

Domestic Fundamentals:**Market Outlook:**

Cotton prices in spot markets extended its mixed trend on ups and downs in demand. However, Cotton prices in Gujarat market quoted lower side amid higher arrival pace. In Gujarat, cotton prices quoted lower prices on account of lower demand amid strong Rupees against dollar. Daily Prices of Shankar-6 cotton variety stood remain at Rs. 44200 per candy like previous day. On weekly front, Shankar-6 cotton prices declined by 3-4% from Rs 45, 500-45, 800 per candy (one candy weighs 356 kg) to Rs 43, 800-44, 400 a candy within a week due to lower demand. Appreciating rupees raise adverse condition for Indian cotton exporters. Strong dollar help Indian cotton exporters to offer its product at competitive prices in the global markets to earn more profit. Slow demand in natural fibre and yarn market are not supporting cotton prices to go up. Arrival pace of the cotton is also slow. It is registered at near 40,000 bales (170 kg) in regular basis which is lower than 70,000 to 75,000 bales in previous year record during the same period of time.

In the News:

As per the trade estimates, production of cotton may fall by 16% to 88 lakh bales in Gujarat in 2018/19 season as compared to 105 lakh bales in 2017/18 despite increase in area under cotton cultivation.

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.

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.

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.

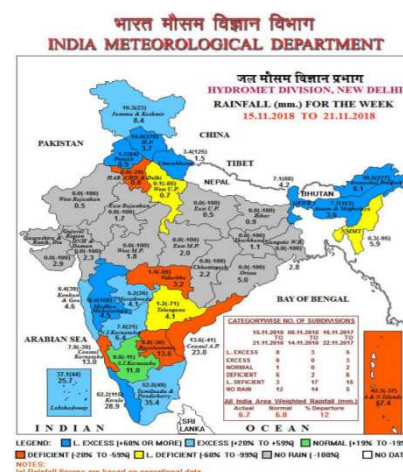
Cotton prices traded in mixed zone across major trading centers. Gujarat 29mm cotton traded around INR 45200 per candy. The Indian rupee vs. the US dollar stabilized in the range of 70.67 to 74.00 in 30 days.

Weather Update:

15 to 21st November 2018, Heavy to very heavy rainfall with extremely heavy falls had been reported at isolated places over Kerala; Heavy to very heavy rainfall at isolated places had been reported over Tamilnadu & Puducherry and heavy rainfall at isolated places had been reported over Coastal Andhra Pradesh, Telangana and South Interior Karnataka on one day each during the week.

Weather Forecast:-

- Dry weather likely over the rest of the country.
- Isolated to scattered rainfall likely over Andaman & Nicobar Islands and south peninsular India on 3rd December and scattered to fairly widespread rainfall over these regions on 4th December..
- 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 fell by 1 percent on Tuesday (27 November 2018) as fresh concerns about the Sino-U.S. trade war and a strengthening dollar. The most active cotton contract on ICE Futures U.S., the March 19 contract, is 0.7% down to 77.88 cents per lb against last day record. As on 27th November, Certificated cotton stocks 21 totaled stood at 142,879 480-lb bales, up from 140,480 in the previous session. Total futures market volume declined by 3,837 to 14,642 lots. While, total open interest went down to 1,347 to 220,462 contracts in the previous session.

As per the recent USDA Recent Report, 15 states of the world have picked total 98% of the 2017 cotton area so far. As on November 26,2018. Farmers have picked total 70% of cotton which is lower than previous year record i.e. 78% in the corresponding period of time due adverse weather condition. While, current harvested crop size is more than last week record i.e. 59%. It has reported average 77% of total picked cotton crop size during 2013 to 2017 period of time.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-18	-0.60	21540	21540	21300	21400	356	-130	280	-130
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
			28-Nov-18	27-Nov-18	
State	Centre	Variety			
Gujarat	Ahmedabad	Shankar-6	5650	5625	25
	Gondal	Shankar-6	5600	5595	5
	Rajkot	B.T. Cotton	5675	5675	Unch
	Patan	B.T. Cotton	5640	5675	-35
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	5335	5425	-90
	Dhrol	B.T. Cotton	NR	5455	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-

Haryana	Bhiwani	B.T. Cotton	5700	5650	50
	Bhiwani	Desi	6300	6300	Unch
	Adampur	B.T. Cotton	5500	5480	20
	Fatehabad	B.T. Cotton	5500	5470	30
	Jind	B.T. Cotton	5810	5800	10
	Uchana	B.T. Cotton	5515	NR	-
	Dabwali	B.T. Cotton	5455	5450	5
Rajasthan	Hanumangarh	B.T. Cotton	5550	5500	50
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	5522	-
Maharashtra	Amravati	Mech-1	5740	5725	15
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5750	5750	Unch
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	5425	5440	-15
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	5813	5833	-20
	Hubli	D.C.H.	NR	5739	-
	Hubli	B.T. Cotton	NR	6911	-
	Raichur	H-44 Cotton	5650	5650	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Nov-18	27-Nov-18	
Punjab	Bhatinda	J-34	4460	4450	10
	Abohar	J-34	4460	4450	10
	Mansa	J-34	4450	4450	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4440	4430	10
Rajasthan	Sri-Ganganagar	J-34	4324	4277	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Nov-18	27-Nov-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3594	3570	24
	Rajkot	B.T. Cotton	5600	6450	-850
	Patan	B.T. Cotton	27438	31550	-4112
	Kadi	B.T. Cotton	35000	20000	15000
	Deesa	B.T. Cotton	60	55	5

	Dhrol	B.T. Cotton	NR	671	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4000	5000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	600	700	-100
	Jind	B.T. Cotton	799	950	-151
	Uchana	B.T. Cotton	2215	NR	-
	Dabwali	B.T. Cotton	875	850	25
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	4000	5000	-1000
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	28950	-
Maharashtra	Amravati	Mech-1	14000	13000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	60	60	Unch
	Hathras	Desi	60	60	Unch
Telangana	Adilabad	Un-Ginned	10667	13467	-2800
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	4140	3737	403
	Hubli	D.C.H.	NR	328	-
	Hubli	B.T. Cotton	NR	78	-
	Raichur	H-44 Cotton	595	1597	-1002
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Nov-18	27-Nov-18	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	1700	2040	-340
Rajasthan	Sri-Ganganagar	J-34	4000	3000	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Nov-18	26-Nov-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41800	42100	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42300	42600	-300

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	44200	44200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45800	45800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46400	46200	200
DCH-32(107)	34mm	3.0 - 3.8	33	57700	57400	300

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		28-Nov-18	27-Nov-18	
Rajkot	Rs. /10 Kg.	682	685	-3
New Delhi	Rs. /10 Kg.	700	700	Unch
Hyderabad	Rs. /10 Kg.	700	700	Unch
Mumbai	Rs. /10 Kg.	712	720	-8

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		28-Nov-18	27-Nov-18	
Mahesana (Kadi)	Rs./Qtl	1947	1928	19
Akola	Rs./Qtl	1939	1929	10

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 28-Nov-2018</u>		
Index	RMB/Ton	Change
CCIndex(328)	15429	-3
CCIndex(527)	14484	-5
CCIndex(229)	15942	-11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 28-Nov-2018</u>		
Index	Cents/lb	Change
FC Index (S)	90.56	-0.44
FC Index (M)	86.89	-0.56
FC Index (L)	85.71	-0.60

<u>Cotlook Index: As on 27-Nov-2018</u>		
Cotlook Indices	Cents/Pound	Change

A-Index	86.40	1.15
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USDA Cotton Spot Rates: As on 27-Nov-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.88	78.13	NIL
North Delta	75.13	76.88	NIL
South Delta	75.13	76.88	NIL
East TX-OK	71.63	74.13	3742
West Texas	71.63	74.13	6577
Desert SW	71.13	75.13	NIL
SJ Valley	71.63	80.53	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.): Ason27-Nov-2018

Contract	Open	High	Low	Close	Change
18-Dec	77.09	77.13	76.50	76.77	-0.63
19-Mar	78.50	78.50	77.53	77.88	-0.70
19-May	79.61	79.64	78.72	79.04	-0.71
19-Jul	80.47	80.47	79.90	80.18	-0.70
19-Oct	77.32	77.32	77.32	77.32	-0.50
19-Dec	76.65	76.65	76.41	76.62	-0.35

Pakistan Cotton Spot rates: As on 26-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

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