

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: As per reports from many Cotton Experts, the Indian Cotton Crop is very low. Due to poor rains, the cotton plant height across India in major parts is maximum 1-1/2 ft to 2 ft only. Usually in a normal crop, it should be about 4+ ft. There will hardly 2 pickings of good cotton. This will end by December itself... From January, the 3rd and 4th picking will start and it will be 27mm only.

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 ginners 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:

31st Oct♦ Heavy rain very likely at isolated places over coastal areas of Tamilnadu & Puducherry.

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:

The US Department of Agriculture's Commodity Credit Corporation announced a special import quota for upland cotton that permits importation of a quantity of upland cotton equal to one week's domestic mill use. The quota will be established on November 01, 2018, allowing importation of 12,807,185 kilograms (58,822 bales) of upland cotton.

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	1176	1181	1174.5	1177	1551	73	5991	-176

Spread	Oct 18(C1)		-	-	--	--
Spot	7		-	-	-	-
Oct-18		-	-	-	-	-

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

* Updated at as on 30 Oct 2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	-0.04	22800	22850	22710	22740	153	-293	107	-164
Nov-18	0.04	22400	22520	22400	22460	593	-306	4221	-85

Spread	Oct 18		-	-	--	--
Spot	330		-	-	-	-
Oct-18		-	-	-	-	-

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

* Updated at as on 30-Oct- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Oct-18	29-Oct-18	
Gujarat	Ahmedabad	Shankar-6	5900	6000	-100
	Gondal	Shankar-6	5855	5955	-100
	Rajkot	B.T. Cotton	5940	5940	Unch
	Patan	B.T. Cotton	5825	5905	-80
	Kadi	B.T. Cotton	6150	6125	25
	Deesa	B.T. Cotton	5700	5725	-25
	Dhrol	B.T. Cotton	5800	5870	-70
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5480	5500	-20
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5400	5450	-50
	Fatehabad	B.T. Cotton	5450	5460	-10
	Jind	B.T. Cotton	5510	5520	-10
	Uchana	B.T. Cotton	5490	5510	-20
	Dabwali	B.T. Cotton	5290	5365	-75
Rajasthan	Hanumangarh	B.T. Cotton	5450	5500	-50
	Rawatsar	B.T. Cotton	5300	5350	-50

Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	5610	5610	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	NR	-
	Hathras	Desi	4700	NR	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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	6103	6149	-46
	Hubli	D.C.H.	5975	5995	-20
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5900	5925	-25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Oct-18	29-Oct-18	
Punjab	Bhatinda	J-34	4600	4650	-50
	Abohar	J-34	4600	4640	-40
	Mansa	J-34	4550	4620	-70
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4600	4640	-40
Rajasthan	Sri-Ganganagar	J-34	4324	4348	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Oct-18	29-Oct-18	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	1886	2856	-970
	Rajkot	B.T. Cotton	4200	4500	-300
	Patan	B.T. Cotton	33630	31651	1979
	Kadi	B.T. Cotton	50000	35000	15000
	Deesa	B.T. Cotton	35	25	9.5
	Dhrol	B.T. Cotton	732	362	370
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	10000	12000	-2000
	Bhiwani	Desi	150	50	100
	Adampur	B.T. Cotton	850	510	340
	Fatehabad	B.T. Cotton	800	800	Unch
	Jind	B.T. Cotton	663	884	-221
	Uchana	B.T. Cotton	4345	4805	-460
	Dabwali	B.T. Cotton	1700	2500	-800

Rajasthan	Hanumangarh	B.T. Cotton	3000	5000	-2000
	Rawatsar	B.T. Cotton	3000	3000	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	5170	5170	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	250	NR	-
	Hathras	Desi	30	NR	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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	2574	3881	-1307
	Hubli	D.C.H.	415	416	-1
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1057	1170	-113
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Oct-18	29-Oct-18	
Punjab	Bhatinda	J-34	8500	10200	-1700
	Abohar	J-34	1700	2040	-340
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1020	1360	-340
Rajasthan	Sri-Ganganagar	J-34	3000	4000	-1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Oct-18	27-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	47200	47100	100
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
		30-Oct-18	29-Oct-18	
Rajkot	Rs. /10 Kg.	750	750	Unch
New Delhi	Rs. /10 Kg.	720	720	Unch
Hyderabad	Rs. /10 Kg.	760	760	Unch
Mumbai	Rs. /10 Kg.	778	775	3
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		30-Oct-18	29-Oct-18	
Mahesana (Kadi)	Rs./Qtl	2042	2071	-29
Akola	Rs./Qtl	1772	1788	-16

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15749	-43
CCIndex(527)	14796	-21
CCIndex(229)	16393	-46
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 30-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	91.65	-1.14
FC Index (M)	87.93	-1.21
FC Index (L)	86.14	-1.23

Cotlook Index: As on 29-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	87.75	0.95

USDA-27.10.2018			
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 29-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8650	160	8810
Equivalent	40 Kgs	9270	171	9441

Daily Futures Price Listing Mon October 29, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181029	78.83	79.6	77.06	77.17	-1.36	21,715	1,27,824	784
Mar-19	181029	80.11	80.76	78.56	78.66	-1.16	12,970	78,791	859
May-19	181029	81.12	81.72	79.63	79.74	-1.07	1,333	17,869	-29
Jul-19	181029	81.77	82.33	80.48	80.54	-0.94	390	10,592	50
Oct-19	181029	77.65	77.65	77.65	77.65	-1.25	0	4	0
Dec-19	181029	77.47	77.49	76.72	76.75	-0.58	133	27,024	39
Total Volume and Open Interest							36,541	2,63,853	1,703

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