

## 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:** *All India daily arrivals reported around 35'000 bales (170 kg each). Weather expected to be clear across most of the cotton growing regions which will support harvesting in central India. Indian rupee further depreciated against USD and hit fresh record low level around 73.80.*

**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:



**06<sup>th</sup> Oct ♦** Heavy to very heavy rain likely at isolated places over Tamilnadu & Puducherry, Lakshadweep and Kerala and heavy rain at isolated places over Andaman & Nicobar Islands, Coastal & 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:

**NY futures continued to fall this week, as December dropped another 172 points to close at 76.00 cents/lb. December continued to stair-step lower, as it was unable to hold last week's support at 7800 and is now trying to hang on to the 7600 level. With a few exceptions daily volume is still mostly below 20k contracts and open interest has remained relatively stable at 251k, which is about the same as it was in late August, when prices were at 82-83 cents.**

- **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)	0.56	1150	1160.5	1149	1157	1897	756	3948	408

Spread	Oct 18(C1)		-	-	--	--
Spot	-18.5		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 05 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.96	21920	22260	21910	22160	560	195	2878	-12
Nov-18	0.91	21930	22230	21930	22160	500	233	3501	64

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

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

\* Updated at as on 05-Oct- 2018 @5pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
	Centre	Variety	05-Oct-18	04-Oct-18	
Gujarat	Ahmedabad	Shankar-6	5700	5700	Unch
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5710	5690	20
	Patan	B.T. Cotton	5800	6000	-200
	Kadi	B.T. Cotton	5600	5650	-50
	Deesa	B.T. Cotton	NA	NA	-

	Dhrol	B.T. Cotton	NR	5460	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5400	5380	20
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5300	5380	-80
	Fatehabad	B.T. Cotton	5275	5250	25
	Jind	B.T. Cotton	NR	5570	-
	Uchana	B.T. Cotton	5390	5299	91
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5200	5250	-50
Madhya Pradesh	Khandwa	Mech-1	4701	4875	-174
	Khargaon	Mech-1	5065	5005	60
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	NR	-
	Hathras	Desi	4200	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	NA	5899	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5499	5400	99
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>05-Oct-18</b>	<b>04-Oct-18</b>	
Punjab	Bhatinda	J-34	4440	4420	20
	Abohar	J-34	4430	4425	5
	Mansa	J-34	4420	4400	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4440	4420	20
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

**Cotton Arrivals in Key Centers:**

<b>Commodity</b>	<b>Kapas</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>05-Oct-18</b>	<b>04-Oct-18</b>	
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	512	550	-38
	Patan	B.T. Cotton	4450	3015	1435

	Kadi	B.T. Cotton	4000	1500	2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	48	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	9000	6000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8500	6970	1530
	Fatehabad	B.T. Cotton	700	500	200
	Jind	B.T. Cotton	NR	196	-
	Uchana	B.T. Cotton	430	355	75
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	1200	1000	200
Madhya Pradesh	Khandwa	Mech-1	900	680	220
	Khargaon	Mech-1	9800	9600	200
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	85	NR	-
	Hathras	Desi	35	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	NA	282	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	195	97	98
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Oct-18	04-Oct-18	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1530	170
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	1190	850	340
Rajasthan	Sri-Ganganagar	J-34	700	700	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	<b>-100</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44300	44300	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	46500	46600	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47200	47500	<b>-300</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49200	49400	<b>-200</b>
DCH-32(107)	34mm	3.0 - 3.8	33	58400	58400	<b>Unch</b>

<b>Refined Cottonseeds oil (10 KG)</b>				
<b>Centre</b>	<b>Unit</b>	<b>Price</b>		<b>Change</b>
		<b>05-Oct-18</b>	<b>04-Oct-18</b>	
Rajkot	Rs. /10 Kg.	770	775	<b>-5</b>
New Delhi	Rs. /10 Kg.	745	745	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	775	775	<b>Unch</b>
Mumbai	Rs. /10 Kg.	785	800	<b>-15</b>
<b>Cotton seed oil cake Rs/Qtl</b>				
<b>Centre</b>	<b>Unit</b>	<b>Price</b>		<b>Change</b>
		<b>05-Oct-18</b>	<b>04-Oct-18</b>	
Mahesana (Kadi)	Rs./Qtl	1867	1860	<b>7</b>
Akola	Rs./Qtl	1700	1700	<b>Unch</b>

### INTERNATIONAL PRICES AND INDICES

<b>China Cotton Index: As on 05-Oct-2018</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	16086	<b>-2</b>
CCIndex(527)	15028	<b>-3</b>
CCIndex(229)	16831	<b>-1</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 05-Oct-2018</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	NR	NR
FC Index (M)	NR	NR
FC Index (L)	NR	NR

<b>Cotlook Index: As on 4-Oct-2018</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
<b>A-Index</b>	85.95	<b>0.15</b>

USDA-4.10.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.75	78	0
North Delta	74.75	76.5	0
South Delta	74.75	76.5	0
East TX-OK	70.5	73	321
West Texas	70	72.5	0
Desert SW	70.25	74.25	0
SJ Valley	70.75	79.65	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 4-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 Thu October 04, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Oct-18</a>	181004	76.39	76.39	76.39	76.39	-0.46	0	42	0
<a href="#">Dec-18</a>	181004	76.55	76.77	75.63	76	-0.46	13,057	1,35,707	245
<a href="#">Mar-19</a>	181004	77.27	77.53	76.55	76.82	-0.38	4,117	65,501	-261
<a href="#">May-19</a>	181004	78.2	78.31	77.49	77.69	-0.28	1,074	13,987	325
<a href="#">Jul-19</a>	181004	78.96	78.96	78.28	78.46	-0.27	446	8,308	202
<a href="#">Oct-19</a>	181004	75.89	75.89	75.89	75.89	-0.18	0	2	0
Total Volume and Open Interest							18,944	2,50,658	438

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