

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, Acreage drop and lower production this year, 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: Most of the cotton spot markets were closed for next few days across India due to Diwali.

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 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 their 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:

8th Nov ♦ Heavy to very heavy rain likely at isolated places over south Tamilnadu and heavy rain likely at isolated places over south Kerala.

- In October, India got a paltry 44% of the month's average—the lowest since 1976.
- An erratic monsoon, such as the one this year, poses extensive challenges for adaptation.
- Maharashtra, which has declared drought in 42% of its area, is in the throes of a groundwater crisis.
- Experts have rung warning bells about the possible impacts of the brewing El Niño.



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)	0.71	1189	1204	1187	1201	3521	1829	6446	196

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

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

* Updated at as on 06 Nov 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	0.36	22360	22480	22250	22420	808	31	3866	52
Dec-18	0.22	22450	22640	22400	22570	418	-298	4649	-5

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

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

* Updated at as on 06-Nov- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	06-Nov-18	05-Nov-18	
Gujarat	Ahmedabad	Shankar-6	Closed	5750	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5800	5900	-100
	Deesa	B.T. Cotton	Closed	Closed	-
	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	5480	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5370	5350	20
	Fatehabad	B.T. Cotton	5450	5450	Unch
	Jind	B.T. Cotton	5551	5570	-19
	Uchana	B.T. Cotton	5386	5380	6
	Dabwali	B.T. Cotton	5300	5350	-50
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	5300	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5850	5650	200
	Hathras	Desi	4600	4700	-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	NR	5750	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	06-Nov-18	05-Nov-18	
Punjab	Bhatinda	J-34	4550	4590	-40
	Abohar	J-34	4550	4560	-10
	Mansa	J-34	4520	4500	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4540	4560	-20
Rajasthan	Sri-Ganganagar	J-34	Closed	4305	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Nov-18	05-Nov-18	
Gujarat	Ahmedabad	Shankar-6	Closed	25500	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	10000	25000	-15000

	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6000	8000	-2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	500	800	-300
	Jind	B.T. Cotton	255	646	-391
	Uchana	B.T. Cotton	3820	4820	-1000
	Dabwali	B.T. Cotton	250	1500	-1250
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	4000	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	400	200	200
	Hathras	Desi	60	60	Unch
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	NR	810	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	06-Nov-18	05-Nov-18	
Punjab	Bhatinda	J-34	6800	10200	-3400
	Abohar	J-34	850	1190	-340
	Mansa	J-34	425	510	-85
Haryana	Sirsa	J-34	510	1700	-1190
Rajasthan	Sri-Ganganagar	J-34	Closed	2500	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				05-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	46200	46700	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46700	47100	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47200	47700	-500
DCH-32(107)	34mm	3.0 - 3.8	33	57800	57800	Unch

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		06-Nov-18	05-Nov-18	
Rajkot	Rs. /10 Kg.	Closed	742	-
New Delhi	Rs. /10 Kg.	715	715	Unch
Hyderabad	Rs. /10 Kg.	760	760	Unch
Mumbai	Rs. /10 Kg.	775	775	Unch

Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		06-Nov-18	05-Nov-18	
Mahesana (Kadi)	Rs./Qtl	NR	NR	-
Akola	Rs./Qtl	NR	NR	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 06-Nov-2018		
Index	RMB/Ton	Change
CCIndex(328)	15638	-33
CCIndex(527)	14740	-2
CCIndex(229)	16287	-4
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 02-Nov-2018		
Index	Cents/lb	Change
FC Index (S)	93.23	0
FC Index (M)	89.45	0
FC Index (L)	87.64	0

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

USDA-5.11.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.87	80.12	0
North Delta	77.12	78.87	0
South Delta	77.12	78.87	0
East TX-OK	73.37	75.87	1409
West Texas	73.37	75.87	244
Desert SW	73.12	77.12	0
SJ Valley	73.62	82.52	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	8750	160	8910
Equivalent	40 Kgs	9377	171	9548

Daily Futures Price Listing Mon November 05, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181105	78.89	79.4	78.29	78.87	0.08	35,132	1,20,218	-3,448
Mar-19	181105	80.35	80.85	79.75	80.34	0.03	18,811	86,860	2,119
May-19	181105	81.61	82.06	81.01	81.63	0.07	4,820	19,781	976
Jul-19	181105	82.4	83.02	81.94	82.67	0.16	4,805	12,483	1,498
Oct-19	181105	79.6	79.6	79.6	79.6	0.17	0	4	0
Dec-19	181105	78.3	78.39	77.93	78.26	-0.05	2,450	27,808	741
Total Volume and Open Interest							66,033	2,69,050	1,887

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