

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: Rains have damaged around 70% cotton fields in the Haryana state and crop loss in some areas may be very high. Overall, the yield may drop to around 390 kg per ha, the official said. The state, in its first estimate for 2018-19 crop output pegged cotton output at 1.70 mln bales (1 bale = 170 kg) with acreage at 669,000 ha and yield at 432 kg per ha. At a yield of 390 kg per ha, output from 669,000 ha will be a little over 1.53 mln bales. As per the preliminary survey, 51-75% crop has been damaged over 100,000 ha, 26-50% on 190,000 ha, and up to 25% on 185,000 ha. Crop over 486,000 ha, which is 70% of the total area under the crop, has been damaged anywhere between 5% and 75%, the official said. Hisar and Sirsa are major cotton producing districts that have been severely affected by the rainfall in September. Haryana is the major producer of cotton in north India.

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 ginnerers 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:

15th Oct ♦ No weather warning.

The weather pattern's possible emergence and its impact on the north-west monsoon is an annual cause of concern for policymakers in India, where 60% of the crop area lacks assured irrigation. The summer-sown Kharif crop, which accounts for half of India's foodgrain output, is particularly dependent on monsoon rainfall. El Nino is part of a natural process, characterised by a warming in the Pacific Ocean, with repercussions across the globe, including higher temperatures and drought in some parts.

International Fundamentals:

According to customs' statistics of major exporters, arrivals of imported yarn in Sep are assessed at 142kt, down by 29% on the month. Of the total, cotton yarn containing over 85% cotton reached about 133kt. The major origins are Vietnam (50kt), India (28kt), Pakistan (28kt), Indonesia (8kt), Uzbekistan (9kt), Taiwan (7kt) and other regions and countries (12kt).

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.

NCDEX Kapas Futures*: (Prices in Rs/20 kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	2.15	1166	1191	1164	1190	4960	2688	5432	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	2.28	22400	22610	22390	22880	1662	412	2599	-43
Nov-18	2.15	22400	22920	22380	22520	1895	748	3662	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	13-Oct-18	12-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6250	6125	125
	Gondal	Shankar-6	6280	6080	200
	Rajkot	B.T. Cotton	6050	5885	165
	Patan	B.T. Cotton	6000	5850	150
	Kadi	B.T. Cotton	6000	5800	200
	Deesa	B.T. Cotton	5325	5275	50
	Dhrol	B.T. Cotton	5670	5750	-80
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5350	5450	-100
	Bhiwani	Desi	6000	5900	100
	Adampur	B.T. Cotton	5450	5350	100
	Fatehabad	B.T. Cotton	5400	5350	50
	Jind	B.T. Cotton	5470	5440	30

	Uchana	B.T. Cotton	5550	5545	5
	Dabwali	B.T. Cotton	5390	5300	90
Rajasthan	Hanumangarh	B.T. Cotton	5380	5400	-20
	Rawatsar	B.T. Cotton	5350	5300	50
Madhya Pradesh	Khandwa	Mech-1	5400	5160	240
	Khargaon	Mech-1	5540	5520	20
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6300	6200	100
	Hathras	Desi	4700	4800	-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	NR	5830	-
	Hubli	D.C.H.	NR	5820	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5711	5700	11
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Oct-18	12-Oct-18	
Punjab	Bhatinda	J-34	4635	4575	60
	Abohar	J-34	4620	4550	70
	Mansa	J-34	4570	4530	40
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4660	4580	80
Rajasthan	Sri-Ganganagar	J-34	4324	4230	94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Oct-18	12-Oct-18	
Gujarat	Ahmedabad	Shankar-6	17000	20400	-3400
	Gondal	Shankar-6	789	322	467
	Rajkot	B.T. Cotton	2100	1900	200
	Patan	B.T. Cotton	16580	9275	7305
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	6	6	Unch
	Dhrol	B.T. Cotton	136	224	-88
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	8000	9000	-1000
	Bhiwani	Desi	100	150	-50
	Adampur	B.T. Cotton	8500	5100	3400

	Fatehabad	B.T. Cotton	1000	800	200
	Jind	B.T. Cotton	425	179	247
	Uchana	B.T. Cotton	2210	1515	695
	Dabwali	B.T. Cotton	1800	2000	-200
Rajasthan	Hanumangarh	B.T. Cotton	2000	4000	-2000
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	195	410	-215
	Khargaon	Mech-1	9030	8450	580
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	350	200	150
	Hathras	Desi	85	85	Unch
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	604	-
	Hubli	D.C.H.	NR	6	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	240	217	23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Oct-18	12-Oct-18	
Punjab	Bhatinda	J-34	10200	1700	8500
	Abohar	J-34	3400	170	3230
	Mansa	J-34	850	85	765
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
				12-Oct-18	11-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	42400	Unch
J-34(202)	26mm	3.5 - 4.9	23	NA	NA	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 - 4.9	28	46400	46100	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46500	46200	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49300	49200	100
DCH-32(107)	34mm	3.0 - 3.8	33	58300	58200	100

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		13-Oct-18	12-Oct-18	
Rajkot	Rs. /10 Kg.	765	760	5
New Delhi	Rs. /10 Kg.	725	725	Unch
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	790	785	5
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		13-Oct-18	12-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1995	1997	-2
Akola	Rs./Qtl	1755	1750	5

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 Fri October 12, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181012	76.88	78.88	76.88	78.37	1.56	14,968	1,36,980	-755
Mar-19	181012	78.38	79.93	78.36	79.55	1.38	6,479	68,728	1,683
May-19	181012	79.18	80.69	79.18	80.41	1.38	1,306	14,110	18
Jul-19	181012	79.79	81.28	79.79	80.99	1.33	827	8,920	150
Oct-19	181012	78.58	78.58	78.58	78.58	1.18	0	2	0
Dec-19	181012	76.27	77.28	76.24	76.99	0.79	627	26,595	130
Total Volume and Open Interest							24,207	2,57,078	1,226

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