

## 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 5800 per Qtl of 170 kg each to Rs 6300 per Qtl in October. Increased demand from China, Bangladesh and Vietnam and the opening up of the Pakistan market for Indian cotton could firm up prices further.*

***Cotton Corporation of India (CCI) proposes to open 43 cotton purchase centres in the AP state to purchase cotton because cotton arrivals will start in the next 15-days.*** *Taking demand into consideration, the Central government has fixed Rs.5,450 as minimum support price (MSP) per quintal. The MSP for cotton was Rs 4,350 per quintal during last year.*

***Gujarat Old Stock Cotton prices of 29 mm New Crop arrivals sold between 45,600 to 46,600 Rs./Candy.*** *Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in Some quantities. All India Daily Arrivals remained 55,000 to 60,000 bales. Gujarat Daily Pressing was approximately 6,000 -7,000 bales.*

***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

### Weather Update:

**17<sup>th</sup> Oct ♦** Thunderstorm accompanied with lightning very likely at isolated places over Rayalaseema, Coastal Andhra Pradesh, Coastal & South Interior Karnataka, Kerala and Tamilnadu & Puducherry

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)	0.08	1190	1193	1183	1192	2122	-96	5927	148

Spread	Oct 18(C1)		-	-	--	--
Spot	43		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 17 Oct 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.17	22950	22980	22800	22950	427	-540	2404	-36
Nov-18	-0.26	22860	22860	22700	22800	650	-446	3738	-70

Spread	Oct 18		-	-	--	--
Spot	120		-	-	-	-
Oct-18			-	-	-	-

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

\* Updated at as on 17-Oct- 2018 @5pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Oct-18	16-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6125	6200	-75
	Gondal	Shankar-6	6105	6105	Unch
	Rajkot	B.T. Cotton	6050	6180	-130
	Patan	B.T. Cotton	6030	6000	30
	Kadi	B.T. Cotton	6250	6000	250
	Deesa	B.T. Cotton	5730	5780	-50
	Dhrol	B.T. Cotton	6095	6075	20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5380	5425	-45
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5300	5400	-100
	Fatehabad	B.T. Cotton	5300	5325	-25
	Jind	B.T. Cotton	5410	5460	-50
	Uchana	B.T. Cotton	5440	5457	-17

	Dabwali	B.T. Cotton	5245	5245	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5300	5325	-25
Madhya Pradesh	Khandwa	Mech-1	5525	5555	-30
	Khargaon	Mech-1	5760	5800	-40
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	5800	200
	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	NR	6076	-
	Hubli	D.C.H.	NR	5857	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5340	5900	-560
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>17-Oct-18</b>	<b>16-Oct-18</b>	
Punjab	Bhatinda	J-34	4540	4625	-85
	Abohar	J-34	4520	4620	-100
	Mansa	J-34	4520	4585	-65
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4580	4640	-60
Rajasthan	Sri-Ganganagar	J-34	4277	4324	-47

**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>17-Oct-18</b>	<b>16-Oct-18</b>	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	3062	918	2144
	Rajkot	B.T. Cotton	3000	2600	400
	Patan	B.T. Cotton	18914	21388	-2474
	Kadi	B.T. Cotton	10000	8000	2000
	Deesa	B.T. Cotton	25	20	5
	Dhrol	B.T. Cotton	164	266	-102
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	14000	15000	-1000
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	8500	8500	Unch
	Fatehabad	B.T. Cotton	1200	700	500

	Jind	B.T. Cotton	595	1105	-510
	Uchana	B.T. Cotton	2800	3510	-710
	Dabwali	B.T. Cotton	1500	1550	-50
Rajasthan	Hanumangarh	B.T. Cotton	3000	4000	-1000
	Rawatsar	B.T. Cotton	3000	2500	500
Madhya Pradesh	Khandwa	Mech-1	760	903	-143
	Khargaon	Mech-1	7600	13450	-5850
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	300	150	150
	Hathras	Desi	125	85	40
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	1040	-
	Hubli	D.C.H.	NR	22	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	846	292	554
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>17-Oct-18</b>	<b>16-Oct-18</b>	
Punjab	Bhatinda	J-34	10200	11900	-1700
	Abohar	J-34	2550	2720	-170
	Mansa	J-34	1190	1020	170
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	1000	700	300

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Oct-18	15-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42300	42300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42800	42800	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	46700	46900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46600	46800	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49400	49600	-200
DCH-32(107)	34mm	3.0 - 3.8	33	58400	58600	-200

Centre	Unit	Price		Change
		17-Oct-18	16-Oct-18	
Rajkot	Rs. /10 Kg.	765	770	-5
New Delhi	Rs. /10 Kg.	735	735	Unch
Hyderabad	Rs. /10 Kg.	775	775	Unch
Mumbai	Rs. /10 Kg.	780	780	Unch

Centre	Unit	Price		Change
		17-Oct-18	16-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1959	1986	-27
Akola	Rs./Qtl	1773	1778	-5

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 17-Oct-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	15942	-31
CCIndex(527)	14915	-38
CCIndex(229)	16670	-35
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 17-Oct-2018</u>		
Index	Cents/lb	Change
FC Index (S)	93.39	-0.31
FC Index (M)	89.51	-0.46
FC Index (L)	87.73	-0.50

<u>Cotlook Index: As on 16-Oct-2018</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	88.05	0.40

USDA-16.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.08	80.33	0
North Delta	77.08	78.83	16
South Delta	77.08	78.83	0
East TX-OK	72.83	75.33	126

West Texas	72.33	74.83	0
Desert SW	72.58	76.58	0
SJ Valley	73.08	81.98	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 15-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 kg	8600	160	8760
Equivalent	40 kg	9217	171	9388

Daily Futures Price Listing Mon October 15, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181015	78.7	79.16	77.85	78.72	0.35	18,575	1,37,480	500
<a href="#">Mar-19</a>	181015	79.94	80.32	79.1	79.84	0.29	7,534	69,846	1,118
<a href="#">May-19</a>	181015	80.71	81.14	79.99	80.65	0.24	1,875	14,443	333
<a href="#">Jul-19</a>	181015	81.3	81.65	80.6	81.15	0.16	912	9,255	335
<a href="#">Oct-19</a>	181015	78.27	78.28	78.27	78.28	-0.3	1	3	1
<a href="#">Dec-19</a>	181015	77.28	77.48	76.7	76.78	-0.21	541	26,581	-14
Total Volume and Open Interest							29,438	2,59,351	2,273

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