

Domestic market summary

Domestic market Scenario: Firm sentiments have been witnessed in cotton spot market during last week. However the price varies based on the quality and moisture content in the crop. Cotton prices are expected to be range bound till 2nd picking, after that expecting to remain firm in the long term..Average price of Lint at Sirsa during the week was Rs. 4498 per maund (of 37.32 Kg each), slightly higher compared to the previous week price of Rs 4436 Cotton fiber (Shankar-6) prices noticed weak this week Average price was Rs 46250 per candy (of 355.6 kg each) during the week, which was Rs 46857 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's Shankar-6 is being sold on higher rate than MH cotton by near Rs1000/candy. Reason behind it is the Gujarat Govt's support to spinning and textile mills development in state providing subsidy and cheap electricity. So, Gujarat mills consume 85 lakh bales yearly leading to hassle free sales and more rate. Agriwatch expecting a Gujarat cotton crop will drop around 5% in production due to dry weather. Gujarat, the country's top cotton producing state, received 28 percent lower rainfall than normal in the June-September monsoon season, according to the India Metrological Department.
- Cotton October prices were slightly up during last 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.
- Market arrivals in small quantities have begun across the key producing States of Punjab, Rajasthan, Gujarat, Telangana, Maharashtra and Karnataka. Trade sources have estimated the cotton arrivals at around 40,000-50,000 bales of 170 kg each. Prices are hovering between Rs 5,200-5,600 per quintal across various markets, depending on the moisture content. Millers and ginners are yet to start purchases as the moisture content is still high.
- 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.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.
- Cotton arrivals started picking up in the Telangana market yards. The State government has set the stage to commence the procurement operations in all 31 districts from last week. Cotton purchase centres would be opened at 269 ginning mills. In addition to this, another 11 centres would be opened by the Marketing Department, according to the Marketing Department Director Lakshmi Bai.

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.

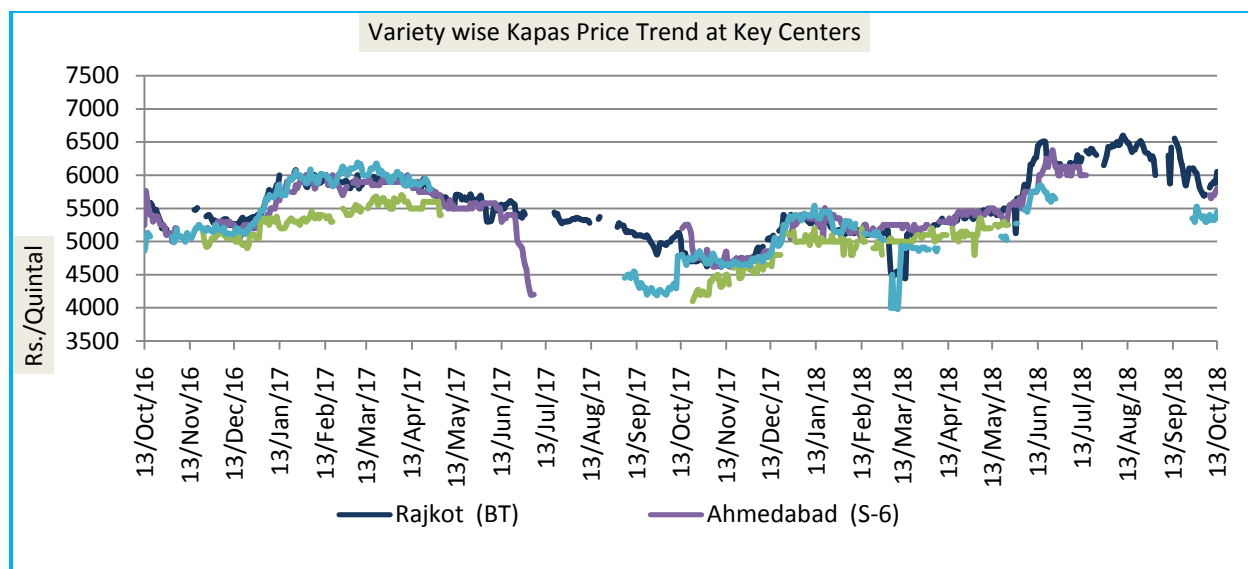
Ending stocks are expected to be around 10 lakh bales, it is lower compared to the ending stocks of previous season

Domestic Cotton Prices Scenario

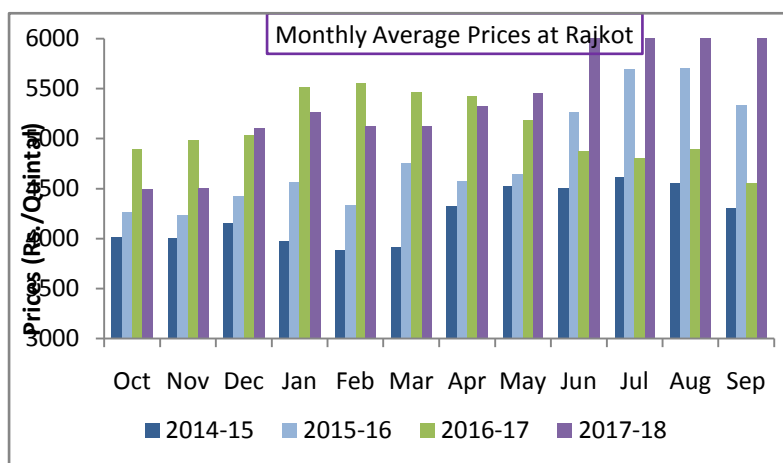
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot rose is Rs 5831 /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

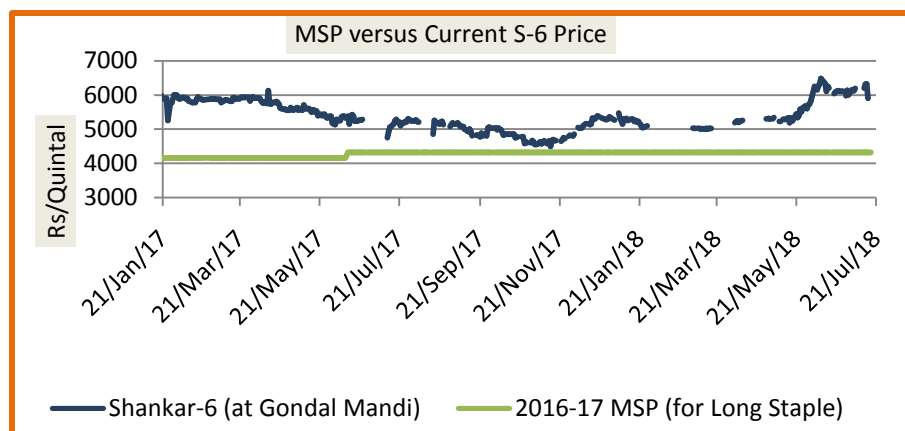


Kapas(seed cotton) prices in country noticed weak tone during the Sep month when compared to the previous month, and the same is ruling lower compared to the prices during the corresponding month of the previous season.

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.

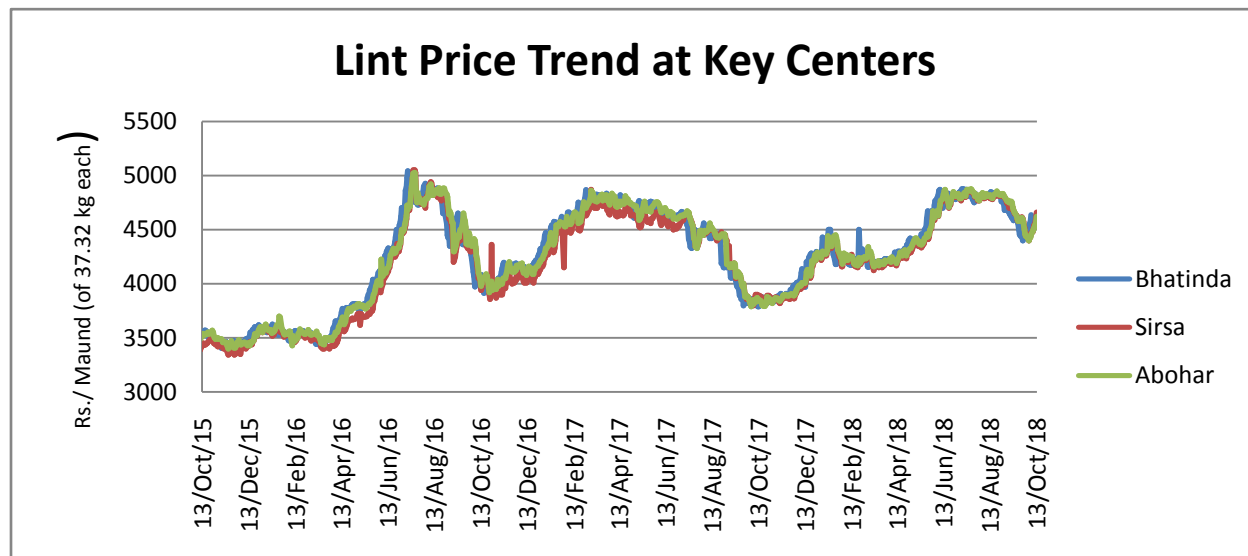
Spot Price versus MSP



The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this 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)

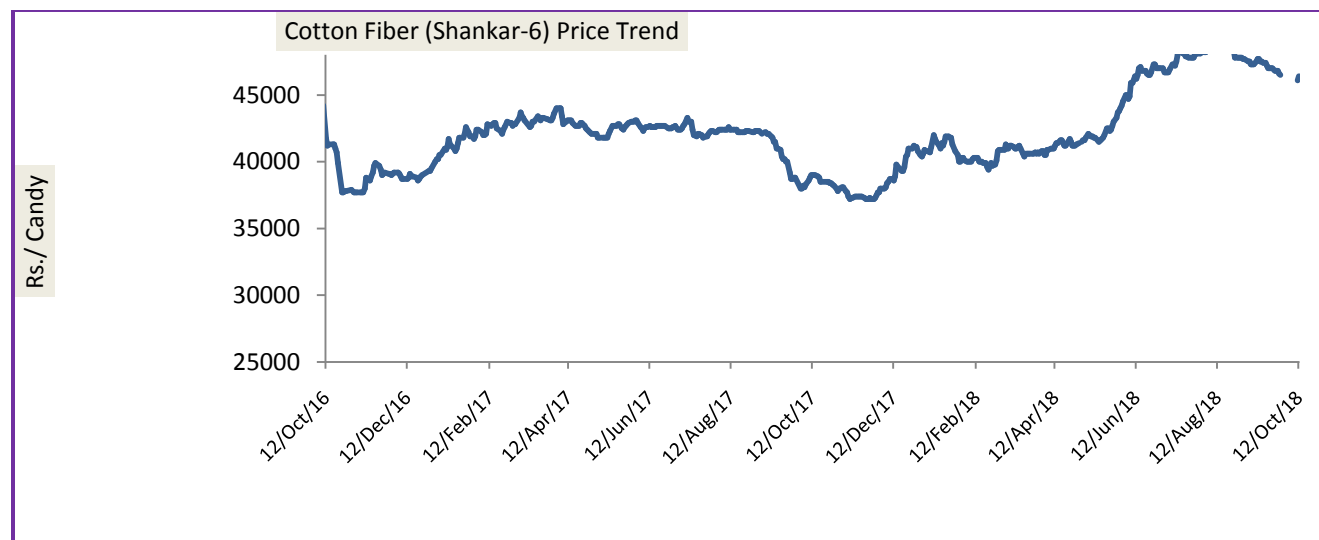
Lint price Outlook

Lint prices remained slightly firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs.4498 per maund of 37.32 kg each, slightly lower compared to the previous week price of Rs. 4436 per maund.



Cotton Fiber price Outlook

Cotton fiber noticed slightly down trend in this week compared to the previous week. Average price was Rs 46250 per candy (of 355.6 kg each) during the week, which was Rs47200 per candy previous week. and around Rs 38500 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.

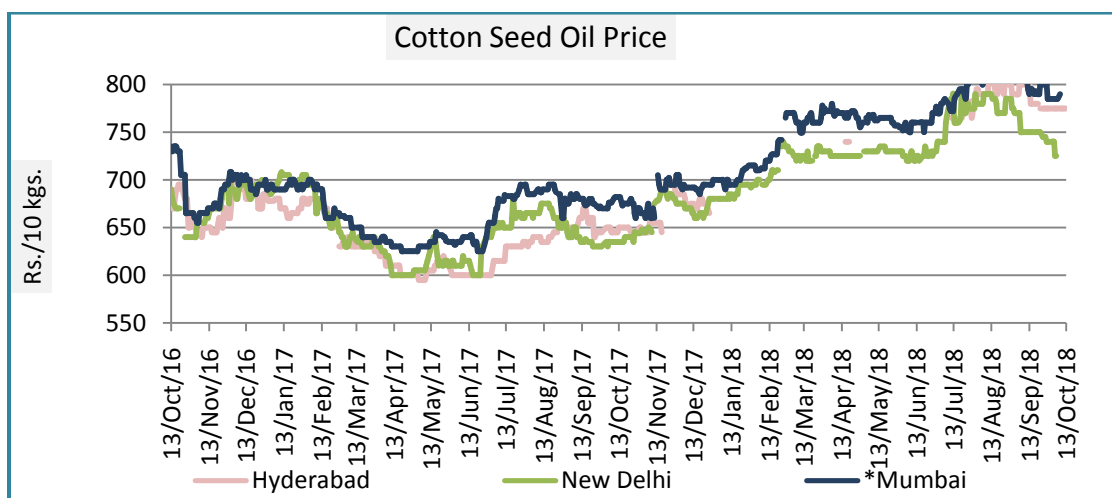


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil weekly Price Scenario

Cotton seed oil price noticed unchanged during the week. Weekly average price in New Delhi is Rs 740 per 10 Kg, same to the weekly average price of Rs 748 per 10 Kg in previous week.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	11-Oct-18	04-Oct-18	
New Delhi	740	748	-1.07
Rajkot	765	775	-1.29
Hyderabad	775	775	0.00
Mumbai*	785	800	-1.88

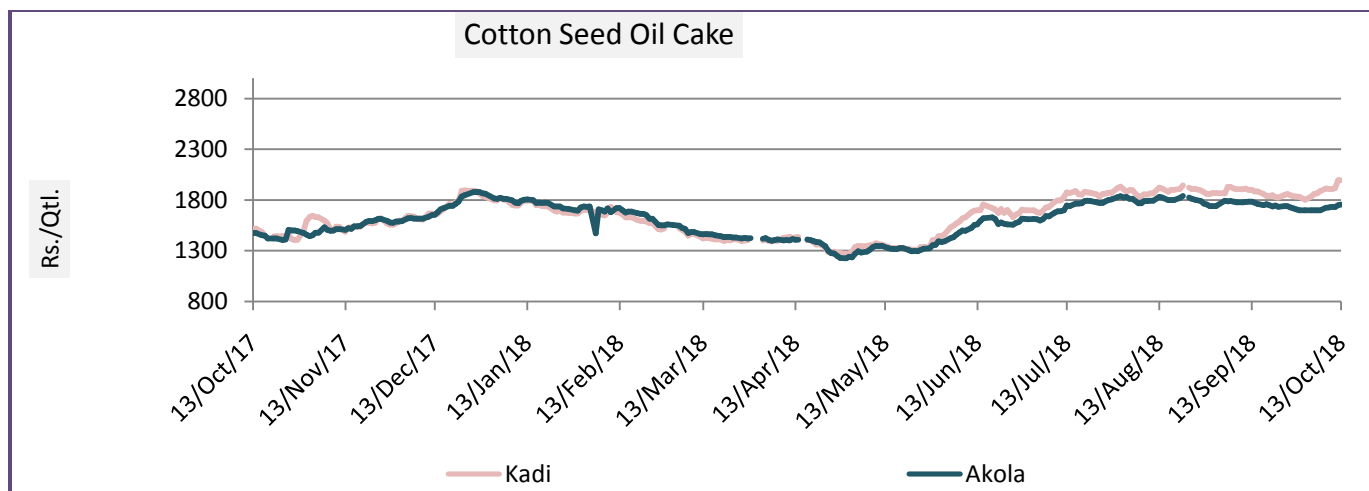


Cotton Seed Oil Cake weekly Price Scenario

Cotton seed oil cake price noticed slightly firm tone during this week. Weekly average price in Akola remained Rs 1717 per quintal, lower compared to the weekly average price of Rs 1701 per quintal in the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	04-Oct-18	27-Sep-18	
Kadi	1900	1833.4	3.63
Akola	1717	1701.8	0.89

*Source: NCDEX



International Market Scenario

International cotton prices remained slightly weak during the week. Cotlook A index weekly average stood 86.02at cents/pound this week, which was 88.03cents/pound during last week

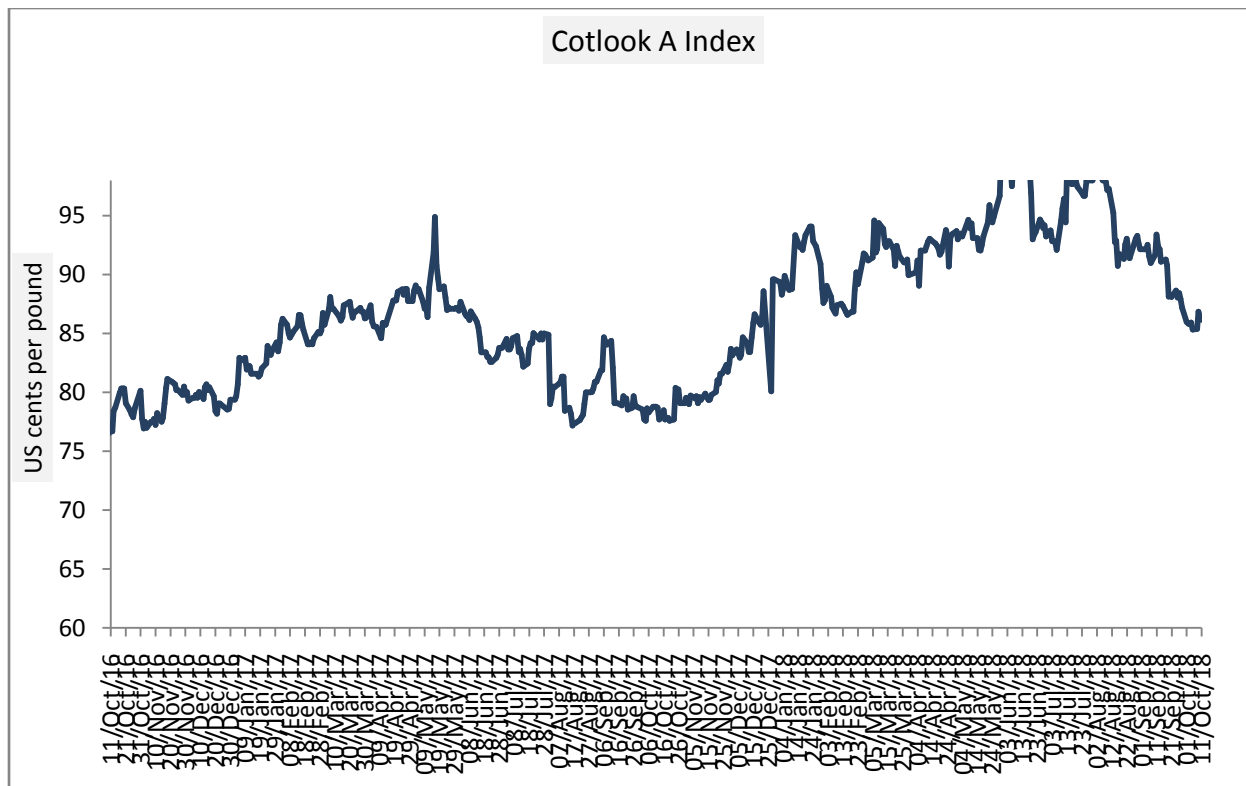
Major Market Highlights:

- 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).
- ICE cotton futures rose 2 percent on Friday to register their biggest one-day percentage gain in more than a month, supported by positive U.S. export sales data and crop damage caused by Hurricane Michael. A good export sales report and more damages to the crop seen in Georgia due to Hurricane Michael lifted the market, Rogers Varner, president of Varner Brokerage in Cleveland, Mississippi, said.
- USDA lowered its projections for the world ending stocks to 74.45 million bales from 77.46 million bales forecast in the September report. It lowered its global production estimates to 121.66 million bales from 121.97 million in the previous month.

Cotlook A Index

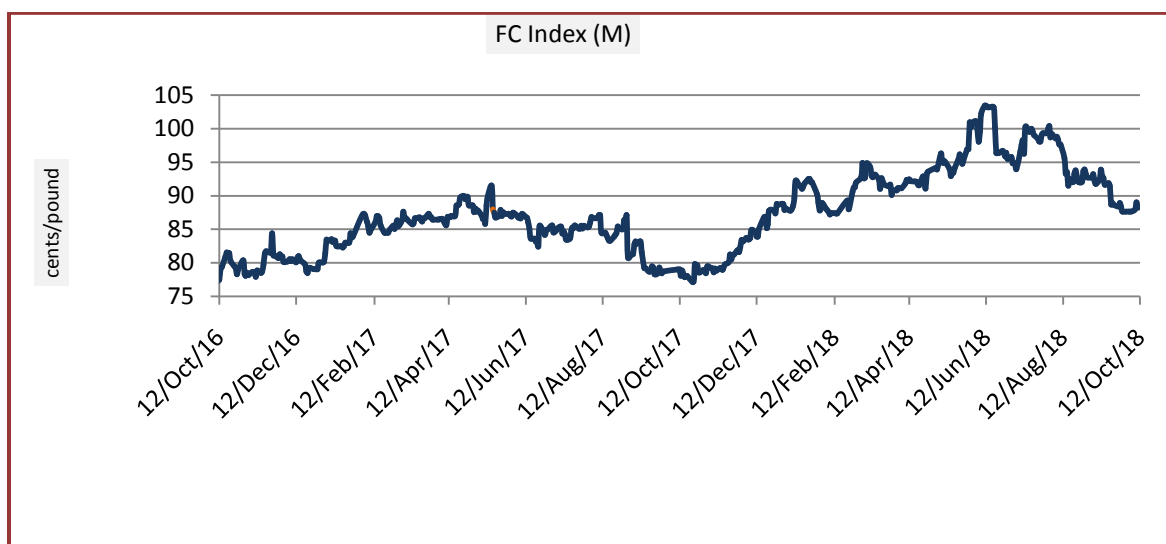
Cotlook A index remained Range bound during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	11-Oct-18	04 -Oct -18	
Prices	86.02	88.03	-2.28
Prices in US cents per Pound			



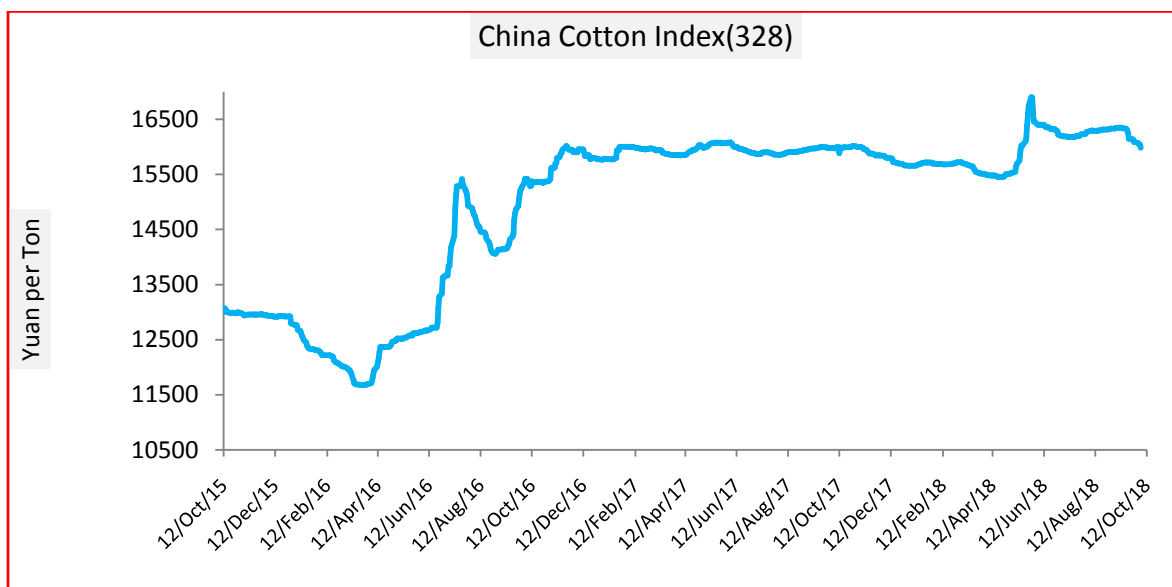
China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	11-Oct-18	04-Oct-18	
FC (S)	91.9	91.11	0.87
FC (M)	88.28	87.65	0.72
FC (L)	86.86	86.06	0.93
Prices in US cents per Pound			



China Index remained slightly weak during the Week. CC Index (328) remained 16062 Yuan per ton during the week. Average was 16134 Yuan per ton during previous week.

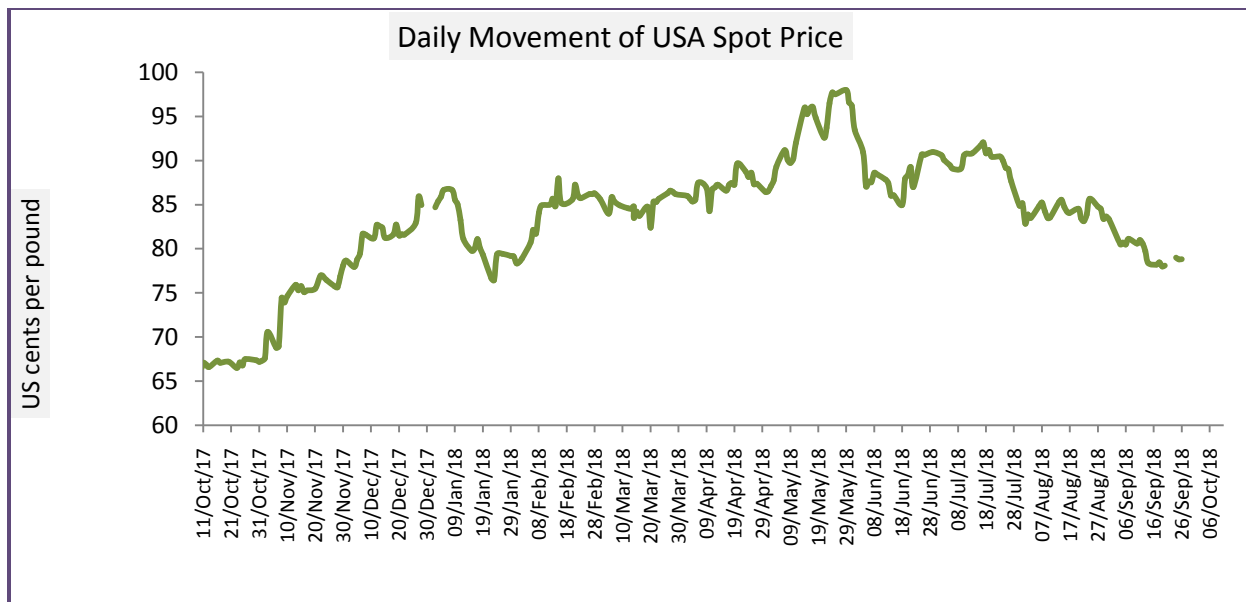
Cotton Index	Monthly Average Price as on		% Change
	11-Oct-18	04-Oct-18	
CCIndex(328)	16062	16134	-0.45
CCIndex(527)	15000	15035	-0.23
CCIndex(229)	16806	16847	-0.24
Prices in Yuan per ton			



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
	11-Oct-18	04-Oct-18	
Prices	78.1	78.25	-0.19
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.

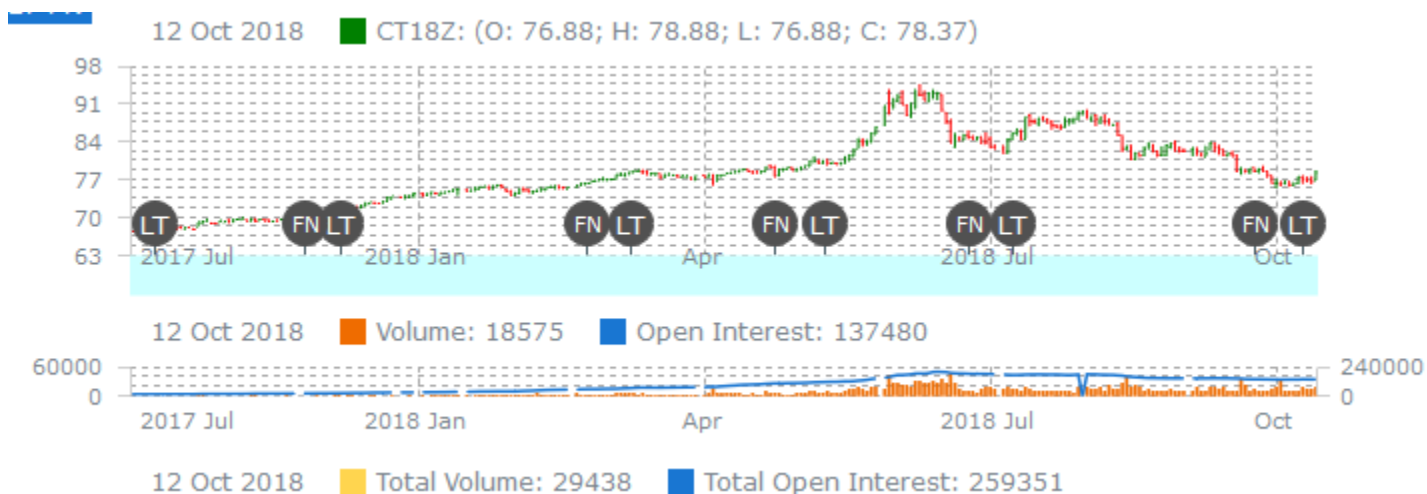
The country achieved a decade-high growth of 5.8 percent during the last fiscal year, but analysts feared the economy is likely to slide off on external pressures. An estimate said one million bales have an impact of 0.5 percentage points on GDP and the effect of cotton shortage on the economy due to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

Karachi Spot Prices	Monthly Average Price as on		% Change
	11-Oct-18	04-Oct-18	
Prices	8243	7935	3.88
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 BearishMomentum	79-82

Expected Support and Resistance

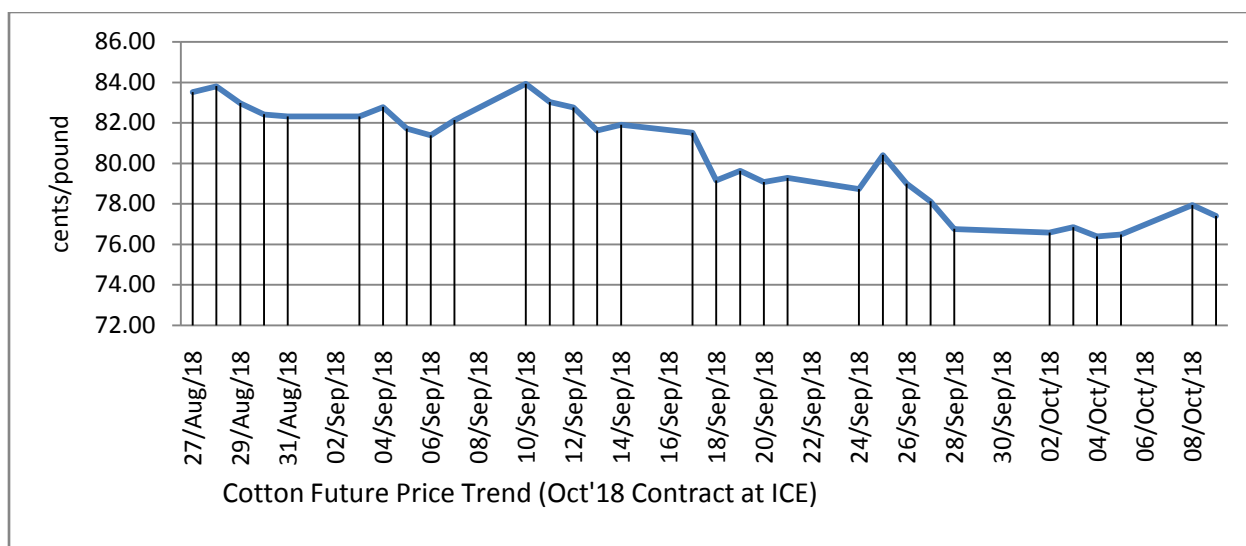
Support 1	Support 2	Resistance 1	Resistance 2
75	70.00	110.00	100.00

Figures in US cents/pound

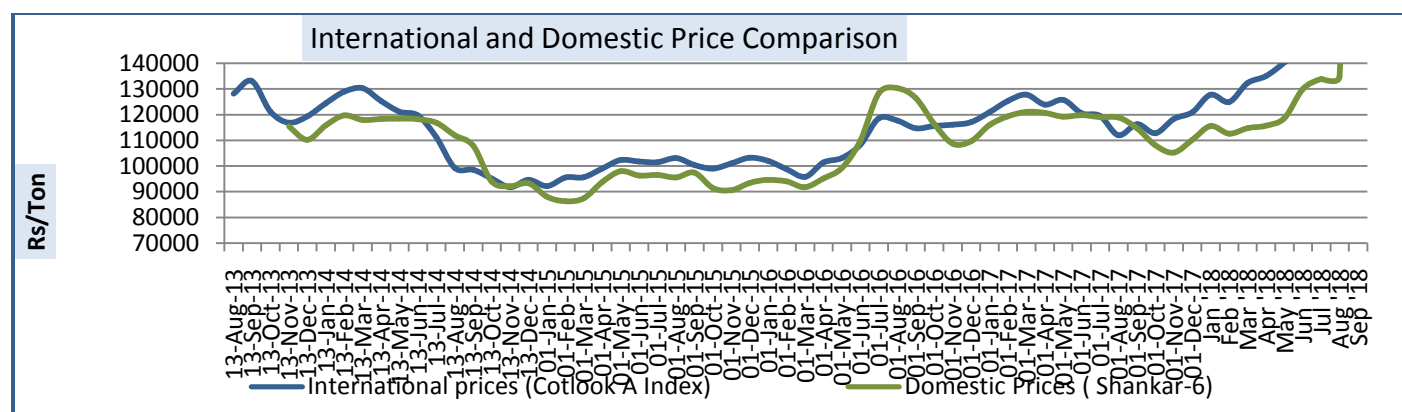
Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	11_Oct_2018	11_Sep_2018 (1 month ago)	11_Jul_2018 (3 month ago)	11_Apr_2018 (6 month ago)	11_Oct_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Dec-18	76.81	82.64	84.35	78.63	68.73	-7.05	11.76
01-Mar-19	78.17	83.03	84.23	78.74		-5.85	#DIV/0!
01-May-19	79.03	83.36	84.15	78.74		-5.19	
01-Jul-19	79.66	83.59	79.26			-4.70	
01-Oct-19	77.4	79.27				-2.36	
01-Dec-19	76.2					#DIV/0!	

Future Price Trend (Active Contract):



International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Center

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	11-Oct-18	04-Oct-18	11-Sep-18	11-Oct-17
Gujarat	Ahmedabad	Shankar-6	6000	5800	0	5250
	Gondal	Shankar-6	#N/A	NA	0	5030
	Rajkot	B.T. Cotton	5905	5810	6500	5125
	Patan	B.T. Cotton	5785	5755	0	#N/A
	Kadi	B.T. Cotton	5716	5750	0	4900
	Deesa	B.T. Cotton	#N/A	NA	0	#N/A
	Dhrol	B.T. Cotton	5585	5555	0	#N/A
Punjab	Fazilika	B.T. Cotton	NR	0	0	0

	Muktsar	B.T. Cotton	NR	0	0	0
Haryana	Bhiwani	B.T. Cotton	5430	5450	5500	5000
	Bhiwani	Desi	#N/A	NA	0	#N/A
	Adampur	B.T. Cotton	5325	5400	0	5100
	Fatehabad	B.T. Cotton	5350	5300	5360	#N/A
	Jind	B.T. Cotton	5300	5580	0	4800
	Uchana	B.T. Cotton	5480	5520	0	#N/A
	Dabwali	B.T. Cotton	#N/A	NA	0	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	5300	5400	0	#N/A
	Rawatsar	B.T. Cotton	5325	5300	0	#N/A
Madhya Pradesh	Khandwa	Mech-1	5050	4800	0	#N/A
	Khargaon	Mech-1	5550	5520	0	5000
Maharashtra	Amravati	Mech-1	#N/A	NA	0	#N/A
	Jamner	Medium Staple	#N/A	NA	0	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	6200	5800	5800	5100
	Hathras	Desi	4800	4500	5500	4100
Telangana	Adilabad	Un-Ginned	5450	5450	5450	4580
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	5811	NR	5280	5059
	Hubli	D.C.H.	NR	NR	0	#N/A
	Hubli	B.T. Cotton	#N/A	NR	0	
	Raichur	H-44 Cotton	5641	NR	0	4300
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	11-Oct-18	04-Oct-18	11-Sep-18	11-Oct-17
Punjab	Bhatinda	J-34	4550	4420	4695	3860
	Abohar	J-34	4540	4425	4750	3870
	Mansa	J-34	4520	4400	4700	3860
	Muktsar	J-34	NR	0	0	0
	Fazilika	J-34	NR	0	0	0
Haryana	Sirsa	J-34	4550	4420	4690	3900
Rajasthan	Sri-Ganganagar	J-34	4183	4136	0	3619

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	11-Oct-18	04-Oct-18	11-Sep-18	11-Oct-17
Gujarat	Ahmedabad	Shankar-6	17000	6800	0	11900
	Gondal	Shankar-6	NA	0	0	210
	Rajkot	B.T. Cotton	2010	550	95	760
	Patan	B.T. Cotton	9763	3015	0	0
	Kadi	B.T. Cotton	5000	1500	0	7000
	Deesa	B.T. Cotton	5	0	0	0
	Dhrol	B.T. Cotton	152	48	0	0
Punjab	Fazilika	B.T. Cotton	NR	0	0	0
	Muktsar	B.T. Cotton	NR	0	0	0
Haryana	Bhiwani	B.T. Cotton	#N/A	12000	8000	#N/A
	Bhiwani	Desi	#N/A	NA	0	#N/A
	Adampur	B.T. Cotton	#N/A	8500	0	#N/A
	Fatehabad	B.T. Cotton	#N/A	1000	300	#N/A
	Jind	B.T. Cotton	#N/A	175	0	#N/A
	Uchana	B.T. Cotton	#N/A	910	0	#N/A
	Dabwali	B.T. Cotton	#N/A	NA	0	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	0	2000
	Rawatsar	B.T. Cotton	1000	1000	0	1000
Madhya Pradesh	Khandwa	Mech-1	615	680	0	500
	Khargaon	Mech-1	8390	9600	0	4650
Maharashtra	Amravati	Mech-1	NA	0	0	0
	Jamner	Medium Staple	NA	0	0	0
Uttar Pradesh	Hathras	B.T. Cotton	250	0	150	50
	Hathras	Desi	60	0	35	150
Telangana	Adilabad	Un-Ginned	NA	0	0	5321
Andhra Pradesh	Guntur	Un-Ginned	NA	0	0	375
	Kurnool	Un-Ginned	NA	0	0	490
	Krishna	Un-Ginned	NA	0	0	0
	East Godavari	Un-Ginned	NA	0	0	0
Karnataka	Bijapur	Bunny	629	282	13	475
	Hubli	D.C.H.	NR	0	0	90
	Hubli	B.T. Cotton	NR	0	0	0
	Raichur	H-44 Cotton	225	97	7	1155

Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	11-Oct-18	04-Oct-18	11-Sep-18	11-Oct-17
Punjab	Bhatinda	J-34	10200	8500	1700	5950
	Abohar	J-34	2550	1530	0	1700
	Mansa	J-34	850	680	0	510
Haryana	Sirsa	J-34	1700	850	595	1360
Rajasthan	Sri-Ganganagar	J-34	700	700	0	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				27th to 04th Oct 2018	5th to 11th Oct 2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	43800	-1900
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	44300	-1900
J-34(202)	26mm	3.5 - 4.9	23	NA	43850	-
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	44300	-
Shankar-6(105)	29mm	3.5 – 4.9	28	46400	46550	-150
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46500	47350	-850
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49366	49300	66
DCH-32(107)	34mm	3.0 - 3.8	33	58366	58400	-34

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