

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.

As prevailing weather conditions and water scarcity hit cotton yields in key growing regions, trade body Cotton Association of India (CAI) has further trimmed its crop estimate to 343.25 lakh bales (each of 170 kg) for the season 2018-19 beginning from October 1. Earlier CAI, at the Cotton India 2018 meet in Aurangabad last month, had projected the crop size at 348 lakh bales for the year 2018-19, 365 lakh bales lower than 2017-18. CAI cited water shortage and climatic adversities as factors affecting the crop in the key growing regions of Gujarat, Maharashtra and Karnataka. The CAI has revised downwards the crop estimate for Gujarat by 2 lakh bales, Maharashtra by 1 lakh bales, Karnataka by 1 lakh bales and Orissa by 75 thousand bales than compared to its previous estimate due to unfavourable weather conditions.

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 there daily needs so there is no buying support at this cotton price level.

Weather Update:

9th Nov ♦ Heavy to very heavy rain very likely at isolated places over Andaman & Nicobar Islands and heavy rain very likely at isolated places over south Tamilnadu & 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:

December cotton finished mixed even though USDA dramatically lower the 2018 crop. Production for the U.S. was cut 1.35 million bales, the largest one-time decline we have seen in years. Currently, the crop stands at 18.35 million bales versus October's 19.76 million. Additionally, India's crop was lowered 700,000 bales and Pakistan some 500,000 bales. However, USDA drastically lowered exports 500,000 as a causality of the trade war with China. Now, potential for exports are 15.00 million, down from the previous 15.50 million.

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)	0.58	1201	1216	1200	1206	5103	3801	7077	298
Spread	Oct 18(C1)			-	-	--	--		
Spot	-			-	-	-	-		-
Nov-18				-	-	-	-		-

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

* Updated at as on 09 Nov 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	0.13	22400	22540	22390	22440	1113	642	3761	92
Dec-18	0.13	22550	22700	22550	22600	571	100	4780	1111
Spread	Oct 18			-	-	--	--		
Spot	-160			-	-	-	-		-
Nov-18				-	-	-	-		-

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

* Updated at as on 09-Nov- 2018 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	09-Nov-18	08-Nov-18	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	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	5500	Closed	-
	Bhiwani	Desi	6100	Closed	-
	Adampur	B.T. Cotton	5440	Closed	-
	Fatehabad	B.T. Cotton	5480	Closed	-
	Jind	B.T. Cotton	5511	Closed	-
	Uchana	B.T. Cotton	5385	Closed	-
	Dabwali	B.T. Cotton	Closed	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
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	Closed	Closed	-
	Hathras	Desi	Closed	Closed	-
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	5825	NR	-
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	09-Nov-18	08-Nov-18	
Punjab	Bhatinda	J-34	4560	Closed	-
	Abohar	J-34	4560	Closed	-
	Mansa	J-34	4500	Closed	-
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4550	Closed	-
Rajasthan	Sri-Ganganagar	J-34	NA	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	09-Nov-18	08-Nov-18	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	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	Closed	-
	Bhiwani	Desi	100	Closed	-
	Adampur	B.T. Cotton	850	Closed	-
	Fatehabad	B.T. Cotton	600	Closed	-
	Jind	B.T. Cotton	328	Closed	-
	Uchana	B.T. Cotton	3600	Closed	-
	Dabwali	B.T. Cotton	Closed	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
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	Closed	Closed	-
	Hathras	Desi	Closed	Closed	-
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	1200	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	09-Nov-18	08-Nov-18	
Punjab	Bhatinda	J-34	5100	Closed	-
	Abohar	J-34	425	Closed	-

	Mansa	J-34	510	Closed	-
Haryana	Sirsa	J-34	510	Closed	-
Rajasthan	Sri-Ganganagar	J-34	NA	Closed	-

Cotton Prices at Key Spot Markets:

Cotton Association of India Spot Rates:						
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				05-Nov-18	06-Nov-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	43300	42800	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43800	43300	500
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	46000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46700	46700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47200	47200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	57800	57800	Unch

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		09-Nov-18	08-Nov-18	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	Closed	Closed	-
Hyderabad	Rs. /10 Kg.	765	Closed	-
Mumbai	Rs. /10 Kg.	760	775	-15
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		09-Nov-18	08-Nov-18	
Mahesana (Kadi)	Rs./Qtl	NA	Closed	-
Akola	Rs./Qtl	NA	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 09-Nov-2018		
Index	RMB/Ton	Change
CCIndex(328)	15606	0
CCIndex(527)	14683	-20
CCIndex(229)	16219	-10
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 09-Nov-2018

Index	Cents/lb	Change
FC Index (S)	93.2	0
FC Index (M)	89.29	0
FC Index (L)	87.64	0

Cotlook Index: As on 07-Nov-2018

Cotlook Indices	Cents/Pound	Change
A-Index	86.86	-1.5

USDA-8.11.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.01	80.26	0
North Delta	77.26	79.01	24
South Delta	77.26	79.01	0
East TX-OK	73.51	76.01	1905
West Texas	73.51	76.01	1406
Desert SW	73.26	77.26	597
SJ Valley	73.76	82.66	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 06-Nov-2018

Product	Rate for	Ex-Gin Price	Up Country Sales	(in Pakistan Rupees) Spot Rate Karachi
Cotton	37.32 Kgs	8850	160	9010
Equivalent	40 Kgs	9485	171	9656

Daily Futures Price Listing Thu November 08, 2018

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181108	79.07	80.5	78.7	79.01	0.05	31,282	1,06,931	-4,729
Mar-19	181108	80.7	82	80.2	80.54	-0.03	23,574	95,596	5,961
May-19	181108	82.18	83.21	81.56	81.84	-0.11	6,669	23,414	2,307
Jul-19	181108	83.25	84.11	82.6	82.92	-0.13	2,043	13,414	267
Oct-19	181108	79.82	79.82	79.82	79.82	-0.11	0	4	0

Dec-19	181108	78.32	79	77.9	78.51	0.26	671	28,022	5
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