

## 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:*** Cotton arrivals declined significantly in Maharashtra, the second-largest producer of the fibre crop, forcing ginning mills to operate at less than 30 per cent capacity as farmers held back stocks on expectations prices will rise. The daily all-India cotton arrivals are currently at 75,000 bales to 80,000 bales of 170 kg each, according to Atul Ganatra, president of the Cotton Association of India. However, cotton arrivals in Maharashtra have been ruling low at about 7,500 bales per day against the normal daily arrival of about 15,000 bales a day around this period of the year.

***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 their 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.

**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 5500 to Rs 6400 per Qtl in October.

**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:

**26<sup>th</sup> Oct** ♦ No weather warning.

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	25-Oct-18	23-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6050	6125	-75
	Gondal	Shankar-6	5980	6055	-75
	Rajkot	B.T. Cotton	6025	6125	-100
	Patan	B.T. Cotton	6000	6025	-25
	Kadi	B.T. Cotton	6150	6200	-50
	Deesa	B.T. Cotton	5725	5700	25
	Dhrol	B.T. Cotton	5955	6005	-50
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	5360	5425	-65
	Fatehabad	B.T. Cotton	5400	5410	-10
	Jind	B.T. Cotton	5540	5525	15

	Uchana	B.T. Cotton	5500	5510	-10
	Dabwali	B.T. Cotton	5290	5345	-55
Rajasthan	Hanumangarh	B.T. Cotton	5380	5450	-70
	Rawatsar	B.T. Cotton	5300	5380	-80
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	5800	6000	-200
	Hathras	Desi	4700	4800	-100
Telangana	Adilabad	Un-Ginned	5720	5710	10
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	6186	6127	59
	Hubli	D.C.H.	5989	6027	-38
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5965	5925	40
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>25-Oct-18</b>	<b>23-Oct-18</b>	
Punjab	Bhatinda	J-34	4575	4650	-75
	Abohar	J-34	4600	4675	-75
	Mansa	J-34	4565	4550	15
	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	25-Oct-18	23-Oct-18	
Gujarat	Ahmedabad	Shankar-6	42500	17000	25500
	Gondal	Shankar-6	1831	1969	-138
	Rajkot	B.T. Cotton	2850	3010	-160
	Patan	B.T. Cotton	20940	27769	-6829
	Kadi	B.T. Cotton	25000	10000	15000
	Deesa	B.T. Cotton	20	35	-15
	Dhrol	B.T. Cotton	189	194	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	15000	12000	3000
	Bhiwani	Desi	100	200	-100
	Adampur	B.T. Cotton	850	1700	-850

	Fatehabad	B.T. Cotton	1000	900	100
	Jind	B.T. Cotton	1105	1020	85
	Uchana	B.T. Cotton	2800	3335	-535
	Dabwali	B.T. Cotton	900	1125	-225
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	8000	3000	5000
	Rawatsar	B.T. Cotton	2000	2000	Unch
<b>Madhya Pradesh</b>	Khandwa	Mech-1	1040	269	771
	Khargaon	Mech-1	9000	12110	-3110
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	200	150	50
	Hathras	Desi	125	125	Unch
<b>Telangana</b>	Adilabad	Un-Ginned	15860	13966	1894
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	1394	1242	152
	Hubli	D.C.H.	18	60	-42
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1305	795	510
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>25-Oct-18</b>	<b>23-Oct-18</b>	
<b>Punjab</b>	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	2040	1700	340
	Mansa	J-34	765	850	-85
<b>Haryana</b>	Sirsa	J-34	1360	1700	-340
<b>Rajasthan</b>	Sri-Ganganagar	J-34	500	700	-200

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Oct-18	23-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	46900	47000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46900	47000	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48300	48500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	57700	58000	-300

Centre	Unit	Price		Change
		25-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

Centre	Unit	Price		Change
		25-Oct-18	23-Oct-18	
Mahesana (Kadi)	Rs./Qtl	2096	1988	108
Akola	Rs./Qtl	1796	1770	26

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15842	-21
CCIndex(527)	14851	-6
CCIndex(229)	16530	-15
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 25-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	91.65	-0.06
FC Index (M)	87.75	-0.15
FC Index (L)	85.87	0.00

Cotlook Index: As on 24-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	88.25	-1.00

USDA-24.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.82	79.07	0
North Delta	75.82	77.57	0
South Delta	75.82	77.57	0
East TX-OK	72.07	74.57	354
West Texas	71.57	74.07	0

Desert SW	71.32	75.32	0
SJ Valley	71.82	80.72	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 24-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8850	160	9010
Equivalent	40 Kgs	9485	171	9656

Daily Futures Price Listing Tue October 24, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181023	80	80	78.18	78.99	-1.03	11,714	1,31,743	-2,996
<a href="#">Mar-19</a>	181023	81.42	81.43	79.82	80.7	-0.75	6,306	75,065	1,263
<a href="#">May-19</a>	181023	82.36	82.36	80.85	81.69	-0.7	1,606	16,678	645
<a href="#">Jul-19</a>	181023	82.94	82.94	81.44	82.31	-0.66	881	9,926	309
<a href="#">Oct-19</a>	181023	79.11	79.11	79.11	79.11	-0.49	0	4	0
<a href="#">Dec-19</a>	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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