

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,600/per candy (72.92 cents/lbs). The crop for 2019-20 season is expected to decline by 3-4% than expected increase because of the excess rainfall in Madhya Pradesh, Maharashtra and now in Gujarat also.

News: *All India total arrivals on 14th Oct'19 stood around 67,700 bales. Largest arrivals area reported from North India (Punjab, Haryana and Rajasthan) with 37,000 bales followed by Maharashtra (4,000 bales), Madhya Pradesh (9,000 bales) and Gujarat (13,000 bales) in the central zone. Arrivals in South India has been delayed due to late sowing and only 4,700 bales have been reported as on 14th Oct'19.*

CCI has started procuring cotton but still not making bulk purchases in Punjab. The cotton presently is fetching a price between Rs 4,700 and Rs.5200/q depending on the moisture content. Till Oct'11th, only 2200 quintals has been purchased by CCI so far. These sluggish purchases is due to the higher moisture content and also the CCI is also facing the rage of the arhtiyas (commission agents) who are trying to stop the corporation from making purchases.

CCI has commenced the procurement initially from Punjab and Rajasthan as the prices are falling by around 10% below MSP. CCI is purchasing in small quantities as recent rains has increased the moisture content in the cotton. Yesterday CCI purchased raw cotton in Hanumangarh at Rs.5280/q as per the moisture content (11%) whereas in Punjab, today CCI has made some token purchases from Punjab at Abohar also. Farmers are being advised to let their cotton dry before they bring it to the market as CCI can only purchase fair average quality (FAQ) cotton with moisture content in the permissible limit between 8 % to 12 %.

Currently, daily market arrivals are at around 40,000 bales in North India, while in Telangana they are at around 2000-3000 bales. In Maharashtra, the daily arrivals are at around 3,000-4,000 bales and in Karnataka around 1,000 bales, according to the trade sources. Arrivals are set to pick up by the end of October or early November. As on, 9th Oct'19, arrivals from MP stood higher around 7,760 bales, and in Gujarat 6,650 bales. Better quality of cotton is expected to arrive from November which delayed by 30-40 days.

As per the moisture content, the cotton prices (Kapas) moved lower to around Rs. 5000 to 5200 in Haryana, Punjab and Rajasthan. The recent rains has led to increase the moisture content upto 18-20% and CCI is yet to enter in the market to procure from farmers in 1-2 days only. CCI would buy Kapas from farmers directly at MSP (Rs.5550/q) so as to prevent them from loss but arhtiyas are not allowing the farmers to sell their produce directly to CCI. The crop must generally have less than 8% moisture content for it to sell at MSP. Every 1% increase in moisture translates into lower price for farmers; the upper ceiling on moisture content is 12%.

According to the trade sources, the Indian cotton exports for the Aug'19 were reported at 61,991 bales against 68,509 bales in the previous month. The total exports of India from the starting of the marketing year in Oct'18 till July'19 reached to a total of 43.65 lakh bales around 21.34% lower compared to 64.99 lakh bales during the corresponding period in 2017-18. In Aug'19, Bangladesh was the largest importer, importing 45,187 indian bales with an average FOB of 2049.2 \$/Tonne followed by Iran (9,625bales at FOB 2013\$/Tonne) and Vietnam importing 4081 bales at 1238 \$/tonne.

The Indian market remained firm at 74.63 (cents/lbs) compared to the international prices in US (62.79 cents/lbs) and Brazil stood at 60.22 cents/lbs in the month end. The prices were firm in Domestic as well as in the international market in September after the largest cotton producer reported damage in Madhya Pradesh and Maharashtra from stagnated water in the cotton fields. The quality of cotton might be affected in these area which would decline the yield and production than expected.

Monthly cotton yarn exports still are low by 35.7% compared to previous year during April- Aug. The data released by the textile industry in August also showed a decline of 38.8%. India cotton industry is already struggling from slumped

exports due to lean demand. The Indian export yarn exports fallen to 355 million kg in 2019 as against an average of 552 million kg in 2018 during April-Aug.

Total arrivals stood slight higher at 1,94,930 lakh bales in the month September'19 compared to previous month 52,600 bales. Of this, 39,300 bales were from Central India, followed by 23,400 bales from South India. The arrivals from North India (in Haryana and Punjab) have started so the arrivals increased to 1,32,230 bales this week compared 11,700 in August.

As on 26th Sep'19, the cotton area has been increased this year by 6.62 lakh ha and stood at 127.67 lakh ha till now higher than 121.05 lakh ha last year. The sowing is lagging behind in Gujarat by 1.6% this week and stood same at 26.67 lakh ha followed by Madhya Pradesh is behind by 12.6% covering only 6.09 lakh ha area. Whereas all other states are now ahead compared to previous year. So far, the total area of cotton expanded this year by around 5.46%. The advancement in rainfall has favoured the North India crop which has increased the yield in Punjab while some areas in Madhya Pradesh received above average rainfall. IMD forecasts there would be heavy rainfall in MP and Saurashtra region of Gujarat which could affect the crop at this maturity stage.

Weather Forecast for tomorrow:

Light to moderate rain with isolated heavy showers will occur in parts of Andhra Pradesh, South Interior Karnataka, Telangana, Tamil Nadu, South Chhattisgarh, and Tripura. Scattered light rain would be seen over Maharashtra and northeastern states. Isolated light rain is likely in higher reaches of Uttarakhand, Himachal Pradesh, Jammu, and Kashmir. Dry and warm weather would prevail over rest parts of the country.

International Fundamentals:

Cotton futures Closed 167 to 258 points higher in the nearby contracts on Friday. The Cotlook A Index was down 50 points to 71.75 cents/lb for October 9. The AWP is was updated to 53.90 cents/lb on Thursday, up 54 points from last week.

China's consumption in 2019-20 is expected lower 8.6 million tons similarly as in 2018-19, due to decline in global demand and imposition of US trade tariffs on China's textile exports. Although China is largest importer of cotton from US, but the country has found its alternate Brazil, Australia and Pakistan other than US.

Brazil's 2019/20 production and exports will top current records, at 12.5 million bales and 8.5 million bales, respectively. Importing countries like Bangladesh and Vietnam is getting parity from Brazil (around 60cents/lbs) by thus increasing the export estimates this year.

The US Export Sales report from USDA showed 1,88,800 RB of 2019-20 upland cotton sold in the week ending 3rd Oct'19 were up by 6% compared to previous week. With major buyers including Pakistan (137,300 RB) followed by Vietnam (37,500 RB), South Korea (7,900 RB) & Indonesia (5,200 RB) and reductions were from El Salvador (7,400 RB), Mexico (400RB) & Malaysia (200RB). For 2020-21, net upland sales reductions of 5,300 RB were primarily from El Salvador. Higher demand and large export shipments has been reported from Vietnam (31,800RB), China (17,900RB), Bangladesh (14,700RB) which increased the US sales ultimately last week.

Cotton import in Pakistan is expected to reach the record high of five million bales this year as local production of the industrial crop is estimated to decline 15 percent on high input prices, insect pests pressure and higher temperature. The revised production estimate would be 15 percent down from 12 million bales produced last year. Nearly 30 to 35 percent crop has already arrived in ginning factories till September 30, which was 27 percent down compared to the corresponding period last year and 33 percent lower against the government estimates. All Pakistan textile mills are requesting to abolish 11% taxes on import of cotton to bridge the massive shortfall to import around 5 million bales (11% higher from 2018-19).

NASS showed only 42% of US cotton in good to excellent condition in the week ending on 10th Oct'19. NASS Crop Progress data showed 83% of the crop with bolls opening (75% avg) higher than 76% in the corresponding period last year. The data shows that 25% of the crop has been harvested against 24% last year in the corresponding period. Weather was mostly quiet and dry in the rest of the Cotton Belt last week.

According to International cotton advisory committee (ICAC), the world cotton supply is estimated to increase by 5.35% and projected at 157.76 million bales in 2019-20 against previous year which was much lower 151.47 million bales in 2018-19. The consumption is likely to increase this year 2.47% to 155.71 million bales against last year's world consumption. If US-China dispute improves in the on-going year, the consumption and trade flow at the global level might see improvement in world cotton trade.

Pakistan produced 18.52 lakh of cotton bales till September 15, 2019 lower compared to previous years' production of 25.17 lakh bales (-26%) on the corresponding period last year with production from the Punjab having sharply declined due to the excessive rains and due to the use of inferior quality pesticides made the situation uncontrollable. Of total, 598,314 bales arrived from the Punjab and 1,254,095 bales from Sindh, according to the report released by the Pakistan Cotton Ginners Association (PCGA). Cotton quality has been affected following rains in lower Sindh. According to private estimates from Pakistan, cotton production for current season (2019-20) would not be more than 11 million bales.

From January-July, China imports cotton of 1.395 million tons, an increase of 64.5%, import value of \$2.66 billion, an increase of 64.0% from previous year. In addition, the cotton alternative product cotton yarn imports stood at 1.183 million tons, down by 3.6% compared to previous year. The cotton yarn imports stood low this year because of lower demand as high inventory of yarn has been reported in the country.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| 19-Oct | -70 | 19760 | 19860 | 19560 | 19660 | 555 | 273 | 1142 | -132 |
| 19-Nov | 70 | 19150 | 19340 | 19130 | 19070 | 426 | 377 | 1359 | 124 |
| 19-Dec | 100 | 19200 | 19290 | 19100 | 19050 | 181 | 156 | 820 | 44 |

| Spread | 19-Sep | 19-Oct | 19-Nov | 19-Dec | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot | - | | | | - | - |
| 19-Oct | - | 520 | - | - | - | - |
| 19-Nov | - | - | 50 | - | - | - |

(NB: Spread Basis = Spot- Near Month Future) As updated on 14th Oct @ 5.30 pm

* Updated at as on 14-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 14-Oct-19 | 12-Oct-19 | |
| Gujarat | Ahmedabad | Shankar-6 | 5500 | 5500 | Unch |
| | Gondal | Shankar-6 | 5055 | 5955 | -900 |
| | Rajkot | B.T. Cotton | 5250 | 5795 | -545 |
| | Patan | B.T. Cotton | NR | 5575 | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 5425 | 5350 | 75 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5200 | 5200 | Unch |
| | Fatehabad | B.T. Cotton | 5150 | 5160 | -10 |
| | Jind | B.T. Cotton | 5500 | 5340 | 160 |
| | Uchana | B.T. Cotton | 5265 | 5210 | 55 |
| | Dabwali | B.T. Cotton | 5110 | 5115 | -5 |
| Rajasthan | Hanumangarh | B.T. Cotton | 5100 | 5150 | -50 |
| | Rawatsar | B.T. Cotton | 5100 | 5100 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | 5500 | NA | - |
| | Khargaon | Mech-1 | 5500 | 5505 | -5 |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 5800 | 5700 | 100 |
| | Hathras | Desi | 5000 | 5100 | -100 |
| Telangana | Adilabad | Un-Ginned | NR | NR | - |
| Karnataka | Bijapur | Bunny | 5909 | NA | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | NA | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 14-Oct-19 | 12-Oct-19 | |
| Punjab | Bhatinda | J-34 | 3860 | 3850 | 10 |
| | Abohar | J-34 | 3870 | 3850 | 20 |
| | Mansa | J-34 | 3840 | 3825 | 15 |
| Haryana | Sirsa | J-34 | 3875 | 3850 | 25 |
| Rajasthan | Sri-Ganganagar | J-34 | 3633 | 3619 | 14 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 14-Oct-19 | 12-Oct-19 | |
| Gujarat | Ahmedabad | Shankar-6 | 17000 | 13600 | 3400 |
| | Gondal | Shankar-6 | 632 | 653 | -21 |
| | Rajkot | B.T. Cotton | 3600 | 3200 | 400 |
| | Patan | B.T. Cotton | NR | 3566 | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 20000 | 20000 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 2040 | 1700 | 340 |
| | Fatehabad | B.T. Cotton | 2200 | 2200 | Unch |
| | Jind | B.T. Cotton | 950 | 1220 | -270 |
| | Uchana | B.T. Cotton | 2800 | 3320 | -520 |
| | Dabwali | B.T. Cotton | 2500 | 2800 | -300 |
| Rajasthan | Hanumangarh | B.T. Cotton | 4000 | 3500 | 500 |
| | Rawatsar | B.T. Cotton | 7000 | 6000 | 1000 |
| Madhya Pradesh | Khandwa | Mech-1 | 200 | NA | - |
| | Khargaon | Mech-1 | 5670 | 8320 | -2650 |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 350 | 200 | 150 |
| | Hathras | Desi | 50 | 35 | 15 |
| Telangana | Adilabad | Un-Ginned | NR | NR | - |
| Karnataka | Bijapur | Bunny | 349 | NA | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | NA | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 14-Oct-19 | 12-Oct-19 | |
| Punjab | Bhatinda | J-34 | 8500 | 8500 | Unch |
| | Abohar | J-34 | 2550 | 2550 | Unch |
| | Mansa | J-34 | 850 | 850 | Unch |
| Haryana | Sirsa | J-34 | 1700 | 2380 | -680 |
| Rajasthan | Sri-Ganganagar | J-34 | 5000 | 3000 | 2000 |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | Price | Change |
|-----------|-----------------|-------|--------|
|-----------|-----------------|-------|--------|

| State | Centre | Unit | 14-Oct-19 | 12-Oct-19 | |
|-------------|-----------|-------------|-----------|-----------|------|
| Gujarat | Rajkot | Rs. /10 Kg. | 775 | 782 | -7 |
| Delhi | New Delhi | Rs. /10 Kg. | 755 | 755 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | Unq | Unq | - |
| Maharashtra | Mumbai | Rs. /10 Kg. | 802 | 800 | 2 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 14-Oct-19 | 12-Oct-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3472 | 3565 | -93 |
| Maharashtra | Akola | Rs./Qtl | 3388 | 3360 | 28 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 12-Oct-19 | 11-Oct-19 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 38300 | 38300 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 38700 | 38700 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 36700 | 36400 | 300 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 40900 | 40800 | 100 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 41100 | 41000 | 100 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 43000 | 42900 | 100 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 44200 | 44200 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 53000 | 53000 | Unch |

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

| Index | Unit | 12-Oct-19 | 12-Oct-19 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 12651 | 12651 | Unch |
| CCIndex(527) | RMB/Ton | 11631 | 11631 | Unch |
| CCIndex(229) | RMB/Ton | 12997 | 12997 | Unch |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 12-Oct-19 | 12-Oct-19 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | Closed | Closed | - |
| FC Index (M) | Cents/lb | Closed | Closed | - |
| FC Index (L) | Cents/lb | Closed | Closed | - |

Cotlook Index:

| Cotlook Indices | Unit | 11-Oct-19 | 11-Oct-19 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 71.75 | 71.75 | Unch |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|------------------------|------------------------|----------|
| | | 11-Oct-19 | 11-Oct-19 | Bales |
| Southeast | cents/lb. | 64.38 | 66.63 | 0 |
| North Delta | cents/lb. | 63.38 | 65.63 | 510 |
| South Delta | cents/lb. | 63.38 | 65.63 | 0 |
| East TX-OK | cents/lb. | 60.38 | 62.88 | 4218 |
| West Texas | cents/lb. | 59.88 | 62.63 | 351 |
| Desert SW | cents/lb. | 57.63 | 61.63 | 0 |
| SJ Valley | cents/lb. | 58.13 | 67.03 | 0 |

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

Pakistan Cotton Spot rates: As on 10-Oct-2019

| | | | | (in Pakistan Rupees) |
|------------|-----------|--------------|------------------|----------------------|
| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
| Cotton | 37.32 Kgs | 8700 | 160 | 8860 |
| Equivalent | 40 Kgs | 9324 | 171 | 9495 |

Daily Futures Price Listing Fri October 11, 2019

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 19-Dec | 191011 | 61.82 | 64 | 61.48 | 63.88 | 2.46 | 13,585 | 132,471 | -1,230 |
| 20-Mar | 191011 | 62.17 | 64.52 | 62.14 | 64.45 | 2.37 | 9,251 | 66,456 | 755 |
| 20-May | 191011 | 62.78 | 64.88 | 62.78 | 64.81 | 2.08 | 1,243 | 9,369 | 194 |
| 20-Jul | 191011 | 63.75 | 64.96 | 63.75 | 64.96 | 1.68 | 736 | 8,645 | 71 |
| 20-Oct | 191011 | 65.06 | 65.06 | 65.06 | 65.06 | 1.58 | | | |
| 20-Dec | 191011 | 63.48 | 65.44 | 63.48 | 65.41 | 1.29 | 164 | 17,505 | 15 |
| Total Volume and Open Interest | | | | | | | 24,997 | 236,128 | -200 |

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