

Domestic Fundamentals:

Market Outlook:

Demand for cotton is likely to remain robust in the coming months, both in domestic and international markets. This along with minimum support price hike is likely to keep cotton prices firm. Also, China is expected to purchase large quantities of cotton from India, replacing US as its largest source of cotton which is expected to keep the prices into next season supported.

In the News: At this time All India Cotton Ginner getting disparity about 1000-1500 Rs Per candy due to high price of raw cotton and High moisture. Most of the cotton ginner running there ginning unit on slow motion (8-12 hrs. Or 3 days a week). All India Spinning Mills getting disparity about 5-8 Rs. Per kg. Minimum due to high cotton price and very limited demand of cotton yarn. Due to less yarn demand in domestic and overseas most of the Spinners also running there spinning mill at low speed (16500 rpm) so cotton consumption demand being very limited. Major Spinners buying limited cotton buying as per there daily needs so there is no buying support at this cotton price level.

Gujarat Old Stock Cotton prices of 29 mm New Crop arrivals sold between 46,450 to 47,150 Rs./Candy. Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in good quantities now. All India Daily Arrivals remained 80,000 to 85,000 bales. Gujarat Daily Pressing was approximately 20,000 bales.

Industry experts pointed out that the traders are buying cotton at Rs 50 or Rs 100 more than MSP and once arrivals peak. Cotton Corporation of India (CCI), which was gearing up for procurement operations at Minimum Support Prices (MSP) from farmers may have to wait for a while as prices have gone above the MSP. Cotton prices are ruling at Rs 5,800 per quintal and have jumped up by nearly Rs 800 per quintal in last 10-12 days, according to traders.

The depreciating rupee has made cotton prices favourable for export and countries like China are already actively purchasing the produce. The current price for a candy is between ₹ 45,000 and ₹ 46,000 which makes it feasible for purchasers at local market yards even in erstwhile Adilabad to pay the farmers above the minimum support price of ₹ 5,450 per quintal.

Cotton Corp of India, which had earlier announced launching procurement on Oct 1, is unlikely to start full operations till Diwali as prices in most markets have jumped above the minimum support price, sources said. Prices of raw cotton in the northern zone, which were below the support price at the beginning of this month, are now hovering around 5,500 rupees per 100 kg. Diwali celebrations start on Nov 7 and last for about a week.

Cotton prices are expected to remain firm in the long term with traders expecting export demand to pick up. Current delays in the arrival of crop in Gujarat and Rajasthan mandis may also support the prices. Agriwatch expect prices to move from the current Rs 5800 per Qtl of 170 kg each to Rs 6300 per Qtl in October. Increased demand from China, Bangladesh and Vietnam and the opening up of the Pakistan market for Indian cotton could firm up prices further.

Cotton Corporation of India (CCI) proposes to open 43 cotton purchase centres in the AP state to purchase cotton because cotton arrivals will start in the next 15-days. Taking demand into consideration, the Central government has fixed Rs.5,450 as minimum support price (MSP) per quintal. The MSP for cotton was Rs 4,350 per quintal during last year.

Gujarat Old Stock Cotton prices of 29 mm New Crop arrivals sold between 45,600 to 46,600 Rs./Candy. Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in Some quantities. All India Daily Arrivals remained 55,000 to 60,000 bales. Gujarat Daily Pressing was approximately 6,000 -7,000 bales.

Rains have damaged around 70% cotton fields in the Haryana state and crop loss in some areas may be very high. Overall, the yield may drop to around 390 kg per ha, the official said. The state, in its first estimate for 2018-19 crop output pegged cotton output at 1.70 mln bales (1 bale = 170 kg) with acreage at 669,000 ha and yield at 432 kg per ha. At a yield of 390 kg per ha, output from 669,000 ha will be a little over 1.53 mln bales. As per the preliminary survey, 51-75% crop has been damaged over 100,000 ha, 26-50% on 190,000 ha, and up to 25% on 185,000 ha. Crop over 486,000 ha, which is 70% of the total area under the crop, has been damaged anywhere between 5% and 75%, the official said. Hisar and Sirsa are major cotton producing districts that have been severely affected by the rainfall in September. Haryana is the major producer of cotton in north India.

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The Cotton Corp of India will soon commence procurement of raw cotton in Punjab, Haryana and Rajasthan, once the new crop conforms to quality norms fixed for the current season that started Monday, a senior official said. CCI keeping a close watch and awaiting quality arrivals in the market as recent rains have led to moisture above the stipulated norms for the fair-average quality material.

Weather Update:

25th Oct ♦ Thunderstorm with gusty winds very likely at isolated places over Tamilnadu & Puducherry and Kerala.

The weather pattern's possible emergence and its impact on the north-west monsoon is an annual cause of concern for policymakers in India, where 60% of the crop area lacks assured irrigation. The summer-sown Kharif crop, which accounts for half of India's foodgrain output, is particularly dependent on monsoon rainfall. El Nino is part of a natural process, characterised by a warming in the Pacific Ocean, with repercussions across the globe, including higher temperatures and drought in some parts.



International Fundamentals:

December cotton closed up 200-plus points on Monday as traders finally awaken to the fact yields across the cotton belt will be greatly diminished into late harvest. After being tormented all season by droughts, rains, hurricanes and freezes, the crop will be dramatically curtailed in USDA's November supply-demand report.

The latest U.S. Department of Agriculture (USDA) cotton estimates for 2018/19 project world ending stocks to decrease 8 percent from the previous season to 74.4 million bales. With global cotton mill use forecast to exceed production, world stocks are expected to decline 6.4 million bales by season's end, as lower stocks in China in 2018/19 more than offset higher stocks outside of China.

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).

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.

NCDEX Kapas Futures*: (Prices in Rs/20 kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	-0.13	1193	1201	1189.5	1192.5	3333	67	5988	-298
Spread	Oct 18(C1)			-	-	--	--		
Spot	4			-	-	-	-		
Oct-18				-	-	-	-		

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 24 Oct 2018

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.39	22930	23130	22930	23070	346	-296	1296	-296
Nov-18	0.26	22680	22830	22630	22770	1156	-11	3999	64
Spread	Oct 18			-	-	--	--		
Spot	300			-	-	-	-		
Oct-18				-	-	-	-		

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 24-Oct- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Oct-18	23-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6125	6125	Unch
	Gondal	Shankar-6	5980	6055	-75
	Rajkot	B.T. Cotton	6025	6125	-100
	Patan	B.T. Cotton	6005	6025	-20
	Kadi	B.T. Cotton	6250	6200	50
	Deesa	B.T. Cotton	5735	5700	35
	Dhrol	B.T. Cotton	5870	6005	-135
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5480	-30
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5350	5425	-75
	Fatehabad	B.T. Cotton	5370	5410	-40
	Jind	B.T. Cotton	5500	5525	-25
	Uchana	B.T. Cotton	5515	5510	5
	Dabwali	B.T. Cotton	5280	5345	-65

Rajasthan	Hanumangarh	B.T. Cotton	5400	5450	-50
	Rawatsar	B.T. Cotton	5290	5380	-90
Madhya Pradesh	Khandwa	Mech-1	5700	5600	100
	Khargaon	Mech-1	5790	5650	140
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6100	6000	100
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	5750	5710	40
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	Closed	6127	-
	Hubli	D.C.H.	Closed	6027	-
	Hubli	B.T. Cotton	Closed	NA	-
	Raichur	H-44 Cotton	Closed	5925	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Oct-18	23-Oct-18	
Punjab	Bhatinda	J-34	4600	4650	-50
	Abohar	J-34	4610	4675	-65
	Mansa	J-34	4550	4550	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4600	4640	-40
Rajasthan	Sri-Ganganagar	J-34	4324	4371	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Oct-18	23-Oct-18	
Gujarat	Ahmedabad	Shankar-6	25500	17000	8500
	Gondal	Shankar-6	1807	1969	-162
	Rajkot	B.T. Cotton	2800	3010	-210
	Patan	B.T. Cotton	18038	27769	-9731
	Kadi	B.T. Cotton	25000	10000	15000
	Deesa	B.T. Cotton	25	35	-10
	Dhrol	B.T. Cotton	175	194	-19
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	8000	12000	-4000
	Bhiwani	Desi	100	200	-100
	Adampur	B.T. Cotton	1360	1700	-340
	Fatehabad	B.T. Cotton	800	900	-100
	Jind	B.T. Cotton	935	1020	-85

	Uchana	B.T. Cotton	2835	3335	-500
	Dabwali	B.T. Cotton	1200	1125	75
Rajasthan	Hanumangarh	B.T. Cotton	10000	3000	7000
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	300	269	31
	Khargaon	Mech-1	9040	12110	-3070
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	70	150	-80
	Hathras	Desi	125	125	Unch
Telangana	Adilabad	Un-Ginned	16826	13966	2860
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	Closed	1242	-
	Hubli	D.C.H.	Closed	60	-
	Hubli	B.T. Cotton	Closed	NA	-
	Raichur	H-44 Cotton	Closed	795	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Oct-18	23-Oct-18	
Punjab	Bhatinda	J-34	11900	10200	1700
	Abohar	J-34	2040	1700	340
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1360	1700	-340
Rajasthan	Sri-Ganganagar	J-34	700	700	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Oct-18	22-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43300	43300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43800	43800	Unch
J-34(202)	26mm	3.5 - 4.9	23	NA	NA	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 - 4.9	28	47000	46800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47000	46700	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48500	48500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	58000	57600	400

Refined Cottonseeds oil (10 KG)

Centre	Unit	Price		Change
		24-Oct-18	23-Oct-18	
Rajkot	Rs. /10 Kg.	755	760	-5

New Delhi	Rs. /10 Kg.	735	735	Unch
Hyderabad	Rs. /10 Kg.	760	760	Unch
Mumbai	Rs. /10 Kg.	780	780	Unch
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		24-Oct-18	23-Oct-18	
Mahesana (Kadi)	Rs./Qtl	2083	1988	95
Akola	Rs./Qtl	1781	1770	11

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 24-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15863	-7
CCIndex(527)	14857	-6
CCIndex(229)	16545	-28
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 24-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	94.4	1.45
FC Index (M)	90.71	1.7
FC Index (L)	88.87	1.64

Cotlook Index: As on 22-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	89.25	2

USDA-23.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.74	80.99	0
North Delta	77.74	79.49	0
South Delta	77.74	79.49	0
East TX-OK	73.99	76.49	639
West Texas	73.49	75.99	269
Desert SW	73.24	77.24	0
SJ Valley	73.74	82.64	0

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

Pakistan Cotton Spot rates: As on 23-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 kg	8800	160	8960
Equivalent	40 kg	9431	171	9602

Daily Futures Price Listing Tue October 23, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181023	80	80	78.18	78.99	-1.03	11,714	1,31,743	-2,996
Mar-19	181023	81.42	81.43	79.82	80.7	-0.75	6,306	75,065	1,263
May-19	181023	82.36	82.36	80.85	81.69	-0.7	1,606	16,678	645
Jul-19	181023	82.94	82.94	81.44	82.31	-0.66	881	9,926	309
Oct-19	181023	79.11	79.11	79.11	79.11	-0.49	0	4	0
Dec-19	181023	77.5	77.94	77.19	77.51	-0.07	213	26,760	-39
Total Volume and Open Interest							20,720	2,61,931	-81

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