

Domestic market summary

Domestic market Scenario: Cotton spot markets noticed weak during the month. Average price of Lint at Sirsa during the month was Rs. 4638 per maund (of 37.32 Kg each), compared to the previous month price of Rs 4805. Cotton fiber (Shankar-6) prices noticed slightly firm this month. Average price was Rs 47217 per candy (of 355.6 kg each) during the month, which was Rs47992per candy previous month.

Monthly Price Outlook : In the coming month we expect Kapas price to remain to Range bound with the price band of Rs 5500-6400per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

Major Market Highlights:

- Gujarat Old Stock Cotton prices of 29 mm remained between 46,400 to 47,000 Rs./Candy. New Crop arrivals sold between 45,000-45,800. Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in Small quantities. Raw cotton have opened strong in markets as harvest in Punjab started. Farmers are getting about Rs 5,500-5,800 per quintal for their produce and the prices are likely to remain strong in near future.
- Concerns such as uncertainty over yield due to late sowing in Gujarat, pest incidence in Maharashtra and Telangana and heavy rain lashing Punjab and Haryana may affect cotton production. The cotton belt of North India received heavy rains during the week, which could prove detrimental for the standing cotton crop currently at harvest stage. Although Department of Agriculture, Cooperation and Farmers Welfare in its latest reports has retained its cotton output at 324 lakh bales, lower by 1 lakh bales than the last years production of 325 Lakh bales.
- India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting Oct 1 against 0.8 million tonnes in 2017-18, after China slapped a 25% additional duty on imports of the fibre from the US. Indian traders have already entered into a forward contract with Chinese buyers to deliver about 1.2 million bales between November & January. Indian traders export maximum cotton in Nov and Dec since India is the only country where cotton is available at that time.
- The Minister of Irrigation and Marketing of Telangana has asked the Central Agency - Indian Cotton Corporation (CCI) to open 25 purchase centers for cotton in the state till October 10. 100 purchase centers are to be opened in the premises of the Agricultural Product Marketing Committee whereas private Ginning mills have to open 288 purchasing centers by October 20. Government decisions are being criticized for direct marketing of ginning mills in the purchase of cotton.



- As per the latest acreage report by the Ministry of Agriculture, the total planting under cotton reached to 116.85 Lakh hectares as of August 24 - down 2.8% from a year ago. Agriwatch expecting that area may increase up to 119.5 lakh ha by end of this Month. The cotton crop in some areas of Rajasthan and Gujarat is still facing short soil moisture, but the rain during last week was well timed and supportive for the standing crop.
- Good demand was witnessed from domestic mills for prompt delivery. Gujarat Cotton prices of 29 mm remained between 48,000 to 48,500 Rs./Candy. Out state arrival was negligible. All India Daily Arrivals remained 2,500 to 4,000 bales. With limited arrivals, most of the ginning factories are closed. Gujarat Daily Pressing was approximately 1,000 to 1,500 bales.
- The cotton crop in 11 districts of Telangana has been hit by extensive rains in the last two weeks. According to official figures, the cotton crop in over 1.30 lakh acres was hit by the rains. Adilabad and Warangal districts, the two key cotton-growing districts in the state, were hit the hardest. Farmers in the state grew cotton in about 42 lakh acres this kharif, despite losses in the last season due to the virulent attack of pink bollworm.
- The CCI is preparing for harvest and announced that in Rajasthan it will buy seed cotton direct from growers in order to increase growers net income. Haryana and Punjab indicated they will continue their practice of CCI using middle men.
- Looking at shortfall in rains in Gujarat, Maharashtra and few cotton growing districts in southern states, there is scope for cotton output to fall at least 5-10%. As per Agriwatch estimates, cotton output in country during the season 2018-19 would be around 353 lakh bales (of 170 kg each) which is lower compared to last year's production of 365 lakh bales. For the current cotton year that ends in September, the Cotton Advisory Board has pegged the number at 37.0 mln bales.
- India doubled import tax on more than 300 textile products to 20% last week. It was the second tax hike on textiles in as many months after an increase on other products including fiber and apparels last month. The moves are expected to provide relief to the domestic textile industry, which has been hit by cheaper imports. India's total textile imports jumped by 16 percent to a record \$7 billion in the fiscal year to March 2018.
- As per Agriwatch estimates cotton production is likely to decline by 3-4 per cent this year to about 352 lakh bales. Major Cotton growing states are facing issues, including deficit rainfall, shifting away from cotton to other crops and the outbreak of the pink bollworm infestation on crops. In the country overall, sowing till August 27 stood at 116 lakh hectares compared to 124.50 lakh hectares in the same period last year, sowing is likely to reach 119.1 lakh hectares this season.



- As many as 700 villages in Maharashtra (mainly from Marathwada, Vidarbha and north Maharashtra regions) have officially confirmed that the outbreak of the pink bollworm infestation on cotton crops has crossed the economic threshold limit. The crossing of the threshold means that a sizable amount of the crop may be lost to the pest. This year, 39.7 lakh hectares of area has been brought under the cotton cultivation in Maharashtra, against last year's 41.1 lakh hectares.
- The Cotton Corporation of India (CCI) has signed a memorandum of understanding with the Central Warehousing Corporation to use its warehouses for cotton storage. CCI purchased 3.6 lakh bales of cotton at MSP during the current cotton season. With the steep hike in MSP, the CCI might have to purchase huge quantities next season. During the current season CCI used 170 warehouses across the country, including those, of CWC, state government and private facilities.
- Due to irregular rains, cotton season is likely to begin late by a month in Gujarat. Normally, the new cotton season begins in October and ends in September every year, but this time it is expected that new arrival will start from October end or in November due to abnormal monsoons in the state. The state has witnessed late monsoon and as a result many farmers have sown cotton crop late this year. Moreover, frequency of rains is also not normal.
- As per Commerce ministry data, cotton exports in June surged by 27.6% to 570,000 bales (170 kg each) as compared to last year. India is likely to export 7 million bales of cotton in 2018/19 with China alone accounting for 30-40 percent, down 15% from an earlier estimate of 8 million bales due to low crops.

Domestic Cotton Balance sheet

Supply	2016-17	2017-18	2018-19
Opening Stock	36.5	30	20
Production	337.25	365	353
Imports	27	15	27
Total Supply	400.75	410	400
Demand			
Mill	265	275	280
Small mill	27	30	35
Non Mill	15.75	15	20
Total Consumption	307.75	320	335
Exports	63	70	60
Total Consumption	370.75	390	390
Ending Stocks	30	20	10

Source: Agriwatch & CAI



Balance Sheet Highlight (2017-18):

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 353 lakh bales (of 170 kg each) which is lower compared to production of last season.

Following lower production, imports will rise marginally to 27 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock imports, and lower production of cotton availability would be standing lower this season at 400 lakh bales compared to 410 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 335 lakh bales compared to 320 lakh bales during the previous season.

Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 60 lakh bales of cotton in the season 2017-18.

Ending stocks are expected to be around 10 lakh bales, it is lower compared to the ending stocks of previous season.

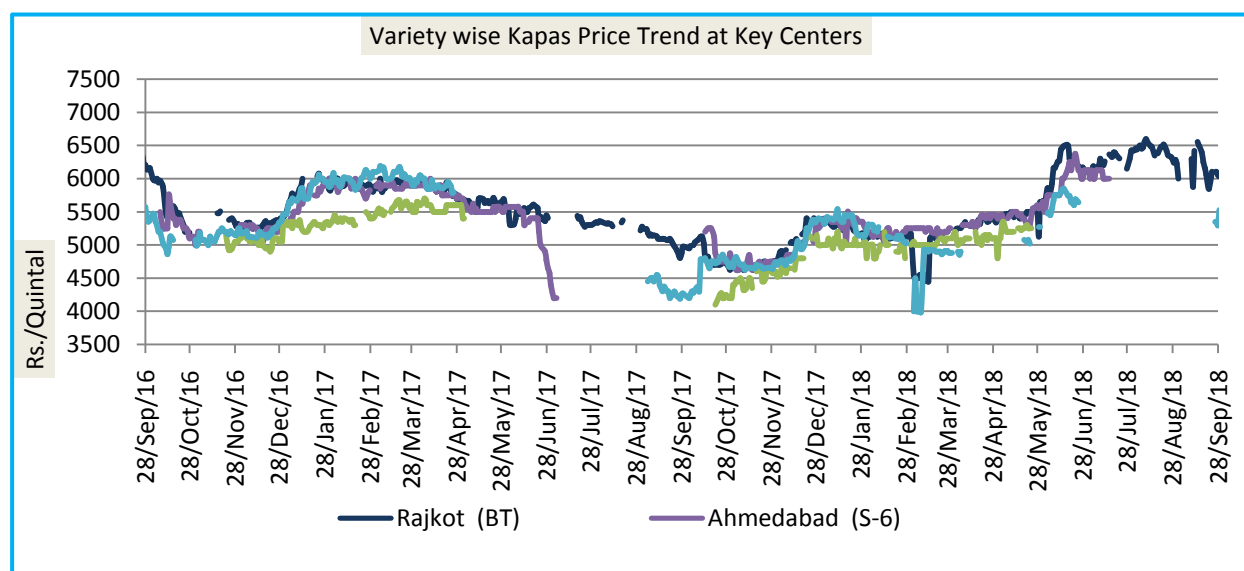
Domestic Cotton Prices Scenario

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

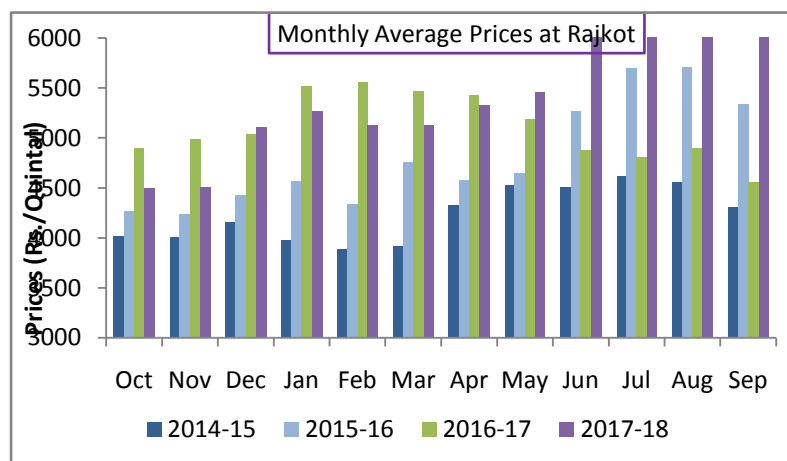
Monthly Price Review: monthly kapas average price at Rajkot rose is Rs 6426 /quintal this month.

Monthly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5500-6550 per quintal for the coming month..





Kapas Monthly M-o-M Price Scenario

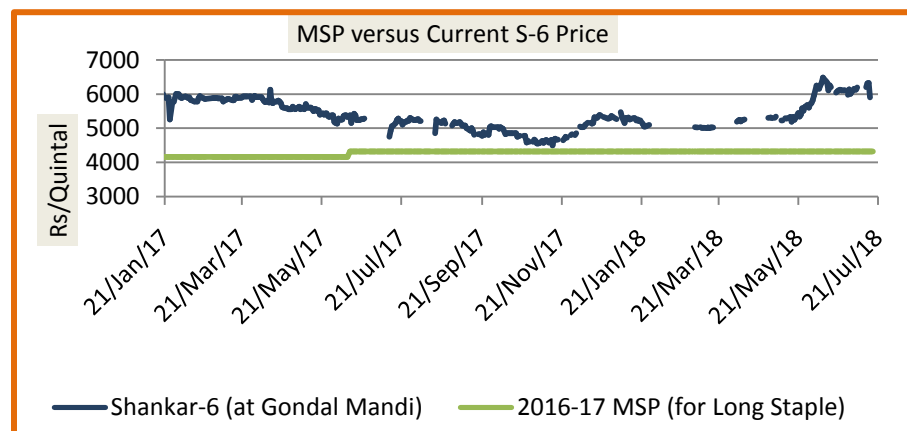


Kapas(seed cotton) prices in country noticed weak tone during the Sep month when compared to the previous month, and the same is ruling lower compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.6426 per quintal during Aug, which was Rs.6253 during previous month and Rs. 4920 per quintal during the corresponding

month last year. We expect Kapas prices to remain to firm in the coming month. The expected price range for Sep month is likely to be Rs 5500-6500 per quintal.

Spot Price versus MSP

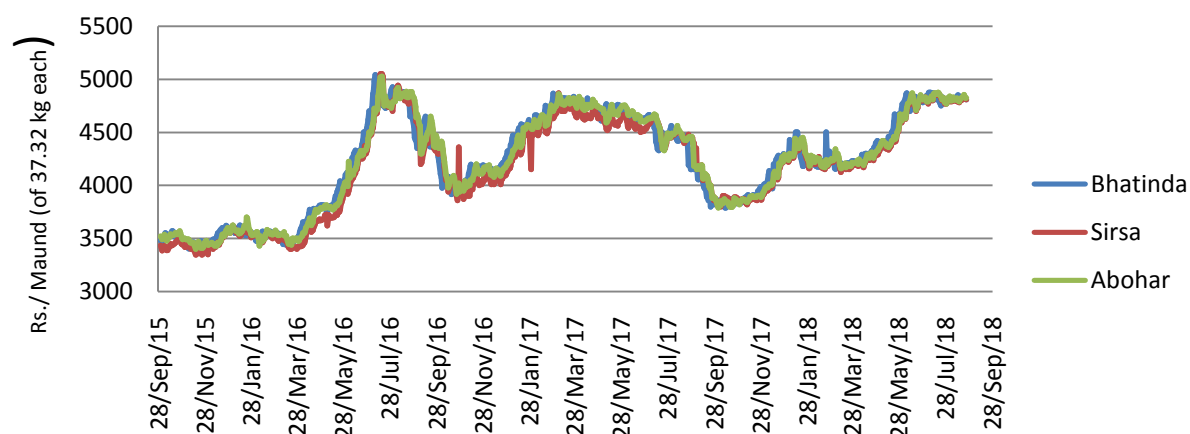


The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this 4TH week of July. The average gap between the prices was Rs1960 compared to Rs 180a month earliar. This indicates prices are increasing.(With limited arrivals market is closed)

Lint price Outlook

Lint prices remained slightly weak during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs.4638 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4805 per maund.

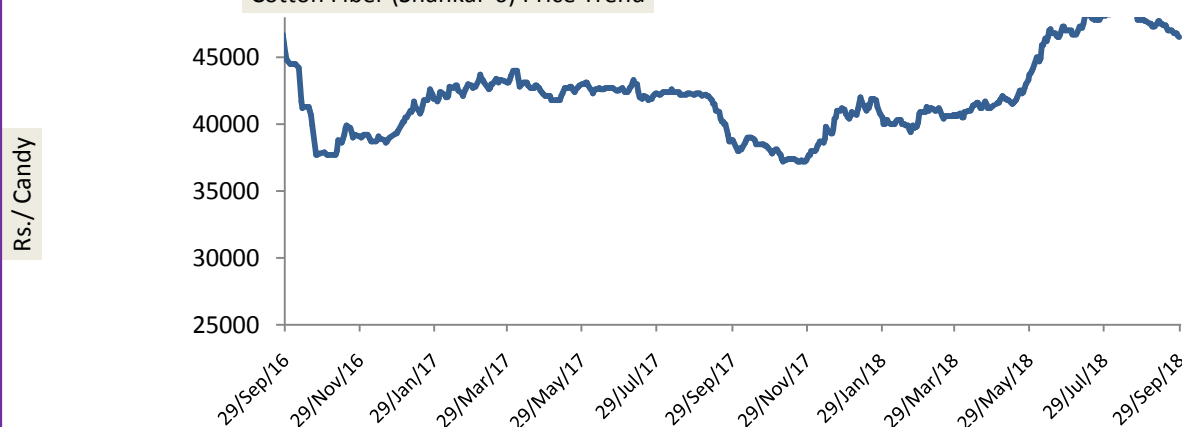
Lint Price Trend at Key Centers



Cotton Fiber price Outlook

Cotton fiber noticed down trend in this month compared to the previous month amid good demand in domestic and international market monthly average prices noticed weak due to new crop this month Average price was Rs 47217 per candy (of 355.6 kg each) during the month, which was Rs 47992 per candy previous month. and around Rs 40880 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs 45000 -49000 per candy in the coming month candy.

Cotton Fiber (Shankar-6) Price Trend



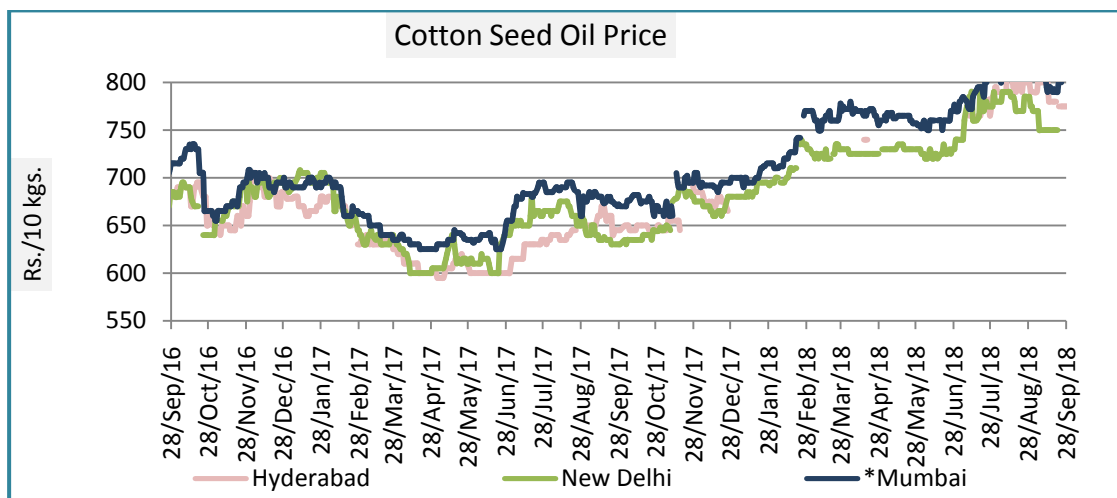


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed weak tone during the month. Monthly average price in New Delhi is Rs 761 per 10 Kg, higher compared to the monthly average price of Rs 780 per 10 Kg in previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Sep	Aug	
New Delhi	761	780	-2.44
Rajkot	785	807	-2.73
Hyderabad	786	796	-1.26
Mumbai*	810	818	-0.98



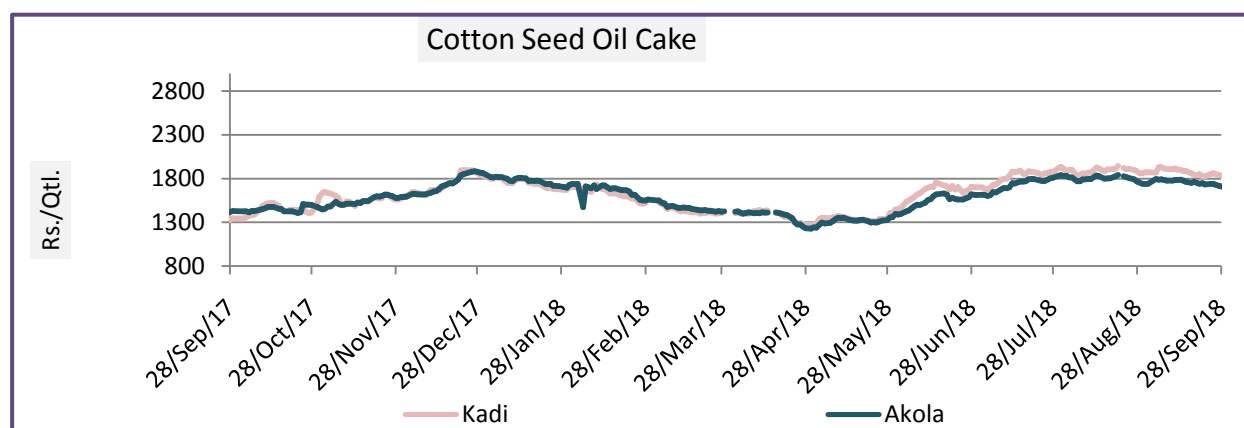
Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed slightly weak tone during this month. Monthly average price in Akola remained Rs 1756 per quintal, higher compared to the month average price of Rs 1797 per quintal in the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Sep	Aug	
Kadi	1871	1887	-0.85



Akola	1756	1797	-2.28
*Source: NCDEX			



International Market Scenario

International cotton prices remained weak during the month. Cotlook A index monthly average stood 89.77 at cents/pound this month, which was 94.55 cents/pound during last month

Major Market Highlights:

- As 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.
- U.S. cotton planted area for 2018 was increased nearly 4 percent in September based on acreage reported to USDA's Farm Service Agency (FSA). Planted area was estimated at 14.0 million acres by USDA's

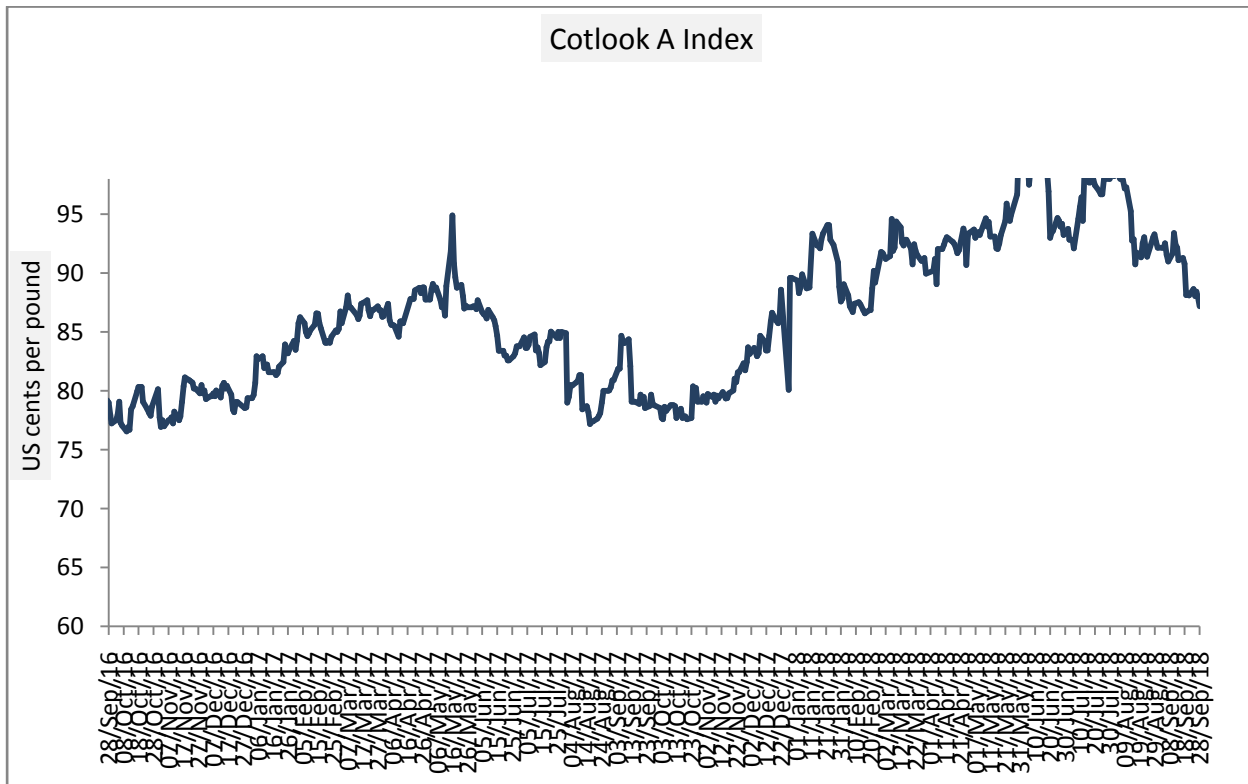


National Agricultural Statistics Service (NASS), while harvested area was projected at 10.55 million acres—up 4 percent from the August forecast. As a result, abandonment in 2018 is expected near 25 percent, compared with 12 percent in 2017. The national yield is forecast 10 pounds below 2017's record at 895 pounds per harvested acre.

Cotlook A Index

Cotlook A index remained weak during the Month.

Cotlook A Index	Monthly Average Price as on		% Change
	Sep	Aug	
Prices	89.77	94.55	-5.06
Prices in US cents per Pound			

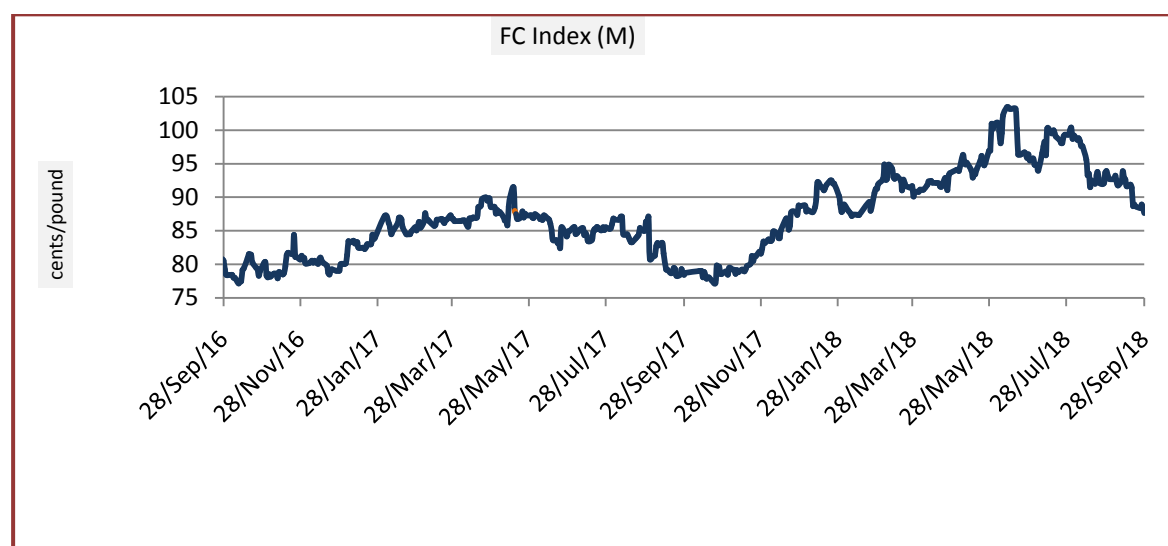




China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	Sep	Aug	
FC (S)	94.6	98.42	-3.88
FC (M)	90.9	95.01	-4.33
FC (L)	89.21	93.16	-4.24

Prices in US cents per Pound



China Index remained slightly firm during the Month. CC Index (328) remained 16327 Yuan per ton during the month. Average was 16279 Yuan per ton during previous month.

Cotton Index	Monthly Average Price as on		% Change
	Sep	Aug	
CCIndex(328)	16327	16279.5	0.29
CCIndex(527)	15139	15104	0.23
CCIndex(229)	17011	16972	0.23

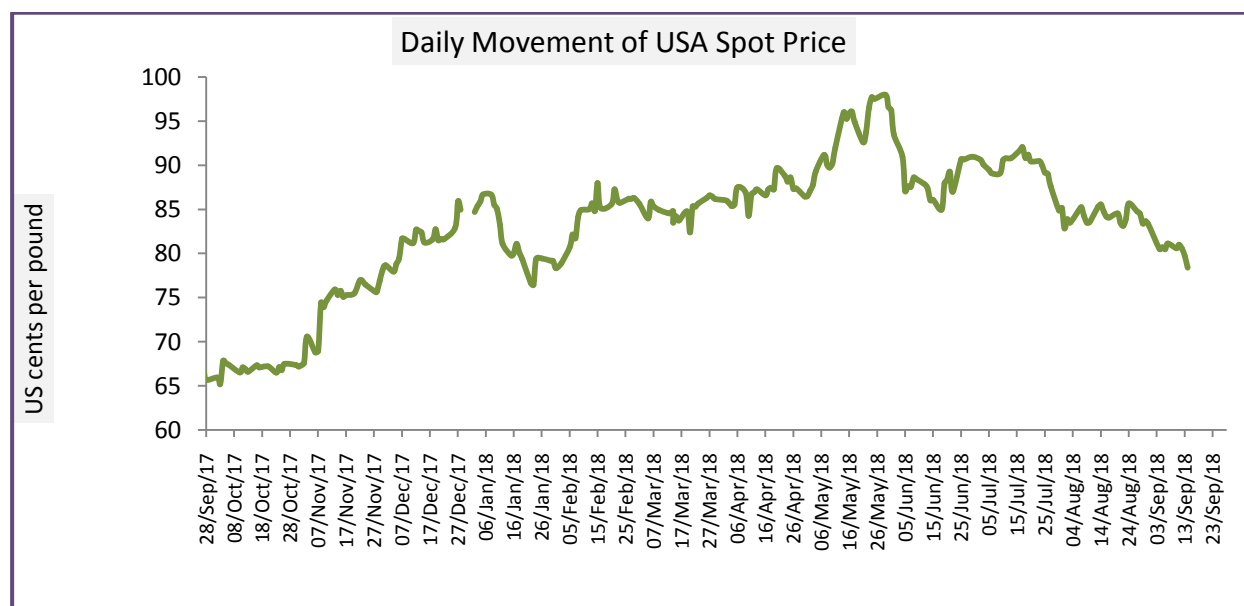
Prices in Yuan per ton



USA Spot Prices

U.S. cotton planted area for 2018 was increased nearly 4 percent in September based on acreage reported to USDA's Farm Service Agency (FSA). Planted area was estimated at 14.0 million acres by USDA's National Agricultural Statistics Service (NASS), while harvested area was projected at 10.55 million acres—up 4 percent from the August forecast. As a result, abandonment in 2018 is expected near 25 percent, compared with 12 percent in 2017. The national yield is forecast 10 pounds below 2017's record at 895 pounds per harvested acre.

USA Spot Prices	Monthly Average Price as on		% Change
	Sep	Aug	
Prices	82.28	86.26	-4.61
Prices in US cents per Pound			



Pakistan Spot Prices

Cotton production is estimated to fall 25 percent short of its target of 14.37 million bales in the current season as water shortage and pest attacks have squeezed the crop yields – signaling hard time ahead for the already struggling economy that is heavily reliant on fibre.

Official data on last week revealed that cotton output for 2018/19 is estimated at 10.847 million bales as water shortage and cotton leaf curl virus (CLCV) held back overall gains of areas under cultivation. The data showed that



cotton production in the Punjab is estimated at 8.077 million bales as against the target of 10 million bales, while Sindh's output is feared to be just 2.60 million bales against the target of 4.20 million bales.

The country achieved a decade-high growth of 5.8 percent during the last fiscal year, but analysts feared the economy is likely to slide off on external pressures. An estimate said one million bales have an impact of 0.5 percentage points on GDP and the effect of cotton shortage on the economy due to the sector's backward and forward linkages with textile industry could simply be assessed.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Sep	Aug	
Prices	8307	8207	1.22
Prices in Rs per 37.32 Kg			

Technical Analysis of Cotton Future (Oct'18 Contract) at ICE

Monthly Technical Outlook:

Technical Analysis of Cotton Future (Oct'18 Contract) at ICE





- Candlesticks denote bearish movement in the market.
- Volume increased while Open Interest decreased.
- We expect cotton prices to remain sideways to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	80-85

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
80.00	78.00	110.00	100.00

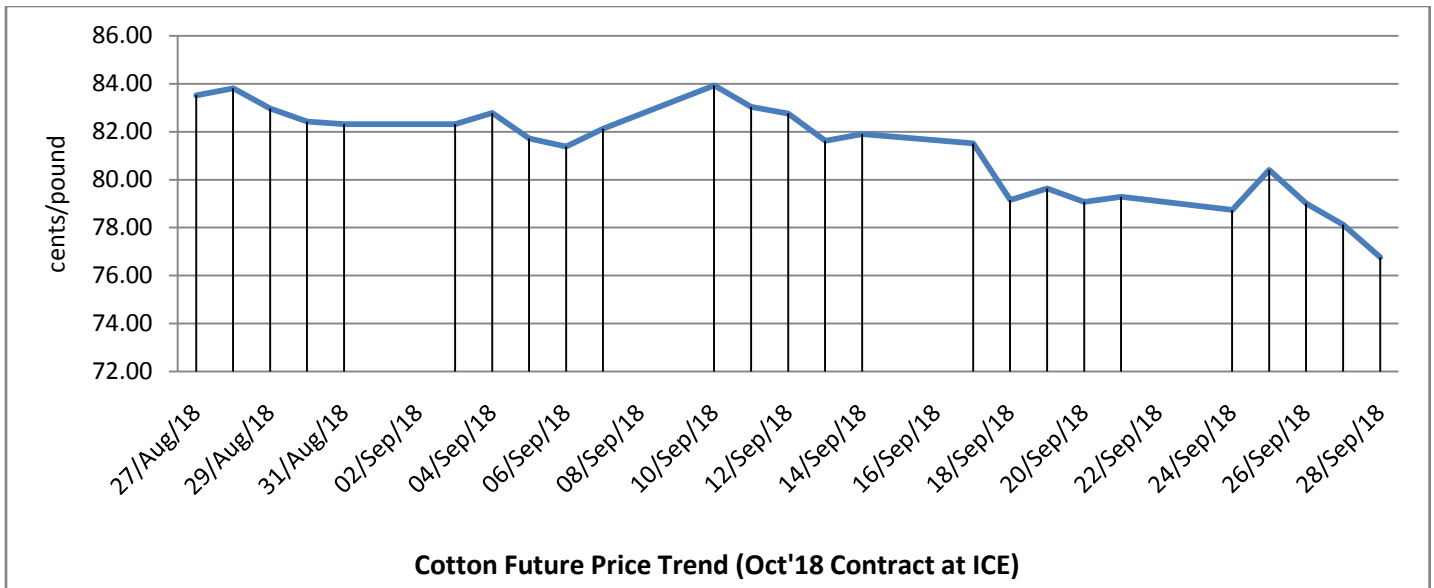
Figures in US cents/pound

Cotton Future Prices at IC

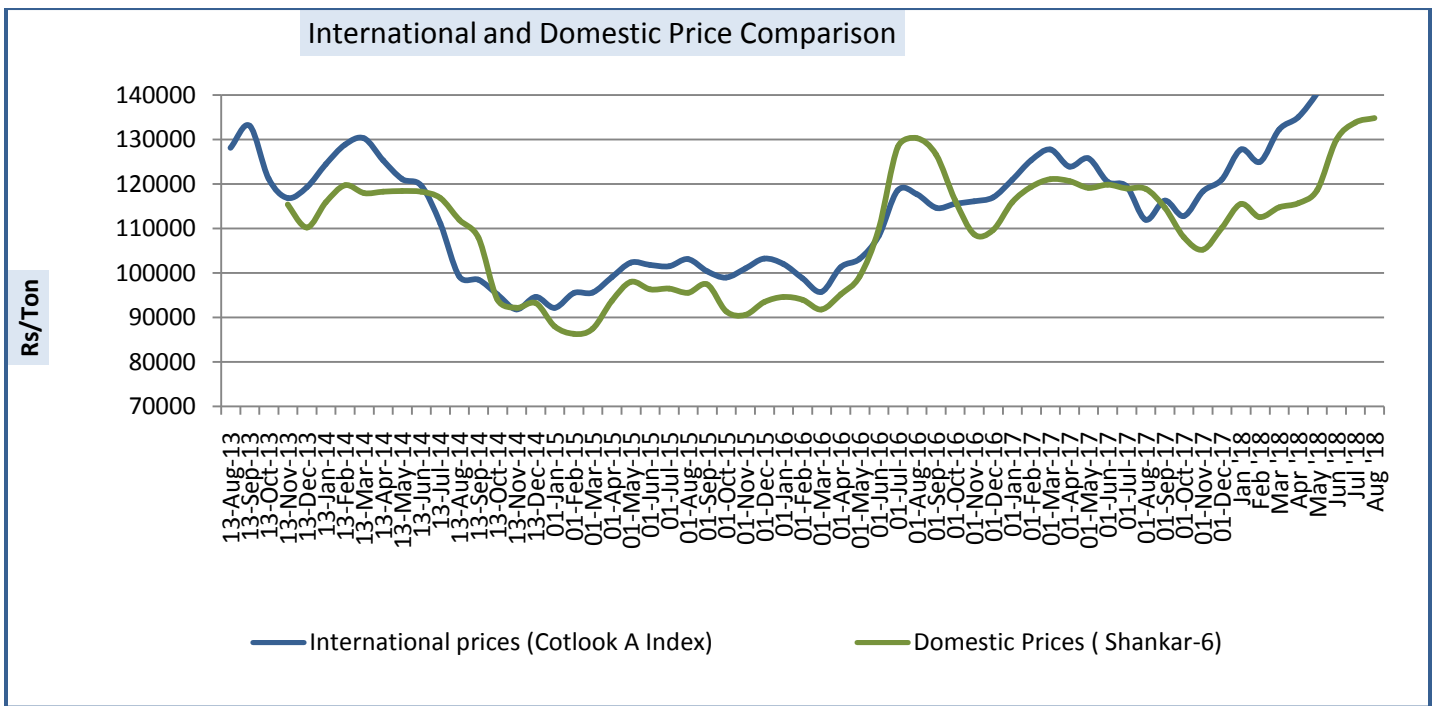
Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	28_Sep_2018	28_Aug_2018 (1 month ago)	28_Jun_2018 (3 month ago)	28_Mar_2018 (6 month ago)	28_Sep_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Oct-18	76.76	83.81	84.57	79.31	69.6	-8.41	10.29
01-Dec-18	76.37	83.58	83.55	76.99	68.97	-8.63	10.73
01-Mar-19	77.29	83.85	83.15	77.23		-7.82	
01-May-19	78.14	84.123	83.2	77.4		-7.11	
01-Jul-19	78.94	84.34	83.31			-6.40	
01-Oct-19	75.61	79.52				-4.92	



Future Price Trend (Active Contract):



International and Domestic Price Comparison





Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Sep,2018	Aug,2018	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	6156	6426	-270
	Patan	B.T. Cotton	5852	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5438	5936	-498
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5428	5939	-511
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5450	4320	1130
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	5409	6034	-625
	Hubli	D.C.H.	NA	4850	-



	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5507	5885	-378
Commodity	Lint		Montly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Sep,2018	Aug,2018	
Punjab	Bhatinda	J-34	4643	4820	-177
	Abohar	J-34	4646	4820	-174
	Mansa	J-34	4645	4805	-160
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4638	4805	-167
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Sep,2018	Aug,2018	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	4561	4769	-208
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	48	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	163000	4750	158250
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	1770	155	1615
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-



	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
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	391	2509	-2118
	Hubli	D.C.H.	50	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1450	331	1119
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Sep,2018	Aug,2018	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	17626	272	17354
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Sep,2018	Aug,2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43756	44788	-1032
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	44256	45288	-1032
J-34(202)	26mm	3.5 - 4.9	23	44808	45988	-1180
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	45095	45961	-866
Shankar-6(105)	29mm	3.5 – 4.9	28	47217	47992	-775
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47873	48853	-980
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50039	50853	-814
DCH-32(107)	34mm	3.0 - 3.8	33	58717	60534	-1817



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