

Domestic market summary

Domestic market Scenario: Cotton spot markets noticed weak during the month. Average price of Lint at Sirsa during the month was Rs. 4536 per maund (of 37.32 Kg each), lower compared to the previous month price of Rs 4557. However Cotton spot market prices expected to trade sideways to lower on steady demand but expectation of higher arrivals may keep prices under pressure in coming month. Moreover, export demand from China, Bangladesh, Vietnam and opening up of Pakistan market to keep prices high this season. Cotton fiber (Shankar-6) prices noticed slightly weak this month. Average price was Rs45443 per candy (of 355.6 kg each) during the month, which was Rs46675 per candy previous month.

Monthly Price Outlook : In the coming month we expect Kapas price to remain to Range bound with the price band of Rs 5400-6300per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

Major Market Highlights:

Cotton prices traded lower in the domestic market on rising supplies, slow demand from spinning mills and a stronger Indian rupee. Slow offtake in yarn prompted mills to buy on hand to mouth basis. Arrivals are at 160'000 bales per day approximately and are expected to surge from early December onwards.

in Maharashtra, though cotton prices are hovering near minimum support prices, procurement by the Cotton Corp of India has so far received tepid response. Farmers have held back produce on belief that prices will rise for sure after Makar Sankranti festival (which falls around mid-January) due to a smaller crop, said an official at Maharashtra State Co-Operative Cotton Growers Marketing Federation. The minimum support price for medium-staple variety of cotton is 5,150 rupees per 100 kg, and that for long staple at 5,450 rupees per 100 kg, both 1,130 rupees higher on year. Prices at Cotton Corp's procurement centres in Aurangabad and Akola had been at intervention levels over the last couple of days. However, Cotton Corp could procure just a couple of hundred of bales so far at both the centres. "Arrivals in most centres in Maharashtra have not picked up as expected as farmers are hoarding the crop or selling it to private ginners and millers at higher prices," a senior official at Cotton Corp said.

At Akola, the crop is 135 to 140 days old at boll development and bursting stage. No infestation of weeds. Due to early withdrawal of rains, flowering and growth development stages of cotton was affected. Overall season was not good for cotton crop due to excess rainfall and heavy incidence of sucking pest in the region resulted heavy reduction of yield. Pickings are in progress.

Trade sources have reported slow down of orders from China and also some defaults by Chinese importers as weakness in Yuan and simultaneous strength in Indian Rupee made imports untenable. China is also struggling with uncertainty over US trade policy, as President Trump has threatened further tariffs over all remaining Chinese goods which would include textile products.



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.

The CCI procurement operations have started in Warangal and Mehboob Nagar districts of Telangana, 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.

In Rajkot the price sentiment has witnessed bullish since last month, with prices hovering in the range of Rs 21,900-22,500 per bale of 170 kg ginned cotton of 29 mm quality. This is about 20 per cent higher than last year. The arrivals have been thin at about 41 lakh bales so far as on November 15, which was about 58 lakh bales around same time last year.

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, now it has been reduced to 343.25 lakh bales lower than 2017-18 production of 365 lakh bales. Due 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 unfavorable weather conditions.

Domestic Cotton Balance sheet

Supply	2016-17	2017-18	2018-19*
Opening Stock	36.5	30	20
Production	337.25	365	353
Imports	27	15	27
Total Supply	400.75	410	400
Demand			
Mill	265	275	280
Small mill	27	30	35
Non Mill	15.75	15	20
Total Consumption	307.75	320	335
Exports	63	70	60
Total Consumption	370.75	390	390
Ending Stocks	30	20	10



Source: Agriwatch & CAI

Balance Sheet Highlight (2017-18):

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 353 lakh bales (of 170 kg each) which is lower compared to production of last season. Following lower production, imports will rise marginally to 27 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock imports, and lower production of cotton availability would be standing lower this season at 400 lakh bales compared to 410 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 335 lakh bales compared to 320 lakh bales during the previous season.

Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 60 lakh bales of cotton in the season 2017-18.

Ending stocks are expected to be around 10 lakh bales, it is lower compared to the ending stocks of previous season

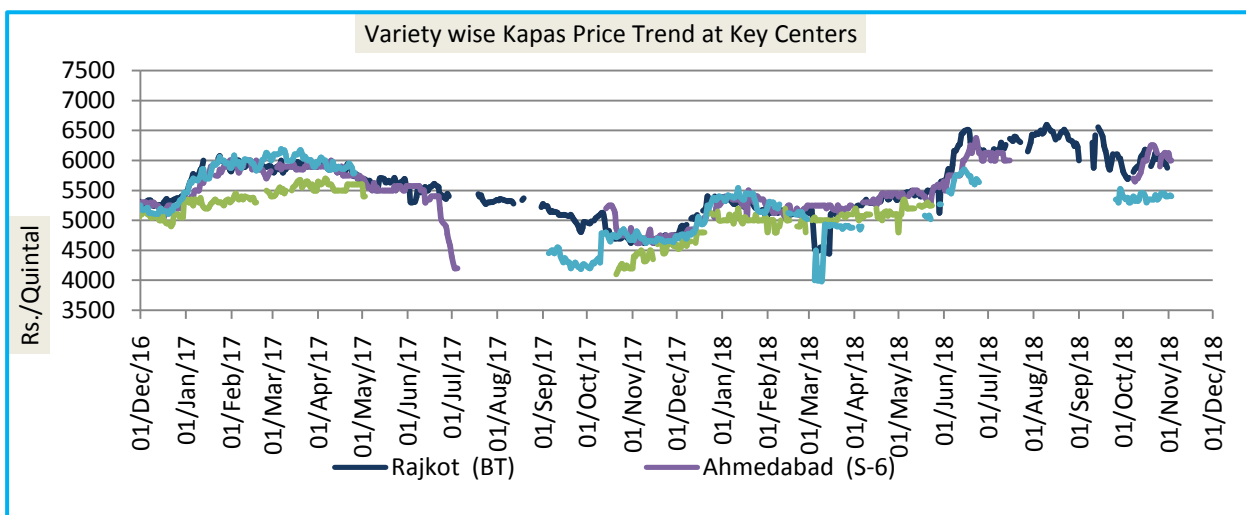
Domestic Cotton Prices Scenario

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

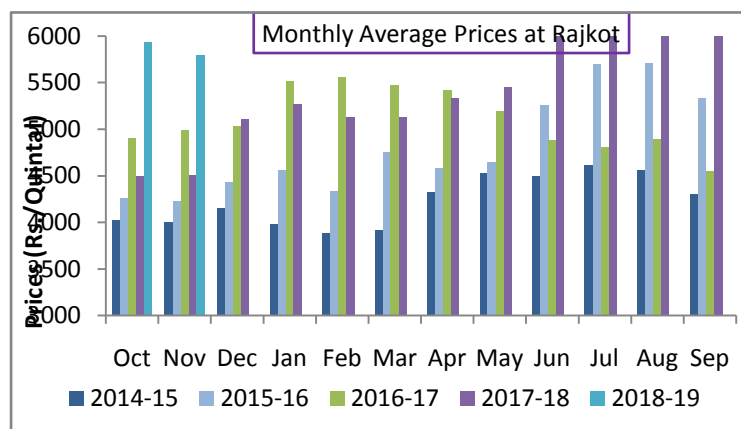
Monthly Price Review: monthly kapas average price at Rajkot rose is Rs 580/quintal this month.

Monthly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5500-6350 per quintal for the coming month..





Kapas Monthly M-o-M Price Scenario



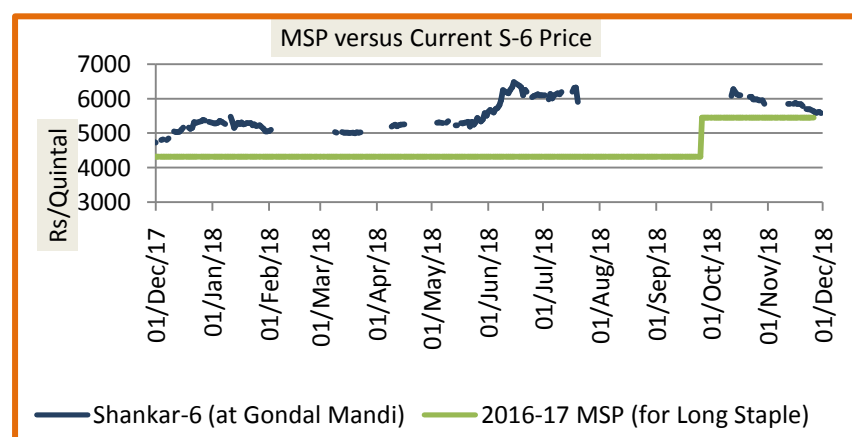
Kapas(seed cotton) prices in country noticed weak tone during the Nov month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs. 5802 per quintal during Nov, which was Rs. 5940 during previous month and Rs.4504 per quintal during the corresponding month last year.

We expect Kapas prices to remain to firm in the

coming month. The expected price range for Sep month is likely to be Rs 5500-6300 per quintal.

Spot Price versus MSP

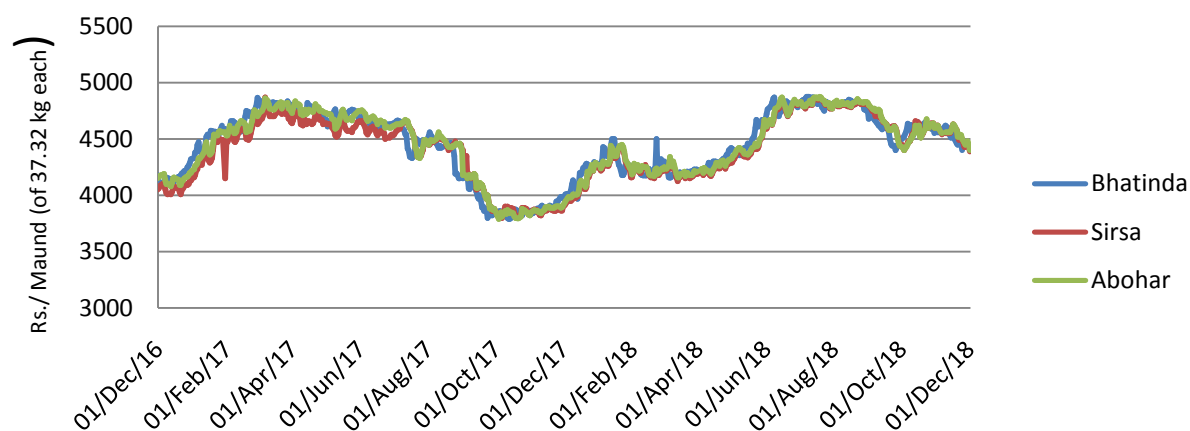


The Kapas prices are ruling above the MSP so far. The gap between the two prices has decreased this month of Nov. The average gap between the prices was Rs 286 compared to Rs 505 a month earlier. This indicates prices are decreasing.

Lint price Outlook

Lint prices remained slightly weak during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs.4536 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4559 per maund.

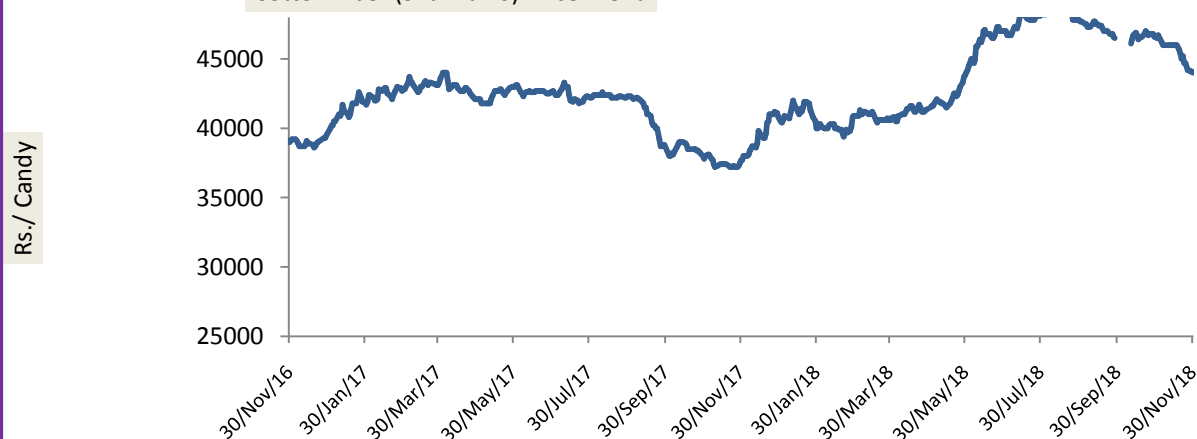
Lint Price Trend at Key Centers



Cotton Fiber price Outlook

Cotton fiber noticed down trend in this month compared to the previous month amid good demand in domestic and international market monthly average prices noticed weak due to new crop this month/raising in arrivals. Average price was Rs 45443 per candy (of 355.6 kg each) during the month, which was Rs 46670 per candy previous month. and around Rs 37461 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs 44000 -46000 per candy in the coming month candy.

Cotton Fiber (Shankar-6) Price Trend



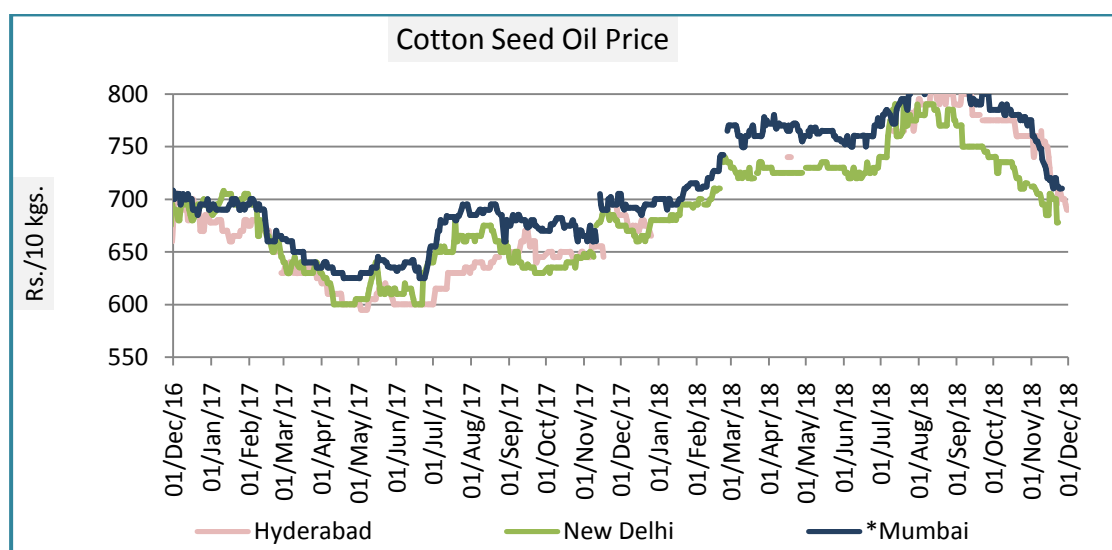


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed weak tone during the month. Monthly average price in New Delhi is Rs 702 per 10 Kg, lower compared to the monthly average price of Rs 734 per 10 Kg in previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Nov	Oct	
New Delhi	702	734	-4.36
Rajkot	714	762	-6.30
Hyderabad	729	769	-5.20
Mumbai*	741	785	-5.61



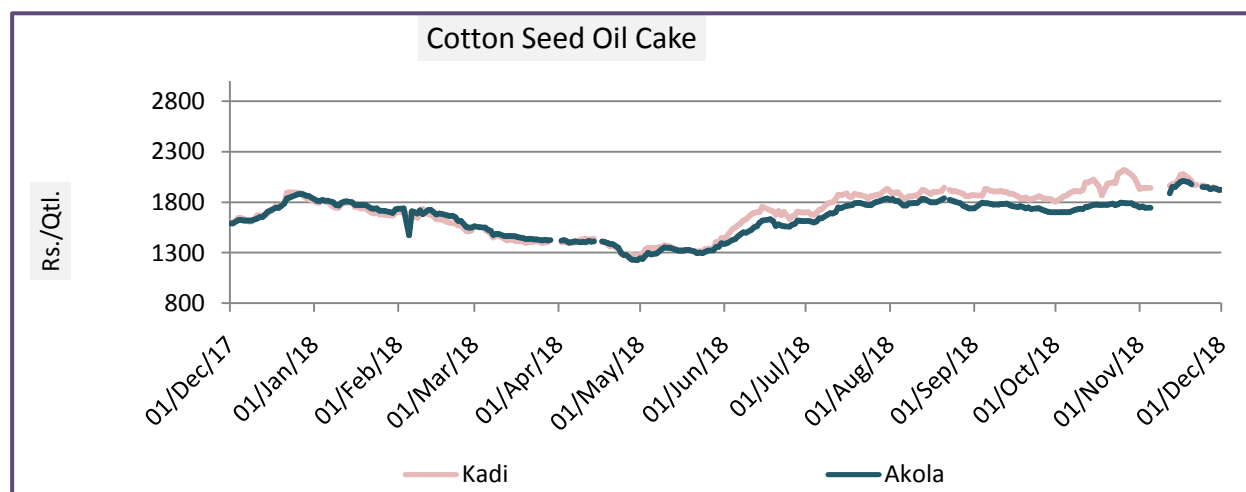
Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed slightly firm tone during this month. Monthly average price in Akola remained Rs 1911 per quintal, higher compared to the month average price of Rs 1753 per quintal in the previous month.



Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Nov	Oct	
Kadi	1974	1968	0.30
Akola	1911	1753	9.01

*Source: NCDEX



International Market Scenario

International cotton prices remained same during the month. Cotlook A index monthly average stood 86.80 at cents/pound this month, which was 86.80 cents/pound during last month

Major Market Highlights:

Despite potential record world consumption, demand factors have turned a bit weaker with China and India, the world's largest two largest textile economies, under pressure. Also, the Turkish financial crisis has created a drag on the market. Turkey is one of the world's primary textile economies and mills have turned very nervous about the first and second quarter of 2019. Too, Chinese apparel mills have noted their forward apparel sales are lagging projections.

Cotton prices traded lower in the domestic market on rising supplies, slow demand from spinning mills and a stronger Indian rupee. Slow offtake in yarn prompted mills to buy on hand to mouth basis. Arrivals are at 160'000 bales per day approximately and are expected to surge from early December onwards. The Indian rupee against the USD strengthened to an 11 week high, mainly on the back of collapsing crude oil prices and short-term firmer equity markets. Lower retail inflation data also bolstered the market sentiment.



New crop March futures now stands at 77 and change. There is clear resistance around 81 cents. What does that mean in everyday language? It means 81 to 82 cents is a hurdle the market has to successfully negotiate if we are to realize something better at some point in our future-like 85 cents.

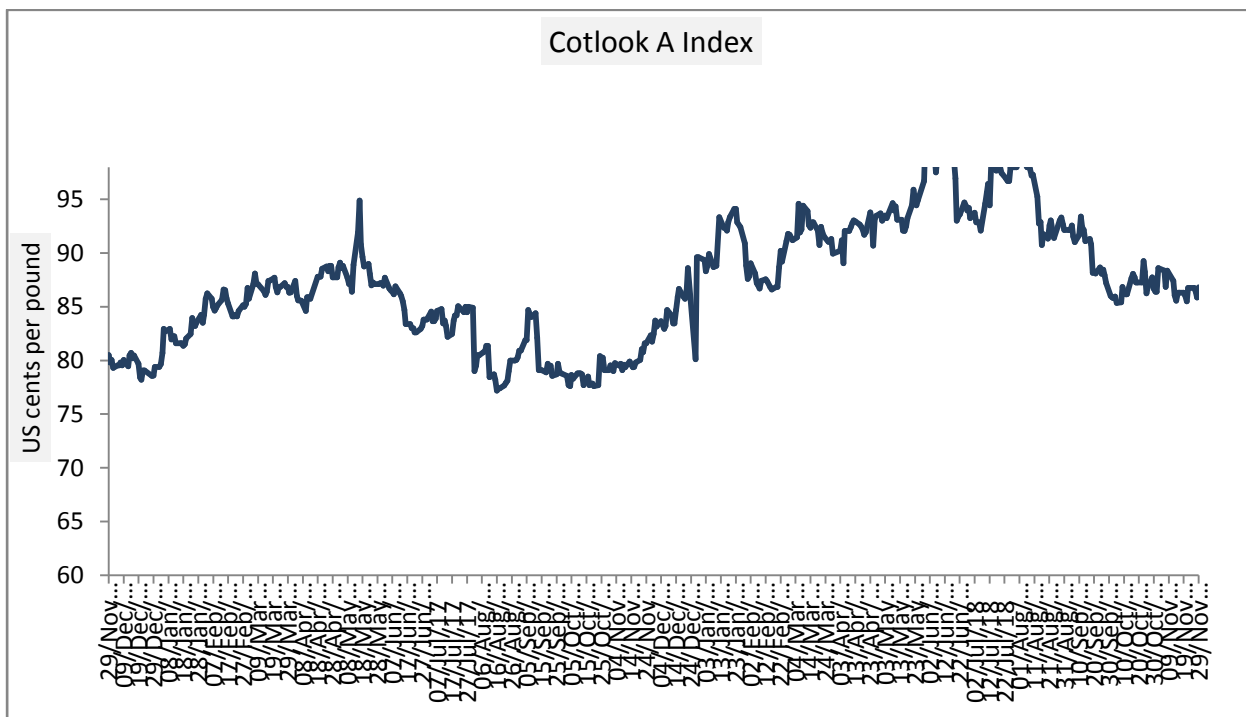
This month's 2018/19 U.S. balance sheet shows lower production, consumption, exports, and ending stocks. Production is reduced 1.35 million bales due mainly to decreases in the Southeast, reflecting the impact of adverse weather. Domestic mill use is reduced 100,000 bales and exports are reduced 500,000 bales. Projected ending stocks in 2018/19 are 700,000 bales lower this month, at 4.3 million bales or 24 percent of use.

As per the latest update by International Cotton Advisory Committee (ICAC), global cotton area is currently projected to decrease by 2% to 33.4 million hectares during 2018/19. Global yields are expected to decline by 1% to 777 kg per hectare, remaining close to the 10-year average of 770 kg per hectare. Global production is projected to decrease by 4% to 26 million tonnes. Global stocks are expected to decline to 17.2 million tonnes

Cotlook A Index

Cotlook A index remained steady during the Month.

Cotlook A Index	Monthly Average Price as on		% Change
	Oct	Sep	
Prices	86.60	86.60	UNCH
Prices in US cents per Pound			

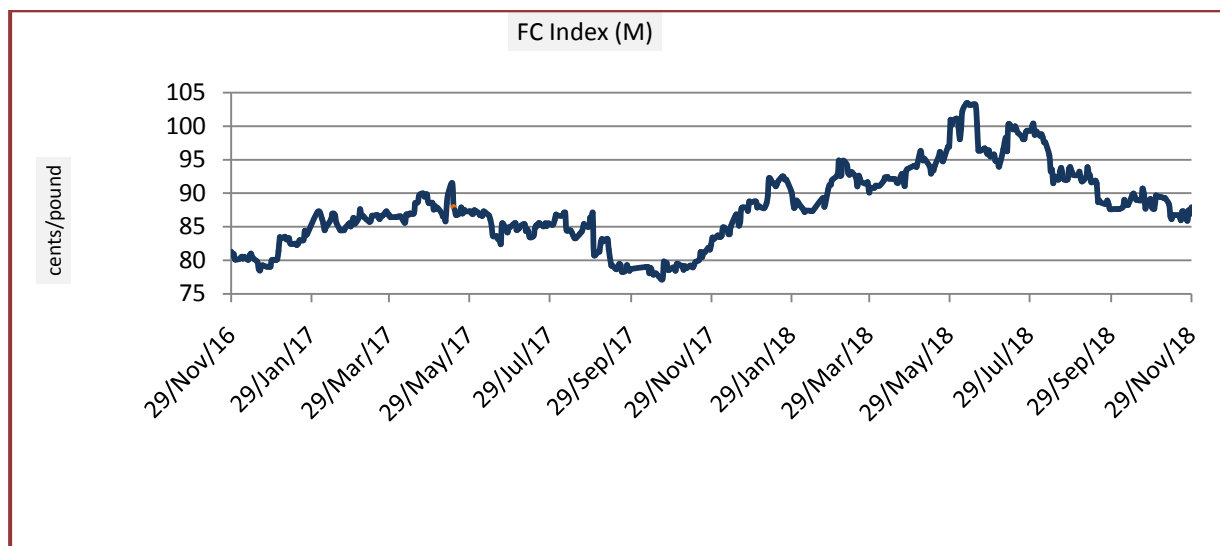




China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	Nov	Oct	
FC (S)	91.46	92.35	-0.96
FC (M)	87.65	88.64	-1.12
FC (L)	85.97	86.98	-1.16

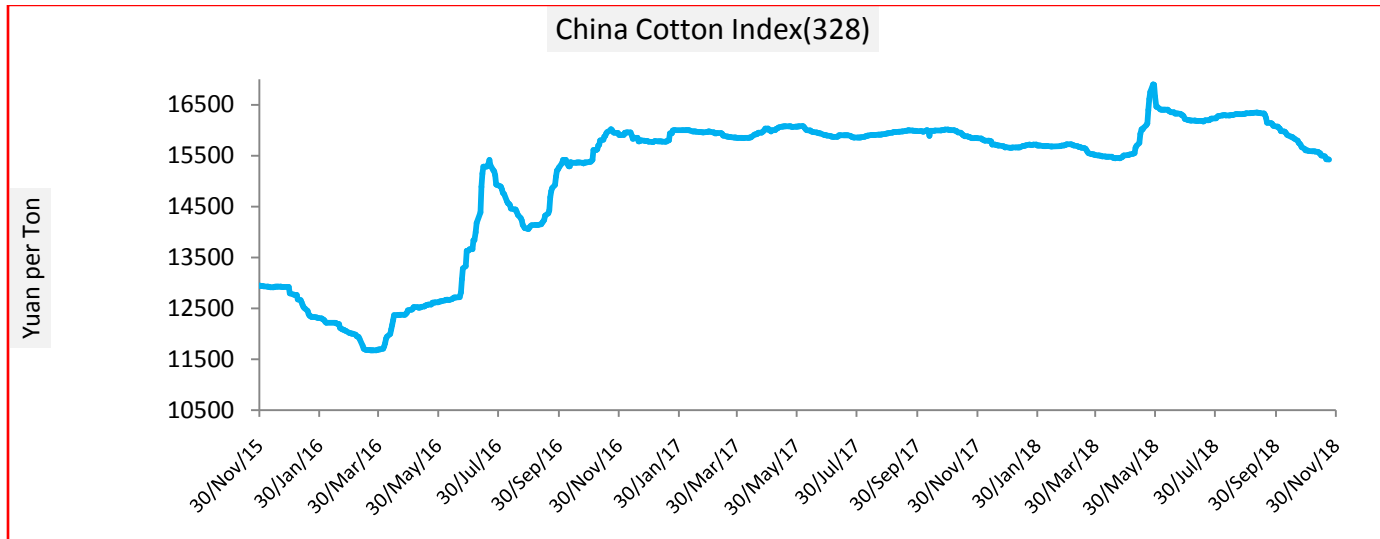
Prices in US cents per Pound



China Index remained slightly firm during the Month. CC Index (328) remained 1553 Yuan per ton during the month. Average was 15959 Yuan per ton during previous month.

Cotton Index	Monthly Average Price as on		% Change
	Nov	Oct	
CCIndex(328)	15553	15959	-2.54
CCIndex(527)	14621	14926	-2.04
CCIndex(229)	16132	16667	-3.21

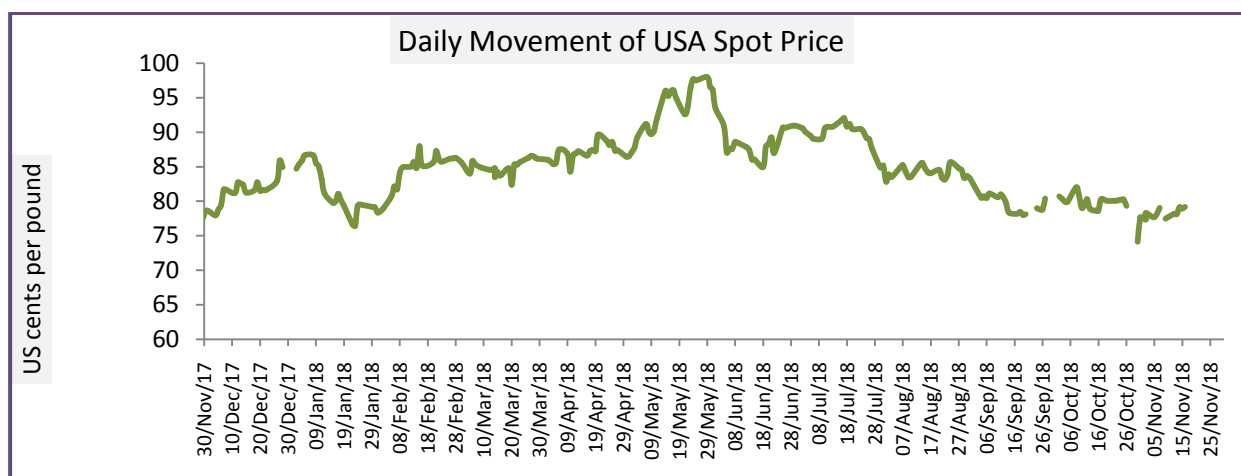
Prices in Yuan per ton



USA Spot Prices

U.S. cotton planted area for 2018 was increased nearly 4 percent in September based on acreage reported to USDA's Farm Service Agency (FSA). Planted area was estimated at 14.0 million acres by USDA's National Agricultural Statistics Service (NASS), while harvested area was projected at 10.55 million acres—up 4 percent from the August forecast. As a result, abandonment in 2018 is expected near 25 percent, compared with 12 percent in 2017. The national yield is forecast 10 pounds below 2017's record at 895 pounds per harvested acre.

USA Spot Prices	Monthly Average Price as on		% Change
	Nov	Oct	
Prices	78.62	79.43	-1.02
Prices in US cents per Pound			



Pakistan Spot Prices

Cotton production is estimated to fall 25 percent short of its target of 14.37 million bales in the current season as water shortage and pest attacks have squeezed the crop yields – signaling hard time ahead for the already struggling economy that is heavily reliant on fibre.

Official data on last week revealed that cotton output for 2018/19 is estimated at 10.847 million bales as water shortage and cotton leaf curl virus (CLCV) held back overall gains of areas under cultivation. The data showed that cotton production in the Punjab is estimated at 8.077 million bales as against the target of 10 million bales, while Sindh's output is feared to be just 2.60 million bales against the target of 4.20 million bales.

The country achieved a decade-high growth of 5.8 percent during the last fiscal year, but analysts feared the economy is likely to slide off on external pressures. An estimate said one million bales have an impact of 0.5 percentage points on GDP and the effect of cotton shortage on the economy due to the sector's backward and forward linkages with textile industry could simply be assessed.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Nov	Oct	
Prices	8781	8695	0.99
Prices in Rs per 37.32 Kg			



Technical Analysis of Cotton Future(Oct contract)

Commodity: Cotton
Contract: Dec

Exchange: MCX
Expiry: Dec 30, 2018

Cotton

Technical Commentary:

- Candlestick pattern of weekly chart shows significant fall in the market on selling pressures.
- Low prices and high volume indicate short build up phase of the market.
- 9 day EMA and 18 day EMA are also moving down .
- Oscillator like RSI fell and indicates further fall in the market.
- We will advise traders to buy.



Strategy: **Buy**

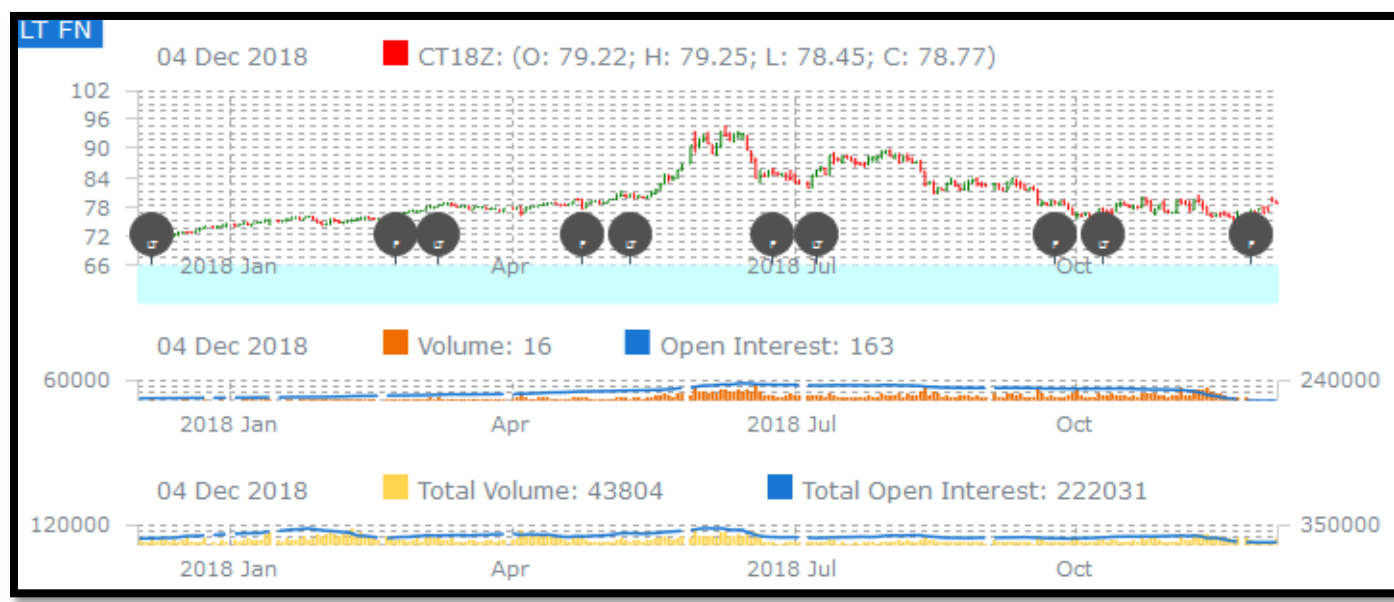
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Oct	21750	21800	21880	22600	22650
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Oct	Buy	Above 21900	22400	22500	21600

Technical Analysis of Cotton Future (Dec'18 Contract) at ICE



Monthly Technical Outlook:

Technical Analysis of Cotton Future (Dec'18 Contract) at ICE



- Candlesticks denote bearish movement in the market.
- Volume increased while Open Interest decreased.
- We expect cotton prices to remain sideways to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to BearishMomentum	75-85

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
75.00	70.00	100.00	90.00

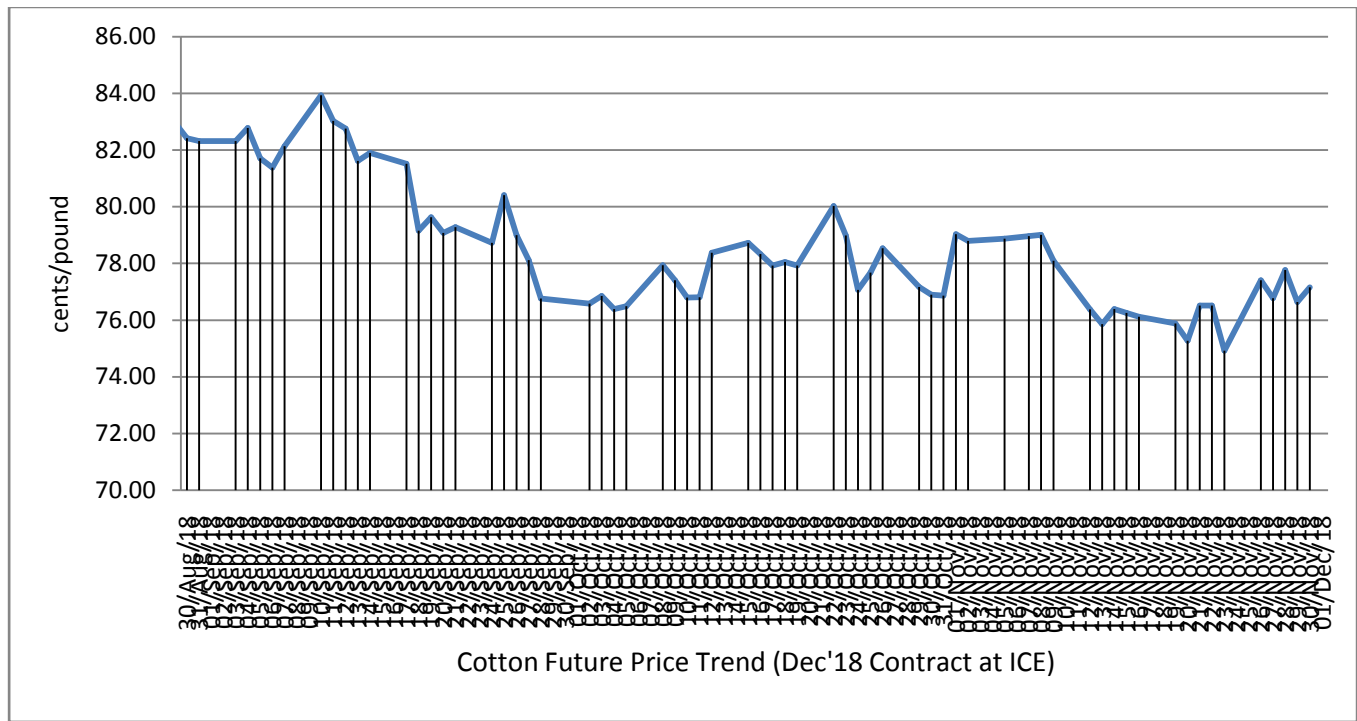
Figures in US cents/pound



Cotton Future Prices at IC

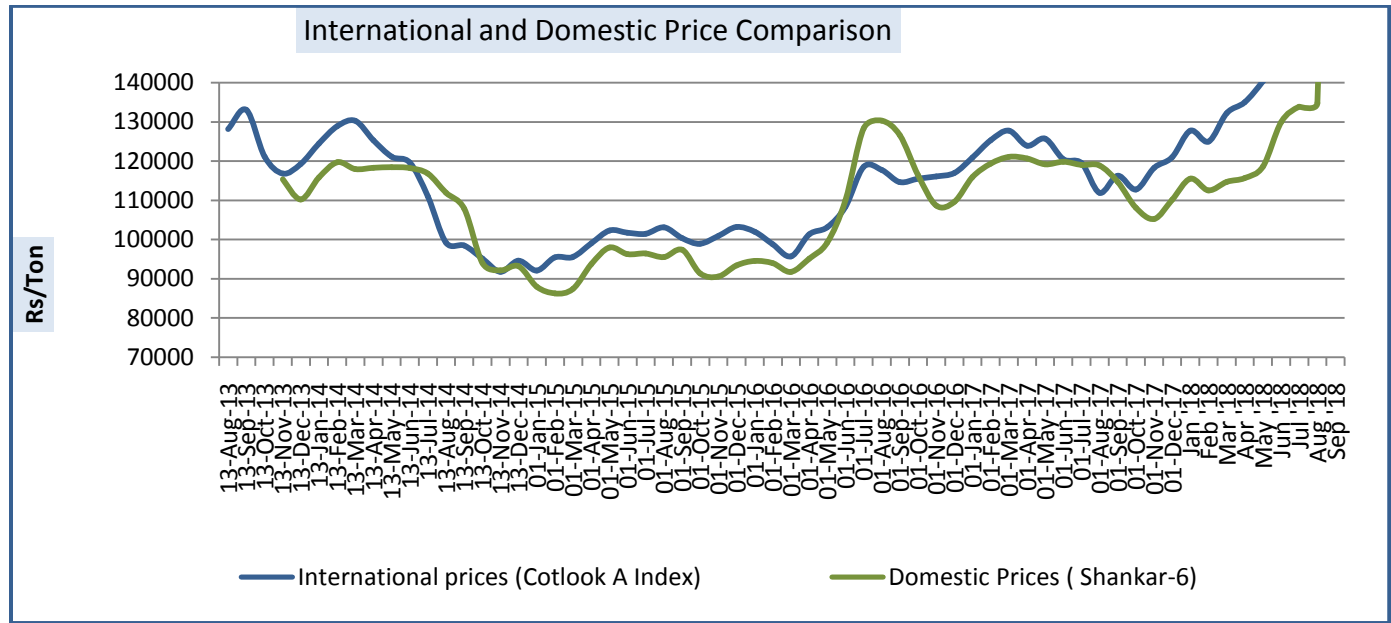
Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	30_Nov_2018	30_Oct_2018 (1 month ago)	30_Sep_2018 (3 month ago)	30_Jun_2018 (6 month ago)	30_Nov_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Dec-18	77.16	76.9	76.37	83.92	75.04	0.34	2.83
01-Mar-19	78.91	78.36	77.29	83.66		0.70	#DIV/0!
01-May-19	79.95	79.51	78.14	83.72		0.55	
01-Jul-19	81	80.34	78.94	83.84		0.82	
01-Oct-19	78.02	77.36	75.61			0.85	
01-Dec-19	77.03	76.77				0.34	

Future Price Trend (Active Contract):





International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Nov,2018	Oct,2018	
Gujarat	Ahmedabad	Shankar-6	5776	5975	-199
	Gondal	Shankar-6	5736	6039	-303
	Rajkot	B.T. Cotton	5802	5940	-138
	Patan	B.T. Cotton	5782	5918	-136
	Kadi	B.T. Cotton	5897	5954	-57
	Deesa	B.T. Cotton	5554	5526	28
	Dhrol	B.T. Cotton	5675	5770	-95
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5615	5437	178
	Bhiwani	Desi	6276	5967	309
	Adampur	B.T. Cotton	5478	5375	103
	Fatehabad	B.T. Cotton	5534	5349	185



	Jind	B.T. Cotton	5667	5502	165
	Uchana	B.T. Cotton	5503	5455	48
	Dabwali	B.T. Cotton	5472	5229	243
Rajasthan	Hanumangarh	B.T. Cotton	5539	5382	157
	Rawatsar	B.T. Cotton	5426	5300	126
Madhya Pradesh	Khandwa	Mech-1	5534	5250	284
	Khargaon	Mech-1	553	5503	-4950
Maharashtra	Amravati	Mech-1	5742	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5784	5995	-211
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5352	5558	-206
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	5945	5980	-35
	Hubli	D.C.H.	6698	4734	1964
	Hubli	B.T. Cotton	5781	5968	-187
	Raichur	H-44 Cotton	5754	5738	16
Commodity	Lint		Monthly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Nov,2018	Oct,2018	
Punjab	Bhatinda	J-34	4545	4551	-6
	Abohar	J-34	4545	4549	-4
	Mansa	J-34	4513	4528	-15
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4536	4559	-23
Rajasthan	Sri-Ganganagar	J-34	4554	4531	23

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Nov,2018	Oct,2018	
Gujarat	Ahmedabad	Shankar-6	577000	31450	545550



	Gondal	Shankar-6	53617	1437	52180
	Rajkot	B.T. Cotton	95450	4755	90695
	Patan	B.T. Cotton	453453	NA	-
	Kadi	B.T. Cotton	570000	NA	-
	Deesa	B.T. Cotton	1090	NA	-
	Dhrol	B.T. Cotton	9535	48	9487
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	130000	251000	-121000
	Bhiwani	Desi	2200	2200	Unch
	Adampur	B.T. Cotton	21080	133562	-112482
	Fatehabad	B.T. Cotton	17450	21450	-4000
	Jind	B.T. Cotton	12569	15069	-2500
	Uchana	B.T. Cotton	69490	59490	10000
	Dabwali	B.T. Cotton	13975	31700	-17725
Rajasthan	Hanumangarh	B.T. Cotton	44400	103200	-58800
	Rawatsar	B.T. Cotton	65500	56200	9300
Madhya Pradesh	Khandwa	Mech-1	43179	21315	21864
	Khargaon	Mech-1	159230	212430	-53200
Maharashtra	Amravati	Mech-1	144000	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	3465	3655	-190
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	48166	98770	-50604
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	65317	24357	40960
	Hubli	D.C.H.	566	1027	-461
	Hubli	B.T. Cotton	4085	NA	-
	Raichur	H-44 Cotton	18063	12293	5770
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Nov,2018	Oct,2018	



Punjab	Bhatinda	J-34	178500	240550	-62050
	Abohar	J-34	22695	55250	-32555
	Mansa	J-34	15130	22270	-7140
Haryana	Sirsa	J-34	32470	38760	-6290
Rajasthan	Sri-Ganganagar	J-34	71500	34500	37000

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Nov,2018	Oct,2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42556	42823	-267
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43056	43323	-267
J-34(202)	26mm	3.5 - 4.9	23	41900	NA	-
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	44025	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	45443	46670	-1227
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46486	46782	-296
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46921	48652	-1731
DCH-32(107)	34mm	3.0 - 3.8	33	57708	57970	-262

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 Ltd.