

## 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 slightly weak in major producing centers such as Punjab Madhya Pradesh and few parts of Haryana owing to rising supplies.*** Sources revealed that the progressive all India new cotton crop arrivals reached 2.70 million bales till 31 October 2018. Higher arrivals are witnessed from Northern Indian states due to favorable weather. Dry weather in the Maharashtra and Gujarat states during September-October month could impact on yield prospects.

***Gujarat Cotton prices of 29 mm sold between 46,000 to 47,200 Rs./Candy during a week.*** Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in good quantities now. All Indian arrivals are picking up very fast and market adjusted to new season rates between 46,000 -47,000. Highest arrival is in north India so north cotton rate are more competitive.

***The Chinese are substituting their cotton imports from US with India.*** India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting Oct 1 against 0.8 million tonnes in 2017-18, after China slapped a 25% additional duty on imports of the fibre from the US. India's forward export contracts of cotton have more than doubled from about 7 lakh bales in Sep 2017.

***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.

### Weather Update:

6<sup>th</sup> Nov ♦ Heavy rain very likely at isolated places over south Tamilnadu.

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 Foreign Agricultural Service has projected India's Cotton production in 2018-19 (Aug-Jul) at 36.5 mln bales**, down nearly by 2% against 37.2 mln bales in previous year, where one Indian bale equals 170 kg. Dry weather in the key growing regions of Gujarat and Maharashtra have hampered crop development and will likely to affect yields of standing crop. The US agency has estimated opening stock of Cotton for 2018-19 at 15.6 mln bales, higher than the opening stock of 14.3 mln bales in 2017-18. Imports have been estimated at 1.9 mln bales in 2018-19, compared with 2.2 mln bales in the previous year. On the demand side, consumption by mills in 2018-19 is seen at 32.1 mln bales, slightly higher from 31.4 bales a year earlier. Exports are seen falling to 5.5 mln bales from 6.7 mln bales in 2017-18. Considering consumption and exports, the closing stock at the end of 2018-19 is pegged at 16.6 mln bales, up from 15.6 mln bales the previous year.

**The Chinese are substituting their cotton imports from US with India.** India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting Oct 1 against 0.8 million tonnes in 2017-18, after China slapped a 25% additional duty on imports of the fibre from the US. India's forward export contracts of cotton have more than doubled from about 7 lakh bales in Sep 2017.

**As per the latest update by International Cotton Advisory Committee (ICAC), global cotton area is currently projected to decrease by 2% to 33.4 million hectares during 2018/19.** Global yields are expected to decline by 1% to 777 kg per hectare, remaining close to the 10-year average of 770 kg per hectare. Global production is projected to decrease by 4% to 26 million tonnes. Global stocks are expected to decline to 17.2 million tonnes

**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	1185	1188	1181	1185	1692	-456	6250	-69

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

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

\* Updated at as on 05 Nov 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	-0.31	22370	22390	22250	22300	777	-522	3814	-140
Dec-18	-0.44	22520	22550	22400	22440	716	149	4654	-221

Spread	Oct 18		-	-	--	--
Spot	-160		-	-	-	-
Nov-18			-	-	-	-

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

\* Updated at as on 05-Nov- 2018 @5pm

### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	05-Nov-18	03-Nov-18	
Gujarat	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	NR	5680	-
	Kadi	B.T. Cotton	5900	6000	-100
	Deesa	B.T. Cotton	Closed	5525	-
	Dhrol	B.T. Cotton	Closed	Closed	-

Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5480	5525	-45
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5350	5400	-50
	Fatehabad	B.T. Cotton	5450	5450	Unch
	Jind	B.T. Cotton	5570	5551	19
	Uchana	B.T. Cotton	5380	5300	80
	Dabwali	B.T. Cotton	5350	5380	-30
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5410	-
	Rawatsar	B.T. Cotton	5300	5375	-75
Madhya Pradesh	Khandwa	Mech-1	Closed	5500	-
	Khargaon	Mech-1	NR	5430	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5650	5800	-150
	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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5750	5850	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	05-Nov-18	03-Nov-18	
Punjab	Bhatinda	J-34	4590	4590	Unch
	Abohar	J-34	4560	4590	-30
	Mansa	J-34	4500	4565	-65
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4560	4590	-30
Rajasthan	Sri-Ganganagar	J-34	4305	4301	5

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Nov-18	03-Nov-18	
Gujarat	Ahmedabad	Shankar-6	25500	34000	-8500
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	NR	1395	-
	Kadi	B.T. Cotton	25000	35000	-10000

	Deesa	B.T. Cotton	Closed	50	-
	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	8000	#N/A	-
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	850	#N/A	-
	Fatehabad	B.T. Cotton	800	#N/A	-
	Jind	B.T. Cotton	646	#N/A	-
	Uchana	B.T. Cotton	4820	#N/A	-
	Dabwali	B.T. Cotton	1500	#N/A	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	Closed	3000	-
	Rawatsar	B.T. Cotton	4000	4000	Unch
<b>Madhya Pradesh</b>	Khandwa	Mech-1	Closed	3000	-
	Khargaon	Mech-1	NR	7680	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	200	250	-50
	Hathras	Desi	60	60	Unch
<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	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	810	487	323
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>05-Nov-18</b>	<b>03-Nov-18</b>	
<b>Punjab</b>	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	1190	1700	-510
	Mansa	J-34	510	510	Unch
<b>Haryana</b>	Sirsa	J-34	1700	1190	510
<b>Rajasthan</b>	Sri-Ganganagar	J-34	2500	3500	-1000

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				03-Nov-18	03-Nov-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	46700	46500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47100	46900	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47700	47400	300
DCH-32(107)	34mm	3.0 - 3.8	33	57800	57800	Unch

**Refined Cottonseeds oil (10 KG)**

Centre	Unit	Price		Change
		05-Nov-18	03-Nov-18	
Rajkot	Rs. /10 Kg.	742	745	-3
New Delhi	Rs. /10 Kg.	715	710	5
Hyderabad	Rs. /10 Kg.	760	740	20
Mumbai	Rs. /10 Kg.	775	770	5

**Cotton seed oil cake Rs/Qtl**

Centre	Unit	Price		Change
		05-Nov-18	03-Nov-18	
Mahesana (Kadi)	Rs./Qtl	NR	1943	-
Akola	Rs./Qtl	NR	1746	-

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 02-Nov-2018		
Index	RMB/Ton	Change
CCIndex(328)	15671	-39
CCIndex(527)	14742	-19
CCIndex(229)	16291	-36
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 02-Nov-2018		
Index	Cents/lb	Change
FC Index (S)	93.41	2.02
FC Index (M)	89.69	2.01
FC Index (L)	87.89	2

Cotlook Index: As on 02-Nov-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	88.60	2.20

USDA-2.11.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
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	cents/lb.		Bales
Southeast	77.79	80.04	0
North Delta	77.04	78.79	0
South Delta	77.04	78.79	0
East TX-OK	73.29	75.79	971
West Texas	73.29	75.79	160
Desert SW	73.04	77.04	0
SJ Valley	73.54	82.44	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 02-Nov-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 Fri November 02, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181102	79.03	79.78	78.3	78.79	-0.24	13,106	1,23,666	-1,301
<a href="#">Mar-19</a>	181102	80.45	81.23	79.8	80.31	-0.17	8,353	84,741	2,276
<a href="#">May-19</a>	181102	81.64	82.31	81	81.56	-0.1	1,365	18,805	424
<a href="#">Jul-19</a>	181102	82.6	82.97	81.79	82.51	0.04	595	10,985	211
<a href="#">Oct-19</a>	181102	79.43	79.43	79.43	79.43	-0.08	2	4	0
<a href="#">Dec-19</a>	181102	78.27	78.45	78	78.31	-0.01	290	27,067	90
Total Volume and Open Interest							23,711	2,67,163	1,700

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