

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot markets noticed mixed tone during the week.

Average price of Lint at Sirsa during the week was Rs. 3848 per maund (of 37.32 Kg each), compared to the previous week price of Rs 3862. Cotton fiber (Shankar-6) prices noticed pale tone this week. Average price was Rs 38450 per candy (of 355.6 kg each) during the week, which was Rs 38840 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed higher this week at Rs. 873 per maund (of 20 kg each) which was Rs 865 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 4600-5000 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3650-4050 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.800-1000 per maund (of 20 kg each).

Major Market Highlights: In a move to ensure better remunerative prices to the farmers, the Gujarat govt. had declared a bonus of Rs 200 per 20 kg of the cotton sold directly to the Cotton Corporation of India (CCI) which is in addition to the MSP (Minimum Support Price) paid for the crop. Notably, at present Gujarat offers a MSP ranging from Rs 804 to Rs 864 per 20 kg of cotton depending on the variety of cotton sold to the govt.; however, the bonus value for each variety of cotton is kept as same as Rs 200 per 20 kg.

To mitigate for the loss incurred due to the untimely rain in Telangana, the Communist Party of India(Marxist) Telangana State committee had demanded the state govt. to procure cotton crop from the farmers at a support price of Rs 7,000/quintal.

According to the official figures, cotton has been sown on 123.17 lakh hectares as on October 13, 2017 across the country compared to 103.69 lakh hectares during the same period previous year.

Heavy rain in the major growing region of Maharashtra, Gujarat, M.P, Andhra Pradesh, Telangana & Karnataka had adversely affected cotton sowing and arrivals into the country resulting into a rise in prices. Moreover, continuous rain in the regions; especially in Telangana & Karnataka had also deteriorated the quality of the fibre reaching into the market.

On the back of favorable weather conditions and lucrative expected returns, rating agency, ICRA projected India to produce 36 million bales of cotton in 2018, up by 6 per cent from the previous year.

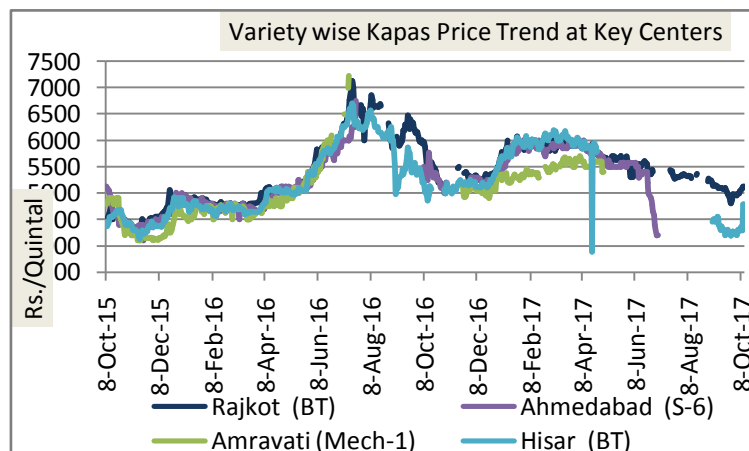
The Indian govt. had increased cotton MSP (Minimum Support Price) for long staple cotton from Rs 4,160/quintal in 2016-17 to Rs 4,320/quintal in 2017-18.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot fell from Rs 4817/quintal to Rs 4723/quintal this week.

According to latest report of USDA attaché, India's 2017/18 cotton production forecast is 30.00 million 480 lb. bales on higher acreage of 12.20 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

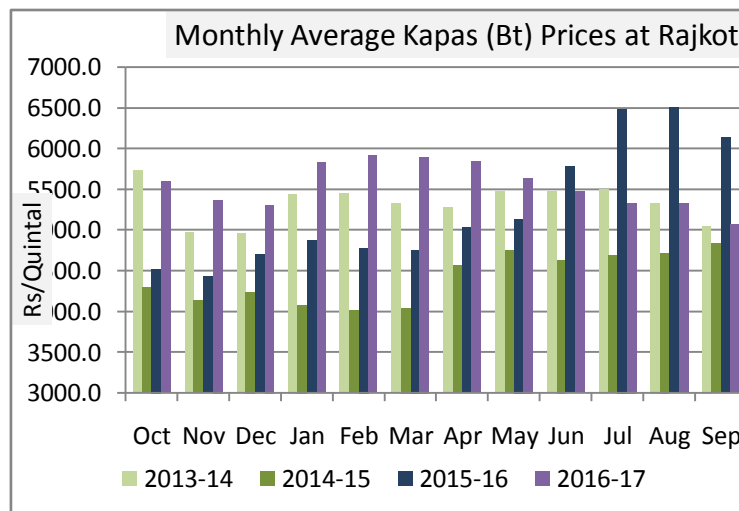


Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 4600-5000per quintal for the coming week.

Kapas Monthly Y-o-Y Price Scenario

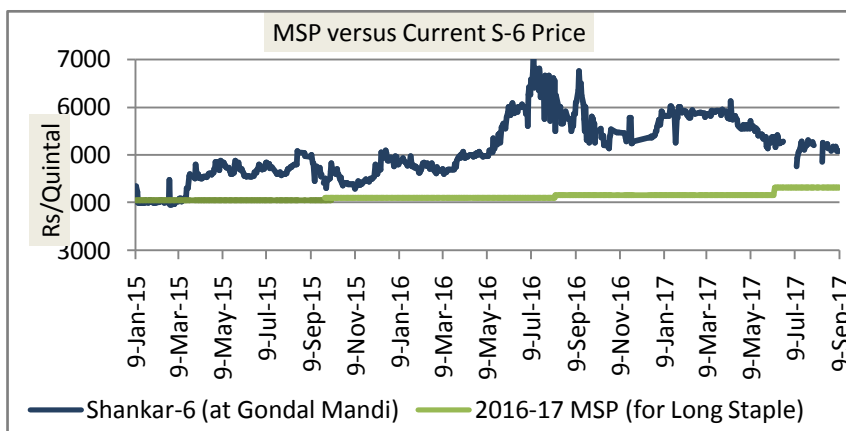
Kapas(seed cotton) prices in country noticed weak tone during the September month when compared to the previous month, and the same is ruling lower compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5074 per quintal during September, which was Rs.5323 during previous month and Rs.6143 per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to firm in the coming month. The expected price range for October month is likely to be Rs 4900-5500 per quintal.



Spot Price versus MSP

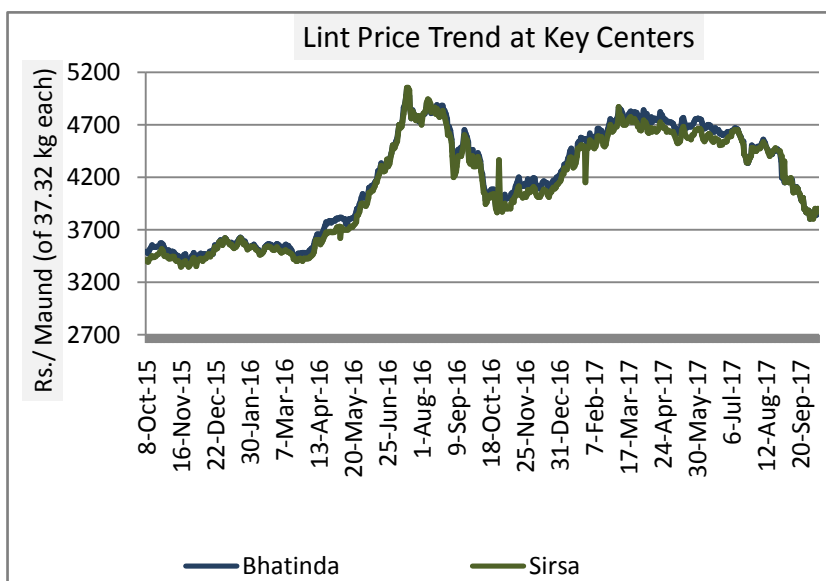
The Kapas prices are ruling above the MSP so far. The gap between the two prices has decreased this week. The average gap between the prices was Rs.506 this week compared to Rs.555 a week earlier. This indicates prices are decreasing



Lint (De-Seeded Cotton) Weekly Price Scenario

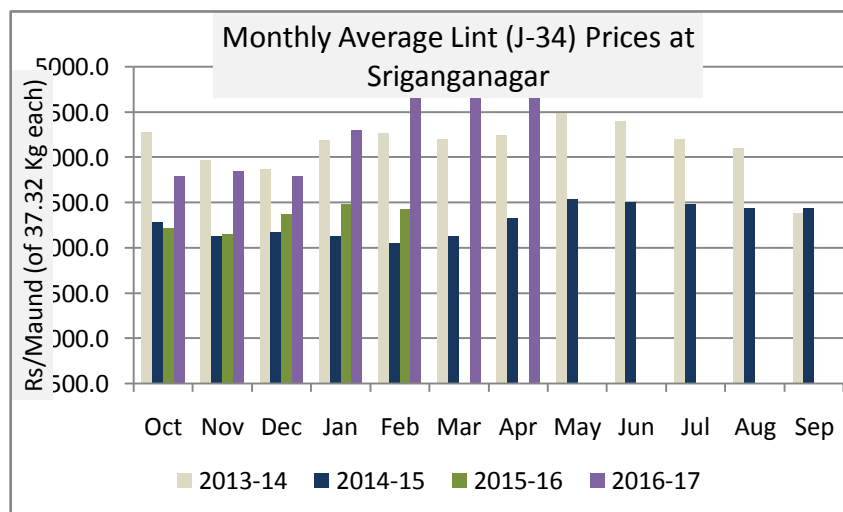
Weekly Price Review: Lint prices remained pale during the week owing to light tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 3848 per maund of 37.32 kg each, lower compared to the previous week price of Rs. 3862 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to pale during the week. We expect Lint at Sirsa to remain in the range of Rs. 3650-4050 per maund.



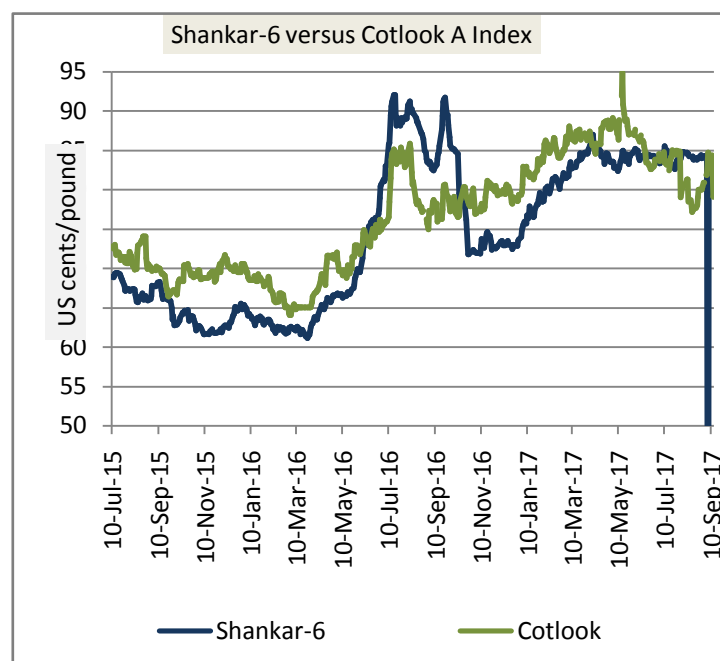
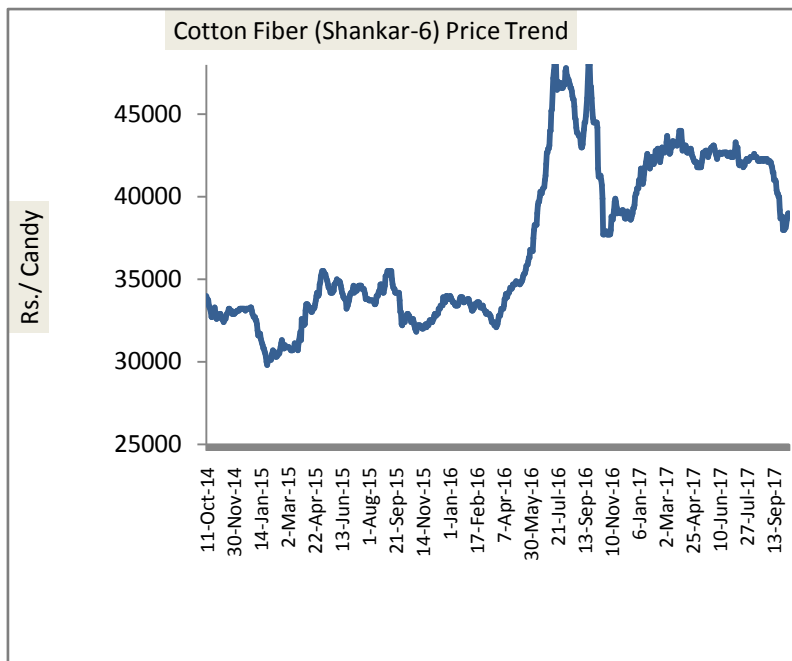
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in April was Rs.4713/Qtl compared to Rs.4903/Qtl in March.



Cotton Fiber Weekly Price Scenario

Following range -bound movement in Kapas prices, cotton fiber witnessed pale tone this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 38450. per candy (of 355.6 kg each) compared to Rs. 38840 per candy in the previous week.

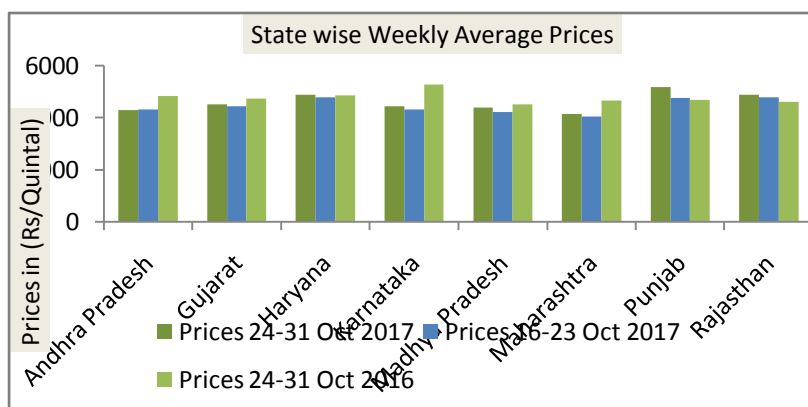


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 79.65 cents/pound, Indian weekly average price stood at 75.45 cents/pound, making Indian fiber more competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 37000-42000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Uttar Pradesh followed by this week and lowest was in Maharashtra followed by Punjab. On year on year basis, cotton prices are reflecting downtrend in most of the States. Prices have been summarized in the table given in annexure.



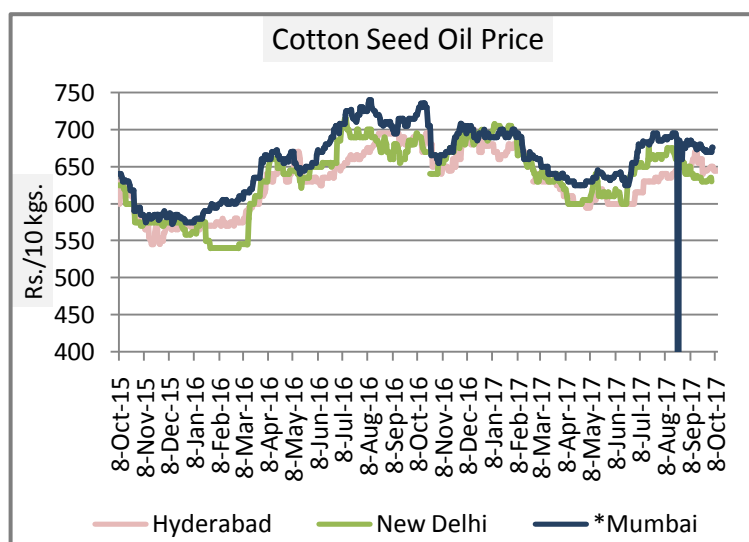
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed pale tone during the week. Weekly average price in New Delhi remained Rs 635 per 10 Kg, which was same as that reported the previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	26-Oct-17	18-Oct-17	
New Delhi	635	635	0.00
Rajkot	641	644	-0.40
Hyderabad	647	650	-0.51
Mumbai*	677	680	-0.50

*Vat Included

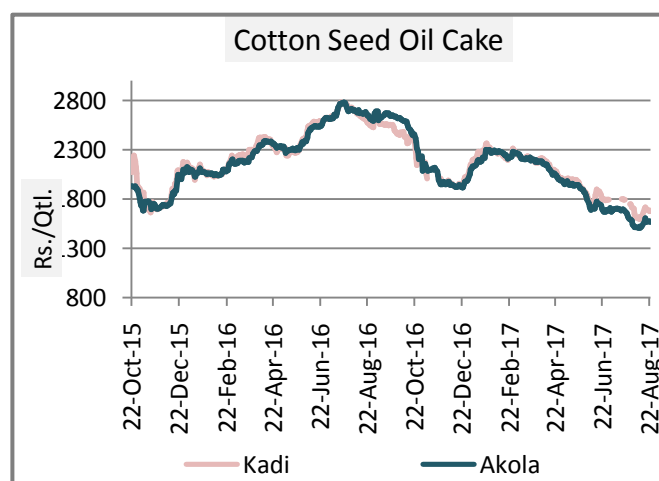


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed pale tone during this week. Weekly average price in Akola remained Rs 1446 per quintal, lower compared to the weekly average price of Rs 1446 per quintal in the previous week.

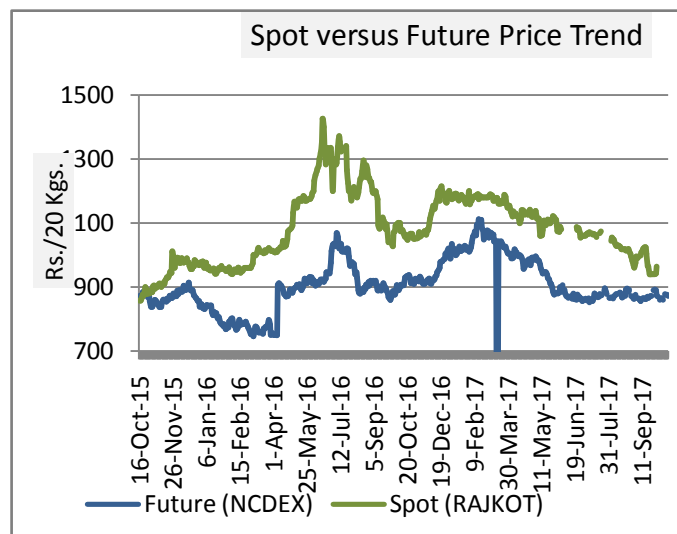
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	26-Oct-17	18-Oct-17	
Kadi	1440	1492	-3.45
Akola	1446	1456	-0.71

*Source: NCDEX

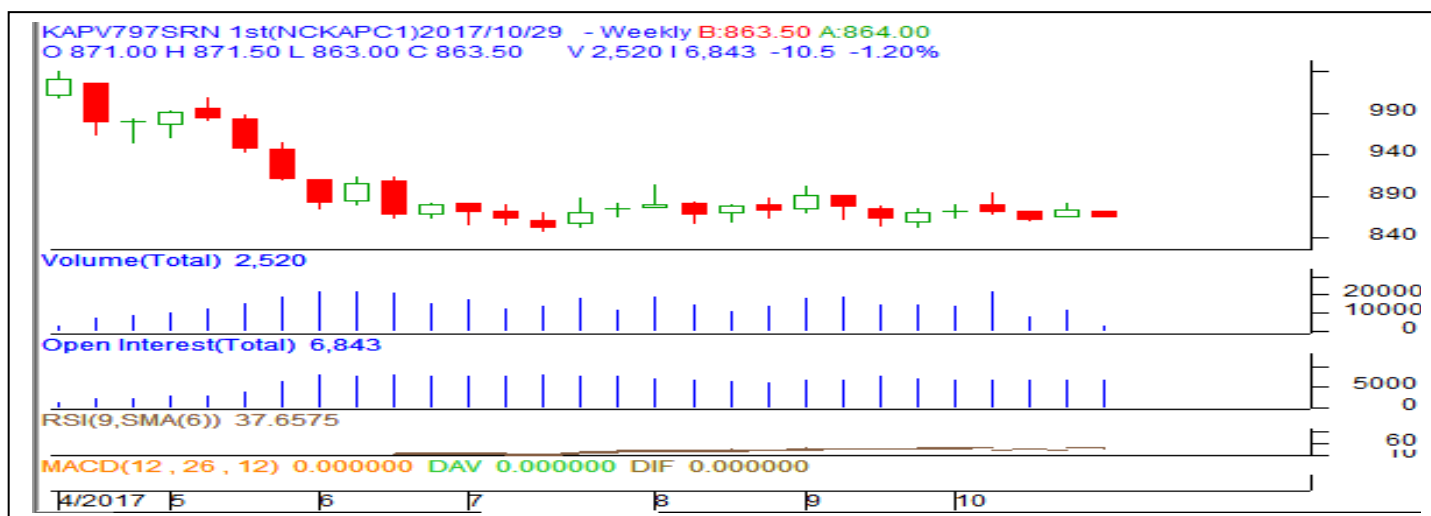


Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (Continuous chart) closed at Rs.873 as on 26 October 2017, compared to 865 a week earlier. The gap between the spot and future prices has decreased. Average gap between the spot and future price during the week was Rs.72.5 which was Rs 97.8 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(Continuous Chart C1)



Weekly Technical Outlook:

- Kapas prices and volume decreased while O.I increased for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes neutral crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	800-1000

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
750	700	1080	1150

Figures in Rs/20 Kg

International Market Scenario

International cotton prices remained range bound to firm during the week. Cotlook A index weekly average stood at 79.24 cents/pound this week, which was 77.92 cents/pound during last week.

Major Market Highlights: Cotton crop in Texas (largest growing region in U.S.A) is expected to get hurt this year as the weather forecasting agencies of the area are expecting an early freeze this year which will certainly affect yield of the cotton crop.

According to China's General Administration of Customs, China imported 441,571 metric tonnes of cotton from U.S. during the period January –September 2017, an increase of 140.48% compared to the same period previous year. In the month of September 2017, China's imports of cotton from U.S. increased by 89.62% to 33,594 metric tonnes.

On the back of a higher production estimate in India & U.S, the International Cotton Advisory Committee (ICAC) projected world's cotton output to rise by 10% to 25.5 million tonnes in 2017-18 (01st October, 2017 -30th September, 2018).

On the other hand, world' cotton consumption is expected to increase by 2.7% from 24.56 MMT in 2016-17 to 25.22 MMT in 2017-18. Wherein, China, the world's largest cotton consumer, is expected to consume 8.1 MMT of cotton during 2017-18 which is 1.5% higher than its cotton consumption last year.

ICAC also projected cotton export of 3.1 MMT from U.S (which is the largest cotton exporter in the world) and an import of 1.4 MMT by Bangladesh in 2017-18.

On the back of a favorable weather condition , increased acreage and yield; the Chinese govt. forecasted the country to produce 5.28 MT of cotton in 2017-18. Alongwith it, cotton consumption by the country is also projected to lie at 7.9 MT during 2017-18.

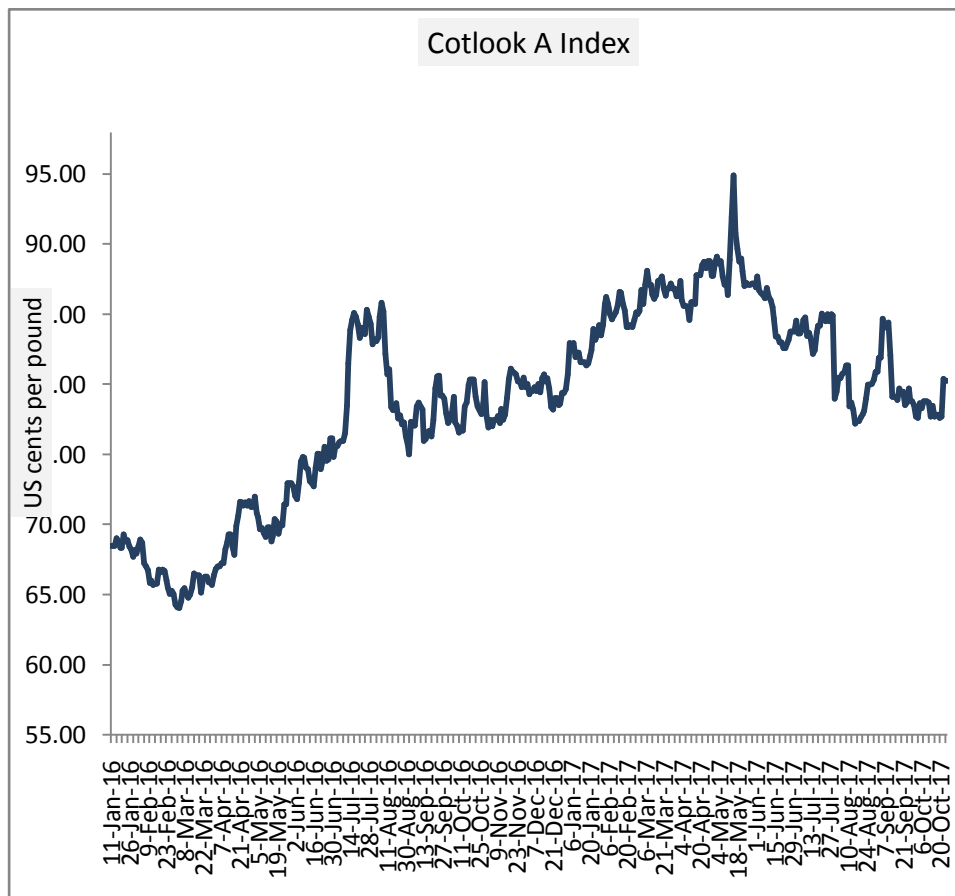
According to the Cotton Board of Zambia, it is likely to produce 117,000 tonnes of cotton this year compared to 116,000 tonnes in the previous year. Though the number of farmers cultivating cotton declined by over 20,000 from 277,560, production increased amid favourable weather in the growing regions.

In a bid to discourage imports and to promote domestic sowing and harvesting of cotton, the Pakistan govt. had re-imposed import duty of 4% & sales tax of 5% on import of cotton to the country that is going to get effective from 15th July, 2017.

According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will help in achieving higher production in the coming season.

Cotlook A Index

Cotlook A index remained firm during the week.



Cotlook A Index	Weekly Average Price as on		% Change
	26-Oct-17	18-Oct-17	
Prices	79.24	77.92	1.7
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

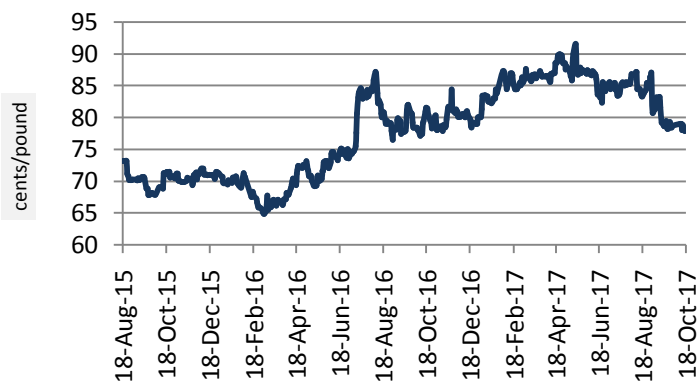
In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	26-Oct-17	18-Oct-17	
FC (S)	82.97	82.30	0.80
FC (M)	78.76	78.17	0.77
FC (L)	76.58	76.04	0.71
Prices in US cents per Pound			

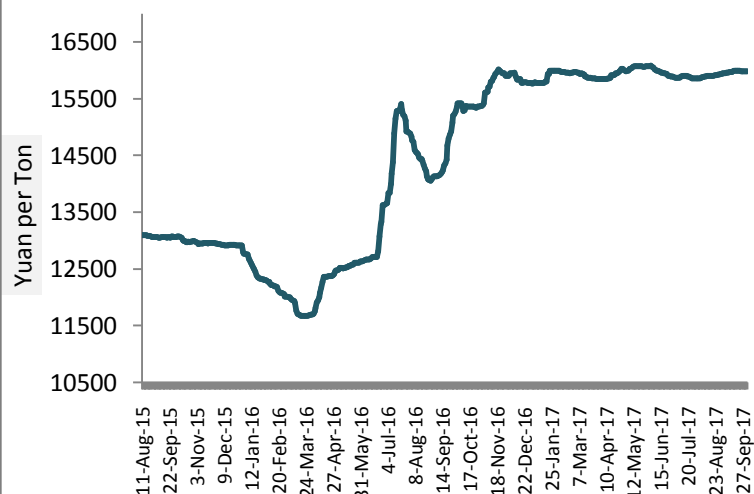
China Index remained pale during the week. CC Index (328) remained 15954 Yuan per ton during the week. Average was 15990 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	26-Oct-17	18-Oct-17	
CCIndex(328)	15954	15990	-0.23
CCIndex(527)	14908	14926	-0.12
CCIndex(229)	16487	16479	0.05
Prices in Yuan per ton			

FC Index (M)

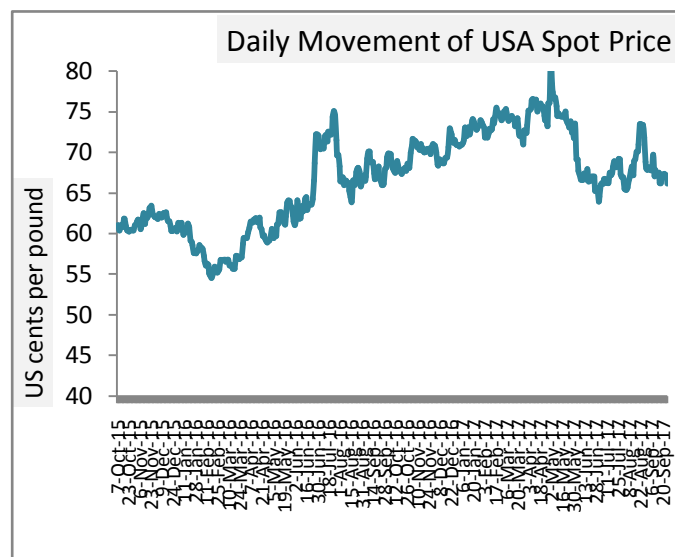


China Cotton Index(328)



USA Spot Prices

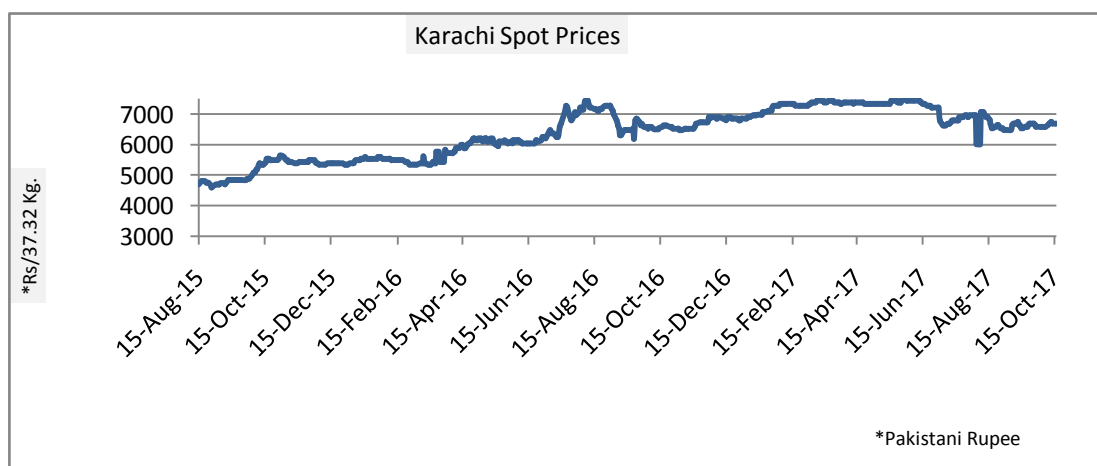
According to latest report of USDA, global 2017/18 cotton ending stocks are revised down this month. Production in China is estimated to be lower, based on arrivals at gins. World ending stocks are now projected at 92.38 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	26-Oct-17	17-Oct-17	
Prices	66.91	66.11	1.21
Prices in US cents per Pound			

Pakistan Spot Prices

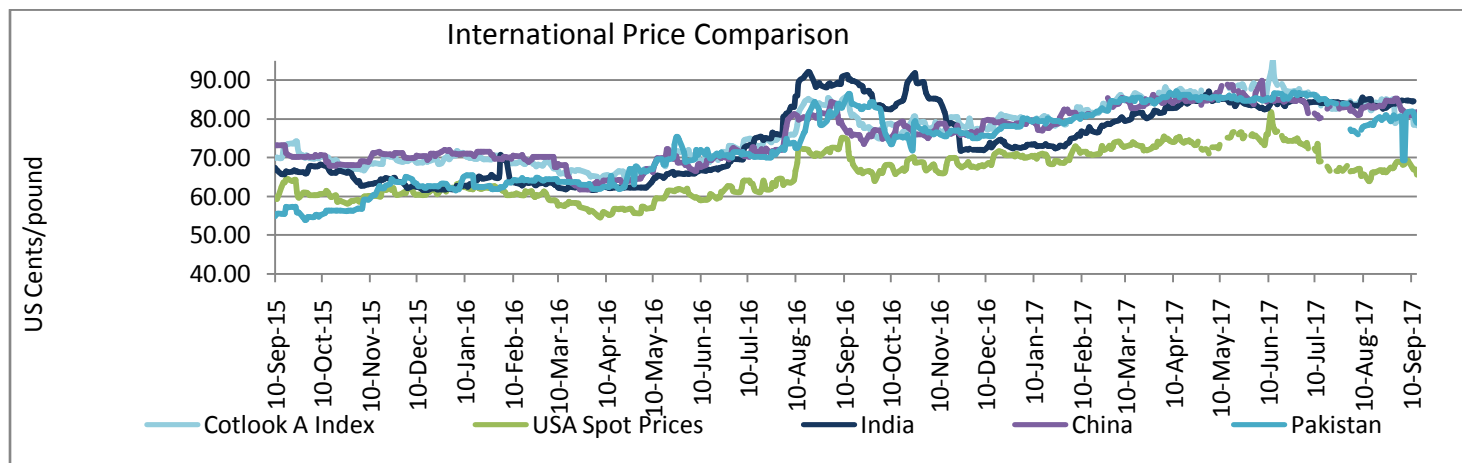
Annual growth output of Cotton in Pakistan has increased to 12.3 per cent amid higher arrivals of seed cotton during the period October 01-15, 2017. Pakistan has harvested 5.984 million bales of cotton up to October 15, 2017 according to data released



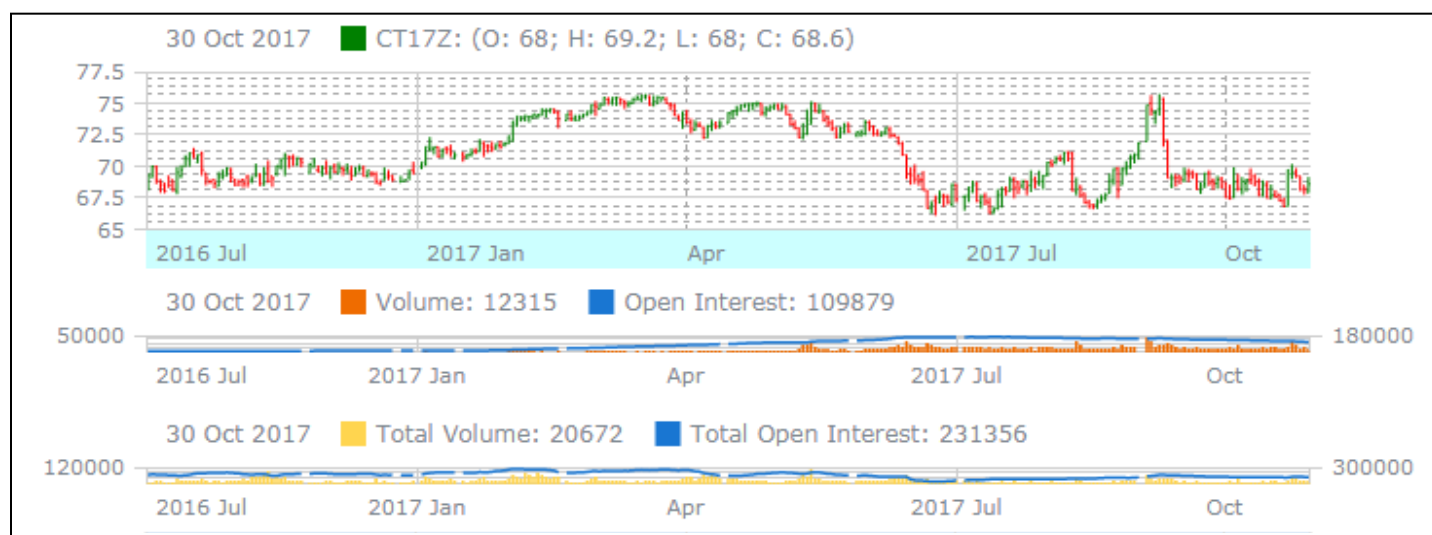
by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period increased by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 9.15 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	26-Oct-17	17-Oct-17	
Prices	6843	6692	2.26
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Dec'17 Contract) at ICE



Weekly Technical Outlook:

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

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	65.00-75.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
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60.23	57.84	82.30	85.26
Figures in US cents/pound			

Cotton Future Prices at ICE

Contracts	26-Oct	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Dec-17	68.19	67.31	68.75	69.26	1.31	-0.81	-1.54
Mar-18	68.06	67.01	67.89		1.56	0.25	
May-18	69.10	68.02	68.43		1.61	0.98	
Jul-18	69.83	68.74	68.94		1.60	1.29	
Oct-18	69.34	67.60	67.52		2.53	2.70	
Dec-18	68.92	67.98			1.39		

Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	20th October to 26th October 2017	13th October to 18th October 2017	
Gujarat	Ahmedabad	Shankar-6	4771	5000	-229
	Gondal	Shankar-6	4826	4900	-74
	Rajkot	B.T. Cotton	4723	4897	-174
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4708	4790	-82
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4738	4853	-114
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4925	4840	85
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	4783	4663	119
	Fatehabad	B.T. Cotton	4808	4758	49
	Jind	B.T. Cotton	4895	4866	29

	Uchana	B.T. Cotton	4752	4742	10
	Dabwali	B.T. Cotton	4652	4608	44
Rajasthan	Hanumangarh	B.T. Cotton	4758	4699	60
	Rawatsar	B.T. Cotton	4685	4658	28
Madhya Pradesh	Khandwa	Mech-1	4520	4500	20
	Khargaon	Mech-1	4803	4762	42
Maharashtra	Amravati	Mech-1	4206	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5883	5800	83
	Hathras	Desi	4783	4575	208
Telangana	Adilabad	Un-Ginned	4520	4570	-50
Andhra Pradesh	Guntur	Un-Ginned	3550	4075	-525
	Kurnool	Un-Ginned	4149	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	4320	Unch
Karnataka	Bijapur	Bunny	5075	5125	-50
	Hubli	D.C.H.	4739	4600	139
	Hubli	B.T. Cotton	5555	NA	-
	Raichur	H-44 Cotton	4135	4238	-103
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	20th October to 26th October 2017	13th October to 18th October 2017	
Punjab	Bhatinda	J-34	3831	3828	3
	Abohar	J-34	3833	3830	3
	Mansa	J-34	3821	3817	4
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3848	3862	-13
Rajasthan	Sri-Ganganagar	J-34	3632	3607	24

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	26-Oct-17	18-Oct-17	26-Sep-17	26-Oct-16
Gujarat	Ahmedabad	Shankar-6	4750	4750	NA	5000
	Gondal	Shankar-6	4780	4855	4830	5255
	Rajkot	B.T. Cotton	4825	4700	4840	5210
	Patan	B.T. Cotton	NA	Closed	NA	5350

	Kadi	B.T. Cotton	4700	4700	NA	5150
	Deesa	B.T. Cotton	NA	Closed	NA	NA
	Dhrol	B.T. Cotton	4535	4830	NA	5130
Punjab	Fazilika	B.T. Cotton	NR	NR	NR	NR
	Muktsar	B.T. Cotton	NR	NR	NR	NR
Haryana	Bhiwani	B.T. Cotton	5000	4800	4250	5100
	Bhiwani	Desi	NA	NA	NA	4500
	Adampur	B.T. Cotton	4855	4750	4215	5075
	Fatehabad	B.T. Cotton	4870	4710	4300	5125
	Jind	B.T. Cotton	5010	4790	NA	5320
	Uchana	B.T. Cotton	4864	4660	NA	5250
	Dabwali	B.T. Cotton	4720	4600	NA	5020
Rajasthan	Hanumangarh	B.T. Cotton	4800	4700	4450	5000
	Rawatsar	B.T. Cotton	4700	4580	NA	5000
Madhya Pradesh	Khandwa	Mech-1	4650	4400	NA	NA
	Khargaon	Mech-1	4795	4855	4470	5100
Maharashtra	Amravati	Mech-1	4275	NA	NA	NA
	Jamner	Medium Staple	NA	NA	NA	4400
Uttar Pradesh	Hathras	B.T. Cotton	6100	5800	4750	4300
	Hathras	Desi	4900	4750	4600	4600
Telangana	Adilabad	Un-Ginned	4500	4510	4450	4350
Andhra Pradesh	Guntur	Un-Ginned	3300	NA	NA	4100
	Kurnool	Un-Ginned	NA	NA	4009	NA
	Krishna	Un-Ginned	NA	NA	NA	NA
	East Godavari	Un-Ginned	4320	4320	4320	4150
Karnataka	Bijapur	Bunny	NA	NA	5049	5129
	Hubli	D.C.H.	NA	NA	NA	NA
	Hubli	B.T. Cotton	NA	NA	NA	NA
	Raichur	H-44 Cotton	4220	NA	4355	4850
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	26-Oct-17	18-Oct-17	26-Sep-17	26-Oct-16
Punjab	Bhatinda	J-34	3875	3800	3900	3975
	Abohar	J-34	3870	3800	3900	3975
	Mansa	J-34	3865	3790	3890	3970
	Muktsar	J-34	NR	NR	NR	NR
	Fazilika	J-34	NR	NR	NR	NR
Haryana	Sirsa	J-34	3890	3820	3900	3910
Rajasthan	Sri-Ganganagar	J-34	3647	3610	NA	3591

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	20th October to 26th October 2017	13th October to 18th October 2017	
Gujarat	Ahmedabad	Shankar-6	166600	66300	100300
	Gondal	Shankar-6	7375	2694	4681
	Rajkot	B.T. Cotton	21400	8601	12799
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	73900	50000	23900
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	559	68	491
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	17500	13000	4500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	23460	7395	16065
	Fatehabad	B.T. Cotton	2250	2850	-600
	Jind	B.T. Cotton	7397	8755	-1358
	Uchana	B.T. Cotton	16915	18055	-1140
	Dabwali	B.T. Cotton	5650	8875	-3225
Rajasthan	Hanumangarh	B.T. Cotton	18400	14500	3900
	Rawatsar	B.T. Cotton	7100	6500	600
Madhya Pradesh	Khandwa	Mech-1	2000	800	1200
	Khargaon	Mech-1	29960	40510	-10550
Maharashtra	Amravati	Mech-1	26000	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	925	350	575
	Hathras	Desi	425	165	260
Telangana	Adilabad	Un-Ginned	74089	78537	-4448
Andhra Pradesh	Guntur	Un-Ginned	1445	380	1065
	Kurnool	Un-Ginned	143	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5637	2584	3053
	Hubli	D.C.H.	52	8	44
	Hubli	B.T. Cotton	2	NA	-
	Raichur	H-44 Cotton	9727	5637	4090

Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	20th October to 26th October 2017	13th October to 18th October 2017	
Punjab	Bhatinda	J-34	24140	45900	-21760
	Abohar	J-34	6800	16660	-9860
	Mansa	J-34	2890	2720	170
Haryana	Sirsa	J-34	3283	5355	-2072
Rajasthan	Sri-Ganganagar	J-34	1920	1000	920

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				20th October to 26th October 2017	12th October to 18th October 2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39950	-50
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40950	-50
J-34(202)	26mm	3.5 - 4.9	23	35300	35650	-350
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38067	38417	-350
Shankar-6(105)	29mm	3.5 – 4.9	28	38467	38867	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40133	41017	-883
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41933	42717	-783
DCH-32(107)	34mm	3.0 - 3.8	33	49500	50167	-667

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