

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,250/per candy (70.08 cents/lbs). CCI is not purchasing cotton at MSP in bulk quantities because of the interruption of arhatiyas and higher moisture content in the cotton in Punjab and Rajasthan.

News: The cotton markets at Sirsa in Haryana and Hanumangarh in Rajasthan are closed due to the strike by the farmers as CCI is not procuring cotton after the commencement on 11th Oct'19. CCI is avoiding purchasing cotton making an excuse of higher moisture percentage above 12% in the three states as always CCI enters the market when the prices moves below MSP. Till 16th Oct'19, CCI purchased only 6,520 quintals of cotton so far from Punjab, Haryana and Rajasthan whereas 7 lakh bales have arrived in the mandis.

Around 26,570 quintals of cotton have arrived in Fazilka, one of the biggest quality cotton producing belts of the region in Punjab. CCI just procured 12 quintals from the area since they started procurement on 11th Oct'19. Therefore, the farmers are selling their cotton below MSP for Rs 5,450 per quintal (with 8% moisture content) and Rs 5,232 per quintal (with 12% moisture) under pressure. Whereas, some private traders are purchasing cotton at a maximum rate of Rs 4,990 per quintal. Farmers are facing loss of around Rs.400-500/q, therefore, CCI must enter the market so as to stabilize the market.

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 arhatiyas (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 (9,625 bales 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.

Weather Forecast for tomorrow:

Light to moderate rains with one or two heavy spells are expected over Andhra Pradesh, Tamil Nadu, Kerala, South Interior Karnataka and Lakshadweep. Scattered light rains with one or two moderate spells are likely over South Chhattisgarh, Odisha, Telangana, Coastal and North Interior Karnataka, South Konkan and Goa. Light rain is likely in a few parts of Jammu and Kashmir, Himachal Pradesh, while isolated rains are possible over Uttarakhand, West Punjab, Andaman and Nicobar islands. Scattered light rain is likely over the northeastern states.

International Fundamentals:

Cotton futures were up 90 to 103 points in the front months on Wednesday NASS report showed that 38% of the U.S. crop is rated good to excellent (down 1%), 41% rated fair (down 1%) and 21% rated poor and very poor (up 2%). The Cotlook A Index was back down 145 points on Oct to 72.80 cents/lb. The AWP is 53.90 cents/lb through Thursday.

The October 15 USDA Crop Progress report for the week ending 13th Oct'19 shows that 87% of the U.S. crop has open bolls, with three states dealing with a late crop in Kansas, Oklahoma and Texas and now over 80% boll set and catching up quickly. All cotton producing states are now ahead of their respective 5-year averages for the date. As expected, the biggest percentage jumps came in cotton harvested, with 32% of the U.S. crop now out of the field. That's a 7% climb in the past week. The report showed that 38% of the U.S. crop is rated good to excellent (down 1%), 41% rated fair (down 1%) and 21% rated poor and very poor (up 2%).

As the quality of locally produced cotton in Pakistan had deteriorated in comparison to other cotton-producing countries. The mills has urged the government to remove import duty from cotton as the industry has spent \$1.5 billion on the import of 5.5 million bales due to 35% crop shortfall in the country this year. The export opportunity for India is increased so Pakistan might import cotton from India in this season.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	70	19600	19600	19500	19510	263	-94	902	-75
19-Nov	80	19260	19350	19230	19250	301	118	1557	113
19-Dec	50	19260	19350	19250	19270	42	-51	849	26

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	250	-	-	-	-
19-Nov	-	-	0	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 17th Oct @ 5.30 pm

* Updated at as on 17-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Oct-19	16-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5705	5555	150
	Rajkot	B.T. Cotton	5595	5325	270
	Patan	B.T. Cotton	5500	5385	115
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4380	-
Haryana	Bhiwani	B.T. Cotton	5400	5370	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5180	5100	80
	Fatehabad	B.T. Cotton	5200	5100	100
	Jind	B.T. Cotton	5450	5350	100
	Uchana	B.T. Cotton	5195	5160	35
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	5100	5000	100
Madhya Pradesh	Khandwa	Mech-1	5500	5360	140
	Khargaon	Mech-1	5700	5555	145
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	5700	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6000	-
	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	17-Oct-19	16-Oct-19	
Punjab	Bhatinda	J-34	3860	3845	15
	Abohar	J-34	3870	3850	20
	Mansa	J-34	3835	3825	10
Haryana	Sirsa	J-34	3870	3850	20
Rajasthan	Sri-Ganganagar	J-34	3647	3619	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Oct-19	16-Oct-19	
Gujarat	Ahmedabad	Shankar-6	18700	20400	-1700
	Gondal	Shankar-6	615	480	135
	Rajkot	B.T. Cotton	3000	3200	-200
	Patan	B.T. Cotton	9535	9404	131
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	21	-
Haryana	Bhiwani	B.T. Cotton	17000	20000	-3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2210	1700	510
	Fatehabad	B.T. Cotton	1200	1200	Unch
	Jind	B.T. Cotton	500	750	-250
	Uchana	B.T. Cotton	3100	3000	100
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	10000	10000	Unch
Madhya Pradesh	Khandwa	Mech-1	240	265	-25
	Khargaon	Mech-1	7310	7790	-480
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	125	200	-75
	Hathras	Desi	30	60	-30
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	310	-
	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	17-Oct-19	16-Oct-19	
Punjab	Bhatinda	J-34	8500	11900	-3400
	Abohar	J-34	2550	2210	340
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	1360	850	510
Rajasthan	Sri-Ganganagar	J-34	6000	5000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	17-Oct-19	16-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	790	Unch
Delhi	New Delhi	Rs. /10 Kg.	753	753	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	815	815	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Oct-19	16-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3410	3453	-43
Maharashtra	Akola	Rs./Qtl	3358	3354	4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Oct-19	15-Oct-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38400	38400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38800	38800	Unch
J-34(202)	26mm	3.5 - 4.9	23	36800	36600	200
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	17-Oct-19	16-Oct-19	Change
CCIndex(328)	RMB/Ton	12763	12765	-2
CCIndex(527)	RMB/Ton	11748	11749	-1
CCIndex(229)	RMB/Ton	13123	13123	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	17-Oct-19	16-Oct-19	Change
FC Index (S)	Cents/lb	80.33	79.54	0.79
FC Index (M)	Cents/lb	75.57	74.81	0.76

FC Index (L)

Cents/lb

74.38

73.38

1.00

Cotlook Index:

Cotlook Indices	Unit	16-Oct-19	15-Oct-19	Change
A-Index	Cents/Pound	74	72.8	1.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Oct-19	16-Oct-19	Bales
Southeast	cents/lb.	65.04	67.29	418
North Delta	cents/lb.	64.04	66.29	2
South Delta	cents/lb.	64.04	66.29	0
East TX-OK	cents/lb.	61.04	63.54	6200
West Texas	cents/lb.	60.54	63.29	1569
Desert SW	cents/lb.	58.29	62.29	0
SJ Valley	cents/lb.	58.79	67.69	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 15-Oct-2019

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

Daily Futures Price Listing Wed October 16, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191016	63.5	64.58	63.04	64.54	1.01	33,245	130,001	-4,004
20-Mar	191016	64.22	65.23	63.56	65.19	0.93	12,922	70,795	1,281
20-May	191016	64.72	65.75	63.92	65.72	0.89	3,324	9,331	-140
20-Jul	191016	65.17	66.18	64.34	66.15	0.89	2,028	9,372	-167
20-Oct	191016	66.19	66.19	66.19	66.19	0.72			
20-Dec	191016	65.22	66.64	65.22	66.59	0.62	847	17,512	-100
Total Volume and Open Interest							52,416	238,693	-3,132

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