

## 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: At Guntur, the cotton crop has entered boll formation and boll development stage. Weather was hot and humid.*** Sucking pests like jassids, Thrips and whiteflies were observed in most of the fields. Awareness was created among the farmers on pink bollworm damage and management strategies through mass media and regular campaigns by scientists, KVK's and Department of Agriculture.

***In Karnataka early sown crop is 140 -150 days old, but in majority area the crop is 135 days old. The crop is at boll opening stage in majority areas.*** First kapas picking is completed in early sown crop. Desi cotton crop is in growing vegetative stage. Dry spell prevailed during this week in all cotton growing districts with lower night temperature and dry weather during day time. Karnataka cotton prices of 29<sup>+</sup> mm sold between 45,000 to 47,000 Rs./Candy during last week.

***This season, the markets of Punjab saw the arrival of a relatively higher quantity of raw cotton compared with the previous season,*** despite lower acreage. A total of 2,45,500 bales (one bale=170kg) arrived in the mandis till November 8 whereas in 2017, 2,35,000 bales had arrived during the corresponding period.

***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.**

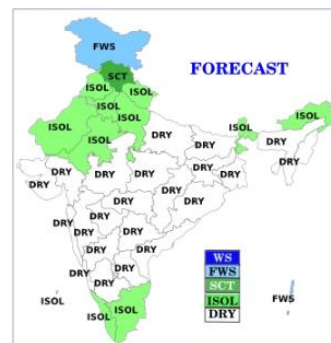
**Cotton prices traded steady across major trading centers. Gujarat 29mm cotton traded around INR 47'000 per candy equivalent to US Cents 83.50 per lbs FOB Mundra for prompt delivery. Daily arrivals stood at 70'000 bales and are expected to gather pace from Mid-November onwards. The Indian rupee vs. 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.**

### Weather Update:

**13<sup>th</sup> Nov** ♦ Heavy rain/snow very likely at isolated places over Jammu and Kashmir. ♦ Gale wind speed reaching 90100 kmph gusting to 110 kmph over southwest & adjoining west central and southeast Bay of Bengal from morning of 13th November 2018.

- 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:

**This month's 2018/19 U.S. balance sheet shows lower production, consumption, exports, and ending stocks. Production is reduced 1.35 million bales** due mainly to decreases in the Southeast, reflecting the impact of adverse weather. Domestic mill use is reduced 1.00 lakh bales and exports are reduced 5.00lakh bales. Projected ending stocks in 2018/19 are 7.00 lakh bales lower this month, at 4.3 million bales or 24 percent of use. The marketing-year-average price received by producers is forecast between 71.0 and 77.0 cents per pound, with a midpoint of 74.0 cents, 1 cent above last month.

**This month's 2018/19 world supply and demand forecasts include lower beginning stocks, production, consumption, trade, and ending stocks. Historical revisions to Benin's exports resulted in a 3.75 lakh bales decrease in 2018/19 beginning stocks there, accounting for much of this month's 5.00 lakh bale decline in global beginning stocks. Forecast global production is reduced 2.3 million bales as smaller expected crops in the United States, India, Pakistan, and Turkmenistan offset an increase in Benin. Consumption is reduced 8.75 lakh bales, with smaller expected mill use in India, Pakistan, Turkey, Brazil, Indonesia, and the United States. Global ending stocks are 1.8 million bales lower this month, at 73 million bales or 57 percent of mill use.**

**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.

#### **NCDEX Kapas Futures\*: (Prices in Rs/20 kg)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18(C1)	1.08	1204	1222.5	1202	1217	5534	-209	7460	499

Spread	Oct 18(C1)		-	-	--	--
Spot	-57		-	-	-	-
Nov-18			-	-	-	-

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

\* Updated at as on 12 Nov 2018 @5pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	0.9	22420	22610	22340	22510	1445	-227	3638	-170
Dec-18	0.93	22580	22790	22520	22700	1206	310	4928	178

Spread	Oct 18		-	-	--	--
Spot	-180		-	-	-	-
Nov-18			-	-	-	-

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

\* Updated at as on 12-Nov- 2018 @5pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Nov-18	10-Nov-18	
Gujarat	Ahmedabad	Shankar-6	5875	Closed	-
	Gondal	Shankar-6	5855	Closed	-
	Rajkot	B.T. Cotton	5825	Closed	-
	Patan	B.T. Cotton	5875	Closed	-
	Kadi	B.T. Cotton	6000	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	5770	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5550	5550	Unch
	Bhiwani	Desi	6200	6200	Unch
	Adampur	B.T. Cotton	5450	5420	30
	Fatehabad	B.T. Cotton	5500	5470	30
	Jind	B.T. Cotton	5556	Closed	-
	Uchana	B.T. Cotton	5500	Closed	-
	Dabwali	B.T. Cotton	5400	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5550	Closed	-
	Rawatsar	B.T. Cotton	5400	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	Closed	-
	Hathras	Desi	4800	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	NR	5825	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Nov-18	10-Nov-18	
Punjab	Bhatinda	J-34	4560	4560	Unch
	Abohar	J-34	4560	4560	Unch
	Mansa	J-34	4530	4535	-5

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4550	4550	<b>Unch</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	4305	4277	<b>28</b>

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Nov-18	10-Nov-18	
<b>Gujarat</b>	Ahmedabad	Shankar-6	34000	Closed	-
	Gondal	Shankar-6	2456	Closed	-
	Rajkot	B.T. Cotton	6400	Closed	-
	Patan	B.T. Cotton	14646	Closed	-
	Kadi	B.T. Cotton	15000	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	473	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	700	#N/A	-
	Jind	B.T. Cotton	646	#N/A	-
	Uchana	B.T. Cotton	3645	#N/A	-
	Dabwali	B.T. Cotton	400	#N/A	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	3000	Closed	-
	Rawatsar	B.T. Cotton	3000	Closed	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	NR	NR	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	150	Closed	-
	Hathras	Desi	50	Closed	-
<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	NR	555	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Nov-18	10-Nov-18	
<b>Punjab</b>	Bhatinda	J-34	7650	6800	<b>850</b>

	Abohar	J-34	850	510	340
	Mansa	J-34	850	850	Unch
<b>Haryana</b>	Sirsa	J-34	1020	680	340
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3500	2500	1000

### 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
				10-Nov-18	06-Nov-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42800	42800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43300	43300	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	46000	46000	Unch
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
		12-Nov-18	10-Nov-18	
Rajkot	Rs. /10 Kg.	740	Closed	-
New Delhi	Rs. /10 Kg.	712	712	Unch
Hyderabad	Rs. /10 Kg.	755	750	5
Mumbai	Rs. /10 Kg.	755	760	-5

#### **Cotton seed oil cake Rs/Qtl**

Centre	Unit	Price		Change
		12-Nov-18	10-Nov-18	
Mahesana (Kadi)	Rs./Qtl	1963	NA	-
Akola	Rs./Qtl	1887	NA	-

### INTERNATIONAL PRICES AND INDICES

#### **China Cotton Index: As on 12-Nov-2018**

Index	RMB/Ton	Change
CCIndex(328)	15606	0
CCIndex(527)	14668	-15
CCIndex(229)	16219	0
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 12-Nov-2018**

Index	Cents/lb	Change
FC Index (S)	92.3	-0.9
FC Index (M)	88.31	-0.98
FC Index (L)	86.64	-1

**Cotlook Index: As on 09-Nov-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	88.35	0.25

USDA-9.11.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.09	79.34	0
North Delta	76.34	78.09	0
South Delta	76.34	78.09	0
East TX-OK	72.59	75.09	305
West Texas	72.59	75.09	538
Desert SW	72.34	76.34	153
SJ Valley	72.84	81.74	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 10-Nov-2018**

Product	Rate for	Ex-Gin Price	Up Country Sales	(in Pakistan Rupees) Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

**Daily Futures Price Listing Fri November 09, 2018**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181109	79.01	79.19	77.2	78.09	-0.92	30,683	94,586	-12,345
<a href="#">Mar-19</a>	181109	80.74	80.75	79.02	79.86	-0.68	22,136	1,01,258	5,662
<a href="#">May-19</a>	181109	81.92	81.99	80.37	81.25	-0.59	6,297	25,801	2,387
<a href="#">Jul-19</a>	181109	82.96	83.03	81.52	82.45	-0.47	2,354	13,903	489
<a href="#">Oct-19</a>	181109	79.44	79.44	79.44	79.44	-0.38	0	4	0
<a href="#">Dec-19</a>	181109	78.37	78.4	77.51	78.29	-0.22	1,087	28,176	154
Total Volume and Open Interest							62,600	2,65,590	-3,684



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