

## 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:** *Cotton October prices were slightly up in during the week on the Multi-Commodity Exchange (MCX) on emergence of some demand after Cotton Association of India (CAI) projected a decline in output in its first cotton estimate. CAI trimmed cotton crop estimates for 2018-19 season to 34.8 million bales from 36.5 million bales in 2017-18. Cotton sowing was reported at 12.06 million hectares for 2018-19 compared to 12.17 million hectare last year, according to Central government data.*

**CCI has geared up for large-scale MSP operations across the country as the Centre announced an MSP increase of 26-28 per cent for the fibre crop over last year.** *For the long staple variety, MSP has been increased by 26.16 per cent to ₹5,450 per quintal, while for the medium staple, MSP hike has been 28 per cent to ₹5,150 per quintal. CCI have already opened 330 centres and if required, may go up to 390 said P Alli Rani, Chairman and ND, CCI. Though CCI has opened 330 procurement centres across key growing states since October 1, purchases at support price have not begun so far due to the higher moisture content of over 12 per cent in cotton offered to CCI. Last year, CCI had procured less than four lakh bales under MSP operations, since the market prices rose quickly and went above MSP rates. This year since MSP rates are much higher, the probability of higher volumes being purchased under MSP is high*

**Cotton arrivals started picking up in the Telangana market yards. The State government has set the stage to commence the procurement operations in all 31 districts from today.** *Cotton purchase centres would be opened at 269 ginning mills. In addition to this, another 11 centres would be opened by the Marketing Department, according to the Marketing Department Director Lakshmi Bai.*

**Market arrivals in small quantities have begun across the key producing States of Punjab, Rajasthan, Gujarat, Telangana, Maharashtra and Karnataka.** *Trade sources estimated the cotton arrivals at around 40,000-50,000 bales of 170 kg each. Prices are hovering between Rs 5,200-5,600 per quintal across various markets, depending on the moisture content. Millers and ginneries are yet to start purchases as the moisture content is still high.*

**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.*

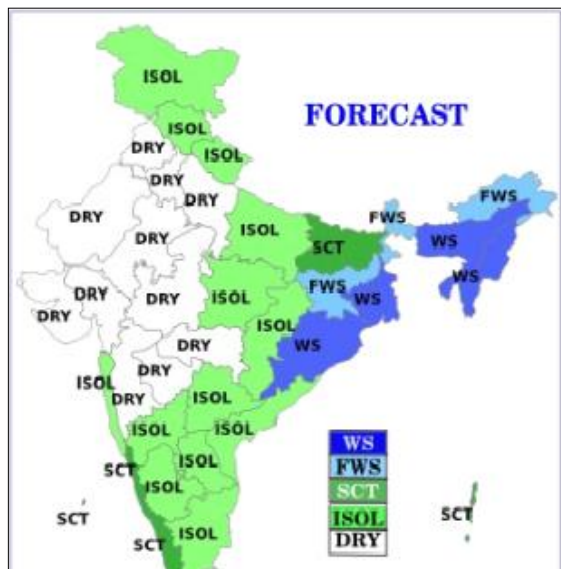
**India will have a good opportunity in the international market but with tightness in balance sheet the crop year will be challenging for exports.** *Also, packing of bales and contamination in Cotton Bales still remain major setback for exports. Cotton Futures will further get a boost with BSE launching 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 and 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.

#### Weather Update:



**12<sup>th</sup> Oct ♦** Heavy to very heavy rain with extremely heavy falls very likely at isolated places over Assam & Meghalaya; heavy to very heavy rain at a few places over Gangetic West Bengal; heavy to very heavy rain at isolated places over Odisha and Nagaland, Manipur, Mizoram & Tripura ; heavy rain likely at isolated places over Jharkhand, Sub Himalayan West Bengal and Arunachal Pradesh. Squally

♦wind speed reaching 5060 kmph gusting 70 kmph very likely over south Odisha during next 12 hours and gradually decrease thereafter. Squally wind speed of 4050 kmph gusting 60 kmph very likely along and off north Odisha and west Bengal coast during next 12 hours.

♦Gale wind speed reaching 135145 km ph gusting 160 km ph will prevail over west central Arabian Sea. It is very likely to decrease gradually becoming 110 120 km ph gusting 135 km ph morning over west central Arabian around the system centre.

#### International Fundamentals:

**ICE cotton futures edged lower on Wednesday as traders remained cautious ahead of the U.S. Department of Agriculture's (USDA) monthly crop supply and demand report.** The most active cotton contract on ICE Futures U.S., the December contract, settled down 0.21 cents, or 0.3 percent, at 76.80 cents per lb. It traded within a range of 76.49 cents and 77.57 cents per lb.

**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
<b>Oct-18(C1)</b>	0.04	1163.5	1165.5	1160.5	1164	1148	-611	4833	252

Spread	Oct 18(C1)		-	-	--	--
Spot	15.5		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 11 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
<b>Oct-18</b>	-0.04	22300	22410	22280	22340	377	10	2771	-14
<b>Nov-18</b>	0	22310	22400	22300	22350	304	1	3520	67

Spread	Oct 18		-	-	--	--
Spot	10		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 11-Oct- 2018 @5pm

### **Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Oct-18	10-Oct-18	
<b>Gujarat</b>	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5905	5875	30
	Patan	B.T. Cotton	5850	5825	25
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	5205	5250	-45
	Dhrol	B.T. Cotton	5800	5755	45
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	5430	5470	-40

	Bhiwani	Desi	5900	5850	50
	Adampur	B.T. Cotton	5325	5370	-45
	Fatehabad	B.T. Cotton	5350	5370	-20
	Jind	B.T. Cotton	5300	5530	-230
	Uchana	B.T. Cotton	5480	5525	-45
	Dabwali	B.T. Cotton	5260	5285	-25
Rajasthan	Hanumangarh	B.T. Cotton	5300	5400	-100
	Rawatsar	B.T. Cotton	5325	5350	-25
Madhya Pradesh	Khandwa	Mech-1	5050	5100	-50
	Khargaon	Mech-1	5510	5520	-10
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6100	6100	Unch
	Hathras	Desi	4800	4700	100
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	5811	5793	18
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5650	5641	9
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>11-Oct-18</b>	<b>10-Oct-18</b>	
Punjab	Bhatinda	J-34	4550	4525	25
	Abohar	J-34	4540	4515	25
	Mansa	J-34	4520	4510	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4550	4540	10
Rajasthan	Sri-Ganganagar	J-34	4183	4183	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>11-Oct-18</b>	<b>10-Oct-18</b>	
Gujarat	Ahmedabad	Shankar-6	17000	11900	5100
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	2010	4000	-1990
	Patan	B.T. Cotton	9763	5749	4014
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	5	5	Unch
	Dhrol	B.T. Cotton	152	111	41
Punjab	Fazilika	B.T. Cotton	NR	NR	-

	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	13000	15000	-2000
	Bhiwani	Desi	200	150	50
	Adampur	B.T. Cotton	8500	8500	Unch
	Fatehabad	B.T. Cotton	800	800	Unch
	Jind	B.T. Cotton	150	330	-180
	Uchana	B.T. Cotton	1420	1250	170
	Dabwali	B.T. Cotton	2000	1850	150
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	4000	5000	-1000
	Rawatsar	B.T. Cotton	1000	2000	-1000
<b>Madhya Pradesh</b>	Khandwa	Mech-1	615	440	175
	Khargaon	Mech-1	83950	89950	-6000
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	250	85	165
	Hathras	Desi	60	30	30
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	629	377	252
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	225	322	-97
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>11-Oct-18</b>	<b>10-Oct-18</b>	
<b>Punjab</b>	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	2550	2550	Unch
	Mansa	J-34	850	850	Unch
<b>Haryana</b>	Sirsa	J-34	1700	2040	-340
<b>Rajasthan</b>	Sri-Ganganagar	J-34	700	800	-100

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Oct-18	09-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	NR	NR	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	NR	NR	-
J-34(202)	26mm	3.5 - 4.9	23	NR	NR	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NR	NR	-
Shankar-6(105)	29mm	3.5 - 4.9	28	NR	NR	-

Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	NR	NR	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NR	NR	-
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

**Refined Cottonseeds oil (10 KG)**

Centre	Unit	Price		Change
		11-Oct-18	10-Oct-18	
Rajkot	Rs. /10 Kg.	760	760	Unch
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
		11-Oct-18	10-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1918	1907	11
Akola	Rs./Qtl	1732	1735	-3

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 11-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	16035	-10
CCIndex(527)	14972	-6
CCIndex(229)	16765	-18
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 11-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	92.03	-0.16
FC Index (M)	88.27	-0.23
FC Index (L)	86.95	-0.25

Cotlook Index: As on 10-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	86.35	-0.5

USDA-10.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.55	78.8	0
North Delta	75.55	77.3	0

South Delta	75.55	77.3	0
East TX-OK	71.3	73.8	245
West Texas	70.8	73.3	106
Desert SW	71.05	75.05	0
SJ Valley	71.55	80.45	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 10-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	8000	8400	160	8560
Equivalent	8574	9002	171	9173

Daily Futures Price Listing Wed October 10, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181010	77.01	77.57	76.49	76.8	-0.21	19,903	1,38,361	2,449
<a href="#">Mar-19</a>	181010	78.23	78.76	77.58	78.04	-0.03	6,559	66,286	333
<a href="#">May-19</a>	181010	78.97	79.5	78.4	78.86	-0.03	2,850	14,273	50
<a href="#">Jul-19</a>	181010	79.61	80.11	79.1	79.52	-0.02	1,897	8,643	275
<a href="#">Oct-19</a>	181010	76.93	76.93	76.93	76.93	-0.12	0	2	0
<a href="#">Dec-19</a>	181010	75.65	76.47	75.65	76	0.03	1,631	26,474	992
Total Volume and Open Interest							32,869	2,55,804	4,111

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