	0	2	0
Total Volume and Open Interest							45,418	2,50,220	2,539

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