

### Domestic market summary

**Domestic market Scenario:** Cotton spot market prices were noticed weak during the week due to new crop and moisture content of 10-11%. Cotton prices are expected to be range-bound in the coming months currently the higher minimum support price (MSP) along with a record low carryover stock and high demand in the domestic & international markets have kept prices supportive. Average price of Lint at Sirsa during the week was Rs. 4436 per maund (of 37.32 Kg each), lower compared to the previous week price of Rs 4586. Cotton fiber (Shankar-6) prices noticed slightly weak this week. Average price was Rs 46857 per 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:**

- The Cotton pipeline seems to be running dry and there are all chances demand likely to start rising from first quarter 2019. We are likely to witness good demand across all value chain post yarn making and companies in the business of fabrics, home textiles, garments likely to see a surge in demand and good.
- The demand for export requirements is predominantly keeping the domestic prices bullish, as the trade spat between the US and China has resulted in Chinese importers turning towards India for meeting their cotton demand.
- All India daily arrivals reported around 35-38000 bales (170 kg each). Weather expected to be normal across most of the cotton growing regions which will support harvesting in central India. Indian rupee further depreciated against USD and hit fresh record low level around 73.75 during the week.
- Cotton plucking started in major belts of Khandesh a few stations of lower M.Wada Bawals of Maharashtra early and late sown crop also are opening fast due to presence of good heat. New crop slow arrivals have started in MH will pick up soon in Khandesh & one or two centers of Vidarbha. The arrival of cotton in the region's markets is gradually picking up the pace as Punjab, Haryana, Rajasthan, AP and Telangana are registering the arrival of 12-15000 bales of cotton on a daily basis.
- Output of cotton in Haryana in the 2018-19 season is likely to rise 5% on year to 1.7 mln bales (1 bale = 170 kg) because of higher yields, according to the state's first advance estimate. Cotton yields have increased to 432 kg per ha from 413 kg last year.

- Current Agriwatch estimates peg India's cotton output 360 lakh bales of 170 kgs vs. 365 lakh bales last year. In our view, there are likely to be losses in largest producer Gujarat on account of deficient monsoon, through June-July and Sep, marginal in Karnataka and also in north to a small extent on account of very heavy rains at the time of harvesting, among others. Overall India's cotton output could be in the range of 353-360 lakh bales. And there could be a possibility that of downward revision to the above range, if dry and hot weather continued to affect crops in those areas which are already struggling with the same or if there are any widespread pest infestations. Next 2-3 weeks will be crucial.

### 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.

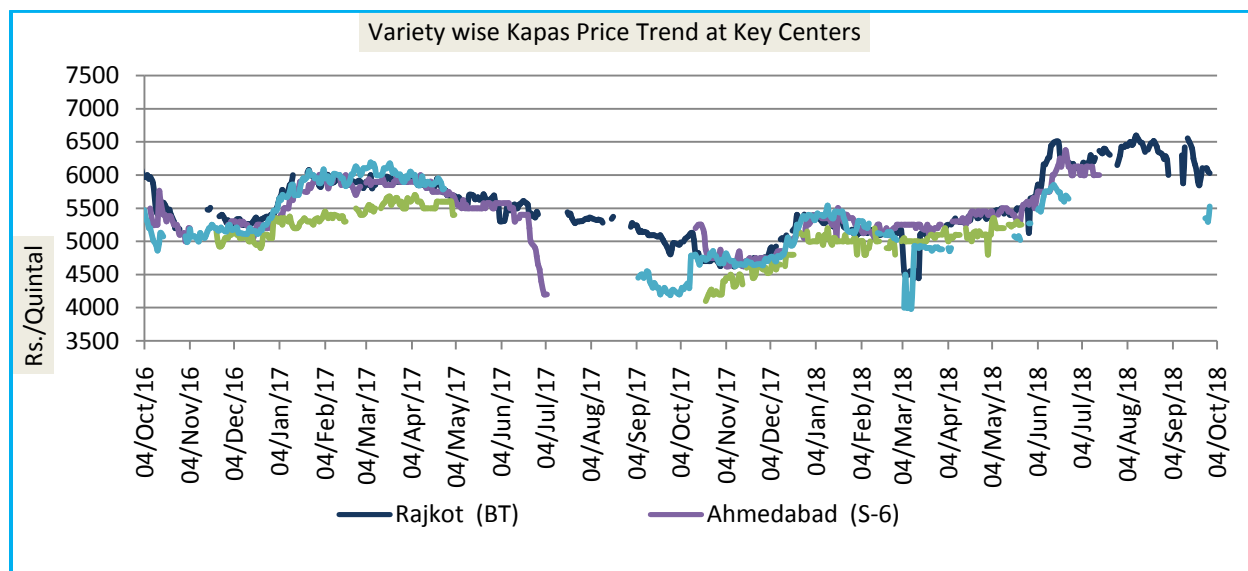
Ending stocks are expected to be around 10 lakh bales, it is lower compared to the ending stocks of previous season

### Domestic Cotton Prices Scenario

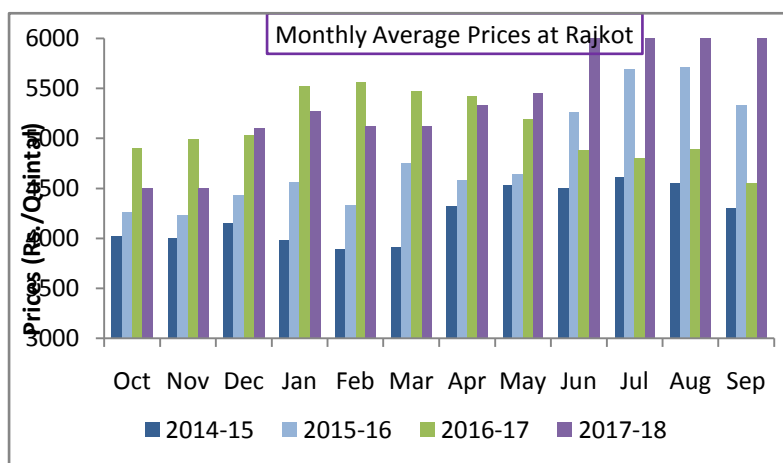
#### Kapas (Raw Cotton) Weekly Price Scenario

**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

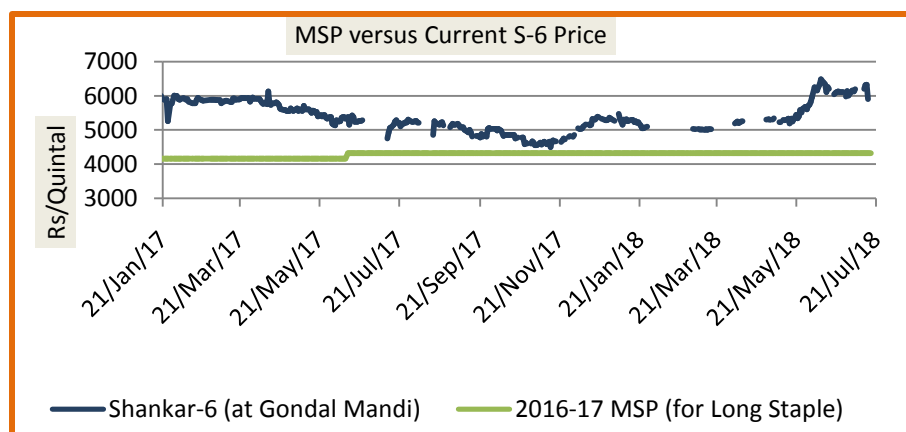


Kapas(seed cotton) prices in country noticed weak tone during the Sep month when compared to the previous month, and the same is ruling lower compared to the prices during the corresponding month of the previous season.

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.

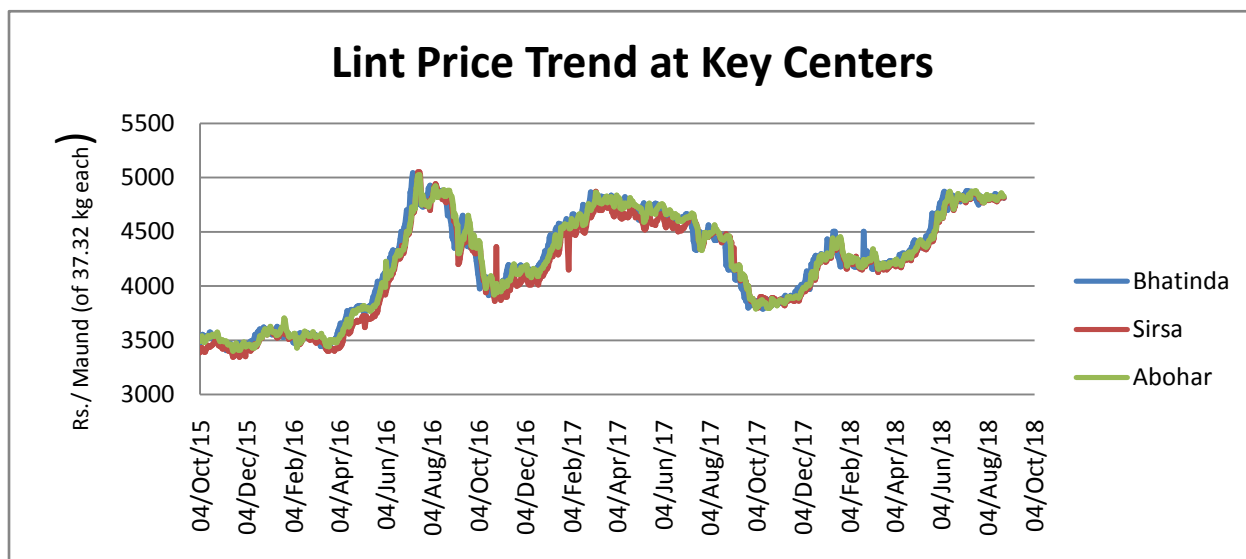
### Spot Price versus MSP



The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this 4<sup>TH</sup> 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 )

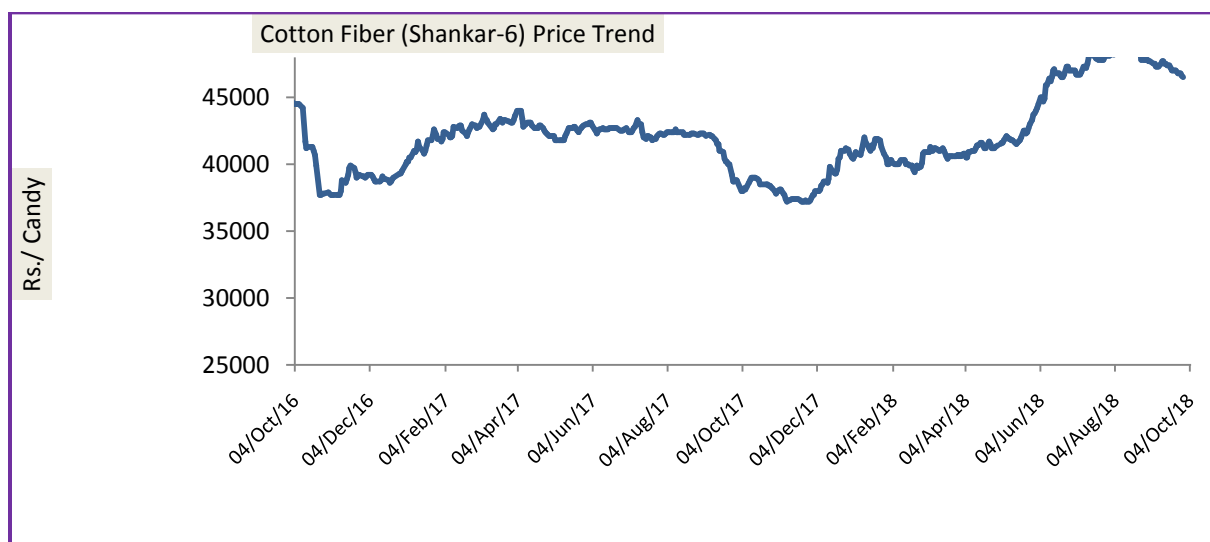
## Lint price Outlook

Lint prices remained slightly weak during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs.4436 per maund of 37.32 kg each, slightly lower compared to the previous week price of Rs. 4570 per maund.



## Cotton Fiber price Outlook

Cotton fiber noticed slightly down trend in this week compared to the previous week. Average price was Rs 47200 per candy (of 355.6 kg each) during the week, which was Rs47250 per candy previous week. and around Rs 40800 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.

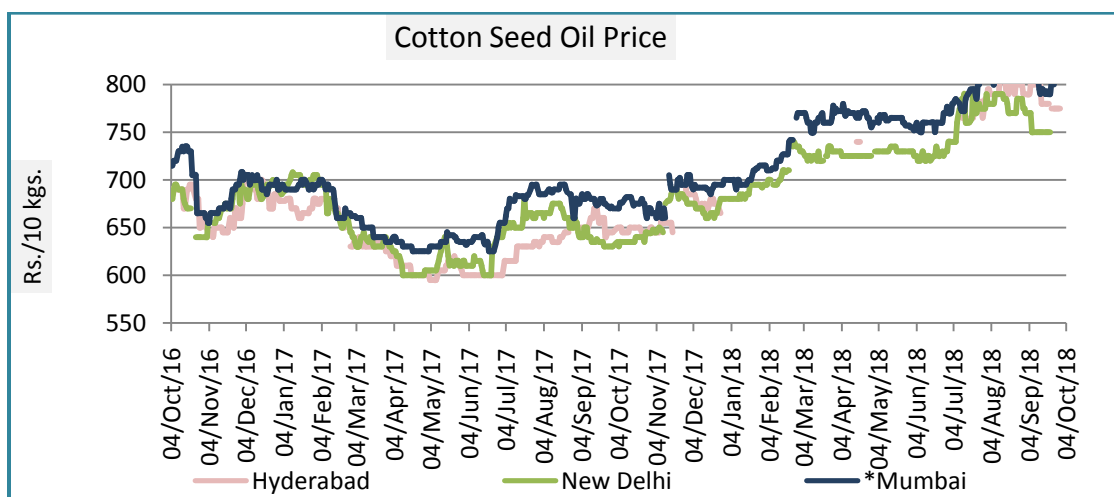


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil weekly Price Scenario

Cotton seed oil price noticed unchanged during the week. Weekly average price in New Delhi is Rs 748 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
	04-Oct-18	27-Sep-18	
New Delhi	748	750	-0.27
Rajkot	775	770	0.65
Hyderabad	775	775	0.00
Mumbai*	800	792	1.01

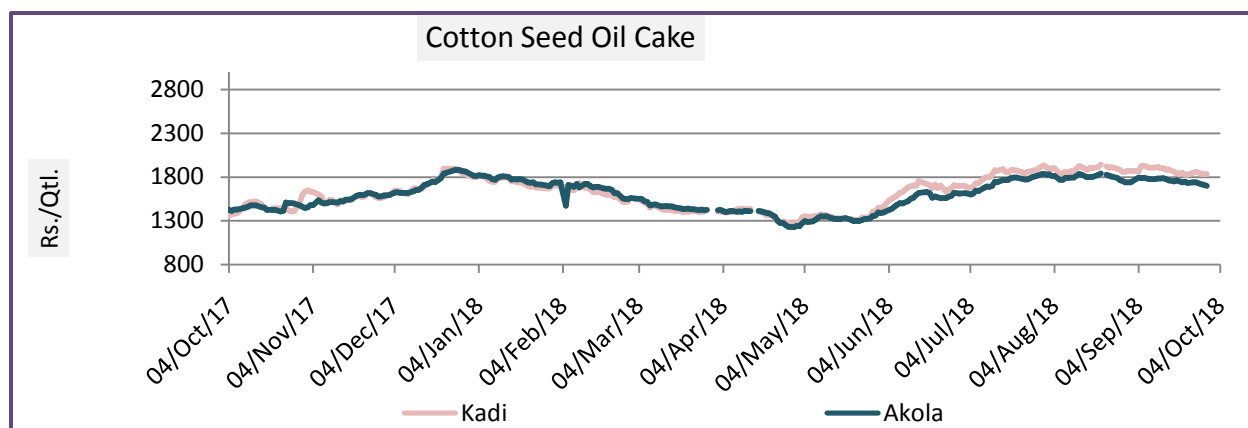


### Cotton Seed Oil Cake weekly Price Scenario

Cotton seed oil cake price noticed slightly weak tone during this week. Weekly average price in Akola remained Rs 1701 per quintal, lower compared to the weekly average price of Rs 1730 per quintal in the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	04-Oct-18	27-Sep-18	
Kadi	1833.4	1840	-0.36
Akola	1701.8	1730	-1.63

\*Source: NCDEX



## International Market Scenario

International cotton prices remained unchanged during the week. Cotlook A index weekly average stood 88.03 at cents/pound this week, which was 88.07 cents/pound during last week

### **Major Market Highlights:**

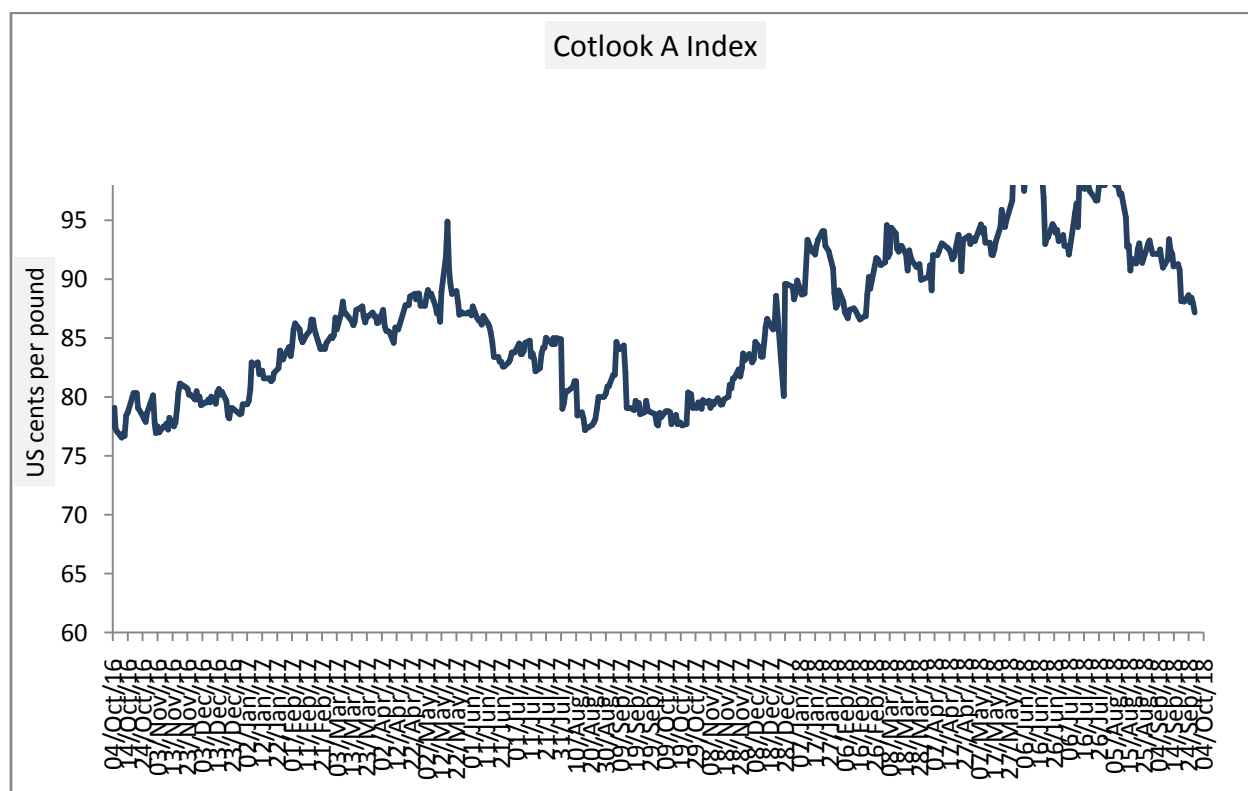
- December finished slightly higher Friday in a session marked by decent estimated volume of 21,700, but also one with a daily trading range of less than 75 points. Thus, in the absence of any sort of bullish news, the market kept its recent behavior of trading the path of least resistance, which was sideways.
- ICE cotton posts fifth straight weekly decline as exports dip, funds liquidate ICE cotton futures closed nearly unchanged in low volume trade on Friday, but prices posted their fifth consecutive weekly loss amid a slowdown in U.S. export sales and continued speculative liquidation. The most active cotton contract on ICE Futures U.S., the second-month December contract, settled up 0.1 cent, or 0.1 percent, at 76.10 cents per lb. It traded within a range of 76.00 and 76.73 cents a lb.
- 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.

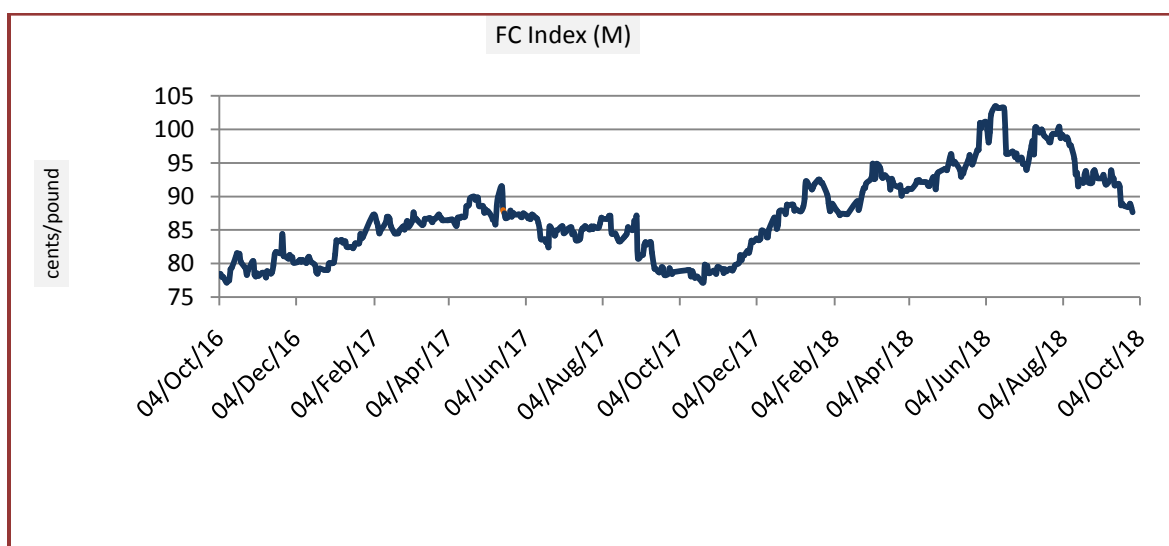
Cotlook A Index	Weekly Average Price as on		% Change
	04-Oct-18	27-Sep-18	
Prices	88.03	88.07	-0.05
Prices in US cents per Pound			



### China Cotton Index and Foreign Cotton Index

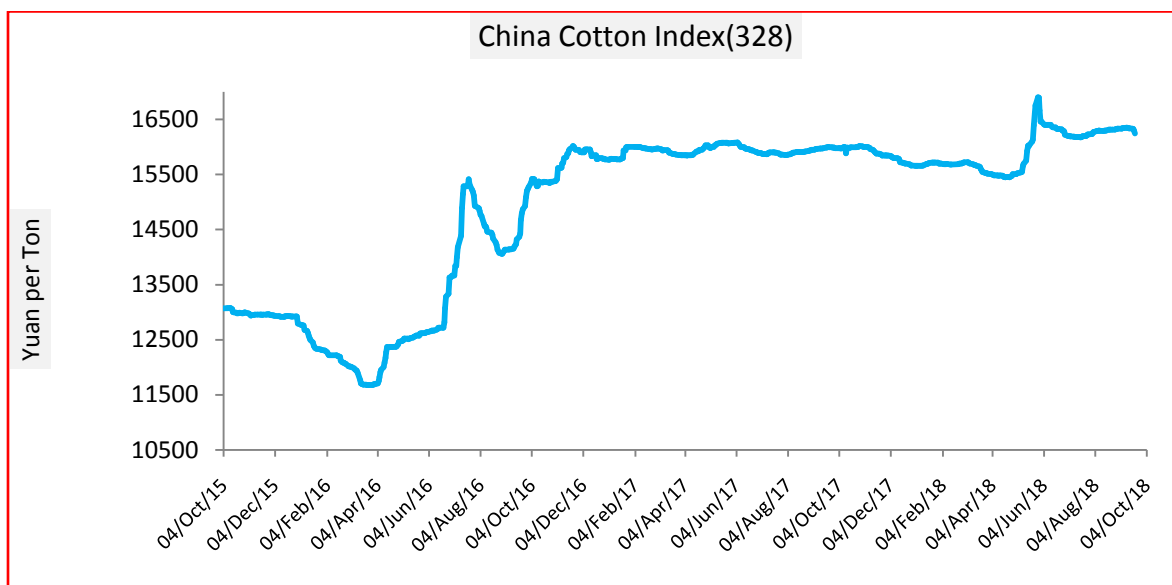
Cotton Index	Monthly Average Price as on		% Change
	04-Oct-18	27-Sep-18	
FC (S)	91.11	92.05	-1.02

FC (M)	87.65	88.39	-0.84
FC (L)	86.06	86.81	-0.86
Prices in US cents per Pound			



China Index remained slightly weak during the Week. CC Index (328) remained 16134 Yuan per ton during the week. Average was 16307 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	04-Oct-18	27-Sep-18	
CCIndex(328)	16134	16307	-1.06
CCIndex(527)	15035	15124	-0.59
CCIndex(229)	16847	16974	-0.75
Prices in Yuan per ton			

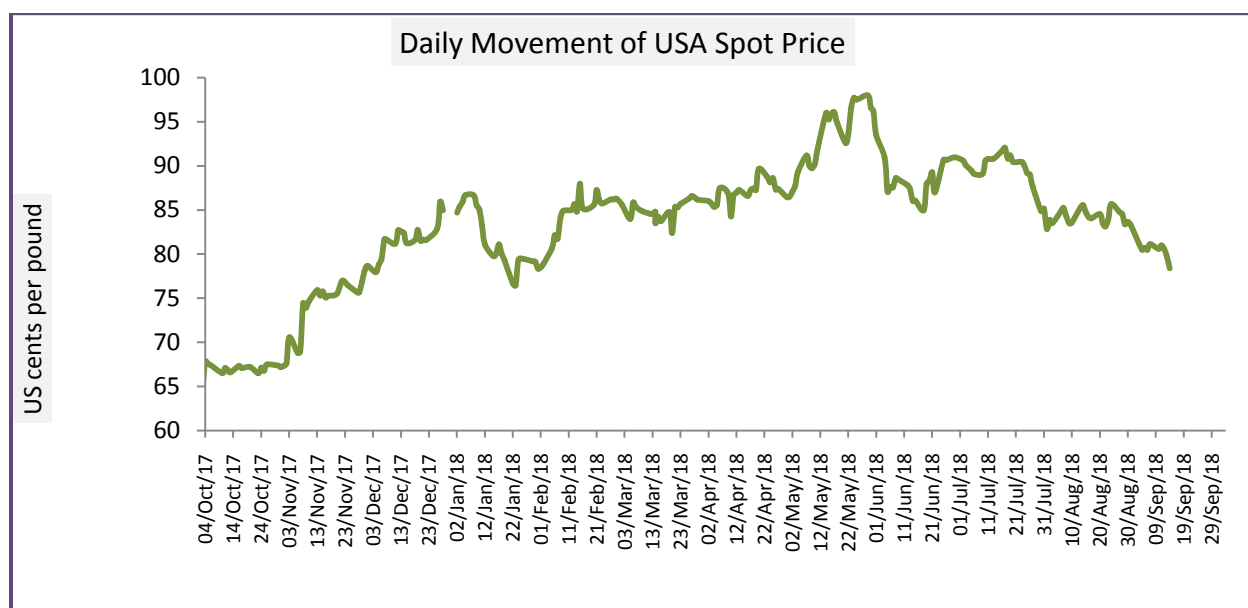




## USA Spot Prices

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
	04-Oct-18	27-Sep-18	
Prices	78.25	80.22	-2.46
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
	04-Oct-18	27-Sep-18	
Prices	7935	8260	-3.93
Prices in Rs per 37.32 Kg			

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

#### Weekly 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

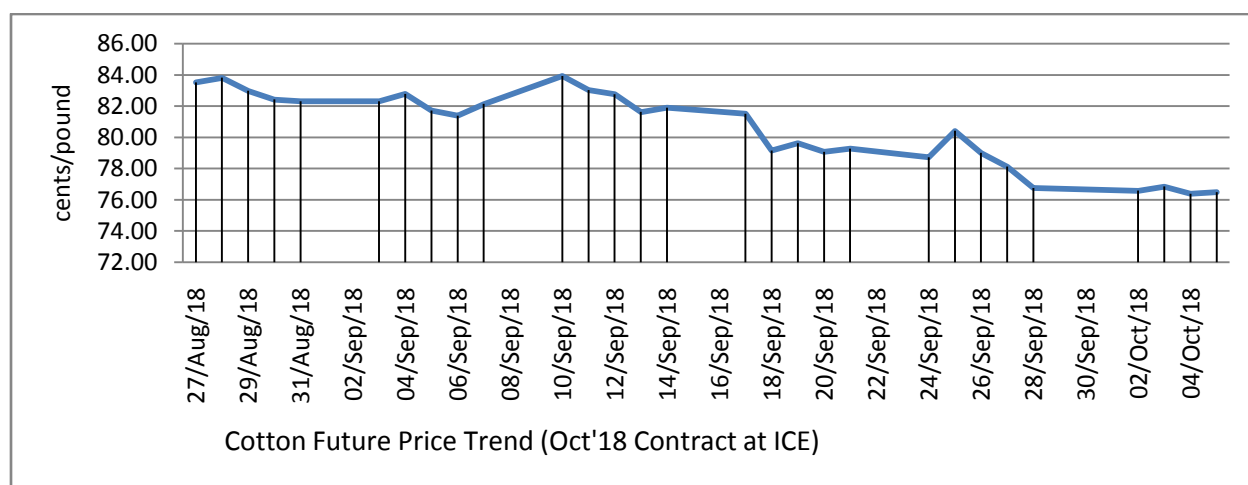
Support 1	Support 2	Resistance 1	Resistance 2
80.00	78.00	110.00	100.00

Figures in US cents/pound

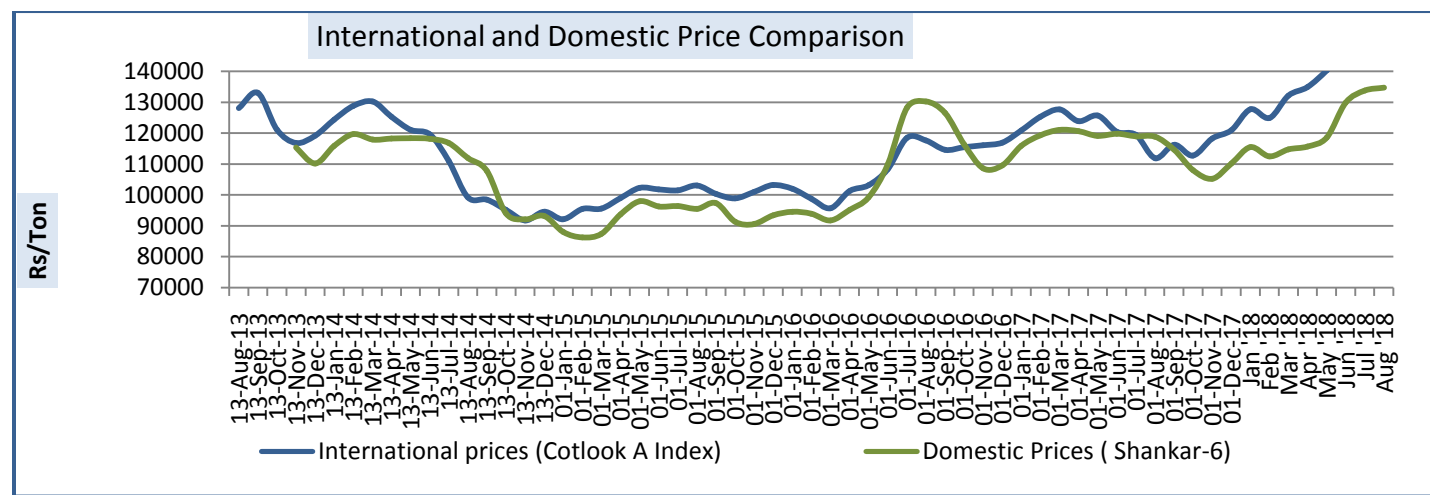
## Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	04_Oct_2018	04_Sep_2018 (1 month ago)	04_July_2018 (3 month ago)	04_Apr_2018 (6 month ago)	04_Oct_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Oct-18	76.39	82.78	83.8	78.16	69.43	-7.72	10.02
01-Dec-18	76	82.78	82.81	76.82	68.8	#VALUE!	10.47
01-Mar-19	76.82	83.08	82.48	77.27		-7.53	
01-May-19	77.69	83.41	82.62	77.6		-6.86	
01-Jul-19	78.46	83.71	82.75			-6.27	
01-Oct-19	75.89	78.99				-3.92	

## Future Price Trend (Active Contract):



## International and Domestic Price Comparison



## 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	04-Oct-18	27-Sep-18	04-Sep-18	04-Oct-17
Gujarat	Ahmedabad	Shankar-6	5700	NA	0	#N/A
	Gondal	Shankar-6	#N/A	NA	0	4520
	Rajkot	B.T. Cotton	5690	6100	0	4985
	Patan	B.T. Cotton	6000	NA	0	#N/A
	Kadi	B.T. Cotton	5650	NA	0	#N/A
	Deesa	B.T. Cotton	#N/A	NA	0	#N/A
	Dhrol	B.T. Cotton	5460	5432	0	#N/A
Punjab	Fazilika	B.T. Cotton	0	NR	0	0
	Muktsar	B.T. Cotton	0	NR	0	0
Haryana	Bhiwani	B.T. Cotton	5380	5350	5500	4350
	Bhiwani	Desi	#N/A	NA	0	#N/A
	Adampur	B.T. Cotton	5380	NA	0	#N/A
	Fatehabad	B.T. Cotton	5500	5270	5600	4370
	Jind	B.T. Cotton	5570	NA	0	#N/A
	Uchana	B.T. Cotton	5299	NA	0	#N/A
	Dabwali	B.T. Cotton	#N/A	NA	0	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	#N/A	NA	0	#N/A
	Rawatsar	B.T. Cotton	#N/A	NA	0	#N/A
Madhya Pradesh	Khandwa	Mech-1	4701	NA	0	#N/A
	Khargaon	Mech-1	5065	NA	0	#N/A
Maharashtra	Amravati	Mech-1	#N/A	NA	0	4560
	Jamner	Medium Staple	#N/A	NA	0	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	6000	NA	5800	4500
	Hathras	Desi	#N/A	NA	5400	#N/A
Telangana	Adilabad	Un-Ginned	5450	NA	5450	4550
Andhra Pradesh	Guntur	Un-Ginned	#N/A	NA	0	#N/A
	Kurnool	Un-Ginned	#N/A	NA	0	#N/A
	Krishna	Un-Ginned	#N/A	NA	0	#N/A
	East Godavari	Un-Ginned	#N/A	NA	0	#N/A
Karnataka	Bijapur	Bunny	5899	5630	0	4919
	Hubli	D.C.H.	#N/A	NA	0	#N/A
	Hubli	B.T. Cotton	#N/A	NA	0	#N/A
	Raichur	H-44 Cotton	5400	5630	0	4359

Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	04-Oct-18	27-Sep-18	04-Sep-18	04-Oct-17
Punjab	Bhatinda	J-34	4420	4500	4800	3840
	Abohar	J-34	4425	4500	4770	3830
	Mansa	J-34	4400	4500	4790	3810
	Muktsar	J-34	0	0	0	0
	Fazilika	J-34	0	0	0	0
Haryana	Sirsa	J-34	4420	4520	4750	3830
Rajasthan	Sri-Ganganagar	J-34	4136	4500	0	0

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	04-Oct-18	27-Sep-18	04-Sep-18	04-Oct-17
Gujarat	Ahmedabad	Shankar-6	6800	0	0	0
	Gondal	Shankar-6	NA	0	0	59
	Rajkot	B.T. Cotton	550	230	0	460
	Patan	B.T. Cotton	3015	1930	0	0
	Kadi	B.T. Cotton	1500	1000	0	0
	Deesa	B.T. Cotton	NA	0	0	0
	Dhrol	B.T. Cotton	48	0	0	0
Punjab	Fazilika	B.T. Cotton	0	0	0	0
	Muktsar	B.T. Cotton	0	0	0	0
Haryana	Bhiwani	B.T. Cotton	#N/A	7000	3000	#N/A
	Bhiwani	Desi	#N/A	0	0	#N/A
	Adampur	B.T. Cotton	#N/A	7000	0	#N/A
	Fatehabad	B.T. Cotton	#N/A	600	60	#N/A
	Jind	B.T. Cotton	#N/A	145	0	#N/A
	Uchana	B.T. Cotton	#N/A	225	0	#N/A
	Dabwali	B.T. Cotton	#N/A	0	0	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	4000	0	0	2200
	Rawatsar	B.T. Cotton	1000	1775	0	0
Madhya Pradesh	Khandwa	Mech-1	680	865	0	0
	Khargaon	Mech-1	9600	9310	0	11890
Maharashtra	Amravati	Mech-1	0	0	0	0
	Jamner	Medium Staple	0	0	0	0
Uttar Pradesh	Hathras	B.T. Cotton	NR	250	NR	NR
	Hathras	Desi	NR	100	NA	NR

<b>Telangana</b>	Adilabad	Un-Ginned	0	0	0	0
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	0	0	0	120
	Kurnool	Un-Ginned	0	0	0	0
	Krishna	Un-Ginned	0	0	0	0
	East Godavari	Un-Ginned	0	0	0	0
<b>Karnataka</b>	Bijapur	Bunny	282	23	16	182
	Hubli	D.C.H.	NA	0	0	0
	Hubli	B.T. Cotton	NA	0	0	0
	Raichur	H-44 Cotton	97	22	7	4000
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>	<b>Arrivals (Quintal)</b>	<b>Arrivals (Quintal)</b>	<b>Arrivals (Quintal)</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>04-Oct-18</b>	<b>27-Sep-18</b>	<b>04-Sep-18</b>	<b>04-Oct-17</b>
<b>Punjab</b>	Bhatinda	J-34	8500	5100	0	5100
	Abohar	J-34	1530	1190	0	7650
	Mansa	J-34	680	510	0	680
<b>Haryana</b>	Sirsa	J-34	850	1700	31	1700
<b>Rajasthan</b>	Sri-Ganganagar	J-34	700	1530	0	0

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.

