

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. Active trading was witnessed at the National Commodity & Derivatives Exchange Limited (NCDEX) Cotton Exchange on Tuesday, while spot rate decreased Rs 100/Qtl.

In the News: Gujarat's Shankar-6 is being sold on higher rate than MH cotton by near Rs1000/candy. Reason behind it is the Gujarat Govt's support to spinning and textile mills development in state providing subsidy and cheap electricity. So, Gujarat mills consume 85 lakh bales yearly leading to hassle free sales and more rate. According to trade sources, cotton crop in Gujarat is expecting a big drop in production due to dry weather. Gujarat, the country's top cotton producing state, received 28 percent lower rainfall than normal in the June-September monsoon season, according to the India Metrological Department.

India will have a good opportunity in the international market but with tightness in balance sheet the crop year will be challenging for exports. Also, packing of bales and contamination in Cotton Bales still remain major setback for exports. Cotton Futures will further get a boost with BSE launching its contracts in near future and hedging the risk in cotton trading will become the need of the hour.

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 an few stations of lower M.Wada Bowls 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.

Weather Update:



10th Oct ♦ Heavy to very heavy rain at a few places with extremely heavy falls at isolated places very likely over Odisha; heavy to very heavy rain at isolated places over Gangetic West Bengal and heavy rain at isolated places over Mizoram & Tripura and north Coastal Andhra Pradesh

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.

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)	0.69	1164.5	1171.5	1163.5	1169	1802	-46	4491	74

Spread	Oct 18(C1)		-	-	--	--
Spot	-5.5		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 09 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.81	22360	22450	22300	22440	531	-102	2896	-67
Nov-18	0.81	22360	22480	22320	22460	613	68	3480	-33

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

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

* Updated at as on 09-Oct- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	09-Oct-18	08-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6000	5800	200
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5855	5810	45
	Patan	B.T. Cotton	5800	5755	45
	Kadi	B.T. Cotton	5700	5750	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5625	5555	70
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5450	Unch
	Bhiwani	Desi	5900	NA	-
	Adampur	B.T. Cotton	5325	5400	-75
	Fatehabad	B.T. Cotton	5325	5300	25
	Jind	B.T. Cotton	5600	5580	20
	Uchana	B.T. Cotton	5500	5520	-20

	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5450	5400	50
	Rawatsar	B.T. Cotton	5330	5300	30
Madhya Pradesh	Khandwa	Mech-1	5100	4800	300
	Khargaon	Mech-1	5520	5520	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6100	5800	300
	Hathras	Desi	4700	4500	200
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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5601	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	09-Oct-18	08-Oct-18	
Punjab	Bhatinda	J-34	4500	4495	5
	Abohar	J-34	4500	4485	15
	Mansa	J-34	4475	4480	-5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4510	4480	30
Rajasthan	Sri-Ganganagar	J-34	4230	4230	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	09-Oct-18	08-Oct-18	
Gujarat	Ahmedabad	Shankar-6	11900	8670	3230
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	1220	1200	20
	Patan	B.T. Cotton	8335	6051	2284
	Kadi	B.T. Cotton	4000	3000	1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	135	125	10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	12000	12000	Unch
	Bhiwani	Desi	150	NA	-
	Adampur	B.T. Cotton	10200	8500	1700
	Fatehabad	B.T. Cotton	1000	1000	Unch

	Jind	B.T. Cotton	175	175	Unch
	Uchana	B.T. Cotton	1485	910	575
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	2500	5000	-2500
	Rawatsar	B.T. Cotton	4500	1500	3000
Madhya Pradesh	Khandwa	Mech-1	1200	700	500
	Khargaon	Mech-1	79150	79150	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	85	150	-65
	Hathras	Desi	30	25	5
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	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	367	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	09-Oct-18	08-Oct-18	
Punjab	Bhatinda	J-34	10200	8500	1700
	Abohar	J-34	2550	2890	-340
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	1700	2040	-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	-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
		09-Oct-18	08-Oct-18	
Rajkot	Rs. /10 Kg.	760	770	-10
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
		09-Oct-18	08-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1911	1914	-3
Akola	Rs./Qtl	1729	1724	5

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 09-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	16072	-1
CCIndex(527)	15005	-16
CCIndex(229)	16823	-8
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 08-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	91.49	0.38
FC Index (M)	87.95	0.3
FC Index (L)	86.39	0.33

Cotlook Index: As on 8-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	85.4	0.05

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 8-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	8000	160	8160	8000
Equivalent	8574	171	8745	8574

Daily Futures Price Listing Mon October 08, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-18	181008	77.94	77.94	77.94	77.94	1.45	0	22	-19
Dec-18	181008	76.39	77.61	76.17	77.55	1.45	11,104	1,36,434	144
Mar-19	181008	77.38	78.59	77.24	78.49	1.35	3,055	65,427	-21
May-19	181008	78.19	79.28	78.08	79.21	1.26	1,028	14,399	89
Jul-19	181008	78.94	79.91	78.85	79.84	1.13	411	8,353	125
Oct-19	181008	77.27	77.27	77.27	77.27	1.13	0	2	0
Total Volume and Open Interest							15,860	2,51,805	321

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