

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: *The depreciating rupee has made cotton prices favourable for export and countries like China are already actively purchasing the produce. The current price for a candy is between ₹ 45,000 and ₹ 46,000 which makes it feasible for purchasers at local market yards even in erstwhile Adilabad to pay the farmers above the minimum support price of ₹ 5,450 per quintal.*

Cotton Corp of India, which had earlier announced launching procurement on Oct 1, is unlikely to start full operations till Diwali as prices in most markets have jumped above the minimum support price, sources said. Prices of raw cotton in the northern zone, which were below the support price at the beginning of this month, are now hovering around 5,500 rupees per 100 kg. Diwali celebrations start on Nov 7 and last for about a week.

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.

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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:

20th Oct ♦ Heavy rainfall very likely at isolated places over Tamilnadu & Puducherry and Kerala

22nd Oct Heavy rainfall llikely at isolated places over Andaman & Nicobar Islands.

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:

ICE cotton futures slipped for a second straight session on Wednesday, pressured by a decline in oil prices. The most active cotton contract on ICE Futures U.S., the December contract fell 0.42 cent, or 0.5 percent, at 77.91 cents per lb as of 1:18 p.m. EDT (1718 GMT). It traded within a range of 77.66 and 78.6 cents a lb.

The latest U.S. Department of Agriculture (USDA) cotton estimates for 2018/19 project world ending stocks to decrease 8 percent from the previous season to 74.4 million bales. With global cotton mill use forecast to exceed production, world stocks are expected to decline 6.4 million bales by season's end, as lower stocks in China in 2018/19 more than offset higher stocks outside of China.

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).

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	-0.84	1188	1189	1178	1179	2786	664	5876	-51
Spread	Oct 18(C1)			-	-	--	--		
Spot	43			-	-	-	-		
Oct-18				-	-	-	-		

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

* Updated at as on 17 Oct 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-1.18	22800	22820	22530	22570	700	273	2230	-174
Nov-18	-1.24	22650	22680	22360	22390	1168	518	3568	-170
Spread	Oct 18			-	-	--	--		
Spot	140			-	-	-	-		
Oct-18				-	-	-	-		

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

* Updated at as on 17-Oct- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Oct-18	17-Oct-18	
Gujarat	Ahmedabad	Shankar-6	Closed	6125	-
	Gondal	Shankar-6	Closed	6105	-
	Rajkot	B.T. Cotton	Closed	6050	-
	Patan	B.T. Cotton	Closed	6030	-
	Kadi	B.T. Cotton	6000	6250	-250
	Deesa	B.T. Cotton	Closed	5730	-
	Dhrol	B.T. Cotton	Closed	6095	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	Closed	5380	-
	Bhiwani	Desi	Closed	6000	-
	Adampur	B.T. Cotton	5350	5300	50
	Fatehabad	B.T. Cotton	5300	5300	Unch
	Jind	B.T. Cotton	5370	5410	-40
	Uchana	B.T. Cotton	5400	5440	-40

	Dabwali	B.T. Cotton	5380	5245	135
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5300	5300	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5525	-
	Khargaon	Mech-1	NR	5760	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	6000	-
	Hathras	Desi	Closed	4800	-
Telangana	Adilabad	Un-Ginned	5800	5450	350
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	6110	-
	Hubli	D.C.H.	NR	6001	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5340	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Oct-18	17-Oct-18	
Punjab	Bhatinda	J-34	4530	4540	-10
	Abohar	J-34	4510	4520	-10
	Mansa	J-34	4510	4520	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4515	4580	-65
Rajasthan	Sri-Ganganagar	J-34	4254	4277	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Oct-18	17-Oct-18	
Gujarat	Ahmedabad	Shankar-6	Closed	17000	-
	Gondal	Shankar-6	Closed	3062	-
	Rajkot	B.T. Cotton	Closed	3000	-
	Patan	B.T. Cotton	Closed	18914	-
	Kadi	B.T. Cotton	15000	10000	5000
	Deesa	B.T. Cotton	Closed	25	-
	Dhrol	B.T. Cotton	Closed	164	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	Closed	14000	-
	Bhiwani	Desi	Closed	50	-
	Adampur	B.T. Cotton	8500	8500	Unch
	Fatehabad	B.T. Cotton	600	1200	-600

	Jind	B.T. Cotton	1105	595	510
	Uchana	B.T. Cotton	3500	2800	700
	Dabwali	B.T. Cotton	2200	1500	700
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	5000	3000	2000
Madhya Pradesh	Khandwa	Mech-1	Closed	760	-
	Khargaon	Mech-1	NR	7600	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	300	-
	Hathras	Desi	Closed	125	-
Telangana	Adilabad	Un-Ginned	17898	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	871	-
	Hubli	D.C.H.	NR	6	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	846	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Oct-18	17-Oct-18	
Punjab	Bhatinda	J-34	11900	10200	1700
	Abohar	J-34	2890	2550	340
	Mansa	J-34	1700	1190	510
Haryana	Sirsa	J-34	1360	1700	-340
Rajasthan	Sri-Ganganagar	J-34	2000	1000	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Oct-18	16-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43300	42300	1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43800	42800	1000
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	46700	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46300	46600	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49100	49400	-300
DCH-32(107)	34mm	3.0 - 3.8	33	58100	58400	-300

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		18-Oct-18	17-Oct-18	
Rajkot	Rs. /10 Kg.	775	765	10
New Delhi	Rs. /10 Kg.	735	735	Unch
Hyderabad	Rs. /10 Kg.	Closed	775	-
Mumbai	Rs. /10 Kg.	790	780	10
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		18-Oct-18	17-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1869	1959	-90
Akola	Rs./Qtl	1774	1773	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15913	-29
CCIndex(527)	14902	-13
CCIndex(229)	16625	-45
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 18-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	92.95	-0.44
FC Index (M)	89.01	-0.5
FC Index (L)	87.23	-0.5

Cotlook Index: As on 18-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	87.75	-0.3

USDA-16.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.67	79.92	0
North Delta	76.67	78.42	0
South Delta	76.67	78.42	0

East TX-OK	72.42	74.92	1101
West Texas	71.92	74.92	0
Desert SW	72.17	76.17	0
SJ Valley	72.67	81.57	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	8800	160	8960
Equivalent	40 kg	9431	171	9602

Daily Futures Price Listing Wed October 17, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181017	78.45	78.6	77.66	77.92	-0.41	15,163	1,38,188	-444
Mar-19	181017	79.8	80.02	79.15	79.44	-0.34	5,096	71,140	911
May-19	181017	80.72	80.87	80.06	80.46	-0.19	1,500	14,496	-77
Jul-19	181017	81.26	81.43	80.68	81.14	-0.06	949	9,395	44
Oct-19	181017	78.3	78.3	78.3	78.3	-0.1	1	3	0
Dec-19	181017	77	77	76.56	76.9	0.1	457	26,879	91
Total Volume and Open Interest							23,196	2,61,856	523

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