

## Domestic Fundamentals:

### **Market Outlook:**

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**Mostly firm tone were quoted in the physical cotton spot market today on the back of lower supplies by sellers. Sellers want to wait in the market further higher prices. In the long run, prices may go up as International buyers are expected to import large quantities of cotton from India as a result prices may touch its higher record prices. Acreage drop and lower cotton production in the current season as well as adverse weather conditions in other key cotton growing countries and good global demand is likely to keep cotton prices firm in long run.**

#### **In the News:**

**According to the Cotton Advisory board, the cotton production of India is placed 2 to 3% lower to 36 mln bales in 2018-19 as compared to its estimates of 2017-18 followed by lower production estimates in Gujarat and Maharashtra on account of scanty rains. As per IMD, Gujarat got 484.6 mm rainfall, 28% below the normal, while Maharashtra got 925.8 mm rainfall, 8% below normal during the July-September 2018.**

**As per the recent USDA Report, 15 states of the world have picked total 98% of the 2017 cotton area so far. As on November 18,2018 Farmers have picked total 73% of cotton which is higher than previous year record i.e. 54% in the corresponding period of time supported by good weather condition.**

**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<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.**

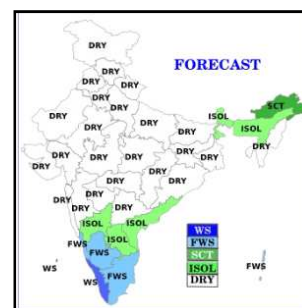
**As per reports from many Cotton Experts, the Indian Cotton Crop is very low. Due to poor rains, the cotton plant height across India in major parts is maximum 1-1/2 ft to 2 ft only. Usually in a normal crop, it should be about 4+ ft. There will hardly 2 pickings of good cotton. This will end by December 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.**

#### Weather Update:

**19<sup>th</sup> 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:

**ICE cotton futures prices rose on Wednesday trading sessions supported by good volume.** The most active cotton contract on ICE Futures U.S., the March 19 contract, settled up 0.01 cent, or 0.01 percent, at 78.78 cents per lb. The contract rose as much as 1.4 percent earlier in the session. It traded within a range of 78.05 cents and 78.78 cents a lb.

**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.

**As per sources, cotton output of China is estimated to touch the level down by 0.9% to 6.07 million tonne from the previous year.** Cotton acreage in the Yellow River area fell 8.3 percent from a year earlier and the Yangtze River region dropped 12.3 percent from a year ago, contributing to the drop in overall output of the fibre. China's top cotton growing region, is set to be 5.01 million tonnes in 2018, around the same level as last year, as an acreage increase offset yield decreases caused by bad weather earlier.

**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)	-1.18	1224	1228	1205	1211.5	5682	368	8654	-118

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	-0.13	22410	22520	22300	22390	1240	193	3007	-106
	-0.27	22490	22560	22350	22430	1539	167	5554	-64

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Nov-18	21-Nov-18	
Gujarat	Ahmedabad	Shankar-6	5750	5825	-75
	Gondal	Shankar-6	5705	Closed	-
	Rajkot	B.T. Cotton	5840	5775	65
	Patan	B.T. Cotton	5800	5740	60
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	5480	5530	-50
	Dhrol	B.T. Cotton	5675	5625	50
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5700	5700	Unch
	Bhiwani	Desi	6400	6400	Unch
	Adampur	B.T. Cotton	5550	5500	50
	Fatehabad	B.T. Cotton	5640	5550	90
	Jind	B.T. Cotton	5800	5720	80
	Uchana	B.T. Cotton	5600	5529	71
	Dabwali	B.T. Cotton	5850	5800	50
Rajasthan	Hanumangarh	B.T. Cotton	5600	5580	20
	Rawatsar	B.T. Cotton	5500	5425	75
Madhya Pradesh	Khandwa	Mech-1	5400	5585	-185
	Khargaon	Mech-1	NR	5520	-
Maharashtra	Amravati	Mech-1	5850	5900	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5700	100
	Hathras	Desi	5050	4700	350
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	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5700	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Nov-18	21-Nov-18	
Punjab	Bhatinda	J-34	4540	4510	30
	Abohar	J-34	4540	4520	20
	Mansa	J-34	4525	4450	75
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4520	4490	30
Rajasthan	Sri-Ganganagar	J-34	4277	4183	94

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Nov-18	21-Nov-18	
Gujarat	Ahmedabad	Shankar-6	51000	59500	-8500
	Gondal	Shankar-6	5250	Closed	-
	Rajkot	B.T. Cotton	6040	5810	230
	Patan	B.T. Cotton	17093	23147	-6054
	Kadi	B.T. Cotton	20000	35000	-15000
	Deesa	B.T. Cotton	40	60	-20
	Dhrol	B.T. Cotton	546	588	-42
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4000	6000	-2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	500	750	-250
	Jind	B.T. Cotton	680	595	85
	Uchana	B.T. Cotton	3220	2985	235
	Dabwali	B.T. Cotton	100	100	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1800	2000	-200
	Rawatsar	B.T. Cotton	1000	2000	-1000
Madhya Pradesh	Khandwa	Mech-1	2000	4125	-2125
	Khargaon	Mech-1	NR	7410	-
Maharashtra	Amravati	Mech-1	13000	13000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	250	150	100
	Hathras	Desi	150	80	70
Telangana	Adilabad	Un-Ginned	NR	NR	-

<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	1875	NR	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>22-Nov-18</b>	<b>21-Nov-18</b>	
<b>Punjab</b>	Bhatinda	J-34	6800	7650	-850
	Abohar	J-34	1020	850	170
	Mansa	J-34	510	680	-170
<b>Haryana</b>	Sirsa	J-34	1700	1700	Unch
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3000	3000	Unch

### Cotton Seed Oil Prices

Centre	Unit	Price		Change
		22-Nov-18	21-Nov-18	
Rajkot	Rs. /10 Kg.	705	700	5
New Delhi	Rs. /10 Kg.	685	685	Unch
Hyderabad	Rs. /10 Kg.	695	Closed	-
Mumbai	Rs. /10 Kg.	718	720	-2

### Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		22-Nov-18	21-Nov-18	
Mahesana (Kadi)	Rs./Qtl	1972	1969	3
Akola	Rs./Qtl	1950	NA	-

### 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
				21-Nov-18	20-Nov-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42600	42600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43100	43100	Unch
J-34(202)	26mm	3.5 - 4.9	23	NA	NA	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44200	NA	-

Shankar-6(105)	29mm	3.5 – 4.9	28	45000	45400	<b>-400</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46300	46600	<b>-300</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46600	46900	<b>-300</b>
DCH-32(107)	34mm	3.0 - 3.8	33	57600	57600	<b>Unch</b>

### INTERNATIONAL PRICES AND INDICES

<b>China Cotton Index: As on 22-Nov-2018</b>		
Index	RMB/Ton	Change
CCIndex(328)	15508	<b>-38</b>
CCIndex(527)	14576	<b>-36</b>
CCIndex(229)	16068	<b>-58</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 22-Nov-2018</b>		
Index	Cents/lb	Change
FC Index (S)	91.03	<b>1.28</b>
FC Index (M)	87.28	<b>1.30</b>
FC Index (L)	85.84	<b>1.29</b>

<b>Cotlook Index: As on 21-Nov-2018</b>		
Cotlook Indices	Cents/Pound	Change
<b>A-Index</b>	85.50	<b>-0.55</b>

<b>USDA-21.11.2018</b>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.78	79.03	NIL
North Delta	76.03	77.78	NIL
South Delta	76.03	77.78	NIL
East TX-OK	72.53	75.03	<b>1574.00</b>
West Texas	72.53	75.03	<b>3430.00</b>
Desert SW	72.03	76.03	NIL
SJ Valley	72.53	81.43	NIL

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 20-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 21, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-18</a>	181121	75.30	77.20	75.11	76.51	1.24	10,480	18,556	-5,807
<a href="#">Mar-19</a>	181121	77.37	79.39	77.25	78.78	1.35	19,466	128,556	1,585
<a href="#">May-19</a>	181121	78.64	80.45	78.48	79.88	1.21	5,188	33,903	1,018
<a href="#">Jul-19</a>	181121	79.84	81.51	79.65	81.01	1.14	661	16,680	265
<a href="#">Oct-19</a>	181121	78.26	78.26	78.26	78.26	1.12	0	4	0
<a href="#">Dec-19</a>	181121	76.66	77.48	76.60	77.08	0.45	250	30,635	156
Total Volume and Open Interest							36,051	230,275	-2,782

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