

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: *In case of ICE Cotton Futures for initial three months the range will scale between 71 cents to 85 cents whereas at later stage it may range between 77 cents to 95 cents. Similarly MCX Cotton Futures for the next six months may range between Rs. 19,500 to 26,500 per bale of 170 kg.*

All India daily arrivals reported around 35-38000 bales (170 kg each). *Weather expected to be normal 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 73.75 during the week.*

Cotton plucking started in major belts of Khandesh and a few stations of lower M.Wada Belts of early and late sowing also are opening fast due to present good heat. *New crop slow arrivals started in MH will pick up soon in Khandesh & heard one or two centres of Vidarbha. The arrival of cotton in the region's markets is gradually picking up the pace as Punjab, Haryana, Rajasthan, AP and Telangana are registering the arrival of 12-15000 bales of cotton on a daily basis.*

Output of cotton in Haryana in the 2018-19 season is likely to rise 5% on year to 1.7 mln bales (1 bale = 170 kg) *because of higher yields, according to the state's first advance estimate. Cotton yields have increased to 432 kg per ha from 413 kg last year.*

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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:



09th Oct ♦ Heavy rain very likely at isolated places over coastal Odisha

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)	0.09	1160	1165	1156.5	1160.5	1848	-49	4417	469

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

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

* Updated at as on 08 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.41	22300	22360	22220	22270	633	73	2963	85
Nov-18	0.54	22320	22380	22240	22310	545	45	3513	12

Spread	Oct 18		-	-	--	--
Spot	-20		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 08-Oct- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Oct-18	06-Oct-18	
Gujarat	Ahmedabad	Shankar-6	5800	5750	50
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5810	NR	-
	Patan	B.T. Cotton	5755	5680	75
	Kadi	B.T. Cotton	5750	5650	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5555	5390	165
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5400	5300	100
	Fatehabad	B.T. Cotton	5300	5250	50
	Jind	B.T. Cotton	NR	5570	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5400	5350	50
	Rawatsar	B.T. Cotton	5300	5250	50
Madhya Pradesh	Khandwa	Mech-1	4800	4800	Unch
	Khargaon	Mech-1	5520	5220	300
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	6000	-200
	Hathras	Desi	4500	4800	-300
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	NR	NA	-
	Hubli	D.C.H.	NR	NA	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	NR	5459	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Oct-18	06-Oct-18	
Punjab	Bhatinda	J-34	4495	4455	40
	Abohar	J-34	4485	4455	30
	Mansa	J-34	4480	4440	40

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4480	4470	10
Rajasthan	Sri-Ganganagar	J-34	4230	4230	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
		08-Oct-18	06-Oct-18	
Rajkot	Rs. /10 Kg.	770	775	-5
New Delhi	Rs. /10 Kg.	740	740	Unch
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	785	785	Unch

Cotton seed oil cake Rs/Qtl

Centre	Unit	Price		Change
		08-Oct-18	06-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1914	1887	27
Akola	Rs./Qtl	1724	1700	24

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 05-Oct-2018

Index	RMB/Ton	Change
CCIndex(328)	16086	-2
CCIndex(527)	15028	-3
CCIndex(229)	16831	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 05-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 5-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	85.95	0.15

USDA-5.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.85	78.1	0
North Delta	74.85	76.6	0
South Delta	74.85	76.6	0
East TX-OK	70.6	73.1	338
West Texas	70.1	72.6	0
Desert SW	70.35	74.35	0
SJ Valley	70.85	79.75	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 5-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7800	160	7960
Equivalent	40 Kgs	8359	171	8530

Daily Futures Price Listing Fri October 05, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-18	181005	76.49	76.49	76.49	76.49	0.1	0	41	-1
Dec-18	181005	76	76.73	76	76.1	0.1	10,059	1,36,290	583
Mar-19	181005	76.84	77.48	76.82	77.14	0.32	3,788	65,448	-53
May-19	181005	77.85	78.25	77.71	77.95	0.26	865	14,310	323
Jul-19	181005	78.54	78.91	78.5	78.71	0.25	367	8,228	-80
Oct-19	181005	76.14	76.14	76.14	76.14	0.25	0	2	0
Total Volume and Open Interest							15,562	2,51,484	826

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