

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,800/per candy (73.06 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: On Friday the March contract rose as much as 3.1% to 64.45 cents, it's the highest since last month in the hope that trade war would progress after China's initial acceptance of a partial trade deal on Friday. But the prices fell over 1% on Monday US expected the deal to go through but an additional round of tariffs on Chinese imports will likely be imposed if a trade deal with China has not been reached by 15th Dec. China wants all the tariffs to be delayed and want to meet again for another series of face-to-face meetings in late October.

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. 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 arthiyas (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 arthiyas 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 one or two heavy showers will occur over Coastal Andhra Pradesh, Interior Karnataka, parts of Tamil Nadu. Scattered light to moderate rain would be seen over Kerala, Telangana, Rayalaseema, Coastal Karnataka, Manipur, Mizoram and Tripura, Andaman and Nicobar Islands, Lakshadweep and parts of Madhya Maharashtra and Odisha.

International Fundamentals:

Cotton futures saw triple digit losses at Monday's closing with DEC down 169 points and Mar closing 131 points lower. The Cotlook A Index was down 75 points to 71.75 cents/lb for October 11. The AWP is 53.90 cents/lb through Thursday

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	120	19480	19720	19450	19510	684	129	1097	-45
19-Nov	140	19040	19350	19040	19120	359	-67	1379	20
19-Dec	110	19090	19350	19090	19140	43	-138	812	-8

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	370	-	-	-	-
19-Nov	-	-	0	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 15th Oct @ 5.30 pm

* Updated at as on 15-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Oct-19	14-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5305	5055	250
	Rajkot	B.T. Cotton	5660	5250	410
	Patan	B.T. Cotton	NR	5700	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5325	5425	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	5200	-100
	Fatehabad	B.T. Cotton	5100	5150	-50
	Jind	B.T. Cotton	5380	5500	-120
	Uchana	B.T. Cotton	5230	5265	-35
	Dabwali	B.T. Cotton	5020	5110	-90
Rajasthan	Hanumangarh	B.T. Cotton	5050	5100	-50
	Rawatsar	B.T. Cotton	5000	5100	-100
Madhya Pradesh	Khandwa	Mech-1	5450	5500	-50
	Khargaon	Mech-1	5750	5500	250
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5870	5909	-39
	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	15-Oct-19	14-Oct-19	
Punjab	Bhatinda	J-34	3830	3860	-30
	Abohar	J-34	3840	3870	-30
	Mansa	J-34	3820	3840	-20
Haryana	Sirsa	J-34	3830	3875	-45
Rajasthan	Sri-Ganganagar	J-34	3633	3633	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Oct-19	14-Oct-19	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	512	632	-120
	Rajkot	B.T. Cotton	3000	3600	-600
	Patan	B.T. Cotton	NR	8400	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	10000	20000	-10000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	2040	-850
	Fatehabad	B.T. Cotton	1500	2200	-700
	Jind	B.T. Cotton	1250	950	300
	Uchana	B.T. Cotton	3360	2800	560
	Dabwali	B.T. Cotton	1800	2500	-700
Rajasthan	Hanumangarh	B.T. Cotton	5000	4000	1000
	Rawatsar	B.T. Cotton	10000	7000	3000
Madhya Pradesh	Khandwa	Mech-1	300	200	100
	Khargaon	Mech-1	9725	5670	4055
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	350	350	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	369	349	20
	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	15-Oct-19	14-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	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	5000	5000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	15-Oct-19	14-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	775	5
Delhi	New Delhi	Rs. /10 Kg.	753	755	-2
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	815	802	13

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Oct-19	14-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3476	3472	4
Maharashtra	Akola	Rs./Qtl	3381	3388	-7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Oct-19	12-Oct-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38300	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38900	38700	200
J-34(202)	26mm	3.5 - 4.9	23	36800	36700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40900	40900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41100	41100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	Unch
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	15-Oct-19	14-Oct-19	Change
CCIndex(328)	RMB/Ton	12759	12753	6
CCIndex(527)	RMB/Ton	11733	11726	7
CCIndex(229)	RMB/Ton	13113	13108	5
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	15-Oct-19	14-Oct-19	Change
FC Index (S)	Cents/lb	78.7	80.12	-1.42
FC Index (M)	Cents/lb	73.81	75.28	-1.47

FC Index (L)

Cents/lb

72.13

73.66

-1.53**Cotlook Index:**

Cotlook Indices	Unit	14-Oct-19	11-Oct-19	Change
A-Index	Cents/Pound	74.25	71.75	2.50

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 Mon October 14, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191014	64.2	65.85	62.19	62.22	-1.66	12,571	131,385	-1,086
20-Mar	191014	64.74	66.3	63.13	63.18	-1.27	5,718	67,346	890
20-May	191014	64.9	66.1	63.93	63.99	-0.82	1,134	9,279	-90
20-Jul	191014	65.66	66	64.55	64.67	-0.29	820	8,781	136
20-Oct	191014	64.89	64.89	64.89	64.89	-0.17			
20-Dec	191014	65.4	66.31	65.14	65.28	-0.13	374	17,525	20
Total Volume and Open Interest							20,626	236,003	-125

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