

## 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 in major producing centres such as Punjab and Madhya Pradesh have declined to nearly 10 per cent below the government's minimum support price of Rs 5,450 a quintal (of long staple). In August, these had fallen to Rs 4,300 a quintal. At present, it is Rs 4,600 a quintal at spot markets in Gujarat. The profit margins of textile mills improved during the second quarter (July-September) of the current financial year. Input costs were low, driven largely by a fall in cotton prices.*

***Last night in New York futures market, December Future 2018 contract closed at 86 cents per pound, while March Futures 2019 contract closed at 86.15 cents per pound and Cotlook A Index settled at 86 cents per pound. Indian cotton prices are 10 per cent lower than international prices. The 26-28 per cent raise in minimum support price for cotton for the season and more area under cultivation are expected to yield more.***

***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 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:

**2<sup>nd</sup> Nov♦** Heavy rain very likely at isolated places over Tamilnadu & Puducherry, South Interior Karnataka 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:

**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
Nov-18(C1)	-0.26	1175	1177	1170	1172.5	1635	-38	6145	-56

Spread	Oct 18(C1)		-	-	--	--
Spot	14		-	-	-	-
Nov-18			-	-	-	-

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

\* Updated at as on 1 Nov 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	-0.22	22200	22330	22140	22200	754	632	4136	4084
Dec-18	-0.27	22340	22440	22260	22330	307	-716	4781	573

Spread	Oct 18		-	-	--	--
Spot	-110		-	-	-	-
Nov-18			-	-	-	-

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

\* Updated at as on 1-Nov- 2018 @5pm

### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	01-Nov-18	31-Oct-18	
Gujarat	Ahmedabad	Shankar-6	5750	5875	-125
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	5875	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5900	6000	-100
	Deesa	B.T. Cotton	5550	5575	-25
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-

	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5500	5470	30
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5400	5400	Unch
	Fatehabad	B.T. Cotton	5450	5450	Unch
	Jind	B.T. Cotton	5480	5480	Unch
	Uchana	B.T. Cotton	5400	5400	Unch
	Dabwali	B.T. Cotton	5315	5345	-30
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5300	5340	-40
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	5420	5460	-40
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	6000	-100
	Hathras	Desi	4700	4600	100
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	NR	6063	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5850	-
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>01-Nov-18</b>	<b>31-Oct-18</b>	
Punjab	Bhatinda	J-34	4600	4600	Unch
	Abohar	J-34	4600	4600	Unch
	Mansa	J-34	4540	4550	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4620	4600	20
Rajasthan	Sri-Ganganagar	J-34	4324	4324	Unch

**Cotton Arrivals in Key Centers:**

<b>Commodity</b>	<b>Kapas</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>01-Nov-18</b>	<b>31-Oct-18</b>	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	6000	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	35000	40000	-5000
	Deesa	B.T. Cotton	43	25	17.5

	Dhrol	B.T. Cotton	Closed	Closed	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	7000	8000	-1000
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	1000	600	400
	Jind	B.T. Cotton	425	765	-340
	Uchana	B.T. Cotton	2750	3445	-695
	Dabwali	B.T. Cotton	950	1000	-50
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	2500	2500	Unch
	Rawatsar	B.T. Cotton	4000	4000	Unch
<b>Madhya Pradesh</b>	Khandwa	Mech-1	1740	1740	Unch
	Khargaon	Mech-1	7280	6500	780
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	150	250	-100
	Hathras	Desi	50	125	-75
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<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	NR	3461	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	817	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>01-Nov-18</b>	<b>31-Oct-18</b>	
<b>Punjab</b>	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	680	680	Unch
<b>Haryana</b>	Sirsa	J-34	1360	1190	170
<b>Rajasthan</b>	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
				31-Oct-18	30-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43000	42800	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43500	43300	200
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	46600	46600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47100	47100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47700	47700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	57500	57500	Unch

**Refined Cottonseeds oil (10 KG)**

Centre	Unit	Price		Change
		01-Nov-18	31-Oct-18	
Rajkot	Rs. /10 Kg.	745	750	-5
New Delhi	Rs. /10 Kg.	710	710	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
		01-Nov-18	31-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1933	1990	-57
Akola	Rs./Qtl	1749	1765	-16

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 01-Nov-2018**

Index	RMB/Ton	Change
CCIndex(328)	15710	-29
CCIndex(527)	14761	-25
CCIndex(229)	16327	-48
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 01-Nov-2018**

Index	Cents/lb	Change
FC Index (S)	91.39	-0.26
FC Index (M)	87.68	-0.25
FC Index (L)	85.89	-0.25

**Cotlook Index: As on 31-Oct-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	86.40	-0.25

**USDA-31.10.2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.4	78.65	0
North Delta	75.65	77.4	0

South Delta	75.65	77.4	0
East TX-OK	71.9	74.4	292
West Texas	71.4	73.9	0
Desert SW	71.15	75.15	0
SJ Valley	71.65	80.55	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 30-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 Wed October 31, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181031	76.77	77.04	76.49	76.86	-0.04	12,938	1,26,780	-373
<a href="#">Mar-19</a>	181031	78.31	78.42	77.89	78.3	-0.06	6,346	80,588	1,647
<a href="#">May-19</a>	181031	79.75	79.75	79.08	79.49	-0.02	1,233	18,181	81
<a href="#">Jul-19</a>	181031	80.05	80.45	79.94	80.35	0.01	697	10,657	55
<a href="#">Oct-19</a>	181031	77.13	77.39	77.13	77.39	0.03	1	4	0
<a href="#">Dec-19</a>	181031	76.77	76.95	76.51	76.86	0.09	345	27,067	33
Total Volume and Open Interest							21,564	2,65,065	1,444

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