

Domestic Fundamentals:**Market Outlook:**

Mixed trend are continued in the cotton spot market on improved demand. Cotton prices in Gujarat market quoted lower side amid higher arrival pace. Moderate demand could not support prices to rise in Gujarat. Weak international market prices may curb further hike of domestic cotton 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. Importers may get active as supported by strong Rupee.

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.

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 44500 to 47,000 Rs./Candy during the week.

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.

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 in mixed zone across major trading centers. Gujarat 29mm cotton traded around INR 45200 per candy. The Indian rupee vs. the US dollar stabilized in the range of 70.67 to 74.00 in 30 days.

Weather Update:

23rd Nov 2018, Heavy rainfall at a few places and very heavy at isolated places observed over north Tamilnadu & Puducherry and Heavy rain observed at isolated places over Rayalaseema and south Coastal Andhra Pradesh.

- Dry weather likely over the rest of the country.
- 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 plunged on Friday on concern of oversupply against demand . The most active cotton contract on ICE Futures U.S., the March 19 contract, is 1.7% down to 74.29 cents per lb against last day record. International prices are almost 2% down during this week compared to last week prices. As on 21st November, Certificated cotton stocks 21 totaled stood at 139,046 480-lb bales, up from 131,835 in the previous session.



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 lakhbales 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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-18	-0.92	21600	21660	21410	21550	1579	-200	841	-200
Jan-19	-0.86	19820	19870	19490	19650	515	-170	1108	-170
Spread	Dec-18			-		-	--	--	
Spot						-	-	-	
Jan-18						-	-	-	

(NB: Spread Basis = Spot- Near Month Future)
* Updated at as on 26-Nov- 2018

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Nov-18	26-Nov-18	
Gujarat	Ahmedabad	Shankar-6	5625	5650	-25
	Gondal	Shankar-6	5595	5640	-45
	Rajkot	B.T. Cotton	5675	5690	-15
	Patan	B.T. Cotton	5675	5650	25
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	5425	5500	-75
	Dhrol	B.T. Cotton	5455	5555	-100
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch
	Bhiwani	Desi	6300	6300	Unch
	Adampur	B.T. Cotton	5480	5480	Unch
	Fatehabad	B.T. Cotton	5470	5500	-30
	Jind	B.T. Cotton	5800	5760	40
	Uchana	B.T. Cotton	NR	5585	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5400	-
	Khargaon	Mech-1	5522	5520	2
Maharashtra	Amravati	Mech-1	5725	5750	-25
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	5750	5750	Unch
	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	5833	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5650	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Nov-18	26-Nov-18	
Punjab	Bhatinda	J-34	4450	4460	-10
	Abohar	J-34	4450	4465	-15
	Mansa	J-34	4450	4340	110
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4430	4430	Unch
Rajasthan	Sri-Ganganagar	J-34	4277	4277	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Nov-18	26-Nov-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3570	3918	-348
	Rajkot	B.T. Cotton	6450	7000	-550
	Patan	B.T. Cotton	31550	26481	5069
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	55	40	15
	Dhrol	B.T. Cotton	671	713	-42
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5000	4000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	950	961	-10
	Uchana	B.T. Cotton	NR	3160	-
	Dabwali	B.T. Cotton	850	1000	-150
Rajasthan	Hanumangarh	B.T. Cotton	3000	4500	-1500
	Rawatsar	B.T. Cotton	5000	2000	3000
Madhya Pradesh	Khandwa	Mech-1	Closed	2500	-

	Khargaon	Mech-1	28950	11360	17590
Maharashtra	Amravati	Mech-1	13000	14000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	60	60	Unch
	Hathras	Desi	60	30	30
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	3737	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1597	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Nov-18	26-Nov-18	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	510	340
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	2040	1360	680
Rajasthan	Sri-Ganganagar	J-34	3000	2500	500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Nov-18	23-Nov-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42300	42300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42800	42800	Unch
J-34(202)	26mm	3.5 - 4.9	23	NA	NA	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43900	43900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	44700	44700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46000	46000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46300	46300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	57400	57400	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		27-Nov-18	26-Nov-18	
Rajkot	Rs. /10 Kg.	685	695	-10
New Delhi	Rs. /10 Kg.	700	705	-5

Hyderabad	Rs. /10 Kg.	700	700	Unch
Mumbai	Rs. /10 Kg.	720	720	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		27-Nov-18	26-Nov-18	
Mahesana (Kadi)	Rs./Qtl	1928	1949	-21
Akola	Rs./Qtl	1929	1947	-18

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 27-Nov-2018		
Index	RMB/Ton	Change
CCIndex(328)	15432	-55
CCIndex(527)	14489	-69
CCIndex(229)	15953	-45
RMB -Renminbi, 1RMB =0.16 \$U.S.		
China Foreign Cotton (FCE) Index : As on 27-Nov-2018		
Index	Cents/lb	Change
FC Index (S)	91.00	1.37
FC Index (M)	87.45	1.57
FC Index (L)	86.31	1.85

Cotlook Index: As on 26-Nov-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	86.75	Unch

USDA Cotton Spot Rates: As on 26-Nov-2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.93	78.18	NIL
North Delta	75.18	76.93	NIL
South Delta	75.18	76.93	NIL
East TX-OK	71.68	74.18	2191
West Texas	71.68	74.18	952
Desert SW	71.18	75.18	NIL
SJ Valley	71.68	80.58	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

ICE Cotton Futures (Prices in cents/lb.): Ason26-Nov-2018

Contract	Open	High	Low	Close	Change
18-Dec	75.22	77.40	75.19	77.40	2.48
19-Mar	77.20	78.70	77.18	78.58	1.36
19-May	78.51	79.84	78.44	79.75	1.26
19-Jul	79.80	80.95	79.66	80.88	1.17
19-Oct	77.82	77.82	77.32	77.82	0.67
19-Dec	76.60	77.00	76.24	76.97	0.42

Pakistan Cotton Spot rates: As on26-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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2018 Indian Agribusiness Systems Pvt. Ltd.