



## Cotton Market Analysis

The cotton market again continued to trade steady though it earlier tried moving close to 70 cents per pound. The December contract had made an intraday high of 69.86 in the early session however market corrected down to end the session at 68.88 cents. Likewise March also moved in the similar fashion but ended marginally lower at 69.05. The difference between two contracts has been narrowing down. The major trading volume is from spread trading. On Monday the trading volumes were around 55000 contracts higher from previous day volume of 51+K contract. Out of which major volume is from spread trading. Ahead of December expiry 1st notice period starting on 24th of this month major roll over is with March contract. The open interest of December has declined to around 50K contracts while March open interest is around 120K contract. The overall open interest is around 220K contracts.

Further the weekly crop harvesting report released as of 12th November by USDA. The data suggest more than 64% of crop progress for harvesting vs. 56 per cent in the previous week. On the domestic front the scenario is completely on the supply front. The average daily arrivals are now increasing. As of latest figure the arrivals were around 150K bales which were less than 135K bales a week ago. This is having pressured on the spot cotton price especially the S-6 variety of Gujarat price falling down to Rs. 37450 per candy. In fact AP and Telengana prices have also softened a bit.

As we progress through the season the arrivals are expected to increase further with production estimation is pegged at around 380 to 385 lakh bales. We also expect the arrivals in mid-November or December to surge to more than 200000 bales a day. The S- 6 price may again fall below Rs. 37000 in the near term. Nonetheless further decline would be noticed or not shall determine the export enquiries, mills buying and involvement of CCI procurement. As per latest quote from CCI this season it is expected to buy more than 10 million bales of cotton from farmers if prices decline below or reaches near MSP price.

On the futures front cotton price has been trading steady. The November future ended the season at Rs. 18380 per bale up by Rs. 160 from previous close. For the day we expect cotton price to trade initially higher and move in the range of Rs. 18470 to Rs. 18200 per bale.

## Cotton Price Movement

Contract	Open	High	Low	Close	% Change
<b>ICE: Cotton</b> Price Quote USD cents/lbs					
Dec-18	68.90	69.01	68.90	69.00	0.17%
Mar-18	68.94	69.08	68.94	69.08	0.22%
<b>ZCE: Cotton</b> Price Quote CNY/MT					
Jan-18	15195	15260	15165	15170	-0.33%
May-18	15280	15320	15240	15255	-0.13%
<b>MCX: Cotton</b> Price Quote per bales (180 kg)					
Nov-18	18270	18400	18220	18380	0.82%
Dec-18	18190	18390	18160	18370	1.10%

## Cotton Trading Pattern

Contract	Volume	% Change	Agg Vol	Open Int	% Change	Agg OI
<b>ICE: Cotton</b>						
Dec-18	24703	-0.97	51508	53899	-15.06%	228802
Mar-18	22342	-0.97	51508	119776	0.88%	228802
<b>ZCE: Cotton</b>						
Sep-18	68338	-1.00	46572	171460	0.73%	281600
Jan-18	20554	-1.00	46572	102708	1.24%	281600
<b>MCX: Cotton</b>						
Nov-18	990	0.39	2251	0	0.58%	8438
Dec-18	1120	1.24	2251	0	3.90%	8438

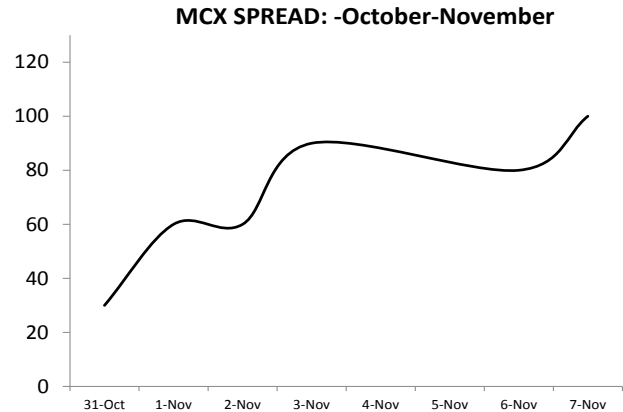
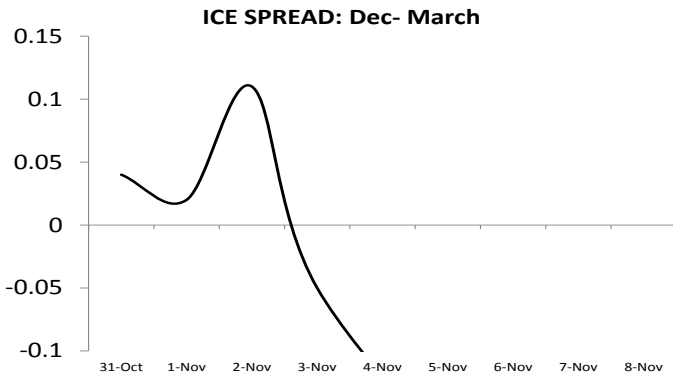
## Spot

Spot	Current	Previous	Change	Unit
MCX Spot-Rajkot	18170	18080	90	Rs/Bale
ICS 105 (CAI)	37000	36800	200	Rs/Candy
Total Arrival	151000	145000	6000	Bales
Cotlook A Index Forward	79.4	79.6	-0.20	Index
CRB INDEX	191.45	188	3.89	Index

## Other Commodities

Commodity	Current	Previous	%Change	Unit
NYMEX WTI Crude Oil	56.64	56.76	-0.21%	Barrel
CBOT Soybean	966.0	963.5	0.26%	Ce/Bu
CBOT Corn	341.5	342.3	-0.22%	Ce/Bu

**FX Movement:** Indian rupee appreciated by 0.2% to trade near 65.3 levels against the US dollar. Rupee recovered after 0.4% depreciation in previous session. However, weighing on rupee is choppiness in disappointing inflation data and concerns about impact of higher crude oil prices. India consumer price index rose 3.58% on the year in October, up from September's 3.28% growth and was higher than market expectations of 3.43% rise. Higher inflationary pressure will lower market expectations of RBI's interest rate cut. Also weighing on rupee is choppiness in global equity market amid mixed economic data from major economies and concerns about Trump's tax plan. Rupee has fallen sharply in last few days and while some correction is possible overall sentiment remains weak and we could see some more depreciation. USDINR may trade in a range of 65.15-65.45 and bias may be on the upside.



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



**Technical Analysis:**

Cotton continues to trade sideways and the trading range remains in the confined band of 66 to 70 cents on a broader spectrum.

We expect this range to remain intact in the near term.

For the day we expect the prices to trade between 68.40 to 69.70 cents range with mild negative bias



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