

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: Kapas prices are quoting at Rs 5,900 per quintal at Gujarat and AP and are expected to trade higher towards Rs 6200 in the coming days. Dry weather amidst poor crop in major growing belts of Gujarat, Maharashtra and Karnataka are supporting prices in the spot market.

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⁺ 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.

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.

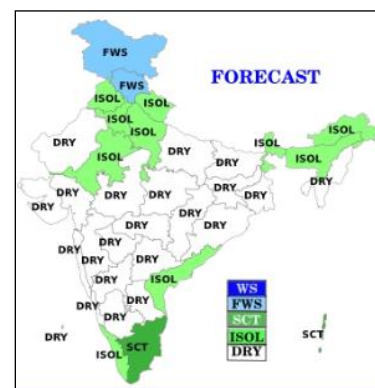
Cotton arrivals declined significantly in Maharashtra, the second-largest producer of the fibre crop, forcing ginning mills to operate at less than 30 per cent capacity as farmers held back stocks on expectations prices will rise. The daily all-India cotton arrivals are currently at 75,000 bales to 80,000 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:

14th Nov ♦ Heavy rain very likely at isolated places over coastal Tamilnadu and south Coastal Andhra Pradesh.

♦ Gale wind speed reaching 90-100 kmph gusting to 110 kmph very likely over southwest & adjoining westcentral and southeast Bay of Bengal. Squally winds speed reaching 45-55 kmph gusting to 65 kmph very likely along & off north Tamilnadu & Puducherry and adjoining south Andhra Pradesh coasts

- 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:

China revised down its forecast for imports of cotton in the 2018/19 crop year to 1.5 million tonnes, compared with last month's forecast of 2 million tonnes, the Ministry of Agriculture and Rural Affairs said on last week. Output of the fibre in 2018/19 is forecast to be 5.94 million tonnes versus last month's 5.8 million tonnes, according to the ministry's monthly China Agriculture Supply and Demand Estimates. Cotton ending stocks are forecast at 6.38 million tonnes versus a previous forecast of 6.74 million tonnes.

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 5.00 lakh 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18(C1)	-0.12	1213	1218	1211.5	1213	2801	-2733	7885	425

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

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

* Updated at as on 13 Nov 2018 @5pm

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	-0.04	22370	22440	22280	22380	853	-592	3395	-243
Dec-18	-0.04	22550	22630	22470	22570	747	-459	5130	202

Spread	Oct 18			-	-	--	--
Spot	-190			-	-	-	-
Nov-18				-	-	-	-

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

* Updated at as on 13-Nov- 2018 @5pm

Cotton Prices at Key Spot Markets:
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Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Nov-18	14-Nov-18	
Gujarat	Ahmedabad	Shankar-6	5875	5875	Unch
	Gondal	Shankar-6	5855	Closed	-
	Rajkot	B.T. Cotton	5875	5925	-50
	Patan	B.T. Cotton	5910	Closed	-
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	6000	6000	Unch
	Dhrol	B.T. Cotton	5765	5750	15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5625	5550	75
	Bhiwani	Desi	6500	6200	300
	Adampur	B.T. Cotton	5520	5450	70
	Fatehabad	B.T. Cotton	5600	5525	75
	Jind	B.T. Cotton	5650	5610	40
	Uchana	B.T. Cotton	5500	5500	Unch
	Dabwali	B.T. Cotton	5550	5500	50
Rajasthan	Hanumangarh	B.T. Cotton	5700	5580	120
	Rawatsar	B.T. Cotton	5450	5550	-100
Madhya Pradesh	Khandwa	Mech-1	5635	5600	35
	Khargaon	Mech-1	5620	5620	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	5900	100
	Hathras	Desi	4800	4700	100
Telangana	Adilabad	Un-Ginned	NR	NR	-
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	6023	6003	20
	Hubli	D.C.H.	NR	5825	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5780	5750	30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Nov-18	14-Nov-18	
Punjab	Bhatinda	J-34	4605	4575	30
	Abohar	J-34	4600	4575	25
	Mansa	J-34	4580	4560	20

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4610	4575	35
Rajasthan	Sri-Ganganagar	J-34	4324	4305	19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Nov-18	14-Nov-18	
Gujarat	Ahmedabad	Shankar-6	42500	34000	8500
	Gondal	Shankar-6	4134	Closed	-
	Rajkot	B.T. Cotton	5000	4400	600
	Patan	B.T. Cotton	34790	Closed	-
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	50	25	25
	Dhrol	B.T. Cotton	611	540	71
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	7000	5000	2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	600	700	-100
	Jind	B.T. Cotton	255	230	26
	Uchana	B.T. Cotton	3425	2985	440
	Dabwali	B.T. Cotton	1300	500	800
Rajasthan	Hanumangarh	B.T. Cotton	1500	2200	-700
	Rawatsar	B.T. Cotton	3000	4000	-1000
Madhya Pradesh	Khandwa	Mech-1	2130	1610	520
	Khargaon	Mech-1	11400	8600	2800
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	60	40
	Hathras	Desi	50	60	-10
Telangana	Adilabad	Un-Ginned	NR	NR	-
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	3400	3056	344
	Hubli	D.C.H.	NR	332	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1117	787	330
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Nov-18	14-Nov-18	
Punjab	Bhatinda	J-34	6800	6800	Unch

	Abohar	J-34	850	850	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1190	680	510
Rajasthan	Sri-Ganganagar	J-34	3500	3000	500

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
				14-Nov-18	13-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	46900	46700	200
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

Centre	Unit	Price		Change
		15-Nov-18	14-Nov-18	
Rajkot	Rs. /10 Kg.	725	725	Unch
New Delhi	Rs. /10 Kg.	705	708	-3
Hyderabad	Rs. /10 Kg.	740	750	-10
Mumbai	Rs. /10 Kg.	748	748	Unch

Centre	Unit	Price		Change
		15-Nov-18	14-Nov-18	
Mahesana (Kadi)	Rs./Qtl	2013	1980	33
Akola	Rs./Qtl	1976	1950	26

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15-Nov-2018		
Index	RMB/Ton	Change
CCIndex(328)	15585	0
CCIndex(527)	14655	-5

CCIndex(229)	16187	-6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 15-Nov-2018

Index	Cents/lb	Change
FC Index (S)	90.65	0.56
FC Index (M)	86.74	0.60
FC Index (L)	84.89	0.50

Cotlook Index: As on 15-Nov-2018

Cotlook Indices	Cents/Pound	Change
A-Index	85.55	-0.50

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 12-Nov-2018

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

Daily Futures Price Listing Mon November 14, 2018

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181112	78.09	78.11	76.34	76.38	-1.71	29,323	84,429	-10,157
Mar-19	181112	79.72	79.85	78.21	78.25	-1.61	21,913	1,05,656	4,398
May-19	181112	81.17	81.17	79.55	79.59	-1.66	6,330	26,706	905

Jul-19	181112	81.58	82.24	80.75	80.78	-1.67	2,204	14,034	131
Oct-19	181112	78.24	78.24	78.24	78.24	-1.2	0	4	0
Dec-19	181112	77.55	78.13	77.32	77.59	-0.7	833	28,313	137
Total Volume and Open Interest							60,615	2,61,014	-4,576

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