

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 prices traded steady across major trading centers. Gujarat 29mm cotton traded around INR 47'000 per candy equivalent to US Cents 83.50 per lbs FOB Mundra for prompt delivery. Daily arrivals stood at 70'000 bales and are expected to gather pace from Mid-November onwards. The Indian rupee vs. the US dollar stabilized in the range of 73.15 to 74.00.

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.

Weather Update:

30th Oct ♦ Heavy rain very likely at isolated places over coastal Odisha and coastal Gangetic West Bengal.

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 finally found bullish footing on Friday, despite another early plunge in the Dow Jones. The Dow fell some 400 points but held key support and staged a comeback of sorts. Its turnaround inspired cotton to trade up. However, we also think cotton finished higher Friday as reports of deepening crop losses are still emerging.

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)	-0.46	1190	1191	1180.5	1182	1478	-1855	6167	179
Spread	Oct 18(C1)			-	-	-	-	-	-
Spot	4					-	-	-	-
Oct-18						-	-	-	-

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

* Updated at as on 29 Oct 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.82	23160	23190	22910	22950	446	100	271	-1025
Nov-18	-0.57	22740	22770	22510	22560	899	-257	4306	307

Spread	Oct 18		-	-	--	--
Spot	420		-	-	-	-
Oct-18			-	-	-	-

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

* Updated at as on 29-Oct- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Oct-18	27-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	5955	5955	Unch
	Rajkot	B.T. Cotton	5940	6075	-135
	Patan	B.T. Cotton	5905	5950	-45
	Kadi	B.T. Cotton	6125	6150	-25
	Deesa	B.T. Cotton	5725	5725	Unch
	Dhrol	B.T. Cotton	5870	5870	Unch
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5500	5500	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5450	5450	Unch
	Fatehabad	B.T. Cotton	5460	5460	Unch
	Jind	B.T. Cotton	5520	5572	-52
	Uchana	B.T. Cotton	5510	#N/A	-
	Dabwali	B.T. Cotton	5365	#N/A	-
Rajasthan	Hanumangarh	B.T. Cotton	5500	5650	-150
	Rawatsar	B.T. Cotton	5350	5340	10
Madhya Pradesh	Khandwa	Mech-1	NR	#N/A	-
	Khargaon	Mech-1	5610	5468	142
Maharashtra	Amravati	Mech-1	NA	#N/A	-
	Jamner	Medium Staple	NA	#N/A	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	#N/A	-
	Hathras	Desi	NR	#N/A	-
Telangana	Adilabad	Un-Ginned	NA	#N/A	-
Andhra Pradesh	Guntur	Un-Ginned	NA	#N/A	-

	Kurnool	Un-Ginned	NA	#N/A	-
	Krishna	Un-Ginned	NA	#N/A	-
	East Godavari	Un-Ginned	NA	#N/A	-
Karnataka	Bijapur	Bunny	6149	6420	-271
	Hubli	D.C.H.	NR	#N/A	-
	Hubli	B.T. Cotton	NR	#N/A	-
	Raichur	H-44 Cotton	5925	5925	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Oct-18	27-Oct-18	
Punjab	Bhatinda	J-34	4650	4630	20
	Abohar	J-34	4640	4630	10
	Mansa	J-34	4620	4590	30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4640	4640	Unch
Rajasthan	Sri-Ganganagar	J-34	4348	4324	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Oct-18	27-Oct-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2856	2345	511
	Rajkot	B.T. Cotton	4500	3600	900
	Patan	B.T. Cotton	31651	30060	1591
	Kadi	B.T. Cotton	35000	25000	10000
	Deesa	B.T. Cotton	25	25	Unch
	Dhrol	B.T. Cotton	362	153	209
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	12000	#N/A	-
	Bhiwani	Desi	50	#N/A	-
	Adampur	B.T. Cotton	510	#N/A	-
	Fatehabad	B.T. Cotton	800	#N/A	-
	Jind	B.T. Cotton	884	#N/A	-
	Uchana	B.T. Cotton	4805	#N/A	-
	Dabwali	B.T. Cotton	2500	#N/A	-
Rajasthan	Hanumangarh	B.T. Cotton	5000	1700	3300
	Rawatsar	B.T. Cotton	3000	2500	500
Madhya Pradesh	Khandwa	Mech-1	NR	2000	-
	Khargaon	Mech-1	5170	11120	-5950
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	200	-
	Hathras	Desi	NR	60	-

Telangana	Adilabad	Un-Ginned	NA	17507	-
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	3881	1911	1970
	Hubli	D.C.H.	NR	8	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1170	866	304
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Oct-18	27-Oct-18	
Punjab	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	2040	2040	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1360	1700	-340
Rajasthan	Sri-Ganganagar	J-34	4000	3500	500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Oct-18	26-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	46800	46800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47100	47100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48000	48000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	57700	57700	Unch

Refined Cottonseeds oil (10 KG)

Centre	Unit	Price		Change
		29-Oct-18	27-Oct-18	
Rajkot	Rs. /10 Kg.	750	745	5
New Delhi	Rs. /10 Kg.	720	730	-10
Hyderabad	Rs. /10 Kg.	760	760	Unch
Mumbai	Rs. /10 Kg.	775	780	-5

Cotton seed oil cake Rs/Qtl

Centre	Unit	Price		Change
		29-Oct-18	27-Oct-18	
Mahesana (Kadi)	Rs./Qtl	2071	2111	-40
Akola	Rs./Qtl	1788	1789	-1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15792	-39
CCIndex(527)	14817	-25
CCIndex(229)	16439	-56
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 29-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	92.79	0.75
FC Index (M)	89.14	0.8
FC Index (L)	87.37	0.81

Cotlook Index: As on 26-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	86.8	0.55

USDA-26.10.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.03	80.28	0
North Delta	77.28	79.03	0
South Delta	77.28	79.03	0
East TX-OK	73.53	76.03	1008
West Texas	73.03	75.53	0
Desert SW	72.78	76.78	0
SJ Valley	73.28	82.18	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 25-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8550	160	8710
Equivalent	40 Kgs	9163	171	9334

Daily Futures Price Listing Fri October 26, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181026	77.89	78.73	77.11	78.53	0.85	22,829	1,27,040	-3,199
Mar-19	181026	79.13	80.01	78.5	79.82	0.86	10,935	77,932	1,331
May-19	181026	80.32	81.03	79.67	80.81	0.67	3,477	17,898	594
Jul-19	181026	80.94	81.69	80.51	81.48	0.44	1,473	10,542	-129
Oct-19	181026	78.9	78.9	78.9	78.9	0.5	0	4	0
Dec-19	181026	76.88	77.5	76.75	77.33	0.26	212	26,985	-37
Total Volume and Open Interest							38,932	2,62,150	-1,436

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