

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: **Cotton Corporation of India (CCI) has started procurement of cotton at Minimum Support Price (MSP) from farmers in Warangal district and Mehboob Nagar of Telangana.** The process is yet to pick up pace with cotton prices already hovering over Minimum Support Price (MSP). The procurement operations have just started and the Corporation has purchased nearly 3,000 bales from Warangal and 50 bales from Mehboob Nagar. Some bales are also procured from Akola in Maharashtra. The cotton prices are ruling above MSP in most cotton producing regions and arrivals are yet to pick up.

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.

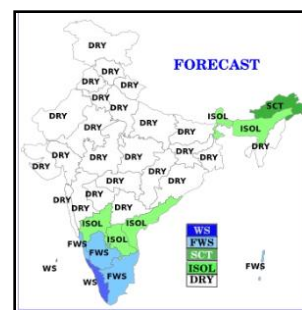
Cotton prices traded steady across major trading centers. Gujarat 29mm cotton traded around INR 47'000 per candy equivalent to US Cents 83.50 per lbs FOB Mundra for prompt delivery. Daily arrivals stood at 70'000 bales and are expected to gather pace from Mid-November onwards. The Indian rupee vs. the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

17th Nov Heavy rain very likely at isolated places over Lakshadweep. ♦Strong wind speed reaching 30-40 kmph gusting to 50 kmph very likely over southeast Arabian Sea and along & off Kerala coast.

- 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 was slightly lower on Thursday amid a noticeable swing in contract volume. Interestingly, December's estimated volume on Thursday was 12,600, but March's estimated volume was 21,700 contracts. Apparently, some sort of roll is now occurring. To that end, December cotton does commence its first notice day, the day delivery notices are issued, on Monday, November 26

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18(C1)	-1.26	1224	1228	1205	1210.5	5314	2513	8772	887

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

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

* Updated at as on 16 Nov 2018

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-18	-0.04	22410	22520	22300	22410	1047	194	3113	-282
Dec-18	-0.18	22490	22560	22350	22450	1372	625	5618	488

Spread	Oct 18			-		-	--	--
Spot	-40					-	-	-
Nov-18						-	-	-

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

* Updated at as on 16-Nov- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Nov-18	15-Nov-18	
Gujarat	Ahmedabad	Shankar-6	5900	5875	25
	Gondal	Shankar-6	5875	5855	20
	Rajkot	B.T. Cotton	5895	5875	20
	Patan	B.T. Cotton	5875	5910	-35
	Kadi	B.T. Cotton	6050	6000	50
	Deesa	B.T. Cotton	5590	6000	-410
	Dhrol	B.T. Cotton	5780	5765	15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5700	5625	75
	Bhiwani	Desi	6500	6500	Unch
	Adampur	B.T. Cotton	5590	5520	70
	Fatehabad	B.T. Cotton	5700	5600	100
	Jind	B.T. Cotton	NR	5650	-
	Uchana	B.T. Cotton	5615	5510	105
	Dabwali	B.T. Cotton	NR	5550	-
Rajasthan	Hanumangarh	B.T. Cotton	5680	5700	-20
	Rawatsar	B.T. Cotton	5550	5450	100
Madhya Pradesh	Khandwa	Mech-1	5650	5635	15
	Khargaon	Mech-1	5670	5620	50
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	6000	-200
	Hathras	Desi	4800	4800	Unch
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	6030	6023	7
	Hubli	D.C.H.	NR	5805	-
	Hubli	B.T. Cotton	NR	6639	-
	Raichur	H-44 Cotton	5800	5780	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Nov-18	15-Nov-18	
Punjab	Bhatinda	J-34	4620	4605	15

	Abohar	J-34	4630	4600	30
	Mansa	J-34	4600	4580	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4630	4610	20
Rajasthan	Sri-Ganganagar	J-34	4324	4324	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Nov-18	15-Nov-18	
Gujarat	Ahmedabad	Shankar-6	54400	42500	11900
	Gondal	Shankar-6	3865	4134	-269
	Rajkot	B.T. Cotton	5700	5000	700
	Patan	B.T. Cotton	27390	34790	-7400
	Kadi	B.T. Cotton	25000	20000	5000
	Deesa	B.T. Cotton	65	50	15
	Dhrol	B.T. Cotton	624	611	13
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5000	7000	-2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	NR	255	-
	Uchana	B.T. Cotton	3250	3425	-175
	Dabwali	B.T. Cotton	NR	1300	-
Rajasthan	Hanumangarh	B.T. Cotton	1100	1500	-400
	Rawatsar	B.T. Cotton	4000	3000	1000
Madhya Pradesh	Khandwa	Mech-1	2720	2130	590
	Khargaon	Mech-1	10520	11400	-880
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	130	100	30
	Hathras	Desi	50	50	Unch
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	3550	3400	150
	Hubli	D.C.H.	NR	272	-
	Hubli	B.T. Cotton	NR	8	-
	Raichur	H-44 Cotton	1260	1117	143
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	16-Nov-18	15-Nov-18	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1020	850	170
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1700	1190	510
Rajasthan	Sri-Ganganagar	J-34	4000	3500	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
				15-Nov-18	14-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

Refined Cottonseeds oil (10 KG)				
Centre	Unit	Price		Change
		16-Nov-18	15-Nov-18	
Rajkot	Rs. /10 Kg.	720	725	-5
New Delhi	Rs. /10 Kg.	705	705	Unch
Hyderabad	Rs. /10 Kg.	730	740	-10
Mumbai	Rs. /10 Kg.	738	748	-10
Cotton seed oil cake Rs/Qtl				
Centre	Unit	Price		Change
		16-Nov-18	15-Nov-18	
Mahesana (Kadi)	Rs./Qtl	2072	2013	59
Akola	Rs./Qtl	2002	1976	26

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16-Nov-2018		
Index	RMB/Ton	Change
CCIndex(328)	15582	-3
CCIndex(527)	14645	-10
CCIndex(229)	16172	-15
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 16-Nov-2018		
Index	Cents/lb	Change
FC Index (S)	90.65	0
FC Index (M)	86.74	0
FC Index (L)	84.89	0

Cotlook Index: As on 15-Nov-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	86.30	0.75

USDA-15.11.2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.25	77.5	0
North Delta	74.5	76.25	0
South Delta	74.5	76.25	0
East TX-OK	71	73.5	663
West Texas	71	73.5	890
Desert SW	70.5	74.5	0
SJ Valley	71	79.9	0
<p>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</p>			

Pakistan Cotton Spot rates: As on 15-Nov-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Thu November 15, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181115	76.45	76.87	75.85	76.25	-0.14	21,318	50,680	-7,076
Mar-19	181115	78.35	78.8	77.79	78.28	-0.07	24,418	1,24,353	6,380
May-19	181115	79.78	80	79.08	79.54	-0.09	5,114	31,335	1,297
Jul-19	181115	80.82	81.12	80.27	80.68	-0.07	2,160	15,522	256
Oct-19	181115	78.11	78.11	78.11	78.11	-0.11	0	4	0
Dec-19	181115	77.35	77.55	77.06	77.3	-0.2	701	29,414	44
Total Volume and Open Interest							53,749	2,53,234	935

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