

## 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 prices are expected to remain firm in the long term with traders expecting export demand to pick up. Current delays in the arrival of crop in Gujarat and Rajasthan mandis may also support the prices. Agriwatch expect prices to move from the current Rs 5500 to Rs 6400 per Qtl in October.*

***The Cotton Corp of India will soon commence procurement of raw cotton in Punjab, Haryana and Rajasthan, once the new crop conforms to quality norms fixed for the current season that started Monday, a senior official said. CCI keeping a close watch and awaiting quality arrivals in the market as recent rains have led to moisture above the stipulated norms for the fair-average quality material.***

***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.

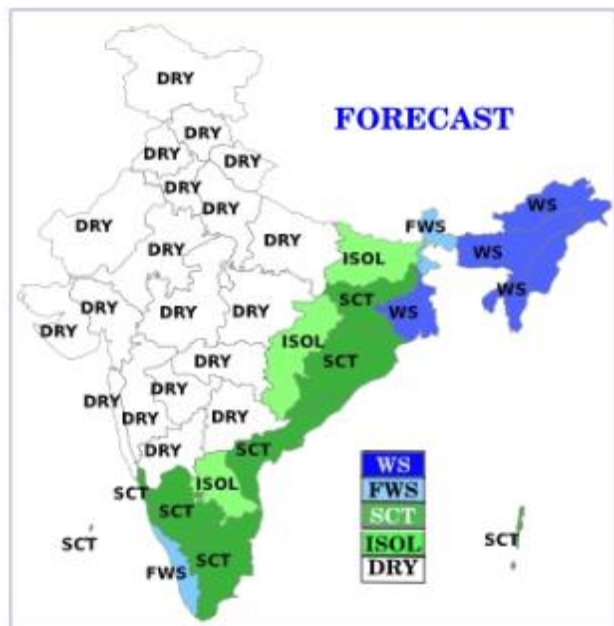
***CCI has geared up for large-scale MSP operations across the country as the Centre announced an MSP increase of 26-28 per cent for the fibre crop over last year.*** For the long staple variety, MSP has been increased by 26.16 per cent to ₹5,450 per quintal, while for the medium staple, MSP hike has 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 ginners 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.***

**Weather Update:**



**13<sup>th</sup> Oct** ♦ Heavy to very heavy rain very likely at isolated places over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura and heavy rain likely at isolated places over Bihar, West Bengal & Sikkim and Arunachal Pradesh.

♦ Gale wind speed reaching 110-120 kmph gusting to 135 kmph around system centre over west-central Arabian Sea & adjoining Gulf of Aden around system centre.

**International Fundamentals:**

**USDA lowered its projections for the world ending stocks to 74.45 million bales from 77.46 million bales forecast in the September report. It lowered its global production estimates to 121.66 million bales from 121.97 million in the previous month.**

**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)	1.46	1166	1186	1164.5	1182	3836	2688	5428	595

Spread	Oct 18(C1)		-	-	--	--
Spot	-9		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 12 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.72	22400	22610	22390	22530	789	412	2728	-43
Nov-18	0.76	22400	22620	22380	22520	1052	748	3643	123

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

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

\* Updated at as on 12-Oct- 2018 @5pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Oct-18	11-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6125	6000	125
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	5885	5905	-20
	Patan	B.T. Cotton	5850	5850	Unch
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	5275	5205	70
	Dhrol	B.T. Cotton	5750	5800	-50
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5430	20
	Bhiwani	Desi	5900	5900	Unch
	Adampur	B.T. Cotton	5350	5325	25
	Fatehabad	B.T. Cotton	5350	5350	Unch
	Jind	B.T. Cotton	5440	5300	140
	Uchana	B.T. Cotton	5545	5480	65
	Dabwali	B.T. Cotton	5300	5260	40
Rajasthan	Hanumangarh	B.T. Cotton	5400	5300	100

	Rawatsar	B.T. Cotton	5300	5325	-25
Madhya Pradesh	Khandwa	Mech-1	5160	5050	110
	Khargaon	Mech-1	5520	5510	10
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6100	100
	Hathras	Desi	4800	4800	Unch
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	5830	5811	19
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5700	5650	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Oct-18	11-Oct-18	
Punjab	Bhatinda	J-34	4575	4550	25
	Abohar	J-34	4550	4540	10
	Mansa	J-34	4530	4520	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4580	4550	30
Rajasthan	Sri-Ganganagar	J-34	4230	4183	47

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Oct-18	11-Oct-18	
Gujarat	Ahmedabad	Shankar-6	20400	17000	3400
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	1900	2010	-110
	Patan	B.T. Cotton	9275	9763	-488
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	6	5	0.5
	Dhrol	B.T. Cotton	224	152	72
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	9000	13000	-4000
	Bhiwani	Desi	150	200	-50
	Adampur	B.T. Cotton	5100	8500	-3400
	Fatehabad	B.T. Cotton	800	800	Unch
	Jind	B.T. Cotton	179	170	9
	Uchana	B.T. Cotton	1515	1420	95

	Dabwali	B.T. Cotton	2000	2000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	2000	1000	1000
Madhya Pradesh	Khandwa	Mech-1	410	615	-205
	Khargaon	Mech-1	84500	83950	550
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	250	-50
	Hathras	Desi	85	60	25
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	604	629	-25
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	217	225	-8
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>12-Oct-18</b>	<b>11-Oct-18</b>	
Punjab	Bhatinda	J-34	1700	10200	-8500
	Abohar	J-34	170	2550	-2380
	Mansa	J-34	85	850	-765
Haryana	Sirsa	J-34	2040	1700	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
				11-Oct-18	10-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	NR	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	NR	-
J-34(202)	26mm	3.5 - 4.9	23	NA	NR	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NA	NR	-
Shankar-6(105)	29mm	3.5 - 4.9	28	46100	NR	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46200	NR	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49200	NR	-
DCH-32(107)	34mm	3.0 - 3.8	33	58200	NR	-

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		12-Oct-18	11-Oct-18	
Rajkot	Rs. /10 Kg.	760	760	Unch
New Delhi	Rs. /10 Kg.	725	740	-15
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	785	785	Unch
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		12-Oct-18	11-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1997	1918	79
Akola	Rs./Qtl	1750	1732	18

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 12-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15985	-50
CCIndex(527)	14965	-7
CCIndex(229)	16707	-58
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 12-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	92.03	0
FC Index (M)	88.27	0
FC Index (L)	86.95	0

Cotlook Index: As on 11-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	86.15	-0.2

USDA-11.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.56	78.81	0
North Delta	75.56	77.31	0
South Delta	75.56	77.31	0
East TX-OK	71.31	73.81	39

West Texas	70.81	73.31	1
Desert SW	71.06	75.06	0
SJ Valley	71.56	80.46	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 11-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 kg	8500	160	8660
Equivalent	40 kg	9109	171	9280

Daily Futures Price Listing Thu October 11, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181011	76.87	77.76	76.15	76.81	0.01	16,131	1,37,735	-626
<a href="#">Mar-19</a>	181011	78.06	78.88	77.4	78.17	0.13	5,907	67,045	759
<a href="#">May-19</a>	181011	78.94	79.64	78.26	79.03	0.17	1,676	14,092	-181
<a href="#">Jul-19</a>	181011	79.55	80.24	78.95	79.66	0.14	1,313	8,770	127
<a href="#">Oct-19</a>	181011	77.4	77.4	77.4	77.4	0.47	0	2	0
<a href="#">Dec-19</a>	181011	75.75	76.6	75.65	76.2	0.2	700	26,465	-9
Total Volume and Open Interest							25,729	2,55,852	48

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