



## Cotton Market Analysis

The soft commodity index has advanced over the past few trading sessions globally amid threat of Hurricane Florence reached to category 4 on its way to the US East coast heading for the Carolinas and Virginia riding cotton and other commodity price higher. On Monday the ICE December future advanced to make an intraday high of 83.93 and the March 19 contract surpassed 84.20 cents. Both the contracts ended on a positive note from its previous day's close. We think any severe damage to crop due to Hurricane activity could bring in fresh supply concerns in the world market.

As per market agencies, Hurricane Florence, last at a category 4, is headed towards the coast of Virginia/North Carolina/South Carolina. Too much cotton is open in those states for a potential hurricane not to matter. Quality typically suffers and depending on the wind, quantity. Already last week Tropical Storm Gordon hit the Mississippi Delta with 3-7 inches of unwanted rains on their mostly wide-open crop.

Note, the USDA Crop Progress report has been delayed until tomorrow due to technical reasons. Meanwhile, agricultural commodities may be aligning themselves for the USDA Monthly Supply-Demand Report due on Wednesday. Those reports can definitely stimulate activity, but not necessarily. They always bear watching.

On the trading front, volume was 24,902 contracts which almost same as of 24,721 contracts witnessed on last Friday. Total open interest began today at 255,765 contracts, up 489 contracts Friday. China's ZCE futures also settled higher, though barely and on light volume. The ZCE has also traded sideways for about 4 weeks. On the pricing front, though the price rally was good but December has not broken the previous top of 84.25 cents which means market is still within that the consolidation phase noticed since past 4 weeks.

Further on Chinese State Reserve cotton on Monday's auction had a turnover rate of 53.95% spinners only. Offered were 30,000.4175 tons (137,792 bales); and sold were 16,184.3965 tons (74,335 bales). The cumulative turnover rate is 58.46 percent (offered versus sold). This auction series started at 24.1 million bales and 13.83 million bales remain.

On the domestic front the spot price traded steady near Rs. 47200-47500 per candy ex-gin. However, the future contract trades at MCX ended the session at Rs. 23170 per bale up by Rs.

## Cotton Price Movement

Contract	Open	High	Low	Close	% Change
<b>ICE: Cotton</b> Price Quote USD cents/lbs					
Dec-18	82.50	83.93	82.50	83.85	2.27%
Mar-19	82.80	84.22	82.80	84.17	2.27%
<b>ZCE: Cotton</b> Price Quote per CNY/MT					
Sep-18	15600	15760	15600	15695	0.16%
Jan-19	16500	16670	16485	16590	0.16%
<b>MCX: Cotton</b> Price Quote per bales (170 kg)					
Oct-18	23040	23190	22950	23170	1.00%
Nov-18	22810	22950	22710	22930	-0.99%

## Spot Market Performance

Spot	Current	Previous	Change	Unit
MCX Spot-Rajkot	22970	23060	-90	Rs/Bale
ICS 105 (CAI)	46,100	46100	0	Rs/Candy
Total Arrival	1000	1000	0	Bales
Cotlook A Index Forward	0	0	0.00	Index
CRB INDEX	191	190	0.66	Index

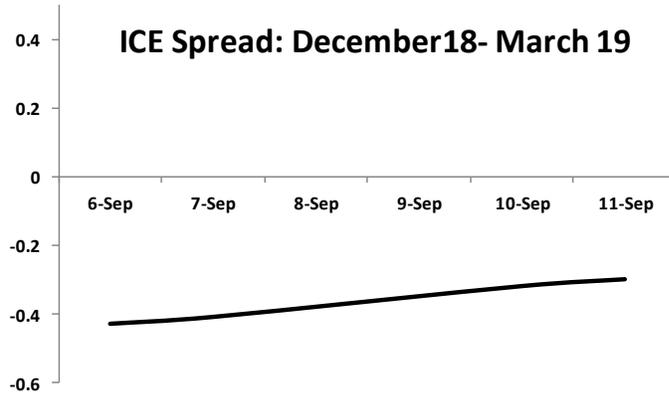
## Other Commodities

Commodity	Current	Previous	%Change	Unit
NYMEX WTI Crude Oil	0.00	67.60	-100.00%	Barrel
CBOT Soybean	0.0	836.8	-100.00%	Ce/Bu
CBOT Corn	0.0	#N/A N/A	#VALUE!	Ce/Bu

230 from the previous close. We think market might remain sideways today but the bias may be on the higher side. The trading range for the day would be Rs. 23000 to 23270 per bale.

## FX Guide:

Indian rupee opened higher by 0.2% to trade near 72.3 levels against the US dollar. Rupee is seeing some recovery after hitting record low level of 72.6738 in previous session. Rupee has benefitted from some correction in US dollar and crude oil. The US dollar weakened against European currencies yesterday amid signs of progress in Brexit talks. Brent crude is steady near \$77 per barrel as Iran worries are countered by rising OPEC, US and Russia supply. There are also reports that the Indian government has asked the central bank to bolster efforts to support the rupee. However, weighing on rupee is weaker risk sentiment amid trade war worries and contagion fear in emerging market economies. The US dollar is also supported by optimism about US economy and Fed's rate hike stance. Rupee may see some volatility as market players assess feasibility of RBI intervention but we expect weakness to continue unless there is stability in



**Technical Analysis: ICE- December Future: Daily Charts:**



**Technical Analysis:** The market continues to trade sideways but mostly onto positive side. As shown in the chart we think market may move higher having immediate resistance at 84.25. Likewise, the support can be seen at 83.20 cents.



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