



Gujcot Trade Association

WEEKLY REPORT

Market Movement from 08TH Oct 2018 to 13TH Oct 2018

- Gujarat Old Stock Cotton prices of 29 mm New Crop arrivals sold between 45,600 to 46,600 Rs./Candy.
- Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in Some quantities.
- All India Daily Arrivals remained 55,000 to 60,000 bales.
- Gujarat Daily Pressing was approximately 6,000 -7,000 bales.
- NY December futures w/w gained 2.27 cents.
- During this week rupee was weaker between 73.56 to 74.38 against dollar.
- All Indian arrivals are picking up very fast and market adjusted to new season rates between 45,000-47,000. Highest arrivals are in north India, and so north cotton rates are more competitive.
- Indian domestic price move higher during this week with support of handsome demand from Indian exporters. Indian exporters get good orders for near term supply. Even some exporters stocked Indian cotton in Chinese bonded warehouse also. As Indian cotton is cheaper against other origins due to weaker Indian Rupee. Indian cotton has advantage of short delivery period for asian buyers because of geographical location, compare to other cotton exporting countries.
- Indian domestic mills are running hand to mouth, so even domestic consumers are also always in market for new arrivals which keeps Indian cotton price remains firm.

Global

US Weekly Export Sales

- Net UPLAND sales of 98,000 RB for 2018-2019 were up noticeably from the previous week and up 44 percent from the prior 4-week average. Increases were reported for Vietnam (70,000 RB, including 3,600 RB switched from South Korea and 1,300 RB switched from Bangladesh), Turkey (21,700 RB, including 21,300 RB late reporting), Japan (15,000 RB, including 12,200 RB late reporting and decreases of 600 RB), Pakistan (13,900 RB, including 13,500 RB late reporting and decreases of 900 RB), and South Korea (11,800 RB).
- Reductions were reported for China (73,900 RB). For 2019-2020, net sales of 1,42,900 RB were reported for China (1,36,400 RB), India (4,400 RB), and El Salvador (2,100 RB).
- UPLAND Exports of 2,08,400 RB were up 16 percent from the previous week and 38 percent from the prior 4-week average. Exports were primarily to Vietnam (68,300 RB, including 8,100 late reporting), Turkey (38,000 RB, including 31,400 late reporting), Mexico (18,200 RB), Pakistan (17,200 RB), and Indonesia (14,900 RB, including 2,200 RB late reporting).
- Net sales of PIMA totaling 12,800 RB for 2018-2019 were up noticeably from the previous week and from the prior 4-week average. Increases reported for China (6,600 RB), India (4,100 RB), Vietnam (400 RB), and Switzerland (400 RB). For 2019-2020, net sales of 2,300 RB were reported for India.
- PIMA Exports of 1,000 RB--a marketing-year low--were down 78 percent from the previous week and 80 percent from the prior 4-week average. The primary destinations were India (600 RB) and Bangladesh (200 RB).

US Export Sales		04-Oct-2018
Marketing Year 2018-19		
Upland Gross Sales		1,83,000
Cancellation		85,000
Net Upland Sales		98,000
PIMA Gross Sales		12,800
Cancellation		0
Net PIMA Sales		12,800
Total Gross Sales		1,95,800
Total Cancellation		85,000
Total Net Sales		1,10,800
Shipments		
UPLAND		2,08,400
PIMA		1,000
Total Shipment		2,09,400
Marketing Year 2019-20		
Net Upland Sales		1,42,900
Net PIMA Sales		2,300
Total Net Sales		1,45,200
All Figures in US Running Bale		

WASDE REPORT

The 2018/19 U.S. cotton supply and demand estimates show higher ending stocks, based on slightly larger production and lower exports relative to last month. Production is raised 81,000 bales, with higher production in Texas and Georgia largely offset by lower production in the Carolinas. Domestic mill use is unchanged from last month, but the export forecast is reduced 200,000 bales to 15.5 million, due to reduced world trade and consumption. Ending stocks are forecast at 5.0 million bales, and the resulting stocks-to-use ratio of 26 percent is slightly higher than the previous month's forecast, and the highest since 2015/16. The forecast range for the marketing year average farm price is 69.0 to 77.0 cents per pound; the midpoint of 73.0 cents is down 2 cents from the previous month's projection. The 2018/19 global ending stocks forecast is lowered 4 percent this month as lower production and sharply lower beginning stocks offset marginally smaller consumption. Stocks are lowered mainly in India, as

revisions are made to production, consumption, and loss over 2002/03-2013/14 to better reflect Indian government data (consumption) and the impact of shifting producers' marketing patterns (see the October 2018 issue of the FAS Cotton: World Markets and Trade publication). Production forecasts are lowered for Australia, and raised for Greece and the United States. Consumption and imports are lowered for Turkey. Global beginning stocks are lowered 2.9 million bales and ending stocks are lowered 3.0 million bales. Ending stocks in 2018/19 are down 6.4 million bales from last year, largely reflecting an expected 8.2-million-bale decline in China.

Highlight of the WASDE

- US production is marginal higher.
- US export is lower by 2 lakh bales compare to September WASDE.
- US price indication 69 to 77 cent lower by 2 cents.
- World consumption is higher by 6 M bales than production.
- World ending stock decline due to historical revision and higher consumption.

Historical Revisions to India's Balance Sheet

Historical revisions have been made to India's balance sheet for the years 2002/03 through 2013/14, with the stock adjustment carried forward. Previous USDA estimates for India were based on the assumption that the end of November was when stocks were at their lowest point, and reflected the ending stocks for the USDA August-July marketing years that provided adequate stocks to meet demand through November. The revisions are based on the conclusion that market yard arrivals data underreported arrivals in the early portion of the harvest season. This conclusion was based on observed market activity in November for several years. With more arrivals in October, less old-crop cotton needed to be carried over to meet stock requirements in the fall. Minor adjustments were made to production (decreases of 1-2 percent in 6 years) and consumption (increases of less than 1 percent in 4 years); additionally, the losses in 2012/13 and 2013/14 were adjusted to reflect the need for less ending stocks. The cumulative effect of these changes results in a nearly 25-percent reduction of ending stocks for the 2018/19 season ([Click Here](#)).

Even with these changes, the USDA ending stock levels, adjusted to the local marketing year, remain higher than many other published estimates, specifically the Cotton Advisory Board (CAB) of India. With the larger October arrivals factored in, CAB stock levels appear too low in light of reported market activity in the October-November period.

China report from Reinhart weekly report

The ZCE cotton futures market opened at a negative note after week-long National Day holidays. Prices broke below the 15'500 support (basis Jan19 contract) and set a new contract low of 15'260. Short- and long-term outlooks are negative with the next minimum downside target sitting at around 15'000-14'800. During the week long National Day holidays business activities slowed down. Finally, the import quotas were released, which may lead to increased buying activities by mills for prompt shipments – provided imports are competitive enough. Market participants are turning bearish. In Xinjiang picking and ginning is in full swing and seed cotton prices are under pressure, especially for machine picked cotton. The US/China trade disputes as well as the RMB depreciation are making imports less competitive. For the time being, it appears that mills still work profitable.

West Africa

Mali and Burkina Faso Drive Record West Africa Exports West Africa¹ (WA) exports for 2018/19 are projected to surpass last year's record, driven by record production. Mali and Burkina Faso are the largest producers and are forecast to have record crops amid expanding area. West Africa accounts for more than three-fourths of Africa's cotton exports. Nearly all of WA cotton is exported, as mills are sparse within the region, signifying the pivotal role that foreign demand plays for WA producers and merchants. South and Southeast Asia are the predominant destinations, due to robust growth in consumption for both regions. Bangladesh, the world's largest importer, has recently opted for greater supplies from WA over Central Asia (CA) origin. Not only is CA 2018/19 production forecast lower but Uzbekistan, the largest exporter in the region, is using more cotton domestically to support a growing textile industry. Record exports in the midst of record global use in 2018/19 will underscore the importance of cotton as a vital cash crop for farmers and a prominent source of foreign currency for WA countries.

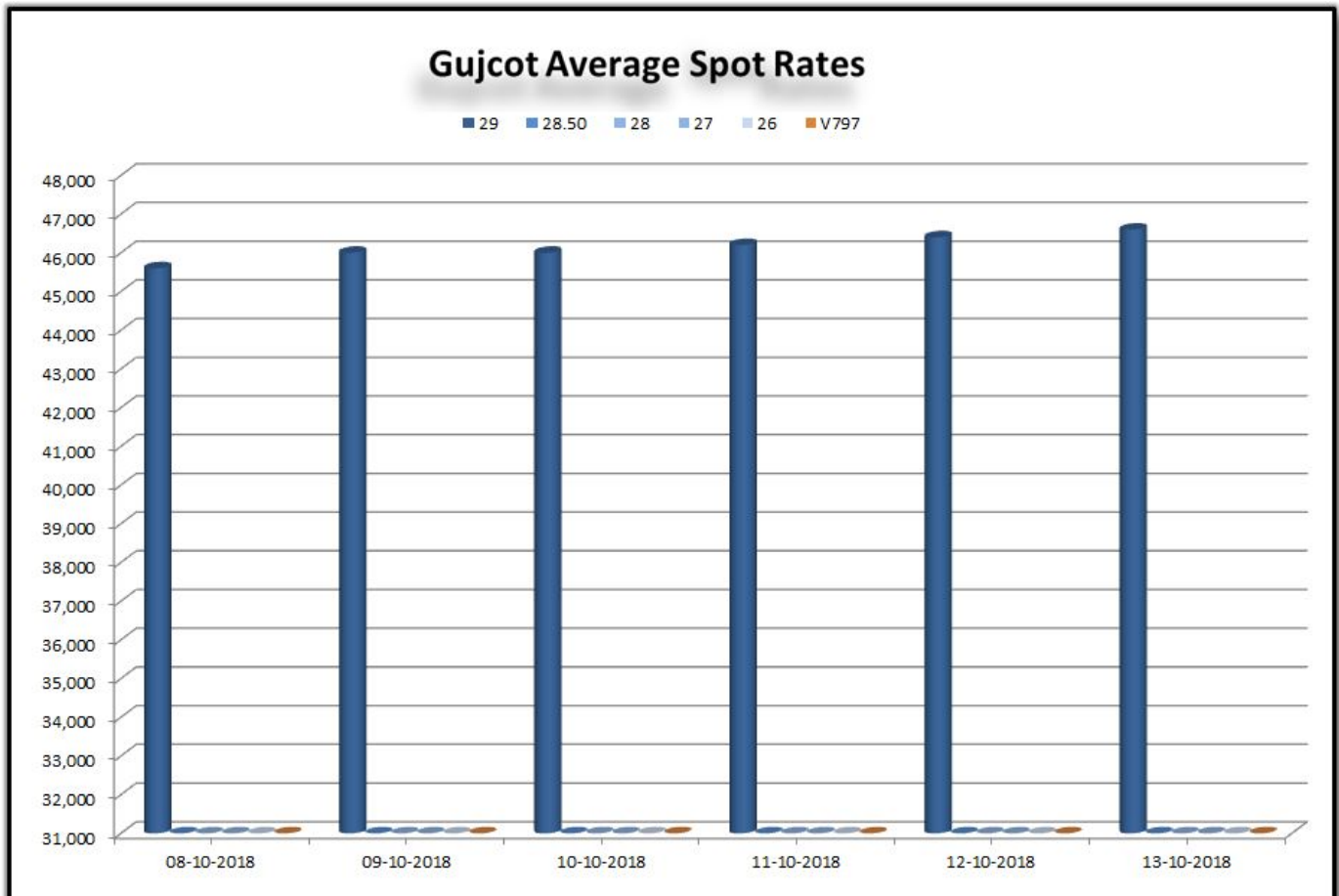
1 West Africa includes: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, Togo.

Average Rate Of Last week					
Variety	Staple Length	Mic.	Price Range		Average Of 6 Days
			Low	High	
Shankar 6	29	3.8	45,600	46,600	46,133
Shankar 6	28.5	3.7	No Quote	No Quote	No Quote
Shankar 6	28	3.6	No Quote	No Quote	No Quote
Shankar 6	27	3.2	No Quote	No Quote	No Quote
Shankar 6	26	3	No Quote	No Quote	No Quote
V-797	13% Trash		No Quote	No Quote	No Quote
MCX Spot Rate			21,870	22,220	22,048
USD Exchange Rate			73.56	74.38	73.98

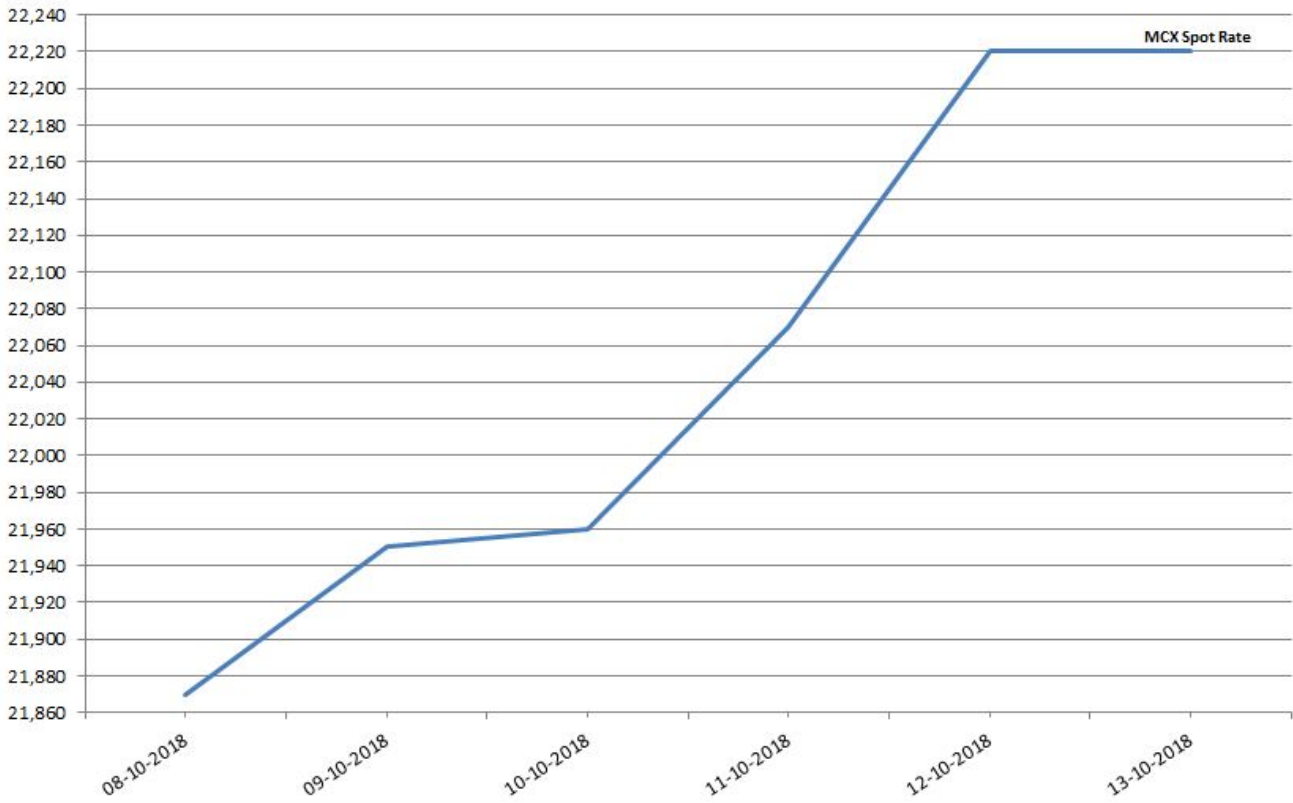
Rate Of Last Week

Date	29 3.8	28.5 3.7	28 3.6	27 3.2	26 3.0	V-797	MCX Spot Rate	USD-INR Exchange
08-10-2018	45,600	No Quote	No Quote	No Quote	No Quote	No Quote	21,870	74.07
09-10-2018	46,000	No Quote	No Quote	No Quote	No Quote	No Quote	21,950	74.38
10-10-2018	46,000	No Quote	No Quote	No Quote	No Quote	No Quote	21,960	74.21
11-10-2018	46,200	No Quote	No Quote	No Quote	No Quote	No Quote	22,070	74.11
12-10-2018	46,400	No Quote	No Quote	No Quote	No Quote	No Quote	22,220	73.56
13-10-2018	46,600	No Quote	No Quote	No Quote	No Quote	No Quote	22,220	73.56

Cotton Price Movement during the Last Week



MCX Spot Rate Closing Of The Days'

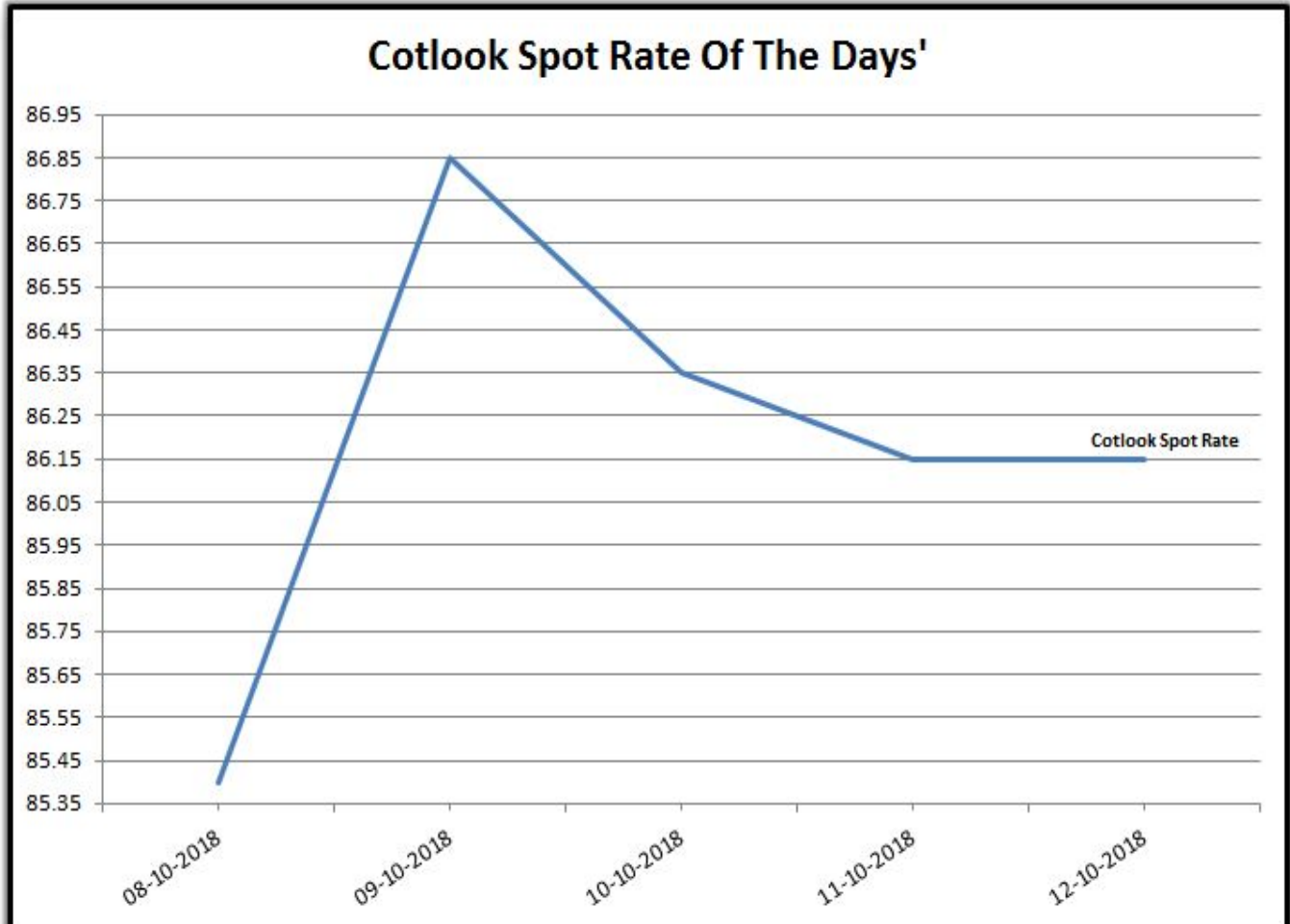


USD-INR Exchange Rate Closing Of The Days'

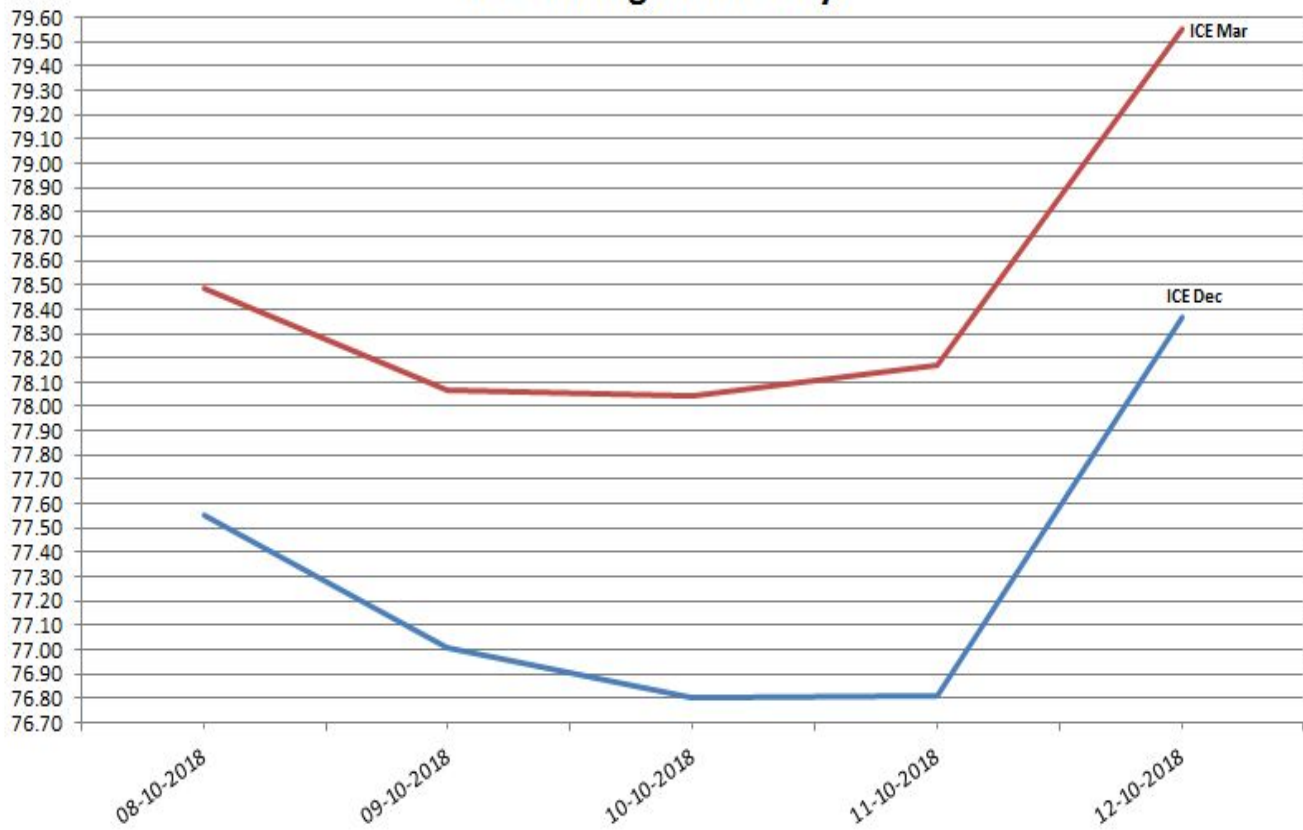


Foreign Indices

Date	Cotlook	ICE	
	Spot Rate	Dec-18	Mar-19
08-10-2018	85.40	77.55	78.49
09-10-2018	86.85	77.01	78.07
10-10-2018	86.35	76.80	78.04
11-10-2018	86.15	76.81	78.17
12-10-2018	86.15	78.37	79.55



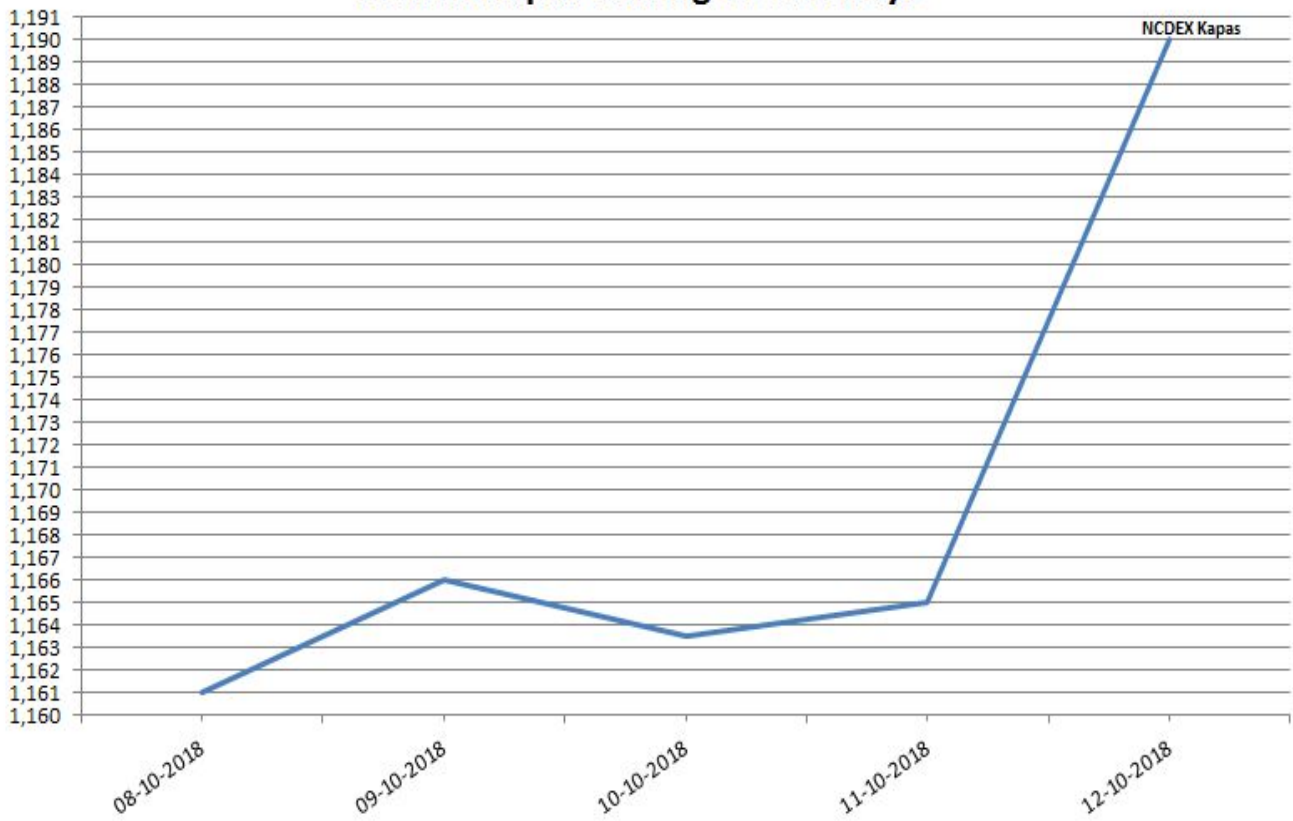
ICE Closing Of The Days'



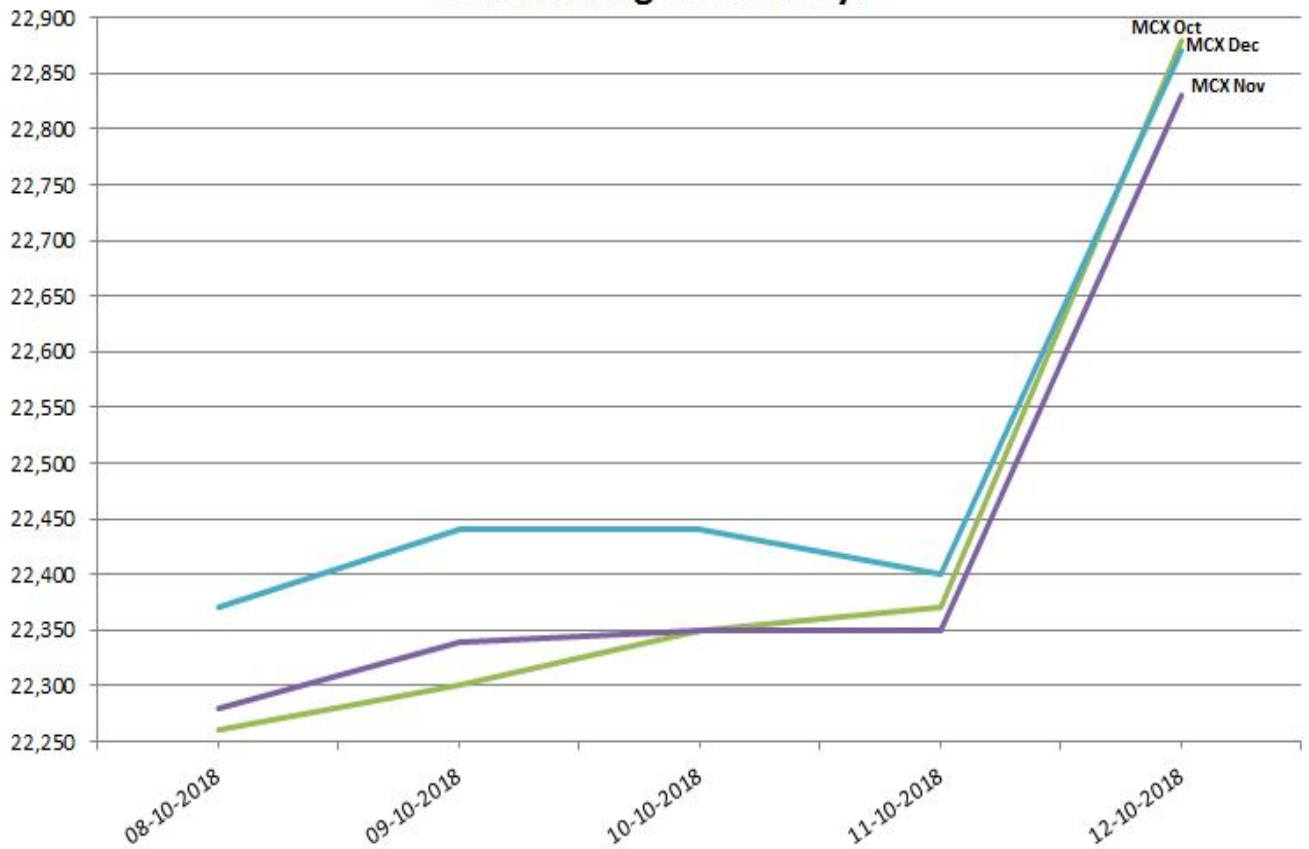
Indian Indices

Date	NCDEX Kapas	MCX		
	30-Apr-19	Oct-18	Nov-18	Dec-18
08-10-2018	1161	22,260	22,280	22,370
09-10-2018	1166	22,300	22,340	22,440
10-10-2018	1163.5	22,350	22,350	22,440
11-10-2018	1165	22,370	22,350	22,400
12-10-2018	1190	22,880	22,830	22,870

NCDEX Kapas Closing Of The Days'



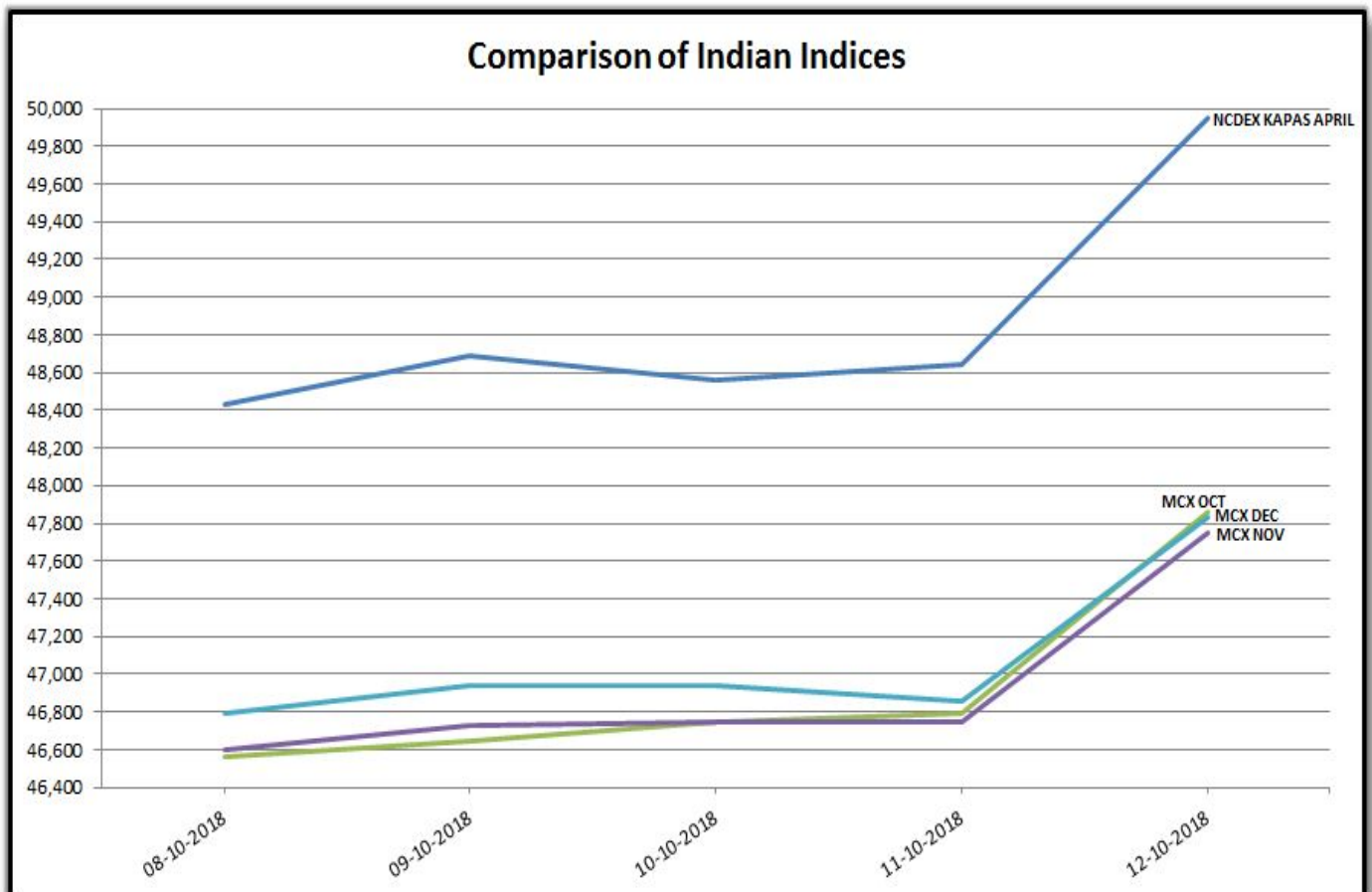
MCX Closing Of The Days'



Indian Indices in Candy Rate

Date	NCDEX Kapas	MCX		
	April	Oct	Nov	Dec
08-10-2018	48,431	46,561	46,603	46,791
09-10-2018	48,692	46,645	46,729	46,938
10-10-2018	48,562	46,749	46,749	46,938
11-10-2018	48,640	46,791	46,749	46,854
12-10-2018	49,947	47,858	47,754	47,837

Remark :- For NCDEX Kapas we have taken seed rate 425/20 Kg to convert in Candy.



IN THE WEEK AHEAD:

- Crop Progress and Condition will be released Monday at 3:00 p.m. Central Time.
- The CFTC Cotton On-Call report will be released Thursday at 2:30 p.m. Central Time.
- The Export Sales report will be released Thursday at 7:30 a.m. Central Time.
- The CFTC's Commitments-of-Traders will be released Friday at 2:30 p.m. Central Time.

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Gujcot Trade Association