

Domestic market summary

Domestic market Scenario: Cotton spot markets noticed Range bound during the week. Average price of Lint at Sirsa during the week was Rs. 4586 per maund (of 37.32 Kg each), lower compared to the previous week price of Rs 4612 Cotton fiber (Shankar-6) prices noticed slightly weak this week Average price was Rs 46857per candy (of 355.6 kg each) during the week, which was Rs 47250 per candy previous week.

Weekly Price Outlook : In the coming week we expect Kapas price to remain to Range bound with the price band of Rs 5500-6400 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4400-5000 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.

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 400lakh 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.

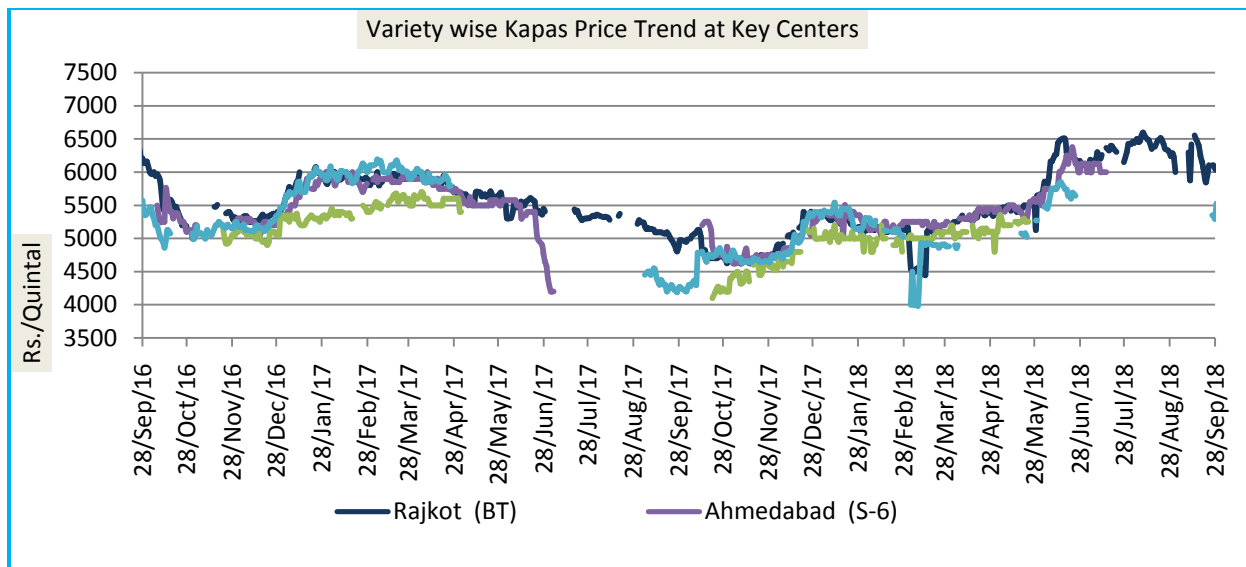
Ending stocks are expected to be around 10 lakh bales, it is lower compared to the ending stocks of previous season

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

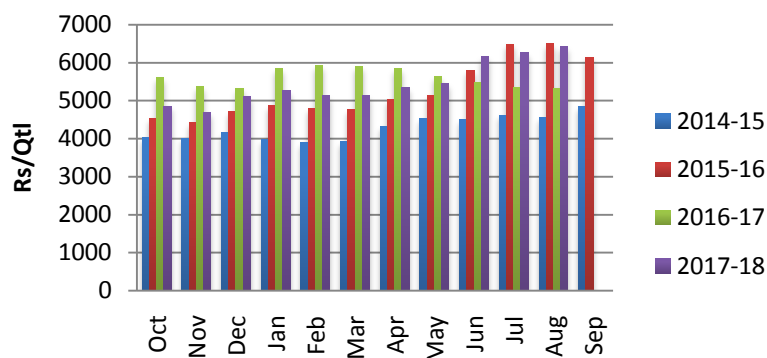
Weekly Price Review: Weekly kapas average price at Rajkot rose is Rs 6012 /quintal this week.

Weekly Price Outlook: Kapas prices are expected to remain range-bound in coming days. The expected range for Kapas at Rajkot is Rs 5400-6500 per quintal for the coming week.



Kapas Monthly M-o-M Price Scenario

Monthly Average Kapas (Bt) Prices at Rajkot

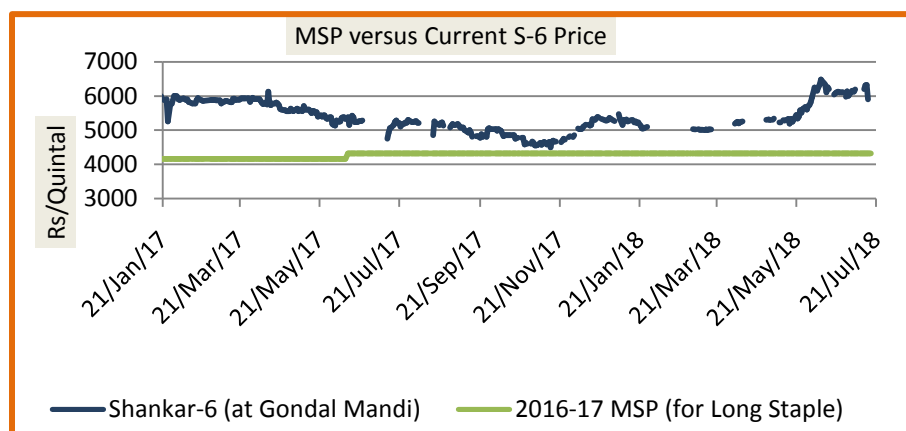


Kapas(seed cotton) prices in country noticed firm tone during the Aug month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.6426 per quintal during Aug, which was Rs.6253 during previous month and Rs. 5323 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 Aug month is likely to be Rs 5500-6500

per quintal.

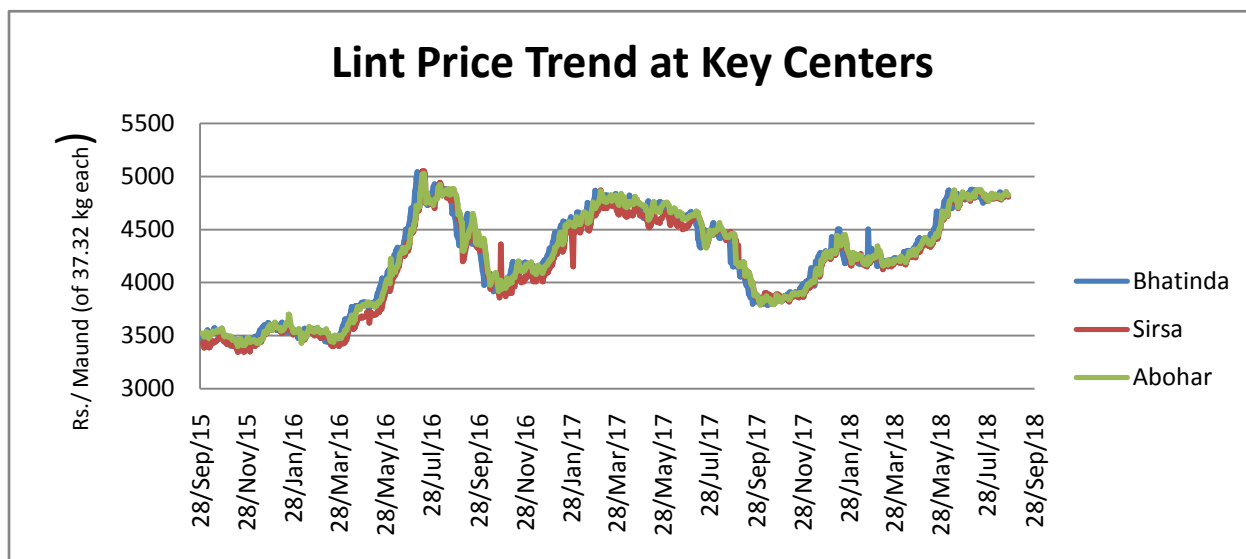
Spot Price versus MSP



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 1800 a week earlier. This indicates prices are increasing. (With limited arrivals market is closed)

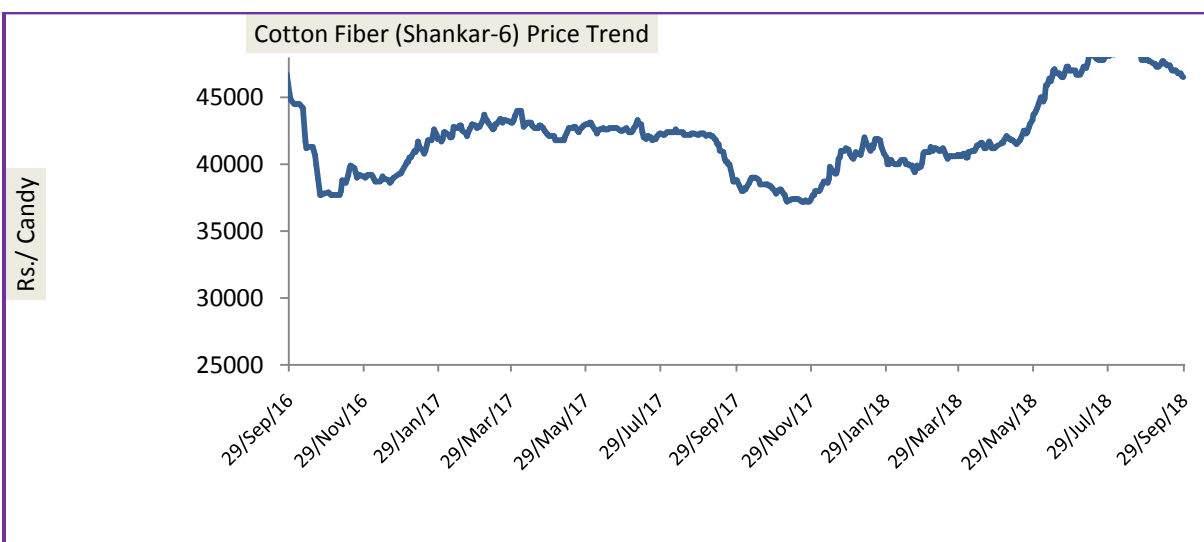
Lint price Outlook

Lint prices remained slightly weak during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs.4570 per maund of 37.32 kg each, slightly lower compared to the previous week price of Rs. 4612 per maund.



Cotton Fiber price Outlook

Cotton fiber noticed slightly down trend in this week compared to the previous week. Average price was Rs 47250 per candy (of 355.6 kg each) during the week, which was Rs47500 per candy previous week. and around Rs 40883 per candy during the corresponding week previous season. We expect cotton fiber to remain in range of Rs 45000 -49000 per candy in the coming week candy.

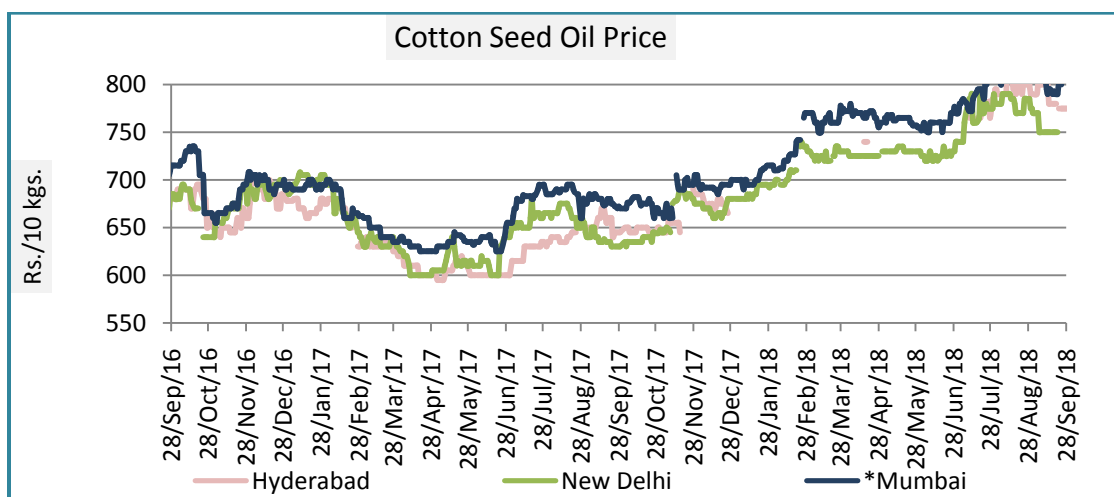


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil weekly Price Scenario

Cotton seed oil price noticed unchanged during the week. Weekly average price in New Delhi is Rs 750 per 10 Kg, same to the weekly average price of Rs 750 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	27-Sep-18	20-Sep-18	
New Delhi	750	750	0.00
Rajkot	770	778	-1.03
Hyderabad	775	780	-0.64
Mumbai*	792	800	-1.00

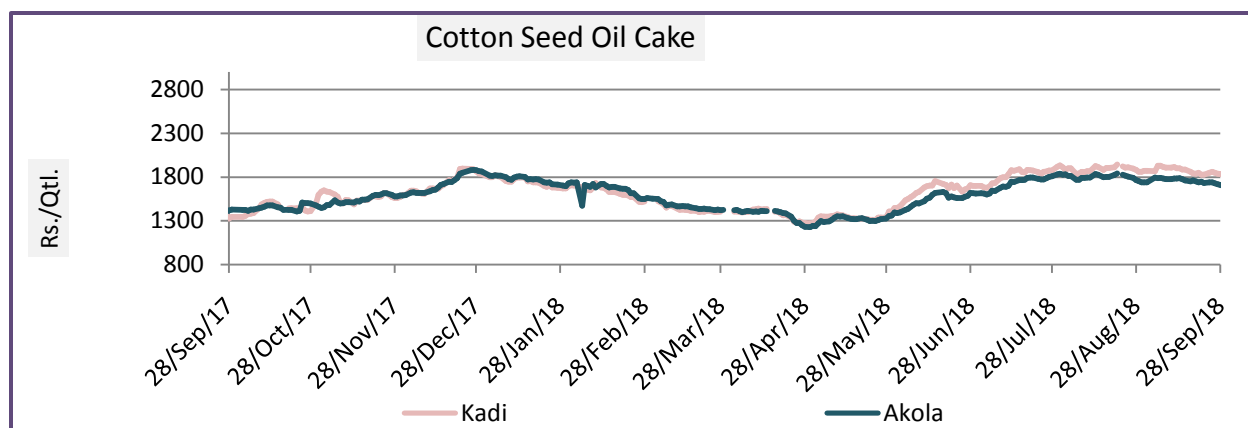


Cotton Seed Oil Cake weekly Price Scenario

Cotton seed oil cake price noticed slightly weak tone during this week. Weekly average price in Akola remained Rs 1730 per quintal, lower compared to the weekly average price of Rs 1755 per quintal in the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	13-Sep-18	06-Sep-18	
Kadi	1840	1859	-1.02
Akola	1730	1755	-1.42

*Source: NCDEX



International Market Scenario

International cotton prices remained weak during the week. Cotlook A index weekly average stood 88.07 at cents/pound this week, which was 89.93 cents/pound during last week

Major Market Highlights:

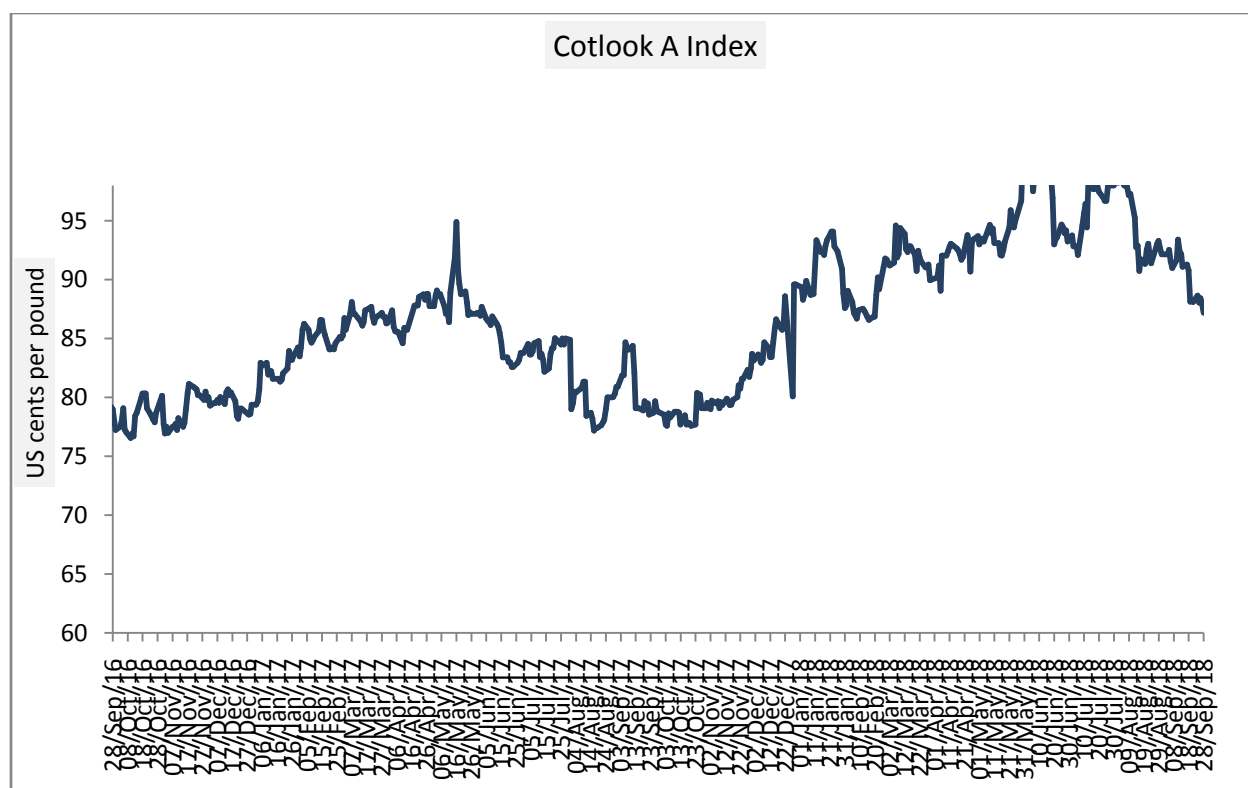
- ICE cotton futures tumbled to their lowest level in over nine months on Friday, pressured by fund liquidation and a strong dollar, with prices posting their worst quarter since June last year. The most active cotton contract on ICE Futures U.S., the second-month December contract CTc2 CTZ8, settled down 1.35 cent, or 1.7 percent, at 76.37 cents per lb. The second-month contract CTc2 earlier touched 76.27 cents a lb, the lowest since Dec. 21.
- 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

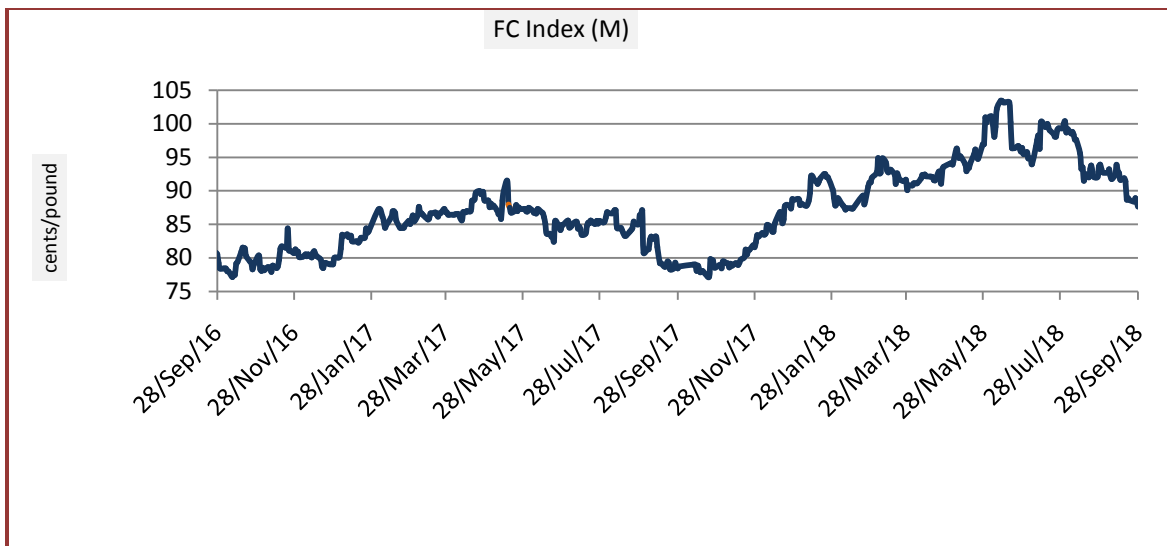
Cotlook A index remained Range bound during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	27-Sep -18	20 -Sep -18	
Prices	88.07	89.93	-2.07
Prices in US cents per Pound			



China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	27-Sep-18	20-Sep-18	
FC (S)	92.05	94.29	-2.38
FC (M)	88.39	90.49	-2.32
FC (L)	86.81	88.91	-2.36
Prices in US cents per Pound			



China Index remained slightly weak during the Week. CC Index (328) remained 16307 Yuan per ton during the week. Average was 16344 Yuan per ton during previous week.

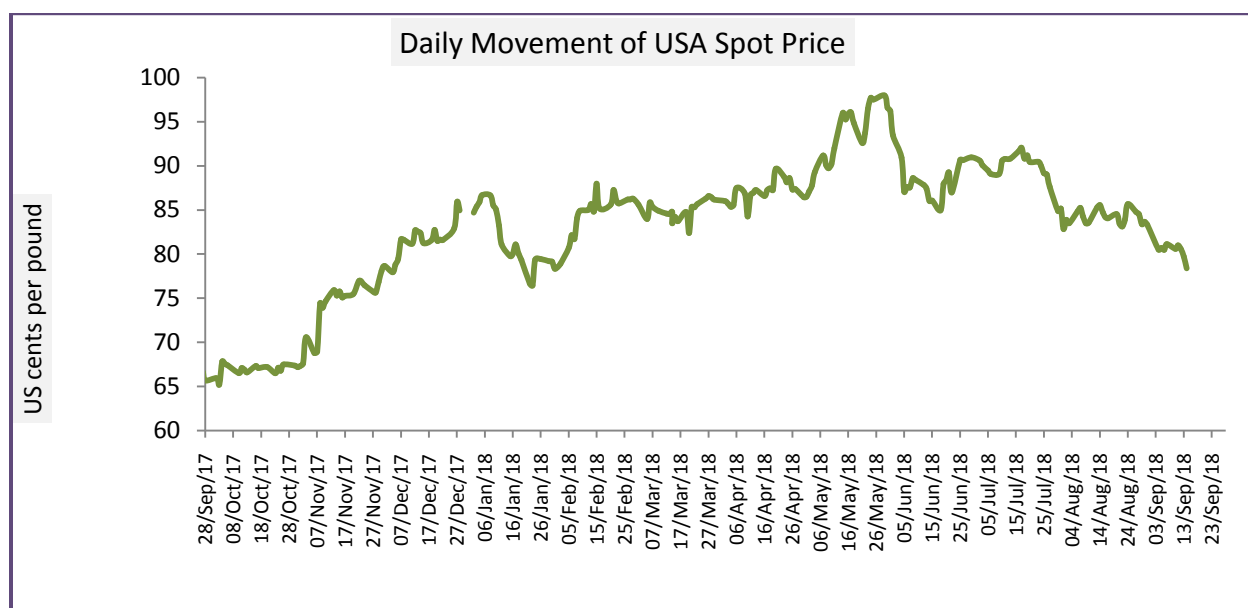
Cotton Index	Monthly Average Price as on		% Change
	27-Sep-18	20-Sep-18	
CCIndex(328)	16307	16344	-0.23
CCIndex(527)	15124	15149	-0.17
CCIndex(229)	16974	17029	-0.32
Prices in Yuan per ton			



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
	27-Sep-18	20-Sep-18	
Prices	80.22	81.73	-1.85
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.

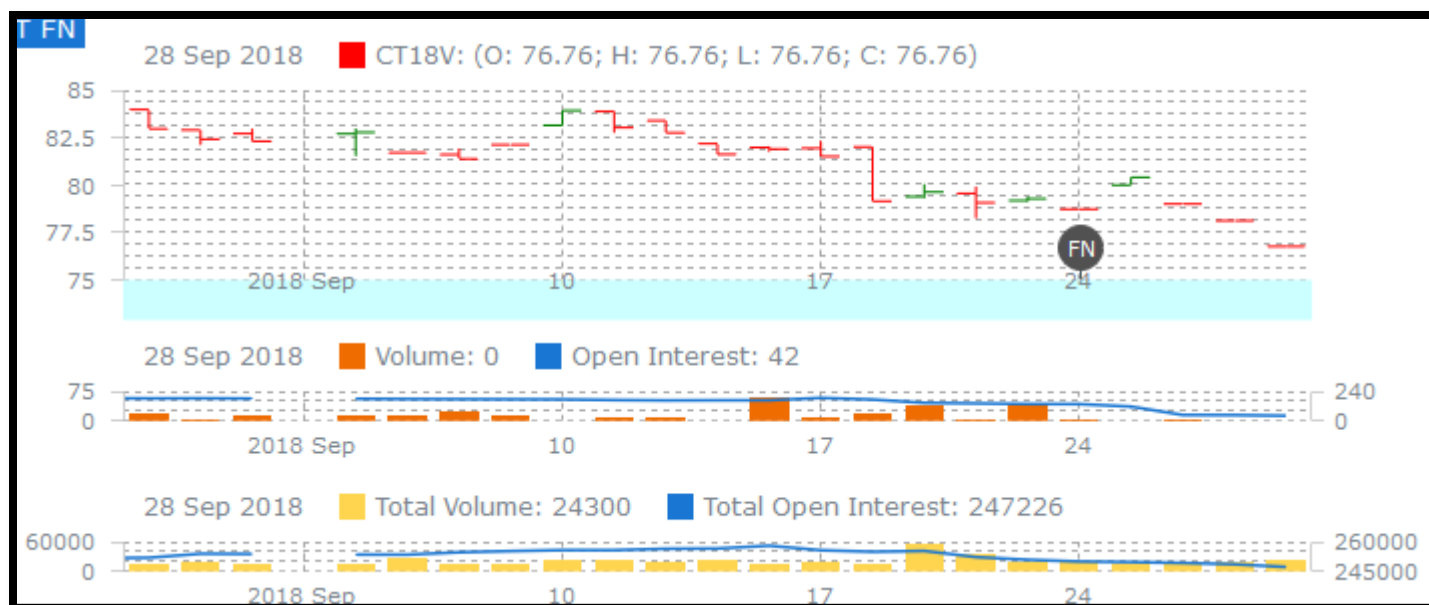
Official data on last week revealed that cotton output for 2018/19 is estimated at 10.847 million bales as water shortage and cotton leaf curl virus (CLCV) held back overall gains of areas under cultivation. The data showed that cotton production in the Punjab is estimated at 8.077 million bales as against 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
	27-Sep-18	20-Sep-18	
Prices	8260	8368	-1.29
Prices in Rs per 37.32 Kg			

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

Weekly Technical Outlook:



- 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 week.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	70-80

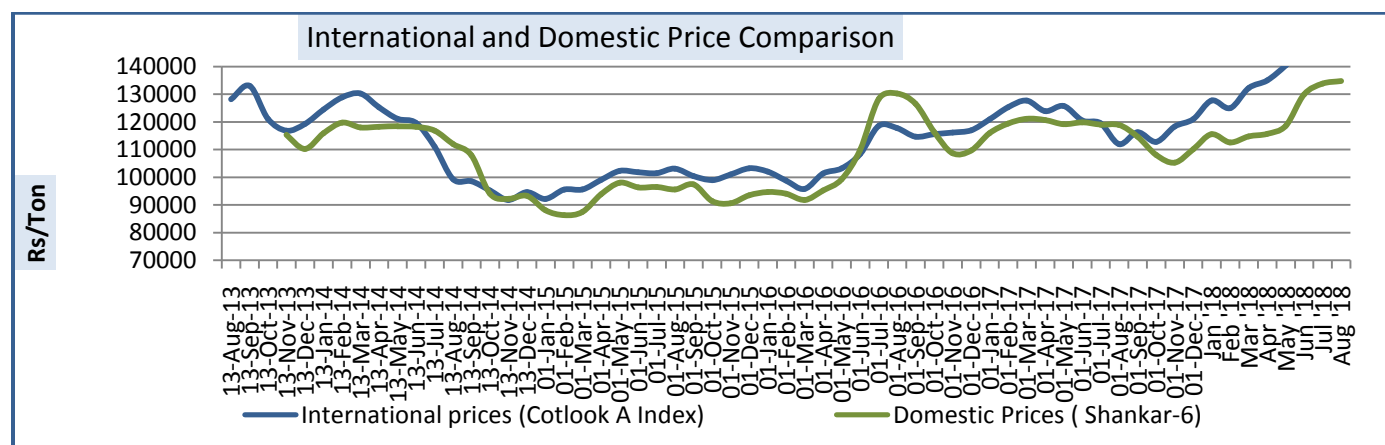
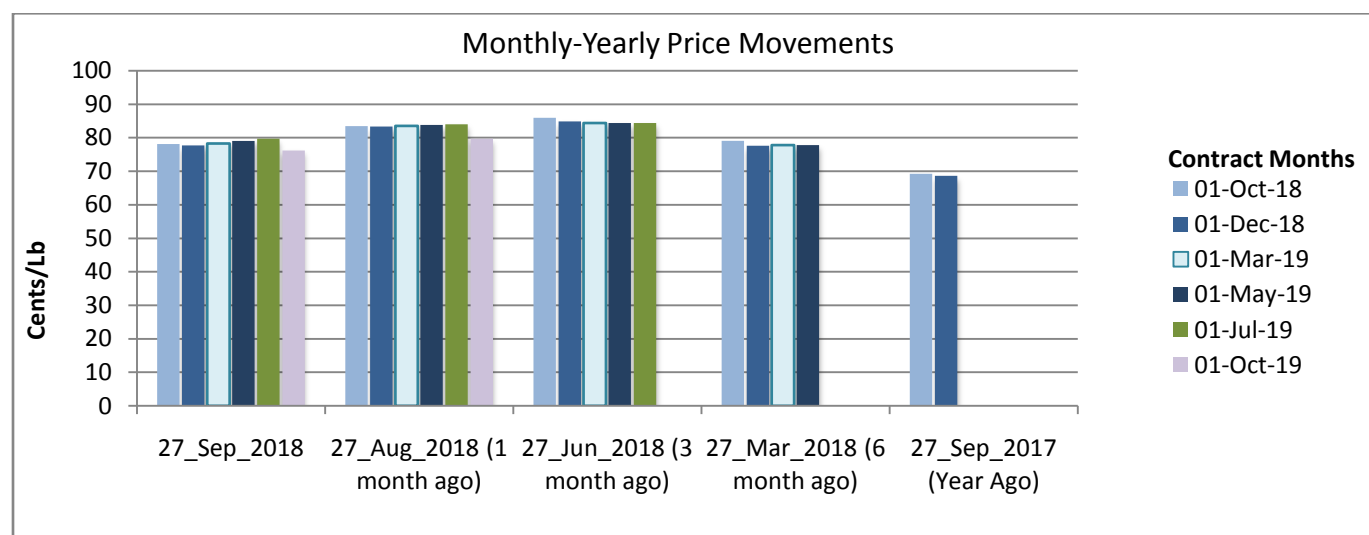
Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
70	68	95	90

Figures in US cents/pound

Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE					Prices in cents/Lb		
Contracts	27_Sep_2018	27_Aug_2018 (1 month ago)	27_Jun_2018 (3 month ago)	27_Mar_2018 (6 month ago)	27_Sep_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Oct-18	78.12	83.52	85.96	79.04	69.28	-6.47	12.76
01-Dec-18	77.72	83.34	84.87	77.62	68.65	-6.74	13.21
01-Mar-19	78.29	83.52	84.41	77.8		-6.26	
01-May-19	79.06	83.78	84.39	77.83		-5.63	
01-Jul-19	79.72	84.06	84.44			-5.16	
01-Oct-19	76.21	79.69				-4.37	



State	Prices August, 2018	Prices July, 2018	Prices August, 2017	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh			5079.11	—	—
Gujarat	5738.71	5738.71	5738.71	0	0
Haryana	5488.82	5694.21	5694.21	-3.61	-3.61
Karnataka	5436.04	5436.04	5436.04	0	0
Madhya Pradesh	4500	4750	4750	-5.26	-5.26
Maharashtra	4125	5096.62	5096.62	-19.06	-19.06
Pondicherry			3009	—	—
Punjab			4379.87	—	—
Rajasthan	5793.84	5793.84	5793.84	0	0
Tamil Nadu	5895.74	5895.74	5895.74	0	0
Telangana	5558.48	5558.48	5558.48	0	0
Uttar Pradesh	5275.95	5275.95	5275.95	0	0
Average	5312.51	5471.07	5142.3		

Domestic Cotton Prices and Arrivals at Key Centers

Week on Week Price: Scenario of Cotton:						
Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	27-Sep-18	20-Sep-18	27-Aug-18	26-Sep-17
Gujarat	Ahmedabad	Shankar-6	NA	NA	0	NA
	Gondal	Shankar-6	NA	NA	0	NA
	Rajkot	B.T. Cotton	6100	6105	6000	NA
	Patan	B.T. Cotton	NA	6000	0	NA
	Kadi	B.T. Cotton	NA	NA	0	NA
	Deesa	B.T. Cotton	NA	NA	0	NA
	Dhrol	B.T. Cotton	5432	5655	0	NA
Punjab	Fazilika	B.T. Cotton	NR	0	0	0
	Muktsar	B.T. Cotton	NR	0	0	0
Haryana	Bhiwani	B.T. Cotton	5350	5300	0	NA
	Bhiwani	Desi	NA	NA	0	NA
	Adampur	B.T. Cotton	NA	NA	0	NA
	Fatehabad	B.T. Cotton	5270	5300	6000	NA

	Jind	B.T. Cotton	NA	NA	0	NA
	Uchana	B.T. Cotton	NA	NA	0	NA
	Dabwali	B.T. Cotton	NA	NA	0	NA
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	0	NA
	Rawatsar	B.T. Cotton	NA	NA	0	NA
Madhya Pradesh	Khandwa	Mech-1	NA	NA	0	NA
	Khargaon	Mech-1	NA	NA	0	NA
Maharashtra	Amravati	Mech-1	NA	NA	0	NA
	Jamner	Medium Staple	NA	NA	0	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	NR	NA
	Hathras	Desi	NA	NA	NA	NA
Telangana	Adilabad	Un-Ginned	NA	5450	NA	NA
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	0	NA
	Kurnool	Un-Ginned	NA	NA	0	NA
	Krishna	Un-Ginned	NA	NA	0	NA
	East Godavari	Un-Ginned	NA	NA	0	NA
Karnataka	Bijapur	Bunny	5630	5560	5160	NA
	Hubli	D.C.H.	NA	NA	0	NA
	Hubli	B.T. Cotton	NA	NA	0	NA
	Raichur	H-44 Cotton	5630	5505	0	NA
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	27-Sep-18	20-Sep-18	27-Aug-18	26-Sep-17
Punjab	Bhatinda	J-34	4500	4585	4820	3900
	Abohar	J-34	4500	4590	4820	3900
	Mansa	J-34	4500	4575	4825	3890
	Muktsar	J-34	NR	0	0	0
	Fazilika	J-34	NR	0	0	0
Haryana	Sirsa	J-34	4520	4580	4810	3900
Rajasthan	Sri-Ganganagar	J-34	4500	0	0	0

Cotton Arrivals in Key Centers:

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Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	27-Sep-18	20-Sep-18	27-Aug-18	26-Sep-17
Gujarat	Ahmedabad	Shankar-6	NA	0	0	0
	Gondal	Shankar-6	NA	0	0	221
	Rajkot	B.T. Cotton	230	385	35	570
	Patan	B.T. Cotton	1930	0	0	0
	Kadi	B.T. Cotton	1000	0	0	0
	Deesa	B.T. Cotton	NA	0	0	0
	Dhrol	B.T. Cotton	NA	0	0	0
Punjab	Fazilika	B.T. Cotton	NR	0	0	0
	Muktsar	B.T. Cotton	NR	0	0	0
Haryana	Bhiwani	B.T. Cotton	NA	7000	0	NA
	Bhiwani	Desi	NA	NA	0	NA
	Adampur	B.T. Cotton	NA	NA	0	NA
	Fatehabad	B.T. Cotton	NA	300	0	NA
	Jind	B.T. Cotton	NA	NA	0	NA
	Uchana	B.T. Cotton	NA	NA	0	NA
	Dabwali	B.T. Cotton	NA	NA	0	NA
Rajasthan	Hanumangarh	B.T. Cotton	NA	0	0	2500
	Rawatsar	B.T. Cotton	1775	0	0	0
Madhya Pradesh	Khandwa	Mech-1	865	0	0	0
	Khargaon	Mech-1	9310	0	0	8800
Maharashtra	Amravati	Mech-1	NA	0	0	0
	Jamner	Medium Staple	NA	0	0	0
Uttar Pradesh	Hathras	B.T. Cotton	250	150	Closed	150
	Hathras	Desi	100	30	Closed	150
Telangana	Adilabad	Un-Ginned	NA	0	0	0
Andhra Pradesh	Guntur	Un-Ginned	NA	0	0	0
	Kurnool	Un-Ginned	NA	0	0	123
	Krishna	Un-Ginned	NA	0	0	0
	East Godavari	Un-Ginned	NA	0	0	0
Karnataka	Bijapur	Bunny	23	5	100	154
	Hubli	D.C.H.	NA	0	0	0
	Hubli	B.T. Cotton	NA	0	0	0
	Raichur	H-44 Cotton	22	22	7	300

Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	27-Sep-18	20-Sep-18	27-Aug-18	26-Sep-17
Punjab	Bhatinda	J-34	5100	3400	0	7650
	Abohar	J-34	1190	1020	0	2210
	Mansa	J-34	510	425	0	850
Haryana	Sirsa	J-34	1700	1360	0	1360
Rajasthan	Sri-Ganganagar	J-34	1530	0	0	0

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